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TECHNOLOGY

SkySong grads to woo U.S.

Mexican companies graduating from TechBA, a program at SkySong, hope to sell to their neighbor, the world's largest market.

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Mexican TechBA grads eye U.S. market

SkySong business program accelerates startups

By Jane Larson

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Some hope U.S. trucking companies will use their high-tech equipment to monitor fleets. Others figure their developers can customize software for American companies at competitive prices.

The first Mexican companies graduating this month from TechBA, a novel business-accelerator program at SkySong, the ASU Scottsdale Innovation Center, have high hopes for bringing their products and services to the next-door neighbor that happens to be the largest market in the world.

The TechBA program, short for Technology Business Accelerators, is designed to help high-tech companies from

Mexico expand into U.S. and global markets. As a benefit to American business, the firms may partner with U.S. companies or even hire U.S. employees as part of their expansion plans, TechBA officials say.

"One of the most important things for them is to understand the U.S. market," TechBA Arizona director Haru Yamasaki said. "Many of the companies have been operating 20 years, but when they come here, they are startups."

ASU announced in October that Mexico's ministry of the economy and the U.S.-Mexico Foundation for Science had agreed to establish the sixth TechBA business-accelerator program at SkySong. Other TechBAs are in Silicon Valley; Austin; Detroit; Montreal; and Madrid, Spain.

TechBA calculates that 350 Mexican companies have gone through its workshops worldwide, generating \$70 million in U.S. sales, creating more than 3,600 jobs and saving 12,670 jobs in the four years since TechBA started, Yamasaki said.

Criteria for companies

Companies selected for the program must be established in their domestic market and be good candidates to come to the United States, she said. Companies also should be financially strong enough to support adding operations in the United States.

For many of the companies, TechBA is their personal guide into a massive market. The ASU connection also helps open doors that otherwise would be hard to find.

"The American market is very impor-

tant," said Luis Gerardo Lopez Ramirez, research-and-development director for TechBA participant InnTrack Technology. "It's the biggest in the world, and we had to be here."

The Arizona program started with a "pre-acceleration" phase earlier this year, when 28 Mexican companies came to SkySong for four days of workshops on topics ranging from tax laws and intellectual property to marketing and competition.

The companies then had four months to work with Arizona mentors and hash out their plans for selling their products or services in the United States.

Several companies said the process taught them the importance of targeting a niche within the U.S. market. And while relationships can help, they

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learned that in the United States companies have to offer something of value to customers.

"You have to have a value proposition and demonstrate why you are the best," said Rubi Beltran Palafox of Culiacan Learning Solutions Centre, an e-learning company.

About 15 of the Mexican companies are being invited to continue into the Arizona program's acceleration phase, Yamasaki said. They will open offices in SkySong this summer, and TechBA will use its network of consultants and resources to coach the companies on contacting potential customers and making their first U.S. sales, she said.

The remaining companies can take what they learned in the pre-acceleration process, make adjustments and consider entering the U.S. market later.

"We also expect it could make them reflect on their business model," said Lilia Arechavala, director of TechBA for the science foundation. "Or if they have to change their technology, they can wait and come back for the acceleration process."

Mentor for 3 companies

Rick Gibson, a Tucson consultant and investor, has been mentoring three companies in TechBA.

"I do some real estate in Mexico, but I've always wanted something more solid," he said of the mobile-gaming, tax-collection and debit firms he mentored. "They're all different in what they're doing, their needs and the approach management is taking."

Other TechBA participants work in educational software, Global Positioning Systems, solar energy and medical equipment, Yamasaki said. Some of the companies could be marketing their products in the United States by the end of the year, while those that have to adapt their technology could be ready next year, she said.

ASU expects about half the companies to hire employees and open offices at SkySong, said Julia Rosen, the university's associate vice president of research.

Eventually, Rosen would like to see the TechBA graduate companies base senior staffers here and create a new crop of companies in the Valley.

Yamasaki wants to see employees and revenue increase on both sides of the border.

"We want to see companies multiplying here and in Mexico," she said.

Mexican firms graduate from SkySong program

Max4 Technologies

What it does in Mexico: Fleet-tracking technology that reads mileage, fuel use and other information from a truck's engine and transmits it over the Internet. Transportation companies in Mexico looking to reduce costs have installed 1,000 of Max4's units on their vehicles.

What it wants to do in the United States: Sell the product to U.S. trucking companies.

What it learned in TechBA: Max4 researched the size of the U.S. market and created an action plan to market its product through truck dealers, software development director David Pena Curiel said. It also made a list of potential clients in four Southwestern states. Concerns among trucking companies in the United States are different from those in Mexico, he said. Companies in both countries are trying to cut costs, but freight security is less of a hot button with U.S. companies than with Mexican companies, he said.

Max4, based in Aguascalientes, also calculated how much money and how many people it would take to enter the U.S. market.

Next steps: "In the first year we plan to get used to the U.S. market and see how things work here," Pena Curiel said. Max4 then plans to establish an office, hire employees and continue its sales, research and development.



Rubi Beltran Palafox

niche, she said.

Next steps: Establish a sales and business development office in the United States to continue to understand the market. The company also wants to expand its network in education.



JANE LARSON/THE REPUBLIC

Hector Correa, general manager of Orinoco Systems de Mexico of Chihuahua, Mexico, is looking to expand.

Orinoco Systems de Mexico

What it does in Mexico: Information-technology consulting services for mid-size to large companies in the financial services, manufacturing and aerospace industries. Orinoco consultants design and analyze systems in the United States and tap the company's software-development center in Chihuahua when clients need custom software, general manager Hector Correa said.

What it wants to do in the United States: Orinoco has an office in Chicago that works with financial services companies, a presence that gave it some insight into the U.S. market. The company wants to diversify, though, and used its TechBA training to explore the possibilities of opening an office in Phoenix.

What it learned in TechBA: High-tech areas like aerospace and manufacturing are stronger potential markets for Orinoco in Phoenix than financial services.

Next steps: Open an office and hire a salesperson, with the goal of having two to three local clients by the middle of next year. A local manager and engineers could be hired as the office expands, Correa said.

Culiacan Learning Solutions Centre

What it does in Mexico: Creates and develops content for e-learning products. The 160-employee company, based in Culiacan in northwestern Mexico, is working with the Mexican education ministry on products for middle schools and does corporate training, business development staffer Rubi Beltran Palafox said.

What it wants to do in the United States: Develop customized e-learning products for higher education. It may target universities interested in offering bilingual Spanish-English curriculum, Beltran Palafox said.

What it learned in TechBA: At first, the company knew only that the United States was the biggest market in the world. In the program, it learned the differences between the two countries' education markets and that it is important for companies to focus on a

Codes

What it does in Mexico: Develops software for banking and industrial companies.

What it wants to do in the United States: Launch a new enterprise system to manage fleets.

What it learned in TechBA: Codes, based in Tlalnequiltla de Baz, an industrial city north of Mexico City, is competitive in its market in Mexico, spokesman Omar Tiznado said. But it learned it will have to improve its product or service to enter the United States, as well as deal with the faster pace of the market here, he said.

Next steps: Codes is looking for a customer willing to be an early adopter of its technology. It also would like to form a partnership or maybe a joint venture with another company in the industry, Tiznado said.

InnTrack Technology

What it does in Mexico: Develops technology to monitor and control truck fleets using cell-phones and Internet connections. Its monitoring-and-alert systems also could apply to industries such as utilities and manufacturing.

What it wants to do in the United States: Adapt its product to water or other industries and customize it to clients' needs.

What it learned in TechBA: InnTrack originally wanted to promote its Smart S100 system to monitor trucking fleets, but found out there are a lot of competitors, said Luis Gerardo Lopez Ramirez, research-and-development manager.

"We learned we need very strong added value to have more chances to be successful," he said. So InnTrack plans to target the U.S. water industry, among others, where it can offer customized work at competitive prices. InnTrack and its software developers are based in Torreón, one of the biggest cities in northeastern Mexico.

Next steps: Add employees in the United States and begin contacting potential clients.