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RAPID TRANSFORMATION  
AT VERISIGN  
COMMUNICATION SERVICES

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A Case Study by Rapid Transformation LLC

## BACKGROUND:

In late 2002, VeriSign Telecommunication Services (VTS), a division of VeriSign Inc., faced significant challenges. At that time, VTS offered a broad suite of wireline and wireless infrastructure and application services to Communications Service Providers. VTS assisted over 1000 telecommunications company clients worldwide in solving cost and complexity challenges while enabling expansion into new markets and technologies. Despite an impressive customer base, VTS's products were mature, the innovation pipeline was weak, and wireless services were increasingly cannibalizing wireline revenue. Since VTS represented over 40% of VeriSign's revenue, this situation was a significant threat to the company as a whole.

In recognition of this threat, VeriSign CEO Stratton Sclavos brought in Vernon Irvin as Executive Vice President to help revive VTS. Irvin joined VTS from American Management Systems, an IT consultancy where he had led the communications and media division through a transformation that doubled revenue from \$200M to \$400M. The challenge Sclavos gave Irvin was to grow VTS from \$380M to \$800M in three years. Irvin immediately upped the challenge to \$1B in 2006. He swiftly assembled a Billion Dollar Team to drive the "90-Day Transformation Effort."

## TRANSFORMATION PROCESS:

In September 2003, Irvin met with Jamie Schultz, VP of Human Resources, and asked her to lead the project. Schultz saw that the enormous task would require additional resources for successful and timely completion, and therefore hired a small group of consultants. According to Schultz, the purpose of hiring the consultants was to "sprinkle [the projects] with experts in each of the categories." These consultants included Ava Butler and several associates from CGEY, Behnam Tabrizi from Stanford University, and Kimm Hershberger. These consultants joined Irvin and Schultz to form the 90-Day Transformation Effort's core leadership team.

Having personally selected the members of the core leadership team, Irvin and Schultz sought leaders (also known as pilots) for each of the new Rapid Response Teams

(RRTs). The pilots of each group, along with the core leadership team, came together to constitute the high-level Billion Dollar Team. The core leadership team designed and assigned specific team charters for each of the RRTs, and teams were then divided into three categories: Content Teams (a total of seven teams which were further organized into market-focused and product-focused groups), Process Teams (a total of six teams focused on process improvements), and Implementation Teams (including the Project Management Office and Organizational Design Team). Additionally, the Billion Dollar Team chose three communication forums that were crucial for its eventual success: road shows, bi-weekly meetings, and monthly integration meetings (two full days of meetings from seven in the morning until eight in the evening each day).

Early in the 90-Day Transformation Effort, Irvin underscored the significance of the transformation process to all VTS employees and made it clear that that the effort had to succeed. In doing so, he raised the stakes for the RRTs and gave the members of those teams added incentive to actively engage in the transformation. The combination of a capable consulting team, increased engagement from upper management, and the division-wide buy-in mounted into crisis-like pressure felt by every member of the new Rapid Response Teams. “Overall, it was what I would call tough love,” Irvin later recalled.

In Phase 1, after a careful analysis of the existing organizational processes, teams worked on mapping the “As-Is” processes at VTS, and identifying the major pain points of the organization. From these processes, they developed a set of baseline metrics to measure the success of the transformation effort and align the business structure with the realities of the market. Important deliverables in this phase included an understanding of the existing sales pipeline, run rate and product profitability. The Portfolio RRT, one of the Process Teams, made one of the key discoveries in Phase 1: new products generated only 5% of total revenue, with the rest coming from legacy and mature products.

In Phase 2, with the “As Is” analysis complete, the RRTs were asked to perform gap analyses and evaluate different alternatives for the desired “To Be” state. Each Rapid Response Team had to come up with two to three “Big Ideas” that either addressed existing problems, improved current processes, or created new sources of revenue for

VTS. Two examples of the “Big Ideas” developed by the teams were prioritization processes for new product introductions using industry best practices and a portfolio-rationalization methodology to prioritize existing products using the three key baseline metrics of revenue growth, profitability and full-time resources. The Organizational Design RRT, on the other hand, proposed changing the existing organization from a functional-focused one to one that was market-segment focused. This proposal was aimed at bringing VTS closer to its customers, thus enabling it to understand their needs and to create appropriate solutions.

In Phase 3, each RRT developed its execution plans for the various new processes across VTS. In the execution plans, the teams addressed such deliverables as financial forecasts, market strategies and training plans. At the “Day 90” Integration Meeting, December 17 – 18, 2003, the RRTs presented strategic initiatives meant to optimize the use of their resources, reduce cost, and improve the customer experience.

## CONCLUSION:

The main accomplishment of the 90-Day Transformation Effort was the transformation of VTS from a function-focused organization to a segment-focused organization. VTS undertook the monumental step of changing 35% of the top leadership of the organization and was able to fill all leadership positions with both internal and external hires. In addition, VTS officially changed its name to VeriSign Communications Services (VCS) to remove the limitation to the telecommunication business that the previous name implied. More importantly, the 90-Day Transformation Effort had a profound effect on VeriSign employees. During the 90 days, more than ten percent of VCS (85 out of 800 employees) were intensely involved in the transformation activities. As a result, they became strong evangelists for the positive changes that the transformation efforts would bring to the division. People took ownership of the future of the organization under the motto “Greater people, greater VeriSign.” VCS went on to meet the \$1B revenue goal sooner than expected through successfully growing newly acquired products. The work done during the 90-Day Transformation created a robust organization keen on understanding market needs and capable of integrating and digesting newly acquired businesses.