

# Austin electric motor maker gets foothold in Asia

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KLD workers in Austin test a scooter. The hope is to flood the Asian market with electric bikes.

KLD Energy Technologies Inc. has assembled a team of veteran tech executives while it positions itself as a developer of electric motor drives for Asian motor scooter makers.

The nearly 4-year-old Austin company is preparing to broaden its focus from building scooters to supplying and licensing its technology to motorbike makers in China and for dozens of other products that use electric motors.

In coming months, KLD is scheduled to provide 20,000 of its battery-powered drive systems to Malaysia-based EcLimo Sdn Bhd. It's a deal that would give the company an entrée into the lucrative Asian market while paving the way toward the huge — but difficult to enter — Chinese market.

The business is coming together for KLD as governments tighten restrictions on pollution-generating gasoline-powered motorbikes in favor of cleaner electric versions.

“The opportunity for us is bigger now than it ever was,” KLD CEO **Christian Okonsky** said.

“EcLimo is important because it is our first production product on the street,” he added. “Also, the Malaysian government is pushing green, and EcLimo will be the first company to introduce an electric scooter in Malaysia.”

KLD Energy now employs 55 workers, with 47 in Austin, and plans to hire an additional 35 workers during the coming year. It recently enlisted as its chief financial officer **Mark**



**Wabschall**, former chief financial officer of Virginia-based software maker Deltek Inc. (Nasdaq: PROJ), and serial startup CEO **Tom Carothers** as chief operating officer.

Company officials don't disclose revenue or revenue projections. But they said KLD Energy is well-positioned to take advantage of regulatory changes, having developed a transmissionless drive-motor system that uses a nanocrystalline composite material to conduct energy more efficiently than traditional, iron-core motors.

The direct-drive systems are fitted directly on wheel hubs. And unlike previous systems, KLD's can operate at high speeds without generating the heat that would cause conventional drives to fail. In addition to the motor drive, KLD's system includes a battery and a motor controller that is a unit including software.

KLD Energy recently reached an agreement with Australia-based Vmoto Ltd., which has acquired Germany-based scooter maker E-max, for Vmoto to test KLD Energy's drive system, officials said.

But the U.S. and European markets are dwarfed by the demand in Asia. With that in mind, KLD Energy is in discussions, Okonsky said, to provide or license its technology to seven of the 10-largest manufacturers in China, including Qianjiang Motor, which in 2005 bought Italian motorcycle maker Pesaro Benelli.

About 27 million of the 30 million electric motorbikes sold this year will be in China, said **Frank Jamerson**, publisher of the biannual Electric Bikes Worldwide Report. He expects that number to reach 100 million within 10 years.

Industry giants Honda and Yamaha have introduced electric motorbikes but have yet to capture significant portions of the Chinese market.

"No one is a dominant player, as far as I can tell," Jamerson said

KLD Energy, which has collected about \$13 million in capital from dozens of angel investors, plans to reach profitability during 2011, Okonsky said. In August, it closed a \$6 million funding round from 73 angel investors.

Okonsky was previously the founding vice president of Austin-based Firma Product Group Ltd., a consumer electronics design company. He learned of the motor technology in 2006 and licensed it the following year to develop a prototype. Although initially designed for use on scooters, the technology is now being considered for dozens of other applications such as building elevators, Okonsky said.

In early 2009, KLD Energy formed a venture with Vietnam-based Tien Loc Co. Ltd. that calls for KLD to produce electric drive trains starting next year.



**Ed Benjamin**, founder of the Maine-based Light Electric Vehicle Association and a scooter-company consultant with 16 years of experience in China, is expecting a worldwide ban on gasoline-powered motorbikes by 2025.

But it's difficult for U.S. companies to do business in China because the patenting concept hasn't gained a foothold in Chinese culture. Also, government regulations favor Chinese businesses over U.S.-based and other foreign would-be competitors, Benjamin said.

"The odds are very heavily against you," he said. "America is much more receptive than China is. There's nobody there pulling for you."

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### **KLD Energy Technologies Inc.**

**What it does:** Develops electric motor drives

**Headquarters:** Austin

**Founded:** 2007

**Employees:** 55

**CEO:** Christian Okonsky

**Web:** [www.kldenergy.com](http://www.kldenergy.com)

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