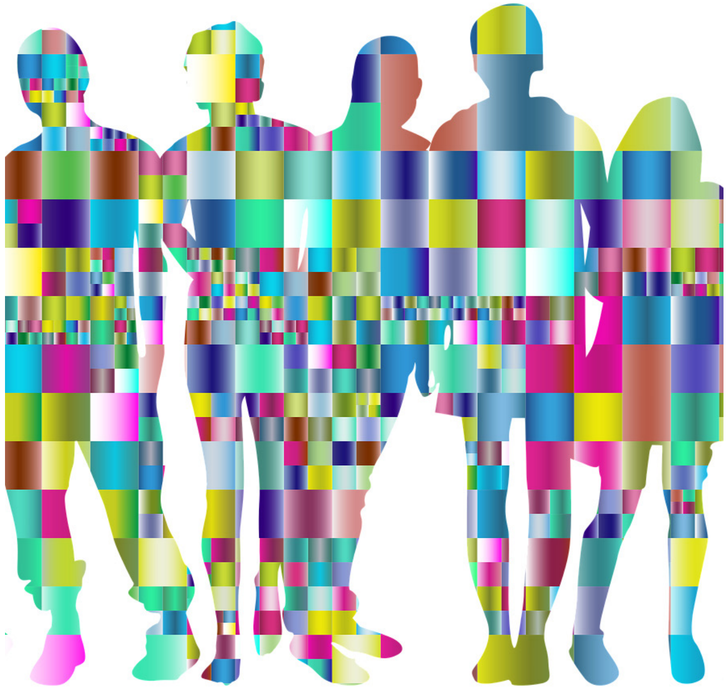
THE WAY FORWARD

How growing technology companies maintain momentum



A conversation with
Phillip McGriskin, Chief Executive
Vitesse PSP

Extract from a report commissioned by:

iplicit

Powerful Accounting Software

Introduction

Leading Edge - Bleeding Edge - Unicorn

- whatever the description of a fast-track growth company, its focus tends to be four-square on the envelope bursting, disruptive ‘product’.

But what are the particular management issues which have to be addressed with rapid expansion in order for a business to realise potential and meet expectations?

Is there a risk, for example, that for a technology company, its own IT infrastructure can become the equivalent of cobbler’s shoes?

Especially when, as one CEO put it, managing the growth trajectory is like constantly pressing on the fast-forward button on the television remote and trying to make sense of what you’re watching on the screen.

In a report commissioned by iplicit, the cloud accounting software company, to be prepared and published by DECISION magazine later this year, the chief executives and chief financial officers of SAAS companies will be revealing what they consider to be the key metrics and why, how best to address the challenges that such rapid growth can present, both in terms of operational execution and controlling costs, and whether IT can facilitate stability. What is a necessity to maintain momentum?

This is one of the interviews to be included.

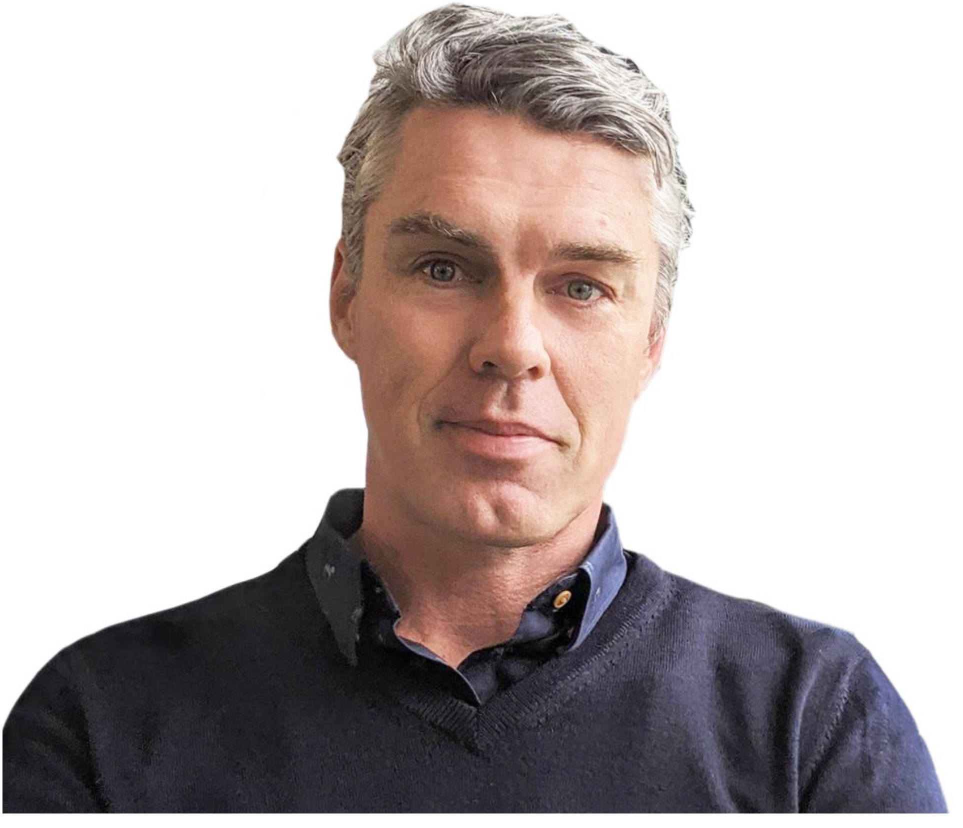
What to do when things take time

Procrastinate now – don't put if off!

Both a paradox and for Philip McGriskin, chief executive of Vitesse PSP, a not unfamiliar reaction from a potential customer asked to consider what for their sector is an epoch-making game changer of a product.

Is there an antidote? "Identify who you should be talking to at a prospect company, someone with a vested interest who will realise you can move the dial for them," he says. "There will still be a lot of kissing frogs before you find forward thinking individuals willing to bite the bullet, but after that you can experience the domino effect."

He knows that from previous ventures and his business angel investments. The former Lloyds underwriter set up Envoy Systems with co-founder Paul Townsend with a new platform which enabled companies to collect money from customers around the world who could use payment cards indigenous to their particular country.



Phillip McGriskin

After establishing the concept and subsequently selling the business to WordPay, they went on to set up Vitesse PSP, which for insurers would fast-forward the efficacy of their financial modus operandi.

"For an insurer, through a single connection to a network of domestic and international clearing systems, we facilitate fast and full-value payouts to claimants while providing the insurer with a real-time view of its global liquidity," McGriskin explains. "We put payments and the treasury piece together because we could see they were inextricably linked."

But he wasn't expecting potential customers to be forming an orderly queue. "The biggest challenge can be inertia," he suggests. "For example, banks hold the funds for the insurers, and there isn't usually capital optimisation around it. Now that makes no sense, but that's how it's always been. A highly regulated sector tends to be change adverse, and there are usually old legacy systems still in place. What that means is that things take a little more time."

Making sure the value proposition is precise can be a key to that particular lock. "When you are looking at a new vertical you need to listen to the market rather than just push product features you've developed," says McGriskin. "Payments might not be the biggest issue for a potential customer, so that isn't a proposition you would push. What could matter more to them is better risk control, transparency, more economical transaction fees and by streamlining claim funds the opportunity to unlock up to eighty per cent of capital tied up in claims operations.

"Then it's about putting in the time to work hand-in-hand with a prospective customer, so they are prepared to come along for the ride. That's essential. And then when they come on board, you have to get into their business to work with them through the change process.

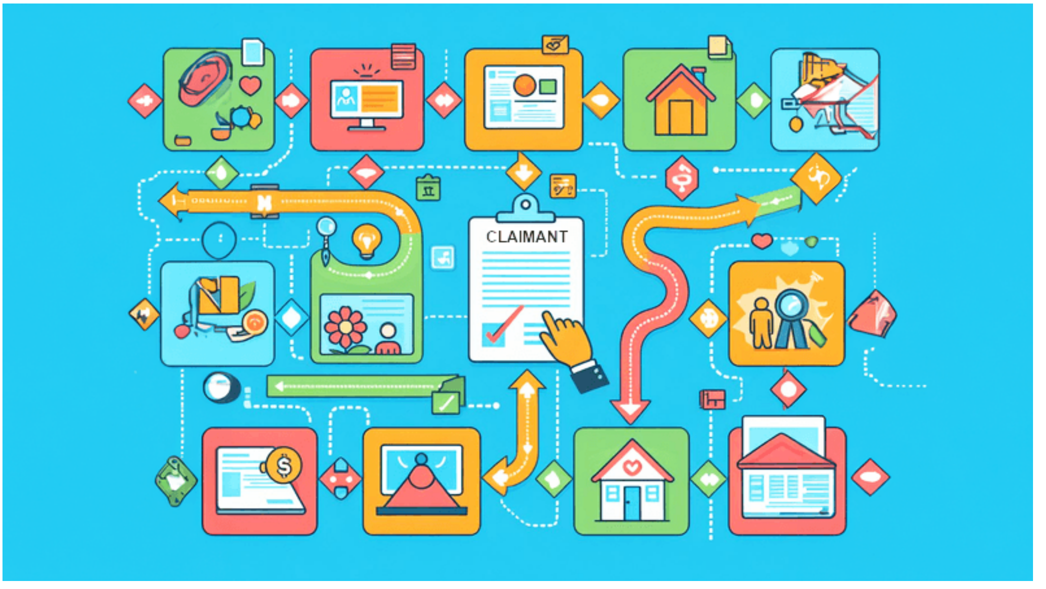
"Everything in insurance has history and regulation around it. An insurance company will have grown by acquisition, so it could be made up of a hundred organisations, so we need to have a business model which will work with that complexity."

What encourages engagement is that Vitesse PSP have been proactive with compliance from the get-go. "It's a prerequisite in order to have an audience in a highly regulated sector, so we were early adopters of all the rules, completely meeting the requirements of tier one banks, because that builds trust," McGriskin explains.

But isn't the internet delivering a new breed of on-line insurer which isn't enmeshed in pre-digital processes?

"The new entrants want to move faster but at the outset they are writing business from the funds of a big carrier on the basis of being better able to address a particular market sector for them," observes McGriskin. "It can be a multi-year journey for them to have enough of the own cash, so in the meantime, they still need to go to the equivalent of mummy and daddy for permission to engage with us.

"It means a technology company in this position has to make sure its potential investors are aware that while there can be some hockey stick moments in the company's development, the sales cycle will take longer, so there needs to be headroom to ensure there is enough cash for it to call on.



"Although growth can be slower, insurance is a global market so the opportunities make it worthwhile. The total addressable market is incredible, but you need to get your head around that sales cycle. Also, on the flipside there is less margin pressure and customers tend to stay with you.

"And the insurance industry has taken the step mentally that change is required because in this digital age, money just can't float around the system."

Given all this, it won't come as a surprise that one of the Vitesse PSP metrics is time to revenue, so the company can look at minimising the distance from first contact. "Another we use quite heavily is staff engagement," says McGriskin, "because that means we are focused on identifying and addressing the causes of any issue relating to performance before it becomes a problem. It’s about making sure everyone is on the same train. Otherwise it affects your trajectory, your staff retention, and that will be reflected in revenue.

“From a product standpoint, things can be good to go, but if the team doesn’t have 100% clarity on their input, if there isn’t a framework for them to succeed, it’s not going to work out so well. The focus internally is to make sure there are clear objectives from the top of the business and that they are tracked down through the company with a properly structured process.

“There has to be a clear roadmap of deliverables which will lead us to our ultimate goal, which is to be the partner of choice for the insurance sector. What that would mean is that we have been able to build a moat around our business because of our product and its delivery. A newcomer might have a product which could be of interest, but they won’t have built that position of trust.

“And an innovative company has to keep asking itself – why are we developing a particular concept, who will be the customer? It’s about prioritisation. We have a scoring system, because it I can be a tough call to prioritise resource.”

“One of the purposes of data should be to prompt the company to ask the question what can we do differently so we can be better at something next time?” asserts McGriskin. “It’s not enough to be a trusted provider to cement the relationship with the customer. It’s not just about consistently proving your worth but providing more. Market leadership is achieved and maintained by continuing the trajectory. The second you stop looking ahead, in affect you are resting on your laurels. We invested in a new platform to support new products because we can't afford to have technical legacy.

"This has been accompanied by a more 'softly softly' balanced approach to growth. If a UK tech company is looking to open up in the US for example, it needs to have someone who can culturally straddle both countries from experience."

There's something else McGriskin has learnt from experience. "It takes a lot of energy to be a tech company cheerleader," he says. "I'm not classically trained in law or in accountancy, but when the chips are down my role is to say if we can't go left, we going to turn right, and you need significant reserves of strength to keep doing that.

"To get through the dark nights you need a strong exec team around you to stay strong.

"I'm not suggesting that makes business growth a smooth ride, but if you have the right people on board you can make a bumpy road less difficult to travel along."

www.vitessepsp.com

About iplicit

Providing a cloud-based finance and management software solution that allows fast-track growth technology companies to focus on what really matters. Tailored for those frustrated by on-premise legacy software, iplicit provides greater flexibility and enhanced levels of reporting, integrating with other cloud applications for a seamless migration path from a user's existing system, enabling organisations to 'step up' to next generation finance software without losing the functionality they currently enjoy. iplicit received the Accounting Excellence award for mid-market and enterprise software of the year in 2020, and the top product for enterprise accounting/ERP in the Accounting Web software awards, 2021.

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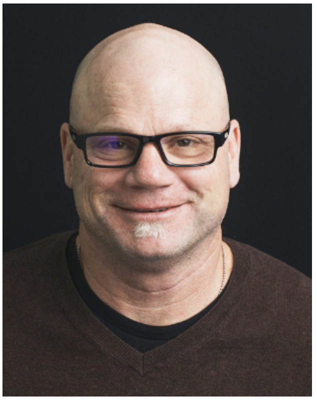

The interview with Phillip McGriskin was undertaken with Scott Regnier, a specialist at iplicit in working with technology companies.

About DECISION magazine

First published in 1988, DECISION magazine reflects the business lifestyle, the trials and tribulations, the hopes and aspirations of directors and managing partners responsible for businesses with a turnover of £5million and above.

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