Always changing: Leader of Virginia Tech’s first spinoff incorporates ‘vision’ into VTLS

By John Pastor

Even the most seasoned entrepreneurs would bow to Vinod Chachra’s work ethic, and certainly to his investment in shoe leather.

That's because Chachra, the president and CEO of VTLS Inc. — the first spinoff from Virginia Tech and the first tenant of the Corporate Research Center — spent a big chunk of time in the early days writing letters and crossing the globe, pitching to people he'd never met.

It's known as cold calling, and it's not for the faint of heart.

"To give you an idea of the pressure," Chachra said, "during the first 19 months of the company, we were losing a thousand dollars a day, including weekends. There was a lot of negative cash flow going on. We originally thought that around the 12th or 13th month we would break even. That didn't happen until the 19th month."

But Chachra was determined. The founding director of the Center for Library Automation at Virginia Tech, he had spirited the development of novel software to automate library processes. The technology was unlike any other in the world. And Chachra had a marketing strategy.

"Our vision was not to limit our marketplace to the United States — we would go global from the start," Chachra said. "Very early in the game I traveled around the world, just buying around-the-world tickets that allowed you to go anywhere you wanted. I would just keep going, eastward or westward, stopping at all the major capitals that would be candidates for library automation. Along the way I would write letters, saying, 'I am coming to your country. I would like to meet the national librarian. Would he or she be available to discuss a new technology?' The ones I met — some would listen and just nod their heads. Others listened and actually had questions. But these were absolutely, 100 percent cold calls. The people I talked to weren't looking to buy a system or anything like that."
His first success came in Australia, when a single university agreed to buy the VTLS package. The jackpot was Finland. It was 1986, and the VTLS paradigm was about to change dramatically.

In typical style, Chachra had arranged a meeting with a complete stranger, Antti Soini, the director of the Finnish National Library IT group. Chachra's best expectation was to discuss a contract to automate a single library. Before long, the Finnish minister of education entered the conversation.

"The minister of education was very forward-thinking," Chachra said. "He said, 'Don't talk about one library — talk about all the university libraries in Finland.'"

Chachra would go on to visit Finland six times, working out details of a three-year project. The result was a contract for $1.8 million to automate 19 libraries. And then, almost as a bonus, something unlikely happened.

"The minister believed the value of Finnish currency would fall against the dollar, and asked if we would be willing to accept prepayment for the work we would do in the next two years," Chachra said. "It was wonderful. It got us funding in advance to grow the company, while we financed the delivery of the product."

'You're Vinod Chachra'

Vinod Chachra's family migrated from what is now Pakistan to India. With no belongings, the family emerged from essentially a refugee environment solely because Chachra's father, Nand Lal Chachra, was able to work.

"My father said they can take away all of your possessions, but they can't take away your education," Chachra said. "He was educated; he could find a job, and over the years he settled his whole family — brothers, nieces, nephews — everybody."

With ingrained appreciation for education, Chachra attended the Indian Institute of Technology, where he received the gold medal for being the best-performing student. He came to Virginia Tech and earned his Ph.D. in industrial engineering and operations research, and eventually would join the faculty in the College of Engineering.

It wasn't long before another formative moment.

Thomas Marshall Hahn Jr., the 11th president of Virginia Tech who is credited with guiding the institution from college status to major research university level, singled Chachra out.

"After being at work in Burruss Hall for only a week, I saw this gentleman walk by. He looked at me and said, 'You're Vinod Chachra, and we are looking for good things from you.' Here was the president of this institution,
who sees a newly hired person, knows him by name, and is able to say a meaningful statement," Chachra said.
"I was tremendously impressed."

With the mantle of expectation upon him, good things followed.

From 1972 to 1985, Chachra successively assumed roles of director of software development, director of computing and information systems, vice provost, and then vice president computing and information systems.

VTLS began in 1975 as Virginia Tech Library Systems, an automated circulation and cataloguing system created for Newman Library. After more than five years of producing software and building a model for library networking, Chachra was asked by then Virginia Tech President William E. Lavery to lead the university's first spinoff company.

Lavery, who helped envision Virginia Tech's Corporate Research Center, thought Chachra was a prime candidate to help the university flex its economic development muscles.

Virginia Tech was the majority stockholder in VTLS Inc. and Chachra, who had always been sure to "save resources for a rainy day," purchased a stake in the company. From the beginning, it was important to move VTLS outside of the traditional university framework for it to be successful, Chachra said.

For example, in a university setting, investigators and administrators have to scrape for funding and regulatory approvals before research and development can even start. In a corporate setting, leaders can take a good idea, finance its R&D, and get it into the marketplace.

"We could make decisions internally and take risks that we didn't take when we were part of an institution," Chachra said. "It was important to be quickly responsive to match innovation with customer needs. Since we were distributing globally, we had to provide service globally, something institutions of higher education typically don't do. We also had to have a method of compensating people that was more performance-based than the university's."

As for VTLS, the acronym today stands for Visionary Technology in Library Solutions, and it is an international leader in integrated library automation, digital asset management, and radio frequency identification technology. With six offices around the globe, it has a customer base spanning more than 1,900 libraries in 43 countries.

Always changing
In his Corporate Research Center office overlooking a forest of buildings where once there were only trees, Chachra said his old cold-calling days are over, ended by government procurement processes that require bids even if only one solution exists in the marketplace.

"It used to be easier, in the sense that if you could show people you had a unique solution, it was easy for them to justify a purchase," Chachra said.

Another modern fact of life is that the technology business changes so drastically, even an "around-the-world" ticket could not keep up.

"We used to call it library automation. Before that, there was a system to manage circulation, another to do purchasing, yet another to manage sales. We integrated all of these components and called it library automation," Chachra said. "Today, the old integrated systems are completely gone. We don't even call the present systems by the old names. What we do is continuous process of development. Practically every quarter we release new software, with new features, new capabilities, and new interfaces, and the base technology becomes obsolete. When that happens, you start over. It was during one of these moments, when we were starting our present product, when Virginia Tech decided it was not going to take the risk and cashed out."

The Virginia Tech Foundation sold its shares of the company and used the income for other investments in the Corporate Research Center, which today has "outstanding" status from the Association of University Research Parks. The early decision to make VTLS a spinoff company not only paid dividends, it accelerated the advancement of other Virginia Tech innovations.

Along the way, old-fashioned library science entered the modern age.

**Vinod Chachra’s Guiding Principles**

- Life's rewards come if you do today's job well as opposed to thinking about tomorrow's job. Work without fear and without fear of failure, that way you take risks. If you fail a few times, it is a learning experience.

- Listen, read, and when you learn, write. In that order. Listening takes discipline. Personally, if anyone sends me something to read, I'll make time to read it. New ideas come when you connect things you've learned and read that would otherwise be unconnected.
• Preserve resources and be self-reliant. Even as a student I saved for travel to discover things, for rainy days, and for unexpected opportunities. The only reason I could have part ownership of the company was because the university decided ownership would be distributed in the ratio of the investment. If I had a zero investment on the day that I started the company, I would have had zero shares. But because I had some resources saved up, I could buy a share of the company.

**On hiring**

• Hire people with honesty and integrity. I don't think we should be wasting too much time keeping track of what other people are doing, and the only way that can happen is when you are working with honest people.

• Look for people who are open-minded and willing to learn. We are in a field where technology changes rapidly. If you are not willing to learn new features, or programming languages, or whatever is required, then of course the effort is doomed to failure.

**Proudest professional moments**

• As a student, graduating with a gold medal for best-performing student from the Indian Institute of Technology, Kharagpur, in India.

• As an academician, becoming the first vice president for information technology in any public institution of higher education in the United States.

• As an entrepreneur, being inducted as a founding member of the Virginia Tech Faculty Entrepreneur Hall of Fame.