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After a year of uncertainty, is the economy ready to head in a new direction? And if so, how will companies position themselves to take advantage of a turnaround? For our first issue of the new year, we turned our pages over to executives from two companies who played it smart during a turbulent 2009 and are looking ahead to a better and brighter 2010: John Creelman, CFO of PowerGenix, a San Diego-based developer and manufacturer of nontoxic, high-performance nickel-zinc rechargeable batteries, and Franz Birkner, CEO of Rayspan, also based in San Diego, a developer of miniature antennas and other wireless air interface solutions.

Bright Spots in 2010: Clean Technology and Energy Storage

by John Creelman, CFO, PowerGenix

When it comes to the economy, one robin—or even two—doesn't make it spring. Even though Q3 and Q4 of 2009 showed signs of life, it's still premature to say we've turned the corner on the economy. It will feel better when we start to see improvement in certain indicators such as factory utilization.

Our company is still somewhat early-stage, and while we've begun revenue shipments and have solid customer traction, we're still cautious. Certainly potential large original equipment manufacturer (OEM) customers are too. They've slowed the pace of new product

introductions, are still in retrenchment mode, and in many cases are still working through inventory. And even though things are starting to firm, we need more consistent demand and consumer uplift on a sustained basis.

That said, there are still bright spots in the economy. Clean technology and energy storage are growing. The federal government's grant and loan guarantee programs have really added validation and promise lots of momentum in this sector. In some cases, however, the government's stimulus funding has distracted companies from focusing on their core business. It's hard not to be giddy when there's free money up for grabs. What choice do companies have? They have to go after these funds.

In terms of cost structure, even prior to the stimulus funding, the energy-storage industry has always been vigilant when it comes to cost and efficiency—similar to the hard disk drive industry. I think many of these clean-tech entities are different kinds of businesses than software or Internet enterprises. In many cases clean technology is all about applying hard science and solving difficult problems. You just can't write code and go public in 24 months. For us, clean technology is about manufacturing. While there are massive

markets and big payoffs in clean tech, it also means longer investment cycles, which can require more capital.

In terms of adapting to the recession in 2009, PowerGenix made the right moves and we adapted our cost structure accordingly. However, we didn't just play defense on the cost side. We also were on the offensive in looking for opportunities to ramp up top-line growth. You have to play offense and defense when you're fighting through what we've all



encountered over the past year or so.

Going forward, coming out of the recession, the U.S. economy as a whole will be leaner than ever. Productivity improvements over the past 15–20 years are what's kept our country competitive. And today we're simply in the middle of another chapter, another phase of the journey, in U.S. capitalism.

Using 2009 As a Springboard for Success in 2010

by Franz Birkner, CEO, Rayspan

The numbers issued by the government over the past few months have been encouraging, and we definitely envision strong growth in 2010—in both the enterprise wireless and consumer cellular markets that Rayspan targets. In those markets we're projecting solid growth in rates in the range of 10 to 25 percent over the next 12 months, and we expect Rayspan itself to grow at far higher rates.

Despite this confident forecast, however, we recognize that important components of the global economy are still recovering from the effects of the economic storm of 2008 and 2009 and that this will have a moderating effect on overall rates of recovery. For Rayspan, even though we were fortunate to achieve our 2009 technology development and revenue goals, last year's painful across-the-board belt tightening in the wireless business affected a host of players, from smaller companies like ourselves all the way up the ladder to global giants such as Nokia.

The key for each of us in 2010 will be keeping the lean operating mode we embraced in 2009 intact. That means identifying the investments and expenditures that are clearly required to sustain high growth and profitability and curtailing others that are nonessential. It's healthy for a company to learn how to do more with less. Without doubt, this requires discipline and restraint, but the payoff will be exceptional success in 2010.

Rayspan did the right thing in 2008 and 2009 when we realized we were confronting a global economic storm of historic proportions and decided to cut back where necessary. We're grateful to our employees for understanding this and supporting the economic discipline that was required. We knew the wireless industry would have enormous resiliency but that defensive measures made sense. The exciting payoff is that we're now on the way to what should be a great 2010 for Rayspan.

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