

# The Venture Capitalist and the High-Tech Company

An interview about enabling growth through outsourcing

In times of growth, companies can only effectively manage a certain pace of expansion.

During the start-up phase, the product tends to be the company's main focus—after all, it's their core business and reason for being. Customer service may become a secondary concern, edged out in favor of the frantic designing and manufacturing of new products and/or services.

For companies experiencing rapid growth and customer acquisition, the consequences of pushing customer service down the priority list can be serious. Without a proportionate investment in customer service, it is unlikely that the business will continue to meet the support expectations of their new and existing customers. The rapid growth becomes unsustainable and momentum collapses. Given these conditions, it makes sense to seek expertise in the areas outside core competencies—to find partners to help the business grow.



## INTRODUCTION:

# The players

**Ooma** is an award-winning VoIP provider trying to keep pace with double-digital growth and changing customer needs. **TDF** is a venture capital firm and an Ooma board member with expectations of performance and growth. Setting the stage for managed growth through partnerships, TDF introduces proven outsourcer **TELUS International** to the Ooma team. What follows are quotes taken from an interview about outsourcing customer service to enable growth.

Q When it comes to customer service, what are some of the initial challenges for start-up companies?

**TDF, Joe Harar, Venture Capitalist:**

After spending a lot of time with different companies you start to recognize patterns of decision making. This enables an investor, a director, or a partner of a portfolio company to observe characteristics of successful companies as well as common mistakes. The mistakes that companies make are often a function of doing things that are outside of their expertise and goals for moving a company forward. Because these companies have to move quickly there is some fear of relying on other parties to help them—they just want to do it all themselves as opposed to focusing on what they do well. Some companies try to do too much too quickly—it's one of those things where you get your blinders on and the inertia has you moving in one direction. And because there is so much force going that way it sometimes inhibits you from stepping back and asking: "Is what I'm doing actually the absolute best path I should be going down?" A lot of companies fall victim to that. As investors and directors of companies, we try to get management to step back and see the big picture.

**Ooma, Jamie Buckley, VP Customer Service:**

The challenges when we were first starting out were many. It was really about balancing the customer experience with our technology development and product evolution. Our initial, early adopter customer base was very technically oriented. These customers liked to and expected to do the setups themselves—if an issue occurred, it generally required a call to one of our in-house product engineers. But as both the company and the technology evolved, so did our customers. Mainstream consumers just want to buy the device, plug it in and have it work. As we scaled the business, we had to orient our focus from expertise on processes and technology to making it an easy experience for the customer. At this point, outsourcing became a good option—the customer service experience was morphing into more of an educational, walk-me-through-the-steps scenario. We needed a partner to help us scale the business to meet these changing consumer needs.

In reality, if a product or service takes off, many companies are not in an optimal position to support rapid growth and often, customer support suffers.



## Q When is it time to engage a partner to provide customer service?

**Joe, Venture Capitalist:** If we look at the case of Ooma and our experience working with TELUS International as a third party managing the call center operations, it has been a dramatic success. We've grown the Ooma user base by more than 50% through the relationship with TELUS International. There are a few key reasons for this success. For one, Ooma has actively managed the relationship with TELUS International to enable the company to focus on the technology and the strategy within the organization. There's a real dynamic relationship with an open line of communication between all parties that makes it successful. I've seen instances when the customer support function is not embraced by everyone within the organization and it's looked at as something that they don't want to have to deal with. This does not make for a successful program.

**Jamie, Ooma:** For a growing company like Ooma, it was a gradual realization that we needed external expertise. Prior to TELUS International, customer care was done internally at our Palo Alto headquarters. We wanted to own the customer experience until such time that we were comfortable having other people involved. In the early stages of a start-up you are in an incubated testing environment where you want to own the entire customer experience end-to-end. This is how you flush out all possible situations that could cause a customer irritant. Once we perfected our processes internally over time, we got to the point where we had to scale the business. We then went through our decision making options to keep it internal (although cost prohibitive), move it elsewhere in the U.S., or go offshore. The decision was made to seek out a partnership with an offshore vendor specializing in high-tech customer care. In selecting a partner, we looked for the following attributes: personality fit, shared vision, belief system, core competencies, past track record, flexibility, and of course, price. After looking at several vendors in the Philippines and India, TELUS International was the best fit.

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## Q Do you see a trend across the start-up community to outsource customer service?

**Jamie, Ooma:** When considering outsourcing, you need to ask some key questions. One, is the talent set that you would get onshore versus offshore different? Two, is the customer experience that you would get onshore versus offshore different? Three, is the expense associated with onshore versus offshore different? From a customer experience perspective, if you have a good outsourcing partner it doesn't matter where they are physically located. You can make the customer service experience seem as though it's right next door in the same state as the customer if you do it well. It takes a high degree of flexibility, rigor and focus, but it is a very manageable process if you orient your sights on execution. And when looking at talent, often times there are not huge differences in skill sets if the person has the right training. With the right attributes, you can train and educate anyone. For Ooma, TELUS International demonstrated the ability to attract global talent and core competencies from very different markets to fit our needs.



## Q What makes a successful outsourcing partnership?

**Jamie, Ooma:** When you launch new initiatives or a program and it's thousands of miles away you have to be able to sleep at night. You need comfort that your customers are being handled in a manner that's appropriate. You have to be able to ensure that there is consistency in the overall service experience. This applies whether it's customer care, engineering or coding. Do the dynamics you have with your outsourcer really work? I can't tell you the number of poor experiences that I've had and how difficult it is to manage without the right dynamics.

In the first year, it was a successful relationship, but it was very much a client-vendor outsourcing arrangement. When I came on board, I wanted to evolve the relationship. I was going to show TELUS everything I knew. TELUS was going to be part of our team. Because my philosophy is that Ooma owns the customer experience—we are not outsourcing the customer experience, just the delivery of it. And so the more we engage with our partner, the more successful that partner will be in achieving the great results we expect of them.

As a first step, we changed from being so process focused to being customer focused—meaning we were all going to put ourselves in the customer's shoes regardless of the process. Next, we were going to use data not only to monitor the business, but to actually make decisions to lead the business. This meant we were going to talk every day, even a couple of times a day, and we were going to talk directly to team captains, account managers, operation managers, and when needed, agents. Over the years, I have discovered that if an outsourcer talks directly to the client it breaks down barriers and the information is so much richer and the relationship so much better. Information travels back and forth straight away. As a result, I don't manage this group any differently today than I would a group that sits right outside my office.

**Joe, Venture Capitalist:** I'm a huge supporter of the work that TELUS International has done on behalf of Ooma. One of the things that has made it so successful is not only the good work in customer service but also that we have

somebody who is experienced in creating that dynamic relationship between the company and the outsourcer. That sort of relationship is a critical component and often hard to find. But the extent that you can identify relationships up front, or even provide a service whereby there is that liaison focused on building the relationship, that would improve the opportunity for companies to leverage outsourcing customer service.

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## Q How do you “sell” the idea of outsourcing as an option to your portfolio clients?

**Joe, Venture Capitalist:** Many investors in the VC space have managed their own businesses. They understand the growing pains associated with fast moving, dynamic companies. I think there is some fear among management and the investor group when it comes to outsourcing a component of their business that is as important as customer care. What is critical is not necessarily introducing them to the concept of outsourced customer care but instead, finding a way to build trust and point to specific examples of how successful outsourced customer care has enabled a business to focus on its core competency while delivering an even better experience for the end user along the way.



## Q How do successful companies view customer service?

**Joe, Venture Capitalist:** Successful companies tend to think about customer service in a more proactive, offensive manner versus a defensive, damage control approach. It is much more cost effective and efficient to proactively address customer concerns before there are critical issues. So when it comes to customer service and the challenges that the companies face, how do they take negative feedback and turn it into an opportunity to up-sell additional services or figure out where they could improve business efficiencies? That is where the greatest opportunities lie within customer service, whether it's done in-house or whether it's handled using a third party.

## Q Who owns the customer experience?

**Jamie, Ooma:** Often people will outsource something and forget about it; they're not focused on the customer experience because they are outsourcing the customer experience. At Ooma, I am not outsourcing the customer experience; I own it, not TELUS. Rather, I'm using an outsourcer to provide the resource for my customers. I don't mean to sound critical, but I think a lot of U.S. companies outsource the customer experience. That is the most important cornerstone of any company. But the reality is, TELUS International is my partner. I craft, drive and monitor the procedures. In the end, TELUS International is the delivery mechanism for the customer experience, not necessarily the owner. This is something I've learned over time almost through trial and error. I wouldn't have said this ten years ago. ■

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