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Belfast David Takes On Tech Goliaths

Lagan Technologies, an Ulster firm specializing in public-services software, is beating out rivals such as Oracle as it takes on the U.S. market

by [Kerry Capell](#)

When Des Speed joined Belfast's [Lagan Technologies](#) as its chief executive officer in 1999, the five-year-old, Northern Ireland software company had 11 employees, no products, and was in danger of going bust. Now Lagan is not only Northern Ireland's most successful technology company—250 employees and growing—but it's also taking off in the U.S., where it is snatching contracts from Oracle ([ORCL](#)), Motorola ([MOT](#)), and other big-name rivals to supply software that improves delivery of public services. "In the beginning we were living hand to mouth," Speed says. "Now our aim is to be the market leader in North America."

Lagan likely won't unseat the software industry's global giants anytime soon, but this upstart from Belfast—a city that until recently was better known for bombs than business—is managing to capture a sizeable chunk of the market for so-called "enterprise case management" software. These are systems that help organizations manage and analyze their client workload. It has already snared contracts with more than 160 government agencies, ranging from the state of Tennessee to the city governments of Hartford, Conn., Ft. Wayne, Ind., and Berkeley, Calif.

The software is developed by a crew of 120 programmers at Lagan's Belfast headquarters, while sales and marketing is handled primarily from offices in Chicago and Bethesda, Md., where CEO Speed now spends most of his time.

TAKING ON SILICON VALLEY

Since 2000, Lagan has averaged 65% annual sales growth, and last year alone its orders in the U.S. surged 80%. Speed says the company is winning business by offering local and state governments a product better tailored to their needs than the off-the-shelf packages many now use. As if to cement this claim, Lagan last year won a \$3 million contract from the city and county of San Francisco, right up the road from Oracle. "Lagan is going up against the giants and winning" says Hal Wilson, investment manager at Belfast venture capital firm [Crescent Capital](#), which was the first outside investor in the company.

Lagan's transformation reflects the dramatic changes underway in Northern Ireland since the signing of the 1998 Good Friday Agreement, which finally brought peace to the region after three decades of violence. Since then Northern Ireland's small, homegrown tech industry has begun to emerge from the shadows of its highly successful counterpart south of the border in the Republic of Ireland.

Before the peace agreement, gaining access to capital and customers was difficult at best, Speed says. "When making a significant investment, people understandably want to see the headquarters," he says. "But potential customers and investors were fearful about visiting what they knew was a war zone." After the Good Friday accord Lagan finally began attracting both investment and customers. In 2001 the company won its first big contract, a \$3 million deal with the city council of Birmingham, the biggest single local government council in Britain. (London is larger by population, but it is broken up into many boroughs).

A DEAL THAT ATTRACTED FINANCING

The Birmingham contract—three times the size of the company's entire revenue line the year before—called for Lagan to help improve delivery of services to Birmingham's nearly 1.3 million inhabitants by supplying the tools for a central information dispatch. Prior to the new system citizens had to phone around to countless government departments—and sometimes clogged up the 999 emergency service line (the British equivalent of 911) with mundane matters. With Lagan's software in place they could instead call a single number to get information on

government services or to report non-emergency problems such as potholes or missed garbage pickups.

Winning that deal was critical to securing Lagan's first venture capital investment in 2002 from Crescent Capital. "Our investment gave them an opportunity to get out of a fairly precarious financial situation and rebuild," Crescent's Wilson says. Just one year later Lagan was the biggest provider of case management software to governments in Britain.

Now the company wants to do the same across the Atlantic. In the U.S. the advent of 311 call centers is changing the way governments serve citizens. Initially designed to offload non-emergency calls from 911 services and to provide better access to government, 311 call centers have become increasingly sophisticated in the functions they offer. They now run the gamut from day-to-day gateways for public services to disaster-preparedness and crisis response centers. Lagan's software, for instance, helped New Orleans officials deal with a vast number of calls from residents looking for advice on relocating back to the city after Hurricane Katrina.

INCREASINGLY NOVEL USES

The city of Minneapolis first began using Lagan's 311 product across its 16 major departments two years ago. Since then, the local government has been able to handle more calls from residents and process requests faster, effectively keeping 911 free for real emergencies. People are "clamoring for easier access to city services and information, and they are also asking that city governments be more accountable for their performance" says Don Stickney, 311 call center manager for the city of Minneapolis.

To expand its opportunities, Lagan is now branching out into software that coordinates delivery of social services. It has won a major deal with Los Angeles County—one of the largest counties in the U.S., with more than 10 million residents—to supply software that helps the government evaluate citizen eligibility for various social services.

With increasingly novel uses for Lagan's public sector software, Speed is determined to continue the company's U.S. assault. At least for now, there's sufficient capital to expand. In April Lagan secured \$10 million in additional funding from Chicago's [BlueCrest Capital Finance](#), its third round of venture capital since Crescent Capital first came aboard in 2002. Says Crescent's Wilson, "What sets Lagan aside from many companies locally is the scale of its ambition."

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