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Adjusting to the market

When the original idea fell flat, Excedent's founders stepped back, re-evaluated and came at it again, this time with a smashing success and a return to a responsive region

BY DEBORAH NASON

In 1999, Virginia Tech undergraduates Pat Matthews and Bill Boebel co-founded Excedent with the idea of "giving away free e-mail accounts and making money with advertising," says Matthews.

"But when the market crashed in mid-2000 all advertising took a hit. We re-evaluated our business strategy, and decided to license our technology to small businesses."

In describing the need for outsourced e-mail services, he explains that while most internet service providers offer "consumer" e-mail, "ours is tailored to business needs." Excedent offers a pre-packaged service, eliminating the need for a business to buy e-mail software, hardware and anti-virus and anti-spam programs.

"We have an anti-spam team," says Matthews. "We filter 99 percent of spam before it even gets to your computer." Other features include domain-based e-mail, 24-hour customer support, a strict privacy policy, and no ads.

During the summer of 2002, "Our business strategy started taking off," he says. Both company founders had finished school and decided to move the business to Vienna. What was their reasoning? "We envisioned Northern Virginia being a better place to grow a technology company. The location would help us

get bigger customers, with more access to capital and senior management talent."

Things did not quite work out as planned, says Matthews. "We grew our business, but Northern Virginia didn't help us out *per se*." He gives several reasons why:

- **Distance.** "It was very spread out; we didn't have a technology company anywhere near us. Or, if there were one, we didn't know about it."

- **Lack of visibility.** "We were a small fish in a very large pond."

- **Uncoordinated networking.** "There wasn't one place to go; there were so many chambers of commerce."

- **Congested roads.** "As a busy CEO, I don't have time to sit in traffic to go to networking events."

- **Recruitment problems.** "Recruiting engineering talent was difficult because there was competition from other companies, and there was no good engineering school in the area."

Ultimately, the firm looked back toward Blacksburg. "The best talent we could find was located in [the Blue Ridge Region], but nobody wanted to come up to Northern Virginia." Excedent hired several key personnel, including a vice-president of product development, a marketing executive, and a sales executive and allowed them to work from the Blacksburg area.

Finally, says Matthews, "we got to the growth stage in 2004, where we decided to centralize." The company returned in July, settling into Virginia Tech's Corporate Research Center.

He says the costs for office space are half of those in North-

ern Virginia, the general cost of living is lower, and the ability to hire talented people is greater.

He is especially pleased about the networking opportunities.

"In two months, we've already put together several partnerships. There are about 100 companies to network with in the immediate and surrounding areas."

How can the Blue Ridge Region stem the exodus of other start-ups from the area? Matthews says there needs to be better access to capital, and senior management talent. "I re-

Excedent's Pat Matthews: Tripled revenues



Deborah Nason

ally want to help put this place on the map," he says.

(Deborah Nason is a Roanoke County-based freelance writer.)

Briefly

Business name: Excedent Technologies.

Year founded: 1999.

Location: Blacksburg. The company recently returned to the area after two years in northern Virginia.

Business activities: Offers e-mail hosting services, allowing companies to outsource their e-mail functions, instead of trying to manage them in-house. Main focus is on small companies with fewer than 100 employees. The firm currently services

2,500 small businesses worldwide, about half of which are reached through resellers. Other customers sign up directly for service through a subsidiary called "Webmail.us." which is averaging 30 new customers per week.

Number of employees: 11 full-time, five part-time.

Growth rate: Says CEO Pat Matthews, "Our revenues have nearly tripled from 2003 compared to the same periods in 2004."

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