

ITSU Luba Chudnovets

Matthew Todd

Hi. My name is Matthew Todd, and welcome to Inside the scale up. This is the podcast for founders, executives in tech, looking to make an impact and learn from their peers within the tech business, we lift the lid on tech businesses, interviewing leaders and following their journey from startup to scale up and beyond covering everything from developing product market fit, funding and fundraising models to value proposition structure and growth marketing. We learn from their journey so that you can understand how they really work, the failures, the successes, the lessons along the way, so that you can take their learnings and apply them within your own startup or scale up and join the ever growing list of high growth UK SaaS businesses. Hey, welcome back to the podcast, really pleased today to be joined by Luba Chudnovets. Ceo and Co Founder of Cordless. Great to have you on the podcast today.

Luba Chudnovets

Thanks for having me.

Matthew Todd

No worries, looking forward to finding out more about Cordless and about the Cordless journey as well. But to kick things off, to give our audience a brief overview as to exactly what it is that you do and Cordless. Can you give us a bit of an intro?

Luba Chudnovets

Yeah, of course. So we're building a phone system with AI driven conversation intelligence, for customer support teams. In terms of the problem that we're solving, imagine that your customer support leader who really cares about the quality of your support, but you have hundreds and hundreds of calls per week. And it's impossible really to listen to all of your calls, and understand what's really going on. So this is a problem we are solving. We're offering a really user friendly phone system. But on top of that, we'll help you unlock your voice content, and essentially be able to get a view of 100% of your conversations, exactly what's going on how your team was doing first time resolution, how your customers are feeling. And then of course, you can use it for much better decision making, in terms of both improving the products, and also improving the service quality.

Matthew Todd

Sure, that sounds really interesting. We'll definitely get into more detail about exactly what that means. But you've been running got a Cordless for a couple of years now I think at time of recording. So what was it that led you to spot those problems, spot the opportunity and head in this direction?

Luba Chudnovets

So my background is, I used to be head of scaling operations at Monzo Bank. And so I spent a fair amount of time building customer support teams. Especially, my experience was building a very high growth company where everything is changing all the time. I think that sense of things are changing,

you have to have very good information about what customer is actually getting in touch with you about. It's not enough to just have a couple of tags. And listen to six of calls per week. This is what typical manager does. So it was very clear that having this data, being able to react to those changes, is very, very important. The reason I personally went into building startups, so after having joined once at a very early stage, I think there were about 30 people back then. And having gone through this exponential growth, I felt that it was a natural next step for me, that will be extremely hard for me to find a company that will be a match in terms of my personal learning curve. It felt like, Okay, I'm going to try and build my own business. And there were a couple of problems that I could see right away after having that experience building customer support. I think the other important factor for me was that I met my co founder. So my co founder, she's also ex Monzo, we worked together building customer support. But she was exactly on the customer support team. So she was building internal tools. When we had that conversation already having left Monzo that we both want to do it and now is the right time and customer support is the area we want to focus on. It felt like I have to make this leap right now. Like there won't be a better time to do that.

Matthew Todd

Yeah. So it's very much both of you having real personal experience of scaling those teams and seeing the problems that were not being solved in an ideal way that then kind of gave birth to that idea of trying to solve it the way that you're doing now.

Luba Chudnovets

I think there was a lot of iteration along the way, I think we very quickly narrowed down that we want to work in the customer support space. And we had a lot of hypothesis that we wanted to test. But it's one thing having experienced that at one company and then starting to talk to companies that our parade potentially very differently. So Monza was a very special place in a lot of different ways. For example, we were building our own tech. Most companies don't do that for things that are not a core part of their business. And so when we started speaking to heads of customer support, we definitely went through a lot of iteration and figuring out. So out of all these pain points that we're talking about, what are the most crucial ones. So our initial idea, I think, was much more focused on workforce management and scheduling, actually, but then very quickly went back to telephony and this issue of having data to make better decisions, and especially phone systems and voice came up so many times as a channel that is extremely disconnected, that it's very hard to analyze, you don't know what's going on there. But at the same time, customers do call and really, really value this channel, and how important it is, especially for this channel to perform really well there. Because your team needs to know the answer right away, you can't just walk away and check with as you would with an email and chat. And so very, very slowly, we came that to the conclusion that we should be working on voice.

Matthew Todd

How were those pain points, those problems, articulated then by those companies that you were were talking to?

Luba Chudnovets

So through, by the way, after we decided to work together, we went through Entrepreneur First. So, and for the first two, three months was working together, all we did was we were speaking to heads of

customer support. And I think we spoke to about 100 different people. I think we sometimes started very broadly about their pain points, what they struggle with, like quite open questions. But again, like phone came up a lot. And so the key things that they were talking about was, how expensive it is, but customers still expected a channel that is not integrated well into the rest of their communications and tech stack. And also how difficult it is to actually engage with this as a manager. Again, having hundreds of calls, it's extremely, extremely hard to know what is going on. But just to give you a bit of context about customer support, so Head of Customer Support, they optimize for offering really, really great quality to their customers in terms of service, so they can resolve their issues quickly. But at the same time being able to do that at a certain budget. So these are two things that they have to try and balance. And they find it especially difficult to deal with phone. So this is the reason we decided to focus on that issue and trying to make their job much, much easier.

Matthew Todd

Yeah, that makes a lot of sense, I can certainly see why those two goals are potentially in competition with each other if you take them to an extreme right, so you got to be very careful about the way that you optimize them. So I can certainly see that that data that you're talking about would be a useful and valuable way to try and do that. So you mentioned the kind of Entrepreneur First program that you went to then what was that experience? Like? And how did that research kind of phase help you crystallize exactly what you should be doing.

Luba Chudnovets

So for me personally, it was a really useful experience. I'm a first time founder. So a lot of things I'm doing for the first time. When you're starting your business, it's really helpful to have a peer group that are going through a same experience that you can talk to ask really stupid questions, compare your notes and experiences, and someone you can really easily get feedback from. So in that sense, Entrepreneur First for us was really, really helpful. And we had several, say, very wise mentors, both with slightly different experiences. One was someone who already built and sold the business. And the other one was had a more of a VC view. And so they both give us feedback from these different perspectives of how to tell a story, but also how to sell and also close customers. And if you try to sign your first contract, what are the things that must be in your contract that you should think about, for example, sending now after case studies, I would have never thought of this if someone didn't point this out but this seems so obvious in retrospect. So for me, it was extremely useful from these three perspectives. So peer group feedback, and then feedback from experienced people. And sort of just like being pushed. Right now I have all the time. I'm doing this full time, just going for it. And again, we've managed to talk to so many people I really shape our hypothesis back then.

Matthew Todd

Yeah, and with that hypothesis, then what was that initial build and initial validation process like. Because imagine like, unlike some types of tech products that you might want to develop kind of more minimal versions and try and get people to use some of those features, the call center software is pretty integral to handling those calls so there must have been a pretty significant build process.

Luba Chudnovets

Yes, definitely. So at first, one of the issues we decided to focus work on was the fact that phone support is extremely expensive, and that it's very often disintegrated from the rest of the tools. So the first minimum viable product that we built was around helping companies manage their calls asynchronously which meant that if someone calls, we would prompt them to leave a voicemail with their phone number, their issue and things like that, which will, we will then transcribe and send it to the CRM of the customer. This was our very, very first very simple MVP. And we managed to find three companies that signed the pilot with us. So at the time, this is what helps us raise pre seed rounds, and also get funding from entrepreneur first. So the idea at first was that we will help them build out this kind of callback system and help them manage the volume of calls. But as we were as we raised the seed round, and so we're still testing this idea and trying to figure out which way to develop it, were realized that probably it was quite difficult for companies to integrate. So there was significant engineering effort required on their site to actually make this work, as well as ours. And so slowly, we came to the conclusion that actually we should build this with a phone system. And so about, I think, four months after raising a pre seed round, we decided that, okay, we need to build a phone system. And we need to commit to this, this will take many ones actually, like a good enough product that we can be selling. And this is the point where we decided to hire our first engineers as well.

Matthew Todd

I see. So you really had to level up the ambitions of what you were building because of those integration problems. So rather than create more integration problems as you scale, you're essentially eliminating them by providing a complete solution.

Luba Chudnovets

Yes, exactly. I think one of the things were realized and something that I definitely had a bias when I came to this. Monza was a very strong tech company. So we had no problem integrating various tools and customer support teams always had supportive engineers, we actually had a very large engineering team dedicated to building out customer support. But this is not the norm at all, this is definitely an exception. For the majority of companies, Customer Support Teams are left to their own devices. So they don't actually have engineers supporting them, and heads of customer support have to figure out those things themselves. And as soon as we started selling this, we realized that actually, the tool that most of these people need is something that they can really easily take. It's really user friendly, they understand how it works, they can train their team, and they can set up their perfect process. So it needs to be quite easy, but also flexible. These are the principles we had when we set out to build a phone system.

Matthew Todd

Yeah, that makes a lot of sense, I can certainly see it without those engineering capabilities, it could have been pretty complex to integrate, but then you're taking on all of that complexity, as well as competing against a lot of those other call center contact center systems, phone systems that they've already got in place. So I guess that must have been a pretty significant undertaking for you to start. How was it committing to doing that?

Luba Chudnovets

Yes, I think it all comes down to narrowing down your segments, and who you're really doing this for. So we, through all of these conversations were head of heads of customer support, we really narrowed it down for us. So first of all, we were very clearly focusing on customer support rather than sales. Phone systems sometimes overlap, but actually, requirements are quite different in a lot of ways. The second thing, we're focusing on midsize companies, which essentially fit this criteria of already having quite sophisticated needs, but at the same time not ready for enterprise, but it's not a tool that is completely like a toy where you just get a phone number. These are still the segment that we're serving, right so this is a segment which has quite sophisticated needs. But at the same time, they either haven't graduated to enterprise, and they already have more needs than your typical phone system from a basic level. Then very quickly, we also realize that, as we started working on this, that, I think right now we're in a very unique position where this new technology around speech to text and text to speech, and AI in charge of BT, is now just taking massive, massive strides. And a lot of the telephony tools, they don't actually offer this either at all or on very, very basic level. And so this is when we realized that actually, we should try and focus on this area much, much more. But fundamentally, we do believe that everyone who's doing voice will be analyzing their conversations in much more detail. And this is the part we can really, really make a difference for the customer support teams. This is why we sort of went through this process of fitting everything from like, starting from pain points, and realizing, okay, that integration part doesn't quite work, then if we go into phone system, which segment we'll have to be really clear, and then adding on this bits around, okay, technology improved dramatically, we have to take advantage of this and make it available to heads of customer support to really make their operations better.

Matthew Todd

Yeah, absolutely, I can see how those things, those different elements or come together to give you quite a compelling proposition against those pain points against those challenges. And, as you say, the evolution of technology and what's possible, by building from the ground up, I can see that you're able to target those in a more efficient and more specific way for that, for that segment, as well. So I can certainly see the, the kind of the power and behind that decision to head in that direction. I think it's certainly transforms, you know, the typical customer call center type of messaging, you know, these calls may be recorded for training purposes will actually it's usually complaints, but it's certainly then, you know, changes that completely and turns it into a tool that's giving you that real time, information that they can act on. And, for anyone listening, I think would be really interesting, if you kind of give some examples of the types of data that you can surface and how people are then able to use that and act on that.

Luba Chudnovets

Yeah, of course. So, for instance, one of the core metrics within customer support is first time resolution. So let's say someone called or got in touch, they do manage to actually solve their issue first time around. So right now, it's actually very hard to say. So you just look at repeats, contacts, and things like that. So you have to try and stitch all this data together. What you can do with Cordless, you can ask a question, and say, was this resolved or not. And we will tag every conversation appropriately, with essentially driven by Chat GPT. And you can ask any questions that you want. So for instance, for regulatory business, it's extremely important that you comply to certain requirements that you have checked someone's identity before revealing any information that you have, let's say inform that this is

advice or there all sorts of things that you might have to do. And again, for a regular business, it will be crucial to actually demonstrate that you're doing this and being able to coach your team to do that. And you might only be able to do it sporadically. But now with cordless, you can again, just ask these questions, and for all of your conversations will tell you if this happened or not. So that's just one part of it, which will, will dramatically simplify. The second example is sentiment analysis. So imagine right now to actually understand how your customers are feeling about an interaction. I'm sure you've received customer satisfaction surveys. In reality, the percentage of people who fill them out is like 20-30%. And usually these people are either very happy, or people have very unhappy. So how do you judge the quality of your support based on this data? It's very hard. So right now we can do it programmatically, we can essentially say, can you detect certain words? Can you give us alerts about potential complaints? Can you on average analyze the sentiment towards the end of the conversation to understand what the problem was resolved or not? And again, you get 100% of data on all of your calls. And then you can know where to focus your time and efforts. So let's say I'd have 100 conversations. You can see that five had slightly more negative sentiment, you can go into this conversation, see what happened? What was the question about? Was it a particular person that maybe needs a little bit more support on this topic, or maybe no one in your team knows how to deal with this completely new bug that product is experiencing. So you can really nail down and understand exact drivers of how your team and your product are doing?

Matthew Todd

Yeah, I think that's really interesting. So there's the compliance thing, but the ability to see products trends, as well as information about the the team, it kind of allows you to surface data from kind of different perspectives, you know, about the company, about the product, about the customers, all from being able to analyze those calls at scale. So I think that's a really kind of interesting use of technology and interesting way to leverage those calls, where perhaps you do actually get more information conveyed, and you might on a chat bot or email support requests or something like that. But I can see how previously it would have been quite difficult to actually surface any of that data and those insights.

Luba Chudnovets

Yeah, yeah, exactly. And now you can also, if you want to find out about any particular topic, you can also just search through your whole volume of conversations and find out if anyone's talking about it, if it's trending up or down, and then it becomes so much easier to, again, like just give feedback back to the rest of the company.

Matthew Todd

With that perspective then, with that idea for tackling those problems in that way, once you then, you know, successfully managed to build that that technology, I'd be interested to hear a little bit more about how you are then able to take that to go to market, what did that go to market strategy look like? How are you actually able to generate interest in the products and convert that into customers?

Luba Chudnovets

Yep. Sure. So our first customers as with a lot of b2b startups, they all came from warm introductions. So I think that's quite typical in our network. Right now, of course, we're at the stage when we're trying to scale and figure out repeatable ways of finding customers. And for us, it's a couple of channels. So

the first one is marketplaces of help desks. So I'll give you a very specific example. So we of course, provide only the voice channel. But for majority of customer support teams, they would need email and chat, maybe social channels for their support as well. And so there are a lot of help desks, for example, intercom or front that only do the text based channels. And so we integrate with them, because of course, their customers require voice. Anyone who starts let's say, with integrating front at some, at some point needs voice will go to their marketplace and explore the products that are available there. So this is channel number one. The second one is we investing a lot into content marketing. Right now, I strongly believe anyone who does b2b business has to invest into content marketing and SEO. So we hired a fantastic head of marketing, extremely experienced market marketing person, we are essentially working on our SEO strategy. And so we are consistently growing our following, our traffic, so the websites, publishing useful things for heads of customer support, and things like that. So essentially working on creating inbound for, for us.

Matthew Todd

I see interesting, so very kind of educational then for those heads of customer support.

Luba Chudnovets

Yeah, exactly. We're trying to engage with them more. And I think later down the line potentially creates a community as well. So that's sort of the inbound part of our strategy. And number three is, is outbound. So we actually had two people start recently. They're our business development managers. So we also do cold outreach, we contact people who we think this might be a good fit for. A couple of our customers came this way, actually, apart from one, the majority came this way. So it definitely definitely works. And right now we're exploring different ways of doing it in a more targeted way. Let's put it this way. So that things like using intent data, whether people actually searching for terms that might indicate that they're interested in our solutions, visit particular websites. So it's not just blindly getting in touch with a lot of people. So these are the core three things for us.

Matthew Todd

Interesting, I definitely echo what you say with the outbound approach. I think, you know, there are a lot of tools that can give you very good kind of demographics and data and contact data, but then it's finding the people within that that, you know, would be a good customer and would be a good person to approach at this time as well. That can be tricky and an outbound can take a while to get to work for a lot of people. But I think once it is up and running, it can certainly be a very, very successful strategy.

Luba Chudnovets

Yeah, yeah, I think so. So we're definitely at stages, I think we've done several iterations on this. And I think we have examples where it works quite well. But I think we're still definitely at the stage when we're iterating and trying to find the right approach. Yeah, I think it's will be first time where, like, we had two people start, we'll be focusing on this full time. So I'm very excited.

Matthew Todd

No, absolutely. How have you found the journey as a first time, founder, kind of getting to this point, it just sounds like it has been, you know, pretty impressive journey to this point. And you know, a few

pivots and things along the way. But certainly, you know, you're building something seriously impressive, and very new and innovative to the market.

Luba Chudnovets

I think it's definitely hard to be a founder, there's a lot, a lot of ups and downs. I think I've been really, really lucky in a lot of ways, I have a fantastic co founder. And I think it's really, really helps to have a partner, where like, you really trust each other, and you help to cover each other off when you feel things are not going as planned. So to anyone who thinks about starting a business, I would really recommend not doing it alone. And actually five, finding a co founder that you know, you can work well together. I think it's been it's an amazing experience when you are building something that people love using, genuinely, genuinely it is. And so whenever I speak to our customers, and they give us feedback, it makes me so incredibly happy. It's very special, being able to build something that didn't exist before, and actually make someone like someone's life much, much easier. So I think that part is great. It's been really exciting to grow the team as well. I remember when we were first trying to hire our first engineer, the thought of why would anyone go work for us when we have nothing? We have some customers, but still, why would anyone want to be a first employee, and that first experience of convincing someone to join you? And slowly, slowly building this into very efficient in some, in some ways, very efficient company, which is a period quite well and have a good relationship. And I'm very proud of our culture. Yeah, there are a lot of things to be proud of. We've been around for just over two years. It feels much longer, of course. But yeah, I'm really glad I chose this journey. And we'll see how it goes afterwards. I think there are a lot of unknowns there a lot of ambiguity on the way, but I think we're really achieved something important. And yeah, it's been, it's been good.

Matthew Todd

It's really interesting to hear. And I think, you know, it's clear that you do have that passion for customer support and customer success. And that customer driven approach then carries through everything that you do, and I think you I think it was a good move for you to be able to take that step to say, okay, these integrations are painful, rather than, you know, like, some companies may have been tempted to do blame the customer think, oh, no, we're gonna have to add this to it and that, try and do this for them or educate them. But actually, you took a brave step to say, well, okay, let's, let's build the right thing from the ground up. I think that's a bold move, but one that that sounds like it should deliver ultimately a much better customer experience on top of that.

Luba Chudnovets

Yeah, I agree. I think it was definitely a variable move. But the thing is, I think companies get replaced all the time. There's always a new wave of innovation coming with just because new technology becomes a while available. And I think this is the case for us. Of course, this market is extremely competitive. There are a lot of phone systems available. But we were building it in a way where we take all the latest amazing tech and make it available to head of customer support. And yeah, I think there's a lot of potential disruption in that space despite high competition.

Matthew Todd

Yeah, no, absolutely. I certainly wish you the best of luck on on disrupting that that industry and there's legacy players. But for any other founders listening to this, is there any other advice that you would give

them in terms of building and shaping their company based on the lessons that you've learned over the last couple of years?

Luba Chudnovets

Choosing the right co founder 100%. I think this is a very long journey. I mean, it's only been two and a half years for me. But most companies, it takes five, six years to build. So choosing an area that you're genuinely interested in, it's really important. It's all about customers and building the products that they want. So I'm really glad actually, that we, we started a company and we hired our first engineer only six months in. And the reason for that, because we were doing a lot of research and talking to a lot of customers. And I think it's still the case, in terms of how we run the company, we try to be very practical and driven by customer feedback. It sounds very obvious, but I think it's really, really easy to go astray with this and get into company building, and culture building and all these things. But there's nothing more important than building products that customers want. And this is what we try to do.

Matthew Todd

I think that's great advice. I've certainly seen companies before that have an initial spark of an idea, but perhaps are more in love with the opportunity or, they're more in love with the solution that they've imagined rather than the customer and the problems they're solving. So then ultimately ended up building the wrong thing for too long. And perhaps realizing too late that actually, there's no market for what they wanted to build. And it doesn't really matter what you want to build. It's about what the customers need. I think you've kind of articulated that, and the way that that carries through your approach very well. So I think that yeah, that's great advice. That's something that founders should definitely be paying attention to.

Luba Chudnovets

I think the reality is, it's very hard to be really honest with yourself when you've invested so many months of your life trying to build something, and then you just struggle selling and there are different ways how you can rationalize it and explain it. But it's really important to try and be honest and actually say, okay, maybe it's not working, let's try something else. Let's try pivots. And it could be really, really hard to communicate it to both your team and investors, and maybe even your customers that are using a product that you actually don't want to develop in the way that you hoped for initially. So I think this is a really, really hard choice. We went through a couple of things like that in quite early stages, still, but I can definitely relate to that feeling of making the decision that this is not working and admitting it.

Matthew Todd

Yeah, absolutely. I think it can be hard to tell. What's not working? Is it? Is it your marketing skills? Is it your sales skills? Is it the messaging around the product? Is it the way that you're positioning it? Is it the market that you're reaching out there? There are so many variables that, yeah, I think it can definitely be a challenge to work that out. But a very customer driven attitude and research driven attitude is going to help, you know, combined with being surrounded by the right people you can tap into for advice as well.

Luba Chudnovets

Yeah, definitely. Yeah. I think there's something about perseverance. It is, as you said, you don't actually know what is not working. And everyone talks a lot about perseverance and startups and how you should keep going. And, you know, keep pushing. And that's true. Of course, you have to, but I think there is a point where you have to admit if something is not working, and it's not giving up, it's just taking another turn.

Matthew Todd

No, absolutely. No, I think that's, that's great advice. I think it's a good way to kind of round off the conversation for now. So thank you for for sharing that Cordless journey so far. I think there's a number of really interesting points that, that anyone listening to this can take away from it. I look forward to seeing how Cordless develops as a platform and as a company. So thank you very much for your your time today. Appreciate it.

Luba Chudnovets

Thank you so much. I really enjoyed this. Thanks for having me.

Matthew Todd

Thank you for joining me on this episode of Inside the Scale-Up. Remember for the show notes and in depth resources from today's guest, you can find these on the website insidethescaleup.com. You can also leave feedback on today's episode, as well as suggest guests and companies you'd like to hear from. Thank you for listening.