Federal Transit Administration
International Mass Transportation Program

Foreign Market Activity among U.S. Attendees of APTA Expo 2005

Summer 2007

Final Report

Submitted September 12, 2007
by
Mark Wm. Hertzog, Ph.D.
Principal

HERTZOG RESEARCH
601 Jones Ferry Road, Suite N7
Carrboro, NC 27510
919-960-3904
www.hertzogresearch.com

CONTENTS

EXECUTIVE SUMMARY

American companies have made nearly $93 million in public-transit business from serious foreign leads made at the American Public Transportation Association's (APTA) Expo 2005, and stand to make considerably more in the coming two years. This is the good news gleaned from 176 interviews with U.S. exhibitors at the 2005 APTA Expo in Dallas.

In addition to the $92.7 million already confirmed, U.S. suppliers are awaiting decisions on another $29.6 million in pending contracts arising from the serious foreign leads made at APTA Expo 2005. Our respondents further expect that their additional business efforts in the countries where the serious leads originated will bring in new foreign revenue of between $45.5 million and $251.9 million over the next two years.

The countries from which these serious leads originated were not wholly as expected. Canada dominated the list, named by 56% of respondents who had serious leads; followed by Mexico, with 23%. Third, however, was South Korea (14%), followed by the United Kingdom (12%), and Germany (8%). The People's Republic of China was tied for 10th place with five other countries having only three mentions apiece.

Overall, out of 176 respondents, 81 reported getting at least one serious foreign lead at Expo 2005. Out of this 81 (who had a mean 4.2 serious leads each), 35 had bid on at least one foreign contract deriving from those foreign leads. Out of that 35 (who submitted a mean 4.1 bids each), 26 had won at least one contract on which they had bid (and a mean of 2.7 contracts each); another 6 had decisions on their bids pending.

The types of work originating from these contracts was primarily manufacturing and assembly of components small or large (up to entire buses), followed by design and engineering. Perhaps surprisingly, advanced technological system control and monitoring were mentioned almost not at all.

Also, despite the successes noted above, many of the respondents' expectations were greater than the results. This largely arose from an outsized act of nature: Hurricane Rita roared through east Texas the same weekend as Expo, and a number of potential buyers, and some exhibitors, scaled back their presence or cancelled outright. In large part for this reason, very few respondents—just four out of 176 we interviewed—said that Expo 2005 exceeded their expectations in regard to generating foreign business leads; nearly half of the respondents said their leads were below what they had expected.

As a direct consequence, even those who are among the 15% who have won contracts from the foreign contacts made at Expo 2005 report that the Expo was moderately important in helping them secure work from abroad, rather than essential. The successful bidders report a mean score of 5.7 on a 0-to-10 scale of helpfulness, compared with an overall mean for all respondents of 3.2, and a mean of 1.7 among those who got no serious foreign leads from the Expo.

In fairness, however, a disproportion of the low ratings came from companies that are not, even now, doing business outside the U.S., although they report they seriously intend to do so in the next two years. Only one such company has bid on a foreign contract, out of 15 such companies that obtained at least one serious foreign business lead at Expo 2005.

Among all companies that got serious foreign leads at the Expo, four-sevenths plan to pursue new business activity in countries from which those leads came in the next two years, and another one-fifth say they may do so. Those who have bid on any contract from among their serious leads are twice as likely to pursue their leads further as are those who haven't submitted any bids. The "bidders" also tend to be optimistic about the prospect of winning new or additional business from among those leads.

Those less optimistic were asked why they don't foresee new business, and the result was split fairly evenly between those who cited external causes (lack of follow-up by their leads, foreign markets not ready for them, etc.), and those who cited their own choices (have plenty of work at present, want to concentrate on U.S. customers, etc.).

Seventy-eight percent (78%) of all respondents say they'll attend APTA's Expo 2008 in San Diego, and 11% more say they may; 90% of those who got a serious foreign lead are definitely coming back, compared with just 67% of those who did not.

As to which countries they would like to see at Expo 2008, Canada and Mexico again topped the list, followed by the UK, China, and Germany. Beyond these top five, some responses appear to be artifacts of the survey design: those who responded to the survey by Web, on which countries were listed and were selected by checking boxes, named many times more choices than those who responded by phone, who had to recall countries of choice from the top of mind. Even so, France, Brazil, Australia, and Japan appear to be among the most popular choices for both Web and telephone respondents.

PURPOSE AND METHODOLOGY

The Federal Transit Administration (FTA) has as part of its mission helping grow the U.S. public-transit industry in general, and the sale of American mass transit products and services in particular, in foreign markets. Essential to this mission is knowing the specific markets in which the American industry is most interested and has had greatest success in selling its wares, which particular products and services they see as most likely to sell in these markets, and what sorts of FTA activities these companies think would be most fruitful in helping them to grow their businesses outside the U.S.

This study concerns the last point in particular. Every three years, the American Public Transportation Association (APTA) sponsors "APTA Expo," the principal trade show for companies involved in the American public transit industry. As a means of linking American companies with foreign buyers, FTA encourages and helps facilitate the attendance at APTA Expo of representatives of foreign transit agencies and other transit-equipment buyers.

In the present study, FTA wishes to learn whether American companies seeking to do business overseas succeeded in making serious and, eventually, profitable links with foreign entities they met at APTA Expo 2005 in Dallas. The study also looks prospectively at which countries the Expo 2005 attendees would most like to see represented at the forthcoming APTA Expo 2008 in San Diego.

Methods

The study presented a built-in challenge, as the elapsed time between September 2005, when the Expo was held, and June 2007, when interviewing began, had positives and negatives. The intervention of 20 to 21 months guaranteed that a substantial minority of our desired respondents would have moved on to other jobs in the interim, and would be unreachable. On the positive side, however, the long interval also would permit us better to see the quantifiable fruits of relationships begun at Expo 2005 in the form of awarded contracts.

A dual survey methodology was used to try to maximize responses. Prospective respondents were initially contacted by email and asked to take part in the survey via a secure World Wide Web site. The email contained an embedded link to allow entry into the survey without entry of a separate screen name and pass code. Those respondents who could not be reached by the Web, or who chose not to take the Web survey for whatever reason, would be contacted by telephone if an insufficient number of interviews were completed via the Web. Both the Web and telephone versions of the survey were administered, and the data processed, by FGI Research of Chapel Hill, N.C., and Virginia Beach, Va.

The questionnaire was drafted by Hertzog Research, in conjunction with FTA, and was created in both Web and telephone formats to maintain identical question wording and question order across both formats. A copy of the telephone version of the questionnaire is appended to this report for reference.

Survey interviews of roughly 10 minutes each were to be conducted with exhibitor representatives of U.S. companies, and of U.S. branches of foreign-based companies, who attended APTA Expo 2005, and who are interested in doing business abroad. The sample list was obtained from APTA. After eliminating foreign entities, governmental entities, nonprofit organizations, and the news media, a list of exactly 600 names remained in the sample file.

The original goal was to complete 200 interviews. However, owing to the age of the sample list, and the changes in jobs and personnel that had occurred in the intervening period, we succeeded in reaching too few attendees who were willing to participate, and who met the screening qualifications, to attain that goal. We did successfully complete 176 interviews between 14 June and 13 July 2007, which appears to be the maximum attainable from this sample. Of these 176 interviews, 58 (or 33%) were completed via Web, and the remaining 118 (or 67%) via telephone.

Those who qualified for inclusion in the survey were:

- U.S. companies, or foreign-based companies with U.S. operations;
- Making or distributing public-transit products or services;
- Either currently doing some business outside the U.S., or that are seriously interested in doing business outside the U.S. in the next two years;
- Which exhibited at APTA Expo 2005 in Dallas; and
- Where the respondent is involved in the company's foreign business decisions: either as a decision-maker, or making evaluations and recommendations, or fulfilling some similar role.

Those excluded were:

- Government entities, news media, and nonprofit organizations, whether foreign or domestic;
- Foreign-based companies with no U.S. operations;
- Companies neither currently doing any business outside the U.S., nor having a serious interest in doing business outside the U.S. in the next two years; and
- Respondents who:
    - Are not involved in the company's foreign business decisions, and
    - Who cannot or will not refer us to a colleague who is involved, and who is closely familiar with APTA Expo 2005.

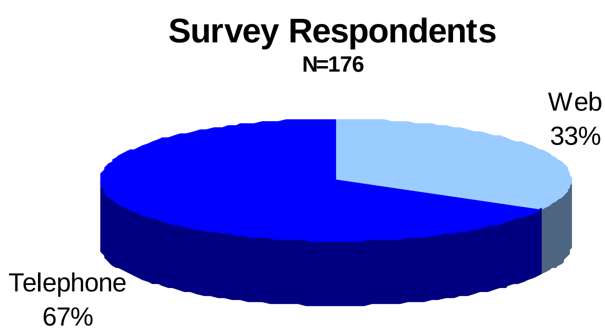
Data were analyzed using SPSS software. Results are reported within in question-number order to preserve continuity. On two questions asked in open-ended verbatim format, the verbatim responses are presented, along with summary analysis. Numerically coded data are broken out by the following segments for analysis, and statistically significant results are reported for each:

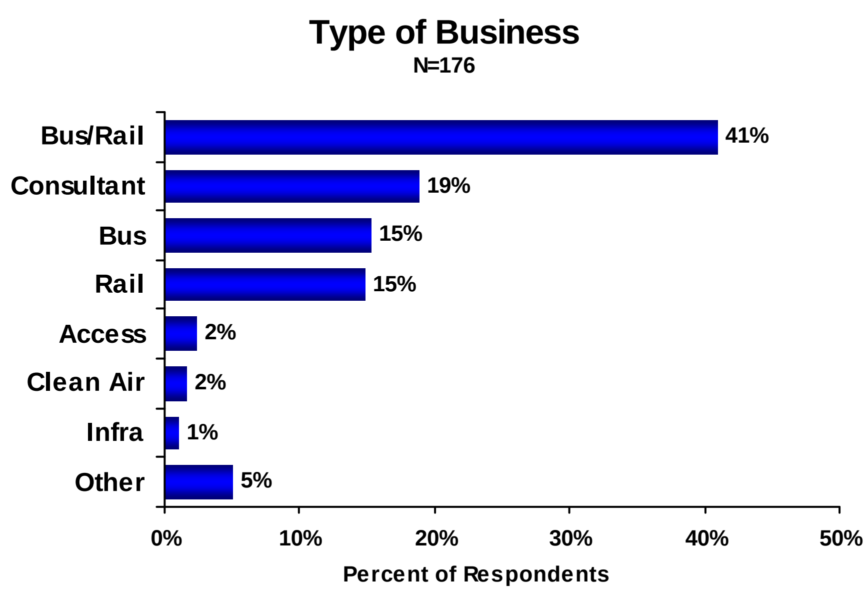
- Web-based interviews vs. telephone interviews.
- Decision-making role regarding the company's foreign business initiatives.
- Whether or not the company currently does business outside the United States.
- Whether the company obtained serious foreign leads at Expo 2005 (and how many).
- Into which of these eight standard FTA industry segments the company falls:
    - BUS (or BUS-ONLY): Makers of buses and bus equipment.
    - RAIL (or RAIL-ONLY): Makers of rail equipment and services, including light rail and monorail.
    - BUS-RAIL (or COMBINED BUS-AND-RAIL): Makers of both bus and rail equipment.
    - CONSULTANTS: Providers of public transit consulting services.
    - CLEAN AIR: Makers of alternative fuel and propulsion systems.
    - ACCESS: Makers of public transit accessibility equipment for the disabled.

- INFRASTRUCTURE: Designers of public transit infrastructure engineering and architecture.
- OTHER: Eligible companies other than those in the categories above.

The latter four, owing to the small numbers of respondents in each, are sometimes analyzed as a single entity known as "the four smaller segments."

Mrs. Gale Y. Brown served as FTA Contract Officer for this project. This reported was drafted by Dr. Mark Hertzog, Principal of Hertzog Research. Graphic presentation of the data was created by Ms. Jacquelyn Hewitt Malik, Research Associate. FGI's project managers were Ms. Kathy Holladay, Senior Account Manager, and Ms. Kenya Atwater-Villines, Director of the Virginia Beach Phone Center.





SCREENING QUESTIONS

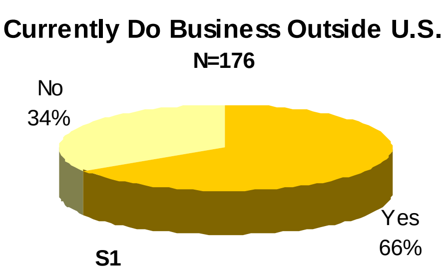
To establish their eligibility to take part in the survey, all prospective respondents were screened to determine:

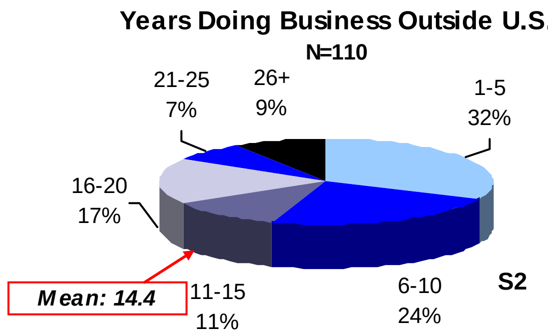
(a) Whether their companies currently do public-transit related business outside the U.S., or have a serious interest in doing such business outside the U.S. in the next two years, and

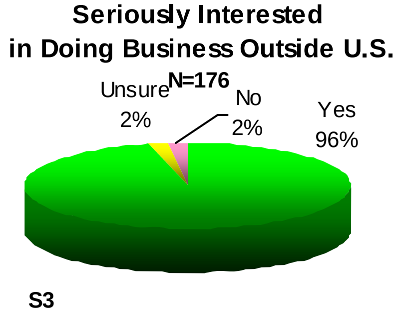
(b) Whether the person we're interviewing plays some role, even if just advisory, in the company's foreign-business decisions.

The 176 respondents in the survey met all these criteria. To take the initial one: as shown below, about two-thirds of the respondents work for U.S. companies, or U.S. divisions of foreign-based companies, that currently do business outside the United States. Of those that do, the mean overseas experience of such companies (not the respondents, we underline, but their companies) is relatively brief, about 14.4 years, with fewer than one in ten having more than 25 years' experience working abroad. Finally, 96% of the respondents said their companies are seriously interested in doing overseas business in the next two years.

Overall, this means that 62% of respondents both do current overseas business and seriously want to do more; 34% don't currently do such business, but seriously want to; and the remaining 4% currently do business, but are less certain they want to do new foreign business in the next two years.



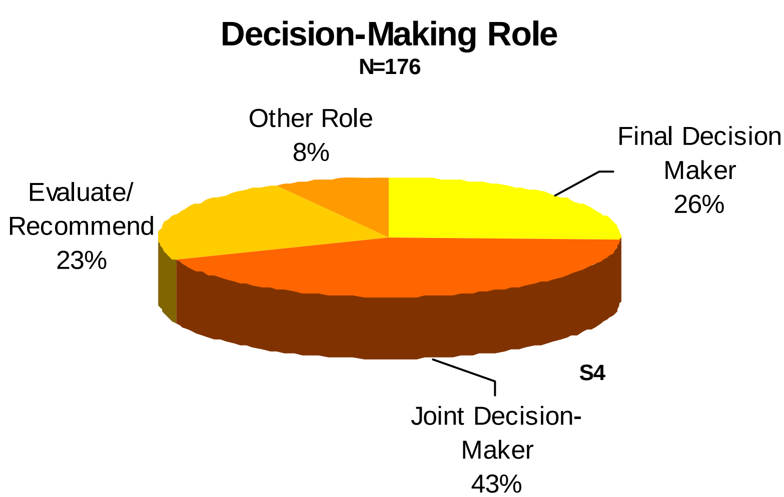




Bus, rail, and combined bus-and-rail companies are somewhat more likely to be currently involved overseas (70% of these three segments combined are working overseas) than are consultancies and the four smaller industry quota groups (57% of these five segments combined are working overseas).

The second screening element was to establish what role each respondent plays in decisions regarding her or his company's foreign business initiatives. The principal types of roles are displayed in the chart below. Roughly one-fourth of the people we interviewed were the single or primary foreign business decision-makers for their respective companies, while a larger share, about three in seven, were one of several persons who jointly made decisions regarding foreign business initiatives. Those who evaluate or make recommendations to the decision-makers, but do not have a direct decision-making role, represent the third-largest group.

No questions were included in this survey regarding company size or revenues, in order to augment the rate of cooperation. However, in previous surveys done for FTA, single or primary decision-makers tended to come disproportionately from smaller companies (those with total revenues of $30 million a year or less, and/or fewer than 100 employees), and from among consultancies, design firms, and small specialty manufacturers. Joint decision-makers and evaluators/recommenders tend to come from larger companies, and from those with significant manufacturing or construction capacity. This tends to be true across industry segments, and in keeping with that past finding, there is no significant difference by industry segment in decision-making roles in this survey.

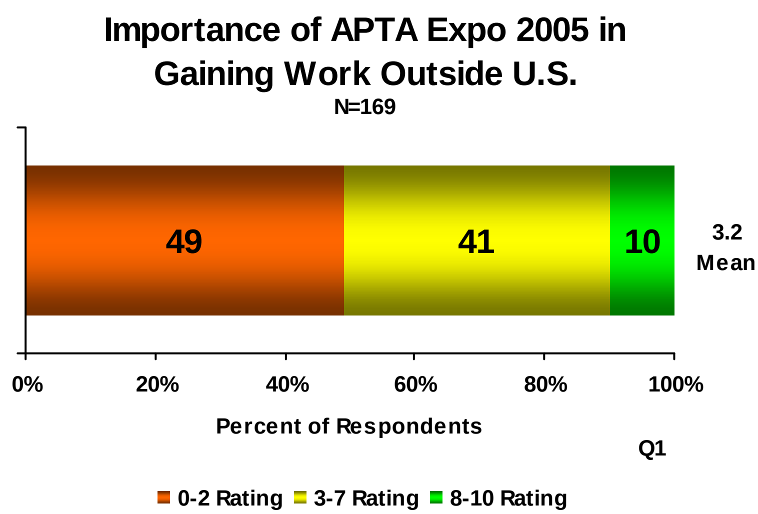


SUBSTANTIVE RESULTS

Q1: The Importance of APTA Expo 2005 in Securing Work Abroad.

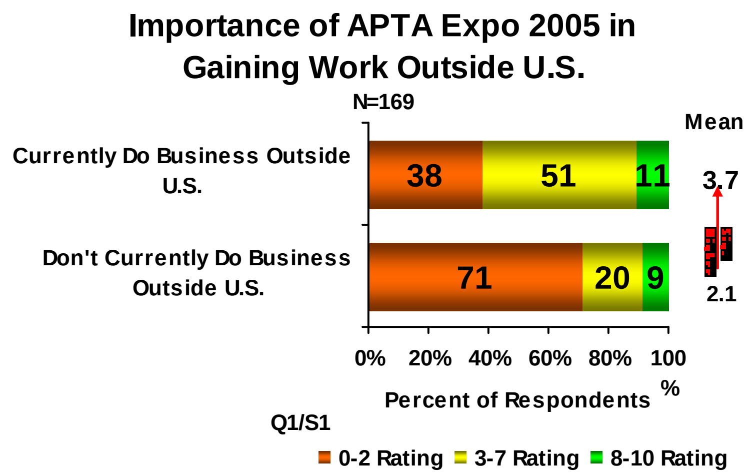
The initial substantive question asked each respondent to rate APTA Expo 2005' importance in helping their companies to secure work for their firms from outside the U.S. Ratings were made using a 0-to-10 ordinal scale, on which 0 means "it was not at all important," 5 means "it was moderately important," and 10 means "it was absolutely essential."

If we take the overall frequency of responses, set forth in the graph below, at first glance it doesn't seem that Expo 2005 was especially significant:



However, the first glance is deceiving. The first clue to this is that companies currently doing business outside the U.S. rated Expo 2005 significantly more important (a mean score of 3.7) than did companies that haven't yet established business in foreign markets (a mean score of 2.1), as seen in the breakout at the top of the next page.

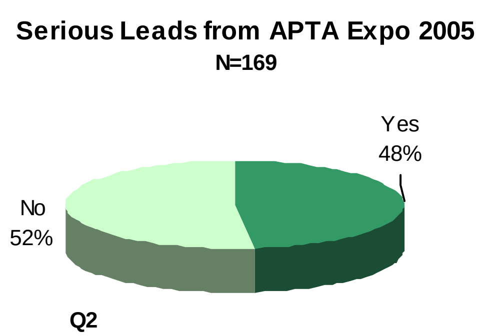
It can be expected that when we control for companies that do not currently do business abroad, we get a clearer idea of the effect of Expo 2005 on gaining work abroad for those companies presently engaged overseas. Although a substantial minority of those currently engaged overseas say the Expo's effects were minimal in getting work abroad, a substantial majority--five out of eight--report that the Expo has had a significant positive effect, be it moderate or very substantial.

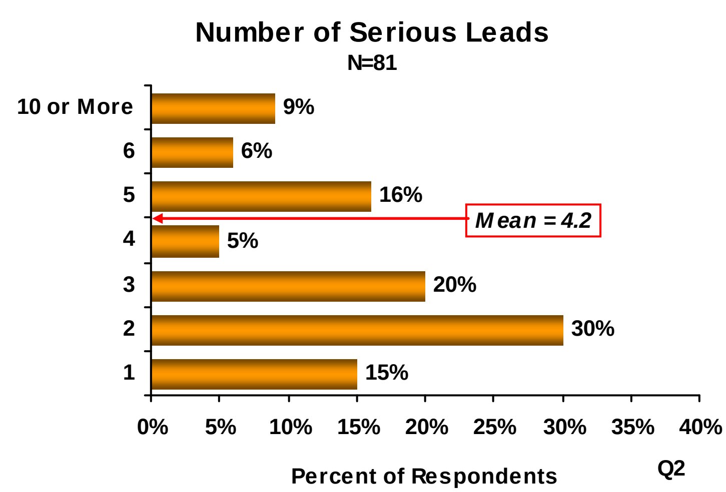


There were no statistically significant differences by industry segment or decision-making role on this question. However, the differences by current activity are brought into far sharper relief when we come to the next substantive question:

Q2. Number of Serious Foreign Leads from APTA Expo 2005.

The respondents were asked how many contacts they made with foreign buyers at the Expo that they would classify as serious leads. Of 169 respondents who answered the question, 81, or 48%, reported at least one such serious lead as the result of a contact made at the Expo. The chart at bottom right shows the number of such leads reported among the 81 who received serious leads. Of those with leads, 45% received one or two, and 55% received three or more, with two respondents each reporting 25 such leads, and two others reporting 20 each. As a consequence, the mean number of leads was 4.2 among those who received them.



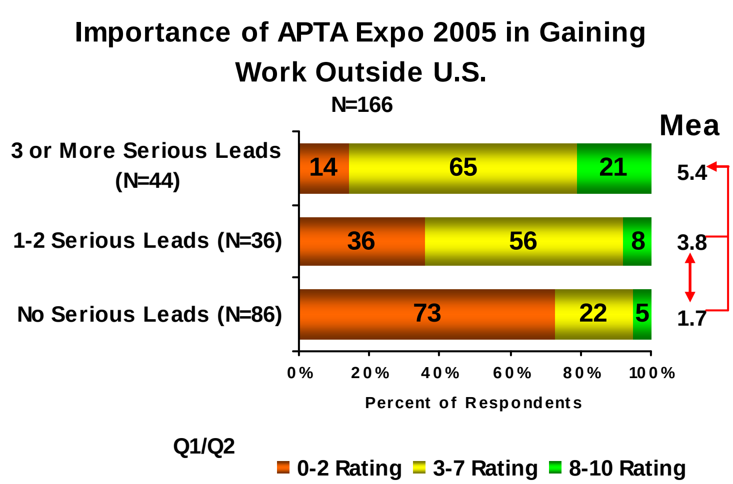


The combined bus-rail companies had the largest proportion of respondents with at least one lead (56%), but the rail-only respondents received the most leads per respondent (5.9). The four minor industry segments combined (Access, Clean Air, Infra, and Other) were the least successful at garnering leads (27%), while the consultants received the fewest leads per respondent (2.7).

Those who do not currently do business abroad got some serious leads; 26% had at least one, and the mean per respondent with a lead was 2.7. Not surprisingly, those already doing business abroad did substantially better: 59% had at least one serious lead, and the mean per respondent with a lead was 4.5.

Interestingly, while the percentages with at least one serious lead did not differ significantly by decision-making roles, the single-primary decision-makers and joint decision-makers both reported twice the number of serious leads as did the evaluators-recommenders or those in other roles.

Now turning back to the first question, the importance of Expo 2005, there is a huge difference in responses based on the number of serious leads one got at the Expo. This result, displayed below, makes perfect sense. Note in particular that the much-shrunken share of respondents with three or more serious leads who say Expo 2005 did not have a significant effect on their securing work overseas.



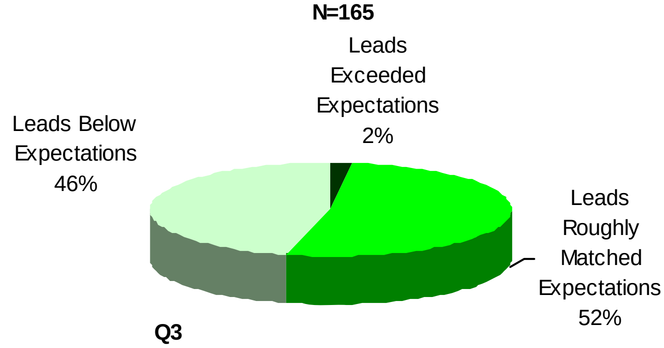
Q3: Serious Leads from Expo 2005 and Pre-Expo Expectations.

The next question asked respondents to consider their expectations of the foreign leads they would make at Expo 2005, before the event took place, and state whether the number of serious foreign leads they received from Expo 2005 was below their expectations, roughly matched their expectations, or exceeded their expectations.

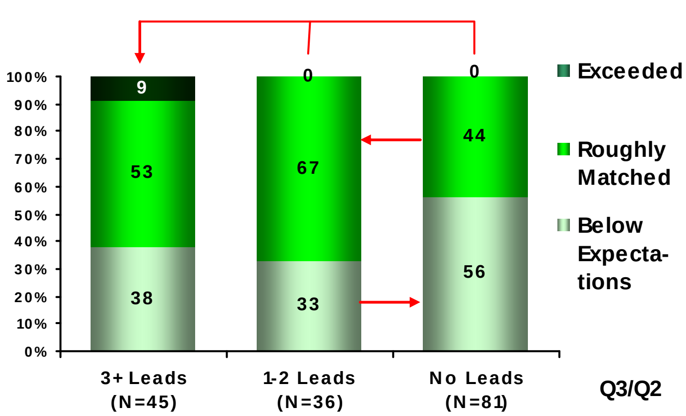
We should underscore the Expo took place the same weekend as Hurricane Rita made landfall on the Texas-Louisiana border—just four weeks after the catastrophic destruction wrought by Hurricane Katrina. While the Dallas-Fort Worth Metroplex was far enough inland not to be seriously affected by the weather, the region was the primary evacuation location for a few million residents of greater Houston and the Texas Gulf Coast. Both concerns about the storm itself, and its effects on flights, hotels, and transportation in Dallas, led a number of exhibitors and buyers alike to curtail or cancel their previously scheduled presence.

It is notable that single-primary decision-makers were far more likely to be dissatisfied with the number of serious leads they got than were members of joint decision-making teams (see chart at bottom right). It's also interesting that there was no significant difference on the expectations question between companies currently doing business abroad and those that are not.

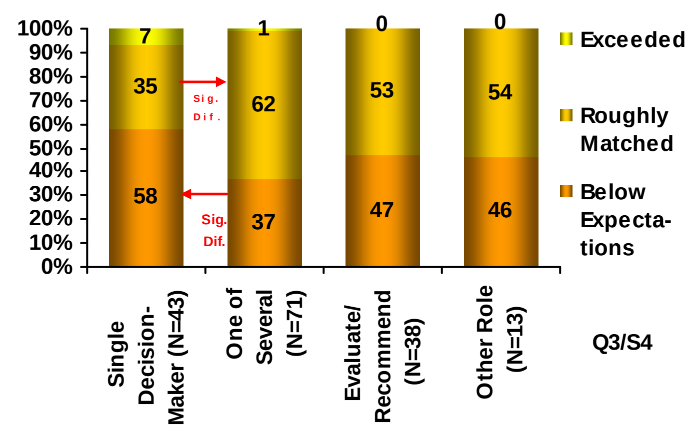
Expectations of Expo 2005 Leads
N=165



Expectations of Leads vs. Number of Serious Leads



Decision-Maker Expectations of Leads

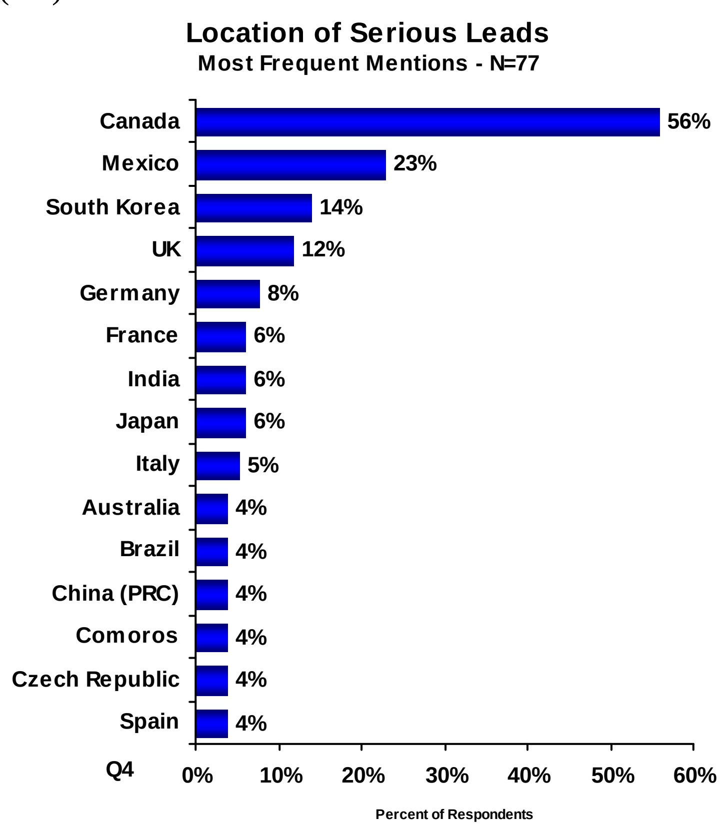


Q4. Countries Providing Serious Foreign Leads at Expo 2005.

The respondents with at least one serious foreign lead then were asked to name the countries that were the sources of their leads. The most frequent responses – those named by three or more respondents – are shown below. In addition to the countries shown here, five countries were each mentioned twice: Argentina, El Salvador, Panama, Singapore, and South Africa. An additional 26 countries received one mention each.

The returns are fascinating in that the People's Republic of China, the focus of much effort and "buzz" in the U.S. public-transit industry in the past several years, provided only three respondents with serious leads at the Expo. This put the PRC in a tie with an Indian Ocean microstate, the Union of the Comoros. Meantime, South Korea, which has been considered an important but secondary East Asian country in our earlier industry surveys, provided the third largest number of respondents with serious leads, ahead of the United Kingdom.

It is interesting as well that there were almost no significant differences among the respondent segments by industry, decision-making level, current business (or not) overseas, or the number of serious leads. The only significant difference on this question: those with three or more serious leads mentioned Mexico far more often (35%) than did respondents with just one or two serious leads (9%).

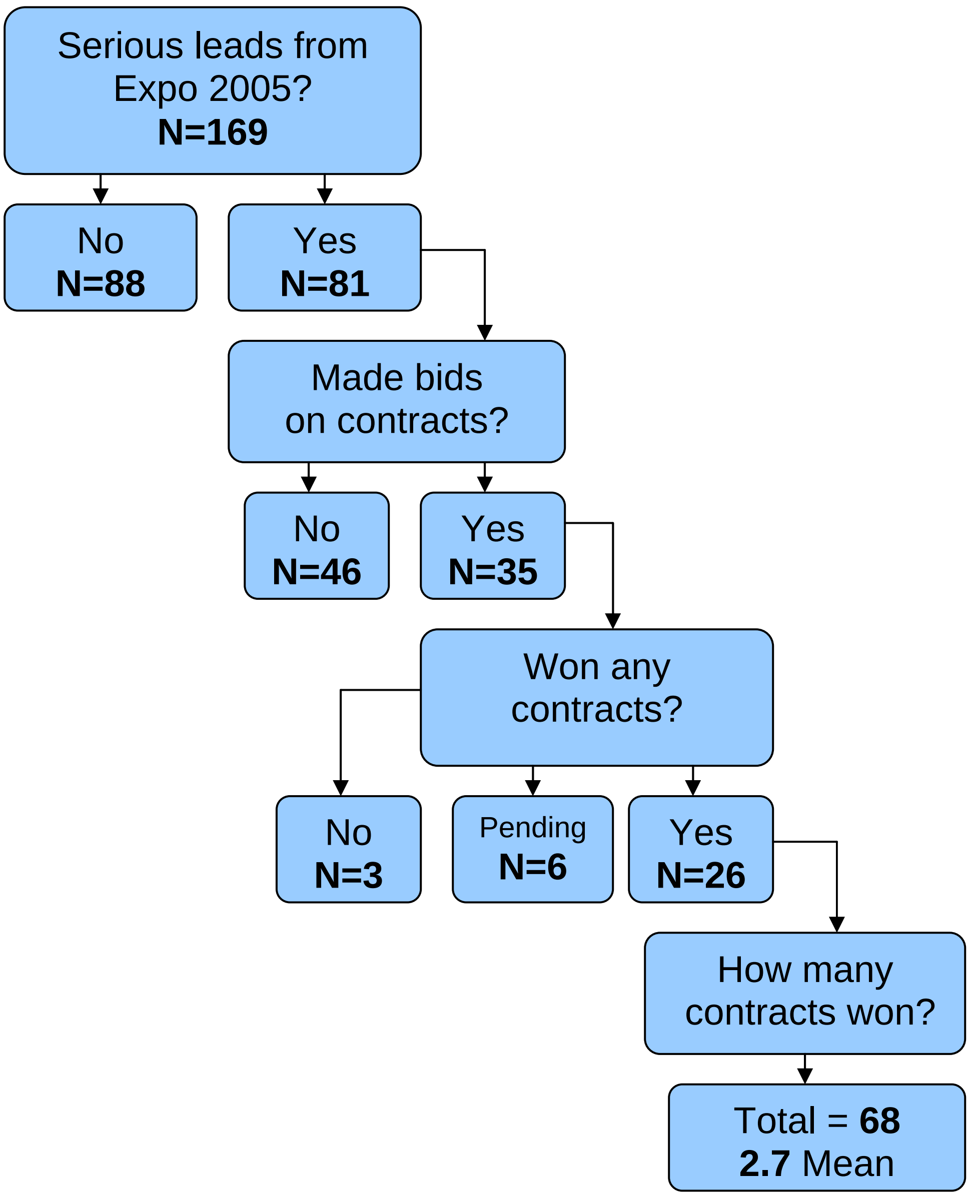


The chart on this page will help to explain the flow of questions during this next section of the survey. From the top:

(1) Those who received at least one serious lead at Expo 2005 were asked Q5, whether they bid on any contracts in countries from which they obtained serious leads.

(2) Those who did submit bids were then asked how many (Q6), and whether they won any such bids (Q7).

(3) Those who won contract bids were asked for some details about these contracts, before we return to questions for the broader base of respondents.

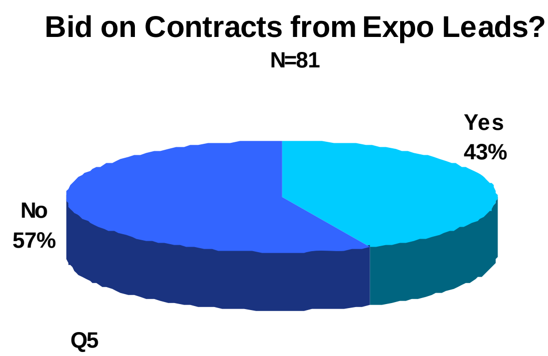


Q5. Contract Bids from Serious Leads.

Those respondents who had at least one serious foreign lead at Expo 2005 were asked if, since the Expo, they have bid on contracts for any foreign prospects listed as serious leads. We should underscore that the survey asked about bids on contracts arising from serious leads resulting from Expo 2005, not about bids on foreign contracts generally.

The overall result is shown below. Of the 81 respondents with serious foreign leads, 35 had bid on contracts resulting from those leads. There were no significant differences by industry segment or decision-making role—nor, indeed, by the number of serious leads. On the other hand, 34 of the 35 bidders were from companies already doing business outside the U.S. Only one company not currently doing business beyond our border, out of 15 such companies with serious foreign leads, has bid on a contract abroad.

One additional interesting tidbit: companies that bid on these contracts gave significantly higher ratings to Expo 2005's importance in helping obtain work overseas (mean score 5.7 on a 0-to-10 scale) than did companies that got serious leads, but did not submit any bids as a result of those leads (mean score 3.9).

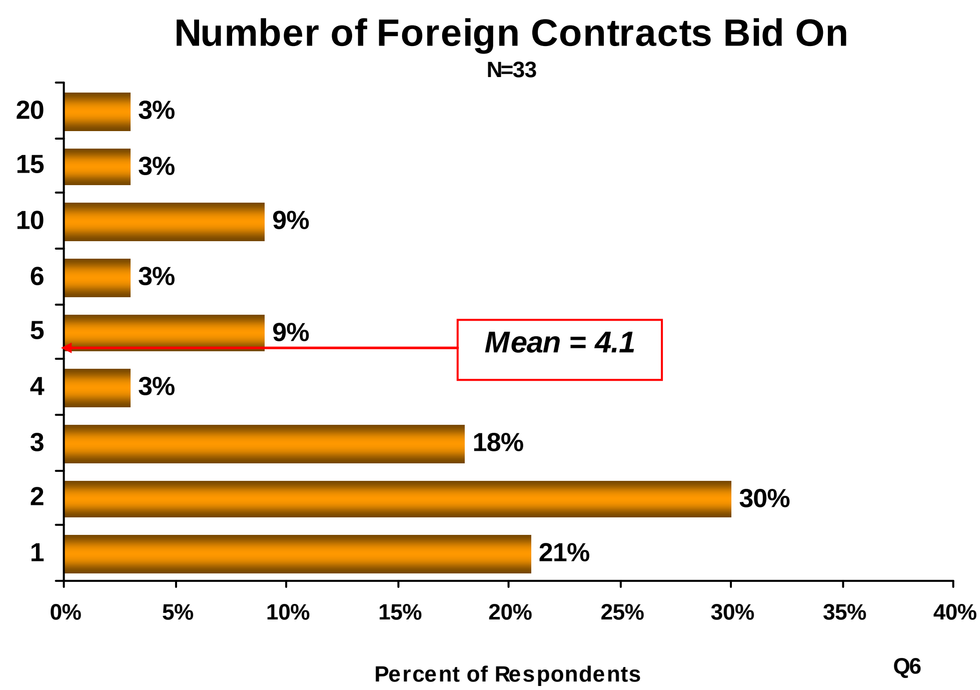


Q6. Number of Foreign Contract Bids Resulting from Expo 2005.

The 35 respondents who did submit bids were asked how many they had submitted; 33 replied, while two said they didn't know. Those who replied reported bidding on a total of 135 contracts from foreign prospects that were serious leads obtained at Expo 2005, distributed as shown below. The small number of cases makes statistical significance testing impossible, but we note for descriptive purposes that:

** Among the 11 bidders with 1-2 serious leads, the mean number of bids was 2.0.

** Among the 22 bidders with 3 or more serious leads, the mean number of bids was 5.1.

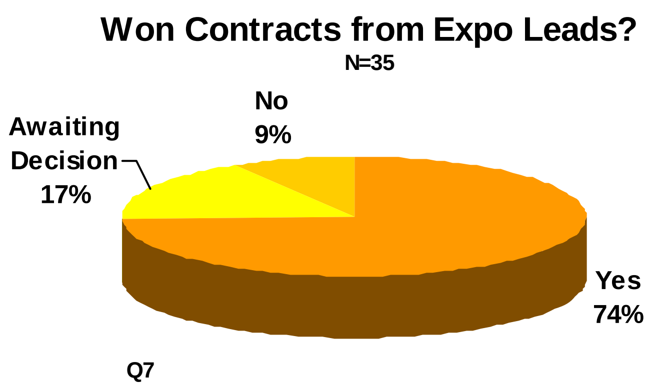


Q7. Contracts Won from Serious Foreign Leads at Expo 2005.

Of the 35 bidders on contracts resulting from serious leads made at Expo 2005, 26 respondents have won contracts; three have lost; and six have bids still awaiting decision.

Among the 26 contracts won to date, 13 (50%) are for combined bus-rail companies. Another 5 for rail-only companies; 2 for bus-only companies; 4 for consultants; 1 for an infrastructure company; and 1 for a company in the "other" category. Companies with just one or two serious leads from Expo have done proportionately just as well as companies with three or more serious leads.

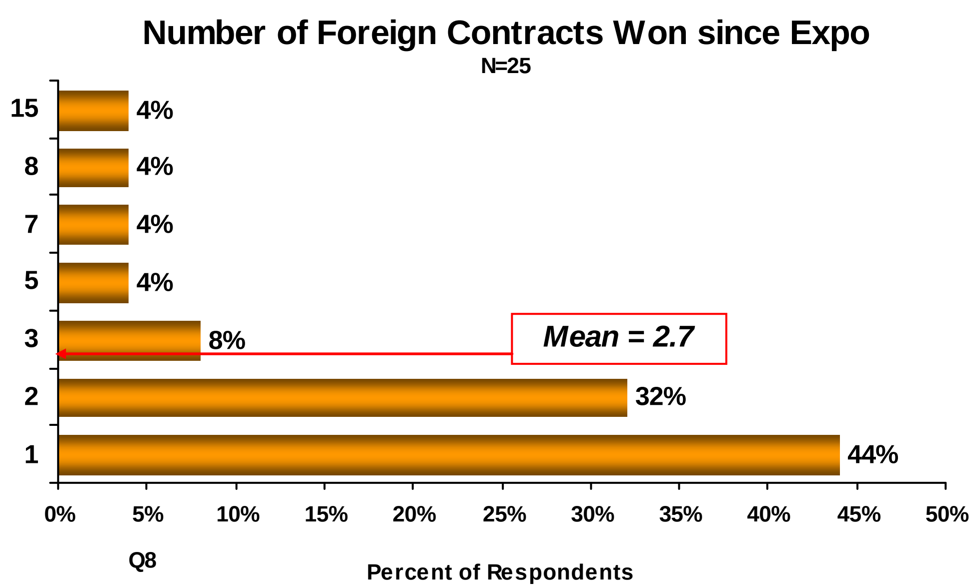
Oddly, all three "no" responses, and five of the six "awaiting decision" responses, came from those who responded to the survey via the Web; while 20 of the 21 phone respondents said they had won contracts. We can think of no reason as present that would cause phone respondents to overreport success, or Web respondents to underreport it; we merely point it out as something to consider in future research.



Q8. Number of Contracts Won.

We then asked the respondents who have won contracts a set of questions to quantify and describe them. Initially we started by asking how many such contracts they had won. Out of 25 respondents reporting (one said s/he didn't know), a total of 68 contracts were won, for an average of 2.7 per respondent company. This is just a hair over one-half of the total 135 contracts bid on (per the reports of 33 respondents) as the result of Expo-generated foreign leads.

Those with just one of two Expo-generated leads who won contracts won an average 1.7, while those with three or more such leads who won contracts won an average 3.3.



Q9. Kinds of Work Resulting from Won Contracts.

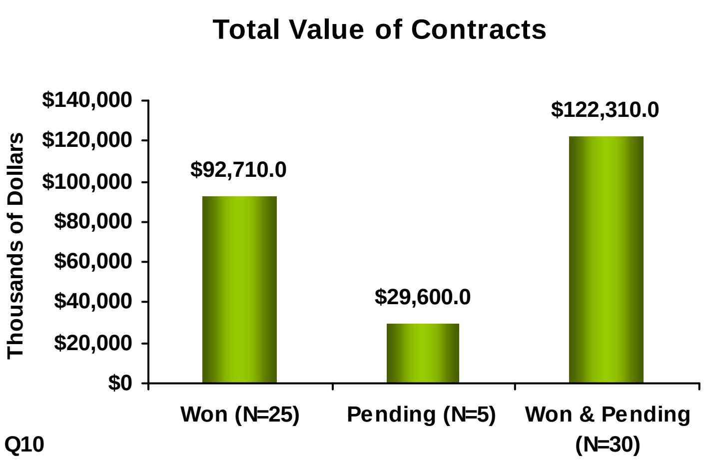
The list below shows, verbatim, the kinds of work these winning companies will be doing as a result of these successful contract bids. The diversity of the projects is most notable—from laminating subflooring to building entire buses. However, one commonality is that most of these contracts are for conventional manufacturing and supply work of some kind, followed by design and engineering work. While there are high-technology applications involved in a number of these projects, few of them ask American companies to create advanced dynamic control of public transit systems, advanced security systems, smart-fare systems, or other "state-of-the-art" technology. Nor do any appear to touch on accessibility for disabled persons.

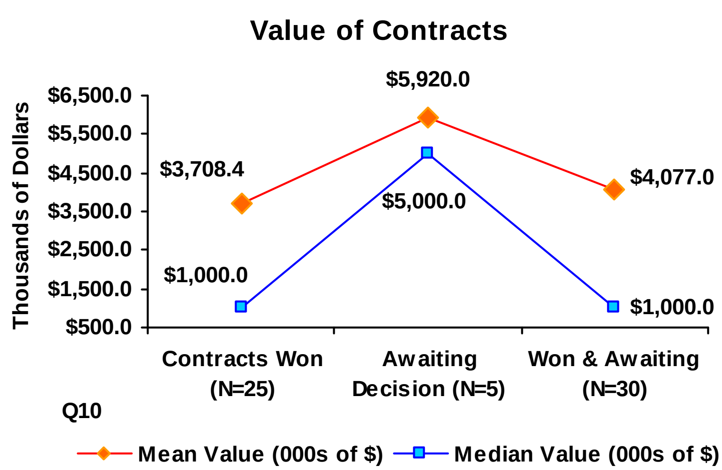
Building bus simulators
Building buses
Consulting engineering
Design and manufacture of passenger railcar interiors, project consulting, industrial design
Developing communications system for both light and heavy rail
Laminating subflooring for transit cars
Manufacture electromagnetic clutches
Manufacture electrical disconnect switches
Manufacture inverters
Manufacture motors
Manufacture of electronic signs
Manufacture read and write magnetic head assemblies
Manufacture transformers
Manufacturing brake systems
Manufacturing refrigeration parts for compressors
Marketing bus and truck lifts
New fare collection system
New railcar component manufacturing and remanufacturing of existing railroad equipment
Providing engineering; design and manufacturing for train door systems
Re-design of the exterior and interior city buses. (Design, engineering, prototypes and inspection).
Small assembly work going into rail cars
Supplying air conditioning equipment
Supplying maintenance equipment for rail facilities
Suspension products for buses
We do project control, scheduling and overseeing project, mostly railcars
We will be supplying batteries to the South Korean company, Rotem, for rail cars for projects in the US & Turkey

Q10. Estimated Dollar Value of Contracts Won.

We now come to the bottom-line question: How much are our U.S. companies going to make off these contracts they won as a result of their foreign leads from Expo 2005? The answer: Certainly enough to make most of these companies' participation worth their while. The 25 companies reporting that have won foreign contracts state these contracts will amount to a total of $92.7 million, with a mean $3.7 million per company. Five companies additionally still have outstanding bids, which are worth $29.6 million. If all five companies were to win their bids, the total earnings from foreign contracts generated by Expo 2005 leads would be $122.3 million, or roughly $4.1 million per company.

Contract amounts cover a wide range, from a low of $10,000 to a high of $20 million, with the mid-point (median) at $1 million.





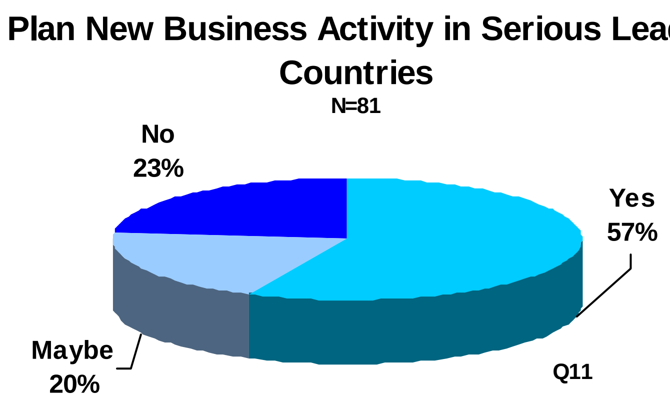
Q11. New Business Activity Planned in Countries with Serious Leads.

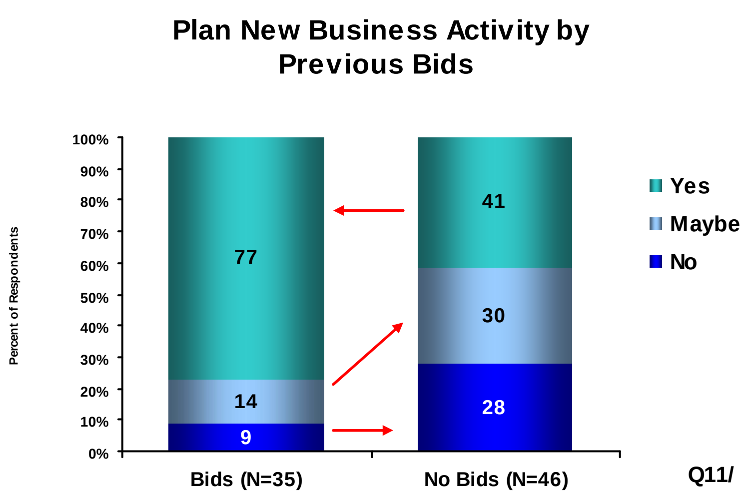
In the next question, we asked all 81 persons who had obtained serious leads--whether they had bid on or won contracts or not—whether they plan any new business activity in the countries from which the serious leads came in 2007 and 2008.

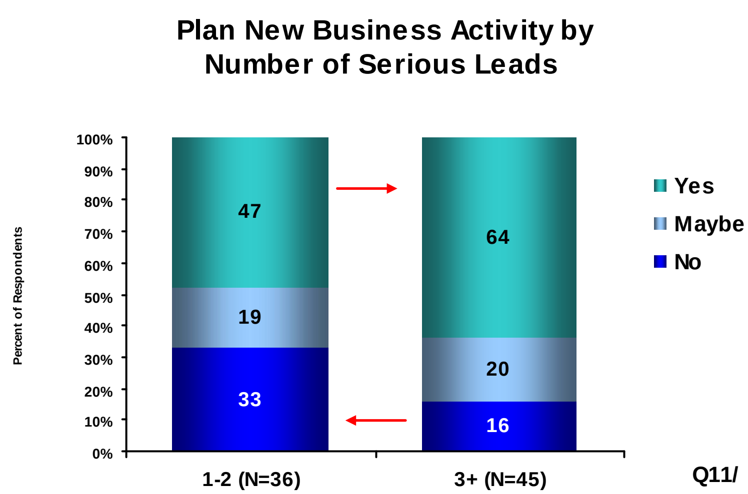
The seeming hesitancy in the frequency pie chart below is accounted for by the two graphs at the bottom of the page. Those who bid on any contracts arising from the serious leads made at Expo 2005, and those who had obtained three or more serious leads at the Expo, both were far more inclined to plan additional business activity.

The other set of respondents that was hesitant was those whose companies do not presently do overseas business, but which did obtain serious foreign leads. Of 15 such companies, only three (20%) said they'd definitely pursue such business.

There were no significant differences by industry segment or decision-making role.





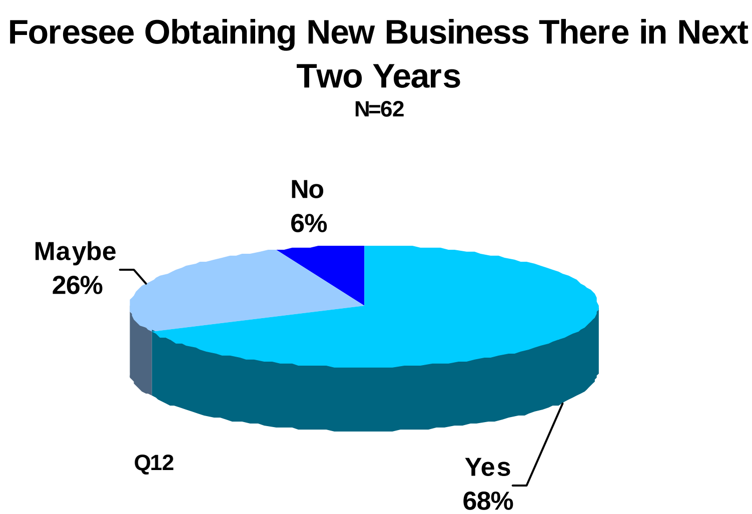


Q12. Do You Foresee Any New Business There?

This next question was asked only of the 62 respondents (out of 81) who said they were going to pursue, or might pursue, business in the countries of their Expo 2005 serious leads during 2007 and 2008. These 62 persons were asked if they foresaw obtaining any new business in these countries in the next two years. (The 19 respondents who said they wouldn't pursue such business were excluded.)

It should not be a surprise that the respondents, on the whole, liked their prospects. Those who answered "maybe" at the previous question, about whether they'd pursue this business, were almost uniformly the same ones who said "maybe" or (in four cases) "no" on the present question.

The only notable difference among any segment is that, of the nine companies not presently doing business outside the U.S., seven said they only "maybe" would obtain new business from abroad; the other two of the nine said "yes." Of the 53 respondents currently doing business abroad, 40 (76%) said they were confident they would win new business abroad in the next two years as a result of the serious leads made at Expo 2005.



Q13. Why Don't You Foresee New Activity from Past Serious Leads?

Twenty-three respondents--the 19 who said they wouldn't be pursuing these efforts at Q11, plus the four who said they would but foresaw no new business forthcoming at Q12--were asked in open-ended, verbatim format why they foresaw no new business from their previous serious leads from Expo 2005. The most frequent responses were as follows:

- Four said they have seen no new project activity or requests for bids.
- Four said they are focusing their business more on the U.S. (and, in one case, Canada).
- Four said their foreign contacts were not communicating or following up with them.
- Two said their overseas prospects were doing most of the work themselves.
- Two said they have enough business at present and don't need to pursue foreign leads.
- Two said they perceived that the foreign prospects were using them mostly to gather information.
- Two said the local markets in question are not ready or haven't evolved.

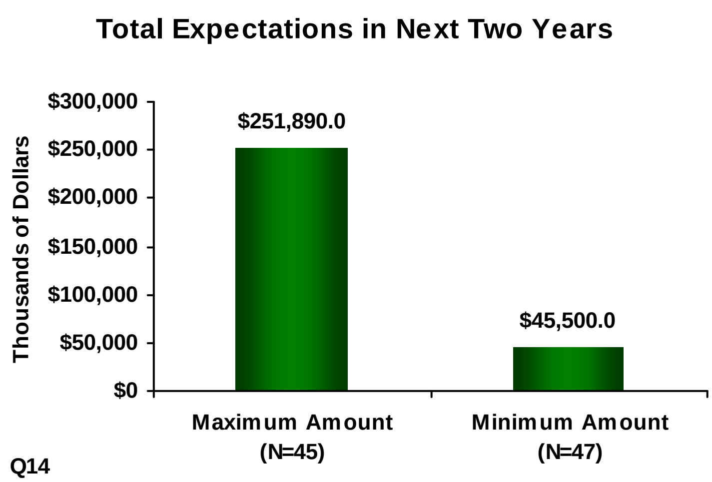
All the verbatim responses appear below:

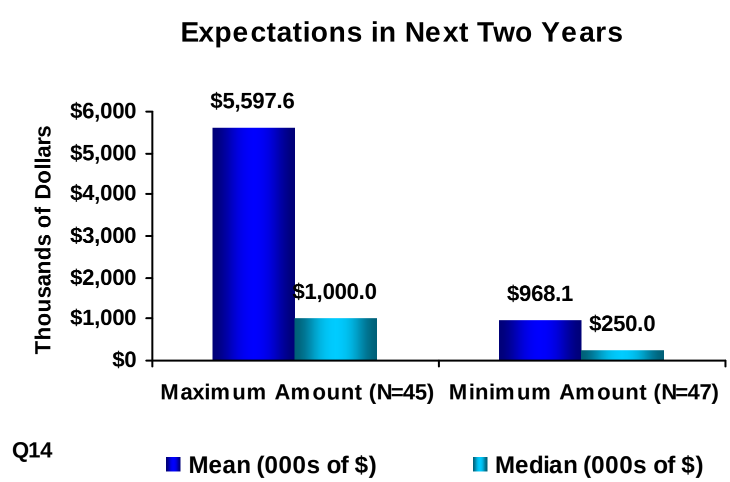
As of right now, no leads. If you don't have a name they won't talk to you.
Did not get any follow-ups from them.
I am not aware of any new projects.
I think that we don't pursue as strongly as we should due to the local suppliers.
In Canada, the Canadian government gives high preferences to Canadian manufacturers.
It was difficult to communicate with them and we did not have a meaningful discussion.
Loss of interest from the client.
Market is not ready.
Singapore has not evolved.
There is a money problem. The equipment we manufacture for buses costs $50,000.
They are concentrating on the US, my company.
They have gone cold because there is no activity.
We are concerned we are sharing too much information and they are copying it.
We are more focused in the United States and Canada markets.
We are mostly concentrating on the United States market.
We are now dealing with a distributor in the United Kingdom that handles our products.
We have enough business at the present time and we have to make small steps.
We have more interest in the US at the present time.
We have not seen any request for bids.
We were inquiring, not pursuing.
We will just continue the efforts we have already begun.
Well I don't have a conduit. I don't see any contracts; they don't tell me if they plan to.
Well, they seem to doing most of it themselves; they are just using us for info gathering,

Q14. Minimum and Maximum Dollars Forecast from New Business.

We then return to another bottom-line question, this one for those who do intend to pursue, or may pursue, new business in the coming two years via their Expo 2005 serious leads. These respondents were asked to estimate (a) the minimum amount they would expect to make combined in these countries during the next two years, and (b) the maximum amount they would expect to make combined in these countries during the next two years. As shown below left, the total these companies expect to bring in from these foreign concerns in that time ranges from a low of $45.5 million to a high of $251.9 million.

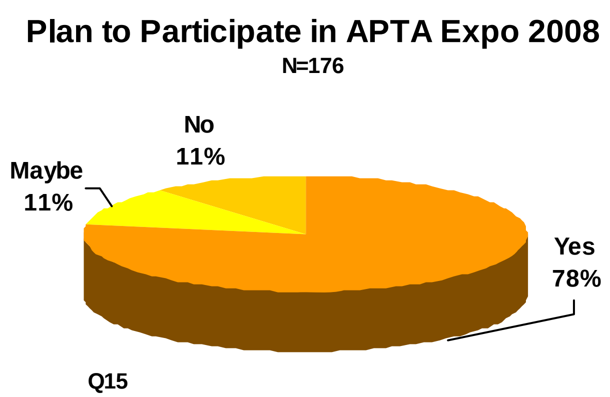
The specific dollar figures cover a considerable range. For the minimum figure, estimates run from zero to $7,000,000 per company, with a mean of $968,100 and a median of $250,000. For the maximum figure, estimates range from $40,000 to $75 million, with a mean of $5.6 million and a median of $1 million even.

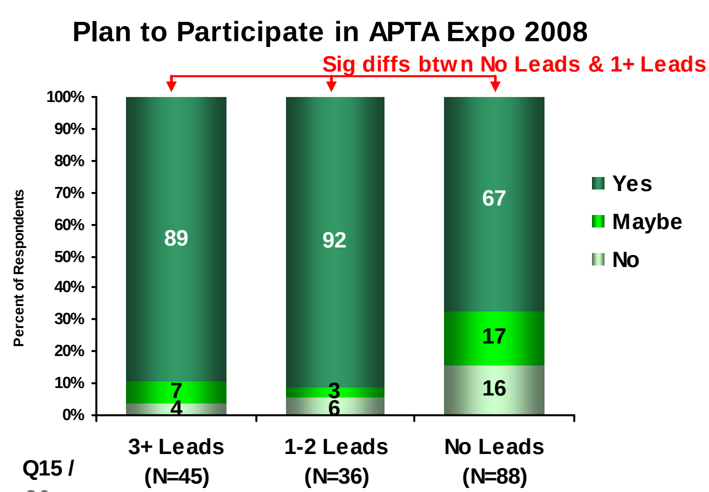




Q15. Intent to Attend APTA Expo 2008 in San Diego.

Having asked this long set of questions regarding APTA Expo 2005, we then asked all 176 respondents whether they intend to participate in APTA Expo 2008 in San Diego. Most, as seen below, intend to do so. The only significant variation from that position is among those respondents (a slight majority, we should remind the reader) who got no serious leads from foreign prospects during Expo 2005; up to a third of these companies may stay home, compared with less than 10% of companies that obtained at least one serious lead from the last Expo. There are no other significant differences by respondent segment.

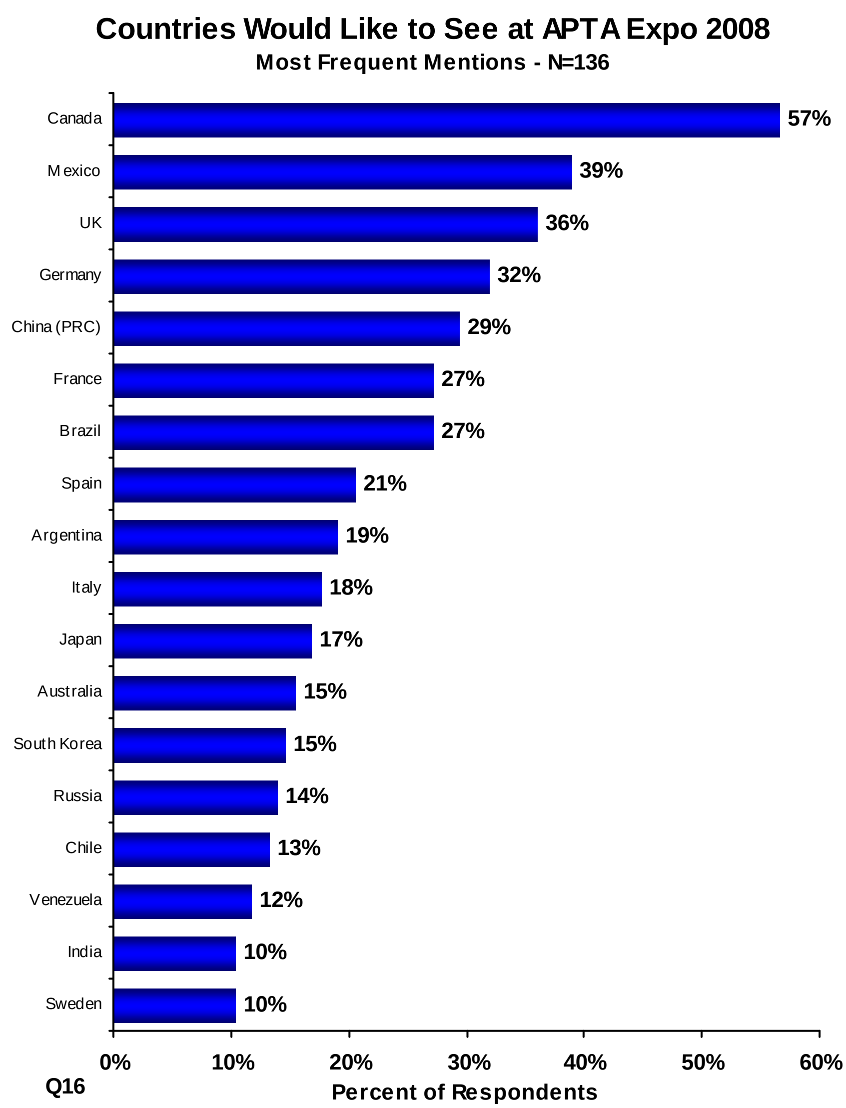




Q16. Countries Would Like to See at APTA Expo 2008.

The survey's final question asks those who intend to attend APTA Expo 2008, and those who haven't ruled out attending, which countries they would most like to see represented.

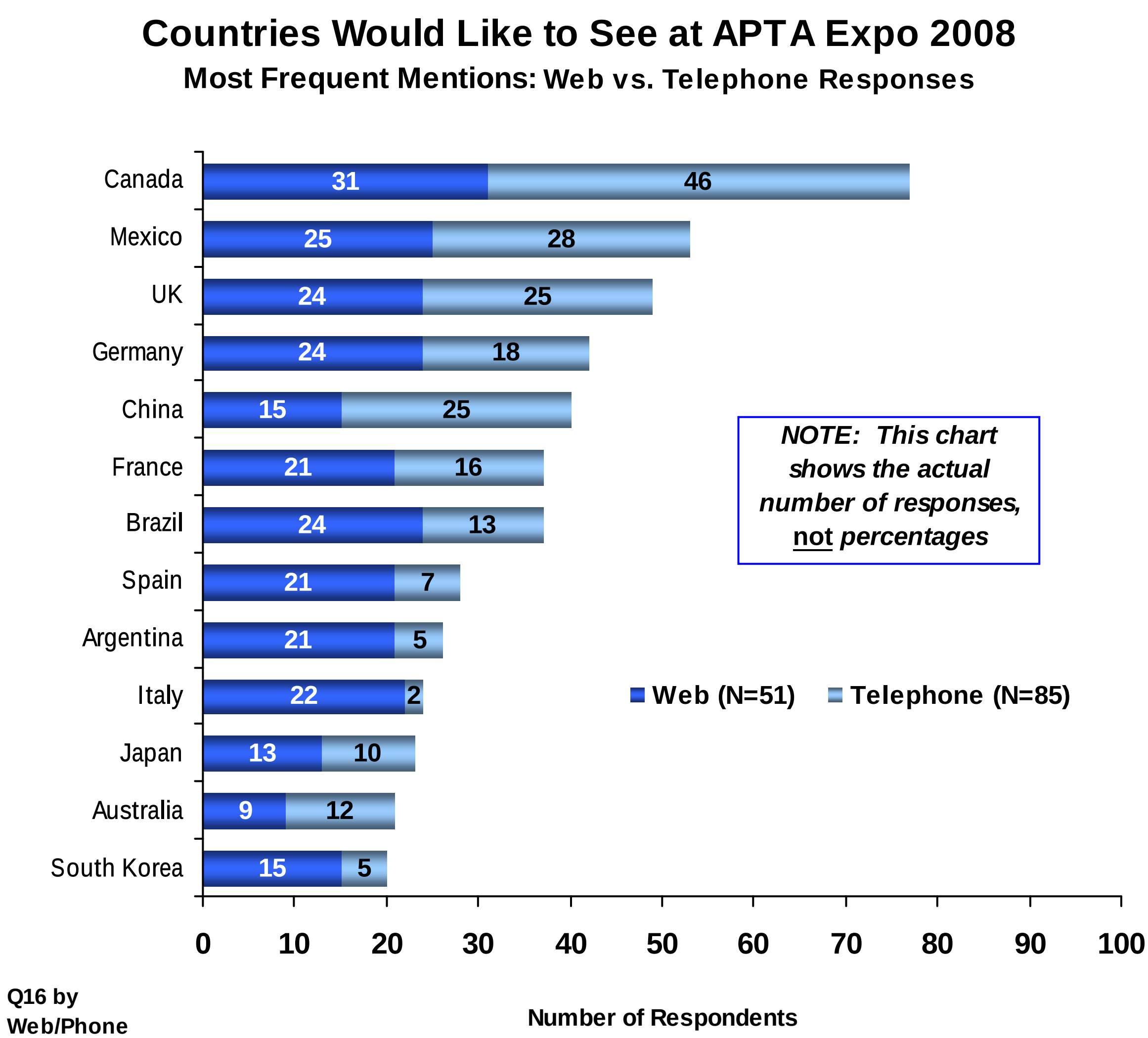
The most frequent mentions are listed below, ***but with this caveat:*** The survey format dramatically affected the answers to this question, in a way that it affected answers to no other in the survey. The reason is that in the telephone version, the respondent had to name preferred countries off the top of her or his own head, without any prompting. These were recorded by the interviewers. Meanwhile, in the Web version, the respondent was presented with a list of continents or regions, and then a list of countries within each of these continents and regions, which the respondent could then select by checking a box. Because the respondent had a pre-printed menu to choose from in the Web version, the average Web respondent named several times more countries than the same respondent would have had she or he been interviewed by phone.



In consequence of this fact, we present the most frequent mentions from the chart on the previous page broken out by the number of times they were mentioned by Web respondents, and the number of times by telephone respondents. Were the responses balanced between Web and telephone respondents, the telephone should outnumber the Web by about a three-to-two margin, as we see with Canada, the People's Republic of China, and (near the bottom of the chart) Australia. Meantime, countries in which the Web responses significantly outnumber the telephone responses (such as Spain, Argentina, Italy, and South Korea) indicate instances in which there is significant secondary interest, but probably not top-of-mind interest.

We suggest that top-of-mind mentions via telephone are better indicators of intensity of interest than simply taking the total Web + telephone numbers together.

We shall certainly be considering ways to counteract the "Web menu" effect on questions such as this one for any future surveys of foreign market interest.



APPENDIX: QUESTIONNAIRE

HERTZOG RESEARCH, LLC
PROJECT NO. 7003

FEDERAL TRANSIT ADMINISTRATION
INTERNATIONAL MASS TRANSPORTATION PROGRAMS
APTA EXPO 2005 FOLLOW-UP STUDY
Spring 2007
FINAL Telephone Questionnaire: 22 June 2007

METHODOLOGICAL NOTES

This survey will be conducted primarily using the Internet, via a Web-based questionnaire accessible using a pass code included with the invitation email. However, telephone interviewing also will be employed for respondents unwilling to respond using the Internet.

Those used in the telephone version alone are displayed in Times Roman Bold.

Those used in both Internet and telephone versions are displayed in Times Roman, unbolded.

[TELEPHONE INTRODUCTION]

INTRO1 [FOR SECRETARY/GATEKEEPER]:
Hello, my name is _________________. I'm calling on behalf of the U.S. Federal Transit Administration. May I please speak with [RESPONDENT]?

[IF ASKED WHY CALLING:]
We're calling to schedule an interview regarding the 2005 APTA Expo in Dallas. The interview lasts about 15 minutes.

1. Yes, available/CONTINUE TO RESPONDENT**[SKIP TO INTRO2]**
2. **No, not available [SCHEDULE CALLBACK]**
3. **[DK/NA/REF] [THANK AND TERMINATE][CODE AS REFUSAL]**

INTRO2 [FOR RESPONDENT]:
Hello, my name is _________________. I'm calling on behalf of the U.S. Federal Transit Administration. You may have received an email from FTA about some interviews we're conducting with U.S.-based exhibitors at the 2005 APTA Expo in Dallas. Your own responses to this survey will be used by FTA alone, and will never be shared with your competitors. The interview will take about 10 minutes. Is this a convenient time for you?

[If asked for more info:]
Specifically, FTA's International Mass Transportation Programs--which specialize in helping American public transit firms gain business abroad--would like to ask about your experience since Expo 2005 in securing public transit work from overseas agencies and companies, as a result of Expo 2005. Your responses will help FTA and APTA develop more effective foreign participation in Expo 2008.

[IF EMAIL WAS NOT RECEIVED, OFFER TO FAX A HARD COPY. IF FAX REQUIRED, FAX THE LETTER IMMEDIATELY USING APPROVED FAX COVER SHEET.] [IF SCHEDULING IS A PROBLEM, TELL THEM WE CAN CONDUCT THE INTERVIEW ANYTIME—INCLUDING VERY EARLY MORNING, EVENING OR WEEKEND.]

1. **Yes, available [SKIP TO S1]**
2. **No, not available [SCHEDULE CALLBACK]**
3. **Respondent asks you to call someone else in company [SKIP TO S4A]**
4. **[DK/NA/REF] [THANK AND TERMINATE] [CODE AS REFUSAL]**

SCREENING QUESTIONS

S1. Does your company currently do any public transit-related business outside of the United States?

1 Yes [SKIP TO S2]
2 No [SKIP TO S3]
3 Don't know [SKIP TO S3]
4 Prefer not to say [SKIP TO S3]
5 [VOLUNTEERED] Non-U.S. Company [GO TO S1A]

S1A. Does the American branch of your company produce most of its goods and services in the United States?

1 Yes [GO TO S2]
2 No [THANK AND TERMINATE]
3 DK/NA/Refused [THANK AND TERMINATE]

S2. For how many years has your company been doing public transit-related business outside the U.S.?

[RECORD NUMBER OF YEARS. RANGE 0-999. 999 = DK/NA. 0-11 MONTHS = 0.] [THEN GO TO S3.]

S3. Is your company seriously interested in doing any public transit-related business outside of the United States within the next few years?

1 Yes [GO TO S4]
2 No [SEE BELOW]
3 DK/NA/Refused [SEE BELOW]

[THANK AND TERMINATE IF BOTH S1 AND S3 <> 1; OTHERWISE, GO TO S4.]

S4. Which of the following best describes your role in decision-making regarding the company's foreign business initiatives? [ONE RESPONSE ONLY]

1 You make the final decisions concerning the company's foreign business initiatives. [SKIP TO GETNAME1]

2 You are one of several people who jointly make these decisions. [SKIP TO GETNAME1]

3 You are one of the people who evaluate or make recommendations concerning the company's foreign business initiatives. [SKIP TO GETNAME1]

4 You play some other role in the company's foreign business initiatives. (Please specify) SKIP TO GETNAME1]

5 Or, you have no role in the company's foreign business initiatives. [GO TO S4A]

6 DK/NA/REF [DO NOT READ] [GO TO S4A]

S4A. Who may I speak with who would have a decision-making role in the company's foreign business initiatives? What is that person's first name? [COLLECT FIRST NAME HERE]

1. [SPECIFY]
2. DK/NA/REF

S4A_1. What is [his/her] last name? [COLLECT LAST NAME HERE]

1. [SPECIFY]
2. DK/NA/REF

S4A_2. What is [his/her] title? [COLLECT TITLE HERE]

1. [SPECIFY]
2. DK/NA/REF

[IF S4A = 2 AND S4A_1 =2, THANK AND TERMINATE] [NQ3]

S4B. May I please have that person's number?

1. Yes
2. Same as dialed
3. No [THANK AND TERMINATE]
4. DK/NA [THANK AND TERMINATE]

[IF CONTACT OFFERS TO TRANSFER CALL, ACCEPT, BUT ASK TO COLLECT PHONE NUMBER FIRST IN CASE CALL IS LOST.]

[IF S4B =2, SKIP TO CB END]

S4B_1. [COLLECT PHONE NUMBER HERE]

1. New number [SPECIFY]
2. Telephone number is the same as dialed/unknown

[PROGRAMMER: UPDATE CONTACT INFORMATION IN SAMPLE RECORD FOR CALLBACK]. [BEGIN CALLBACK SCRIPT AT INTRO 3.]

CB END: Thank you for your help.

1. Call ended. Set Callback
2. Respondent transfers you to new respondent [GO TO INTRO2]

RESPONDENT DETAILS CONFIRMATION

[PROGRAMMER: RESTORE INFORMATION IF IN SAMPLE, OTHERWISE TOGGLE TO COLLECTED INFORMATION.]
NOTE – ALL DK/NA/REF WILL KEEP THE ORIGINAL INFO.

GETNAME1. Just to confirm our information, we have your NAME as [RESTORE "NAME" FROM SAMPLE]; is this correct?

1 Yes [SKIP TO GETCOMP1]
2 No [GO TO GETNAME2]
3. DK/NA/REFUSED

GETNAME2. [IF 2 (NO):] May we have your first and last names?
____________________________ **[INTERVIEWER CONFIRM SPELLING.]**

GETCOMP1. We have your COMPANY NAME as [RESTORE "COMPANY" FROM SAMPLE]. Is this correct?

1 Yes [GO TO GETTITLE]
2 No [SKIP TO GETCOMP2]
3. DK/NA/REFUSED

GETCOMP2 [IF 2 (NO):] What is your company name?
____________________________ **[INTERVIEWER CONFIRM SPELLING.]**

GETTITLE. And what is your current title?

1. COLLECT [GO TO GETTITLE2]
2. NONE/DK/REUSED [SKIP TO Q1INTRO]

GETTITLE2
____________________________ **[INTERVIEWER CONFIRM SPELLING.]**

[GO TO Q1 INTRO]

<u>SUBSTANTIVE QUESTIONS</u>

Q1 INTRO. Now we come to our main questions.

Q1. Using a scale of 0 to 10, on which 0 means *it was not at all important*, 5 means *it was moderately important*, and 10 means *it was absolutely essential*, how important was APTA Expo 2005 in Dallas in securing work for your firm from outside the United States? You may choose any number between 0 and 10. **_____ [99=DK/NA/REFUSED]**

Q2. Approximately how many contacts with potential foreign buyers did you make at APTA Expo 2005 that became what you would classify as <u>*serious leads*</u>?
[RECORD NUMBER.] **[PHONE: PROBE FOR ANSWER**; **RANGE = 0-1000 9999=Don't know;]**

Q3. Compared with your expectations before Expo 2005, would you say that the <u>*serious leads*</u> you obtained from potential foreign buyers at Expo 2005 were below your expectations, roughly matched your expectations, or exceeded your expectations?

1 Exceeded expectations
2 Roughly matched expectations
3 Were below expectations
4 Don't know
5 Prefer not to say

PREQ4
[IF Q2 = 0 OR DK SKIP TO Q15]

Q4. Thinking only of these <u>*serious leads*</u> you made at Expo 2005—what specific countries were they from? Please try to name SPECIFIC countries, not continents or regions of the world; for example, "France" and "Germany," not "the EU" or "Europe." **[PHONE: RECORD ANSWER VERBATIM. PROBE AS NEEDED FOR DETAILS.** ALLOW # OF RESPONSES ONLY UP TO # SELECTED AT Q2, IF MORE INSERT TEXT "You have given us more countries than the number of serious leads indicated earlier. Which is correct?"]
[DM: USE COUNTRY CODE SCHEME FROM 2006 RAIL-INDUSTRY SURVEY.]

Q5. Since APTA Expo 2005, have you bid on any contracts for any foreign prospects you mentioned ~~listed above~~ as serious leads?

1 Yes [GO TO Q6]
2 No [SKIP TO Q11]
9 DK/NA/Refused [SKIP TO Q11]

Q6. How many of these foreign contracts have you bid on since Expo 2005? [RECORD NUMBER. RANGE = 0-1000; DK = 9999]

Q7. Have you won any of these contracts that you bid on since Expo 2005?

i. Yes [GO TO Q8]
ii. No [SKIP TO Q11]
iii. AWAITING DECISION/DECISION PENDING [DO NOT READ] [SKIP TO Q10]
9 NA/REFUSED [SKIP TO Q11]

Q8. How many of these foreign contracts have you won since Expo 2005? [RECORD NUMBER.] **[PHONE: PROBE FOR ANSWER;** RANGE = 0-1000 **9999=DK]**

Q9. What kinds of work will you be doing as a result of these successful contract bids? [RECORD VERBATIM. PROBE FOR DETAILS.]

Q10. And what is the approximate total ~~approximate~~ dollar value of the contract or contracts? Again, all your answers are strictly for FTA's internal use. [DO NOT ENTER COMMAS, PERIODS, ETC.]
$________________ [RANGE = 0- 1,999,999,997; [RANGE = 0- 1,999,999,997; DK = 1,999,999,998; REFUSED = 1,999,999,999]]

Q11. Do you plan any new business activity in any of the countries you listed as serious leads during 2007 and 2008?

1 Yes [GO TO Q12]
2 No [SKIP TO Q13]
3 Maybe/Depends/Not Sure [SKIP TO Q12]
9 NA/Refused [SKIP TO Q13]

Q12. Do you foresee obtaining any new business in any of those countries during the next two years?

1 Yes [SKIP TO Q14]
2 No [GO TO Q13]
3 Maybe/Depends/Not Sure [GO TO Q14]
9 NA/Refused [GO TO Q13]

Q13. Why do you not foresee any new activity in those areas you previously considered serious leads? [RECORD VERBATIM. PROBE FOR DETAILS. THEN SKIP TO Q15]

Q14. Now, just as an estimate, during the next two years, what is the minimum dollar amount you would expect to make, and the maximum dollar amount you would expect to make, in total in these countries?

```
 if (q14a > q14b .or. q14b < q14a) {display 'You have indicated [+*so+]$'
+q14a+'[+*se+] is the MINIMUM dollar amount and [+*so+]'+q14b+'[+*se+] is the MA
XIMUM dollar amount you would expect to make.  Let us correct these figures...'
```

Q14A1.

a. COLLECT
b. ZER0
c. DK/NA/REFUSED

[IF Q14A1 > 1 SKIP TO Q14B1]
(Q14A) MINIMUM: $________________ [DO NOT ENTER COMMAS, PERIODS, ETC.]
[RANGE = 0- 1,999,999,999;]
[**Q14A: Do not permit a higher number than at Q14B.]**

Q14B1.

1. COLLECT
2. ZER0
3. DK/NA/REFUSED

[IF Q14B1 > 1 SKIP TO Q15]
(Q14B) MAXIMUM: $________________ [DO NOT ENTER COMMAS, PERIODS, ETC.]
[RANGE = 0- 1,999,999,999;]
[Q14B: Do not permit a lower number than at Q14A.]

Q15. Does your company intend to participate in APTA Expo 2008 in San Diego?

1 Yes [GO TO Q16]
2 No [SKIP TO CONCLUSION]
3 Maybe/Depends/Not Sure [GO TO Q16]
9 NA/Refused [SKIP TO CONCLUSION]

Q16. Which countries would you most like to see represented at APTA Expo 2008?
[PROBE AS NEEDED FOR DETAILS.]
[DM: USE COUNTRY CODE SCHEME FROM 2006 RAIL-INDUSTRY SURVEY.]

CONCLUSION. Those are all the questions we have. The results of these interviews will be reviewed by the appropriate management teams at FTA to help the agency better complete its mission. Thank you very much for your time and assistance.

[RECORD TIME: ______ MINUTES]