



THIS MONTH'S MEETING

**TUESDAY,
 DECEMBER 9, 2008**

WPI, WORCESTER
Campus Center Odeum

NETWORKING: 5:30 – 6:30 P.M.

MEETING: 6:30 – 9:00 P.M.

*\$15.00 members
 \$25.00 non-members*

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*The WPI Venture Forum is a
 program of the Collaborative for
 Entrepreneurship & Innovation*



Outsource to Grow

Growing companies realize they can't do it all and that outsourcing can fuel further growth. Venture capitalist Vaibhav Nalwaya has seen this successful trend among his portfolio companies, and will share his insights with participants in the December 9 meeting of the WPI Venture Forum.



VAIBHAV NALWAYA, Key Venture Partners

A Principal with Key Venture Partners (KVP), Nalwaya makes growth equity investments in information technology companies with special emphasis on financial technology/services, HR technology/services and wireless sectors. He currently serves as a Board Member or Observer of KVP portfolio companies Insight Direct,

XyEnterprise, AirBand Communications, Axentis and WhittmanHart. He plays an active role in the investor and entrepreneur communities as a Charter Member of TiE-Boston and a Member of the Steering Committee for the SouthEast Venture Conference.

Nalwaya joined KVP in 2000 from Deloitte Consulting, where he worked with multinational clients on a variety of information technology engagements of IT strategy, process re-engineering and optimization, technology infrastructure and software development and implementation. He holds an MS in Chemical Engineering from the University of Michigan at Ann Arbor and a BS in Chemical Engineering from the Indian Institute of Technology, New Delhi.

Case Presentation:

Artaic, LLC

CEO Dr. Ted Acworth will present this early-stage company, which offers innovative mosaic tiles for commercial and residential applications. Based in Boston, Artaic utilizes a robot-based technology that enables high-precision color placement to recreate artwork in tile with a hand-crafted mosaic look. Artaic practices the ancient mosaic art form and employs a staff of designers to deliver custom solutions for both home and office applications. Outsourcing has helped this company bring its product to market quickly and affordably.

Acworth is a scientist and engineer, as well as an award-winning entrepreneur. He has been

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LETTER FROM THE CHAIR

Stay on Course with Your Crew

For an early stage company setting sail in 2008, the key to winning the Regatta's Cup is outsourcing to stretch your cash flow and keep your company tacking to profitability and exit. Although the IPO winds are dead, a record number of M&A biopharmaceutical transactions occurred early in 2008 with a total deal value of \$2.2 billion, according to the HBM M&A Survey. In an economy where cash is scarce, reducing the cost of sales and administration is one step to find more favorable winds. Many junior sailors may require seasoned entrepreneurs and business professionals to help them chart through pirate-laden and shark-infested waters.

A savvy petty officer realizes that there are many duties that can be delegated to the crew and other duties that should be outsourced to make the ship more seaworthy. Startups often have large company issues, but many of the issues are as fleeting as the wind and thus can best be handled by specialists so your the crew can stay focused on the race. Before you set sail, extend your mooring to a variety of



Mitchell Sanders

expert sailors to chart the company through all aspects of your strategic plan (legal, accounting, payroll, HR, IP, regulatory, reimbursement, manufacturing, marketing and sales). Keep your crew for what is core to the business.

It is a known fact that companies that have partners in tow are more apt to get their product to launch and have a successful exit. VCs and angels want to see that the ship is on course to commercialization. There is nothing that brings a term sheet faster to the deck than an endorsement from an industry giant.

Come to the WPI Venture Forum on December 9th and get your captain's license on "Partnering and Outsourcing." Learn the ropes of successful value creation by staying in chartered waters with an expert crew and fair winds at your back. Ahoy!

Your Skipper,
Mitchell Sanders '88, PhD '92
Chair, WPI Venture Forum
Executive Vice President and Founder, ECI Biotech

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Save the Date

Invention to Venture

December 5, 2008

UMass Medical School, Worcester
For more information, visit
Invention2venture.org/lifesciences

“Freedom to Operate” Studies Manage Risk and Uncover Opportunities

A key business concern for any entrepreneur developing a strategy for commercializing a technology is whether they have “freedom to operate.” This involves determining whether products or services based on their technology infringe any patent rights of others. Because freedom to operate issues can inhibit market entry and increase the likelihood of patent litigation, identifying such issues early can help guide research and product development, help formulate patent strategy, uncover roadblocks for funding, and identify potential licensing partners.

UNDERSTANDING FTOs

A freedom to operate (FTO) study, therefore, should be viewed as more than a legal technicality. It is a business tool that can be used early on to identify and manage intellectual property (IP) risks and opportunities. Because the IP landscape is continuously evolving due to the ongoing patenting efforts of others, the timing and scope of an FTO are important. Although a more focused FTO is possible when a precisely defined product or service is in place, this is not often realistic for the early stage business initiative where, in many cases, the product or service is at the conception stage. Nevertheless, a solid understanding of the commercial potential of the product or service can usually be sufficient to construct a strategy for identifying potentially problematic patents at an early stage and for monitoring the IP landscape over time.

FTO SCOPE

The scope of a freedom to operate study can vary depending of a variety of concerns that include the costs of developing the product or service and the level of acceptable risk associated with investing in that development. For a defined product going to market, an FTO may be a highly directed clearance study before going ahead with a product launch. With undefined products or technology being

developed, an FTO may identify competitors, help focus business development, and manage risk. In some instances, an FTO may only consist of an evaluation of a known competitor’s patent portfolio or may involve a small scale search to identify patents with broad claims that on their face potentially cover the product or service. In other instances, an FTO can involve a detailed search for patents in various countries and may be followed by a validity analysis of one or more of the identified patents.

In some instances, the FTO may involve searching for published patent applications to identify disclosures that could support claims which would cover the product or service. For example, in areas of emerging technologies, patents with claims covering the product or service may not exist yet, but potentially problematic applications could have pending claims that are of concern. To avoid potential future infringement problems, such pending patent applications can be monitored over time to detect the development of a freedom-to-operate problem. Attention given to such applications may depend on the whether or not the application is held by a disinterested third party or a key competitor.

CONCLUSION

With a tightening economy and scarce resources, it may feel like it’s an easy decision to set certain intellectual property concerns aside. But a key to any successful business is to know your market, your competition, and the IP landscape. An early FTO study can provide the needed insights to making the right decisions.

Daniel W. Young is a technology specialist in the Biotechnology Practice Group and Patrick R.H. Waller is a shareholder at the intellectual property firm of Wolf, Greenfield & Sacks, P.C., the largest New England-based firm devoted exclusively to IP law. They can be reached at dwyoung@wolfgreenfield.com and pwaller@wolfgreenfield.com respectively. ✓

by

DANIEL W. YOUNG, PHD

&

PATRICK R.H. WALLER, PHD, JD

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A LOOK AT NOVEMBER'S MEETING

by

KEVIN O'BRIEN

Peak Financial Services

OsteoInvent Wins 2008



Winner Giuseppe Intini, Founder of OsteoInvent, holds the "prize," flanked by (from left) co-moderators Brian Dingman and Will Cowen and judges Dina Routhier and Peter Aranow.



Don Crookes of Hy-SyEnce presents his microbial fuel cell business.

WPI
Venture
FORUM
CALENDAR OF EVENTS

DECEMBER 9
Partnering & Outsourcing for Growth

JANUARY 13
Raising Money through the Entire Business Life Cycle

FEBRUARY 10
Market It and Sell It — or Die!

MARCH 10
Finding the Right People for Each Enterprise Stage

APRIL 14
Transition, Exits and the Future

MAY 12
War Stories and Lessons Learned

JUNE 9
Five-Minute Elevator Pitch Contest

There was intense excitement in Kinnicutt Hall as WPI Venture Forum chair Mitch Sanders opened the evening's program on November 11. The positive energy in the room was contagious – for the audience of more than 200 as well as the finalists in the 15th annual Business Plan Contest.

In the month prior to the November finals, 15 first-round volunteer judges selected the final four from the 19 companies entered. eVisioner, a start-up software company, Hy-SyEnce, a microbial fuel cell technology company, iRelai, an internet-based consumer package delivery service, and OsteoInvent, a company based on the bioscience of bone regeneration, all stood ready to vie for both the coveted prize and future accolades that accompany the award.

Co-moderators Brian Dingman, Esq. of Mirick, O'Connell, DeMallie and Lougee, LLP and Will Cowen, Managing Partner of Long River Ventures laid out the rules for the



Networking (and a little committee business) among WPI Venture Forum volunteers.

evening. After each presentation, a discerning panel of experts — Peter Aranow of the Boynton Angels and Dina Routhier, a Principal with Massachusetts Technology Development Corp. – would offer their advice and comments. The audience would then vote during the judges' final deliberations.

To start the presentations, eVisioner's David Kershaw, Product Manager, identified

Business Plan Contest



A capacity crowd fills Kinnicutt Hall for ample networking opportunities (above and below).



the shortcomings of his competitors' programs, while detailing the more comprehensive qualities of eVisioner's software program. MetaTeam, their web-based software, is already available for purchase at www.evisioner.com.

Don Crookes, President, CEO and Founder of Hy-SyEnce, followed with an elaborate presentation of his company's microbial fuel cell technology, which employs bacteria to break down nutrients in waste

water. The Hy-SyEnce solution addresses the cleanup of waste streams of large food processors, while producing electricity and hydrogen as by-products. With one commercial customer, Hy-SyEnce is now raising funds to build its commercial-scale plants to launch its innovative technology.

Judge Routhier commented that "just as with the dot com companies of the late '90s, today, anything with the sound of green energy is considered sexy and appealing by venture capitalists and angel investors."

After a networking break, attendees were treated to observations from iRelai founder Hooman Hodjat and presenter Bill Jacobson on the difficulties urban residents experience with personal package deliveries. Their company's solution is a web-initiated consumer package pickup service, PickupZone, provided by local retailers.

The final and contest-winning presentation by OsteoInvent wowed both audience and

CONTINUED ON PAGE 6

START-UP STATION

"Once Unidesk secured venture funding, I found quick access to a fully furnished workspace with Internet and phone at Highland-March. Top notch office management was willing to do whatever it took to ensure our success."

"...I highly recommend Highland-March to any start-up seeking swift and economical growth"

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Thanks to student vote tabulators **Lee Ann Gremo, Jared Chrudimsley** and **Johanna Torres** from Worcester State College and **Dan Pierson** from WPI, who helped tabulate the audience votes.

Outsource to Grow

CONTINUED FROM PAGE 1

developing and commercializing innovative technology for twenty years. With a deep appreciation for design and the art of mosaic he founded Artaic, LLC in 2007. The core of his technical expertise is ultraprecision metrology systems design. Throughout his career he has also developed expertise in management of the research and development process. Combined, his work in these areas has been sought by companies,

universities and governments in the US, Europe, the Middle East and Asia.

In 2004, Acworth co-founded a spinout company from MIT, bringing an optical metrology device to market. The company was funded by Charles River Ventures, Bain Capital Ventures and IDG Ventures, and was sold to 3M in 2006. Until recently Acworth directed the advanced technology research portfolio at the Cambridge-MIT Institute,

which under his management yielded 38 patent disclosures and four venture-backed spinout companies.

Acworth holds an MBA from Massachusetts Institute of Technology, where he was a Sloan Fellow in Innovation and Global Leadership and continues as a Research Affiliate. He holds a PhD in Mechanical Engineering from Stanford University, and an MS and BS from Columbia University. √

A Look at November's Meeting

CONTINUED FROM PAGE 5



Finalist David Kershaw explains eVisioner's concept.

judges with its futuristic and scientifically advanced product. Founder Giuseppe Intini, DDS, PhD illustrated how their patented CS-Platelet results in accelerated healing without risk of disease transmission by using a patient's own blood combined with a proprietary composition to stimulate bone growth and recovery.

Aranow and Routhier were very impressed with the overall business plan; however, they thought OsteoInvent should detail its exit strategy, to better prepare investors for their expected return on potential investment.

OsteoInvent's plan earned it more than \$19,000 in cash and professional services.



Bill Jacobson presents the case for iRelai's package pickup service.

The three runners-up divided donated professional services worth \$8,000 among them.

Dingman observed that the selection of the four finalists was an unusually interesting journey this year, concluding that "the WPI Venture Forum has been conducting Business Plan Contests annually for many years. This contest was populated by surprisingly well-developed business concepts and plans, an excellent sign of future development for the entrants."

Kevin M. O'Brien, CFP, is President, and Founder of Peak Financial Services, Inc., Northborough, MA 01532. He can be reached via www.peakfs.com. √

Spotlight on Entrepreneurs

NAVIGENT 3

Pete Phildios

Product: Turnkey solution for drug-free workplace: oral fluid diagnostic product and software to manage its use; \$140 billion lost annually due to employee drug use.

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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

3BR, 2 BATH, 1 WINDMILL?

Former case presenter Mass Megawatts Wind Power is entering the residential market for wind power, it announced in early November. Demonstration units that generate 5kw are available for homes, farms and small businesses. Federal and state tax credits will enable homeowners to pay for the small turbines over 10 years, at a price that should be more than offset by electric cost savings.

Now Available: WPI MBA Consulting Teams

WPi has a rich tradition of project activity, including a required capstone “consulting” project for every graduating MBA student. The types of projects vary, but each must be based on a significant problem for a client. Over the years, students have completed a wide variety of projects, including lean implementations, international market assessments, both

market and technology feasibility analyses, business plans, strategic analyses, and so forth. While individual students may choose to pursue a project, most projects are completed with teams of three to four students, and all students work under the supervision of a faculty member over the 14 weeks of their project.

WPI's MBA students have an average of

eight years of prior work experience, so it is no wonder that clients have been extremely positive about their experience with the students and the excellent project results. If you are interested in sponsoring a project this coming spring, please contact Mac Banks, Head, Department of Management and Director, Collaborative for Entrepreneurship & Innovation at macb@wpi.edu. ✓

Books You Should Know About

We Are Smarter than Me, edited by Barry Libert and John Spector; *The Geek Gap: Why Business And Technology Professionals Don't Understand Each Other and Why They Need Each Other to Survive*. Suggested by Barb Finer, QuiVivity Marketing Partners

More than just a book, *We Are Smarter Than Me* is a movement. A Wharton professor called it the “power of crowds in your business.” It's about community-based business and leveraging people's expertise. For example, Linux is a community-created operating system, but commercial versions take the best of what's been offered. Visit www.wearsmarter.org to learn more about this concept.

Required reading for technology

companies is *The Geek Gap: Why Business And Technology Professionals Don't Understand Each Other and Why They Need Each Other to Survive*. The author includes contributions from WPI Venture Forum member and Marketing Committee co-chair Barb Finer on honing the processes and communication between engineering and product management in tech companies. See also thegeekgap.blogspot.com.

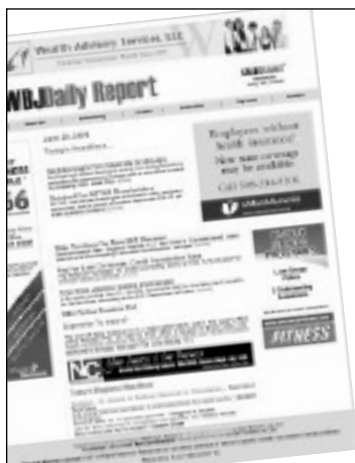
This is a new section of Vantage. We welcome member contributions to an ongoing discussion of books they feel other members should know about. Please email suggestions to Editor Allison Chisolm at Chisolm@ChoiceWordsOnline.com. ✓

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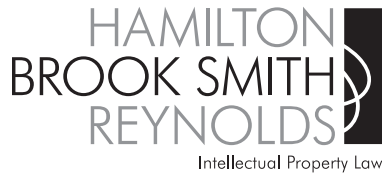
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