

Datapoint and its fresh approach

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Company bosses in their 20s are not a common sight. Yet while it is sometimes possible to find a young chief executive, it is quite rare to find one that is tasked with turning an established company around. And a company that is older than them, at that. Datapoint has just such a boss. Her name is Sarah Faux, and in the two years of her tenure at Datapoint she has whipped the business into shape.

She was brought on board by Jon Moulton, managing partner of Alchemy Partner, UK venture capital fund, Alchemy, invested in a bankrupt Datapoint, which was labouring under Chapter 11 reorganisation, to the tune of \$49.5 million cash for its global operations and net liabilities of \$10 million, in May 2000.

Faux used to be a thespian. She began her working career as a starving and impoverished director of plays, in a London garret. After the novelty wore off, she decided she wanted to see a koala bear so set off to Australia, where she lived for 18 months. While there, she revamped a hotel's customer relationships. Her technological initiative on capturing customer data improved occupancy at the hotel from 25 per cent up to 70 per cent over a nine month period. From Oz Faux moved to Germany, where she worked for a CRM company selling desktop software to call centres. She moved to Switzerland, then spent five years in the US working for a system integration company focused on call centres, eLoyalty, living in New York and commuting to work in Austin and Chicago. Family reasons bought her back to the UK, where she was snapped up by Moulton.

Datapoint has an illustrious history. Thirty five years ago, after a launch three years before Faux's birth, the company was hot property on the data market. In a co-development project in the late 60s it helped create Intel's processing technology, later to become the Pentium Processor. It developed ArcNet, one of the precursors to the Internet. Along with Wang and IBM, it got into mini computers, away from the mainframe market and into personal computing. Yet when it saw those big businesses on the scene, it tried a change of tack and moved into software. Datapoint then came up with RMS, the ubiquitous operating system still used by thousands of companies today and the precursor of MS Dos. In the early 1980s, Datapoint began making early version of ACDs; that product line became a company called Teknekron. It moved out of that area because Bell Labs moved its big behind in.

From the mid 1980s, Datapoint's forte was call centres. Faux explains: "Up to the mid 90s, if there was a call centre being made, Datapoint made it. Our customers were First Direct, One2One (now T-Mobile), Cellnet (now O2) and Churchill Insurance. And we still have these customers, 15 years later. We even still have the original manager of the Churchill account, four generations of technology later."

The business had been suffering when she joined, Faux reminisces: "When I came in, it was a bit like walking into an attic. The company had a massive expensive corporate overhead, we weren't talking to anyone and we had an unwieldy corporate structure. But I blew some dust off a box in the corner, and discovered it was full of jewels."

Faux is referring to Datapoint's staff. Since she started at the company, she says nine employees have celebrated their thirtieth year of service and over 10 more, their twenty fifth. "People want companies like ours because of the knowledge our staff retain," Faux states. Many staff at Datapoint have been there for decades. "My customer service director has been with us for 29 years. If there's ever been a problem, he's seen it and if he hasn't seen it before, it's a new problem. Our customers know that," Faux says.

"That's why I joined Datapoint," Faux continues. "Whatever industry it's in, people have spent a lot of money on call centres, but when you think of call centres, they suck. You end up in electronic queues and then when you finally get an agent, the first thing they ask you is for the information you've already typed in, which is something so trivial it was technically solved years ago. At Datapoint I could see the opportunities, but the company was in a bit of a pickle.

"Jon recognised that the company needed a big culture shift to revitalise it," she continues. "It needed energy, a cultural change and a feminine touch. I'm not saying blokes can't do that, but women can listen and multi-task and men can't do that as well. Jon knew exactly what he was doing when he bought me in," Faux states.

There are not many female chief executives in the world. One reason for this is a lack of encouragement for women to achieve and the difficulty of penetrating a male-dominated market, Faux says. "There is a certain assumption in the market, particularly the telephony market, that there's a boys cigar smoking, golf playing, down to the pub for boozy lunches culture. But that's changing. I'm not into golf or strip clubs, but if you go into a lot of the old telco companies out there, you find a dying breed of these 1980s-style boys. The market's opening up; people are getting more used to seeing women in business but I don't think women are massively encouraged to move forward. Yet I'm not aware of any glass ceiling."

Faux immediately set about turning the business around. She has taken the business through three restructurings over two years, which began with the loss of 15 jobs in sales and marketing. This was swiftly followed by the removal of three layers of executives, another 15 jobs, to trim the top heavy structure that wasn't adding any value to the business, Faux says.

Datapoint USA underwent a management buy out in April 2003, and in the same month Faux sold off the company's Benelux operation. At the company's Spanish operation, Faux fired the finance director as he had been giving himself unapproved bonuses that sapped the region's profits. She is also on her third chief financial officer. "I like this one though. The others weren't up to the job," she says, as Vim Vithaldas, her current CFO, smiles nervously. Faux got rid of some of the 20 or so holding companies that Datapoint had dotted around Europe. The Italian operation was closed down due to that classic chestnut, mafia fraud. Faux explains: "Our Italian operation was a cover for wide ranging fraud; when you find Sicilian front companies on your balance sheet, you definitely know you're not going to get your money and you wonder how quickly you can get out of the country."

After firing her antiquated management team, Faux powered forward alone until she was prepared to begin the hunt for a crack squad for Datapoint. Her team now includes a genuine ex-rocket scientist. "I've got a fabulous management team. And I've got the company back into profitability," she adds.