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Wygant's products automate call answering, monitoring

Call centers record store employees' conversations to gauge customer service

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David Lezak may very well be the only founder of a telecom equipment company to hold a doctoral degree in experimental low-temperature physics.

Lezak started [Wygant Scientific Inc.](#) in 1983, while still a graduate student at Portland State University. Deep into his thesis, titled "Studies of nucleation and heat transfer in liquid helium isotopes 3 and 4," Lezak went skiing with several people in the telemarketing business who used random-number phone dialing systems. After listening to them talk about their field, "I realized it was an obnoxious product, but hidden underneath that was the genesis for some very interesting products," Lezak said.

Wygant's progress over the past 22 years seems to prove Lezak was right. Last year, the 25-employee company sold \$3.5 million worth of its call recording and analysis technology. A subscription service Wygant added two years ago has just begun to bear fruit, boosting growth once again. Over the past three months, sales have doubled, said Lezak.

Though it may seem like a huge leap from low-temperature physics to the automated call-answering technology on which Lezak based his business, there was a definite link. Lezak had already been using a personal computer for his physics experiments, at a time when it was normal to use a mainframe computer and separate measurement instruments. As a first step toward developing his new call-answering technology, he bought one of the first telephone answering machines to be controlled by a microprocessor, then pulled out the processor and hooked up the machine to a computer. "It was essentially a brain transplant for the answering machine," he said. "You could write software for the machine, do database access. You weren't stuck with a program from the factory."

Lezak and his team were among the first people to develop and introduce systems based on interactive voice response, or IVR, technology. Other early entrants were much larger enterprises, such as IBM Corp. and Bell Labs. IVR systems are familiar to all of us as the recorded voice answering for many businesses that offer self-serve options in lieu of waiting for a live operator -- companies like airlines, banks, and wireless phone companies, as well as government agencies. Wygant's systems, customized for each client, won acceptance from a range of customers in transportation, government and call centers. The company grew to between \$1.5 million and \$2 million per year over the company's first 10 years. "They are incredibly responsive to our needs," said Bob Truhn, information development specialist at TriMet, which has used Wygant's system with regular upgrades since 1990. The system now takes 107,000 calls per month from customers seeking bus route and other information. Not only is Wygant's engineering superb, said Truhn, it is also "very cost-effective, compared to competitive products in the transportation industry." Good as this part of the business has been, it is shrinking as a proportion of total revenue, in comparison with Wygant's faster-growing quality control business.

Quality control consists of equipment and services to record and store call center employees' conversations with customers, along with technology to evaluate call quality. When Wygant first introduced its quality control products in the early 1990s, "we had found a nearly empty highway and stood there, waiting to get run over," said Lezak. But the market has since caught up, as companies

seek to verify that sales or other transactions have really taken place, and as they strive to improve their customers' experiences with call center employees.

As call centers have "evolved from being cost centers to profit centers," they have taken on much greater importance, according to research firm Frost & Sullivan. Call agent training has become critical to linking call center performance to corporate objectives. The trend to outsourcing calls to overseas centers heightens the need for training to assure a good customer experience, and so "presents a huge opportunity" for companies selling call center management technology, according to Frost & Sullivan.

Local call center outsourcing company LiveBridge Inc., recently purchased by Texas company Affiliated Computer Services Inc., has been using Wygant's equipment for eight years, said Bill Campbell, director of information services for LiveBridge. LiveBridge records calls not just for verification but also to play back, "to say here's what made it good, here's what made it bad," said Campbell. "We do quality reviews on every single sale that happens through our company," he said. Wygant's equipment helps LiveBridge do that for every one of its call centers, which are located in the United States, Canada, Argentina and India. The equipment works with Voice over Internet Protocol, a technology that makes international and long-distance calling much more cost-effective for many businesses, but especially for call centers, which have such heavy phone activity.

Quality control systems, like IVR systems, are fairly complex, and Lezak wanted to find a way to "commoditize" Wygant's products, so they could find a larger market. "I like to work towards finding the value in our products, and then moving it down the price curve, and up the accessibility curve, which means ease of installation, adaptability and supportability," he said. Wygant has managed this by creating a subscription service, now about 2 years old, which allows companies to get into call quality control and training for much lower up-front costs. Wygant traditionally sells its systems to its reseller partners for \$20,000 to \$200,000, with the average sale about \$30,000 -- or \$50,000 to the average customer, once the reseller adds his services to the sale. Under the subscription plan, however, "we charge about 5 percent per month," or about \$1,500 based on the average deal. Subscribers pay about \$7,500 to pay for installation of equipment on their site, Lezak said, with \$3,000 of that representing the first and last months' fees. With this model, "after 20 months, it's all gravy" for Wygant, Lezak said.

The next growth stage for Wygant could come about through a sale of the company. "We're looking at strategic options, from funding to a possible sale," said Norm Duffett, managing director of investment banking at D.A. Davidson & Co. Wygant hired D.A. Davidson early this year as its financial adviser. With all the consolidation that has been going on in the call quality monitoring market, an acquisition isn't unlikely, said Duffett. It's a logical next step for a company that has segued from being an engineering company to being a solutions company, with the ability to expand its markets, said Lezak.

Even as his business has changed direction and expanded, it's not too far away from the academic science Lezak was doing more than 20 years ago. Whether it's complexity in telecom systems or low-temperature physics, "it's all about problem solving," he said.