



> Welcome

Welcome to the October 2005 issue of Global Insight, a regular newsletter from TransTech USA designed to keep you informed of the latest news, issues and trends effecting the successful commercialization of technology and technology innovation.

This edition of Global Insight introduces a new section Technology Spotlight where we will discuss key issues and trends surrounding high profile and critical technologies. Our first discussion is provided by ARC Advisory Group and is about RFID and some emerging trends.

We have expanded the editorial contribution in this addition with Rob Kaufman, a Partner with a boutique investment bank specializing in technology and telecommunications and Tim Young the EMEA Marketing Director for one of the hottest emerging technology appliance companies.

TransTech USA is a privately funded corporate advisory firm that provides services and programs that improve an organization's performance in technology commercialization and technology strategy development

> The characteristics investors seek from technology companies

By Rob Kaufman, Partner, Q Advisors, Investment Bank, www.qllc.com

In seeking opportunities for allocating their technology capital, investors are drawn to a consistent set of characteristics. These include:

- Honest and realistic plan for growing the business, and a financial model that reflects both realistic penetration of addressable market (revenue) and solid gross/operating margins (expenses). Frequent reference to the plan as "conservative" often suggests that it is not.
- Management team that demonstrates a strong understanding of the market and the problem to be solved. Focus on relieving customers' collective pain is most important.
- A record of selling into and satisfying a group of current customers, preferably large and at least a half dozen in number, knowing they will serve as vocal advocates for your product or service solution. While proprietary technology and intellectual property can be important, loyal customer advocacy may be the most important barrier to entry.
- The ability to capture the plan and value proposition in a concise way. This includes a written Executive Summary of no more than a dozen pages and PowerPoint overview of no more than 10-15 slides. If you can deliver your message in front of investors in less rather than more time, you will stand out.

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> What's Happening

Peter Bryant is a leading authority on the successful commercialization of technology and industry led technology innovation.

- [TransTech USA announces it has become an industry sponsor of the Colorado Institute of technology – joining Sun, Oracle and Level 3.](#)
- [Peter Bryant is on an Expert Panel at the International Business Forum's 3rd annual Tech Transfer Investing Conference in Boston on Nov 9th and 10th 2005](#)
- [Peter Bryant has been invited to speak at the CU campus of the top ranked Leeds School of Business Technology Leadership Program on the subject of "Industry led Technology Innovation" on Feb 3rd 2006.](#)

Watch for more news.



Finally, don't forget to understand/research the investor. This includes researching the investor website and current investments, and possibly speaking with members of their management teams. Technology investor posts and blogs can also be extraordinarily helpful guides

> Marketing through Advocacy Networks

By Tim Young, Marketing Director EMEA, Netezza Inc, www.netezza.com

Early stage marketing in IT business to business (B2B) start-ups is challenging. Little budget, lack of reputation, no brand identity, aggressive competitors and a poor economy contrive to make the Marketing Managers task perilous. Your advantage of starting with a "clean-sheet" is soon wiped out by these realities and yet the success of your company depends on you to get it right. You've no doubt invested in a plethora marketing activities—conferences, tradeshow, mailers and the like—that seem to be full of promise but cost the earth and actually deliver very little.

A more strategic approach is required. This is based on establishing a reference community and relying on a process of advocacy to promote awareness and interest in your product. In taking these steps you recognize that most people do not buy from the "new kids on the block"—no matter how capable your product is or how attractive your terms are. It is a surprising reality that even in B2B situations, people buy from people they like, know and trust. In *Crossing the Chasm*, Moore, explains how (without brand identity) buyers are most influenced by the opinions of their established and credible contacts. Likewise, Minnet in *B2B Marketing*, explains that unlike the emotional business to consumer (B2C) sale, B2B selling is based on more logical considerations. That is, apart from one brief moment when the right-hand side of the brain takes control: the actual buy decision which Minnet calls the "leap of faith".

So given the "people factor" is critical for any sale—particularly in start-ups where there is no brand reputation to fall back on—marketing in the tech start up should center on creating a "people network" through which credible messages can be transmitted. This model should be created formally. Occupying a key position are

the small number of accounts you are targeting (this is your market segment). These organizations are likely to be related in some way to your current customer(s) either in terms of an industry grouping or some organizational capability.

Other entities in your model will include the "paths" through which messages are delivered to your target accounts—such as their suppliers, business partners, analysts, trusted advisors, special interest groups, industry regulators and even competitors. Marketing's goal is to turn each of these paths into path of advocacy for your solution and achieving this should be the over-riding goal in your marketing programs.

Although your messages will traverse this network, it is amplified by your client references. These will make your message heard above your competitor's noise and it is these that will determine the outer reaches of your network. Therefore, your top priority should be to nurture your customers and use them as references—either publicly through white papers, case studies, client testimonial brochures—or privately through direct reference calls or under non disclosure to industry analysts, such as Gartner. Other factors will also come to play here, such as: are you selling into an established or an emerging market? Is your product a point product or one that requires a cultural change? Does it carry a \$10K or \$10M price tag?

Modeling your market segment in this manner will bring sales and marketing closer together, since everyone is working to a common and well defined goal. It will provide you with a mechanism for directing activity and measuring your progress as agnostic or hostile paths in your model becomes advocacy paths.



> Technology Spotlight

Increasing Market Polarization Evident in Manufacturer Responses to Electronic Product Code RFID

By Chantal Polsonetti, Vice President, ARC Advisory Group, www.ARCweb.com

The first round of retail suppliers required to tag cases and pallets for Wal-Mart is now, for the most part, two-thirds of the way through their first year of this new experience. Even within this short time frame, evidence of increasingly polarized approaches to EPC (Electronic Product Code) RFID is apparent as some manufacturers pursue competitive advantage through strategic use of EPC data while others remain motivated solely by compliance.

Current and planned integration of both inbound and outbound case data is a primary determinant of which manufacturers fall into each category, as is continued wrangling with physical layer issues versus pursuit of the higher-order benefits associated with supply chain data integration. At the same time, a significant amount of case tag data is accumulating in off-line data warehouses as retail suppliers in both categories continue to grapple with process, technology, architecture, personnel, supplier, and other strategies in the early light of the EPC landscape.

In order to drive truly demand-driven manufacturing, outbound case tag data must be integrated with the inbound data coming back from the retailer. This is the holy grail of EPC-driven supply chain integration, one that many manufacturers appreciate and to which some potentially aspire. It also represents a higher level of EPC-driven supply chain actualization that will increasingly distance the leaders in the retail supply base from competitors focused solely on reducing the cost of compliance.

> Event Spotlight

Corporate Venturing & Strategic Investing February 2-3, 2006

The Lodge at Rancho Mirage, Palm Springs, CA

The Leading Industry Gathering for Corporate Investors Focusing on New Innovative Technologies, Emerging Markets, Deal Syndication and Working with Entrepreneurs.

This 8th Annual event will include topics on deal structures, capturing technology innovation in today's market, corporate dealmakers & M&A strategies, intellectual property commercialization, strategic alliance & technology partnerships, and effectively managing portfolio companies with globalization objectives.

www.ibfconferences.com

Fact Byte – VC backed IPO and M&A activity
VC-backed IPO volume hit its highest levels of 2005, with 19 such deals raising around \$1.46 billion on U.S. exchanges, according to Thomson Venture Economics and the National Venture Capital Association. This still is lower than any single quarter of 2004, with overall 2005 VC-backed IPO volume off nearly 74% from 2004 totals (down nearly 64% through three quarters). VC-backed M&A volume suffered a Q3 decline, with just \$3.12 billion in disclosed value compared to over \$4 billion in disclosed value for each of the previous two quarters. The largest Q3 M&A deal was Juniper Networks' \$337 million acquisition of Peribit Networks in July.
Source: PE Week Wire 4th October 2005 by Daniel Primack

Global Insight: A newsletter focused on providing strategic business advice to executives of technology companies looking to successfully enter new markets.

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TransTech USA provides services and programs that improve an organization's performance in technology commercialization and technology strategy development