

Arizona Technology Report

Arizona Technology Council: The Voice of the Technology Industry

March – June 2015
aztechcouncil.org

President's Message

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As president and CEO of the Arizona Technology Council, I often am asked to help shape public policy affecting the state's tech industry. (If you want to know more about two measures that are part of our focus in this legislative session, see [Pages XX](#).) But it's my work as chairman of Technology Councils of North America (TECNA) that takes me to Capitol Hill to partner with Congress on matters that shape the nation's entire tech community.

It's been an honor to chair TECNA, which represents more than 50 IT and technology trade organizations that, in turn, represent more than 22,000 technology-related companies in North America. As my two-year term ends this summer, it feels good to know our group is even more committed to making technology a driving force in the nation's economy.

One of the highlights is the annual TechAmerica DC Fly-In. I recently returned from Washington, D.C., with members of the Arizona delegation who were among business leaders from small and medium-sized tech companies nationwide that gathered to advocate for public policies that are tech-friendly and will create jobs. To deliver their messages directly were some

of the best and brightest from Arizona's technology community. They included:

- Greg Garcia, a member of the board of management of Invoxy Technologies
- Doug Guilbeau, president and CEO of Levemomentum
- Bill Hewitt, vice president of strategic partnerships R&D at Tri-Merit
- Sheila Kloefkorn, CEO and president of KEO Marketing Inc.
- Russ Yelton, CEO of Pinnacle Transplant Technologies, a regenerative medical company that operates a human tissue bank

While there, we met with members of and staff for Arizona's congressional delegation. They included Sen. Jeff Flake and Reps. Ruben Gallego, Ann Kirkpatrick and Kyrsten Sinema. Our meetings also featured Stephanie Hall, Sen. John McCain's telecom assistant, and Amy Emerick, Rep. Raul Grijalva's chief of staff.

Our discussions focused on policies to develop skills for the 21st century workforce, advance tax and regulatory policies that spur innovation, lead in secure Internet-based platform technologies, support new and emerging technology platforms through policies, address availability and delivery of broadband communications, expand markets and advocate for sensible rules of global trade, and advance common sense reforms in government procurement and acquisition.

While my role with TECNA may be winding down, my commitment to continue working with Arizona's [congressional](#) delegation is not. I invite you to join us for next year's Fly-In — my eighth time leading Council members from our state. If you want [changes](#) for the better, sometimes it needs to start with you.



Steven G. Zylstra, President and CEO, Arizona Technology Council

Who We Are

The Arizona Technology Council is Arizona's premier trade association for science and technology companies.

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Common Ground

Annual festival's growth reflects boost in STEM degrees

Arizona universities have experienced an increase in the number of degrees granted in high-demand fields, including those requiring emphases in science, technology, engineering and math (STEM). According to the Arizona Board of Regents, [such credentials](#) grew from 4 percent in the 2009-2010 academic year to 47 percent in 2013-2014 school year.

An interest in STEM also has been a key driver in the growing popularity of the annual Arizona SciTech Festival, a statewide celebration of science and technology that runs through the end of March. What began with 200 events in 2011 will hit a total of 940 events in 45 cities and towns this year. At least that was the count at press time by Executive Director Jeremy Babendure. With more children engaged in STEM and, in turn, libraries getting involved, "part of (the growth) is being aware," he says.

More than 500 organizations throughout the state will participate. While Babendure's team spearheads the effort, they have foundational support from the Arizona Technology Council Foundation, Arizona Board of Regents, Arizona Commerce Authority, Arizona Science Center, Arizona State University and The University of Arizona.

In addition to the SciTech Festival's growth, an extra this year [the](#) first event actually coincided with the kickoff of Super Bowl Week. Still, there [are still](#) plenty of opportunities to attend an event this year — close to home or during a day trip to such places as the Verde Valley. [Here](#) are some options comprised of first-time events. Additional details can be found at [azscitech.com](#).



March 18-21

Mesa Arts Center
1 E. Main St., Mesa

Spark! Mesa's Festival of Creativity: Engage the childlike wonder in all of us with featured performances and art installations, media and digital interactives, music and participatory art projects.



March 21

Dead Horse State Park
675 Dead Horse Ranch Road, Cottonwood
Verde River Valley Nature Organization Outdoor Science Festival: Experience outdoor activities in geology, archaeology, water, soil testing, aeronautics, compass mapping, GPS, alternative energies and more!



March 26

Verde Valley Montessori
215 S. Main St., Cottonwood

Reaction Adventure: Students will demonstrate the role of reactions in various scientific disciplines.



March 27

Yavapai College, Verde Campus, Bldg. M
601 Black Hills Drive, Clarkdale

Verde Valley SciTech Expo: Student projects, and businesses and organizations' demonstrations, including many hands-on activities.



March 28

Camp Verde Community Center
395 S. Main St., Camp Verde

The Lindberghs' 1929 Southwest Aerial Survey: Aviator Charles Lindbergh and wife Anne teamed with noted archaeologist Alfred Kidder for an unprecedented aerial photographic survey of Southwest prehistoric sites and geologic features, including Chaco Canyon, the Grand Canyon and Canyon de Chelly. Featuring Lindbergh's photographs, this presentation describes this adventurous pioneering collaboration of aviation and archaeology.



March 27

Xavier College Preparatory
4710 N. Fifth St., Phoenix

Girls Have IT Day!: 700 middle school girls are mentored by more than 300 high school girls in interactive STEAM activities.



March 28

Copper Sky Regional Park
44345 W. Martin Luther King Jr. Blvd., Maricopa

Science City at Maricopa's Annual Salsa Festival: Interactive booths and science activities.



ROI Worth Raves

New push for legislative expansion of tax credit programs

As the Arizona Technology Council tries to get the Arizona Legislature in the 2015 session to recapitalize one tax credit program and expand another, two reports authored by the Arizona Commerce Authority (ACA) show substantial return on both so far that make proposed changes worth pursuing.

Included in the Council's legislative priorities are recapitalization of the Angel Investment Tax Credit program. In its 2014 session, the Legislature extended the sunset date of the credit from 2016 to 2021. However, there were no additional funds allocated to the program.

The Council also wants the Refundable Research and Development (R&D) Tax Credit to be continued and expanded as a further inducement for raising early-stage capital by Arizona companies responsible for high-paying, knowledge-economy jobs. At its current cap of \$5 million per year, technology companies with operations in Arizona that have used the credit have reinvested the funds through additional R&D and hiring talent in Arizona. The Council supports expanding the credit by \$2.5 million for four years.

One of ACA's reports shows 120 small businesses have received approximately \$58 million in certified investments since the Angel Investment Tax Credit program's inception in 2006. Additionally, there have been 213 unique companies that have taken the initiative to become certified. These 213 small businesses on average employed 4.5 employees each at the time of certification and paid an average \$61,900 per employee per year. These positions are quality jobs, generating an average job multiplier effect of approximately 2.3 on Arizona's economy.

Outcomes from the \$18.7 million in tax credits approved to date include more than \$340 million in seed capital, venture capital and other sources of financing raised by 94 of the 120 certified businesses in addition to the original investments received under the Program. Also, the certified businesses to date have had a combined economic impact of an estimated \$1.3 billion on Arizona's economy. For 2015 alone, the economic impact is expected to be \$332.7 million.

State and local tax revenues generated by the 94 small businesses are estimated to be \$44 million to date. The expected annual state and local revenue generated from 2015 going forward is \$9.9 million. Tax revenues generated represent a return on investment of more than 2:1 (\$25 million in excess of monies contributed).

Companies gained the ability to receive a partial refund of the R&D tax credit in place since 1992 when Senate Bill 1254 was passed during the 2010 legislative session. A qualifying company became eligible to claim a partial refund of its current year excess R&D credit under the program administered by ACA. The companies can apply to the ACA for a partial refund of up to 75 percent of the excess credit amount. According to the second ACA report, the average refundable credit given per applicant was \$125,000.

In the first four years, the program has flourished, with more than 120 applicants receiving a credit. These applicants generally employed 31 employees each, spent \$263 million on R&D in Arizona, invested nearly \$100 million in capital investment and paid an average \$77,000 per employee per year. These positions are quality jobs, with each employed position creating an average total of 2.3 jobs in Arizona's economy.

Business Essentials

Programs offers discounted products, services for members



Finding cost-effective ways to get the products and services needed to keep a business operating is a challenge for any company. When they also are essential to help retain quality employees, they can become mission critical. But when the competition is made up of goliaths with deep pockets, the challenge can seem even larger to small businesses, especially tech firms trying to make it past the startup phase. Business Essentials is a solution for members of the Arizona Technology Council.

The Business Essentials program was launched to provide significant discounts on the products and services technology businesses need most. Partner companies participating in the program are active Council members committed to providing what others must have at highly reduced prices solely for Council members.

Each year the Council chooses up to 12 partners to participate in the Program. For 2015, those companies are:

401k Multiple Employer Plan (MEP) presented by Scottsdale Wealth Management Group. AZTC 401(k) MEP can help reduce a company's responsibilities as a plan sponsor and allow the owner more time to concentrate on business. By utilizing the Council's 401(k) MEP, companies have all the advantages and flexibility of a stand-alone retirement plan sponsor but avoid the expenses and administrative burden associated with sponsoring such a plan.

Cloud Services presented by Trans-West Network Solutions. The plan provides discounts on monthly IT managed services that include desktop support, help desk, on-site services and virtual desktop support. The all-inclusive IT services program assumes up to three devices per user.

Employee Benefits Program gives the purchasing power of the Council as well as pricing that reflects the actual cost of healthcare used by a group. Instead of paying increases even though a group's claims are low, costs are based on employees' actual medical claims pooled with those of other technology companies. The insurance package for groups with 10 to 150 employees includes medical, dental, vision, life and disability. A full range of supplemental products and administrative resources is also available.

Employment Law and HR Services is presented by Mountain States Employers Council, a trusted advisor that provides HR and employment law support for companies in today's challenges. MSEC's team of attorneys, HR experts, trainers and survey analysts work on employment law, HR, training and workplace survey needs. As a nonprofit association, MSEC has been supporting employers with their workplace matters since 1939.

Inbound Marketing Services presented by Prism Global Marketing Solutions. Inbound marketing software solutions include inbound marketing training/HubSpot training, website development, lead

generation, search engine optimization, blogging, social media, email marketing, marketing automation and on-demand analytics. Also provided are CRM solutions.

LegalShield has been providing legal service plans to North American families for more than 40 years. Customers can access legal counsel and advice from qualified lawyers simply by calling a toll-free number. Access a variety of legal services, including advice on unlimited issues, attorney letters or calls made on your behalf, contract and document review (up to 15 pages each), and more. Lawyers also will review a plan contract for complete terms, coverage, amounts, conditions and exclusions.

onTop Technology. By creating an affordable means to get core services that run a business into the cloud, companies gain the keys to free themselves from fighting the traditional IT "forest fires" and moving into leveraging a world-class, state-of-the-art infrastructure with exceptional support. The products offered are:

- Hosted Lync in two flavors: Lync Basic and Lync Enterprise. Lync picks up where phone and email leave off. By leveraging Lync, companies can close the gap on company communications and effectiveness. Integrating instant messaging, presence, audio bridging, Web meetings and video conferencing enables workers to collaborate in ways typically only afforded by large corporations.
- Hosted Exchange. All plans include Outlook Anywhere, ActiveSync, Outlook Web, and spam and virus protection with 1 gigabyte of online backups per user.
- Virtual Servers. For Amazon AWS customers, we can take you on as a customer and instantly provide savings on your bill as well as renew subscriptions and start-up fees. As a bonus, we will even throw in three hours of Tier 1 support.

Website Design and Development presented by Tempo Creative. Deliver memorable, innovative and creative website design and inbound marketing campaigns built for measurable results and maximum ROI. Business Essentials program participants get a 20-percent discount on all services, including Web design and development, search engine optimization, website hosting and maintenance, and branding and print design.

Wilkes University. Undergraduate and graduate degree programs are offered with scholarships. Undergraduate degrees are available to individuals who possess an associate degree or equivalent and are seeking to complete the final two years of a bachelor's program in one of six majors in the business field. The majors are accounting, entrepreneurship, sport and event management, management, finance, and business administration. Wilkes also offers graduate programming for individuals who have a bachelor's degree and are interested in pursuing master's degrees in business, engineering management, creative writing and education.

Partner companies of the Business Essentials Program must fulfill several requirements. To start, the discount to members must be substantive. When appropriate, partners must be willing to promote the program to current clients and customers through email marketing, company newsletters and the company website. There should also be a revenue sharing component with the Council. Email marketing@aztechcouncil.org for more information or to see if your organization would qualify.

To learn more details about the Business Essentials Program, go to www.aztechcouncil.org/bep.

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At the Top

New chair named for Phoenix CEO Network

Ron Thompson Jr. has been named the new chair of the Arizona Technology Council's Phoenix CEO Network. In his regular career, Thompson is Senior Vice President – Western US at DataBank IMX, one of the largest enterprise document management solution companies in North America.

"Ron is a genuine, down-to-earth business leader with a passion for helping organizations, employees and customers succeed," says Steven

G. Zylstra, president and CEO of the Arizona Technology Council. "We're privileged to have him accept the reigns of this exclusive group of technology leaders that is so highly regarded by our members."

The CEO Network assembles business leaders to address current issues facing their company using a peer-to-peer board of advisors model. The group provides a

confidential, non-competitive environment for sharing experience-based knowledge to solve business problems faced by every CEO.

Thompson will leverage his considerable business acumen to meet the Council's mission of creating a forum where business leaders can discuss current challenges and receive trusted advice from their peers. "As a longtime member of this and similar associations, peer advisory has become a huge passion of mine," says Thompson. "At some point, CEOs have all been faced with difficult decisions and have turned to our close network for support. I believe it is a great opportunity to not only receive and share advice, but network at a higher level while growing professionally."

Thompson, former CEO of OSAM Document Solutions, specializes in leadership effectiveness and process improvement. As a trusted advisor for many organizations within the business and government community, he often speaks of OSAM's core foundation, Three Pillars of Success: Accountability, Process and Culture.

The Phoenix CEO Network 2015 sessions occur the second week of each month on Tuesdays, Wednesdays and Thursdays, based on the number of networks. For more information, please email Leigh Goldstein at lgoldstein@aztechcouncil.org.



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Welcome Aboard

Meet two of the newest Council board members



Dr. Kimberly Andrews Espy

Dr. Kimberly Andrews Espy is senior vice president for research at The University of Arizona. As the university's chief research officer and a member of the president's senior executive team, Espy is charged with advancing transformative excellence in research across

the campus toward achievement of the goals articulated in Never Settle, the university's academic strategic plan. She is responsible for university interdisciplinary research centers and institutes that span from basic to applied and from the sciences to the humanities disciplines as well as the three museums and central core facilities. Espy also represents the university in national organizations such as the American Association of Universities, the Association of Public and Land-grant Universities, and Council on Research Policy and Graduate Education, plus serves as a member of several public boards.

Prior to accepting the post at the UA, she was the vice president for research and innovation at the University of Oregon, and dean of its Graduate School. During her tenure, many university research core facilities were established, the university facilities & administration negotiated rate and effective recovery rate were increased, and research support programs were augmented or developed that resulted in new federally funded interdisciplinary projects.

Espy earned her master's and doctoral degrees from the University of Houston and her bachelor's degree from Rice University. She completed a clinical/pediatric psychology internship at University of Louisville School of Medicine/Bingham Child Guidance Center and a post-doctoral fellowship at The University of Arizona College Of Medicine. She is a licensed clinical psychologist.



Marc Chesley

Attorney Marc Chesley is the chief technology officer at Infusionsoft, where he oversees all product development and technology. His goal is to build leaders, and he serves as a mentor and coach at the company, which he joined as employee No. 15

at the early stage of startup growth. Prior to Infusionsoft, Chesley founded, grew and successfully sold a computer and networking services company. He has held executive positions for WinForce Technologies and IT Partners. Chesley is also a cloud computing and agile development leader, with multiple certifications in Pragmatic Marketing and SCRUM. He has a knack for translating vision and design into tangible products that help small businesses succeed.

As an attorney, Chesley has focused on venture capital financing, and mergers and acquisitions. He led the \$54-million Series C funding transaction between Infusionsoft and Goldman Sachs, and the \$55-million Series D funding transaction between Infusionsoft and Bain Capital.

He was named the 2013 Arizona CIO of The Year by the Arizona Technology Council and the *Phoenix Business Journal*. He also was named the 2012 Arizona IT Leader of the Year by the Society of Information Management.

He has a juris doctor from Brigham Young University and a bachelor's in philosophy from Arizona State University. He is a member of The University of Arizona's Eller College of Management advisory board; and Arizona State University's W. P. Carey School of Business Department of Information Systems executive advisory board.



Giving Back

Council members come together to help others

STEM Drive

In partnership with the Phoenix Children's Hospital Foundation, the Arizona Technology Council's Phoenix Ambassador Committee launched and promoted a STEM Drive leading up to the Jobing.com-presented After5 Networking Event/Tech the Hall Holiday Party. Council member companies were encouraged to donate STEM-related items for use in 1 Darn Cool School, the school for patients at the hospital, resulting in nearly \$1,000 in items collected. Additionally, more than \$600 was raised through a raffle at the event to support the Phoenix Children's Hospital Foundation.

Camp Soaring Eagle

The year 2014 marked the sixth that the Arizona Technology Council donated the proceeds from the CEO Retreat Golf Tournament raffle ticket and mulligan sales to Camp Soaring Eagle. A check of \$2,000 was presented to Max James, founder of Camp Soaring Eagle, at the event's Welcome Reception. Camp Soaring Eagle provides the healing power of laughter to thousands of seriously ill children by giving them the opportunity to go to a medically supervised camp at no cost to the campers and families.

Tucson Annual Holiday Food Drive

The Tucson Annual Holiday Food Drive competition was an initiative of the Tucson Ambassador Committee and resulted in six companies submitting a total of 5,352 specific food items that were donated to the Tucson Interfaith Community Services Food Bank. Infrared Laboratories won the competition for the fourth year in a row and was presented with the Annual Holiday Food Drive trophy at the December After5 Holiday Tech Mixer held at Connect Coworking and co-sponsored by the Tucson Manufacturing Group.



Save the Date



2015 CEO Retreat

Monday, August 10 - Tuesday, August 11
L'Auberge de Sedona Resort and Spa

Over 80 leaders in technology, business executives and entrepreneurs come together every August for the Arizona Technology Council's CEO Retreat.

In its eighth year, this two-day event includes a golf tournament, a networking reception, workshops and a keynote presentation.

For more information or to register,
please visit aztechcouncil.org

The Wells Fargo logo consists of the words "WELLS" and "FARGO" stacked vertically in a bold, sans-serif font, enclosed within a white square.The Polsinelli logo features a stylized square icon to the left of the word "POL SINELLI" in a bold, sans-serif font.

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