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San Mateo-based Splice fuses Web services for small businesses

Silicon Valley / San Jose Business Journal - by [Vasanth Sridharan](#)

SAN MATEO — Selling Internet services to companies right after the dot-com bubble burst was a risky proposition.

But for Andy Coan, founder and chief executive of San Mateo-based Splice Communications, it has definitely paid off.

Coan started Splice in 2002, after being in the telecommunications business for nine years. Coan started Splice as a telecom broker. He served as a middleman between companies and providers and took a commission on the sales. However, at the insistence of his customers, Coan stopped being just a broker and became a reseller of services from 26 different companies.

The bust actually helped. “At that time companies were laying off a lot of people,” he said. “They didn’t have the manpower to manage. We allowed them to leverage our ability to research different options for them. It was really kind of the right time.”

As a result, Coan’s revenue grew to \$14.2 million in 2008, a 48 percent increase over 2006. The company employs 17 people and plans to add at least two more this year, maybe three. Splice charges a commission on the services it sells to its roughly 150 clients.

One invoice, many options

So what’s Coan’s secret? Variety. Because Splice offers services from a variety of partners, the company can completely customize a system for any one customer, and they would still only have one invoice to pay and one support number to call. And that’s how he’s able to succeed, even when he’s competing against his own suppliers, like Verizon and AT&T.

“They place an order with Splice, they’re getting a Splice invoice,” he said. “And behind the scenes it really doesn’t matter that we’re designing a multi-carrier solution. You have one throat to choke.”

But Coan also ran into some luck in 2003 when he moved Splice from being a broker to a service provider. MCI Worldcom, which was a leader in network solutions, had basically collapsed after it had been rocked by scandal. The company filed for bankruptcy in 2002, the largest bankruptcy filing in the U.S. up to that point. The company’s work force was decimated, and Coan, who had worked for MCI, was in a prime spot to become a partner.

“At the time they had the biggest network, the biggest footprint in the world,” he said. “And going with them made a lot of sense given the fact that they had just re-organized and came out of bankruptcy.”

As the economy continues to sour, Coan says Splice is incredibly well-positioned. Companies are finding it too expensive to keep large IT staffs in house and try to deal with many vendors. When Splice bundles plans together, he said, it can offer savings that customers can’t get if they were buying the service retail from every supplier.

Andy Dolich, chief operating officer of the San Francisco 49ers, agrees. He said that the team only has a staff of three in-house IT personnel, and for everything else, they use Splice.

“They’re an excellent solution in any kind of economy, especially one that’s as unpredictable as this,” Dolich said. “They can take care of researching all the different carrier options and customize it to what our needs are.”

Staying in the background

Dolich also said that the service is reliable — his IT director never has a complaint to make about the company.

“There’s never a flashing red light,” he said.

He likened Splice to a referee — if you know the name of the referee at the end of the game, it’s probably bad. With Splice, he said, that hasn’t been a problem.

But it’s not like Coan hasn’t seen any effects of the down economy. His customers are slashing budgets and putting off any upgrades. His biggest fear is that his customers will go out of business. But for now, Splice is doing fine. March was one of the company’s best months, and they are conservatively projecting 20 percent growth in 2009, Coan said.

At-a-glance



Paolo Vesica

Splice
 Communications CEO
 Andy Coan says his business took off in the tech downturn because companies didn’t have staff to manage their IT needs. He expects the current downturn to provide another opportunity for growth.

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Splice Communications Inc.
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