

web sight

## **A PERFECT COMEBACK**

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Steve Zecola has found a better bet than PCS and CLEC pitfalls. If Steve Zecola were a politician, he'd probably be one of those populist types. The soft-spoken, stubborn kind of guy that Jimmy Stewart used to play in the movies. Not necessarily meaning to take on the powers-that-be but somehow battling to give regular folks a fair shake.

Yet Zecola's definitely not a politician. For one thing, he can put a coherent sentence together - several of them, in fact - without using a single first-person pronoun. For another thing, he's had real jobs. Lots of them. All in telecommunications.

Fresh out of college, he went to work at the FCC, where he put in five years on cable deregulation and the AT&T divestiture. He spent the next 11 years in 11 different slots at what used to be called MCI Communications. Then came a stint at the helm of GO Communications, his own PCS start-up, followed by an exec job at US ONE Communications, a CLEC that went belly-up. Early last year, he founded **WebPerfect** Solutions, a Web-hosting outfit that serves small to medium-sized companies.

Clearly, Zecola's been around the proverbial telecom block a few times. Maybe it was his trip around the "C Block" in particular that brought out the Jimmy Stewart in him. The C Block, that notorious FCC auction of PCS spectrum licenses in the mid-'90s. After toiling all those years in the MCI vineyards, Zecola was one of the rabble-rousers who persuaded the feds to set aside some precious PCS spectrum for the little guys.

Zecola set up GO Communications and set out to bid for a PCS license. He got out when the FCC allowed the bidding to go sky-high. Which is to say way higher than most of the little guys could afford to pay. Certainly high enough to cause a Jimmy Stewart kind of guy to refund all investors' money, set his jaw, clench his fists and resolve to fight another day.

In '96, Zecola again waded into battle against the entrenched telecom powers. He headed up the retail services division of Dallas-based US ONE Communications. Turned out that company was not fated to succeed, either.

By early 1999, Zecola had moved on and into his current job: founder, president and CEO of **WebPerfect** Solutions. The company's mission, besides making money, of course, is to help small and medium-sized companies get the same bennies from the Internet that the big corporations do. What you might call "compassionate capitalism."

You'd think that Zecola's battle scars would have made him pick a less intense corner of the telecom market. Maybe one in which a little outfit like **WebPerfect** Solutions has a better chance of standing out in the crowd. Not an issue, Zecola says. The way he sees it, **WebPerfect** has exactly what small to mid-sized companies need to succeed in their businesses. What's more, **WebPerfect** is the only game in town for a lot of them. That means, he says, that **WebPerfect** has a very good shot at succeeding in this intense corner of the telecom market.

From its data center in Vienna, Va., **WebPerfect** Solutions offers both turnkey and customized Internet-based services and applications. Each is designed to allow companies of all sizes to reduce their operational costs and improve productivity.

The first of the turnkey services that **WebPerfect** rolled out in January is its Intranet Service. The company says this "Web within the Web" service is fast to install and easy to use. A small to medium-sized business can have it up and running in a matter of minutes: The administrator at the customer company just keys in the company name and address, the amount of required storage space, and the administrator's user name and password. Almost instantly, that company has its own intranet.

The Intranet Service includes Web-based e-mail, file sharing, forms management, project management, scheduling and customer-controlled administration.

Zecola: "Large companies have long deployed expensive technical infrastructures to improve workforce collaboration. Now, small businesses can reap the same benefits at a tiny fraction of the cost." Said fraction being monthly charges that start at \$39.95 a month for 50 Mb of storage capacity and 10 Gb/s of data transfer. Unlimited number of users on each account.

Next out of the **WebPerfect** chute, in late February, was the WAP-compliant version of the Intranet Service. Here, the idea is to give mobile employees access to the service from anywhere in the world at no extra charge.

In May, **WebPerfect** Solutions added Palm.Net access to its intranet services for those folks attached to their Palm Pilots, other Palm products, paging devices or even the new PocketPCs. "We strive to provide services that are available from any browser, from any device, from anywhere in the world," says Zecola.

A month later, **WebPerfect** brought out another big turnkey offering. Its Transfer Service enables companies to send and receive multiple large files via the Internet and **WebPerfect's** on-the-fly compression and encryption technology. The price is \$24.95 per month per account with an unlimited number of file transfers, up to 10 Gb of data each month.

Among **WebPerfect's** turnkey services are the following:

- Enterprise Hosting - an entry-level e-commerce package that allows consumers to search, order and charge their purchases via the Web
- Dedicated Servers - packages that support multiple applications, including e-commerce, intranets/extranets and database access/hosting
- Co-location - **WebPerfect's** data center, in which customers can put their own servers
- Site Builder - support for customers that want to build their own Web sites but don't have in-house programming expertise.

In addition, **WebPerfect** helps its client companies develop their own customized applications and services.

So, doesn't all that make **WebPerfect** Solutions just another ASP? Zecola concedes his company fits the general category but says it's not just any old ASP. Most of those ASPs simply adapt existing, big software programs like PeopleSoft and ERP packages to the Internet -what you might call "Web-enabling" the software. "But it's still a very complex piece of software," he says.

**WebPerfect**, on the other hand, actually writes the software its customers use. Furthermore, the company builds that software exclusively for the Web, "so it's browser-based, it's customer-intuitive and it's easy to use."

That, Zecola contends, is the way the industry is going. The emerging business model for ASPs and their customers is one in which applications not only are designed for the Web but also are easy to use. "If you know how to use a browser," he says, "you should be able to use the software."

The way Zecola and his employees figure it, there ought to be a lot of companies out there able, ready and willing to use **WebPerfect's** ASP-type solutions. The typical company targeted by **WebPerfect** has \$100 million or less in annual revenues and at least 10 employees. **WebPerfect** is using anything that works to identify them and persuade them to sign up.

Although the company does do some direct sales, Zecola says it's a lot more efficient to use somebody else's feet on the street. Which is to say that **WebPerfect** relies heavily on the resale channel. One such example is the deal the company signed in March with Denver-based Jato Communications. Jato uses DSL technology to offer high-speed access and applications to small and mid-sized businesses (Upstart, June 2000, page 90). The agreement calls for Jato to provide **WebPerfect's** e-mail service as part of the former's DSL and ISP offerings.

Zecola is hoping to grab the attention of wireless carriers, too, especially given **WebPerfect's** wireless Web-compatible offerings. Even though **WebPerfect** rolled those products out early in the year, he says it's only been in the last month or so that the wireless crowd seems to have noticed. "Before that, most of them were looking for consumer apps, not B2B apps, because 70% of their base is consumer," he says.

He admits that he hasn't done an actual deal with any wireless carrier yet, but Zecola thinks **WebPerfect's** wireless application is just what those carriers need to capture some of that B2B market. The integration of online wireless and wired products is, he says, where the business world is headed. People have been talking about "anywhere, anytime" communications, he says. "We add 'any device' to that little slogan. And the other thing we put on it is 'any language.' We can translate into any language within days, depending on the priority."

At this time, the only company that might be considered a competitor to **WebPerfect Solutions** is Wireless Knowledge - and Zecola says the two companies actually don't compete at all. Wireless Knowledge, he says, only goes after the Fortune 500 or possibly the Fortune 1000. "I don't really see the Fortune 500 pulling out all their exchange servers and going with a [service that is] much easier to use and install."

Zecola doesn't consider other providers of intranet services - like HotOffice and Intranets.com - to be competitors, either. The last time he looked, he says, those companies couldn't do apps based on laptops, Palms or pagers, nor are they doing language conversion. It would appear that **WebPerfect** has the market - as the company has defined it - all to itself for the time being.

As for Zecola himself, he's quite content running a start-up that doesn't have anything to do with federal agencies or spectrum auctions or other things political. Although he says he's "very fond" of the FCC, the commission's still a political body that is subject to political compromise.

"A lot of stuff that went into the compromises of the C Block auction just turned out to be extremely poor business policy, an example being giving \$5 billion of credit to a company like Nextel, which couldn't get a mortgage on a house for \$500,000. It was good politics but a total lack of understanding business economics.

So if there's a lesson in there," Zecola says, "[it's to] stay away from external events that could undermine us. In this business, we basically control our own destiny. We have a vision that we think is going to be successful in the market. It's up to us to make it happen or not."

Kind of sounds like "Mr. Smith Went to Washington But Got the Hell Out."

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