

**THIS MONTH'S MEETING**

**TUESDAY,  
 APRIL 8, 2008**

**WPI, WORCESTER**  
*Campus Center Odeum*

**NETWORKING: 5:30 – 6:30 P.M.**

**MEETING: 6:30 – 9:00 P.M.**

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## Break New Ground with Marketing

**W**ith such a crowded playing field, companies have to invest a lot of time, effort, and money to find innovative solutions to unsolved problems.

The race to profitability is underway, and the clock is running. Companies then face a daunting dilemma: What is the most effective way to explain, demonstrate, and sell their new technology?

On April 8th, members of the WPI Venture Forum will hear how seasoned professionals from three different industries successfully entered untapped markets by utilizing unique and creative marketing approaches.

The keynote speaker will be Tim Young, Netezza's Vice President of Corporate Marketing. Previously, Young worked with Oracle and BMC Software, and was a founding member of two start-ups: Patrol Software (acquired in 1994 by BMC Software) and Proxima Technology (acquired in 2007 by Compuware).

John Geisel of Strategic Marketing Partners will then discuss how he has leveraged his customer knowledge to launch new, unique products and



**JOHN GEISEL**



**KATHERINE TSAIOUN**



**TIM YOUNG**

turn around underperforming companies. Geisel's extensive background includes work with Datex-Engstrom, a Finnish manufacturer of medical monitoring systems, and Access Cardio Systems.

Addressing her experiences in the drug discovery service industry, Katherine Tsaioun, PhD, President and Scientific Director of Apredica, a drug discovery support company, will detail how she successfully marketed her company's services to large pharmaceutical companies and other target customers. Before founding Apredica, Tsaioun managed teams at Mitotix/GPC Biotech, Surface Logix, and NitroMed.

Join the WPI Venture Forum on April 8th to learn what these distinctive companies have in common, and hear how they broke the traditional marketing-strategy mold. √

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# LETTER FROM A COMMITTEE CHAIR

## Keep Customers in Mind for Funding



Mitchell Sanders

The old adage that the customer is always right rings very true when it comes to a startup or early stage company's ability to raise venture capital. Most tech startups have very competent scientists or engineers and may even have some prior business experience; however, the strength of the team is not complete without a thorough understanding of the possible markets for a product.

The basics are understanding the market potential and the value proposition for an offering. Back-of-the-envelope math won't satisfy a sophisticated investor. A new company needs to live and breathe the culture, wants, and needs of its customers. Once the team has a strong sense of the opportunity and value proposition, their next step is to understand the business and marketing case in greater detail. Be able to answer these questions and many more: How much are the cost of goods? If it is a drug or medical device, what is the regulatory path and how will the product be reimbursed?

What is the competitive landscape, and who are the potential acquirers for the technology? What is the price sensitivity in Europe, the US, Pacific Rim, and the rest of the world? These are all factors that need serious analysis before someone is willing to write a

check either for an equity investment or a development and licensing agreement with a new strategic partner.

Come to the WPI Venture Forum on April 8th and learn the tricks of the trade from three well-seasoned marketing professionals who each bring a unique approach to selling. Pearls of marketing wisdom are precious gems that can grow a business and keep it in front of the competition. This is one meeting not to miss.

Sincerely,  
Mitchell C. Sanders '88, PhD '92  
Vice Chair, WPI Venture Forum  
Executive Vice President and Founder,  
ECI Biotech

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# So You Want To Be a SaaS Star?

**N**ow that Software as a Service (SaaS) has changed the rules of the software game, independent software vendors (ISVs) are rising stars of the industry. As the big software OEMs like Microsoft, Oracle and CA ponder SaaS, “wannabe” SaaS companies are burning the midnight oil and some venture capital to get their on-demand applications up and running. ISVs need to know how to size up SaaS platform vendors and models, and how to successfully use them in building their on-demand services, instead of being used by them.

## **THERE ARE THREE MAJOR CATEGORIES OF SAAS PLATFORMS:**

**Category 1—“Members Only” Ecosystems** provide provisioning, single sign-on, enterprise end user administration, ecosystems and marketplaces, and other technical and business infrastructure (billing is planned). Salesforce

makes available a Web services development language. The end user administration and on-platform mashups (data combination, browser-based applications) of ecosystem applications opens up the ISV customer base beyond small to medium businesses (SMBs) to include larger corporations. Salesforce and WebEx review all ISV applications for marketing and technical compatibility. But while the marketplaces allow for test drives, customers must link to the ISV’s corporate site where the ISV sells subscriptions. ISVs assume all other customer-facing responsibilities, yet the ISVs’ service levels and terms must be approved by the platform. Neither Salesforce nor WebEx hosts ISV services.

**Category 2—“Get It To Market” Enablers** like Jamcracker and Strikeiron market themselves as “instant” on-demand application storefronts, billing and provisioning systems,

*by*  
**ERIC ESPERNE,**  
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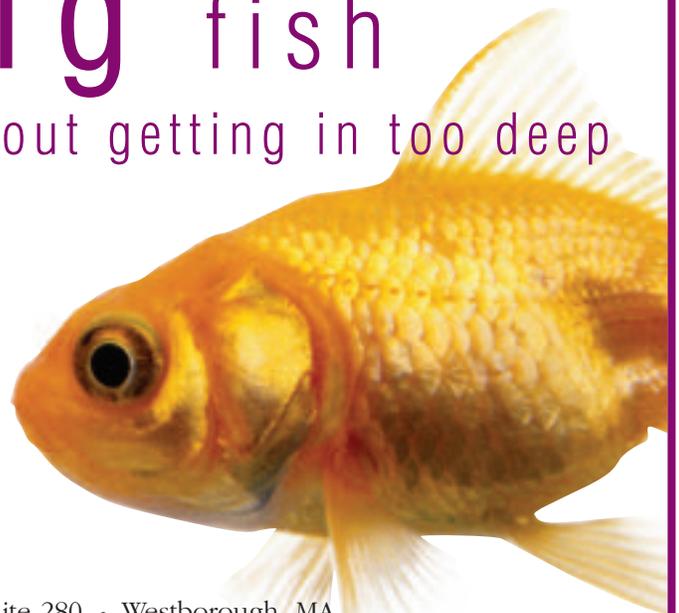
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# A LOOK AT MARCH'S MEETING

## Today's Successful



*Paul McGuire of IntelliSource International said knowing your customer is key to profitability.*



*A full house came to learn how Massachusetts manufacturing can be successful.*

by

BY PAUL DANIS, PHD  
&  
ALLISON CHISOLM

### Social Networking Event

Worcester Art Museum

Thursday  
April 17, 2008  
5:30 – 8 p.m.

55 Salisbury Street  
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\$10 Admission includes gallery tours,  
hors d'oeuvres, music and fine art

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Massachusetts manufacturers are enjoying record productivity levels. While an important development for the state's economy, this remains an untold story, according to Jack Healy, Director, Massachusetts Manufacturing Extension Partnership (MassMEP). Members of the WPI Venture Forum heard several sides to this success story at the March 11th meeting from a panel that included Healy, Paul McGuire of Intellisource International and John Gravelle of Mar-Lee Companies, and whose discussion was moderated by Phil Cyr of RH White Companies, Inc.

"The perception is that manufacturing has left town, never to return," Healy said. "The nature of manufacturing has changed, but it's still the number two contributor to the state's GDP" in chained dollars, an average weighted over two years. For the last 10 years, he added, manufacturing productivity has out-produced the rest of the non-farm sector on a two-to-one basis, which in turn has allowed manufacturing — tied with financial services — to be the largest nongovernment payroll sector in the state.

What has changed in manufacturing is basically twofold: First, the move to "lean

manufacturing," described as "the biggest transition in US manufacturing history" and implemented by more than half the manufacturers within the state. The basic tenets of lean manufacturing are built on the elimination of waste and on respect for people, which has allowed for positive changes in the operating performances and metrics of manufacturing companies, not only in Massachusetts, but throughout the world.

The second part of this manufacturing transformation in Massachusetts has been the move to high value-added services.

Companies like Nypro and Mar-Lee don't just make parts, they deliver solutions through automation. It comes down to people, process and plant, he said, as "next generation" manufacturers:

- Extend their well-trained workforce beyond the production floor to maintain future productivity requirements,
- Leverage their existing technological capability and manufacturing know-how into new markets and technologies, and
- Develop a high service capability for their future competitive differentiation, requiring investment in equipment, systems and plant.

# Manufacturing is High Tech



*John Gravelle of Mar-Lee Companies showed the novel packaging his company has produced.*

Paul McGuire, founder of IntelliSource in Leominster, Massachusetts, discussed sustaining profitable growth in the face of the many challenges facing manufacturing today. A key ingredient is to identify clearly where a company's value lies in what they offer to customers. By looking at the various offerings in terms of their trajectories in the market, management can more clearly "see around the corner." This gives management the ability to make those specific changes that will maintain and grow the most profitable opportunities. Knowing the customer and anticipating their needs is the cornerstone of this approach.

In order to achieve the conditions where managers can position their company for growth, they need to focus on several major areas. They need to evolve their thinking from focusing on what a company has always been good at (the past) to current unmet customer needs (the present) and towards the latent unspoken customer needs (the future). The result is greater margins and higher recurring revenue.

The first step is to confront the company's current reality by asking the right questions:

- Where are we and what are we good at?

- What will be the winning value proposition of the future?
- Can we get there? And if so, what do we have to do to get there?

Second, define the critical positions that make up the growth strategy:

- Positions with diminishing future value
- Positions with increasing future value

Third, fill the right positions with the right people. Maguire emphasized that this is the most critical element of the process. So by moving the focus from *what is* to *what will be*, management can create this desired future state. As Maguire said, "change is good, and it is best to go first."

President and CEO of Mar-Lee Companies in Leominster, Massachusetts, John Gravelle discussed how Mar-Lee has grown to become one of the area's leading plastics manufacturers and mold makers. Mar-Lee has successfully transformed itself from a traditional custom injection molder and mold-maker into a successful contract manufacturer specializing in medical applications and high-volume, highly automated packaging products. With annual growth of 15 to 20 percent, Mar-Lee has generated double-digit profits, while investing an average of 10 percent of annual sales into automation and technology.

Gravelle shared some of primary areas that enable success. He mentioned how it is very important to be highly aware of the global marketplace, even though one may only be participating locally. Besides understanding the situation of their customers, it also gives them a view into potential new opportunities in new market segments. These opportunities could be the big drivers of future growth.

Mar-Lee has made a clear commitment to focus on long-term growth and building strong relationships with their customers.

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# Today's Successful Manufacturing is High Tech

CONTINUED FROM PAGE 5

They learned early on that simply building parts to a specification was not going to provide growth, as that type of business is easily commoditized and shipped to the lowest bidder. Instead, they strive to operate as partners to their customers, and provide significant value above and beyond the product itself.

Finally, though it is critical to be able to see around the corner, one also has to develop the financial resources to be able to take advantage of what's coming. By investing in improvements to their processes, increasing the skill level of their employees, and keeping everyone abreast of the direction of the company, Gravelle has guided Mar-Lee to a secure position in the medical and specialty packaging markets.

An active question and answer session followed, addressing the needs of companies that are stagnant or losing money, choosing



*Comfortable in a new TV studio-style set up, moderator Phil Cyr (far left) launched an active Q&A session among panelists Jack Healy, Paul Maguire and John Gravelle.*

customers carefully that seek value over price, establishing long-term contracts versus individual purchase orders and investing in the workforce.

*Paul Danis, PhD is the founder and principal of Eastwoods Consulting, which helps life science*

*companies grow through the commercialization of new technologies. He can be reached at 508-869-2303 or at paul.danis@eastwoodsconsulting.com. Allison Chisolm is editor of WPI Venture Forum Vantage and owner of Choice Words/Chisolm & Co. She can be reached at Chisolm@ChoiceWordsOnline.com. ✓*

## So You Want To Be a SaaS Star?

CONTINUED FROM PAGE 3

first level support and established channel sales programs. They resell ISV services either themselves or through channels. But the applications these enablers support are limited to simple live data feeds and database query services, and there are no mashups. As with Ecosystems, ISVs must contract for their own hosting and provide their own Service Level Agreements (SLAs) and user terms, making the legal relationships muddled. The sales channels are not vetted Value Added Reseller (VAR) programs but rather rebranding or linking to the platform's online marketplace.

Category 3—"We Do SaaS" Managed Hosting Companies host ISV services, but vary in how much they support SaaS. Opsource is more SaaS-centric than other hosting companies. It offers a full-featured,

system-oriented architecture platform designed for on-demand apps. The company has the distinction of being a Salesforce and WebEx certified ISV host. USi puts a twist on SaaS by marketing consulting services for remotely hosting software systems and for integrating hosted software and on-demand apps with on-premise systems. Both services offer very high SLAs, enhanced security and disaster recovery capabilities.

### ISVs SHOULD FOCUS ON THESE KEYS:

1) What kind of data do you process and how? Processing customer and third-party data opens up more serious liabilities and demands greater compliance and customer assurances.

- 2) Who are your customers? SaaS quality of service can range from "No, No, No" (no SLAs, no support, no refunds) to meeting mission-critical standards in highly regulated industries.
- 3) What is your value proposition? SaaS service levels and infrastructure can easily be as important as the application.
- 4) What risks will you undertake? Third party providers can leave ISVs highly vulnerable and impotent to address service problems.

*Eric Esperne is President of James River Consulting, eesperne@jamesriverllc.com. James River specializes in IT and services contracts on a temporary or part-time basis for small and medium tech companies who need better contract negotiation and management but don't want to invest in a full-time hire. ✓*

## Member News

### ECI BIOTECH WINS GRANTS

Worcester-based ECI Biotech, a privately held biotechnology company founded by WPI Venture Forum officer Mitchell Sanders '88, PhD '92, has received two federal grants since February. The National Institute of Dental and Craniofacial Research awarded the company \$149,066 to develop a periodontal treatment as a Small Business Innovation Research (SBIR) grant. It received another SBIR grant from the National Institute of Allergy and Infection Diseases for \$200,870 for the development of a quick diagnostic tool for vaginal yeast infections. The technology could have both home and medical office applications.

### CASE PRESENTER AWARDED PATENT

Dr. Angel DeCegama, Founder of ADC2 Technologies Corporation, who presented his case at the WPI Venture Forum in February 2007, has been awarded a US patent for his video-compression technology. Using his company's software, compressed video images can be downloaded from websites to desktops, funneled through typical broadband connections and be viewed as high quality images.



**2008  
CALENDAR OF EVENTS**

<b>April 8</b>	Marketing a High Tech Enterprise
<b>April 17</b>	Social Networking Event, Worcester Art Museum
<b>May 13</b>	Profits Come from People
<b>June 10</b>	The Five-Minute Pitch Contest

## The Results Are In

The February WPI Venture Forum survey yielded some important results, and we thank everyone who responded. Through both answers and comments, respondents provided us with a treasure trove of valuable information that we will use to improve our programs.

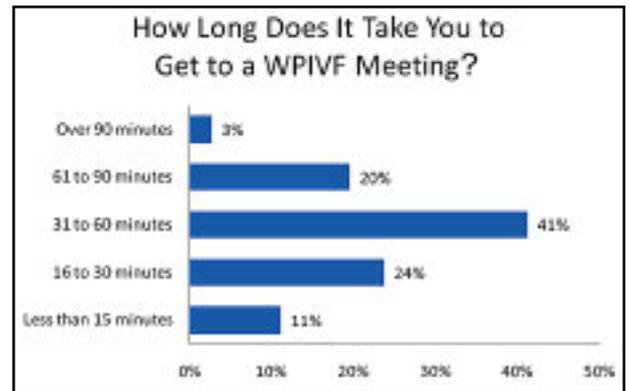
One reassuring finding was that 38 percent of survey participants consider themselves entrepreneurs. Other key groups of attendees were service providers, people looking for new opportunities and investors. Although entrepreneurs have been well represented in past surveys, this is the highest percentage recorded to date.

For those who have wondered how long attendees will drive to get to a meeting, we learned that the average is 30 to 60 minutes, with almost one in five driving for up to an hour and a half.

Certain surprising results emerged regarding which member benefits were considered important when joining a professional, educational or networking organization. People ranked "an opportunity to learn" slightly ahead of networking. Earlier, more anecdotal surveys had indicated networking was very important to our programs' success. In response, we have always structured our programs and events to facilitate networking. However, over the past two years, Dick O'Brien and the program committee have been working very hard to create new and informative programs. The survey highlighted the success of their efforts.

### WE HAVE A WINNER

Congratulations to survey winner David Elliott, mechanical engineer for RemoteReality, an optical products company that produces omnicaamera systems that take 360-degree video for a virtual presence in remote and hazardous environments. Dave was especially pleased to win a free year's



membership in the WPI Venture Forum, as he is long-time inventor with many new product ideas and is listed as the first inventor on a patent for a type of party balloon six-shooter. "Looking at the world through this engineer's eyes," he said, "there are challenges and business opportunities everywhere."

In addition, the first ten people to complete the survey have received their free meeting passes. ✓

## Spotlight on Entrepreneurs

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The WPI Venture Forum invites entrepreneurs to make a one-minute practice elevator pitch at monthly programs. Content is limited to seeking investors or potential partners, but not customers. Overhead slide allowed and one pitch per season, per business idea. For a helpful template and submission criteria, please visit:  
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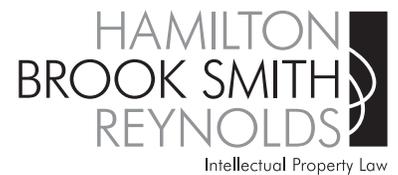
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