



Sound call in a growing market

By Andrew Bibby

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Andrew Bentley and Adrian Roberts want us to be less unhappy when we use call centres. They are the founders of ICR Speech Solutions and Services, a speech recognition technology business that enables callers to identify themselves automatically, give instructions or leave messages, without speaking to a call centre agent.

In the five years since ICR was founded, annual turnover has reached £3.1m. But this level of success has been hard-earned. Both partners took on considerable financial risks to launch the business and difficult trading times obliged them to take a big salary cut. Now, profitable and with a strong client base, navigating the next stage of the business's journey has brought a new set of risks.

ICR occupies a floor in a smartly converted mill beside the Leeds and Liverpool canal in Saltaire, near Bradford - an example of how West Yorkshire's old textile dependent infrastructure is being put to new uses. Mr Bentley is singularly unimpressed at the recent suggestion from the Policy Exchange think-tank that people in so-called "regeneration towns" in the north of England would be better off relocating to the south: he points from his office window to high-tech leaders Pace and Filtronic, both located nearby.

Neither he nor Mr Roberts, however, anticipated having to run their own small business when they joined the company. Mr Bentley, 50, had previously held management posts in large information technology companies including Unisys, while Mr Roberts, 51, was a former NatWest corporate bank manager. Both say they had grown tired of working for large organisations, and had been persuaded to join the senior management team of a small predecessor company to ICR.

Then, a bombshell: the company's owner, citing ill health, announced he intended to wind it up. "To say we felt let down is an understatement," Mr Bentley says.

The duo had only a few weeks to take a decision. They resolved to recapitalise and relaunch the business, each investing £100,000 raised against the value of their homes. "We did the usual thing - we mortgaged the kids," says a deadpan Mr Bentley. Between them they took 85 per cent of the share capital, offering the remaining 15 per cent of equity to staff who went with them to the new entity.

The first few months were hard going. "I reduced my basic salary to around 20 per cent of what it had been. We were living off our savings," Mr Bentley says. Gradually, however, the balance sheet became stronger. The directors decided to retain £100,000 in reserves for each of the first three years of trading, giving them access to capital for expansion. This meant ICR did not need to seek external funding. "I think we may have needed a £1,000 overdraft facility once," Mr Roberts says.

ICR's self-financing goes against the grain for technology companies, many of which are funded by venture capital. Yet Mr Bentley says he and his partner simply did not have time when launching ICR to look for external capital. VCs have since made approaches but the directors have resisted thus far. Like his co-founder, Mr Bentley believes that the growth path of a business can be distorted in what he calls the "desperate scramble" to get to a public listing.

ICR supplies its speech recognition technology both direct to clients with call centres, including Lloyds TSB, Nortel, Yorkshire Building Society and registrar service provider Equiniti, and to companies supplying call centre operating technology. Clients have come through highly targeted marketing, word of mouth and adroit networking. "We can't have brand presence. We just have to be very tenacious," Mr Bentley says.

Speech recognition technology helps automate call centre operations, meaning fewer calls routed to expensive agents. Recently ICR decided to offer its own hosted touch-tone interactive voice response service for companies wanting to outsource their speech recognition facilities. The hosted side of the business now accounts for about 10 per cent of turnover and the founders see it as an area of strong potential growth.

"We are also beginning to do work using biometrics, using voice as a kind of fingerprint. This is the only biometric which can be used at a distance without a device," Mr Bentley says. "We think this is going to be a big area and we want to capitalise on our expertise."

But ICR faces some tough decisions if it wishes to take its growth to the next stage. Mr Bentley and Mr Roberts talk of the satisfaction of running their own business after years of working for large corporations. But now, Mr Roberts says, "we are at a crossroads, and we need to consider where do we go."

How can they ensure they have the expertise and finance to succeed in their expansion plans? Finding sources of good advice is a priority, they say. One possibility is to bring in a non-executive director. Another option, rejected up to now, is to seek advice from a consultancy and focus on their marketing strategy.

Alternatively, they could form strategic partnerships with companies in related sectors. They have already received approaches on a takeover or joint venture from companies interested in acquiring their expertise and client base. Until now, they felt these potential partners have had little to offer.

Then there are the overtures from VCs, so far spurned. One of ICR's chief competitors, Fluency, shows what the VC route offers. Established two years before ICR in 2001, the company decided to accept external capital and received a £6m injection of VC funding in 2004. It has just been taken over by US-based Syntellect.

ICR's founders agree that they are prepared to consider all options. "It would be irresponsible of us not to think about what happens next," Mr Bentley says.

But he adds that extra capital alone is not the solution, and asks the question he would demand of any potential partner: "Can they help us grow the business by providing new opportunities, both in terms of increasing volume and increasing the challenge of the work we do?"

Mixing automation with human voices helps strike the right tone

Rapid development in the UK's call centres has created fertile ground for quick-thinking start-ups working in the field of speech recognition. But from the customers' point of view such uses are controversial.

ICR's technology helps call centres automate their processes, reducing the number of calls that require human intervention.

However, Andrew Bentley and Adrian Roberts, founders of ICR, counsel their clients not to automate all their systems, and to strike the right balance.

Used appropriately, the technology enhances the service callers receive and avoids the need to outsource call centres overseas, they say. "We're supposed to be a technology-based economy, and we should be using technology to make us competitive," says Mr Bentley.

Among current uses of speech recognition technology delivered by ICR and its competitors are the automated meter reading services now offered by some utility companies. Speech-driven postcode recognition is another application used to identify callers and in some cases bypass the need for call centre agents. Store locator services enable retailers to give customers details of local branches and opening times. There has been an increasing use of automated telephone surveys in recent years, again aided using speech recognition.

The same technologies are also being used to automate the customer identification and verification process that is integral to the workings of many call centres, particularly in the financial services sector.

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