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Austin manufacturer to reinvent Kyle

Austin Business Journal - by [Jen Biundo](#) Contributing Writer

The rugged laptops and IT systems **RSI Inc.**, and its division makes for the U.S. military may be destined for the even more rugged battlegrounds of Iraq, but the company itself is heading to a calmer setting--the small town of Kyle.

RSI plans to vacate the headquarters it leases on East Riverside Drive in Austin and construct a 40,000-square-foot, \$3.5 million building on 5 acres in the Plum Creek development at the intersection of Kohler's Crossing and FM 1626, RSI president and CEO Harish Malkani says.

By landing RSI, Kyle, primarily a community of Austin commuters, expects to double employment opportunities in its fledgling manufacturing sector.

"We think RSI will be the catalyst for a whole new day in Kyle, and close the loop on the live-work-and-play concept," Kyle City Manager Tom Mattis says.

RSI has 60 full-time employees located primarily at its Austin headquarters, with a few stationed at a Pflugerville warehouse that RSI owns and plans to maintain for the foreseeable future. Once in Kyle, RSI will immediately hire another 10 employees, with tentative plans to expand its workforce to 200.

In exchange for those jobs, the city is courting RSI with an aggressive \$1.5 million incentives package, including water and wastewater infrastructure, \$100,000 in equipment funding and participation in a freeport exemption, allowing RSI to avoid taxes on inventory items destined for out-of-state shipment.

Kyle would purchase the Plum Creek property for \$762,000 and maintain ownership for five years, allowing RSI to avoid ad valorem property taxes.

RSI would agree to annual repayments of \$150,000, but could nullify the land cost with a yearly \$3,050 credit for each full-time employee maintained and a \$6,100 credit for each Kyle resident employed.

"Our employees won't have to commute 50 miles to Dell," Malkani says. "They can commute two miles to Plum Creek."

Hays County may also participate in the incentives package, though County Judge Jim Powers says the commissioners' court has not yet been presented with details of the negotiation.

"I am supportive anytime we can bring high-paying high tech jobs and clean industry into our county," Powers says.

Malkani, a native of India who speaks with hints of an Oxford British accent, says he was intrigued by the philosophy of a manufacturing plant "integrated into the town ethos."

"If you go to a smaller town in Ohio or in Michigan, you see one or two industries that become the cornerstone of the community," Malkani says. "I like that concept and it creates a good working partnership with the city."

For Kyle, landing a company like RSI represents the first return on significant transportation investments, including the three-mile extension of FM 1626 from FM 2770 to I-35.

"The 1626 project was about improving traffic flow for our citizens, but obviously we intended it to attract business growth," Mattis says. "This is exactly the kind of company we had in mind."

The deal still requires approval from the Kyle city council, but RSI anticipates it could break ground on its new headquarters as early as next February.

RSI was founded in 1983. The two major parts of the company are its Distribution/Value-Added Manufacturing Division and Computer Ruggedization and Integration, or CRI, division, formed in 1994.

CRI's products include rugged and repackaged commercial computers and computer-related products such as rugged mobile PCs, workstations, supercomputers, servers, storage systems, displays and compatible peripherals.

In addition to fulfilling military and aerospace contracts, RSI provides services to the oil and energy industry and medical sector -- all of which analysts say are keen on adopting new technology at a rapid pace.



RSI inc.

What it does: Makes rugged laptops and IT systems. Has two major divisions, Distribution/Value Added Manufacturing division, and its Computer Ruggedization and Integration, or CRI, division.

Where: Building a 40,000 square foot, \$3.5 million building at the intersection of Kohler's Crossing and FM 1626.

Employees: 60 in Austin area; adding 10 more once it's in Kyle, with plans to reach 200.

web site: www.rsi-cri.com

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