



**Tech Futures:
February 9, 2001**

By [Michael Volker](#)

The ASI Exchange, New B.C. Tech Indexes, Market Commentary and Capital Pool Corps Update

In my last column I talked about [winning on CDNX](#) and why I am a fan of this junior stock exchange. In this column, I'd like to talk about another type of "Exchange" which exists in B.C. This is **The ASI Exchange** which is presented by the **B.C. Advanced Systems Institute (ASI)**.

The ASI Exchange is a day-long event which takes place on Tuesday, March 13, 2001 at Enterprise Hall in Vancouver's Plaza of Nations. Complete details are available at www.asiexchange.com.

The ASI Exchange started in 1992 as a "spring presentations day" – an occasion for grad students at the B.C. Universities to show and tell their interests to local technology companies. The idea was to not only provide companies with access to new recruits, but also to showcase university research with a view to developing collaborative university-industry projects.

Thanks to the hard work of the folks at ASI, notably The ASI Exchange's champion Carol Hassell, what started as a modest gathering has evolved into what many regard as B.C.'s premier technology meet. It is the only event that brings together all of BC's high-tech community to swap ideas and explore research, financial and other collaborations.

This year, as The ASI Exchange celebrates its tenth anniversary, it expects to host more than 3,000 participants, a remarkable increase from the 60 who attended in the first year. Over 2,300 participants attended last year - not only hundreds of high-tech industry professionals, but also hundreds of post secondary education institution researchers and corporations.

Because there will be more than 100 companies, it provides a great opportunity to learn more about these companies - be it for a possible job, general interest, or even a possible investment (or future investment) for that matter.

There will be many corporate presentations as part of a distinguished speaker series. Some of these are:

9:00 am - 9:45 am
Stephen Baker, 360networks

10:00 am - 10:45 am
James Watt, Alcatel

11:00 am - 11:45 am
Mark Schnarr, TELUS Ventures

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12:00 pm - 12:45 pm

Rory Armes, Electronic Arts (Canada) Inc.

1:00 pm - 1:45 pm

Bev Van Ruyven, BC Hydro

2:00 pm - 2:45 pm

Lee Vishloff, PMC-Sierra

3:00 pm - 3:45 pm

Chris Sholefield, Motorola Canada Ltd.

The many corporate booths, demonstrations, poster-sessions, workshops and seminars provide a stimulating ambience. For example, Burnaby-based Electronic Arts Canada presents its EA Arcade where attendees can check out the latest gaming industry research - presented by EA's graduate student interns.

Awards and prizes are also offered to graduate students who have an outstanding poster or interactive display and are able to communicate their research most effectively.

B.C.'s Information, Science and Technology Agency and corporate sponsors such as Electronic Arts and Telus underwrite the event. As such, attendance is complimentary and open to the entire community. All attendees receive ASI's Advanced Technology Directory, an annual publication including profiles of many of BC's advanced technology companies, support organizations and university researchers.

What better way is there for discovering what's happening in one's high technology community? Not only are such meetings educational and informative, they're a great deal of fun. Young entrepreneurs get to mingle with the who's who of technology success stories. I liken it to a bunch of kids of all ages being let loose in a humungous technology candy shop!

Some of the exhibiting technology companies are as follows. Those bolded and with a stock symbol are those which are publicly traded companies. And 100's more will be in attendance as well. If you've ever thought about investing in any of these, here's an opportunity to do some hands-on due diligence.

- *Acterna
- *ActiveState Tool Corp.
- *Advanced Cards International Corp.
- *Advanced Numerical Methods Ltd.
- *Advanced Wireless Technologies Inc.
- *Agilent Technologies Canada Ltd.
- *Aimtronics Corporation
- *Alcatel Networks Corporation
- *Analytic Systems Ware (1993) Ltd.
- ***Apple Canada Inc. (NASDAQ:AAPL)**
- *BandGap Photonics Inc.
- *BC Hydro
- ***Broadcom Canada Ltd. (NASDAQ:BRCM)**
- *Brooks Automation Software Corp.
- *Cadex Electronics Inc.

- *CAM Technologies Inc.
- *Carmanah Technologies Inc.
- ***Cisco Systems Canada (NASDAQ:CSCO)**
- *Cogent Chipware Inc
- ***Coldswitch Technologies Inc. (CDNX:LS)**
- *Creation Technologies Inc.
- *Credo Interactive Inc.
- ***CreoScitex (NASDAQ:CREO)**
- *Digital Pioneer Technologies Corp.
- ***Electronic Arts (NASDAQ:ERTS)**
- *eWazo Technology Corporation
- ***EXI Wireless Systems Inc (CDNX:EXI)**
- *Eyeball.com Network Inc.
- *Festo Inc.
- *Form3 Design Inc.
- *Future Works Training Inc.
- *Hansen Industries Ltd.
- *Harmony Interated Systems
- ***IBM Canada Ltd. (NYSE:IBM)**
- ***Icron Systems Inc. (CDNX:ICM)**
- *ICUC Video Connections
- ***Imagis Technologies (CDNX:NAB)**
- *innovative information inc.
- *InTime Solutions Inc.
- *Ionocom Communications Inc.
- *ISE Int. Submarine Engineering Ltd.
- *IVL Technologies Ltd.
- *Kinetic Sciences Inc.
- *KLN Klein Product Development Inc
- *Knowledge Junction Systems Inc.
- *KnowledgeWare Comm. Corp.
- *Lime Kiln Group Inc.
- ***MacDonald Dettwiler & Associates (TSE:MDA)**
- *MagPower Systems Inc
- *McCarney Technologies
- *Millenium Technology Inc.
- ***Motorola (NYSE:MOT)**
- ***Multiactive Software Inc. (TSE:E)**
- *Nxtphase Corp.
- *OMNEX Control Systems Inc.
- *PacBlue Digital Reprographics
- *Pacific Design Engineering Ltd.
- *Philips Semiconductors
- ***Pivotal Corporation (NASDAQ:PVTL)**
- ***PMC-Sierra.com (NASDAQ:PMCS)**
- *PresiNET Systems Corp.
- *QDesign Corporation
- *QuestAir Technologies Inc.
- *Quester Tangent
- *Radical Entertainment Ltd.
- ***Raytheon Systems Canada Ltd. (NYSE:RTNa)**
- *Real Time Systems Inc.
- *rpr Developments Corporation

- *SchemaSoft Inc.
- ***Scientific-Atlanta Canada Inc. (NYSE:SFA)**
- *Seagate Software
- *Sentry Telecom Systems Inc.
- *ServisNet Communications Corp.
- ***Sierra Wireless Inc. (TSE:SW)**
- ***Silent Witness Enterprises Ltd. (TSE:SWE)**
- ***Spectrum Signal Processing Inc. (TSE:SSY)**
- *SysCor R & D Inc.
- ***Telus (TSE:T)**
- ***ThoughtShare Communications Inc. (CDNX:MMI)**
- ***Triant Technologies Inc. (CDNX:TNT)**
- *Universal Dynamics Technologies Inc.
- *Vivonet Inc.
- *Wavemakers Research Inc.
- *Xantrex Technology Inc
- ***Xillix Technologies Corp. (TSE:XLX)**

The ASI Exchange isn't just another opportunity to network. It transcends that. It's all about creating a culture for innovation within the community to build a vibrant technology sector. I hope to see you there on Tuesday, March 13, 2001 at Enterprise Hall in Vancouver's Plaza of Nations (750 Pacific Boulevard). The event runs from 8:30am to 5:30pm.

New B.C. Tech Indexes

Recently, I noted that another B.C. Technology stock index was introduced. This one, created by the CIBC, was pegged at 100 as at January 1, 2000. It appears to be a copy of the **T-Net20 index** which was created two years earlier. It started in Jan'98 at 1000. Like the T-Net20, the **CIBC BC Tech Index** is also based on the top 20 BC companies, ranked by market capitalization. Other than the numerical value reported, it appears identical to the T-Net20.

Now there's another one. This one is called **Business in Vancouver New Economy Index**. It tracks 25 of B.C.'s leading public "technology-oriented" companies each week in a market-weighted index. Companies in the index are taken from each year's *BIV* Top 100 Public Companies list, which is ranked according to revenue. It includes software firms, technology favorites such as Burnaby's Ballard Power Systems, pharmaceutical companies, wireless firms, fibreoptic network developers and entertainment businesses.

It appears that the 25 companies comprising this index will be updated annually, as *BIV* updates its Top 100 list. The idea of using revenue as the primary inclusion criterion is interesting. It means that this index will track that group of companies which is contributing the most to the province's GDP, i.e. economic output. It also means that largely R&D companies - especially those in the biotech sector - will not be included because it takes many years of development for these to achieve any substantial revenues. The only biotech firm which has made the list is QLT Inc.

Interestingly, the revenue criterion has resulted in many micro-cap companies being included. Three companies are worth less than \$5 million! (Isn't it funny how revenue generators can be worth so much less than conceptual deals?) Eight are worth more than \$1 billion. Notably present is Telus Corp with a market cap of \$7.5 billion.

Starting out, the index includes the following companies: Aimglobal Tech, ALI Technologies, Avcorp

Industries, Ballard Power, Burntsand Inc., Creo Products Inc., Datawave Systems, Multiactive Software, Glentel Inc., Mainframe Entertainment, MDSI Mobile Data, Norsat International, NTS Computer Systems, Peace Arch Entertainment, PMC-Sierra Inc., Pivotal Corp., QLT Inc., Q/Media Services, Rainmaker Entertainment, Sierra Systems Group, Spectrum Signal Processing, Sierra Wireless Inc., Silent Witness Enterprises, 360networks Inc., and Telus Corp. Taken together, they have a current combined market value of \$59.2 Billion.

This index, although just recently created, starts at the 1,000 level as of January 1, 2000. Each week a chart will reveal the index's performance, coupled with a rise or fall for the week.

What sets these indexes apart from stock exchange indexes such as Nasdaq's "cubes", the QQQ's, Nasdaq-Canada's index, or the CDNX and TSE Technology sub-indexes is that the above-mentioned indexes are all trying to measure and track the performance of the BC Technology sector, independent of the exchange on which they trade. Isn't it nice to see that our industry has advanced to the point where so many are keen on tracking it and watching it?

It will be an interesting exercise - one which I might engage in for a future column - to occasionally compare the performance of these various indexes. Because of their composition and compilation, they may not track each other. Having different starting values will make them impossible to compare with each other, other than looking only at each one's percentage gains. We'll see.

Commentary

Although the Nasdaq rallied a tad in January with a 12% rise, the IPO market remains cool to technology. A recent hopeful is **KPMG Consulting Inc.**, the Internet consultant poised to go public in a deal that will fetch a third less than the company had hoped for.

McLean, VA-based KPMG Consulting yesterday offered 112.5 million shares at U\$18 a share. On the first day, they rallied to over U\$23, a 30% first-day gain. The offering will generate gross proceeds of as much as U\$2.02 billion. After the offering KPMG will have 152.1 million shares outstanding, giving it an indicated market capitalization of over U\$3 billion.

Computer systems services had a terrible year last year. Standard & Poor's index for the industry plunged 36.7%. According to S&P's Monthly Investment Review for January, the outlook is brighter. Worldwide e-business spending is rising at a 66% annual rate. The Internet represents the "fastest-growing segment of the professional services industry," S&P says.

An American IPO which will be of interest to investors - not because of its offering, but because of its business plan is **BBIS.com**, which filed its preliminary prospectus Jan. 8. It is a proposed information exchange for OTC bulletin board companies. I've often lamented the fact that there's such a paucity of info on OTC-BB companies. Maybe this will help!

In this week's tutorials section, we ask the question: What is a "reverse stock split"? The answer, according to EDGAR is: A reverse stock split, or "down split", is a financial technique in which a company reduces the number of shares outstanding. Companies often initiate reverse stock splits when they feel the perceived value of their stock is too low to attract investors. After a reverse split, the total number of shares will have the same market value as before, but each share will be worth more (at least theoretically).

For example, a firm with 25 million shares outstanding at \$4 per share, could execute a reverse "1

for 5 split" to boost its stock price. After the reverse split, the company could have 5 million shares selling for \$20 each - without altering its original \$100 million market valuation.

This is a common practice on the CDNX. Just as stock prices tend to rise for companies that have done traditional forward-splits, it is often the case that after doing a reverse split, share prices drop. A stock trading at \$.25 doing a reverse split of "1 for 4" should be trading at \$1.00. However, you'll likely find it trading (at least initially) below \$1.00.

(NOTE: Nasdaq stocks which are in danger of being delisted, may not use reverse stock splits to boost their shares above the \$1 minimum listing requirement.)

Capital Pool Corporation (CPC) Update

In this column, I keep track of Capital Pool Corporation ("CPC") companies (see chart below) as defined by the CDNX because they may provide funding and management to, and in the process acquire, technology companies. CPC's are the continuation of the former VCP and JCP programs on the Vancouver and Alberta Stock Exchanges.

I like CPCs from an investment perspective. Although one may regard them as speculative (indeed, they are), they are also an inexpensive way of getting in early and inexpensively. You can pick up 10,000 shares of a typical CPC for pennies.

In this column, we maintain a list of allCPCs. The last update was made on Jan 12th.

New additions to the list are **Abenteuer Resources Corp., Dreamtec Inc., Stepstone Enterprises Ltd. Duft Biotech Capital Ltd., Gotham Capital Corporation, Marquette Capital Corp., Medical Ventures Corp., OMNItech Capital Corp., Quicksilver Ventures Inc., Vinson Capital Corp., Wrangler West Capital Corp., and Xceleron Inc.**

Abenteuer, Gotham Capital, Wrangler West, and Xceleron are from Alberta and the rest of them are B.C. based.

Since the previous update, the following companies have come to trade: **Acacia Capital Corporation, Brightwave Ventures Inc., Caliente Capital Corp., E-amigos.com Inc., RareMethod Capital Inc., and Spelna Capital Corporation, Alouettes 1974 Capital Inc., Avalon Works Corp., Digital Nervous Systems Inc., Escape.com Inc., Hawkeye Ventures Inc., International Shasta Corp., PCG Ventures Inc., Stratos Biotechnologies Inc., TekWerks Solutions Inc., and Vendin One Capital Corp.**

Wow! Lots of action here...lots of new shells are being formed but few are making it to the "real company" stage!

Only one has done so in the past month: **Porpoise Capital Network Inc.** has been deleted from the list since it has completed its "Qualifying Transaction" making it a regularly listed company, i.e. no longer classified as a "CPC" company. I guess its safe to say that Porpoise has a new purpose, now.

Check our [Capital Pool Corporation chart](#) (in .pdf format) for a complete updated list of the CDNX's CPC and VCP companies, thanks to **David Ing of Pacific International Securities**

An introductory article explaining CPCs may be found at <http://www.bctechnology.com/statics/mvolker-jun0200.html>.

Footnotes

The next [Vancouver Enterprise Forum](#) event will be held on February 27th at Science World. It will be on Mergers and Alliances, featuring some B.C. success stories as examples.

RRSP Reminder: The **Working Opportunities Fund** invests in early stage BC companies. As such it provides 15% Federal and 15% Provincial Tax Credits to BC residents who invest in this fund. For example, investing \$5,000 produces the maximum in tax credits of \$1,500 above and beyond your RRSP contribution tax receipt. Not only do you save taxes in the form of RRSP contributions and tax credits, shareholders also have the opportunity to participate in the early equity ownership of some of BC's fastest growing companies in the province's information technology, life sciences, advanced manufacturing, film & entertainment, tourism and environment sectors. Please visit <http://www.wofund.com/> for more information. If you need a broker, try Stewart Reid, Investment Advisor at Yorkton Securities Inc. Tel: 604-640-0552 or email: sreid@yorkton.com.

For a convenient printable, pdf version of this column, [click here](#).

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Tech Futures is a bi-weekly column that focuses attention on new and emerging BC publicly listed technology companies.

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