



Feeding for the future: Pre-Undergartner, Christopher Wechsler cruises in his home-made boat. Spurs memora-bilia during the Koolies Parade at Castle Hills First Baptist Church and

THE NEW ECONOMY - BUST OR BOOM? Local businesses look to make progress in perilous high-tech economy

In spite of gloom-and-doom predictions about San Antonio's viability as a high-tech incubator, local business leaders say future looks bright so long as brands can be established online; many firms turning to investors for help.

By Edmond Ortiz
Staff Writer

When the Internet became all the rage in the mid-1990s, various high-technology businesses rapidly

turned into household names - Dell Computers, Cisco Systems and Amazon.com, to name a few. Investors and established businesses, ranging from apparel retailers to major television networks, jumped on a bandwagon that seemed to have plenty of speed. However, what goes up often comes down. During the last few weeks, a bullish stock market has been accompanied by a high degree of volatility and speculation, putting the so-called New Economy into a tailspin. Add to that the fact earnings reports fell short of expectations, and the result has been that thousands of high-tech workers have

lost their jobs and highly educated work force needed to keep a dot-com economy growing, according to a report, which was compiled by a Washington, D.C.-based think tank called the Progressive Policy Institute and Case Western Reserve University in Cleveland.

The top five cities in the list include San Francisco, Austin, Seattle, Raleigh-Durham, N.C.; and San Diego.

In spite of the gloom-and-doom picture, succeeding in the New Economy still revolves around old-fashioned business sense, local merchants say.

According to James Luko

call centers (MCI WorldCom), services headquarters (Southwestern Bell) and product-develop-ment laboratories.

"The telecom cluster is a very widespread services community. We just need to define the players a little more," Garza said.

In the aviation cluster, startups are even fewer in number.

Ben Jurewicz, director of the University of Texas at San Antonio Institute for Studies in Business, said local small aviation firms also must be defined. The cluster includes military and civilian maintenance/repair/overhaul, retrofits, logistical support and mid-sized aircraft component manufacturing.

"You have the big boys like Lockheed, Boeing and Fairchild. Then, you have the middle tier of folks," Jurewicz said.

"There isn't substantial linkage between them and the prime players concerning research and development. We're still working on a formal plan to bolster that middle range of suppliers."

He added, "It takes a lot of time to get this process fully defined and to help those smaller businesses, which support a broad range of technologies, get full financing."

The aviation cluster, Jurewicz said, has been boosted by recent projects such as an Aerospace Career Day at

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a short period of time. Their optimism stands in stark con-

trast to a recently released report by the Metropolitan New Economy Index, which ranked San Antonio 40th among the 50 largest U.S. metropolitan areas keeping pace with technological growth.

San Antonio lacks the comprehen-

sive, Internet access and highly educa-

tion, credibility and technical exper-

ience, many people didn't think through the value propositions of their clients. (They didn't think through the technology adoption curve," said Robinson,

whose company helps other high-tech startups plan their development.

"Entertainment companies who are exclusive to the Web are failing because of their lack of proper bandwidth. Others tried to be too sneaky with their Web sites," he added.

Robinson says businesses that originated on the Internet (i.e. DeKoep.com) as well as traditional "brick-and-mortar-

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merchants" companies (i.e. General Motors) have had a common problem - establishing their brands online.

"Branding online isn't a well-known concept. Some companies couldn't brand fast enough and others couldn't build solid personal connections with customers. The Web may be easy and quick, but it's impersonal," he said.

In spite of finding their niche markets, many high-tech firms are now turning to investors for help. Local industrialists in four economic clusters taking part in the SATAI Network - biotechnology, information technology, telecommunications and aviation - have different ideas on how to dress for success.

Biotech and IT companies rely most on two types of investors - venture capitalists (firms/individuals that invest other people's money) and angel investors (individuals who invest their own funds).

Three angel investor groups are calling names for themselves in San Antonio. One is the Angel Breakfast Workshop and Associates. Barshap previously said investors examine several variables in a company before deciding

to invest.

"Investors look to see if they like the people in the firm, hurdles, competence and the technology. Investors also view the track record," Barshap said.

The second group is led by developer

NE - Northside Recorder/Prime Time Newspapers

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been laid off nationwide. And those once-popular brand-name firms are either financially hurting or gone altogether.

Yet optimism seems to be the order of the day for local high-tech leaders. With the formation of the San Antonio Technology Accelerator Initiative Network, or SATAI, political and business leaders still aim to transform the Alamo City into a high-tech economy.

First, though, industrialists are trying to determine why the dot-com economy went from boom to bust in

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