

Versatel's Employees

Keep a Close Eye on the Company's Performance

We have closed the gap; we as a company are managing the chain. Every morning from 8 a.m. through 9 a.m., I sit with all my staff together, 15-18 people, during which we go through all the customer projects and identify where the problems are. If we have to change something, we change it immediately in the business processes and the supporting systems. What you need for this is a tracking-and-tracing tool – which we implemented. Working with information systems like a prototype tool, allows you to change procedures and systems 'on the fly', fitting to the organization.

– Aad Beekhuis, chief operations officer of Versatel, Amsterdam.

When Aad Beekhuis took over as chief operating officer of Versatel Telecom International in March 2000, he became the pilot in a fast-moving plane without a cockpit. In order to build his cockpit, he analyzed the company's existing primary process: connecting customers to the Versatel network via Versatel's core products, Fast Business Internet, ISDN-30 and Fast LAN Interconnect.

Based in Amsterdam, Versatel is a rapidly growing local-access broadband-network operator focused on the Netherlands, Belgium and Germany. Founded in October 1995, the company holds full telecommunications licenses in the three countries and has more than 50,000 business customers and 1,500 employees. Versatel's fully integrated network carries voice, data and Internet traffic and supports all major protocols, including Frame Relay, ATM and IP. In September 1999, Versatel completed the first STM-64 ring ever in the Netherlands, with a span of 440 km (274 miles). Currently, Versatel has five fiber-optic rings operational, spanning more than 2,000 km (1243 miles).



Relaunch of Core Products

In order for all employees to have a similar understanding of the primary process, Versatel's core products were internally relaunched. Next, a tracking-

and-tracing tool was built. This monitoring system had to follow all activities related to providing products and services. "When we started integrating the systems used by the different departments into one information system, we found 20 Excel spreadsheets, 10 Access

databases and a lot of paper," says Tanja Olde Dubbelink, ZWA's consultant responsible for the implementation of the tracking-and-tracing tool. "At that time it was hard to trace the status of the customer's order because there was no overview of the complete process. Versatel was missing an overall information system for monitoring the order status."

A standard end-user application was selected for loading data into an Oracle database. The tracking and tracing tool had to store data such as average lead-time per service, revenue per month, production per month and revenue forecasts based on delivery time. For loading tracking data such as "date customer signed contract" and "ready for service, actual date," custom-made windows had to be programmed to interface with the standard Oracle database environment.

Prototyping – Quick and Dirty

"Before building one overall tracking system and keeping it up to date, employees need to have a common understanding of the processes that are in place," Olde Dubbelink says. "They

need to have faith in the supporting information tool that is being built. The only way to make that happen is by listening and anticipating them."

The system's first release was based on a simple data model. After testing the model with end users, the first data load was completed, and key users started working with the system.

While working with the system, it became apparent that relations between the different entities were not as simple as presented in the first data model. "The system did not work," says Arjan de Lange, one of Versatel's 25 Customer Service Project managers. "The system registered only key milestone information so that management would have their reports. But it did not support us in the day-to-day business.

For example, in order to provide the customer with the service he ordered at Versatel, we have to send out a lot of requests to different network services departments," De Lange says. "We send a fiber-drop request to the Access Production Group, a SDH transmission request to Transport Operations and a service request to the Service

Provisioning Group. All these requests can be perceived as components of the service we need to deliver to a customer. By registering the information required in order to send these requests, the system is able to support us in



our daily tasks." A difficult decision had to be made: take the risk of losing data and introduce a system based on a new data model or keep the system with all its shortcomings.

In one week, the data model was turned upside down. A little data was lost, but because the sys-



tem was executing daily tasks better, the end users took their losses and co-operated in re-entering the lost data. In the meantime, the data model changed three more times (without losing data!) and resulted in a system where the user can both read and write with.

"This is the first time that a software program does what we want it to do instead of us doing what the program requires," De Lange says.

ZWA's Olde Dubbelink says the project team took the approach of building a 'quick and dirty system', then "changed it on the fly."

"One of the disadvantages is that the first release of the system is far from perfect," Olde Dubbelink says. "On the



other hand, employees start using their imagination and help to build the system. This might take a lot of time at the begin-

ning, during functional design and technical building. But can be written off against time that otherwise had to be spent on the implementation of the system afterwards.

You don't have to sell the system internally, because it is already sold to the user. The user sees it as his own system because he defined the specifications."

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Experiment and Measure

The tracking-and-tracing tool now has interfaces with the existing billing and information systems designed by Saville Systems and Clarify, a Nortel Networks company.

"Besides the technical implementation of a monitoring tool you need to have a flexible organization and people who understand and communicate with each other," Beekhuis says. "Once you have the system and the people in place, you can start improving operations and simultaneously monitor the performance."
"Versatel's employees made a big effort

to get the monitoring tool in place-and it has paid off," according to Beekhuis.

"The production, services delivered to customers, in the last month has increased by 80 percent," Beekhuis says.

"On top of that, 30 'on-net' connections, customers directly connected to the Versatel network infrastructure, are completed during the holiday season. In addition, September till beginning December, this is already 71. That is an enormous increase."

With the tool, people are empowered to experiment and simultaneously meas-

ure if the experiment is successful. If the result isn't what was expected, you can "... on the fly change the processes and procedures".



The whole organization watches. At this moment, 250 dedicated Network Operations people are monitoring Versatel's performance, committed to improving bottom-line results. "We have closed the gap," says Beekhuis.

"We are, as a company, managing the chain. What you need for this is a tracking-and-tracing tool, and that is what we implemented." 📊

Venture Capital, to Help Companies Progress

With business leaders, for business leaders ... [our] financial participation in existing companies not only makes capital available but permits us to help executive officers to get their best operating performance, margins, return on capital and return on equity. Our financial fund participates both financially and with executive support in industrial and trade organizations.

– Rolf Metz, investment manager, and Leo Zijerveld, director, investment fund Ecart Invest.

Smaller investments

Working for Staal Bankiers N.V. and NIB Capital N.V., Rolf Metz and Leo Zijerveld took notice of a rising interest in venture capital investments.

"To reach their annual targets, most banks and well-known venture-capital funds mainly focus on large investment opportunities," Metz observes. "Therefore, companies in need of small financing, around 1 million Euros, find little or no response. With the investments we do, the capital that we make available per investment is limited. But our investments also provides high-caliber non-executive directors and/or executive officers. And they act in the company's best interest." Ecart Invest was founded seven years ago to support the smaller players Metz talks about – firms that were of little interest to well-established investment funds or banks. To date, Ecart Investor's 25 participants have invested 5 million Euros. And their proven track record as business leaders helps companies make decisions and monitor activities and investments.

Board of Directors and Shareholders

"Our issue has never been to find new investors but to find valuable investors that can also act as board members or advisers for our investments," Zijerveld says. Mostly of Dutch origin, Ecart Invest's investors have

the stature to be a significant voice in management deliberations and decisions. Ecart investors' main functions include establishing strategy and providing appropriate direction, as well as monitoring management's performance.

"In all [our] investments, existing management of the company financially participates in it's own venture," Zijerveld says. "We favor their share participation, as we mostly are minority shareholders in the companies we invest in. This increases management's commitment to the financial success of the company. Therefore, managers become shareholders of their own enterprise, plus they have an agreed-upon remuneration package for their day-to-day management tasks."

Performance vs. Financial Objectives

The fund currently participates in seven ventures, including companies in wholesale, retail, production, information technology, rental and staffing. All ventures are small-to-medium-sized companies. The fund has a successful track record, built on a wide spectrum of investments to assure stable returns.

Ecart invests with an eye to the future, according to Metz.

"We have made decisions not to increase our investment when demand for a company's product or service remained structurally

behind forecasts," he says. "But those decisions were the exceptions. This is partly because we participate in companies for the long run. We don't pull out during a sudden dip. As long as the company has good future prospects, we can afford to work as partners and see the companies succeed in their business."

Compared with most financial funds, which are established for a limited time period and focus on the final sale of their investments, Ecart Invest is an "evergreen" fund, following a long-term strategy and getting returns from both dividends and sales of investments. Zijerveld says that almost all of the firms selected for investment by the fund over the past seven years have shown good growth potential, meaning there has been no need to sell assets.

That, he says, makes it impossible to find the fund's exact rate of return.

Final sales of investments are needed to determine the fund's exact financial return on investment, he says. Instead they now calculate the fund's return based on estimated market value.

Outlook

With a continued increasing demand for smaller investments, Ecart Invest is positive about the outlook for the coming year. The investors are confident with the estimated market value. Investment managers Metz and Zijerveld will keep focusing at the small and medium sized businesses that want to progress. Metz: "We don't want to compete with investment banks and/or large established venture capital firms. Instead, we will continue combining venture capital and management skills to help companies succeed. It will just be on a larger scale."

ZWA combines its expertise with venture capital firms to offer its clients a full range of services. 📊

