

TECHNOLOGY

The lowly whiteboard with a digital twist

With annual sales expected to soon exceed \$1-billion, Calgary's Smart Technologies eyes powerhouse position in the training sector

BY GORDON PITTS

It took 17 years for Smart Technologies ULC to sell a million of its interactive whiteboards – touch-sensitive teaching tools linked to computers and digital projectors.

It should take only two more years to sell the next million, predicts Nancy Knowlton, chief executive officer of Smart, one of Canada's rare and least heralded technology success stories.

By Ms. Knowlton's estimates, Smart is on a growth trajectory that could transform this hitherto private, entrepreneurial venture into a global powerhouse in the teaching and training sector.

Ms. Knowlton, who founded Smart in 1986 with husband David Martin, says the Calgary-based company should top \$1-billion in annual sales over the next two to four years, up from the \$500-million projected this year.

Ms. Knowlton, who this week celebrated production of Smart's millionth unit, acknowledges that the company is always exploring its potential to go public – although she insists it could, if necessary, finance its growth by staying private.

"We are putting the people and the systems in place that would allow us to run a public company," she says, "or to continue to thrive as a standalone entity, as we are today."

Going public would allow at least a partial exit by members of an ownership group that includes Ms. Knowlton and Mr. Martin, computer chip giant Intel Corp., and British private equity firm Apax Partners, which bought a large, undis-

closed minority stake last year.

Ms. Knowlton also insists that the company should be able to maintain a solid core of

manufacturing in Canada, despite a Canadian dollar at more than 90 cents (U.S.) and the allure of low-cost Asian production.

At present, Smart does all final assembly of its products in Canada. In fact, Smart has added 200 new workers to its plant in Kanata, an Ottawa suburb, over the past few months – a striking contrast to

the plight of the country's overall manufacturing sector, which shed 32,000 jobs in July.

She says the addition of new capital equipment has boosted productivity and quality.

"We're going to do whatever we can to keep a job base in Canada," she vows. In all, the company has more than 1,200 employees, mostly in Kanata and its Calgary head office, where it performs research and development.

But Smart has a supply chain that stretches into Asia for the production of its system's components. Also, Asia, as well as Australia, are becoming big growth markets for the electronic whiteboards, which allow students and teachers to interact in a classroom or from a remote site.

With oil topping \$100 (U.S.) a barrel, she says there is a strong argument to maintain production, and source more components, in Canada to serve markets in the Western Hemisphere. "We make a big product and that will cost an increasing amount of money to move it from an Asian source."

But by the same token, she adds, Smart may have to add some final assembly closer to emerging growth markets in Asia and Europe.

Ms. Knowlton says Smart's pace of growth hinges on several factors:

» The continued adoption of

Smart's systems by educators. She is encouraged that Canadian schools, once lagging in their adoption of the white-

boards, are spending more dollars on the product, which costs \$4,000 and up for the system, projector and various accessories.

» A shallow recession in the United States, Smart's largest market, where it has more than a 50-per-cent share. The U.S. underpins Smart's 53-per-cent share of the global interactive whiteboard market.

» Continuing penetration of corporations, which at present generate about 15 to 20 per cent of sales. Last May, the company unveiled a new product specifically targeted for corporate meetings.

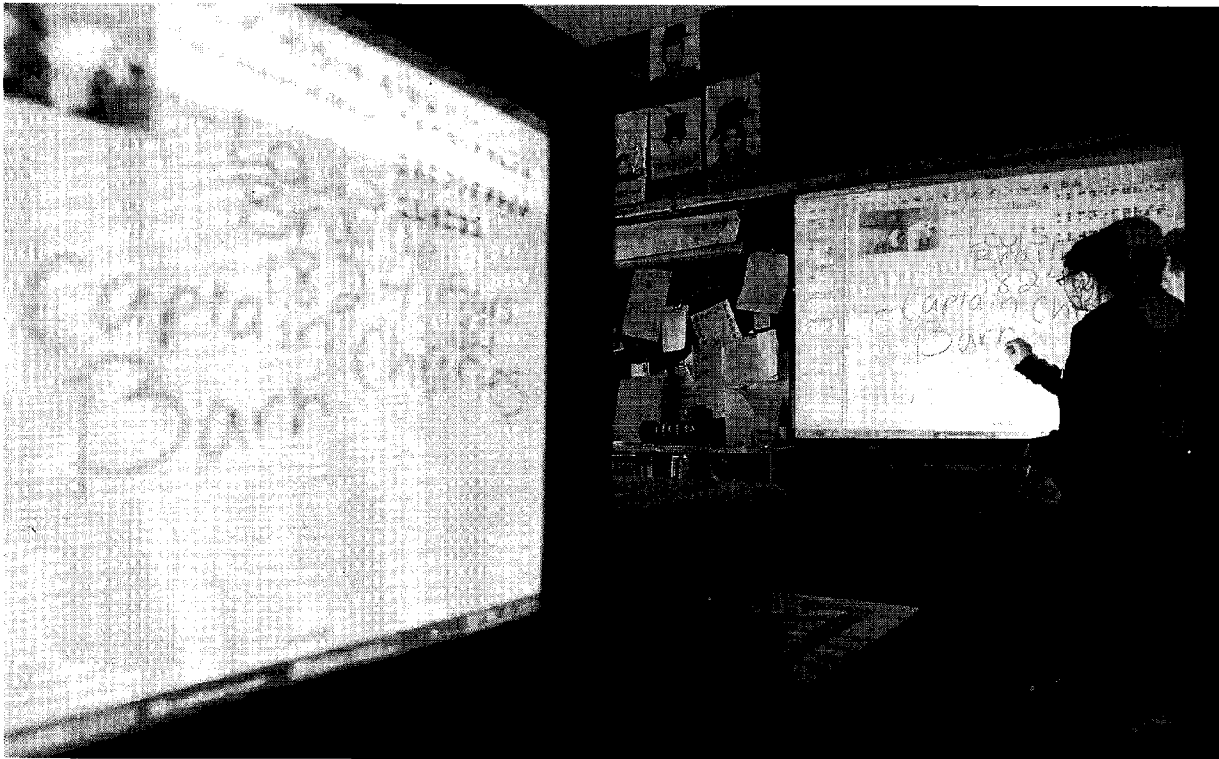
In addition, Smart aims to be known as more than a whiteboard supplier, and has branched out to supply a suite of products for interactive learning.

Ms. Knowlton says the company is developing a management structure to serve its international reach. It has put a regional vice-president in Singapore to handle Asia, and appointed senior managers for the European, Middle East and African regions, and for the Americas.

Ms. Knowlton, 54, says she has no plans to relinquish her CEO's job, although the nature of the role is changing. In the past, she focused on the issues of today while Mr. Martin, the inventor of the whiteboard, was all about tomorrow.

In 2006, the two founders brought in a president and chief operating officer, Tom Hodson, who has deep experience in marketing and sales. Ms. Knowlton says the presence of a new COO means she can think more about the future, as well, and spend more time with customers.





Christine Yap, a student from Vancouver's David Livingstone Elementary, works on a Smart whiteboard. LYLE STAFFORD FOR THE GLOBE AND MAIL