

# Oil and Tech Mix when Value Proposition Strong

BY SANDRA SWEET

Being an entrepreneur and leading a startup company can be a tough road at the best of times. It's even more difficult for a technology company trying to make it in a city built on a resource economy. However, like the pioneers who founded Calgary, it took nothing short of true grit for Redwood Technologies to finally land their latest round of financing to fuel the next stage of the company's growth.

"We found it difficult to raise tech financing here in Calgary," says Terry Hughes, CEO of Redwood Technologies. "Investors are more familiar with oil and gas and are less comfortable with wireless startups. In the end it was our perseverance that resulted in success."

In fact, it wasn't until they got traction from investment groups outside the province and proved that their product had validation and endorsement from the wireless industry that local investors became really interested in Redwood. The team is pleased they are now able to stay in Alberta having recently secured most of the local financing they need to continue to build their company in Calgary. Calgary is a great place to do business, says Hughes, and Redwood is committed to becoming an Alberta wireless success story.

A must for technology companies seeking financing in Calgary is to develop a clear value proposition and communicate that to investors.

Redwood's market research showed that every business shares a few common problems with their mobile phones. They can't understand their bills, their employees are not accountable for their phone use, and there is no way to account for how much time they spend on their mobile phones with clients. Redwood's Momentem software solves that pain.

With just a few key clicks, Momentem allows mobile phone users to make sense of their monthly phone bill, sorts and analyzes time and expenses by client and cost centre, and enables them to automatically produce invoices and expense claims for time and costs, all while dramatically reducing the administrative burden.

Having a clear understanding of the market is also important. "When I first became involved with Redwood Technologies, our product was targeted at the legal industry," says Hughes. "But that market was small and hard to crack and we quickly realized that wasn't the key market. The market is anyone who needs to have their mobile phone bill sorted, who needs to capture their costs, or who wants simply to make sense of their mobile phone use."

Despite the team's desire to build their company in Calgary, Hughes says it's definitely easier to raise financing in other provinces, and B.C. is a prime example where both the provincial government and the City of Vancouver have put a lot of money into promoting the tech sector. In addition, technology investors receive tax incentives and Hughes would like to see the Alberta government develop similar incentive programs to encourage investment

in the tech sector here.

One Calgary-based resource that Redwood has taken full advantage of is Calgary Technologies Inc. (CTI). Hughes was working as a consultant when he was first introduced to Redwood founder Norm Gaskarth through CTI. He credits CTI with helping them work through some of their challenges of growth.

The company started out as a corporate identity client at CTI's Alastair Ross Technology Centre (ARTC) taking advantage of the business services and meeting space while also accessing CTI's programs for entrepreneurs.

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"Being able to bring investors to the ARTC for meetings had a big impact on how they saw us as a company," says Hughes. "They looked around and saw that it wasn't just us – that we had this network behind us. That was very persuasive." Redwood has recently upgraded from a virtual tenant to a physical tenant by leasing office space at the ARTC.

Hughes and CFO Scott Lange also recently participated in the Ernst and Young Entrepreneur Boot Camp. The boot camp is hosted each year by CTI to help startup companies develop and refine their pitch to investors at Banff Venture Forum, one of Canada's largest investor forums for the tech sector held this past October. He says the feedback they received at the boot camp was very beneficial and enabled them to deliver a really impactful pitch in Banff.

According to Hughes, one of the best lessons of the boot camp is that companies have to focus on the pain the solution addresses for the customer—the business problem—as opposed to how the technology works. "The quality of the pitch is important. In Calgary you have to be very clear, and our product is very clear so our investors got it."

With this latest round of financing under their belt, Hughes sees a bright future for Redwood Technologies in Calgary and for the tech sector as a whole. "Eventually, this sector is going to become too big to ignore and resource-based investors will become more interested in the advanced technology sector."

For more information on Redwood Technologies, visit [www.redwoodtechnologies.com](http://www.redwoodtechnologies.com). For more information on how CTI can help technology startups to build, grow and connect, visit [www.calgarytechnologies.com](http://www.calgarytechnologies.com).