

The Role of Innovation

(i.e., the role of the entrepreneur)

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Topics

- ❑ The Mind of the Successful Entrepreneur
- ❑ The U.S. Support Environment
- ❑ Links Between Universities & SMEs
- ❑ What Worked for Me

The Mind of the Successful Entrepreneur

Myth & stereotype

- ❑ Motivated by money
- ❑ Good at start-up phase; then professional managers needed
- ❑ Good technologist & idea person, weak in other business areas
- ❑ Workaholic



My version of reality

- ❑ Driven by dreams, & achievement first; money third—as a success indicator
- ❑ Better at managing his/her business (with the right tools) than the average VC
- ❑ Understands market and clients as well as technology
- ❑ It's a marathon, not a sprint

The U.S. Support Environment

□ Government

- As a client: values the ability of SMEs to be nimble
- As a mentor: programs like SBIR—phased, with room for innovation; Small business set-asides
- As a partner: knows importance of SMEs to job growth



□ Labor pool

- Educated, motivated, understands risk/reward
- Business role models: Gates, Ellison, Jobs



□ Capital markets

- Sector specialized
- Perfecting the relationship



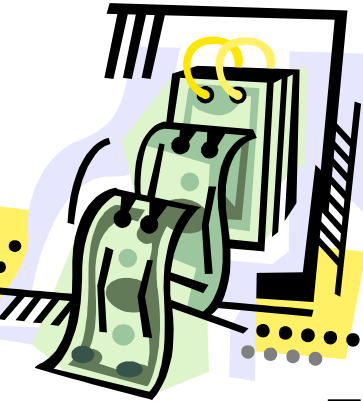
□ University system...



Links Between Universities & SMEs

- ❑ The future/success of the university system and SMEs in a given community are co-dependent
- ❑ Good universities are aggressive players in their business communities
- ❑ Once intellectual property policy is settled, the biggest obstacle is academia/business cultural differences
- ❑ Anecdotally, I have seen the easiest success when an individual leaves one environment for another

What Worked for Me



1985
PEC founded
by 3 partners;
\$50K in cash

Early 90s
High-end IT
services focus;
Consistent
growth & profits

Late 90s
Transition from
consulting to
building

2000
IPO and our
world changes

2003
1200 employees
~\$180MM sales
>10% net income

Our Timeline

- ❑ The Formula
 - Clients + Focus + Control + Hunger + Strong Culture = Consistent growth + Exceptional profitability
- ❑ The Unfair Advantage
 - Complimentary skills in the 3 founders
 - Skills of the management team grew with the company
 - Outside money helped, but didn't mean life or death
- ❑ Turning Points
 - Personal guarantees: I could lose more than I started with
 - Shifting focus from consulting to implementation
 - Entering the public market