

Tech hits new turns

Insider views on future business trends for the industry

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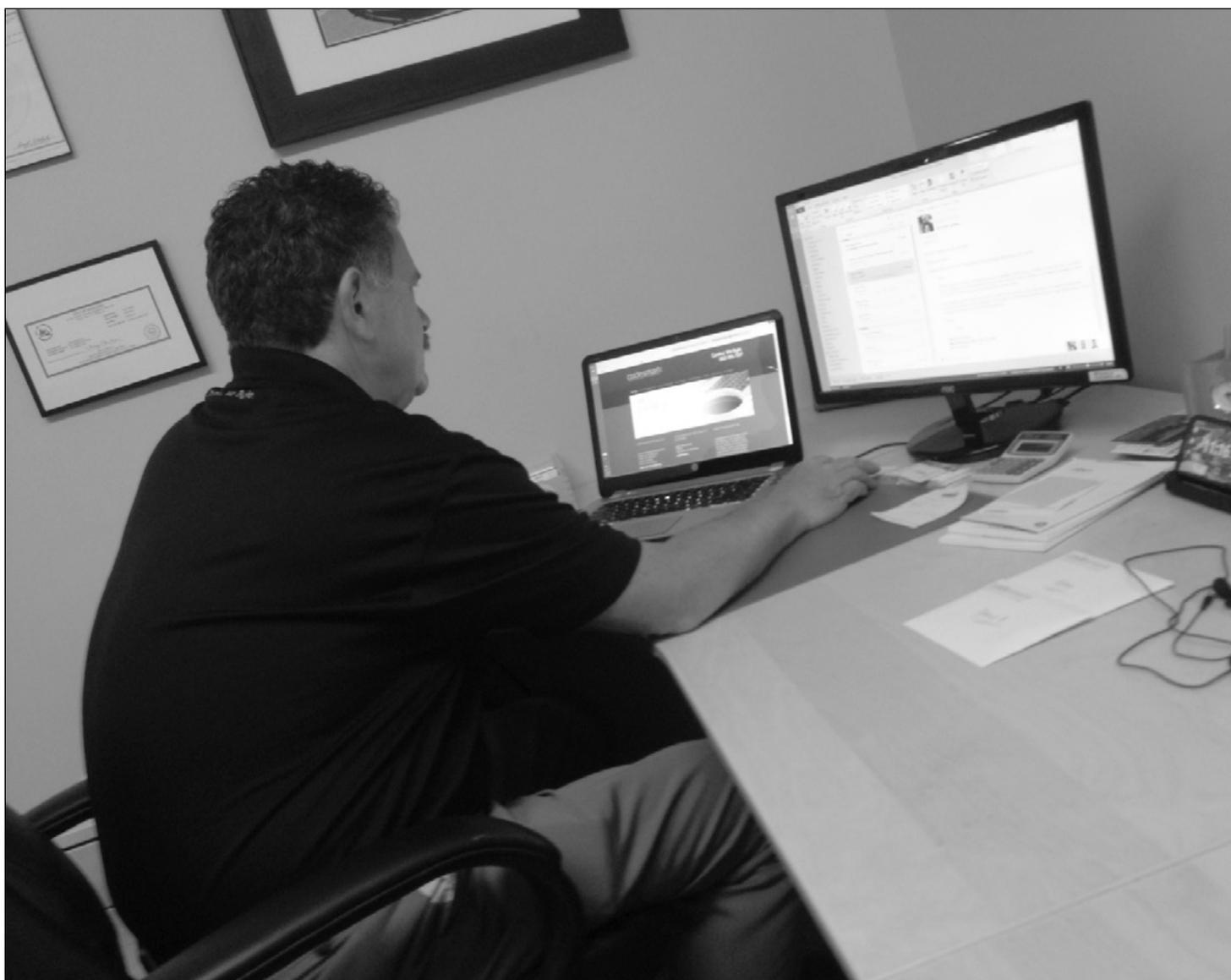
Here's the current landscape for tech, according to the latest Webmedia Group industry trends report: more than 2.3 billion people are Internet users worldwide, and some 1.1 billion are 3G subscribers, with China and India topping the growth list.

So, as the World Wide Web plugs along, there's not just a lot of potential for small businesses to fill new niches; it also means the only constant in this expanding landscape will be more change, and that it will be served on an international platform.

"Right now we're in a period of great change when it comes to technology," Daniel Burrus, best-selling author of *Flash Foresight*, told the *Business Examiner* recently. "It's a transformation in how we see and sell everything."

The book details new ways in which companies need to address challenges within the currently unpredictable business and tech environments. Burrus' recommendations begin with basing a future vision on "certainty," or hard trends that have already happened and will likely happen again.

Companies that have capitalized on this successfully include Apple, whose iPad seized the tablet market that over the past two years has skyrocketed 27 percent and now includes nearly one-third of U.S. consumers. Android, too, focusing on



Mark Meyer, president of Lacey's CodeSmart cited "big data" and "analytics" as the latest buzzwords in the ever-evolving field of technology. *Photo by Arnie Aurellano*

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So you want to start a tech company in the South Sound...

Business owners who did just that share their triumphs, tribulations and how they survived the recession

Technology has long been a top industry for Washington state, generating nearly 63 percent of employment growth over the past two decades, according to the Washington Technology Industry Association. Currently, that means that the industry supports a massive 783,000 workers here, or nearly 28 percent of all jobs in the state.

In addition, in 2011 alone, the sector spurred nearly \$3 billion in sales and business and occupation taxes. And a good portion of that was from smaller sites that jumped into the early '90s and Millennium tech waves, but managed to tweak their models to keep afloat during the tidal wave of the recession.

Big Mountain Internet Solutions in Yelm is one such company that started out small and part-time, as a web-hosting provider for other small businesses. While owner Jon Clayton, an 18-year tech industry veteran, was wading into the process, he discovered that because a plethora of generic web hosts was already out there, he needed to create a different type of service than similar companies offered.

That's when he stumbled on Kerio, a more advanced

web-hosting system best suited for businesses. After partnering with the company, becoming the region's sole Kerio provider and one of just a few companies across the U.S. to offer it, Big Mountain was soon drawing interests from businesses not just in the Pacific Northwest, but also from companies from such faraway bases as New York, France and Hong Kong.

"Our success has been our niche business as a preferred partner with Kerio," said Clayton. "Now the world is our marketplace."

At Hay Meadows SEO in Puyallup, owner Dan Guay's business story has some similarities.

The family-owned company opened in 2002, after a move from Fort Wayne, Indiana coupled with an extended and fruitless term of job search by Guay. Frustrated, he formed his own company in the burgeoning tech market and made a large sale first thing.

"If you can get the wheels in motion, working on your own can actually provide more financial security than

Wooing tech investors

Looking to start a tech business but don't have the capital? That means turning to potential investors, who are hot to sink funds into a tech company that could be a winner. Here's some advice on just how to woo them.

1. Have a great idea, and a passion for it.

Investors are looking for the core of your business idea, and for a successful plan to carry it out. However, the story of how you put in all in place is also important. Come in with a product or service that a specific customer niche needs; a success strategy for following through; and a willingness to tell your own unique story of why you're enthusiastic about

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Startup: 'Treat your first five customers like they are gold'



Jon Clayton of Yelm's Big Mountain Internet Solutions found his company's niche as a preferred business partner with Kerio. Photo by Holly Smith Peterson

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working for a single company, which can let you go at the drop of a hat," he said.

How he managed to get that growth going was by finding a niche in an ongoing service that businesses needed, one that provided regular monthly income but still had unlimited potential for growth. The other piece? Simple hard work and good customer service: pounding the pavement and following up, answering customers promptly, and thinking long-term.

"Treat your first five customers like they're gold, or the future of your business," he said. "As they see your hunger, they could turn into your biggest sales force."

That slow yet building business momentum was also a hallmark of Big Mountain's growth curve, where Clayton and his wife over the years eased into full-time work from other jobs.

His advice to those interested in starting a tech business is to do the same.

"Most people who want to start their own businesses start out gung-ho, and

then fail because they don't make enough money soon enough," he said. "Because in tech, there's so much competition."

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Investors: Be engaging when you tell your story

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sinking your time and energy into the process.

2. Check your list

When you walk into that meeting, there's an unspoken checklist in investors' minds about the basics they need to see in a tech business pitch. You can provide them with more, but at the very least be prepared to share everything from an overview of your company and business model to your financial strategy, funding plans and your vision of the company's future. Demonstrating this visually, creatively and professionally will give you an edge.

3. Build trust

Prospective investors need to know that your product and marketing plans are tops in their niche. In other words, tech-heavy language isn't as necessary as communication of understanding when it comes to the current market and competition. Investors might be willing to provide you with backing, but they're not always techies themselves. No matter what the case, though, they want to be assured that you know what you're doing, and where you're going.

4. Be entertaining

Don't just come with a good story; prepare a great way to tell it. Keeping your audience interested and engaged is half the battle of impressing them with your idea, and eventually winning them over to backing it.

5. Be prepared, and be clear.

Talk with prospective investors, current tech company owners and industry professionals before you prepare for your pitch session to find out what your audience might want to know. Having the most comprehensive list of potential questions in hand, you can come to the pitch meeting fully armed with the answers they'll want up front.

6. Tell them why you need them

Why would each particular investor be a good partner in your start-up effort? In what ways will they benefit, and when and where are the payoffs? Answer these questions during your pitch, and if they agree, it's another step toward success.

Spotlight on: Jim Rosemary, Puyallup's New Tech Web

New Tech Web company owner Jim Rosemary's business began as a Kent-based software applications training company in 1995. In the first two years, though, Rosemary found that more clients were requesting enhanced website services than training, so he shifted the company's focus to creating websites for small businesses. The reborn New Tech Web company has now thrived for nearly two decades, including a resurgence through the recession. Here, Rosemary offers his thoughts on how to find a business niche in the tech industry, and how to succeed.

1. Don't start by inventing a product or service that you think is cool or wonderful.

Never fall in love with your own product or service. Rather, find out what need exists in the market, then fill it. You may still have to educate your audience as to why your product/service solves their issue or makes their lives better, but that's a lot easier than attempting to convince them to purchase something for which they see no need.

2. It's not about the technology, really.

Tech companies in particular are guilty of this. They're so close to the technology that they present the specifications and features of their products and services, then expect the market to just figure it out. Instead, always focus on the three keys to selling anything: benefits, benefits, benefits! Even with commercial products and services, make an emotional connection. People buy from people they like and trust. People buy based on emotion, then rationalize it with logic.

3. Be sure you love what you do.

Otherwise, work will be, well, work. Have fun or don't start.

4. Don't quit.

Winston Churchill did not say "Never,

never, never give up ... unless you run out of money," or "...unless you find it too hard," or "...unless you're not successful in four months." The No. 1 reason small businesses fail is that owners/managers stop trying to find solutions.

5. A common occurrence for startups in under-pricing their products or services, not making a profit, and causing money issues.

It starts with the owner's mindset about money. Some have an issue with making a profit, seeing it as "taking advantage" of others, or that it's somehow abhorrent to profit "off of others." I ask them, first, if they see their product or service as bringing value to the world. (Note: If they can't or don't see this, then I question why they're in business.) If they bring value to the world, then they must make a profit in order to stay in business and bring that value to more people. Profit isn't an evil word. It's a measure of how your product or service is perceived as valuable by your market. Get your head straight about profit!

6. Walk before you run.

Ignoring simple philosophy has been the ruin of many ambitious entrepreneurs, especially those whose funding comes from others (money they didn't have to "earn"). Each investment in your business should be measured by how it will impact the bottom line. Yes, you could have a website with all the bells and whistles, a magnificent interface, extra features, and so on. But if you can't afford it, then it's best to roll out your website in phases over time. Do what you can do now, based on the resources you have now, not on what you think you'll have tomorrow.

7. Some small businesses are self-conscious about being small, so they try to act like big companies.

Nowhere is this more apparent than in their marketing. They present themselves as if they're Fortune 100 entities. But as Mi-

chael Gerber said in the E-Myth, "You're not just a big business on a small scale, you're fundamentally a different kind of business." In other words, don't emulate what the big guys do. If Oracle or GoDaddy spend millions of dollars in advertising, don't just advertise, but spend less. Rather, maybe you shouldn't advertise at all. Maybe your small business should conduct seminars at local libraries or join business networking organizations, tactics that the big guys wouldn't even consider. Do what works for your market and focus on building relationships, not on branding.

8. A key ingredient to success, and one that most successful companies never stop developing is systems.

When a new hire doesn't work out, it's not that that person was a bad employee. It's that you didn't have a system for detecting a good job fit prior to hiring them. The more systemized your business, the more likely it will be to function without you. (Avoiding what a consultant client of mine calls "founderitis.") The more systems you have in place, the more likely it will be for your company to run efficiently, and to provide employees with a clear picture of their duties and the goals of the organization. And with systems, it is more likely that you're building an entity with value that can be assessed by potential buyers of your company in the future.

9. Be a student of the process.

Some entrepreneurs, when they start their businesses, set aside the drive for education that got them to where they are. They get consumed in the business of running their business and "don't have time" to read books, listen to experts, attend seminars. But in order to continually increase your value to your organization, to always add value to the relationship with your clients, to get ahead of the competition, you should never stop learning. Be open to transforming yourself, your company, your products and services.