



## **TECHSPOSE**

**Allen West**

*President & CEO, Railinc*

**1. You earned your BA in business and your MBA in IT and economics, both at Virginia schools, and worked several years at the Newport News Shipbuilding. Were you a Virginia boy before college?**

I spend most of my life in Virginia. I was born in Roanoke, raised just south of there in [Rocky Mount](#), Virginia, near [Smith Mountain Lake](#). The whole town is on a mountain – any place you look there’s a mountain. I grew up in the house where my mother was born, right in the middle of town. Everybody knew everybody and all your business. It was a great place to grow up.

From there, I started to college, but went 2 years in the active Army before finishing college. I spent most of that time at Fort Knox, in a military company, a wonderful experience. Then I went back to school and finished my degree at [James Madison University](#). After that I got a job with [Norfolk Southern](#) in Roanoke for about 3 years.

From there, in 1988, I was recruited into [Newport News Shipbuilding](#). At that time, they had just finished the Reagan defense build-up and we were fighting the good cold war, trying to outspend the Soviet Union. So the Shipyard, with 30,000 employees, was the largest employer in the state. Normal employment was about half that and, when I left in 1996, we’d dropped back to 15,000 people. That was quite an eye-opening experience for someone young in his career to see that type of transition.

**2. How were working in the military and working in private business different?**

You could call the military a life-changing event, whether you had a good or bad experience. Especially when you’re young - and I was 19. Those are the times you form impressions for your morals and your character. Part of the reason I joined the military, in addition to the money, was that my family had a long tradition in the military. My father told me military stories of our family back to the Civil War and it weighed on me that it was part of what our family did. I was proud and I *am* proud that I served my country.

In the military, you learn respect for chain of command. Discipline. Organization. Following procedures. You become able and expected to take care of yourself. You’re not given a lot of ground to make mistakes. All those things I took with me from the military.

I also realized that I wanted more than the military could offer me. It’s great and I have untold respect for those today protecting this country, but I think you find more opportunity for creativity and advancement in private industry. Especially in business today, you can have more influence than you ever could in a large military bureaucracy.

The bureaucracy of large corporations is similar to the military, but you can also have smaller pockets of entrepreneurship in them that I don’t think you can have in the military. The government machine just can’t move quickly enough or allow that much flexibility because things would start to fall apart. In business today, we’re finding that the younger generation, especially, needs flexibility to express their creativity in different ways, or they’re not productive. In our micro-economies, we’re constantly trying to find ways to innovate and come up with new ways for our customers to do business, to make



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sure there's not something better out there. That's a difficult thing to do in the military, to change quickly. And it's not an environment where changing the status quo is encouraged.

All of those things were drivers for me to return to private industry, although I couldn't articulate them at the time.

### **3. You traveled by ship and rail to get your technical and management experience. When and why did your interest in transportation begin?**

There was no magic to this career. It just kind of happened. I applied at a number of places, the shotgun approach, and Norfolk Southern was hiring. They called me over, made me a great offer, and I just kind of landed there. I still consider myself more of a general technologist, but I have worked in transportation for quite a while and I do know a good deal about the transportation sector. After a while, you learn so much about it that that's the pull for your career.

At Newport News Shipbuilding, I started off programming, then project management, then management over multiple teams of project managers. After Reagan, during the first Bush administration, the shipyard attempted to commercialize their software engineering services. I ended up in charge of this pocket of entrepreneurial activity, then in marketing when we decided to focus on government contracts again. I went full circle, trying to sell communication systems for aircraft carriers.

That's how I landed at [Sealand](#). My previous experience was a plus for that. Sealand at the time was a subsidiary at CSX, so I got into another sector of transportation. [Maersk](#) purchased the company and I worked on the transition team for a short time. Railinc had just moved down from DC to start this organization. It was the right opportunity for me to get in on the ground floor, use some of my diverse experience, and help shape something without a lot of structure or entrenched culture. I also had my sights set on running an entire organization and I thought I might get that opportunity at Railinc. My experience lent itself to this company both from a technical perspective and from the transportation experience at Sealand and Norfolk Southern.

### **4. You began your transportation career as a programmer/analyst and soon moved into management. All things being equal, which role would be your preference – hands-on IT guy or CEO?**

No question, if I had to choose, I'd pick the CEO position. I aspired to run a large organization. The challenges of running an organization, the diversity of the issues you face day to day. I can't imagine going back to the more narrow responsibilities of a tech position. As CEO, there's more fun, more excitement.

### **5. You joined Railinc in 1999. What attracted you to the company?**

The company had just spun off from Association of American Railroads and had moved here from Washington DC to set up an organization targeted for growth. It was exciting for me because it had all the good things of a startup – processes weren't established, culture wasn't established, only 25-30 of the 250 people moved from DC to North Carolina, so the people were new, the management was new.



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At that point, as VP and CIO, it was fun to help create and establish a structure to run a healthy business.

On the other hand, as an established entity, Railinc had a customer base and enough revenue to cover the expenses. That allowed the opportunity to do something without facing extreme financial restrictions. The Triangle location was somewhere I wanted to live, and I thought I could make a definite impact. Again, I knew quite a bit about the transportation sector and had more to bring than running the technical side.

### **6. Which types of solutions does Railinc provide to the railroad industry?**

Railinc provides information and IT systems that help railroads, and rail car owners, and rail shippers manage their rail transportation, whether that be to move rail cars, maintain rail assets, repair rail assets, or just figure out where the rail car is that is moving their goods. Most freight rail data on rail cars moving between railroads goes through us. We also host applications for the rail industry to help them manage rail traffic between more than one railroad and throughout the North American rail network.

We host other applications that help railroads and rail car owners settle their financial transactions. We determine revenue splits between rail carriers. In addition, we calculate lease payments between railcar owners. The largest railroads and cars owners deal with us, so we can "net settle." That is, instead of one railroad or car owner paying another one, they settle the net of their transactions through us.

### **7. What's new at Railinc?**

We have new projects every year and we attempt to develop a pipeline of new projects and new products during each 12-month cycle. Our busiest times are at the end of the year, wrapping up current projects and gearing up for new ones.

Right now we're wrapping up 2011 projects that include supporting the rail industry with new and innovative ways of managing a rail car's health. We're also developing better management logistics for rail freight – finding out where their cars are and where the freight is within those cars so customers can better manage their supply chain.

On the infrastructure front, we have a \$12 million project to make a final push *off* our mainframe to a mid-range. We run a lot of data volume through here and we have a pretty large IBM mainframe computer. When I came here over 11 years ago, in charge of technology, we started slowly migrating off the mainframe, then building a case with our board to make a final migration.

We started looking at the cloud about 2 years ago and it wasn't ready for primetime, so we put it back on the shelf. We looked at it again late last year and began running prototypes. I can't say we'll go full bore in the cloud and can't predict a time, because if we do, it has to be exactly right for our customers.

### **8. As CEO, on which activities do you spend most of your day?**

The majority of my time is spent with my people. This has been my philosophy throughout my career - I get things done through good people. I spend my time developing my staff. So over half my time



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is spent in one-on-ones or talking about employee engagement and activities that allow people to understand our strategy and objectives.

The balance of my time is spent on strategy and customers - what's next, how to position ourselves, how our key stakeholders come on board, key targets, some operational issues, key products - and some day-to-day issues. The time that's left is general administration - budgeting, what to do if power goes off, that kind of stuff.

### **9. How do you know when you've been a successful leader?**

When I see my staff able to take charge and lead as I would, without me saying anything. I want them to use their own styles, personalities, thoughts, and initiative, but realize we're all working as a team - that's the challenge. We've got a great team now and we work very well together.

### **10. Which parts of your job energize you?**

I actually like fighting fires. I like when there's a problem or an issue that I can help to solve. I enjoy the intellectual challenges of coming up with business strategies. It's like moving the pieces on a chessboard to make sure we're positioned well in the marketplace for our products and services. I love learning about opportunities, running the business, helping develop my career skills. That excites me.

### **11. Which parts of your job drain you?**

The administrative overhead, the things we all need to do but you don't see as providing a great deal of value. Things that don't help motivate employees, that don't seem to move the organization forward. There's always a purpose for those things so we have to do them.

And I don't like lost causes. It drains me if I'm faced with something that I think is pointless or doesn't add value to the organization or is an objective at which we are doomed to fail.

### **12. Railinc was named NCTA's 2009 "Industry-Driven Technology Company." What else should NCTA members know about Railinc?**

- We are listed as one of the top supply chain IT companies.
- We have lots of unspoken accolades. For instance, we're one of the top small software companies in the Triangle.
- We have award-winning people within the organization - CFO of the Year. Our CIO was Best 40 under 40. We have a lot of talented people here and talented people want to work here.
- We have some of the best technology infrastructure of any company of our size in the area.
- We get audited heavily because of what we do with the rail industry - supporting their financial transactions is part of Sarbanes-Oxley.
- We're successful and growing. We even managed to get through the economic downturn without significant layoffs. We're a stable business in a stable industry.

### **13. Tell us about your people.**



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I really do believe in the people we have here and all the success we've had is because we've had good people. That's the reason we'll continue to be successful.

We put a lot of emphasis on making sure someone's going to fit with our culture and we support the new people very well, whether they're right out of school or have years of experience. They're embraced immediately. We have a very collegial environment here and they like to work here. Smart, talented, creative people work here and we try to help them develop their careers, whether they stay here or go elsewhere.

I think we have great people because we have a great environment. The tech people come because there are already very talented tech people here. We're using [Agile](#), the latest software development technology. We use Agile on all our projects, even our internal technology work.

The benefits are great, too. All indications are that people enjoy and appreciate what we've created.

### **14. Railinc established the Innovation Challenge in 2010. What is the Innovation Challenge and why is it important to Railinc?**

The Innovation Challenge was Rob Simora's baby. Rob's our CIO.

Once a year we encourage cross-functional teams to come up with ideas they can present to an executive panel in March. Their projects must support the Railinc strategy, they must be innovative, have business justification with business value to our customers. They present to the executive team and to the rest of the organization. Then we rate the teams and award prizes.

The teams use their own time to work on the projects, and then we recognize them and their great ideas. This past year, 10 teams presented and we furthered 8 of those ideas with sponsorship within their organizations.

We encourage our employees to incorporate innovation in everything they do in their jobs, so we have to create a culture where people want to be innovative and can be innovative. The Innovation Challenge develops wonderful new concepts and just gets the juices flowing. The teams carry that back to their departments and to their project teams.

### **15. Tell us about last year's winning "crowd sourcing" application project for Innovation Challenge.**

The idea the winning team came up with used social media – Facebook, Twitter – to post for tasks on projects. We have a lot of tasks that go on outside of the main activities on projects and most of these we assign to functional teams or contractors within the product line. The team's idea was to post these tasks on the social media site and let people bid for those jobs. That way we find people with different skills who might have time for the job or have interest in cross training on another product area. It gives people opportunities to advance or excel within the organization.



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Through this discussion, we are looking into expanding the “crowd sourcing” application to the rail industry itself, by posting ideas to facilitate a more dynamic way of solving problems within the industry. It’s innovative and meets business challenges. We’re just at the beginning.

**16. People may think of railroads as old-fashioned transportation, old-fashioned technology. What might surprise the average American about our rail system?**

Rail is a modern high-tech industry. It spends about \$1 billion on information technology each year, not even considering rail operations areas. The rails use technology in every part of their business. Railroads have a long history in North America with many of the standards and practices established a long time ago. Even the width of the track, 4’ 8½”, was set about 150 years ago. However, many areas of the business are changing all the time. Since the 1980s, the railroads have increased productivity significantly aided by investments in IT. There’s automation on every locomotive and technology deployed along tracks throughout North America. Terabytes of data are processed daily to monitor and manage every aspect of rail operations. Railinc is proud to be a small part of a highly technical integrated rail network.

**17. What about Railinc’s workforce: How many employees are there now and what kind of growth would you anticipate over the next 5 or so years?**

We have 165 employees now and expect to get up to 180 before the end of the year. Plus, we have another 60 contractors, which is up because of the volume of work we have going on. So that’s about 225 people, scheduled to go up to 240-245 before the end of the year. That mainframe legacy migration project I mentioned is driving that, plus, the new work that we have and ongoing industry product support.

**18. How is Railinc involved in the Triangle community?**

Railinc employees are very active throughout the Triangle. We sponsor a lot of activities such as the Food Bank of Central and Eastern North Carolina, American Red Cross blood drives, and Habitat for Humanity. We’ve jointly sponsored Habitat houses and we give people work time out of the office to do that. Professionally, our people are involved with NCTA, NC Chapter of the Project Management Institute and other smaller tech organizations. Personally, I’m mostly involved with the food bank, my charity of choice. Then I’m involved with my son’s school. That pretty much books my time.

**19. Right now, which technologies are the most exciting in improving rail transportation?**

The things Railinc can influence most are related to using information to improve asset health and asset management for the industry. By assets, I mean rail equipment. For railroads, it’s about positive train control, or PTC. It’s an unfunded mandate by the federal government, Congress, to deploy technology on locomotives and the rail lines in an attempt to reduce accidents.



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**20. Over the next 2-5 years, which new technologies do you expect to make the most impact in your industry?**

- [PTC](#), because there is a 2015 deadline for deploying the new technology.
- Supply Chain Integration systems, like SAP. The need and ability to integrate with customers will grow.
- Business analytics – the ability to derive intelligence from business data.

**21. You've been on the NCTA Board since 2009. How does Railinc benefit from its NCTA membership?**

The company has been a member of NCTA since 2000. I became actively involved in 2008 and 2009. Through NCTA, we receive good local market exposure in the technology industry, getting our story out. Brooks Raiford has made a big push in the last few years to drive membership around the state and partner with organizations in Charlotte, which builds our technology community. There are also the information-sharing opportunities at NCTA. Last, I believe in promoting North Carolina technology because we're still not yet getting the national exposure we deserve.

**22. What's your favorite new technology?**

iPad. I got mine at the end of the year. For me, iPad is more of a personal technology than business. Mostly, it's about reading the *Wall Street Journal*, magazines, or books, watching movies, and quickly scanning email.

**23. As CEO, what do you do for professional development?**

I just took a month and went to Northwestern University's [Advanced Executive Program](#) at the Kellogg Graduate School of Management. It was a great 4 weeks of exposure to Northwestern's professors and to business executives where we went through a range of business topics. I collaborated with a great bunch of people from around the world. It was a deeply engaging experience and my first opportunity for formal training in 9 years.

Beyond that, I generally get involved in advisory groups and panels, and read a great deal.

**24. Which books are you reading or listening to?**

[Sacred Hoops](#), by Phil Jackson, coach of Chicago Bulls and LA Lakers. He based some of his coaching techniques on elements of Zen Buddhism and spiritual teachings of the Lakota Indians - harmonizing the team, having shared goals, and team effort. It resonates with me.

**25. What do you do to relax?**

I exercise quite a bit – tennis, aerobic training, swimming, and I ride my motorcycle whenever I can.

**26. What is something about Allen West that might surprise people who only know you superficially?**

I like to cook. Right now, I'm interested in Indian food. I used to enjoy putting together the whole Thanksgiving dinner. I started cooking years ago when I had the time, and now I cook mostly during the winter, when there's more down time on the weekends.



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