



> Welcome

Welcome to the 2nd issue of Global Insight, a newsletter from TransTech USA designed to keep you informed of the latest news, issues and trends effecting the successful commercialization of technology.

Your company has a great product, has enjoyed success in your home market and now you are considering the challenges of entering a new market. Peter Bryant whose 20 plus years of experience spans the US, UK and Asia Pacific, founded TransTech USA to address these challenges.

TransTech USA provides corporate, financial advisory and business development services to enable emerging technology companies to successfully commercialize their products into new geographical and vertical markets

> Market Viability Assessment - The pragmatic approach to entering new markets

In the November 2003 edition we discussed the elements which contribute to entering a new market with success. In this issue we will explore the first key element of entering any new vertical or geography - the Market Viability Assessment (MVA). The MVA is designed to reduce risk, provide a faster path to market, reduce the learning curve and maximize the resource investment.

The benefits of performing an MVA prior to investing significant capital, is to establish the competitiveness of the solution in the new market and to prove the upside of investing in a new venture. As an example, the US is a significant market which is served by a multitude of vendors. Therefore the sales and marketing investment required to be a success should never be underestimated.

The results of the MVA will be an invaluable tool in convincing the board and investors to commit the required capital to meaningfully attack the new market starting with the Beachhead phase.

The MVA provides answers to critical questions such as:

- How compelling is the technology?
- Is the unique value proposition compelling?
- Are the six key differentiators defensible?
- What is the appropriate target market?
- Who is the competition?
- Are there evident solution gaps?
- What is the effective pathway to the customer?

These questions are answered through a series of internal workshops and external focus sessions.

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> What's Happening

Peter Bryant is rapidly establishing himself as one of the leading thinkers regarding successful commercialization of international companies in the U.S.

- Presented at several commercialization events in New Zealand
- TransTech USA attended the recent Software2004 event held by The Sand Hill Group - check what happened by visiting www.software2004.com
- TransTech USA to announce major partnerships for global commercialization.
- TransTech USA announces new workshops for developing best practice "Go to market Roadmaps" and "Power positioning and messaging."

Watch for more news.



> Establishing in the US – from a legal perspective

By Kevin Johnson – Partner, Holland and Hart
www.hollandhart.com

Companies contemplating the establishment of a legal structure within the United States should understand the following six interrelated points:

- **Corporate Structure.** This decision is about which state and what legal entity. One of the key issues is flexibility, with a Delaware corporation providing the most flexibility.
- **Tax.** Depending on the creation of a limited liability company or a corporation; a company requires a review of the tax structure of the organization as a whole.

- **Ownership.** The question of ownership of the United States entity particularly becomes important if the foreign company anticipates raising equity capital in the US.

- **Investment.** Issues related to investment are an extension of company ownership. A typical third party investor is more comfortable purchasing stock in a Delaware corporation.

- **Organization.** A corporation is required to have a board of directors and a minimum number of officers in order to conduct business. A limited liability company is much more flexible, and can be managed by its owners or other designated persons.

- **Immigration.** Ensure whatever legal structure is created allows for the most flexible and rapid access to obtaining visas for company staff, both executive and technical.

Once the legal structure of the United States presence of a foreign company is established, the foreign company must determine the optimum method by which it will offer its technology in the market. There are two basic methods by which this can be accomplished by granting of a license or transferring the technology to the US. The approach taken will depend on a number of factors regarding your corporate strategy.

This summary provides only a high level overview of the issues and must not be relied upon as legal advice. It is important to engage a firm that is experienced in all the above areas to provide specific legal advice in any contemplated transaction

> Case Study - South African software company targets North America

Glacier Software (trading in South Africa as Moraine Pty Ltd) is a leading provider of a .NET based enterprise solution for the insurance industry, primarily commercial and retail lines for P&C, life and re insurance. It is a comprehensive solution that includes policy management, claims processing, financial management, work flow and imaging.



The company has enjoyed rapid growth in South Africa and wants to enter the lucrative North American market in a meaningful way. In addition, says Mike Bertsch, Glacier Software's USA CEO, "North America is a key market, and achieving success here is critical to the organization's overall global success. You are unlikely to succeed in this market if you are not present in a significant way. However before making a significant investment in establishing the US presence we wanted to assess our viability in the market"

TransTech USA is advising Glacier on a range of strategic initiatives, including leading the Market Viability Assessment, new market development and execution; and go-to market planning. It is also providing CEO and board support.

"TransTech USA provided significant value to Glacier through the Market Viability Assessment process. The focus sessions we had with industry leaders were enormously helpful and insightful. The entire process has shaped our North American strategy and has saved us time and money. TransTech USA continues to advise us on all aspects of our market entry." Bertsch says.

"Glacier Software's pragmatic approach to entering a new market ensured they mitigated their risk and well understood the issues and investment required. This was achieved through a rapid process rather than the more common approach of "trial and error", which is expensive and distracting. Glacier's approach acts as an ideal model for technology companies wanting to enter new markets." Bryant says.

Global Insight: A newsletter focused on providing strategic business advice to executives of international technology companies looking to commercialize in the USA.

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TransTech USA provides corporate advisory and business development services to emerging US and international technology companies to successfully commercialize their products in the US. The ultimate goal is to maximize a company's return on investment and provide the widest choice of exit strategies. We offer a single point of contact and a hands-on approach to guide companies through every step of the process.

Fact Byte – Venture Funding

According to the Money Tree survey by the National Venture Capital Association, venture capitalists invested in 2003 less than one fifth of the money as they invested in 2000.

Software and biotech are the VCs' two darlings. Software, continuing its position as one of the top sectors in which to invest, captured 20% of the \$18.2 billion invested whilst Life Sciences captured 27%, compared to the just 6% of the \$105.9 billion advanced three years earlier.