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Hi-tech gets a public face

Dave Pizer says a growing number of local technology companies are going public to raise the cash needed to stay competitive

By **Dave Pizer**, Ottawa Sun

IT WAS a "marathon" that took \$5 million to \$6 million, 145 days, 110 presentations, three weeks of travel in three different countries covering 18,423 km, 26 lawyers and 16 investment bankers.

But CEO Peter Strom said taking March Networks public last month was the right move for the IP-based video surveillance solutions company.

"It's a lot of fun, it's a lot of hard work, it's a lot of stress," Strom told a packed audience at OCRI's Technology Executive Breakfast yesterday. "Is it worth it at the end? Absolutely."

GRUELLING SCHEDULE

At one point, Strom and other March executives were on the road doing about eight or nine presentations a day, he said.

"It was basically three straight weeks of just absolute and complete work," Strom said. "I was able to go home for about eight hours in between to change my socks, and that's about it."

Ottawa biopharmaceutical firm Liponex announced last week that it was preparing to go public, with the hopes of raising \$15 million. Chief scientific officer Dan Sparks is now experiencing firsthand the hectic lifestyle Strom described.

"I'm just catching a flight to go to Bay Street and raise some money," said Sparks in a phone interview yesterday. This weekend he's going to Europe.

In his presentation, Strom outlined why March opted to go public. As a profitable company in a growth industry, March had plenty of options for raising capital, Strom said.

The digital surveillance industry is expected to grow from \$1.1 billion this year to an estimated \$3 billion in 2010 -- a fact which hasn't escaped the attention of powerhouses like General Electric and Honeywell, Strom said.

As a result, March needed to raise money to compete with the big players and capitalize on the five-year window of opportunity in the market as retail and financial institutions upgrade to digital, Strom said. "It was important ... to raise the profile of the company and also show our large-enterprise customers that we're a strong financial company and we're in it for the long haul," he said.

A potentially lucrative market opportunity and a growing number of competitors, including pharmaceutical giant Pfizer, also influenced Liponex's decision, Sparks said.

BEST OPTION

"We need to up the ante," he said. "We're playing a big game. The market we're accessing is the biggest in the world."

There is no "right time" to go public, but after evaluating the other available options -- continuing to grow organically, private equity funding, or divesting or merging -- going public was found to be the best option, Strom said.

In his remarks introducing Strom, March chairman Terry Matthews expressed his distaste for raising private equity and the "anti-existing shareholders, anti-founders and anti-people who worked very hard to make the company work" clauses that often get attached.

After all the presentations and meetings with 330 investment reps, Strom found most financiers are looking for the same things. Those include revenue growth and earnings momentum, high-growth industries and companies with a demonstrated competitive advantage, an established client base, an experienced management team and a clear growth strategy.

Matthews told reporters afterwards that March's move, the first major IPO in Ottawa since 1999, is a sign of the ongoing tech rebound.

"At the end of the day, there are Ottawa companies that are into the international marketplace and you have to raise the profile," said Matthews. "It's all about raising profile, getting business around the planet and, frankly, kicking a little butt."

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