

## Joining Forces

By John Rehkop

When Richard Hill and Bob Jones collaborated on their first project, they had no clue where it would eventually lead. But as is the case more often than not in business, their customers influenced their ultimate direction.

"We kept getting comments from our clients about telephone systems and how they integrated into network technology," said Jones, president of Charlotte-based systems integration company Synetron [www.synetron.com](http://www.synetron.com).

As a company focused on building computer networking systems, the telephony issues were just outside the scope of business. "We had some consulting level expertise in the area of telecommunications, but didn't have any hands-on expertise. We were looking to partner on a project basis with an expert in the telephony industry. One of my former sales reps introduced me to Richard Hill and his company."

Hill headed up SafeCall, Inc., [www.safecall.com](http://www.safecall.com) a telecommunications equipment provider serving the small to mid-sized business market. Ironically, SafeCall was located right across the street from Synetron at the time.

"After working together on a couple of projects we saw a natural fit in what we were doing, and we both understood the opportunity to take advantage of a new industry concept called convergence," recalls Jones.

Convergence, defined in the business world as the merging of multiple technologies such as telephony and data-based services, represents the pinnacle in synergistic approach – the ability of both systems to take advantage of the best of each other's world.

Simply put, convergence allows businesses to run data and voice systems simultaneously over a single line or cable wire.

Recognizing the unlimited potential and untapped local market for providing this technology, the two executives were eventually compelled to converge their companies and create a third. "As we continued to work on projects together, we couldn't overlook the obvious synergies in what we were doing, which led to our decision to form another company," noted Jones.

In December of 2000, the pair joined forces in a 50/50 joint venture agreement creating the company LanVergent, LLC [www.lanvergent.com](http://www.lanvergent.com). The name derived from the foundation of their product line — "Lan," the acronym for local area network, and "Vergent" for the convergence of technologies.

### Streamlining the Communication Process

Capitalizing on the synergistic marriage of the technologies was only part of the plan for LanVergent. They also envisioned the creation of a one-stop shop for technology solutions. "The focus of the company was based on a single point-of-contact for technology, not just for data or telecommunications services," said Jones.

The business model created a unique parallel, reflective of the overall technology model, between the services they offered and the process of merging the two companies. "We had the ability to provide the underlying technologies to the business community, but in order to form this business, we had to combine our own interconnect capabilities utilizing our own technology," explained Jones, the more left-brained, technically-driven of the two.

"We had to merge our technologies together prior to offering those services to our customers. Each company (Synetron and SafeCall) had its own e-mail and phone systems with different capabilities, so we had to blend those together. That's exactly what convergence is and what we are trying to accomplish with LanVergent – a blending of these technologies."

Often, the initial step in adopting convergent technology is to add telephony services to an existing data-oriented local or wide area network (WAN).

For example, a company with remote offices in various geographic areas likely has an existing WAN to transmit data back and forth between local offices and from the headquarters to each remote office. But voice communication is carried out over separate, traditional phone and fax lines. Transporting the voice services onto the data network eliminates the toll charges associated with each phone call or fax, and the inherent costs of the voice cable network.

In addition to the reduction in out-of-pocket costs, the level of efficiency is increased through the seamless access to consolidated voice and data messages. "If you're a busy salesperson who receives many different types of communication — retrieving faxes at the fax machine, calling in for voice mail and accessing your computer for e-mail — you're spending time inefficiently trying to track down messages. Convergence of data and voice networks consolidates all of those messages in one place and offers options in terms of retrieval and response. Everything — voice, fax and e-mail, can be viewed at your desktop computer or accessed by dialing in from a remote site," illustrates Hill.

While business spending on technology solutions, such as convergence, has become much more judicious recently, Jones and Hill maintain that the return on investment is measurable and depending on the operation, can be realized within six months or less. "None of the technologies are free," Jones admits with a sly smile. "But they are economical and justified if you look at all the factors. Convenience is a huge factor if you consider the salaries of some of these executives and salespeople. The flow of information is money."

Hill, who focuses on the sales and marketing aspect of LanVergent, believes their level of expertise and ability to offer an end-to-end convergence solution is unparalleled in Charlotte. "Nobody in the area can do what LanVergent does. There are companies that claim they can handle voice and data convergence, but no one has both network and telecom experts under one roof."

These sentiments are echoed by Gary Barnes, Administrator at Randolph Family Practice, who needed to converge systems after



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the restructuring of the old Nalle Clinic, "I was looking for one group that could handle everything. In the past, I've worked with multiple vendors for wiring, telephone and data needs and the coordination has been a nightmare. Working with LanVergent reduced the time spent in planning and implementation meetings. They were able to provide solutions that saved us money – solutions that vendors focused on just one aspect would not have considered."

### **Maintaining an Identity**

Both principals agreed on the importance of maintaining the brand and identity each built with his own company, prior to inking the LanVergent deal. The decision to form a joint venture, as opposed to a traditional merger, afforded them the opportunity to continue to manage SafeCall and Synetron individually and separately. "We both wanted access to the expertise each side offered. But neither of us was ready to give up the identity of our individual companies and merge, so the joint venture was the best solution. It provided a way to ease into a new endeavor with commitment, but without completely changing our business structure," said Hill.

More challenging than preserving the equity of each brand was learning the intricacies of each business. "How a telephony vendor services its customers is different than a network provider in terms of the urgency factor. When you market yourself as a single entity, but service customers under two maintenance contracts due to the nature of each operation—how do you set the expectations in the mind of the customer? We had to learn each other's businesses better than we thought we would," recalled Jones.

They both contend that any cultural differences created by the assimilation of employees is outweighed by the cross-training opportunities that now exist. According to Hill, "As the traditional telecom business continues to fade away, the technicians have a chance to expand their skills into the data culture. I think our technicians are aware of this and are taking advantage of the opportunity to build their skills."

### **Shedding Some Light**

The wide spread uncertainty and tarnished image in the minds of some within the telecom market has inspired Jones and Hill to demystify the industry. "CLEC's, long distance carriers and Internet providers are popping up everywhere and then going out of business, creating confusion among consumers and businesses. Many of them coin a lot of phrases and make promises that they can't stand behind. We want to be a steady source of the truth in our industry," Hill candidly stated.

He added, "many of our customers look to us for the whole picture. They want us to make recommendations about which companies to use, and want us to deal with telecom carriers on their behalf. We bring some clarity to that situation, which is one of the services we bring to bear. Not only do we provide equipment solutions but we make recommendations and we manage the carrier side of the business which has to be there. Most of our customers are the small to mid-sized businesses that don't have an internal IT staff. They are looking for someone that can be their IT staff."

### **Positioned for the Future**

Much as we viewed the information superhighway years ago, Jones believes the concept of convergence is still in an embryonic state. "Ten years from now we'll see a fully mature, 'everybody does it' kind of market."

"In our industry, the knowledge base changes nearly 100 percent in 18 months. What I knew 18 months ago, I don't need to know today. What I need to know 18 months from now, there is no way I will know today. So, there is huge learning curve that takes place."

Right now, growing a new product in the beleaguered technology/telecommunications market is an arduous task to say the least. Hill acknowledged he has seen a recent slowdown in business. "In the last year or so, companies are not spending as much money on new telecommunications projects. Anything you do sell has to be cost-justified, which is beneficial to us [with the convergence of technologies and cost reductions]. While we're seeing substantial interest in convergence, we're not selling a lot of large convergence projects."

Despite the lackluster economy, optimism about the concept of convergence and acceptance from the marketplace still reigns. "We believe we're in a good position now because we have steady revenue from the existing Safecall and Synetron customer base, and when the economy turns around next year we will really be in a position to take off."

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