

Executive: State needs to lure investors

by **Andrew Johnson** - Sept. 28, 2008 12:00 AM
The Arizona Republic

Dave Bittner has a message for business leaders concerned about increasing the flow of venture capital into Arizona:

"Act your shoe size, not your age," said Bittner, who runs the Phoenix-based consulting firm Beanstalk CFO Group.

The company develops budget plans for businesses that lack their own **finance** department. Bittner founded the company in 1995 in Columbus, Ohio, where the firm still has an office. He moved the headquarters to Arizona five years ago.

Though Arizona is young, the state's population is large, which is all the more reason the local business community can do more to attract investors.

"We need to start acting like a 5- or 6 million-person region, and those regions have active entrepreneurial communities," said Bittner, who views the **Invest** Southwest conference this winter as part of the effort to build a stronger technology industry in Arizona.

Bittner is this year's chairman of the 15th

annual conference, which tries to link promising startup companies with investors willing to fund their growth.

A selection panel representing local and national investment firms will choose about 15 companies to participate. The firms will give brief pitches to investors attending the conference Dec. 10-11 at the Four Seasons Resort Scottsdale at Troon North.

Bittner spoke to The Arizona Republic last week about the conference, how Arizona can use solar technology to attract more venture capital, and why corporate headquarters are crucial to investment activity.

Question: How did you get involved with Invest Southwest?

Answer: From my days in Ohio, I was chairman of a similar organization. When I came out to Arizona, one of the first organizations I hooked up with was the Arizona Venture Capital Conference, which is the predecessor to Invest Southwest.

I began volunteering on the marketing committee, and then I was asked to chair the marketing committee, and then I was asked to be vice chair (of the conference) the year after, and the year after I was asked to be chairman of the whole thing.

I think one of the reasons that the elders of

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the organization might have been attracted to me was I had this experience having done it before, and I spend literally 100 percent of my day working with companies that are looking to grow really quickly and have an appetite for venture capital.

I really do literally have a passion for what this conference is all about - bringing together the investors with the entrepreneurs.

Q: How has the response been in terms of presenter applications?

A: We ended up getting 82 applications. . . . So I feel pretty good about that. That was about 10 to 15 above what our average has been over the past few years.

Q: What can investors who attend the conference expect to see in terms of industries represented, the age of these firms and their overall goals?

A: Investors can expect a variety to a certain extent, meaning, yes, we have a penchant for early-stage companies, but it's not just startups, it's not all companies that are being "seeded." There are a few companies that are seed-stage, there are a few companies that are early stage, there are a few companies that are growth stage. Those are terms that mean something to an investor.

As far as industries, it's probably going to be mostly technology because those are companies that can scale very, very quickly and are defensible through some proprietary technology. Those are elements that most investors are looking for.

Q: Are there are any new areas the conference will focus on?

A: This year I have a personal goal of making sure there are at least a few solar-technology companies. One of the things I've recognized in my travels is that (regions) that are normally considered to be real (investment) hotbeds, like the Research Triangle Park in North Carolina, like Boston, like Silicon Valley, like Austin, they usually have some kind of speciality.

I think most people kind of figured this out 10 years ago, but one of the problems I see is that most people kind of ran after biotech, but everybody ran after biotech. San Diego ran after biotech and probably beat a lot of people to the punch.

So I've been really thinking what is it about Arizona that gives it a real natural, defensible advantage in terms of technology? Duh, sunshine. And we do have some solar technology here, as you know. First Solar is here. . . . SolarCity has a big presence, even though it's not headquartered here.

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Q: Local technology developers and business leaders debate whether Arizona can establish itself as a technology hotbed or attract a critical mass of venture capital to the area. What's your take?

A: I have a couple of thoughts on that, and I'm going to try to be painfully blunt with you. Arizona has never really been a hotbed of venture capital. In my opinion, there's one main reason for that, which is there's not a lot of corporate headquarters here of the kind that venture capitalists usually like to see management being spun out of . . .

Honeywell and Motorola and Intel, they are great (local) examples of . . . high tech, right? Here's the problem. That's not the headquarters. That's not the brain trust. There are a lot of smart people, mainly smart engineering types, working here on behalf those three giants, but the kind of management that venture capitalists are looking to find, in the case of Motorola, it's in Chicago. In the case of Intel, it's in the Northwest . . .

So there has always been a problem with getting managers who have been trained in this big corporate environment who can bring those big company practices to small companies and help them grow to be big companies.

Q: How would solar technology help

Arizona address that problem?

A: Take First Solar, for example. Pretty soon, that company's going to reach its peak, right, and some of those middle-level managers are going to say, "I think I'm aware of something that could be the next big thing. I'm going to flip out of First Solar and go over here and start something new."

Guess where that's going to be? Here. It's not going to be in Chicago. It's not going to be in the Northwest U.S.

Until we get that kind of activity going, we're not going to get a whole bunch of (investors) to locate here. They'll throw in venture capital from afar . . . but no one's going to locate here until we have an engine that's spinning off management talent.

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