

The Star-Ledger

I am New Jersey: Striking it Big Ex-Seton Hall pitcher has found zone with startup Synchronoss

Sunday, December 30, 2007
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Ever since his days as a closer on a star-studded Seton Hall University baseball team, Stephen Waldis has performed on a big stage, often in big spots.

With future Major League standouts Mo Vaughn, Craig Biggio and John Valentin on the squad, the stands at the South Orange school's baseball field were usually packed with pro scouts judging prospects on a team that went on to win the Big East tournament.

Waldis, a walk-on from Cherry Hill who eventually earned a baseball scholarship, used a nasty sinkerball and a good forkball to seal wins for the Pirates, who finished the 1987 season with a 48-10 record. However, with a fastball that had a hard time breaking 90 miles per hour, the big leagues were never really an option for the reliever.

"I have no regrets," recalls Waldis, now the 40-year-old chief executive of Synchronoss Technologies, a fast-growing software company based in Bridgewater. "If it was meant to be, then it would have happened."

These days, Waldis spends most of his time closing deals, not games. Yet his former college pitching coach, Mike Cocco, who joined the expanding Synchronoss team this past August, sees some parallels between his boss's baseball career and business career.

"He's a student of the game. He does his homework, and he wasn't afraid to take risks," says Cocco, now director of security for Synchronoss. "When he set a goal for himself, he made sure he achieved it. He made it his quest to be a factor on the team."

At Synchronoss, which he founded in 2000, Waldis once again finds himself in the spotlight.

The company's stock price has roughly quadrupled since it went public in June 2006, and sales increased more than 50 percent last year, rising to \$72million. Synchronoss took a big step toward tech's major leagues when AT&T decided to use its technology to allow consumers to activate the iPhone during the much-hyped product launch earlier this year.

Few would have predicted success would come so swiftly for Synchronoss, the brainchild of Waldis and a colleague. After all, the tech startup began operations just as the telecom

sector was beginning its historic meltdown in 2000. The company's first big client, MCI, went belly up in an accounting scandal not long after hiring Synchronoss.

"We came out in a lousy market," Waldis remembers.

EARLY RISK-TAKER

Born in Tokyo, where his father was stationed in the Air Force, Waldis moved with his family to South Jersey before kindergarten, and he's been a Jersey guy ever since, now making his home in Tewksbury.

After graduating from Seton Hall with a degree in corporate communications, Waldis began his career at AT&T in Bedminster, working in various technical and product management roles. The fast-talking young manager took his first calculated career risk when he decided to leave the telecom behemoth, joining a small marketing company in a move that surprised some of his colleagues.

Looking back, Waldis said it was a wrenching decision for him and his wife, whom he had met at Seton Hall.

"The questions we asked each other were, 'Would I have felt better staying at AT&T and having a successful career?' Or, 'Would I have felt better going out and failing, but knowing I gave it my best shot?'" he remembers.

"I had all the confidence he would make it," said his wife of 16 years, Stacey. "I told him you don't want to look back and say, 'I didn't even try.'"

David Berry, a fellow AT&T executive who has joined Waldis at several business ventures over the years, said they were cut out to work for smaller companies. "We always thought we could move faster and accomplish more if we got out from under the big corporation," he says.

After leaving AT&T, Waldis worked at the small marketing company for a couple of years before joining Vertek, a Murray Hill software company, as chief operating officer. The founder, Jim McCormick, a former Bell Labs guy, and Waldis rebuilt the company, each investing \$5,000 into the business.

Vertek, a professional services and software firm, grew so successful the partners decided to spin off part of the business, which eventually became Synchronoss. The company's niche was to provide telecom carriers, including Waldis' old employer, with a better way of handling customer transactions -- an idea that grew out of a dinner conversation at a tavern in Bridgewater between Waldis and Berry.

"It wasn't long after we had that dinner that he came back to me and said, 'Let's try and make this thing work,'" recalls Berry, who served as chief technology officer for

Synchronoss until leaving for another startup. "I always believed he could sell it; he always believed I could make it sail."

They hatched the business plan and launched the company in 2000. Despite the imminent deflation of the tech bubble, the timing had its advantages. With the telecom carriers struggling as the market crashed, their executives were more open to outsourcing customer transactions.

On the flip side: The downturn in tech led to a trimming of the expected price of shares in the stock's initial public offering, from a range of \$9 to \$11 per share to a mere \$8.

When it was spun off from Vertek, Synchronoss had only seven employees. In addition to serving as the chief executive, Waldis recalls he used to take out the trash.

He does not have to worry about such matters anymore; last year, he earned \$1.3 million, including bonus and stock awards. Today, the company employs more than 250 and is growing from its offices in a six-story building on Route 206 in Bridgewater.

But there were a number of bumps along the way.

Its first big scare came when MCI went under, a setback that led some initial investors to urge shutting down the company, Waldis said. The crisis was avoided when Synchronoss convinced the bankruptcy court it was a "critical vendor," a designation that led to the Bridgewater company being paid fully for its services.

"We never lost a nickel," Waldis remembers.

By then, the company had begun a small project with AT&T, which later grew into a more substantial deal with AT&T Wireless. When the wireless business was bought by Cingular, the carrier liked the way Synchronoss was handling transactions for AT&T and decided to take its business there, too.

"It was at that point it came together," says Waldis, a long-suffering Pittsburgh Pirates fan who now relaxes by playing golf and coaching the Little League baseball teams his sons play on.

Synchronoss' software provided e-commerce order processing and transaction management for AT&T and several other big telecom companies, including Sprint Nextel, Verizon Business, Cablevision and Level 3 Communications.

THE NEW CHALLENGE

Then came the iPhone.

Synchronoss spent months prepping for the late June launch, consulting with executives at Apple and AT&T, which was chosen as the exclusive carrier of the device. Waldis was

confident Synchronoss software would be able to handle the launch, but the big unknown was how popular the new phone would be.

In the final days before the launch, Waldis huddled with his senior executives at the company's data center in Bethlehem, Pa., catching naps when they could. The day of the launch, one of his sons was up in Maine competing in a national soccer championship for youth under 11 years old.

"When we found out the launch was the same weekend, he was really disappointed," recalls Stacey Waldis, who traveled to Maine with her son. "As busy as he is with work, he always finds time to spend with the family."

Waldis missed out on seeing his son's team win the championship, but after the game, Stacey and her son returned to their hotel room to watch Steve Waldis being interviewed on CNBC. Synchronoss' automated software system handled more than 1,000 transactions per minute during peak hours on the launch weekend.

"I don't think either one of us imagined the sheer number of transactions that the system could pump out," Berry said. "All of the work that we had put into it really played out."

For Waldis, the iPhone launch was a grand slam. "It validated in a very public way what we already knew, what AT&T knew and what our employees knew: We have a very serious business model. We can become a household name in a year or two."

The connection with iPhone is already paying dividends. Before iPhone, Synchronoss salespeople might have spent six months trying to kick off an inaugural meeting with a potential new customer, Waldis said. Now, it sometimes occurs with a single phone call.

This fall, the company began operating in international markets, particularly Europe, where analysts say Synchronoss could benefit from the success of the iPhone activation. And earlier this month, Synchronoss announced it had signed a deal to handle transactions for Sprint Nextel, diversifying its business operations.

The company also is well positioned to grow still more with an expected explosion in the number of new applications that can be handled on wireless networks. "The mobile market is going to explode. Our ability to go after the handset market is huge," Waldis says.

To Berry, that is where his friend draws his motivation. "It's really a team effort that has brought Synchronoss to what it has become," he says. "But there's still a lot of ground to conquer and many games to win."