

# How SitePro Innovated and Diversified in Times of Crisis

Theodore L. Waldron (Texas Tech University)  
James C Wetherbe (Texas Tech University)

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Entrepreneurial startups face a clear tension during times of turbulent change like the COVID-19 pandemic. On the plus side, startups are small, collaborative, creative and flexible, making them adaptable when a disruption requires it. But because startups often lack the resources to recover from a mistake, an adaptation that doesn't pan out can put their survival at risk.

For the past two years, entrepreneurial organizations have coped with an extreme disruption to the status quo due to the the global pandemic. As we addressed in earlier work, the pandemic has forced startups to rethink their approaches to [building customer relationships](https://hbr.org/2020/04/ensure-that-your-customer-relationships-outlast-coronavirus) (Waldron & Wetherbe, 2020) and [ensuring employee satisfaction](https://eiexchange.com/content/how-to-care-for-your-team-during-a-crisis) (Waldron & Wetherbe, 2020). It has also required startups to [consider which pandemic-inspired innovations to keep](https://eiexchange.com/content/which-innovations-should-you-keep-when-the-crisis-is-over) as circumstances evolve (Waldron & Wetherbe, 2020).

Although the pandemic has made innovation particularly critical to startup survival and success, it has also catalyzed some of the most pervasive and creative business model reinventions in recent memory. History tells us that not all such innovations will last. But, as we counseled in one [article](https://eiexchange.com/content/which-innovations-should-you-keep-when-the-crisis-is-over) (Waldron & Wetherbe, 2020), smart startups will identify those worth keeping and make them better.

This article explores how SitePro, a startup specializing in remote monitoring of oil fields, innovated during the pandemic to emerge a stronger company. Specifically, we consider how SitePro enacted our prescriptions for determining which business model enhancements to keep and hone.

## SitePro's Background

In 2012, David Bateman and Aaron Philips founded SitePro in a garage in Lubbock, Texas. Capitalizing on an abundant source of talented software and hardware engineers from a local university (Texas Tech), the founders assembled a small, talented staff to reimagine industrial control systems. Their mission was to develop a new type of Internet of Things (IoT) and control system that would let them build a business around solving challenges with remotely operating critical infrastructure. Their clients would be in the energy, municipal water and wastewater, and agricultural end markets.

SitePro's namesake platform allows customers to "remotely monitor and intelligently control...critical infrastructure in real-time." In addition to remote control and monitoring, SitePro's platform performs many other crucial functions for their clients, such as video surveillance streaming, big data analytics, billing workflows and regulatory compliance. The venture initially focused on the water midstream market inside the broader oil and gas market before branching out into adjacent applications such as municipal water and wastewater and agriculture irrigation management. For example, SitePro helps its customers remotely manage their infrastructure through data collection and real-time remote control and monitoring. You can't manage what you can't measure, and you can't measure what you can't see. SitePro's technology not only gives users real-time information that helps them operate their assets, but also produces data and analytics that allow more effective management and predictive maintenance.

The dawn of the global pandemic marked an inflection point for SitePro. The company had enjoyed significant growth and success in the energy sector before the pandemic. Unfortunately, the pandemic devastated the energy sector to the point where oil had negative value, drying up demand for infrastructure enhancements, such as those offered by SitePro. Like their energy industry clients, SitePro began to struggle, forcing the



venture's leadership to make business model adaptations and to decide which adaptations to preserve going forward.

The company's very survival was in the balance.

## How SitePro Innovated and Adapted

We sat down with SitePro's David Bateman and Aaron Phillips to learn how their company managed its pandemic-inspired business model reinvention. The conversation centered on four questions, each based on our prescriptions for orchestrating this process. An edited version of our discussion follows.

**Q: Did your leadership team take stock of how you improved your business model during the pandemic? Examples include things like changing what products/services you offer and/or how you deliver those things. It would help to know whether and how your leadership team reflected on these sorts of pandemic-inspired innovations, as well as some specific examples of them.**

Yes! After some creative brainstorming by our leadership team, we realized diversification was necessary, possible, and potentially useful by repurposing SitePro's remote monitoring technology into municipal and agricultural water systems.

One board member pointed out that Amazon initially sold books and nothing else. Amazon considered the traditional book retailing models of the time to be highly inefficient. They believed that trying to squeeze adequate inventory into a 2000-square-foot mall storefront was a "fool's errand" and was thus much less efficient than sending books overnight from a centralized warehouse. After succeeding in book retailing, Amazon expanded to sell a vast array of other retail products, which transformed the brick-and-mortar retail landscape.

Following Amazon's diversification approach and our board member's counsel, we decided that providing solutions for municipal and agricultural clients would diminish the impact of the energy market's downturn on our business. We also believed that it would make us more resistant to threats from the pandemic while allowing us to keep a foothold in the energy market until it recovered.

**Q: Has your leadership team looked at which**

***pandemic-inspired "business model improvements" might differentiate your company after COVID-19 and which ones might not? Potential differentiators include new products, services, approaches, etc. that distinguish your organization from competitors, promise to add value after COVID is a distant memory, and promise to enrich the bottom line over the longer term. It would help to learn examples of some innovations that your leadership team views to be valuable as post-COVID differentiators and those that they view not to be.***

We have looked at that.

Bringing our software to bear on the municipal and agricultural clients differentiated us in those categories. It also sent a strong signal to investors that our software could scale to new markets and create unique value for clients in those spaces while reducing our dependence on a faltering industry (i.e., energy).

To accommodate this growth, we expanded capacity using means other than just adding staff. Internally, we had to increase our sales force to include new expertise. Securing talented sales professionals incurred costs before those folks had generated any revenue. We addressed that by raising additional capital from investors. Externally, we adjusted our services and support offering from in-house to a balance of channel partners, subcontractors and remote support. This allowed us to staff to manage peaks and valleys in workload demand. For instance, we have enough full-time staff to handle almost any regular workload demand; however, in the case of increased demand for service and support, we have channel and service partners who are willing to help step up when needed so our customers still enjoy the same great service. This somewhat changed our costs structure from fixed to variable to a degree.

We also had to rethink our customer contact, transitioning from in-person meetings to teleconferencing. This seems like an obvious move, but it helped to reduce overhead during a difficult time while making us more readily accessible to clients.

**Q: Have you asked for or received feedback from key stakeholders on the value of your business model innovations? If so, who have you asked or who has shared feedback (consumers, employees,**

**etc.)? What have you learned?**

We did.

We aggressively pursued feedback from key shareholders on the future value of the diversification strategy and associated moves. As an amusing and rewarding side note, the board member who encouraged the diversification strategy made a large investment as a vote of confidence in the plan. That's clear feedback, right?

We also paid close attention to how our new municipal and agricultural clients reacted to the quality of our offerings, the performance of the new sales team serving them, and the level of post-sale customer service. Outside of the typical and temporary growing pains associated with the learning process of entering new markets, feedback from the new markets has been overwhelmingly positive.

**Q: For business model innovations that your company plans to keep, how do you plan to deploy them going forward? Do any of these innovations require additional adjustments to become permanent parts of what your company does in a post-COVID world?**

We are strongly committed both to our product/service innovations and to related changes in terms of channel partners, subcontractors and remote work. The channel partner model balanced our cost structure and has allowed us to enter other markets efficiently in other geographies across the country. We are now even evaluating some international opportunities as well.

One thing we might address going forward is setting up our technology stack where it can be easily adjusted to meet the needs of new applications. One clear advantage we had as we entered the municipal space was our ability to quickly adapt to the needs of the customer. This allowed us to move quickly and really highlight the importance of product-market fit with SitePro in this new market.

## Conclusion

SitePro's systematic orchestration of their business model innovations provides a good template for startups to follow during times of change. Taking stock of innovations, anticipating their longer-term value, seeking stakeholder validation and continuing to hone

the innovations that matter are critical steps in making the most of business model adaptations to environmental disruptions.

As Thomas Edison once said, "Opportunity is missed by most people because it comes dressed in overalls looking like hard work." The good news is that startups willing to roll up their sleeves and tackle the uncertainty in times of crisis can seize limitless opportunities to create unexpected forms of value for unanticipated markets.

By following SitePro's actions, clever startups can survive and thrive in even the toughest of circumstances.

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