



Company offers cure for telecom woes

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Like many other companies, Venture Law Group in Menlo Park was buried in invoices from telecommunications service providers. There were bills for office phones, cell phones, Internet service -- you name it.

"We had been receiving multiple phone bills from multiple vendors É and it was extremely disorganized," says Steve Bronstein, vice president of technology at the 110-lawyer firm. "A purchasing agent was spending 60 percent of her time just analyzing communications costs."

About 18 months ago, the firm was approached by QuantumShift Inc. of Novato, which promised it could lower the firm's costs and consolidate its invoices online.

"We decided to give them a try," says Bronstein, explaining that at the very least, he hoped to save the purchasing agent some time. "It turned out to be extremely advantageous."

QuantumShift analyzed the firm's services and shaved 30 to 35 percent off its monthly communications expenses, Bronstein says. Typically, clients save 20 to 30 percent, says Gail Joerger, director of corporate marketing at QuantumShift.

Often companies can save money simply by switching carriers or plans. But QuantumShift has no shortage of stories about companies that were practically throwing money away. For example, one company unknowingly paid the monthly cell phone bills of former employees, while the phones collected dust in a drawer.

Founded in 1997, QuantumShift has about 100 clients, including Broadbase Software Inc., Openwave Systems Inc. and Del Monte Foods. The company -- which has netted three rounds of venture capital totaling \$98 million -- generates revenue by charging consulting fees, reselling communications services and licensing its Web-based software to clients. The software -- which enables clients to view their services, usage and expenses online -- costs \$50,000 to \$100,000, depending on a client's needs.

If a company has a question or problem with any of its communications services, it contacts QuantumShift.

"I have one company I get to point the finger at, and it gets done," says Mitchell Freeman, director of information technology and procurement at Sunnyvale-based Impresse Corp., a QuantumShift client.

The economic slowdown has benefited QuantumShift, as companies look for ways to pinch pennies.

"We are getting tons of interest from companies looking for ways to trim expenses," Joerger says. Over the past few years as new technologies have become available, communications services have become a significant operating expense, she adds.

In fact, spending by U.S. corporations on communications is expected to increase nearly 12 percent annually, reaching \$954 billion by 2004, according to the Telecommunications Industry Association.

QuantumShift doesn't have any direct competitors, says Joerger.

"We are the first to provide this full-service solution," she says. "Others might provide consulting, but not implementation. There are certainly alternatives, but not competitors."

Diversified Solutions, a Morgan Hill-based telecommunications consulting firm, doesn't consider QuantumShift a direct competitor but does provide some similar services.

Founded in 1997, Diversified analyzes clients' communications expenses, renegotiates rates with providers and recovers overcharges. Its clients -- which include Excite@Home Corp., Visx Inc. and Alliance Semiconductor Corp. -- typically save 25 to 40 percent, says co-founder Michael Lundy.

Like QuantumShift, Diversified is benefiting from the economic slowdown.

"We're in a unique position because we thrive in a recession," says Lundy, adding that companies are looking at the bottom line and trying to find ways to reduce costs.

Interestingly, San Francisco-based Thomas Weisel Partners is an investor in QuantumShift, and a client of both QuantumShift and Diversified Solutions. It's not unusual that the investment firm has ties to both companies because investment and vendor decisions are made separately, explains Amanda Duckworth, director of marketing and PR at Thomas Weisel. And, she adds, the companies provide different services.

"Diversified Solutions really provides analysis of billing and will renegotiate rates and contracts, whereas QuantumShift is really a one-stop telecommunications outsource vendor," says Duckworth. "While billing may be a piece of what they do, it's just one piece of a much bigger pie."

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