



January 6, 2009

## How SaaS firm Concerro ditched its old name, and kept on growing

by [Adam Stone](#), Senior Writer, **SoftwareCEO**




Why do hospitals struggle to find good nurses? Mainly because modern Nightingales work really hard and don't get paid a whole lot.

That leaves many hospitals in the lurch, trying to locate nurses to fill vacant shifts.

In 1997, a company called **BidShift** stepped up to fill the gap with software that allowed hospitals to post available shifts for nurses to bid on. Initially more of a consulting firm, the company signed up its first SaaS customer in 2002.

In late November 2007, entrepreneur Graham Barnes took the reins as CEO. And although the company was growing fast, he saw room for improvement.

He dramatically reshaped the service, reorganized commissions, and even took the ultimate gamble: changing the company name.

It's working. With \$9.4 million in 2007 revenues, newly-christened [Concerro](#)  came in at #176 on the [2008 Inc. 500 list](#) of fast-growing companies... up 1,365 percent since 2004.

2008 revenues are still growing, estimated at \$12 million.

And the company has more than 200 hospitals signed on. One client, [Alameda County Medical Center](#) in California, says Concerro has saved it \$10 million.

We talked recently with CEO Barnes, and we asked him how he knew it was time to change the company name. How did he do it without losing focus, or clients? And was it all worth it? Let's jump right into his answers on those... plus various other tips on how to generate healthy growth.

### What's in a name tip #1: Your name must reflect your mission

When Concerro first hung out its shingle, the BidShift name made sense. Nurses would bid for open shifts in hospitals in a [reverse-auction model](#), where the lowest bidder got the shift.

This drove down costs for the hospital, but it also drove down wages for nurses,

#### Company Snapshot

#### Concerro

##### Basics

*Founded:* 1997

*CEO:* Graham Barnes

*HQ:* San Diego, CA

*Headcount:* 50

##### Revenues

2004: \$0.63M

2007: \$9.4M

2008: \$12M (proj)

##### Major Clients

- [Garden City Hospital](#)
- [Alameda County Medical Center](#)
- [St. Vincent's HealthCare](#)

##### Awards / Honors

- #176 on the [2008 Inc. 500 list](#) of fast-growing companies
- CEO Barnes was named a finalist for 2005 Entrepreneur of the Year Award by [Ernst & Young](#)'s San Jose office



which they didn't appreciate. It also meant hospitals were hiring people willing to work cheap, always a dicey proposition.

There were other issues. Hospitals prefer to fill shifts with internal staff before going outside, yet the software wasn't built to check on staff availability.

Barnes says the company had to address these issues to keep moving forward.

"Because we are a service, and bill a recurring revenue, we need to continually add value for our clients, or they'll question why they keep having to pay our invoices."

In general, this means constantly adding new features.

"How do we maximize market share? How do we get more clients and customers? This is all part of our focus, not trying to nickel and dime our clients," Barnes says.

So the company updated the system to look into a hospital's HR rolls before opening up bidding. And the bidding was overhauled, to meet concerns that reverse-auction was not the best business model.

At that point, "BidShift" no longer described the product. So the company needed a new name.

### **What's in a name tip #2: When seeking a new name, involve your staff**

About a year ago, company execs started searching for a new name.

"We wanted a name that was unique, that had a good meaning, and most importantly, had an available .COM URL," Barnes says.

A company-wide competition was announced, with the top prize a new iPhone. The contest drew 400 suggestions with available URLs. A self-selected group of employees interested in the process joined Barnes in winnowing the list down to five finalists.

At that point, marketing firm [The MadisonWest Agency](#) dummied up logos and other materials to reflect the five possibilities.

A mini-focus group of clients and investors reviewed the results, and settled on Concerro.

"Concerro sounded very healthcare-oriented, and it has a nice meaning behind it, the idea of bridging and joining together, the same way we bring together employees and managers," says Barnes.

Time elapsed for name selection, start to finish: two months.

*"The entire rechristening eventually cost \$100,000 for everything from new stationary to a new trade show booth."*

**What's in a name tip #3: Ease out the old branding, ease in the new**

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Taking on a new corporate name requires a certain finesse, as you phase out the old and phase in the new as seamlessly as possible, without losing customers along the way.

"You have built-up brand equity that you don't want to abandon in a name change. That is critical," Barnes says.

To that end, The Madison West Agency created a transitional logo, reading "BidShift is Now Concerro."

That logo appeared on all company e-mail sigs and is still on the website today, with the tag line: "BidShift led the revolution... Now experience our evolution."

Madison West also crafted a tri-fold brochure. When opened, windows slide apart and the BidShift logo morphs into the Concerro logo, like an upscale greeting card. These got handed around at trades shows and passed out by salespeople to their contacts.

But it will be long enough for BidShift to make a graceful exit and for Concerro to establish itself in the minds of stakeholders.

"The change actually caused less stir that we initially expected, and I haven't heard any negative feedback at all," Barnes says. "We did it to position the company for the future, and to avoid us being pigeon holed in a narrow niche — and we've certainly accomplished that."

**What's in a name tip #4: To make a big sale, work deep into the client's organization**

It's nice to make the deal, but don't rush things.

In pursuing a sale, Concerro reps will talk to a broad range of hospital staffers, not just unit and staffing managers, but also the chief nursing officer, C-suite executives, and anyone else who may be part of the decision-making process.

It's worth it to get broad buy-in to open the door for Concerro to sell across an entire institution, rather than to a single department.

"We typically want to see good outcomes and real value created, so we try to implement across the whole hospital and not just go into one unit," Barnes says.

All this can lead to a drawn-out process; although the sales cycle can be 45 to 60 days, it can also stretch out to several years. So having friends on the inside always helps.



*"Given the limited understanding of software-as-a-service, Barnes gets his customers to do some talking for him."*

"If we have a client who's moved from an existing facility, who's using the service and wants to bring it with them to their new position, this referral makes a big difference," Barnes says.

Given the limited understanding of software-as-a-service, Barnes gets his customers to do some talking for him.

"With a SaaS service, it almost doesn't matter what we say. What matters is what the clients who have used it have to say. They are the ones who have the credibility."

The deal size depends on the hospital size.

"We price the service close to \$30 per bed per month, so from there it just depends on the size of the hospital. We have a relatively small number of hospitals less than 100 beds, and a small number above 400 beds, so somewhere in that range is the typical client."

That makes for a typical deal size anywhere from \$36,000 to \$144,000 a year.

And Concerro shoots for a three-year contract, bringing the total deal up to \$100,000 to \$400,000. All that talking can definitely be worth it.

#### **What's in a name tip #5: Pay SaaS sales people up-front**

When Barnes came on board, the company was paying relatively small up-front commissions, followed by an ongoing trickle of compensation for the life of a contract.

Although that's pretty standard for SaaS firms, he didn't care for it.

"When you stretch out the payment over a long period, then you get a long-tenured sales executive getting the same amount of pay, whether he earns it or not."

Today the company pays once, up front: full commission (undisclosed) for the standard three-year contract, and less for a shorter or discounted contract.

"One of the things that's very good about it is that they get an instant response: They close the deal and they get a commission."

Changing someone's compensation? Always put it in writing.

"The new commission system was introduced at a sales meeting to take effect at the start of a new quarter for new bookings only. A document outlining the plan in detail was given to each commissionable exec who read it and signed for receipt and understanding."

*"Do well, get points.  
Redeem points for  
cool stuff."*

And now the sales force is compensated for hunting, not for farming.

**What's in a name tip #6: Give staffers points for outstanding effort**

When it comes to motivating employees, Barnes cuts right to the chase. Do well, get points. Redeem points for cool stuff.

The company's "points" program actually started with clients, as Barnes enabled hospital administrators to dole out points for nurses who took on extra shifts, mentored colleagues, or tackled challenging tasks.

Points are good for a range of gift cards and certificates, redeemable through online catalogs.

Barnes saw that hospitals liked what they called "ShiftPoints," so Concerro adopted the same system as a motivational tool. Reward points called "Concerros" are issued publicly at monthly all-hands meetings.

"Employees are rewarded points — generally in denominations of 500 or 1,000 points — for special effort on a project or conference, moving a sales deal forward, helping a customer in an extraordinary way, working hard on a product release, having a can-do attitude," explains Barnes.

Then employees can redeem these points through the [SEI Meetings & Incentives](#) catalog.

Barnes was savvy enough to spot something effective, and bring it in-house for his firm. If it works for your clients, why not use it yourself?

**What's in a name tip #7: Planning an all-hands meeting? Let your lieutenants help set the agenda**

Half of Concerro's staff works in San Diego; the rest are spread out nationwide.

To keep everyone in the loop, Barnes conducts regular monthly meetings with all employees, live and over the web, to lay out the present situation in detail.

He doesn't fly solo, though. The bulk of the agenda is set by a [team of VPs](#) from different areas: finance, sales, marketing, engineering, client services, and nursing.

"I request input from all the VPs, who send it to my CFO, who gives me a draft presentation the week of the meeting, and then I edit that down and put in my own content."

Working from this broad itinerary, Barnes can conduct a meeting that covers all the bases.

"They get a full update on the financials, what we booked, what we charged, how

we are doing versus our plan. In this session, I also gave them a look at the outside economic situation, and our strategic imperatives looking ahead."

A CEO may have the big picture, but your management team is down in the trenches, and their input can help you know what's on the mind of the rank and file.

#### **What's in a name tip #8: Draw lessons from other industries**

Barnes is a relative newcomer to the software world, having cut his teeth in telecom.

Prior to Concerro, he served as SVP at [Covad Communications](#) and GM of its NextWeb wireless division, after **NextWeb** (where he was CEO) was acquired by Covad.

No surprise, then, to see him take a service-oriented view of the software biz.

"Think about a cellular service provider. They are concerned about churn. They are concerned about delivering service to their clients. All of that is what SaaS is all about.

"It's a very service-oriented, very fast-moving business," he says. "It shouldn't all just be driven by engineering."

This focus on service means, for example, that there can be no one-offs in SaaS.

"A request for an upgrade becomes part of a larger thought process. When somebody asks for a feature, everybody gets that feature. We think it through and we design it in."

That's how the cell companies do it, one solution goes out to all users, and SaaS is perfectly suited for that model.

#### **What's in a name tip #9: A little effort can go a long way toward industry recognition**

To build a brand, get deep into your industry, get trusted, become the authority. Sales will follow.

For example, this past spring Concerro teamed up with the [American Nurses Credentialing Center](#) and [The Honor Society of Nursing, Sigma Theta Tau International](#) to brainstorm healthcare staffing issues.

The day-long event produced a list of 10 best practices and a white paper called "[Excellence and Evidence in Staffing](#)."

Developing it was rapid. In a single day, working groups held discussions, shared

*"To build a brand, get deep into your industry, get trusted, become the authority. Sales will follow."*

their findings at a roundtable session, and summed up their recommendations in reports collected at the end of the meeting. These reports, along with observations from the roundtables, became the basis for this white paper.

The partners have also produced a self-assessment tool. Healthcare organizations can answer 20 multiple-choice questions and get a rating of their performance on each of the 10 best practices.

With one day's good work, Concerro put itself out-front as an industry thought leader.

The company bolsters its brand in other ways as well, such as an ongoing series of [monthly webcasts](#).

Not just sales pitches, these broadcasts highlight client success stories and lessons-learned from industry experts.

A chief nursing officer within Concerro develops the program, inviting speakers, setting the schedule, and reaching out to clients with information about upcoming broadcasts.

Most successful software companies today do something similar, generating useful content that shows they understand their sector.

*"Concerro doesn't just enable customer processes, it defines them."*

### **What's in a name tip #10: Create a structure for all customer engagements**

Early on, Barnes and his team had to decide how deep into their customers' organizations they wanted to reach.

"We agonized over this," he says.

Given the nature of the product, an emphasis on service became a must-have. Concerro doesn't just enable customer processes, it defines them. Using the software shapes the way things are done in a hospital.

For the software to succeed, Concerro has to be enmeshed in a hospital's inner workings.

To get that deep inside, each client is assigned a team of three people:

- An executive strategist
- A project manager
- A client service manager.

#### **The executive strategist is the team leader.**

Many of these are former chief nursing officers or directors of staffing, people well-grounded in the industry who can show prospects how they come out ahead with this software.

"She is involved in defining client goals, objectives, and policies right from the kickoff call," Barnes says. The exec strategist talks about hiring policies, staff organization, and fundamental operating strategies.

For instance, if you want to run Concerro software, you'll have to put *all* shifts through the system. Anything less will diminish your outcomes severely.

### **Second up is the project manager.**

"The project manager is brought in from the first or second site visit, when the configuration pages and staff profiles are created," says Barnes. "The project manager takes the lead with the client for training and initial set-up through the go-live date."

The focused attention of a single project manager helps drive the project along quickly.

"In about a six- to eight-week period from a kickoff call, we can usually get the system to go live, even in a hospital with thousands of employees."

### **The third leg of the stool is the client service manager (CSM).**

"If a client wants to get hold of somebody at our company, they call their CSM. That way, they are calling somebody who knows their situation, who they have a relationship with.

The people we try to protect from spending time on minor issues — like forgotten passwords — are the engineering team, so CSMs are the first line of defense there.

"The CSMs own the trouble tickets. All customer issues are entered as cases for tracking purposes, and we monitor resolution times, number of open tickets, and engineering escalations on a monthly basis."

The CSMs also consolidate the monthly reports, which are reviewed by the executive strategist, who notes down any suggestions for improvements.

The point here: To sell software as a **service**, organize that service for maximum efficiency, with clear lines of responsibility, and a structure repeated from one customer to the next.

*"Batten down the hatches. It's going to be a rough ride."*

### **What's in a name tip #11: Use recurring revenue to fuel long-term planning**

For Barnes, much of the value of SaaS comes down to predictability. With recurring revenues, he knows more or less what the budget will look like six months down the road, so he can plan for the big picture.

"It allows you to look at a slightly longer horizon, to plan for a little bit longer term, so you can justify an infrastructure investment," he says.

Concerro does planning in a structured way, through annual strategic work groups that tackle whatever big issues may be on the table.

These groups have a leader and one to four other members, generally drawn from the management team and middle managers.

"Working groups have a charter to answer strategic questions, such as, 'What is the right structure and incentives for the organization?' or 'What is our growth plan for the next XX years?'" says Barnes.

"The working groups last until their reports are consolidated into an annual strategic plan presented to the board for review and approval early in Q4."

SaaS generates recurring revenue. More than just money in the bank, those payments represent a safety zone within which long-term planning can happen.

### **What's in a name tip #12: Facing an economic meltdown? Prepare to pare**

The best-laid plans... as they say.

Concerro had just wrapped up a planning cycle when the bottom fell out of the economy this fall.

Executives quickly started making revisions.

"In practical terms, it will impact hiring. We were supposed to end up with an 80 percent increase in headcount this year, and it's going in substantially below that."

Why pull back so hard?

"This is not the same as a normal crisis, if you will. This is one of those 20-year periodic crises," Barnes says. "It means we have to be very conservative about our future growth plans."

For the software industry as a whole, he believes we're in for stormy weather.

"Batten down the hatches," he says. "It's going to be a rough ride."

"People will have to get closer to their customers, who are also looking to cut costs. If they can save money by not buying your product, you need to convince them that your product will save them money or bring in revenue."

Despite the economy, Concerro has an edge, with an offering that boosts efficiency and saves money in a healthcare industry struggling to achieve those goals, plus a new president who will likely be prodding them on.

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**About the author:** [Adam Stone](#) is an award-winning journalist who follows trends in software, wireless, government IT, and general business. With more than 20 years experience, Stone writes about entrepreneurs, HR, business financing, and industry verticals for numerous business publications.