



Finally, the United-States are a land of opportunity

Although the American high-technology sector is facing tremendous economic challenges, this opens up tremendous windows of opportunity for foreign technology companies to position on the market, if they navigate it strategically. This paper presents an overview of the fundamental structure and trends of the high-technology sectors, and outlines the strategic and operational support that Triana can bring to foreign companies interested in exploring this market.



This is a chance that French companies must not pass

In the past, the United States were not the land of opportunity for French companies: 70% of French companies that managed to export to the United States one year didn't export the following year; **80% of French companies that opened up a subsidiary in the United States failed within two years**; French companies that had a US presence generated in average \$300,000 in annual sales—a microscopic \$6,000 per year and per State. It was challenging to compete against US companies that were on their own territory, and that were systematically more funded, thus able to hire and pay larger and more talented leadership teams, and to deploy substantially more aggressive and costly marketing and operational strategies on the entire continent.

For once, while many North-American high-technology companies are shaken by the market downturn and lack of capital, **French companies are at a financial advantage thanks to their access to financial resources**—which many French companies are not aware of, and which are described in another Triana white paper available upon request.

These resources can allow French high-tech companies to position themselves in the United States with partnerships, joint-ventures or acquisitions under conditions that have never been seen before. For example, there are numerous opportunities within the biotech space as many companies scale-down operations and as investors and venture capitalists shy away from further cash infusions. **Triana experts have identified the opportunity within the chaotic downturn**, since there are currently an unprecedented amount of solid biotech companies ripe for acquisition.

Even if “this crisis is different”, most observers of the late 1970s, mid 1980s, early 1990s, early 2000s also considered them unique, for valid reasons. **Yet, each time, new winners emerged a few years later, who had invested when the market was low and when competitors froze all initiatives or liquidated their assets.** With proper due diligence, it is possible to determine which companies have a well-defined product or program and negotiate an exceptional agreement.

An overview of the US market

The US market brings industry recognition, partnership potentials, and more opportunities to raise funds. It represents a sizeable opportunity, setting technology trends and commanding 50% of the worldwide software market, with the majority

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of venture capitalists being US based. In addition, the timing is right for French companies to come to the US as the French government provides strong financial support for US expansion and the parity Euro/Dollar still allows for a strong financial incentive. However, where there are opportunities, there are also challenges. The US is a big market with stiff competition. The professional product sales cycle includes sophisticated purchasing processes requiring industry recognition and strong US based references. In short, appearances matter and more often the question is not *what* is the best technology, but rather who is the *best vendor*.



A closer view of the US Information Technology environment

According to the Information Technology Association of America, information technology (IT) is "the study, design, development, implementation, support or management of computer-based information systems, particularly software applications and computer hardware." IT includes electronic hardware and software to create, convert, store, protect, process, transmit, retrieve and use information.

The technology sector in the US consists of almost 100,000 companies with combined annual revenues of about \$800 billion. Much of the industry revenue is concentrated in large companies (e.g., IBM, GE, Microsoft, Oracle, Intel, and Google); however, the average technology company has annual revenue under \$10 million.

IT Industry concentration is high in many subsectors, drawing much of their innovation from smaller companies through partnerships and acquisitions. Triana's IT functional experts have recognized key opportunities and trends in the IT market including domestic security, nanotechnology, software as service (SaaS), and applications that enhance a computer's ability to perform human functions (i.e., speech, touch, hearing, vision, motion). **In general, IT buyers are looking for solutions that standardize infrastructure technologies,** simplify systems, enable mobile management, enhance customer relationship management and customer intelligence, and improve security.

A closer view of the US Biotech and Pharmaceutical environment

Triana's biotech and pharmaceutical industry experts contend that the key success factors for companies in this space include having engaged research institutions with active leadership, discretionary research and development funding support, a strong workforce and talent pool, access to specialized facilities and equipment, a firm understanding of tax and regulatory practices, as well as patience and a long-term strategy. For pharmaceutical companies specifically, one must recognize that drug development is a long and costly process.

With regard to managing relationships in the US, Triana's IT functional experts caution that US companies will buy from a company they do not know but only after they have gotten to know it. Marketing IT products or solutions usually involves extensive product evaluation by the customer's technical staff, with lengthy testing periods. **Similarly, once a customer buys a product, close and frequent communication between technical personnel is the rule;** therefore, ongoing, consistent, and strong technical product support is essential.

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For marketing concerns, it is important to note that large technology companies often have marketing resources and expertise that smaller companies cannot duplicate. Consequently, smaller companies often either sell or license their products to large companies, or form marketing partnerships with them.

In conclusion, foreign companies must realize that the US government is often also a major customer and source of research funds and, therefore, creating a true US subsidiary should be the ultimate goal.

Current trends reflect a change from focusing on old "big pharma" toward a stronger focus on biotech as regulatory and market pressure on large pharmaceutical companies increases and the profitability of the "blockbuster" drug model diminishes.

Yet, Triana's experts contend that there is still opportunity within the pharmaceutical market, especially if a company can develop a drug for a highly targeted market where existing drugs lack efficacy and practitioners and patients seek a more effective solution. Such a highly targeted market could support a higher drug price and, therefore, justify the pricing model of research and development on a targeted drug.



The Triana value proposition

Triana focuses on the 7,000 French most innovative high-technology companies in the Biotech and IT industries with solid products, teams, references, and potential for exponential growth through the United States and further global expansion. It also addresses the high-tech industries of partly French speaking European countries (Belgium, Luxembourg, and Switzerland). Triana has the insightful knowledge and practical skills required to validate the real US potential of these companies and to navigate this market with them both strategically and operationally.

Many of these companies have the potential to develop exponentially in the US market and worldwide but are not able to do so successfully and rapidly enough when working alone; Triana brings value to these companies by guiding them through the process of accessing the US market and serving as their initial operational arm until they are ready to build their own capabilities in the country. During the critical initial phases of development.

Triana can act as the foreign company's extension for its US business development, providing the client with either a turnkey solution that is complete, effective, and efficient, or targeted actions with clearly expressed benefits and returns on investment: services include feasibility studies, project management, team development / management, and business development, public relations, networking, sales and marketing.

Triana performs the initial market assessment and feasibility studies to help its clients make go/no-go decisions, and to help them build a sound market entry strategy and business plan prior to investing in the US. This includes, but is not limited to demand and market analysis as well as assessment of the market environment (regulatory, social, etc). To perform these studies, Triana uses a combination of in-house resources and mandated experts, depending on budgets, scope, and specific industry.

Triana is also able to mobilize a team of world-class advisors and make them available for its portfolio companies.

Triana Senior Advisory Board includes

- **Michel Berty, PhD**, Former Founder, Chairman and CEO of CapGemini USA
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- **Jerry Sanders**, Founder and Managing Director of San Francisco Science
- **Thierry Teil, MD, MBA**, Global Head of Medical Affairs of UCB Pharmaceutical