

The tricky business of software

TECHNOLOGY | How one firm stays on top of B.C.'s fastest-growing industry

British Columbia's fastest growing industry is software, according to a new report by the B.C. Business Council.

With an annual increase of 30.5 per cent in gross domestic product, software is at the forefront of industry areas which have grown in size, despite over-all sluggish growth in the provincial economy.

With a high Canadian ranking in the Deloitte Technology Fast 500, a list of North America's fastest growing companies, Intrinsyc Software International is one example of a company making its sometimes bumpy way in B.C.'s software industry.

BY PETER WILSON
VANCOUVER SUN

Software isn't just something that allows you to write letters, keep track of your household budget, zap outer space aliens or play solitaire on your PC.

There is the tricky stuff, as well. Just ask the president of Vancouver's Intrinsyc Software International Inc., Derek Spratt.

His eight-year-old company creates the networking software that makes cell phones, personal digital assistants and other mobile devices do what they do.

And these days Intrinsyc takes that a step further, with software that ensures that those smart phones and PDAs integrate into businesses and make on-the-go corporate workers more efficient.

"I'm not disparaging games and all that, but this is the tricky stuff," said Spratt.

It's tricky, he added, because, although mobile devices use many of the same standards and technologies as PCs, they come in a wide variety of sizes and shapes.

And the industries that use them have specific needs.

"So its never going to be quite the same one-size-fits-all strategy."

Intrinsyc—whose customer and partner list includes names like Intel, IBM, Microsoft, Sony, Bank of America, BF Goodrich, Motorola, Bayer, Xerox, Ford, Siemens and Honeywell—is one of a large number of B.C. tech companies that have arisen in the past 40 years based on pioneering work in mobile wireless technology.

"If you look at the technology map, we had communications as a core competency on the West Coast for decades," said Spratt, pointing to such companies as Glenayre, MacDonald Dettwiler and Associates and Mobile Data International.

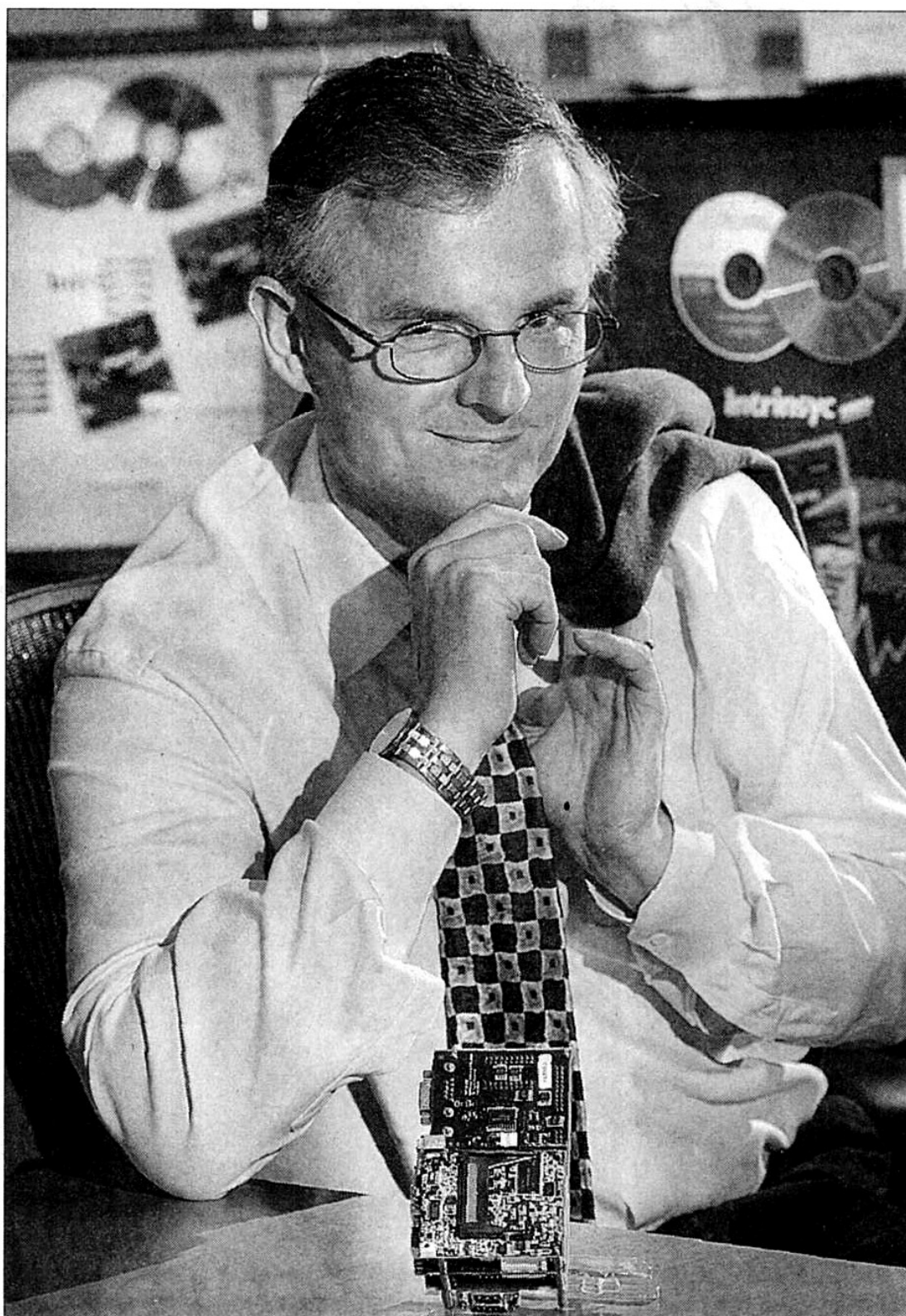
"Glenayre became 80 per cent of the paging market and these guys were just a bunch of loggers that that were trying to get decent radios to run their logging shows."

Despite its technology leadership and easily recognizable client base—43 of the Fortune 100 companies are customers—Intrinsyc, which reports first-quarter 2004 financials today, has not had an easy time of it recently.

"We've transitioned through the valley of the shadow of death over the past year-and-a-half," said Spratt, of the company that had annual revenues of \$13.9 million in its 2003 fiscal year ending Aug. 31, but lost \$7 million (18 cents a share).

"It's not just Intrinsyc, we've all had trouble. But the economy is starting to shape up."

Recently, Intrinsyc has gone through restructuring to become leaner and meaner, cutting its staff from 140 to 100, but it's now back to about 115 and is hiring again.



MARK VAN MANEN/VANCOUVER SUN

Vancouver-based Intrinsyc Software International Inc., helmed by president and CEO Derek Spratt, has been a consistent leader in the technology field.

When Intrinsyc was founded it was, said Spratt, "a bunch of super-techy guys, 100-plus engineers." They refined the software that got mobile devices up and running to the point where customers wanted to use them in corporate environments.

"And now what's happening is that those devices are shipping, and its now all about connecting them and building the network applications around those devices," said Spratt.

And that arrival of the technology in the hands of corporations is propelling Intrinsyc to go further over the next three to five years—into building complete mobile solutions for specific industries, including device software, networking software and management software.

"We knit it all together and produce a single package for a particular market," said Spratt, who points to such areas of opportunity as health care and financial services.

"One of our great strengths is that we have our feet on both sides of this. We're never going to unbolt ourselves from being hard-core techies on the device side. But we get both sides of the equation, and not a lot of companies do."

Spratt rejects the often-expressed idea that the reason B.C. has built a growing software industry is that it's a source of lower-cost labour for United States

companies.

He believes that the tech industry here was built on brains, innovation and business savvy.

"Come on, you can go to Taiwan, you can go to Russia, you can go to India. This is not an outsource, branch mentality here. There's a lot of pioneering, innovative research and development going on, along with entrepreneurship."

"I think that since Alexander Graham Bell came upon the scene, Canada has always used its lack of capital and its lack of brand to steel us to working longer, harder and smarter."

Adds Spratt: "Canada has never been about having bigger bullets. It's been about agility and innovativeness. We tend to be very cognizant of our fragile place in the universe and we work very, very hard to earn our keep."

As for areas like software growing quickly, while more traditional ones like forest products and mining are declining, Spratt believes that companies like Intrinsyc can help resource industries regain their place in the B.C. economy.

"Whether it's pulp and paper or forestry or mining, if we aren't leading that with innovation and technology—and we're not cross-pollinating our great software industry with our traditional industries—then we're going to lose out."

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