



## **Neology: Embedded Opportunities in the RFID Space [A]<sup>\*</sup>**

As Francisco Martinez peered out of his cabin window aboard the Aeromexico 757 as it approached Mexico City, he could not help but wonder whether his company's prospects for the second half of 2004 were as unclear as his hazy view of the city from 10,000 feet above. In 2003 alone, he logged 500,000 miles traveling the world over to sell products for Neology (formerly BNC), a company he had founded in 2000. In four years, Francisco had developed Neology into a leader in the wireless identification and authentication space based on radio frequency identification (RFID) chip technology.

Neology's sales for the month of January 2004, at \$6 million, almost matched its sales for all of 2003. Francisco and his colleagues were aware that they were sitting on a potential goldmine and were anxious to overcome the numerous hurdles that stood before them. While the company faced explosive growth prospects both within Mexico and around the world, it also faced numerous challenges. New potential applications and an increasingly crowded space required that the company develop a coherent growth strategy. In addition, the company required approximately \$10 million in equity financing to fund this growth. At the same time, Francisco and his team had to oversee the post-merger integration of his original company, BNC with Single Chip Systems (SCS), a San-Diego-based company with which BNC had recently merged to form Neology.

### **History**

Francisco, a middle-school drop out, spent five of his teenage years in the United States and France before returning to Mexico at the age of 18 to work for the Mexican government. After holding numerous positions within the Mexican government in the area

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<sup>\*</sup>Roberto Charvel, ITAM Business School Professor and Atul S. Joshi, Endeavor México, prepared this case as the basis for class discussion rather than to illustrate either effective or ineffective handling of an administrative situation. September 2004