

Internet strategies and emerging markets

Richard H. Bard

Richard H. Bard has a distinguished record of building superior service organizations on a global scale. He has founded or acquired six companies, starting in 1978 when he ended his early career with Citicorp. After building revenues, he sold the first five of these companies. He is cofounder and manager of IdeaSpring LLC, an investment firm which invests in and supports early stage e-commerce and technology companies, including Symbius Corp., PaperSpace, movieConnect.com, Storage Bay and TeltecGlobal, Inc. Bard is a founding member of the Institute for International Business at CU-Denver. He holds an MBA in finance from Baruch College, City University of New York, and a B.S. in civil engineering from Pennsylvania State University.

Poker players will tell you that "You have to know when to hold 'em, know when to fold 'em." Richard Bard has a handful of businesses that he has started and, like cards, he holds some and folds some. It's knowing when to do what that makes the difference between winning and losing. The arena is not for those who adhere to a business-as-usual plan of operation. But for entrepreneurs like Bard, who know when to discard a strategy that isn't working, the possibilities are limitless.

Bard is chairman/CEO of TeltecGlobal, Inc., a business services provider founded in January 2000 "to make technology available to small and medium size companies in emerging markets of Third World countries," said Bard. To do this, TeltecGlobal (TTG) will build business and community centers that provide high-speed broadband access, plus technical training and job enrichment programs through an extensive web enabled distance-learning program. Also offered at the centers will be website development and hosting, plus selected on-site business services.

TTG aims to be first on the scene with this concept, an idea whose time is ripe because the targeted markets have lacked the technology to participate in the global information economy. "The reason this idea works all of a sudden is because of satellite communication and the Internet," said Bard. "So we're crossing the digital divide to markets that haven't had access to all kinds of services and products before."

Considering that little more than a year ago Bard's knowledge of the Internet was minimal, how he got from there to here is instructive.

Not Wall Street types

Bard's epiphany came at about the same time he was selling Optical Security Group, Inc., the company he founded in 1993. "All these younger people were coming to me with ideas for an e-commerce business, and I couldn't figure out how any of it was going to work." Nevertheless, he felt that they would probably make millions, and he determined to beef up his knowledge about this new medium.

Bard started to become a student of the Internet. He read about it, thought about it, got all the right magazines and learned the right acronyms. "To me, it was like going back to school. I was fascinated."

Soon afterwards, Bard and a partner formed IdeaSpring LLC, to invest in early-stage e-commerce and technology companies that provide enabling strategies to other companies, including supply chain management. "Our concept was to put together a world class management team, people who were business operators and not business financial people or Wall Street types or investment bankers." What they would be able to bring to the table was a proven track record in business operations and a fresh perspective to the boards of the companies in which they wanted to invest.

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Supply chain logistics

One of IdeaSpring's first investments was a company called PaperSpace, a business to business exchange. The way the company has since been restructured is illustrative of how strategies must change in response to prevailing market conditions.

Initially, PaperSpace was going to be an electronic marketplace where buyers and sellers would come together and create new global markets for products and services. That strategy didn't work, but it ultimately led to one that did.

After buying a major paper trading company based in Munich, with the goal of building an exchange, Bard and his team discovered that the company's systems were backwards and, in fact, the entire paper industry lacked automation. "We studied the way they moved product, and saw that it was almost impossible to track an order. We believed we could streamline the operation and drop about a full extra margin to the bottom line in an industry that only makes three points," Bard said. adding that with the supply chain logistics of Symbius, another one of their companies, they were able to fix the business model to create a profit.

Today, PaperSpace is an Internet-based, vertically focused marketplace for the paper industry, acting as a trading company and exchange between pulp and paper manufacturers, paper sellers, printers, publishers and others.

"It's all Web enabled and we can put a trade anywhere in the world. We can hire the best traders in the world, hook them into our system and not have to do acquisitions," said Bard. "A typical trader will trade about \$15 million a year, and our plan is to hire 80 traders, support them with our knowledge based Web system, and take this business up to about \$1.5 billion."

Teltec's strategy

TeltecGlobal is structured like a soccer ball (see page 3). "It's basically sewn together because of communications and the web; there's nothing inside," said Bard. Consequently, the organization is light on the kind of capital that is typically needed for infrastructure. Other than putting up the satellites, the company seeks strategic partners for every facet of its operation. Hewlett-Packard is partnering with TTG to develop business centers in rural and poverty stricken areas. H-P's interest is in helping to close the digital divide and boost struggling economies.

"What's neat about the strategy is, first of all, it's needed. Secondly, it's hard to find a do-good strategy that is also commercially viable."

Essentially, TTG is a contractor. "Our mission is to bring best-of-breed products and services to that market from around the world at low prices." Potentially, the entire community will benefit from TTG's business model, said Bard. "The centers can provide Internet access to the community and bring education from kindergarten through 12th grade and right up to degree programs."

Job creation in the community is another benefit and, again, it comes as a by-product of the web. "We can create something called e-jobs," said Bard, explaining that an e-job might be a worker sitting in Beijing and watching a security camera in New Jersey.

To develop its distance learning program, TTG will endeavor to work with the University of Colorado and other academic institutions. Said Bard, "There is an opportunity for us to tap into the expertise of

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professors who have lived abroad and who can customize course work to the needs of the local culture." TTG wants leading edge education content for its distance learning program, such as the courses and lectures that already exist at CU's Bard Center for Entrepreneurship in Denver.

Revenues will come from management fees and services. TTG will partner with local entrepreneurs to license or joint venture the centers, and they will seek additional funding from major corporations which, as good corporate citizens, make annual contributions to local communities. The licensees or the global corporate sponsors of the centers will provide the construction capital.

According to Bard, TeltecGlobal expects to have 100 licensed centers operational by year-end 2004, with annual revenue of \$55 million.

Managing information

"In the old economy, companies saw that increased customer satisfaction led to increased sales and profits, and they initiated programs to improve both product and service quality. Too frequently, however, these programs failed since companies weren't able to obtain the necessary information to get the right goods to the right customer at the right time and at the right price. The new economy has shown us that managing information -- not assets -- is the key success factor for operations managers."

From: Value Networks and the Digital Economy: An Evolutionary Opportunity - a whitepaper by J.D. Edwards and Symbius Corporation.

The Bard Center: Preparing entrepreneurs for success

In 1996, Richard Bard fulfilled a dream: To have a program that would best prepare would-be entrepreneurs for successful ventures. With a \$1.4 million endowment, The Richard H. and Pamela S. Bard Center for Entrepreneurship was established in conjunction with the University of Colorado at Denver. The center is located on the third floor of the Masonic Building in downtown Denver.

Although part of the university, The Bard Center receives no state or federal funds and is totally self-supporting. At present, eleven graduate level courses are offered, covering everything from leadership behaviors to bringing products to market, to turning around troubled companies, to legal structures and financing sources.

Depending on the semester, the curricula includes:

- Fundamentals of Entrepreneurship
- Business Plans and Seed Financing
- Entrepreneurial Financial Management
- Business Consulting
- Leading Entrepreneurial Ventures
- Corporate Entrepreneurship
- New Product Development
- International Entrepreneurship

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- E-Business Models of Entrepreneurship
- Growing Your Venture
- Legal Issues of Entrepreneurship

Courses provide opportunities for students to interact with business leaders.

No different

The people in Africa are no different from the people in America. If you give people access to technology, a lot of smart people will figure out how to make a lot of money."

-President Clinton

Nov. 22, 1999

Use Growing

The number of Internet users is expected to grow to more than 700 million in 2001 from 150 million in 1998.

The United States has more computers than the rest of the world combined. Bulgaria has more Internet hosts than the whole of sub-Saharan Africa, excluding South Africa. South Asia, with 23 per cent of the world's people, has less than one per cent of the world's Internet users.

-Human Development Report 1999

UN Development Program

The Divide

Information and communications technology are tremendous tools for development and can open a fast track to knowledge-based growth, a track followed by India's software programming, Ireland's computing services and the Caribbean's data processing.

But many of those who most need access cannot obtain it. An invisible barrier has emerged that, "true to its name, is like a world wide web, embracing the connected and silently, almost imperceptibly, excluding the rest."

Everywhere, Internet access divides educated from illiterate (60 per cent of users in China have a university degree), men from women (in Brazil, 75 per cent of users are men), rich from poor (a computer costs the average Bangladeshi more than eight years' income, compared with one month's wage for the average American), young from old (the average British user is under 30) and urban from rural.

-Human Development Report 1999

UN Development Program