



VIRTUAL SOLUTIONS FOR A REAL DEMAND

Davinci Virtual get agents in the door of home-based businesses

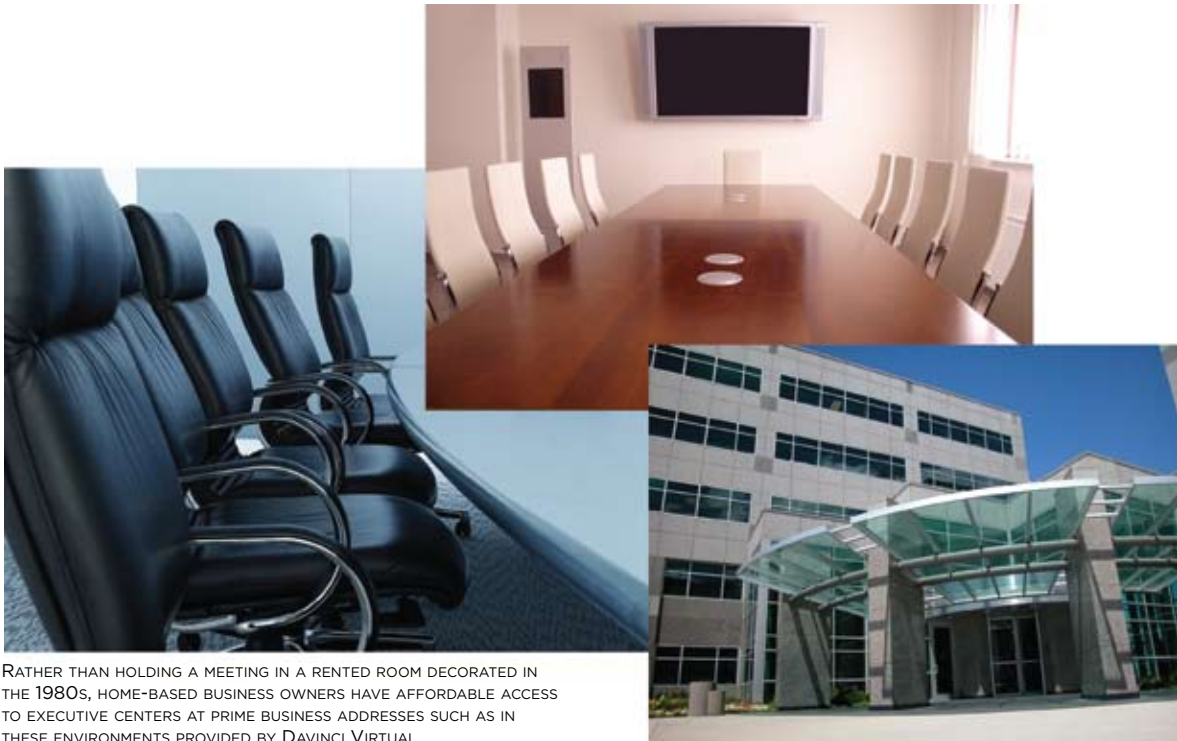
by **Martin** Vilaboy

It's getting harder and harder for indirect distributors of communications services to ignore the SOHO or home-based business market. If for no other reason, there's simply the sheer massiveness of this growing opportunity.

Of the more than 23 million U.S. businesses counted by the U.S. Census, for example, 17 million are classi-

fied as "non-employee" businesses, which include home-based, self-employed or part-time operations, individuals sometimes operating more than one.

"The home-based business is rapidly becoming a significant sector that vendors need to pay attention to," says Antara Jaitly, senior analyst at AMI-Partners. "More people may look to operating a home-based business as



RATHER THAN HOLDING A MEETING IN A RENTED ROOM DECORATED IN THE 1980s, HOME-BASED BUSINESS OWNERS HAVE AFFORDABLE ACCESS TO EXECUTIVE CENTERS AT PRIME BUSINESS ADDRESSES SUCH AS IN THESE ENVIRONMENTS PROVIDED BY DAVINCI VIRTUAL.

a means to supplement their income or fulfill personal aspirations.”

According to Jaitly, the approximately 15 million PC-owning U.S. home-based businesses are expected to account for around \$35 billion in IT spending in 2008 and an additional \$19.5 billion in telecom-related spending this year. That breaks down to about \$1,260 in annual telecom spending per business and about \$2,300 for IT. But that’s based largely on the use of consumer-based technologies and free services. So with SOHO and home-based businesses looking more to business-class features and capabilities, annual spending levels could go a bit higher.

“These home-based businesses plan to spend on a wide array of hardware, software and telecom-related products and services, ranging from PDAs and smart phones to PCs, printers, software applications, security and storage products and high-speed broadband services,” says Robert Takacs, vice president at AMI.

For that to happen, first something likely must be done about the lack of attention SOHOs are getting from traditional service providers and equipment vendors. “Although SOHOs are interested in productivity-enhancing, business-grade applications, they are hamstrung by difficult-to-implement technology and poor technology support,” says Jennifer Simpson, Yankee Group senior analyst.

Tech-hungry SOHO users, she says, “are left to cobble together applications and services to meet their needs.”

On the other hand, there’s good reason for the indifference. Quite frankly, vendors and distributors have

found it hard to justify the efforts to provision and support such low levels of monthly recurring. There is, however, at least one opportunity that allows channel distributors to quickly and easily gain a foothold in the home-based business market, while at the same time speaks directly to the user group’s need for enterprise-like capabilities on a small business budget.

An emerging set of virtual receptionist and virtual office location services offer very small and home-based businesses the look, feel and capabilities of their much-larger competitors at price points and support levels that are comfortable for both customer and distributor. Typically, these hosted and fully supported services require little or no technical expertise on the part of the user, and no premises equipment or set-up, minimizing the demands on affinity partners.

Currently looking to expand its indirect channel program, Davinci Virtual, for example, offers an automated attendant platform built on a \$59 base product that combines a toll free or local number in any market (international numbers for an added fee); 1,000 minutes of North American and Western European voice, in and out, (international calling also for added fees) and a jam-packed business-class suite of advanced call center and unified communications features.

“They get an email address, voicemail to email, electronic fax to speech, speech to text, branded greeting – the whole shebang,” explains Martin Senn, Davinci Virtual’s chief operating officer.

The applications, say Senn, provision instantly online, with numbers that go live “five seconds after you push the purchase button,” he says.

Also at the Web-based GUI, clients have access to on-the-fly call routing, online calendars and contact sections, sync options and options for how calls should be treated.

“A lot of small businesses need these types of tools,” says Senn, “and they don’t have to buy hardware or sign a contract to get them; it’s fully hosted, fully redundant, carrier grade.”

Indeed, Yankee’s Simpson argues that SOHO employees could be the ultimate beneficiaries of the movement toward ubiquitous connectivity, assuming, that is, vendors and service providers properly address the uniqueness of this segment. Yankee Group studies show a high interest among SOHOs for connectivity, mobility, storage and Web 2.0-type applications.

“Although they exhibit many of the attributes of the ‘Anywhere Consumer,’ they also show a high proclivity for consumer- and business-based technology tools in a very small enterprise-like environment,” says Simpson.

Not only do SOHO employees use mobile calling, Wi-Fi hotspots and online productivity and collaboration tools more than consumer users, but Yankee Group surveys found that SOHO workers also use four of the top five business applications at equivalent rates to traditional office-based workers. These business applications include corporate instant messaging, Web browsing, customer relationship management and business productivity suites, say Yankee analysts.

Right in line with these technology demands, the primary selling point of virtual services is the classic “level the playing field” approach, and a robust automated attendant is just the beginning, both for customers and distribution partners.

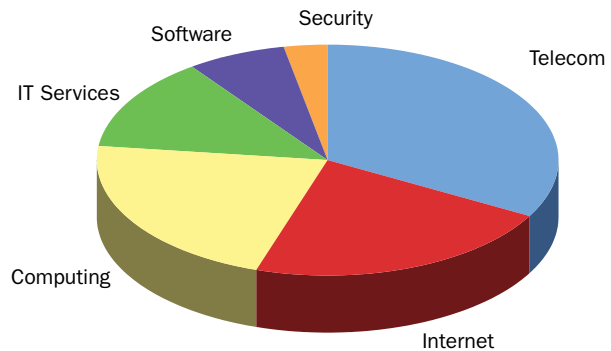
“If you really want to separate yourself from the competition, is it enough to have calls treated in an automated environment,” asks Senn, “or would you want to engage professional live answering?”

One among a small group of like-minded solutions, Davinci Virtual has overlaid its automated attendant services with a true virtual receptionist service, which provides subscribers with live answering, call screening, call forwarding and the like performed by a small team of receptionists.

“They handle your calls, and only they handle your calls,” says Senn. “So they come to know your company, they know the people in your company and they most likely get familiar with the callers that call for your company.”

In addition to the professional image created through live answering, virtual receptionists are available to handle all kinds of administrative tasks, as well, includ-

U.S. Home-based Business Telecom/IT Spend



Source: AMI Partners

ing customer service, appointment scheduling and confirmation, data entry, outbound calling and even order processing, among others. Receptionists are available Monday through Friday, from 8 a.m. Eastern to 5 p.m. Pacific time and are stationed at Davinci Virtual’s “virtual support center” at the company’s headquarters.

The set of virtual receptionist service packages range from \$149 up to \$799 a month, with a base product that includes 100 minutes of live answering and 500 minutes of North American voice calling. And since Davinci Virtual bills by the second rather than the minute, “it’s truly 6,000 seconds of live answering a month,” Senn points out.

The differences between the four service tiers primarily come down to the different minutes calculations, explains Senn, who says a majority of subscribers fall into the \$149 to \$249 a month range.

“The plans are built like cell phone plans,” he continues, but if a subscriber goes over the allotted minutes, there’s an option to retroactively upgrade to a higher tier to avoid overage charges.

The appeal is quite obvious to an owner of a growing small business who could use some help but simply doesn’t have the space for another body or finds it hard to justify all the supplemental costs that come with employment (benefits, taxes, supplies, sick days, hiring, etc.).

When body count isn’t an issue, Davinci Virtual suggests owners consider the money it costs them to answer their own phones, confirm their own appointments, lick their own stamps and so on. In tune, the company’s Web site houses a cost calculator that asks visitors to plug in how much time they spend each day on receptionist-type tasks and what they estimate their time is worth.

Four Types of Home-based Business Mindsets, Sized by Proportion of Segment



Source: AMI Partners

"Most people are shocked at how much it is costing them," says Senn.

Among the top industry segments that have gravitated to virtual receptionist services so far are small law offices, single attorneys and paralegals; financial advisors and real estate agents; one-off medical groups such as chiropractors and dentists; and travel-heavy consultants.

Then there are highly mobile business owners or employees, who'd like a more professional solution than using a cell phone as a primary business contact.

For the small business owner that really wants to run like a big dog, the next step is a virtual office location. Rather than hold meetings at Starbucks or rent a room at the Radisson, virtual office members have access to meeting rooms at a first-class executive suite; high-end conferencing equipment and services; postage handling; and a working address for business cards, Web sites and marketing materials, complete with their company name listed on the lobby directory of the building.

Davinci Virtual, for example, operates executive suites in more than 600 prime business addresses across North America and the U.K. – places such Wall Street, Denver Tech Center and the Empire State Building. So, effectively, an address listed on a business card can go from "Sunny Day Drive" to "Avenue of the Americas."

What's more, virtual office customers not only have access to facilities and business services at the location

of their business address, but they can reserve a meeting room in any city on the Davinci Virtual network.

Altogether, such virtual services offer SOHO operations a true "business identity," says Davinci Virtual. "If you are a small business, and you are not doing some of these things, you are always going to look like a small business," says Senn.

And while the solutions are developed specifically with the needs of very small businesses in mind, applications do exist for larger customers. Virtual office solutions, after all, can act in many ways as a branch location for a large or growing company, for example, and work just as well for a regional rep base or a business that might be downsizing.

If nothing else, telecom agents get a foot in the door of an expanding and increasingly tech-savvy home-based business market. Granted, the per-user gains can be relatively modest, but once inside "it's now your customer, and you can sell them all kinds of services," says Senn.

Davinci Virtual certainly follows its own advice. The company resells an assortment of services to its base of customers, including financial and business services from American Express, BizFillings.com and Register.com, as well as broadband pipes, branded URLs, Web hosting and IT support, among others.

In some cases, a small business will be interested in virtual services precisely because it is struggling with growth, and therefore likely will need more of what it already has and still more of what it doesn't. □

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