

Software helps leverage new business from old customers

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CEO Robert Lee formed XSell with three partners and \$4 million.

JACKSONVILLE -- A small computer-application provider is empowering big companies to generate new business from existing customers.

XSell LLC, founded in September 2003, has developed a hosted software platform designed to fill a barely tapped niche among companies seeking a way to identify and pursue potential sales when customers contact them for assistance.

Pitching products and services to current customers, or cross-selling, after they've been helped can be more effective than direct mail or telemarketing. Doing so builds on an interaction -- whether speaking to a service agent, accessing an automated phone menu or going online -- initiated by a customer who, if served well, will be more receptive to hear about other offerings.

Although the concept isn't new, the emphasis on it has been increasing among mortgage companies, said Bruce Andrews, senior vice president of the business partners group at Fidelity Information Services Inc., which provides technology for that industry. After seeing a demonstration, Fidelity (NYSE: FIS) became an XSell reseller in late 2005, agreeing to market the cross-selling platform to its customers, which include 75 companies with a combined 30 million loans.

"We thought our customers would be interested," Andrews said.

To date, eight financial services companies with a combined 4.2 million customers are using XSell's platform, which also is targeted at automobile finance, telecommunications and utilities. XSell CEO Robert Lee declined to disclose the company's annual sales. But he said monthly revenue per customer typically ranges from \$25,000 to \$75,000, depending on the number of products and customer service channels incorporated into the application.

Though logical in theory, cross-selling during customer service interactions in industries such as financial services can be daunting. Perhaps the most fundamental challenge is determining what to offer. It should be something the customer doesn't have, would benefit from getting and can afford.

Lee headed product strategy and software development for ALLTEL Information Services Inc., now Fidelity, when he observed that companies were spending up to \$100 million revamping customer relations management systems to add cross-selling tools. "I thought there had to be a better way," he said.

Lee and three partners invested about \$4 million from savings, friends and family and some angel investors to create XSell. The company began writing software in spring 2004 and launched its first version in March 2005.

Essentially, XSell's platform does three things:

- It aggregates data on customers who contact a company and analyzes it against criteria to determine what, if any, product or service would be most appropriate to pitch.
- It creates real-time personalized guides or scripts for customer service agents, automated voice phone systems or Web-based assistance to follow.
- It facilitates a smooth transfer to a sales agent, within the company or to an outside vendor, to finalize the sale.

At BB&T Corp.'s mortgage division's service call center in Greenville, S.C., about 30 customer service representatives began using XSell in November 2006 to identify prospects to ask about refinancing. The program has been effective in enabling them to turn over solid opportunities to loan agents, said David Massey, vice president for training and process improvement for the mortgage division.

"In the sales environment, there's nothing like a warm transfer," he said.

BB&T's mortgage division services about 335,000 loans.

Besides the fact that developing similar capability in-house would have been "hugely more difficult," Massey said deciding to try XSell was made easier because it was sold and integrated by a trusted vendor.

"The greatest peace of mind was that XSell had Fidelity behind it," Massey said. "If XSell had come to us off the street without Fidelity's backing, we might not have looked at it."

Another thing he likes is its pricing. XSell, like typical hosted software providers, will lease seat licenses, but mostly XSell is paid in proportion to clients' financial success from using its platform.

"They're very interested in helping us achieve any goals we have" with customer service representatives, Massey said. "I think it's a wonderful business model."