

THIS MONTH'S MEETING

**TUESDAY,
 MAY 13, 2008**

WPI, WORCESTER
Campus Center Odeum

NETWORKING: 5:30 – 6:30 P.M.

MEETING: 6:30 – 9:00 P.M.

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Succeed with Your Start-up Team

The management team is critical to the success or failure of a start-up. But for first-time entrepreneurs, and even some seasoned veterans, building the team can be a daunting enterprise. How do you identify, attract and keep top talent? When should you add key positions, and when should you fire executives who aren't working out? And how will your investors be evaluating you?

Keynote speakers for the May 13 WPI Venture Forum meeting, Tom Crotty and Vic Odryna will address these questions and more from the perspectives of an investor and an entrepreneur.

Tom Crotty is General Partner at Battery Ventures, a leading venture capital firm that focuses on technology investments. Crotty has extensive experience investing in communications and e-commerce companies. He has worked with dozens of entrepreneurs and their management teams in his more than 20 years in venture capital.

Vic Odryna is a serial entrepreneur who is co-founder and CEO of ZeeVee, a start-up that is bridging the last fifty feet between home



TOM CROTTY



VIC ODRYNA

computers and HDTVs. Odryna was also founder of PixelVision, a pioneer in flat-panel monitors, President & CEO of Inceptor, a search marketing company, and has been a key marketing executive at other companies. He will share his experiences building teams in his companies.

Case Presentation:

LTSave, Inc.

LT Save is a technology-enabled business services provider to employers, banks and bank platforms, affinity groups and membership organizations that offers retirement planning and investment management services to individuals for the management of their retirement assets. Founder, Chairman and CEO Sunil Bhatia will present LTSave's case. Bhatia was also founder of Asset Sciences, one of the first Internet-based investment advice companies.

Ross Gibson will join Crotty and Odryna as a panelist reviewing the case. Gibson is currently Corporate Vice President, Human Resources – North America at Charles River Laboratories, a global company advancing the search for drugs from discovery through market approval. With almost 25 years of HR management experience, he has also held senior HR positions at American Superconductor, a leading supplier of power solutions, and Cambridge NeuroScience, a development-stage biotechnology company. √

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LETTER FROM THE CHAIR

Seasons Change, Goals Grow



Patrick Jones, Esq.

Spring has finally sprung in Massachusetts, and not a moment too soon. The passage of the seasons is just one way that we measure our progress in meeting our goals. While for many, January 1st is a great time to start a new diet or exercise regime, each passing season offers its own opportunity for reflection on the past and a fresh start.

Like most of you, I have been watching with apprehension the torrent of negative economic news over the past several months. With the mortgage crisis and upward pressure on prices, it is clear that the economy is in for some slow growth for the foreseeable future.

The dawn of spring reminds us of the unavoidable nature of the business cycle. We can't have spring flowers without first suffering through another New England winter. Likewise, we can't avoid the ups and downs of the business cycle. In fact, they are sometimes necessary to weed out those weak and underperforming business trends and to

sow the seeds for strong future growth and innovation.

The WPI Venture Forum has nurtured innovation since its founding more than 16 years ago. And one key to growth from that innovation can be making a positive first impression.

In June, we will be hosting the second annual Five-Minute Pitch Contest, where a slate of start-ups will compete for a cash prize, employing their best efforts to impress and inform both the audience and a distinguished panel of judges about the value of their venture — in five minutes or less. The program committee is currently soliciting participants for this event, which was extremely successful last year. Please visit our website and click on "June 2008 5-Minute Pitch Registration" for more information.

Sincerely,

Patrick Jones, Esq.

Chair, WPI Venture Forum

Senior Legal Counsel, Fidelity Investments

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“Chewy Vuitton” Beats “Louis Vuitton”

Louis Vuitton, famous for its luxury goods, objected to the name “Chewy Vuitton,” which was used on stuffed toys and dog bed pillows.

In this case, the smaller company, Haute Diggity Dog, marketed pet products that “parody” or make fun of luxury brands, including for example “Dog Perignon” and “Chewnel #5.”

Louis Vuitton filed a trademark infringement lawsuit - and lost. [See *Louis Vuitton Malletier S. A. v. Haute Diggity Dog, LLC*, 2007 WL 3348013 (4th Cir., Nov. 13, 2007; affirmed by Appeals Court on December 5, 2007).]

THE LEGAL STANDARD IS “LIKELIHOOD OF CONFUSION.”

The judge’s ruling stated that “The fact that the real Vuitton name, marks and dress are strong and recognizable makes it unlikely that a parody — particularly one involving a

pet chew toy and bed — will be confused with the real product.”

The victory was costly. It is reported to have cost Haute Diggity Dog more than \$200,000 in legal fees, and significant loss of business.

SO, WHAT’S A SMALLER COMPANY TO DO?

(1) *Avoid problems.*

Don’t pick a name that’s too close to a famous name. Unless your business really is built on a parody concept, you’ll want to avoid choosing a name that sounds like a famous mark. For a discussion of the outcome of some other name disputes see: www.smartfast.com/enews/ea_naming_disputes.html.

(2) *Protect your name/brand.*

Take steps to protect your business name or brand by registering the domain name(s) and trademark(s) for your business.

by

JEAN SIFLEET, ESQ., CPA

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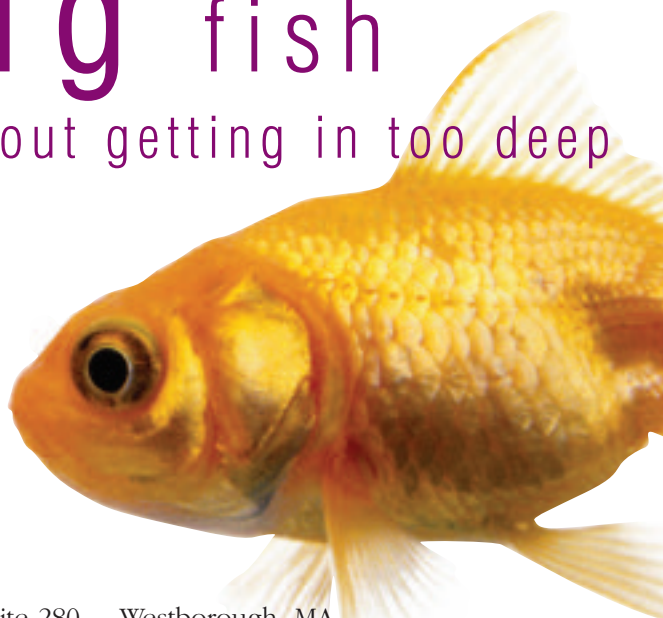
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A LOOK AT APRIL'S MEETING

Breaking Ground: Marketing

by

JERROLD M. SHAPIRO, PH.D.

WPI Venture Forum RADIO SHOW

Are you looking for an entertaining, educational and interesting way to spend a couple of hours on a Saturday evening? Join Bob Hokanson, executive producer of the Forum radio show, every Saturday* from 5 to 7 pm on WTAG 580 AM to hear interviews with area business professionals from a variety of industries. Call 508.755.0058 to participate in the discussions and ask your questions about entrepreneurship and managing technology-based companies.

Want to be a guest entrepreneur? Visit www.wpiventureforum.org/Programs/radio.html and click on the Guest Form link at the bottom of the page.

*Sports events or late-breaking news stories may occasionally pre-empt the regularly scheduled program.



All paths led to the WPI Venture Forum on April 8th, where audience members learned about product sales and marketing in the technology, medical device and scientific services market. They got the insider's view of Netezza's "All-Paths Approach" to product sales from Tim Young, Vice President of Marketing for the Framingham database appliance manufacturer. Young gave a snapshot of the thinking behind their go-to-market strategy, using the context of the technology adoption cycle outlined in Geoffrey Moore's book, *Crossing the Chasm*.

The Information Technology (IT) departments of large companies use Netezza's data warehousing appliances, but their purchase requires the collaboration of many customer stakeholders.

The "early market" consists of visionaries looking to build their career by choosing a technology to bring into their company that will advance the company a quantum leap forward and provide an order of magnitude return on the investment. Visionaries are interested in doing their job more effectively, and have sufficient skills that if they guess wrong about the technology to bring in, they can easily move to another company.

However, the early market is a small market. To cross the chasm to the mainstream market, its pragmatist buyers — whose motto is "You don't get fired for choosing IBM" — must be convinced by others like themselves at other companies, and not by visionaries who tend to alienate pragmatists.



Keynote speaker
Tim Young

Young also outlined the business to consumer (B2C) sales process, which is an emotional sale driven by factors such as advertising and fashion. By contrast, the business to business (B2B) sales process is a more cerebral "left brain" activity where options among competing products are carefully evaluated.

Yet what often happens is that when a buy decision is made, the right brain momentarily takes over and the buyer makes a "leap of faith" decision to select a product. This type of decision is often made early on in a sales cycle with most of the sales process tied up helping the buyer demonstrate value to the wider internal purchasing group.

The bottom lines of B2B sales are that **people buy from people they trust** (i.e. established contacts), and justification is critical. Netezza's approach is based on **building a model of the network of influences on the buyer** — other suppliers, trusted advisors, industry analysts and so on — and then putting in place marketing programs that ensure each of these paths of influence become paths of advocacy for Netezza. Young summarized the Netezza Strategic All-Paths Approach as one which:

1. Builds a Netezza advocacy network around their target accounts
2. Ensures alignment between sales & marketing by putting structure on the marketing campaign
3. Builds on what experienced account managers do intuitively
4. Concentrates field marketing energy where it is required

Your New Product or Service

5. Leverages corporate marketing
6. Provides a measurement system to manage progress
7. Keeps everyone focused on priorities
8. Utilizes paths that develop the business value of the solution
9. Gets Netezza closer to world domination!



John Geisel, a former medical device company executive and currently a consultant with Strategic Marketing Partners, shared the keys to marketing a new medical product. As a U.S. Marine, John learned the five P's: **Prior Planning Prevents Poor Performance**. Entrepreneurial companies are often started by technical people without a clear market development plan. Those that follow John's suggestions will find mobs at their medical trade show booth.

Start with market research to

- understand current practices,
- identify problems or unmet needs,
- define market size,
- determine growth potential, and
- analyze the competitive landscape.

Two cases in the anaesthesia field supported Geisel's advice, including one company started by a well-known anaesthesiologist. He knew the importance of monitoring the oxygen level of the patient's blood during a procedure, called oximetry. He then took advantage of a segment on the television program "20/20" that raised public

awareness to introduce a medical device, the pulse oximeter, into operating rooms across the country.

Product development is driven by marketing to meet the requirements of "must have," "want to have" and "nice to have" features, which lead to the technical specifications.

Technical specifications determine the regulatory path. Unlike other industries, the medical device industry is heavily regulated from the product design process forward through clinical trials, manufacturing, sales and marketing. Most companies strive for market clearance by the FDA, through demonstration of the equivalence of the new product to a device already on the U.S. market. This 510(k) process is much faster and less expensive than the extensive clinical trials required to secure Premarket Approval, or PMA, for a truly innovative device without precedents.

Next, **set the market strategy:**

- identify the target market,
- state the value proposition,
- position and price the product, and
- establish referral sites by converting them from clinical trial sites. Like Moore's pragmatists, doctors trust those colleagues from their medical school regarding new medical devices.

The launch of a medical product shares the same tools of branding, promotion, marketing material, trade shows and website with other industries. **Set the product apart** by seeding key physicians with the new equipment and having them publish clinical

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“Chewy Vuitton” Beats “Louis Vuitton”

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(3) *Be careful how you use another company's mark.*

It can be okay to use someone else's mark in certain instances — called “descriptive fair use” and “nominative fair use.”

It is acceptable to use a famous mark in comparative advertising, news reporting and non-commercial uses. It is not acceptable to use a mark in a way that implies endorsement, sponsorship or appears to be “passing off” your goods or services as those of the well-known trademark owner.

For example, in *Playboy v. Wells*, 279 F. 3rd 796 (9th Cir 2002), the court found that Terri Wells, a former playmate, used the Playboy trademark in a descriptive way on her website and had no intention of benefiting from Playboy's goodwill. The court held that the use was fair.

(4) *Use a disclaimer.*

Here's an example: “Please note that this Haute Diggity Dog designer parody product is not affiliated, designed or manufactured by Dom Perignon.”

In conclusion, while famous brands have valid reasons to protect their brands from counterfeiters, they go too far in attacking smaller companies that are not threatening

their business. We can be thankful that Haute Diggity Dog fought and won — because that establishes the law.

Smaller companies have to be creative to fight big companies with deep pockets. You're much better positioned if you've acted wisely, with good legal advice. If you can't afford the legal battle, there are a number of other alternatives. For example, see the discussion about Microsoft's dispute with teenager Mike Rowe about his website mikerowesoft.com, at www.cnn.com/2004/TECH/internet/01/19/offbeat.mike.rowe.soft.ap.

WPI Venture Forum member Jean D. Sifleet is a business attorney, CPA and three-time entrepreneur. Author of Advantage IP – Profit from Your Great Ideas (2005), she is a member of the business practice group of Hassett & Donnelley PC and advises privately held companies on a broad range of business matters, including leveraging intellectual property and successfully implementing ownership transitions. She can be reached at jean@smartfast.com. ✓

Worcester Tops for Start-ups in Fortune

Worcester made the “100 Best Places to Live and Launch” list in *Fortune* magazine, ranking 38th for its pro-business municipal government, 111 biotech companies and the active WPI Venture Forum, “which fosters networking between tech start-ups and venture capitalists to help promote potential partnerships.”

Rewards for Reinvention

The Next Generation Manufacturing Initiative is looking to select five manufacturing companies ready to reinvent themselves and commit to growth and expansion in Massachusetts. Sponsored by the Associated Industries of Massachusetts Manufacturing Institute, MassDevelopment and the Massachusetts Manufacturing Extension Partnership, the initiative wants companies in the state's “gateway cities” (Worcester, Fitchburg, Lowell, Lawrence, Haverhill, Brockton, Fall River, New Bedford, Holyoke, Springfield and Pittsfield) that are willing to invest in technology, equipment and employees. The winners will receive an enterprise-wide assessment valued at \$15,000.

Applications are due May 15. For more information, visit www.massmep.org/ngmi.html or call Glenn Gertridge at MassMEP, 781-376-0028. ✓

Member News

WORTHINGTON CELEBRATES POPE'S BIRTHDAY

WPI Venture Forum board member and in-kind sponsor Shari Worthington was invited to the White House on April 16th for an audience with Pope Benedict XVI. She and her daughter were honored to be there on the day of the Pope's birthday celebrated during his recent US tour.

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Breaking Ground: Marketing Your New Product or Service

CONTINUED FROM PAGE 5

papers in well-respected medical journals. Sales strategy in the US focuses more on a direct sales force, while that internationally focuses on recruiting a company area manager who lives there to steer local distributors. Hire nurses and technicians into your clinical support organization who will **earn the customer's respect**. The human element of any sale remains: people buy from competent people.

Finally, John's five Ps are followed by his three E's: **Execute, execute, execute**. Clear objectives, adequate resources, incentives, and review of results every six months are essential. If your sales people are not performing in six months, replace them.

Katya Tsaïoun, Ph.D., president of the contract research organization Apredica, came to the US from Russia nineteen years ago, and worked in large pharmaceutical companies before striking out on her own two years ago when she saw a market niche for contract research. She bootstrapped a pure service company startup with no intellectual property and no venture capital investment whose mission is to tell early-stage drug discovery companies, early in the development process, whether their compounds have problems that would prevent them from becoming drugs. This has reduced the number of new drugs that have failed in clinical trials due to toxicity issues from forty to ten percent, and greatly increased the

efficiency of the process.

Her VP of Marketing (and husband) taught her the "ABCs – Always Be Selling." Dr.

Tsaïoun brought smiles to the room as she shared the image most scientist customers have of a salesperson: a cigar-smoking, slick-haired used car salesman with gold chains and Hawaiian shirt.

Scientists who start companies feel that they can learn sales, marketing and business development in about five minutes, as they have PhD degrees. She has since gained respect for marketing as another branch of science and recommends **finding a competent marketing team member** with demonstrated success and giving them an equity stake.

Participating in business plan contests, including the WPI Venture Forum's, taught her much about sales. She received useful criticism, had to think through her ideas, and met people who could help her. Winning a contest persuades investors to take a second look, she said. The contests also provide a vital "acid test," she said. "If you can't handle the work to win a contest, you probably can't handle the work required for a startup."

Some of the lessons she learned are the need to **start selling before a business has a product**, and that **partnerships are powerful** in cross-selling to their existing customers, creating credibility and reducing costs by sharing laboratory space.

Jerry Shapiro is a current member and past Chairman of the WPI Venture Forum Program Committee. He is the founder, President and CEO of Fem-Medical LLC in Framingham, MA, which gives incontinent women the freedom to enjoy their lives via nonsurgical drug-free treatment. He can be reached at 508.875.3993 or shapiro@FemiScanUSA.com ✓



Katherine Tsaïoun now appreciates marketing.

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: www.wpiventureforum.org/Programs/spotlight.html



**2008
CALENDAR OF EVENTS**

June 10
The Five-Minute Pitch Contest



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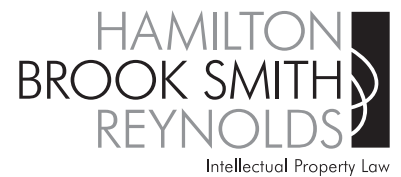
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