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Dec 6, 2005

## Clusters in Southern Arizona

*By Philip S. Moore Inside Tucson Business*  
 Posted: Monday, Feb 07, 2005 - 11:13:37 am MST

### Information technology

Transition is the byword for information technology. Therefore, it's also the byword for the Information Technology Association of Southern Arizona.

The 70-member cluster, which changed its name from the Center for Software Excellence in the late 1990s, continues to identify new opportunities to represent this rapidly changing industry.

Covering an industry that spans everything from advanced software development by major corporations and university research centers to network implementation by small, owner-operated companies, the association is committed to promoting local products and services for the local and international technology marketplace, said the association's vice president of marketing and membership, Doug Baker, who is also owner of International Consulting and Engineering, a Sysco Systems reseller with a focus on computer network security solutions.

"Our challenge and our mission is to get the message out to industry about the plethora of different directions that information technology has taken in this region," Baker said. "We're looking to expand our membership to help us increase our visibility both to local business and international players. We're starting at home because there's a lot of international companies based here, but we're also looking farther afield, to anywhere in the Western Hemisphere."

Baker said this pattern of growth and internationalization has followed an industry that has been energized by the Internet, and its opportunities for remote management and

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electronic commerce.

"Over the last few years, our membership has expanded, merged and done a lot of things that are expected of companies operating in a growth industry," Baker said. Beyond consolidation, with electronic commerce as the primary engine of change, he said sharing and cooperation has grown in importance.

"There are not very many companies that can do it all. It takes partnering to make a total solution, so facilitating partnerships has to be an important aspect of what we do."

Ultimately, merger might be the best solution for the cluster, as technology and applications become interdependent. Baker said merger discussions are ongoing with the aerospace and industry cluster, which includes the region's leading information technology users.

"We've agreed, in principle, to the merger, but it's still far from a done deal," he said. "We will continue to talk, and maybe by the end of February, there might be something to announce."

Clusters in Southern Arizona

### **Change remains constant**

#### **for plastics, composites**

Developing more local business and refocusing goals is topping the agenda for the Plastics and Advanced Composites Cluster of the Southern Arizona Tech Council during 2005.

The 75-member cluster established in 1997, has followed the industry in Arizona as it has moved to progressively more advanced materials and applications. Cluster President Wayne Lundeberg, chief executive officer of Catalina Tool & Mold, said keeping abreast of that developing industry means continually reordering priorities.

"A lot of good things have gone on and a lot of things are occurring that promise even better things ahead," Lundeberg said. "That's why we want this cluster to be more than an

administrative gathering where everyone gets together for a golf tournament. This is specifically designed to aid companies in improving their bottom line."

Although it is funded by the American Plastics Council, he said a major challenge for the cluster remains recruiting members. A large part of that process involves educating them about the benefits to be had from use of workforce training grants, the city's enterprise and empowerment zones, as well as business-to-business marketing through BusinessLINC, sponsored by the city's Department of Economic Development.

"A lot of companies in Tucson should be participating, but don't, at this time. If they did, we could do more," he said.

For those who do participate, more opportunities are continually emerging, he said.

"We bring in so many export dollars because most of our customers are outside Arizona. But there are local customers, too. There are substantial savings for local manufacturers to source locally, both in terms of shipping costs and in terms of more rapid response to market conditions."

In the next year, Lundeberg said he expects a continued transition to a greater industry reliance on precision composites as low-value production leaves for low labor cost nations.

"Everyone's using new technology to do so much to satisfy some need in the marketplace," he said. "That's the exciting part, since research and development for transforming new materials into new products is what we all do best."

### **Environmental Technology**

If the Arizona Environmental Technology Industry Cluster is going to enhance the opportunities for environment business in Southern Arizona, it needs to be seen.

That remains the greatest challenge for the cluster, which has an active membership of about 200 companies across the state, said

President Prabhu Dayal, chief executive of Carbon Trade, a developer of wind and solar energy technology.

For eight year, the cluster has presented the nation's leading conference for electric utilities looking to understand the latest trends in environmental technology and regulation.

"We have a thousand participants and get press coverage from media around the world, but we don't get a mention in the local media," he said.

It's an indifference that ignored the fact that air and water pollution remediation, clean energy technology and environmental regulation has continued to gain in sophistication and importance since the first Earth Day in 1970.

"Renewable energy, including solar and wind, are attracting a lot of interest, here and internationally," he said.

Since the Kyoto protocols were ratified, Dayal said international companies are having to consider them when doing business around the world. In addition, more than 15 states have their own regulations calling for some form of support for alternative energy.

"Energy companies are now recognizing the need to expect more of this type of thing coming down the pike," he said.

As a result, "opportunities for trade and marketing of environmental are growing," he said, and along side them, so is the quality of the technology. "An example is wind power, where the cost per kilowatt hours has seen an almost 80 percent drop over the last several years. That's a drastic improvement."

For the immediate future, Dayal said the cluster will continue to promote greater visibility and closer cooperation between the various clusters. "We still need to take the message about the opportunities here and pass them along."

He said, "This is still a very new field and isn't noticed as much as it should be, but when people start looking at what's happening,

they're usually very excited by what they see."

## **Optics Valley**

Light and darkness are opposites, except when it comes to the Optics Valley Cluster of the Southern Arizona Tech Council.

Here they come together to support the region's leadership in optics technology, said cluster President Bob Breault, chief executive officer of Breault Research Corp.

Since its beginnings in 1942, based round the Tucson area's large number of telescopes, the optics industry has grown to include more than 300 companies involved in astronomical and telescopic lens research, fiber optics, lasers and semiconductors for the defense, aerospace, automotive and healthcare industries.

"If there's a place in the world with optics research, they're interested in talking with us," Breault said. "We've had meetings over the last year with Mexico, Korea and Israel. We have a lot of visibility in Scotland and Wales, also."

He said most of the 218 active member companies in the cluster are experiencing record revenue as new technology and international partnerships fuel industry growth.

"Although astronomy involves optics research, light is our future. White light LEDs are opening up all sorts of opportunities, in everything from automotive to (household use), since it is 90 percent more efficient than standard (incandescent) illumination," Breault said.

As a cluster, he said they are committed to maintaining the three legs of the optics research "stool," which is defense, university-based research and astronomy. Funding for university-based research remains a critical issue since "it creates people we employ and research for spin-offs and technology transfer."

It also builds bridges between the optics industry and biomedical research, "which is critically dependent on optics, both for

diagnostics and therapies."

Locally, Breault said he'd like to see the "Welcome to the Optics Valley" sign restored to the terminal building at Tucson International Airport. "We're talking with the airport authority about this since it's a marketing thing the region can take pride in," he said. "A lot of international counterparts would like to claim this title, especially Paris, but they yield to us. We'd like to see that continue to be recognized."

### **Aerospace cluster employs over 20,000 people in the Tucson area**

The 70-member Southern Arizona Industry and Aerospace Alliance representing the cluster is looking to go beyond networking to provide tangible economic benefits for its members.

John Rix, president of Cybernetic Research Laboratories, said the existing members need to build better business-to-business commerce.

Supply chain development, networking, best-practices seminars, even specialized mini-trade shows are options for developing closer relationships between suppliers and vendors.

"We're looking for any opportunity to provide value to our members with subcommittees working on environmental issues, e-commerce and information technology and ISO certification issues," he said. "Whether they're in aerospace or anybody who's in the business of manufacturing industrial type products, we're trying to offer them solutions to the problems that everybody has, every day."

Rix, who leads a company dedicated to contract engineering and manufacturing, said the emphasis is one of the best ways to take advantage of an upturn in the demand for aerospace and other high technology products.

Local companies in the cluster include defense manufacturer Raytheon Missile Systems, commercial producer Bombardier, and avionics and electronics companies and others involved in research and development, assembly, distribution and warehousing.

"The aviation industry is having an upturn, which is good for everybody," he said. "We're seeing existing business doing better."

For more companies to do better, Rix said the Southern Arizona region needs to build on what already works, especially the BusinessLINC program, sponsored by the City of Tucson's Office of Economic Development. Dedicated to building buyer-seller relationships and a broad range of professional expertise for smaller companies seeking new markets, "BusinessLINC has helped our members immensely," he said.

"This is the single best program that has ever been implemented, in the history of our city government," Rix said. "If there was one thing that could be done locally to help this cluster, it would be to expand BusinessLINC and make it more widespread. That would be great for everyone."

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