



## Ephor Group Results: Case Study

Many technology and service businesses find themselves missing milestones or facing stagnant growth from time to time. However, when a pattern of poor business performance emerges; to transform the organization from the “underperforming category” into an emerging winner a boost of value creation is needed.

Typically there are operational **plus** strategic and/or capital issues impeding value creation. What stands between a winning strategy and its realization is often difficult to identify.

Ephor Group helps companies achieve maximum equity value. First, we perform a thorough inventory of the business which leads to the identification of missing components needed, i.e. capital, operational support, or domain expertise. Ephor Group then develops and implements the action plan.

This case study highlights a recent assignment with a technology services firm.

solving the value equation





## Situation Audit

- Industry: Human Resources Technology Sector
- Environment: Cut-throat red ocean intensely competitive environment with several major players and hundreds of niche providers
- History: Ten year old firm with solid product and delivery team
- Sales: \$5 - \$10M
- Employees: 42

The company had a proven track record and blue chip customer base, but was struggling to move beyond its niche status. The business challenge was overcoming stagnant growth, and poor financial performance. Underperforming sales reps repeatedly missed sales targets. Key performance indicators illustrated high employee turnover, excess distribution costs and inconsistent results.

## Approach: Perform Business Process™

Transformed the company from niche product provider of manufacturing software to Active Workforce Management solutions building upon its legacy technology, core software competency, and focused on the mid-market sweet spot of companies and locations with 1,500-7,500 employees.

***“We then became the visionary leader” in emerging area of Active Workforce Management.”  
- Board Member***

## Strategic Execution:

- Identified underlying issues
  - Stagnant growth and missed financials result of narrow niche
  - Distribution channels were non-existent
  - Value proposition and key sales messages were reframed and remodeled
- Redefined service definition by turning the intensely competitive marketplace from a threat into an asset by creating something of value for them to resell
- Brought in capital infusion to fund product marketing, channel distribution and sales improvement
- Manufactured an exit strategy for the organization





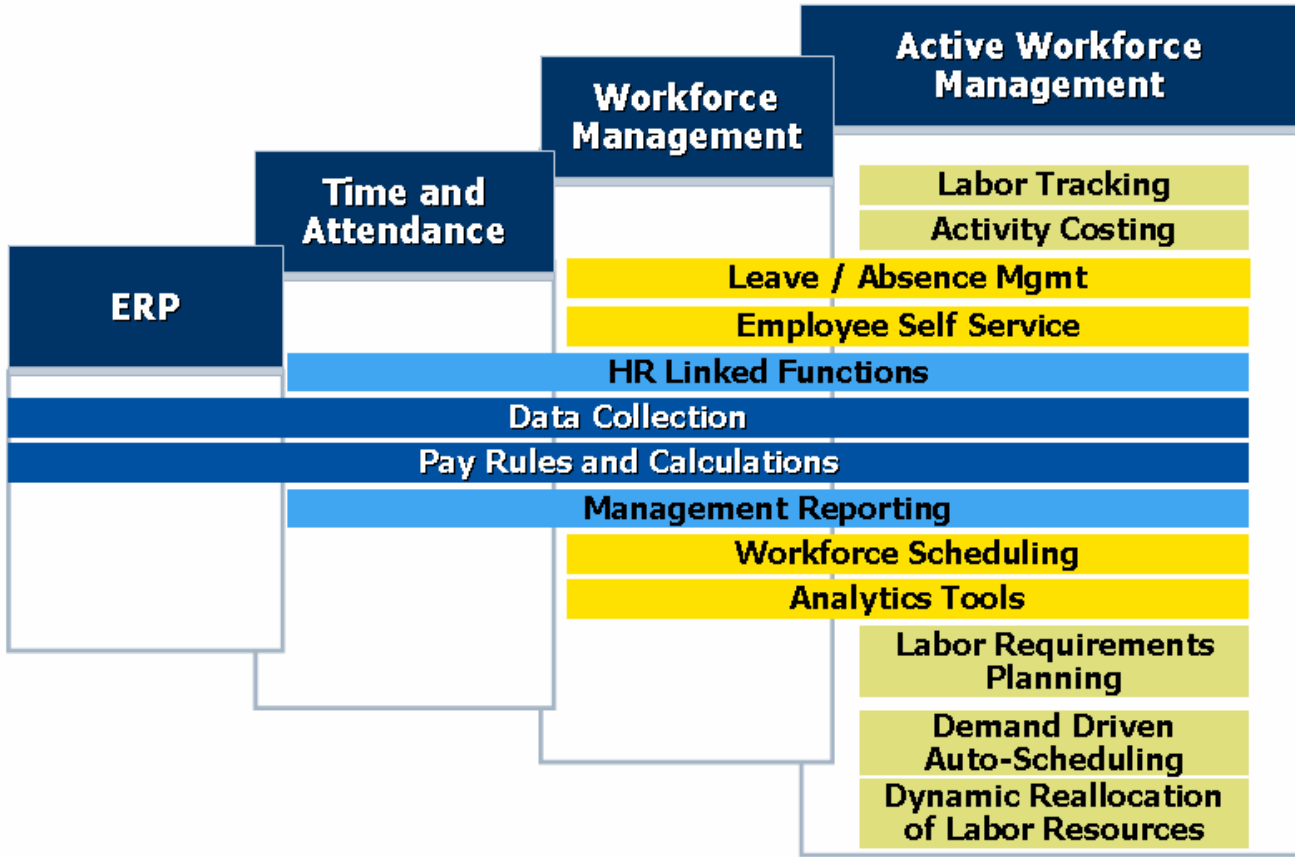
### Operational Execution:

- Reloaded sales, distribution and marketing personnel
- Implemented processes and metrics based approach
- Released new suite of services to become the “Premier” provider of labor management and optimization solutions
- Established firm within attractive market dynamics with competitive position
- Created comprehensive next-generation solution designed to provide unique flexibility

### Implementation Timeline and Relaunch

<b>1985</b>	Company launched to provide manufacturing labor software
<b>1995</b>	Introduced client server version
<b>2000</b>	Sales hit \$5M mark
<b>2004</b>	v9.0 released, sales stagnant
<b>2005</b>	Ephor Group hired
<b>April 2005</b>	New VP of Sales hired
<b>August 2005</b>	Refresh of channel, marketing & business development operations
<b>September 2005</b>	Implemented strategic acquisition strategy
<b>October 2005</b>	Release of v9.3 with Active Workforce Management capabilities
<b>FY 2005</b>	Added nine new customers and up-sold twenty-three tripling revenue
<b>FY 2005</b>	Named in “10 Companies to Watch” by Managing Automation magazine
<b>2006</b>	On pace to double sales by 2007 (Forecasted 50% / 50% split of revenues from direct sales and channels by end of year)





## Results

- Refined market focus – both target market and customers
- Implemented results-oriented management and metrics programs
- Significantly improved business processes
- NPD by R&D group increased from 39% to 65%
- Client services billability increased from 65% to 80%
- Added nine new customers largest ever increase in sales in firm’s ten year history
- Increased twenty-three expansion orders from customer base
- Release of v9.3 solution
- Established channel program
- Named in “10 Companies to Watch” by Managing Automation magazine
- Positioned company for exponential and sustainable growth, and institutional exit

**“Classic case of trying to solve the wrong problem. In this case, especially difficult because trying to solve the wrong problem without any tools. We were able to turn a failing company into market thought-leader.” – Garry Meier**



*Did you enjoy this article?* Drop us a line and let us know your thoughts on solving the value equation at [ephor@ephorgroup.com](mailto:ephor@ephorgroup.com).

## About Ephor Group

Ephor Group increases equity valuations for technology and service based businesses. Our approach is proven, pragmatic, and performance oriented. Our proven methodology, the Perform Business Process™ fills in the gaps where functional expertise, intellectual capital or domain expertise are not available internally.

Ephor has a history of success, creating over \$3.5 billion in shareholder value. Contact us at [ephor\[at\]ephorgroup.com](mailto:ephor[at]ephorgroup.com) for a pragmatic, no-obligation assessment of your situation.

