



# SURECOM

Ireland, [www.surecom.ie](http://www.surecom.ie)

After leaving his job as a telecom engineer and creating his own company, an Irish entrepreneur undertakes outsourced projects for his former employer, providing innovative and cost-effective solutions to the end customer

## Executive Summary

Surecom is an SME with some 100 employees that designs and builds solutions for network operators in Ireland. Started in 2005 by a former engineer of one of the telecom operators, the company receives outsourced projects from the operators in order to provide services to the end consumer. They engaged with the operator in order to improve their bargaining power when purchasing materials which has allowed them to deliver their projects at a lower cost than their competitors. In their drive to create a fresh image and expand their business, the company worked with Enterprise Ireland and marketing experts to help them in their transition from an opportunity-seeking company to a sales-driven company.

**CASE N°: UKI48**

**SECTOR: TELECOMMUNICATIONS**

**TECH INTENSITY: HIGH-TECH**

**LIFE CYCLE STAGE: ESTABLISHED**

**INNOVATION VECTORS: PROCESS, SERVICE, CUSTOMERS & MARKETING**

**OI PARTNERS: LARGE CORPORATION**

**KEYWORDS: Telecommunications, bargaining power, service innovation**

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# SURECOM

NETWORK SOLUTIONS

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## BACKGROUND

The company was founded in March 2005 by Jim Sheehan, a former radio engineer with the company Digifone, which was bought out in 1996 by O2. Following the acquisition, some of the company's services started to be outsourced to smaller companies, and one of these services was radio engineering. Rather than remain a full-time employee, Jim decided to become a sole trader / self-employed contractor but without any intention of establishing an actual company.

He worked on his own during the first year. Then he learned that the company was looking to outsource a large project that closely matched his expertise, and he was asked to project manage it. At first, another company was hired to execute the project, but the latter performed poorly and Jim, together with two colleagues, took over the contract. A further condition to being awarded the contract was to involve another small company that was specialized in fixed-line engineering (rather than mobile), so as to share the risk. During the next couple of years after the creation of Surecom, Jim Sheehan was able to increase the number of people working for him, a figure which rose to up to 100 people within 5-6 years.

Surecom innovates by sourcing trend-setting products which can help the company achieve service innovation. This means acquiring innovative products from other companies which they then incorporate in their own service offering at a lower price for their clients.

The company operates in Ireland and the UK and is keen to retain its current market share. In future, however, they would like to diversify and move into new markets and sectors. With the mashup between IT and communications, new skillsets are required which do not yet exist. There is a difference between telecommunications and the IT sector, with workers more likely to make the transition from telecommunications to IT rather than the other way round. Surecom also plans to move into cloud services, which are much more IT driven; for now though their skillsets are more focused on telecommunications.

Innovation will play a very important role in their future plans, and the company founder is keen to innovate faster whilst being conscious of the limits.

## INNOVATION CHALLENGE & MARKET OPPORTUNITIES

The strategic challenge involved the design and development of holistic telecom solutions. In the case of his first project, Jim inquired about the outsourcing and asked if he could take on the task himself. The company that he worked with then refused because he was a relatively new startup and they felt that he was too much of a risk. This was the trigger which encouraged him to look for a partnership with other firms.

The second challenge involved technology and the resources that were going to be engaged for this project. The main problem was that the project was innovative, which would require new processes and new technologies to be put in place. This was also a new situation for the company that was outsourcing the project, because the company had never outsourced everything at once, i.e. the design, the commissioning, and the build.

In addition, they were targeting their corporate customers with this project, which required Surecom to engage with the corporate customers to undertake a survey as if they were the operator itself. This was a very different view from what the founder had assumed the project would be like. After talking to the customer, they were to design a solution and take it back to both the end user and the mobile operator and then agree on a price.

The founder knew the industry well because of his own work experience, and he understood that there was a knowledge gap that he could fill. In addition, he knew that telecommunication companies can have difficulties reaching rural areas, such as in Ireland. After grasping this opportunity, Jim Sheehan was sure that he could be a key player in this area.

## OPEN INNOVATION TRAJECTORY

### Concept development

As an engineer, Jim could have engaged in a number of different activities, like radio planning, radio optimization or other related services, but

he had always specialized in building solutions. So when the project was outsourced by his former employer, he was well placed to bid for the work. One of the key outcomes of the process was the purchasing approach taken by Surecom. Traditionally, the telecommunication firm would buy all the equipment and then hand it over to the contractor. Surecom's approach, however, was to ask the firm to negotiate the price, but allow them to buy the equipment. This allowed Surecom to obtain a better price for the equipment with which they could also then do work for other telecom companies.

## **The development process, IPR and competition strategy**

When one of their main equipment suppliers went bankrupt, Surecom was faced with the predicament of looking for other suitable products. They solved their problem by attending the Mobile World Congress in Barcelona where they found a replacement product that not only met all the required specifications, but also allowed them to move from the traditional analogue to a digital service, all without increasing costs for the customer. This was a very important incremental step in terms of the service that Surecom was providing, since their competition strategy was based on providing a service at a lower cost than their competitors.

The company has only one competitor in Ireland which has been in the business for 6-7 years longer than they have. Surecom began by providing the same services and emulating their competitor mainly because they were unopposed and there was room for another company in the market. As Surecom gained more experience, their main innovation was in the services offered and the cost at which they delivered them.

This also became their competition strategy. From the cost side, working together with the operator to purchase equipment became very important as a driving factor for reducing costs. They were also willing to take more risk in terms of the technology that they were using for their services, which became a central pillar of their service innovation. The company regularly attended the Mobile World Congress in order to look for better products and find new technologies that would help them deliver an optimum service.

## **Commercialization and follow-up**

The company's scaling-up strategy involved going to a second operator and offering them a similar service. However, one of the main problems was

that the services which Surecom offered were more sophisticated than those the other operators required or expected. Surecom's services had been tailored around how the first operator organized their outsourcing, but other operators were not ready for this level of outsourcing and felt that Surecom's approach gave them little control over the design process.

In addition, because the founder used to work for the rival operator, there was a certain resistance / reluctance to give him the job. Eventually, however, Surecom was able to overcome this resistance and prove its reputation by solving complex problems for high value customers.

There was also some resistance felt among certain former colleagues at the original operator for which the founder used to work. He felt that because they knew him, and he had occupied a specific position and rank, it was very difficult to shake off this perception when going back and offering to take on projects. This resistance has not been fully overcome, particularly in the department in which the founder used to work.

The company went through several rounds of restructuring as it accommodated a growing number of employees. Every time the company doubled in size they had to reorganize the management structure. In addition, more administrative posts became necessary as Surecom went through the process of acquiring more accreditation. As projects became bigger, they required to be more professional and invest in a number of tools. The company sent several members of staff to be certified in the PRINCE2 project management method at a PRINCE2 accredited company, where they had a week-long course. Accreditation and certification both helped to improve the way in which the company was managed.

In 2016, Surecom brought in a marketing company who spoke to their customers, suppliers and operators to understand the exact nature of Surecom's USP. The company learned from this exercise that they had a reputation for being competent and able in what they did and that they had excellent project management skills.

It also helped them to understand that there were two things that they needed to address, i.e. innovation and marketing. This was because the company had previously been more focused on opportunities than on being pro-active in the search for new business. This encouraged the founder to take a marketing course organized by Enterprise Ireland (national business agency) with a special focus on sales generation for international markets. He found the course so valuable that he added a sales and marketing team

to the company and sent some of his employees on the same course.

At the beginning, Surecom undertook big projects in different areas. Later, however, they started providing smaller solutions for specific problems that were in line with the quality and the expectations of the operator. For instance, telecom network coverage in rural Ireland is of poor quality. Surecom is now able to offer solutions to individual clients that are far cheaper than those offered by competitors, thereby reducing the cost from around €10 000 to €1 600 and making it affordable for small businesses.

At the same time, Surecom is able to offer the initial site survey and the build on the same day. In other circumstances, the time between the survey and the build can be up to 3 months. This has led to an increase in customer expectations and a reduction in costs. Surecom still had to go through a trial period with this new service, so that the operator would allow them to offer it to their customers. Since the operators are the only ones that are licensed to run these signal networks, Surecom had to go through the process of showing them that there was a benefit to both them and the customers and then demonstrating that the technologies work. The operators have helped Surecom with purchasing the equipment so that they can obtain a better price and are now giving the company the licence to use their network.

## BUSINESS IMPACT

Surecom has been able to build a good reputation. The marketing company found that the main feedback that Surecom received from their stakeholders was that they were trustworthy. Since they are required to work on a live network, the technology has to function well, otherwise the entire network could suffer.

Surecom also developed administrative skills in order to cope with the number of employees that they have. As a direct result of this, they were able to apply for the necessary accreditations. The company improved their project management skills by sending some employees to obtain PRINCE2 accreditation.

The founder sent some other employees to the marketing course run by Enterprise Ireland. This taught them how to present Surecom effectively to their stakeholders and, more importantly, how to develop their opportunistic

approach to a conscious sales-generating one. Their work with the marketing agency 2020Vision helped them to review everything the company does and to transition to the new strategy.

As Surecom has been a project-led company from the start their work with the telecom operators is their core business.

Because the company expanded its business so quickly, it discovered that it was not eligible for any grants (grants being reserved for smaller firms). When they approached the national business agency, Enterprise Ireland, they were not eligible for support because they were not offering international services at the time. This meant that they had to raise money internally and that they were limited not by their ambitions, but by having to find the finance they needed.

## LESSONS LEARNED

This case highlights the use of external partners in order to manage risk and give the SME strong bargaining power when purchasing equipment. This has been a central pillar of their business because the company competes on both the quality of their service and lower costs.

### Main lessons learned:

1. Having a purchasing agreement with a large company helped the SME purchase materials and technology at a lower cost, meaning that they could innovate their service and sell it at a lower price than their competitors.
2. There was initial tension when trying to obtain work from the telecom operators. Having been a former employee, this meant that the founder found resistance from his former co-workers and competitors to work together.
3. Visiting trade shows helped the company to find new solutions for the service they offered. This led to further innovations as it allowed the SME to implement new technology and thereby improve several aspects of their service.