

PROJECTS

TELECOMMUNICATIONS COMPONENT START-UP

RESULTS

BRUTAL TELECOMMUNICATIONS DOWNTURN CAUSED DEMISE OF THIS START-UP

BACKGROUND:

Not all projects are ultimately successful.

For this project, Mr. Barañano had considerable success attracting customer attention, but was overwhelmed by a highly negative market condition – the telecommunications “nuclear winter” of 2001-2005.

This small research and development team had developed an innovative optical component for the component and system vendors within the telecommunications industry.

PROBLEM:

With the severe collapse of the telecommunications industry, the demand for this product was significantly diminished. The client required funding to continue operations as well as strong interest from telecommunications service providers in order to attract interest from component and system vendors.

SOLUTION:

Mr. Barañano stepped in as interim Chief Executive Officer responsible for launching the product to the market in a very hostile funding and sales environment.

Mr. Barañano identified the most viable and immediate market segment for this product as well as an emerging longer term, more exciting, segment. In order to obtain funding and market interest, Mr. Barañano developed a strategy to introduce the company product to telecommunications companies worldwide and then to present the opportunity to the venture community.

RESULTS:

Using extensive contacts and deep familiarity with the telecommunications industry, Mr. Barañano took client engineers to NFOEC, the premier optical component show, and scheduled sixteen top potential customers to see the product in a private showing -- including AT&T, MCI, British Telecommunications, Deutsche Telecommunications, France Telecommunications, Telefónica, Nippon Telephone, Tyco, Nortel, Fujitsu, Lucent, and NEC among others.

With the customers demonstrating intense interest in the product, Mr. Barañano presented the opportunity to the U.S. based venture capitalists. No U.S. based venture capitalists had any appetite for another optical component business

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targeting the telecommunications industry and all refused to participate. With no interest in the United States, Mr. Barañano identified the Japanese venture arm of a major manufacturing corporation that was interested in making strategic investments in the telecommunications industry. The technical team of the Japanese venture arm believed the technical hurdles too high for success.

The client engineers were unable to meet product specifications without significant additional investment from the founders. The team decided to protect the patents and wait for a more favorable telecommunications environment.