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How Wescom's "no-hassle" policy pumped up sales for this VAR-turned ISV

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Nine years ago, brothers Mike and Dave Wessinger saw an opportunity others didn't.



Granted, this opportunity was in a heavily regulated sector with low investment in IT; and what's worse, 30 other software vendors were already serving it.



But the brothers transformed their four-year-old reseller business into an ISV and went after that new market anyway.

Sound foolish? Think again.

Today their company, [Wescom Solutions](#) serves about 3,000 long-term healthcare facilities, including the largest nursing-home chains in the U.S. and Canada.

Revenues this year will be about \$17 million, up from \$13 million in 2007 and \$10 million in 2006.

Growth of 509 percent over five years put privately held Wescom (doing business as PointClickCare) on the [Deloitte](#) Fast 500 list of North America's fastest-growing tech companies for both 2007 and 2006.

Based in Mississauga, a suburb of Toronto, the company now employs 130 people.

The brothers say they owe their success to choosing a wise market, to adopting SaaS even before it was trendy, and to a purple cow named "No Hassle."

In the following 13 tips, CEO Mike Wessinger explains.

No-hassle tip #1: Go where the big guys won't

Mike and Dave started Wescom in 1995 as a reseller, focusing on the long-term care market.

That's what they knew. Mike had been a software salesman, and Dave, now CTO, had worked in IT for nursing home operators.

But why launch their own software in a market with so many existing players?

The point was, all those vendors were small and struggling. None of the software giants like [Microsoft](#) or [Oracle](#) would touch the space.

Not even the major health-care software players were interested.

"They look at long-term care," Wessinger says, "and they go, 'Boy, hospitals don't spend enough on IT, long-term care is even less as a percentage, and they only get funded at about a tenth per day what a hospital does. We're not touching it, I don't see how anybody can make money there.'

"So it creates an opportunity for us, in that it didn't attract any real tough competition," he says. "A small little niche is where fortunes can be made."

That crazy idea of a fresh market turned out to be right on after all.

No-hassle tip #2: Find the purple cow that will get everyone talking

The Wessingers bootstrapped their company without seeking outside funding.

They invested in building a better product, and spent almost nothing on marketing for the first five years, relying on word-of-mouth to bring in sales.

But they knew building a good product wouldn't necessarily get enough people talking about them to build a business.

They needed to make sure there was something to talk about.

They found their answer in the book "[Purple Cow: Transform Your Business by Being Remarkable](#)" by marketing guru Seth Godin.

Godin's thesis is simple: People talk about things that catch their attention. So if you saw a purple cow, you'd probably tell someone. Any company that wants to be talked about needs a purple cow: something that people will notice and talk about.

"It can't just be the brand you slap on your product," Wessinger says. "It has to be what you build into every fiber of your company and every fiber of your being."

So Wescom asked its early customers what they liked about the company. They liked the simple interface, the simple billing model, the responsiveness.

From this, the purple cow quickly emerged, and it was "no hassle."

No-hassle tip #3: Weave that branding into everything you do

The next step was to weave that no-hassle concept into every aspect of the business.

"Every Monday meeting," Wessinger says, "each manager has to come to the company and do a no-hassle update. What are we doing to eliminate the barriers of customers doing business with us?"

"And so we would constantly be going, 'All right, here are the things that we think customers don't like, that are really getting in the way. How can we engineer those out of the business?'"

Wescom set up teams to work on lowering barriers to doing business. It held focus groups on delivering no hassles.

"You walk into the service department and go, 'Listen, let's do a workshop,'" Wessinger says. "Let's draw a picture of what no hassle looks like. We're answering the phones, the customer's got a problem: How do we create no hassle? What does it look like? Give me your vision of no hassle. How do we create that here?"

This unrelenting drive to be easy to do business with paid off a happy buzz around the company from loyal customers.

No-hassle tip #4: Go SaaS

Mike and Dave chose the SaaS model — before it was commonly called that — because their prospects had limited IT budgets and expertise.

"We said imagine a world where we take the technology out of the hands of the less-sophisticated nursing home providers, consolidate it into one single data centre, create large economies of scale, shift all the risk from the nursing home provider onto us... and we do it on a subscription, pay-as-you-go monthly basis," Wessinger says.

So customers didn't have to take big risks, or write big checks up-front.

They wanted their customers to be thinking, "You mean, I just go to the internet, and this stuff works? And I don't have to worry about backups, or IT guys, or anything? Where do I sign?"

Wessinger firmly believes SaaS is the way to go, not just for his company, but for all software firms.

"If you don't have a SaaS offering and you've got traditional software," he advises, "get to that business model as fast as you can."

We've heard this advice before. But does it really apply to everyone?

To see how to evaluate your own software offerings in terms of SaaS, [see these tips from technology marketing guru Geoffrey Moore](#).

In a nutshell, he says any software that is "core" and "mission-critical" to your prospects should stay licensed; anything else should go SaaS.

No-hassle tip #5: Design for your real-world user

Nursing homes don't have big budgets, and they don't pay their staff a lot of money.

"If you're going to hire somebody new, you're probably stealing them away from [Target](#) or [Wal-Mart](#)," Wessinger says. "So you're not dealing with people who necessarily have a lot of exposure to computers."

Or at least not a lot of exposure to electronic medical records. But they probably do have some experience with consumer websites like [eBay](#) and [Facebook](#).

So PointClickCare is designed with a simple UI that looks more like a consumer site than a clinical software package.

To some extent, the choice of the SaaS model forced Wescom to that approach, because in 1999 there was only so much you could do with web-based software.

Today, it's possible to do just about anything on the web. Still, Wessinger says, "We kept that model of 'let's make it look and feel exactly like those other websites.'"

The website trumpets this low learning curve: "If you've ever booked a flight, ordered a book, or compared quotes for auto insurance online, you can use PointClickCare."

Wescom also tends to hire developers with a background in web applications, rather than traditional software.

"We draw from that same gene pool that are more inclined to develop simple consumer web applications," says Wessinger. "The whole experience is way more like a Facebook session than it is like medical records."

Designing for the real experience level of their users is one more way that Wescom removes hassles.

No-hassle tip #6: Be absolutely honest with prospects

In its first year, Wescom won Canada's largest nursing home operator, **CPL** (now [Revera](#)) as a customer.

Within two years of entering the U.S. market in 2002, the company landed [Genesis Health Care](#), one of the top five in the market.

A few months later, it signed up [HCR ManorCare](#), which is by far North America's largest long-term care company.

Having wins like that "made every deal after that easy," Wessinger says.

A few contracts with big chains are worth millions per year to Wescom. Many deals are smaller ones worth \$15,000 or so per year; and there are some midrange customers at about \$250,000 per year.

The big ones close faster today than they used to, around six months now versus 12 to 18 months then, while small deals typically take 60 to 90 days.

But how did the young company ever get CPL, Genesis, and HCR?

Wessinger says it was by admitting Wescom couldn't do everything.

Wescom management knew these were big opportunities, and they should do their utmost to win them, Wessinger says, except for one thing.

"We should never be anything but absolutely and completely up-front with them, because as positive as they can be on the plus side, if we screw them up they'll be so high-profile that we'll basically be out of business," he says.

Wessinger knew his firm didn't have everything the big chains were looking for. Rather than pretend they did, they admitted it. They declared what they could do and what they couldn't, where they were strong and where they were weak.

In reality, none of Wescom's competitors could do everything those big prospects wanted either. But they weren't as candid about it — and the prospects saw it.

In each case, that helped seal the deal. Once the contracts were signed, Wescom asked each of those big clients why they chose them.

"They said, 'Well, nobody really fit the bill to do exactly what we need. We're too big and too different; nobody is quite there yet. You were the only guys who were actually honest with us. You were the only ones who told us the truth, and we just felt like you were the only company we could work with to get the job done.'"

Remember: Few things build your credibility more than admitting what you can't do. Honesty really is the best policy.

No-hassle tip #7: Keep your contracts simple

Signing up big chains must take a lot of paperwork, huh?

After all, any big-deal software license can easily run 20 pages, or 40, or even more, right?

Nope. Wescom's contracts are two pages.

The SaaS model makes this easier, Wessinger admits.

"If people know they can leave after 30 days, there's only a handful of things that they really need to know."

For example, they need to know how to get their data back if the vendor fires them as a client. And they need to know the ISV will live up to certain obligations, often spelled out in an SLA.

"Outside of that, if they can leave whenever they want, they hold the hammer, so let's keep it simple," says Wessinger.

But isn't a such simple contract risky? Not unless your goal is to take the money and run, Wessinger says.

"It forces us to continue to earn their business every month."

So far Wescom has done pretty well at that.

Out of 3,000 nursing homes, the company has only lost 21 since 2000... far less than one percent. And Wessinger says candidly that "only 12 out of those 21 were because we just screwed up."

The rest were due to M&As, closures, and the like. That's a heck of a solid batting average.

No-hassle tip #8: Answer the phone, fast

When customers call the help desk, says Wessinger, they want someone to answer the phone.

"They don't want to be thrown into some abyss, and they don't want to be put on hold forever."

So Wescom's goal is to have every call answered by a real person, and to have every problem resolved on the first call. That's ambitious, and Wessinger admits that only about 60 percent of issues are resolved on the first call, but the company keeps working to improve that.

This requires adequate staffing on the service desk — something not all companies have — and treating those jobs with respect.

"We don't look at our service staff as the entry-level position within the organization," Wessinger says. "We look at it as a place where you can develop a career."

To help make that happen, Wescom offers help desk training and certifications. The company regularly brings in professional training to help those employees develop.

Some of Wescom's help desk staff have been in that department five or six years, and in some cases employees have moved from implementation or development to second- and third-tier support positions.

"We recognize that they are the ambassadors of our company," Wessinger says.

Having someone knowledgeable to answer the phone, fast, is another way to squeeze hassles out of the system.

No-hassle tip #9: Don't pass the buck; solve the customer's problem end to end

Suppose a customer calls because PointClickCare doesn't appear to be working, and suppose the support tech determines there's nothing wrong with the application, that the real problem

is the customer's internet access is down.

What would most software companies do?

Probably tell the customer to contact their ISP. And if there's still a problem once their service is restored, then call back.

That's reasonable. After all, it's not their problem. But that's not the no-hassle approach.

The no-hassle approach, Wessinger says, sounds more like this: "All right, we actually have on record already who your ISP is. Let me get on the phone, I'm going to figure out what's going on...

"Okay, I've talked to the people there, and it's going to be down for another half an hour. Here's an alternate way you can get to our site."

Now that's service. The kind that makes a customer smile. And renew their subscription forever.

No-hassle tip #10: Make training effective and low-cost

Wescom does 90 percent of its customer training over the phone, using web collaboration tools where appropriate.

One reason is because long-term care facilities run on tight budgets. They don't have extra staff to step in when people are out on lengthy courses. Coming in to give day-long training causes a lot of disruption.

Two- or three-hour training sessions, aligned with the job, work much better.

The SaaS model lends itself to remote training, since customer and trainer can both be working with the same application at the same time. Where they need to see what one another is doing, Wescom uses technology like [WebEx](#) for screen-sharing.

This is coupled with a train-the-trainer approach, so Wescom will train a few people, who can then train others at their sites.

The other nice thing about this approach is cost.

"It comes at a drastically lower cost than the traditional come-on-site, do-the-installation, and-train-on-site," Wessinger says. He estimates his approach to training costs about one-quarter

what one of his tier 1 competitors would charge.

Scratch one more hassle: time-sucking and expensive training.

No-hassle tip #11: Offer a simple pricing model aligned with your customers' business

Software pricing can be complex. Some would say, too complex.

"How many users do you have, and what modules do you want, and how many will be concurrent, and how many will be named?" Wessinger says.

"The other option is no hassle: Here's our price, tell me how many beds you have."

Wescom charges most customers 35 cents per resident per day.

And customers like it. They say, "Your competitor just gave me a 17-page quote, and you gave me one line. That's easy, that's no hassle."

That's simple.

And better still, it's aligned with the way customers in that market think, because per resident, per day is how nursing homes get their funding. So when they pay for software the same way, it makes budgeting easy and natural.

Many SaaS providers have told us the same thing. Match your pricing model to your customer's pricing model, and every conversation will go easier.

No-hassle tip #12: Focus on your niche, and offer more complete solutions through partners

One secret of Wescom's success, Wessinger believes, is focus. The company provides software for the clinical and business operations of nursing homes.

"We're focused on doing what we do and making sure that we do it better than anybody in the world."

It would certainly be easy to get distracted.

After all, some of Wescom's customers are large companies that also run home-care operations, rehab hospitals, or assisted-living facilities.

"There always a tendency for them to go, 'Well, why don't you just solve this problem for me? Why don't you deal with my HUD housing over here? Why don't you build home health?'

"And they all look like great opportunities... but until you specifically own the market you want, there's no point in taking your eye off the ball."

Wescom is still working on its main niche. And with about 17 percent market share, there's lots of room to grow.

But what about the no-hassle principle? Doesn't that apply?

Sure, customers need functions that PointClickCare doesn't offer. So they use other products.

So Wescom tries to make that easier, through partnerships with other vendors aimed at making their products or services work smoothly together.

For instance, integration with another company's analytics software enables it to analyze data entered in PointClickCare, without the user having to switch packages, or log into the other software. The integration is based on web services.

This is an emerging model that all SaaS vendors must consider: Integrating other SaaS offerings or functions into your own to give your customers a more complete package.

No-hassle tip #13: Compete as hard for talent as you do for sales

Giving your customers a no-hassle experience takes talent. And for a small company, getting and keeping talent isn't easy.

Mike and Dave Wessinger sometimes joke that they take a mafia approach to hiring: Somebody has to vouch for you, and if you screw up, the one who vouches for you is responsible.

Of course, it's not quite that simple.

You don't absolutely have to know someone at Wescom to get hired; and if you do and it doesn't work out, the Wessinger brothers won't really pay the person who recommended you a visit with a sock full of quarters.

But Wescom does encourage — and pay for — recommendations from employees. And in a small company, no one is likely to vouch for anyone they don't think will make a good employee.

The mafia may be known for making people offers they can't refuse, and employers need to do the same when they find top talent.

But how does Wescom compete with companies like Microsoft, Oracle and [Research in Motion](#), all of which have offices close by Wescom's HQ in Ontario?

Wessinger says Wescom offers competitive pay and benefits, but the key to getting and keeping the best people is to offer things they won't get at the big names.

One is the chance to take on more responsibility sooner.

"When you get someone who's 27 years old who's a product manager guiding a product that manages 300,000 medical records today and on a daily basis has 25,000 users... you don't get those kinds of opportunities until you're much older at those other companies."

And then there are Wescom's free beer and ball-hockey tournaments on Friday afternoons. And the company is just starting to introduce a program that imitates [Google](#)'s policy of having engineers spend 20 percent of their time on projects they choose.

Differences like those can attract top people. These days, of course, Wescom's impressive growth probably helps too.