

# WPI Venture Forum

Collaborative for Entrepreneurship & Innovation  
Department of Management  
WPI  
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## WPI Venture Forum Calendar of Events

**December 11** - Forecasting the future

**January 8** - Entrepreneurial War Stories

### Directions to WPI Campus, Campus Center Odeum

#### From The East:

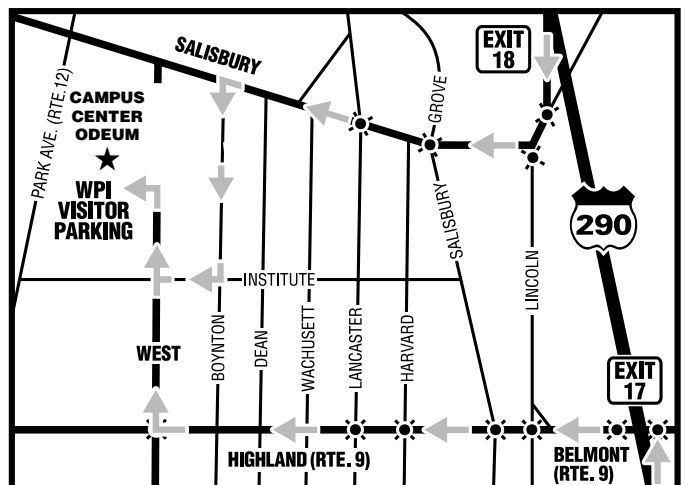
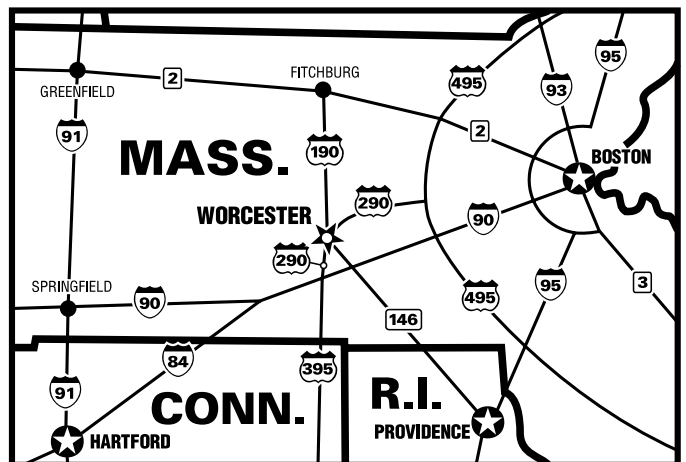
Take Mass. Turnpike (I-90) to Exit 11A (I-495). Proceed north to I-290, then west into Worcester. Take Exit 18, turn right at end of ramp, then an immediate right before next traffic light. At next light, proceed straight through, bearing to the right on Salisbury St. At the WPI sign, turn left onto Boynton St. There is parking in the large lot on the right behind Gordon Library or continue on Boynton St. then right onto Institute Rd., then right onto West St. Visitor parking is on the left after footbridge.

#### From The North:

Take I-495 south to I-290. Follow directions as from east.

#### From The South And West:

Take Mass. Turnpike I-90 to Exit 10 - Auburn. Proceed east on I-290 into Worcester. Take Exit 17, turn left at end of ramp, follow Route 9 west through Lincoln Square, straight onto Highland St. then right at light onto West St., through first intersection of West and Institute Rd. Visitor parking is on the left after footbridge. Additional parking on Boynton St. behind Gordon Library.





# Venture Forum News

To inspire and facilitate technology-based entrepreneurial activity and economic growth  
www.wpivotforum.org

Volume 11 No.4  
December 2001

## Forecasting the future: what's in store for the Massachusetts entrepreneur?

Tuesday, December 11, 2001  
WPI, Campus Center Odeum\*  
Registration: 6:00 pm  
Meeting: 6:30 pm  
Cost: \$10, annual & lifetime members  
\$20, non-members  
No cost for discounted members

Originally scheduled for the kick-off meeting of the 2001-2002 Venture Forum season, *Worcester Business Journal's* acting editor Christina L. Pappas will deliver the keynote speech at the upcoming December forum. She will address the steps entrepreneurs can take to overcome obstacles as they attempt to succeed in this bleak economy. As part of her journalistic work with the *WBJ*,



Christina L. Pappas, *Worcester Business Journal's* acting editor.

Pappas deals with a variety of business owners, venture capitalists, economists and other professionals. Through these extensive contacts, she has developed a familiarity with the local and regional business climate.

*WBJ's* "Startups" column and its Top Growth Companies project has afforded Pappas the opportunity to interact with many startup companies. From her observations of the business community, as well as her associations and the numerous research resources available to her through the *WBJ*, Pappas has drawn a perspective on the business environment in the next six months to two years. She will offer some practical tips on how start-ups, as well as established businesses, can weather stormy times ahead.

### Case Presenter

**Vayusa Inc.**  
Walter Stock, Co-founder  
Box 81  
Babson College  
Babson Park, MA 02457  
www.vayusa.com  
wstock@vayusa.com  
Mobile (617) 256-3369

Also rescheduled from September, Vayusa will present its innovative technology that allows quick and easy point-of-sale purchases to be made using cell phones and wireless networks. This technology is currently available in Scandinavia and Japan; Vayusa intends to initiate a similar product in this country.

Vayusa's founders, Ajay Bam, Walter Stock, Troy Chen and Anshu Dua, have extensive experience working with start-ups and technology ▶

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\* Please note change in meeting location.

The December meeting is sponsored by:

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### WPI VENTURE FORUM OFFICE

Phone: 508.831.5075

Email: [ventureforum@wpi.edu](mailto:ventureforum@wpi.edu)

[www.wpiventureforum.org](http://www.wpiventureforum.org)

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Volume 11, No. 4, December 2001.

*Letter from the Chair*

# Some answers and optimism in the current economy

by Dick Prince

The American economy is reeling. The slowdown, which began almost a year ago, has been exacerbated by the events of September 11th. As I attempt to analyze the situation, I find it confusing, contradictory, agonizing and frustrating. Analysts warn that the market may hit one more low before it begins the upward slope toward renewal. We have heard this forecast before and I am unsure that this will be the last downturn. Looking for some answers and some optimism, I turned to individuals working with companies directly affected by the economy. Within the WPI Venture Forum Board are people with experience, insight and knowledge about the current fiscal state. Here are their thoughts on the economy and the future of entrepreneurship.

## Comments from the Board

"Agonizing is not the word for it! I recently heard a noted money manager say that since World War II, we've had nine recessions and nine recoveries - we're batting 1000! As in the past, we will not only recover from this, but be better for it because out of tough times come out-of-the-box thinking and people searching for a better way - the foundation of entrepreneurial thinking. There are good things ahead." *Pam Sager of Sager & Sager, Attorneys-At-Law*

"I've noticed that a slowing economy provides entrepreneurial opportunities and leads to solid businesses. Business plans must be very well thought out and executable in order to attract interest from investors and other key players in any new venture. The businesses that come out of these times are more likely to succeed in the long term than many business ideas floated in the past couple of years."

"Also, the business contraction helps to expose good future business opportunities. In recent years, these opportunities were being met. However, the contraction has freed opportunities (due to businesses shedding units, downsizing



and closing) that are available to those who understand the relevant industry. When the economy rebounds, there will be renewed demand, without the capacity to meet the demand." *Brian Dingman of Mirick O'Connell*

"I think it's obvious that the economy has been moving toward a slow down for some time now. Personally, I consider this the natural order of things. We experienced a total lapse of common sense during last year's Internet and dot.com fiasco. That was just plain greed surfacing. On top of this, we've had the September 11th events, which are clearly going to be long lasting and change some of our value systems."

"If you look at our history, we've had World War II; McCarthyism fueled fear of Communism; the cold war with the Berlin Wall, and the fear of nuclear devastation, as well as a variety of other issues, such as the energy crisis, Korea, Vietnam, Desert Storm, etc."

"Through all of this, we have risen to each occasion and moved beyond each issue to an even better economy. In every period of adversity there has been opportunity. Our strong entrepreneurial spirit has helped us recognize the opportunities and overcome the adversities to move on successfully. I see no reason for the current situation to be any different." *Norm Brust of NTB Associates*

I thank the Board Members of the WPI Venture Forum for some of their insightful comments and overwhelming confidence.

*Dick Prince*

*Dick Prince is retired from Norton Company and Siebe, plc and is presently a partner in Brooksville Associates, a merger and acquisition company specializing in the health and safety industry. VF*

# Protect key technology from the start

By Sarah Richmond

A high-tech company's crown jewels are its intellectual property, yet companies often fail to safeguard them. The best-laid plans can evaporate if key technology turns out to be owned by a third party. For a company to succeed, it must understand how its intellectual property works and take appropriate steps to protect its trademarks, copyrights, trade secrets and patents.

## Document your ownership.

Document all transfers of technology in writing. Legitimate disagreements about ownership of work product may arise in the future. Founders' rights to developments created before incorporation should be assigned to the company immediately upon organization. Make sure that employees are not incorporating the property of any former employer into work for the company. If you wait until later to document these instances, it may be too late.

Have employees and consultants sign agreements for the assignment of their inventions from their first day of work for the company. Without an agreement, a consultant who develops software code will own the copyright to all the code she develops, even though the company pays for it.

## Implement a trade secret protection program.

Trade secrets consist of confidential information that has been kept from the public, giving the owner of the secret a competitive advantage. Developed at great expense and effort, trade secrets are vital company assets. Without a protection program, they may be lost forever.

Sign confidentiality and non-compete agreements with all employees and consultants, and conduct exit interviews with them when they leave the company as a reminder of their continuing obligations. But play it safe. Only give employees and consultants access to trade secrets on a need-to-know basis. Sign nondisclosure agreements with all business partners, but be realistic about these documents. They can be difficult to police, so if you don't trust the company

you are talking to, think twice before revealing anything too valuable.

## Take common sense precautions.

Label all materials containing trade secrets with confidentiality stamps, and destroy confidential documents when no longer needed. Lock desks and file cabinets, and create computer systems that require ID codes and passwords. Ensure your site's security by using sign-in logs, badges and keys, and restricting third party access.

## Search and register your trademarks.

Trademarks are words or designs (or both) used to identify a business's products or services, and are important assets of the business. Companies that use a name without first finding out whether it is available, often find themselves receiving a letter from the owner of a similar mark demanding that they stop all use of the name and pay damages.

After conducting a web search that discloses no obvious obstacles to your mark, you should hire a reputable company to conduct a more thorough investigation, and have an experienced lawyer interpret the results for you.

You can gain enforceable trademark rights simply by using the mark, provided that it is available. However, it almost always makes sense to apply to register your company's trademark



Sarah Richmond

with the U.S. Trademark Office. This will make your company's ownership a public record, reinforce your rights and allow you certain legal advantages. You can stake out nationwide trademark rights by filing an application even before using the mark. If you plan to sell your products or services outside the U.S., you may need to clear your mark

and file applications in other countries as well.

## Use your trademarks properly.

If you allow your company's trademarks to be misused, the marks can become generic and lost forever. Such familiar names as escalator, kerosene, corn flakes and linoleum are good examples of trademarks that became generic.

The following steps will help prevent a company's trademark from becoming generic:

- Use the mark as an adjective to modify the common name for your product or service, and not as a noun or verb.
- Distinguish your mark from a mere word throughout the text of your documents by capitalizing the mark or using bold or italic font, quotes, or contrasting colors.
- Use the trademark in its exact format. Do not combine words, vary the spelling or add letters.
- If the trademark is a logo, do not alter its color, proportions or typeset.

Continued on page 10

***"We must learn to lean upon ourselves; we must learn to plan and execute business enterprises of our own; we must learn to venture our pennies if we would gain dollars."***

T. Thomas Fortune (1856-1928)  
US journalist, editor, In "Globe," 18 Aug 1883.

# NEW BOOK! e-Business in Manufacturing: Putting the Internet to work in the Industrial Enterprise

By Shari L.S. Worthington and Walt Boyes

Now that all the Internet hype is sorting itself out, a transition of monumental proportions is taking place. Over the next decade, manufacturers will change the way they perform many functions — from interacting with customers to controlling plant-floor processes. The inevitable change is as significant as letters of credit were in the Middle Ages or railroads in the 19th Century. The first part of the 21st Century will see the convergence of business, communications, and computing. *e-Business in Manufacturing* takes a detailed look at that convergence and what it will mean for manufacturing organizations.

The issues involve more than e-commerce. The manufacturing enterprise of the 21st century will blend sound business practices with the power and reach of the Internet's networked conversations. By putting the Internet's myriad of

communication tools to work for them, manufacturing companies will learn to participate fully in the global networked market.

*e-Business in Manufacturing* is about the creation of an "extended enterprise." From the sign in front, to the loading door out back, changes are happening in the way companies buy tools, parts, raw materials and services. Changes are taking place in the way product designers develop new offerings; in the way pricing managers price products; in the way marketing departments interact with customers, and in the way customers see their vendors.

For the first time, the independent initiatives of sales force automation, manufacturing automation and information systems are being integrated and transformed. Customer relationship management is impacting more than just sales and marketing. Manufacturing automation and supply chain integration are combining to produce an organization that functions as a single, real-time value chain, from raw material to customer.

*e-Business in Manufacturing* looks at each part of the enterprise—from sales and marketing to manufacturing and logistics—



and shows how enabling real-time interaction can result in a significant increase in revenue, while producing a leaner, more efficient organization.

Worthington, Shari L.S. and Walt Boyes, *e-Business in Manufacturing: Putting the Internet to Work in the Industrial Enterprise.* Research Triangle Park, NC: ISA Press, 2001. ISBN: 1-55617-758-5.

To order the book, visit <http://www.isa.org/isastore/isastore.cfm?Store=11> **VF**

## Forecasting the future

Continued from front page



Team Vayusa Inc.

companies as well as expertise in software engineering, operations management and business development. They will explain how Vayusa's payment platform allows consumers to access and use their checking account as well as debit, credit and loyalty/discount cards through their cell phones. The company promotes the system as convenient, easy to use and secure.

A panel will review the presentation as well as Vayusa's written business plan and provide constructive feedback. **VF**

Hanlon

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# Breakfast with the Stars

The Cambridge Business Development Center announces the return of its Breakfast with the Stars series. In its sixth season, the Breakfast is a monthly networking event that brings together high-profile entrepreneurs in an informal setting with presidents, CEOs and founders of growing high-tech companies who tell personal stories of founding and growing their companies.

Breakfast attendees benefit from the speakers' insights, networking opportunities and community building. Some of the Breakfast's past speakers include Mitch Kapor of Lotus,

Bob Metcalfe of 3Com, Shikhar Ghosh of Open Market, and Jeff Taylor of The Monster Board. The next meeting of the Breakfast with the Stars will take place on December 5, 2001 and features Ian Yates of Infolibria.

For more information, visit the website at [www.cbdc.org/bwts](http://www.cbdc.org/bwts) or contact Theresa Park, program manager for the Cambridge Business Development Center, 494 Massachusetts Avenue, Suite 4, Cambridge, MA 02139, 617-349-4690, extension 204 (phone), 617-349-4691 (fax), [Theresa@cbdc.org](mailto:Theresa@cbdc.org). **VF**

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# Three decades of venture capital investment yield 7.6 million jobs and \$1.3 trillion in revenue

Final results of an economic impact study recently released by the National Venture Capital Association (NVCA) reveal that venture capital invested during the period 1970 - 2000 created 7.6 million U.S. jobs and more than \$1.3 trillion in revenue by the end of 2000. The research, conducted by DRI-WEFA, formerly Wharton Econometrics, and commissioned by the NVCA, shows that \$273.3 billion of venture capital created companies that were responsible for 5.9 percent of the nation's jobs and 13.1 percent of the U.S. Gross Domestic Product (GDP) in 2000. Venture investment led to job and revenue creation most frequently in the computer, consumer, and medical health sector industries, followed by the communications, industrial energy, electronics and biotech fields. The figures released are substantially higher than preliminary numbers released last May, as they include not only independent venture-backed enterprises but also those that have been acquired.

"Venture capital creates jobs and is vital to the growth of our nation's economy as evidenced by what it created from 1970 to 2000. This research shows that one American job existed in 2000 for every \$36,000 dollars of venture capital invested over the last three decades. As we look forward to the next thirty years, we expect venture capital to play a critical role in nourishing entrepreneurial companies and sparking innovation," says Mark G. Heesen, president of the NVCA. "Venture capital plays an increasingly vital role during difficult economic times such as these, as it is one of the few sources of risk capital available to innovative businesses. Some of today's most successful companies were founded in difficult economic environments."

"Our analysis demonstrates the tremendous impact venture capital has had on job and revenue creation in the United States during the past thirty years. Given that venture capital was less than one percent of U.S. investment activity

during most of the period studied, its impact is remarkable," says Joseph Kasputys, Chairman of Global Insight, DRI-WEFA's parent company.

## Key states lead the country in venture capital investment and impact

The NVCA released data that details venture-backed job and revenue creation by state. Topping both lists are California, Texas, Pennsylvania, Massachusetts, New York, and Washington.

"Venture capital investment is a national phenomenon that helps set the US economy apart from others in the world," said Thomas McConnell of New Enterprise Associates and Chairman of the NVCA. "The DRI-WEFA/NVCA study clearly demonstrates that innovation is being cultivated in every region of the United States. As long as there are strong research institutions, an entrepreneurial-friendly legislative and regulatory environment, and a technologi-

**YEAR 2000 JOBS REPRESENTED BY VENTURE-BACKED U.S. COMPANIES (By State\*)**

Rank	State	Jobs	Rank	State	Jobs
1	California	1,415,748	26	Kansas	58,004
2	Texas	676,158	27	Idaho	48,822
3	Pennsylvania	424,652	28	Louisiana	46,009
4	Tennessee	382,049	29	Iowa	39,066
5	Massachusetts	381,433	30	Arizona	38,575
6	New York	369,314	31	Kentucky	32,092
7	Georgia	338,188	32	Utah	26,593
8	Washington	263,585	33	Oregon	23,227
9	New Jersey	260,114	34	Rhode Island	19,174
10	Florida	243,578	35	South Carolina	16,951
11	Virginia	207,777	36	Nebraska	15,171
12	Illinois	180,837	37	Maine	10,191
13	Ohio	178,838	38	Delaware	9,038
14	Minnesota	165,707	39	Arkansas	8,894
15	North Carolina	122,577	40	Oklahoma	8,690
16	Connecticut	115,026	41	New Mexico	5,536
17	New Hampshire	114,393	42	Alaska	5,398
18	Michigan	103,578	43	Nevada	3,739
19	Mississippi	81,090	44	North Dakota	2,945
20	Wisconsin	81,002	45	Hawaii	2,337
21	Missouri	75,390	46	Vermont	1,748
22	Alabama	71,669	47	Montana	1,525
23	Maryland	63,482	48	Washington DC	955
24	Colorado	62,971	49	West Virginia	252
25	Indiana	61,765	50	South Dakota	236

\*Source: DRI-WEFA & NVCA

**YEAR 2000 REVENUES FROM VENTURE-BACKED U.S. COMPANIES (By State\*)**

Rank	State	Jobs	Rank	State	Jobs
1	California	270,615,616,030	26	Kentucky	11,594,169,444
2	Texas	158,182,683,770	27	Michigan	10,785,665,480
3	Washington	75,392,483,788	28	Kansas	7,332,574,615
4	New York	65,847,643,419	29	Arizona	6,121,028,749
5	Georgia	62,797,329,123	30	Iowa	5,464,597,383
6	Pennsylvania	58,037,077,758	31	Utah	4,813,825,717
7	Massachusetts	48,848,353,174	32	Louisiana	4,770,270,407
8	Illinois	41,294,755,150	33	Oregon	3,368,712,540
9	Mississippi	39,362,280,000	34	South Carolina	2,503,679,883
10	New Jersey	38,151,135,954	35	Oklahoma	1,721,211,154
11	Florida	36,446,672,197	36	Nebraska	1,471,103,902
12	Virginia	35,689,133,157	37	Arkansas	1,345,637,794
13	Tennessee	33,397,219,240	38	Alaska	1,208,217,000
14	Minnesota	27,031,944,328	39	Maine	1,184,955,819
15	Connecticut	22,927,139,421	40	Rhode Island	1,095,502,980
16	Wisconsin	18,401,589,243	41	Delaware	804,448,857
17	North Carolina	18,146,256,986	42	Hawaii	623,003,264
18	Ohio	18,087,699,760	43	New Mexico	595,775,648
19	Missouri	17,491,532,002	44	Nevada	571,950,139
20	Idaho	16,867,055,200	45	Vermont	237,300,000
21	New Hampshire	14,678,537,740	46	Montana	180,903,173
22	Colorado	14,564,791,625	47	South Dakota	35,198,370
23	Indiana	13,274,383,722	48	Washington, DC	33,183,000
24	Alabama	12,379,345,587	49	West Virginia	26,700,000
25	Maryland	12,172,860,978	50	North Dakota	8,294,255

\*Source: DRI-WEFA & NVCA

cally savvy workforce, entrepreneurship and economic growth will prevail in this country.”

**TOP TEN STATES FOR TOTAL VENTURE DOLLARS INVESTED (By State\*)**

Rank	State	VC Invested (\$ mil)
1	California	\$108,809.90
2	Massachusetts	\$25,986.00
3	Texas	\$17,189.20
4	New York	\$16,070.02
5	Colorado	\$9,881.09
6	New Jersey	\$9,137.84
7	Washington	\$7,383.45
8	Virginia	\$7,215.19
9	Pennsylvania	\$7,186.96
10	Georgia	\$6,435.34

\*Source: Venture Economics/NVCA

There has been an unprecedented geographical diversification of venture capital during the past five years. While states such as California, Massachusetts and New York have consistently been national hotbeds for venture investing, other states showed considerable growth and promise, including Maryland, Minnesota, Georgia, Oregon and Colorado.

In addition to the jobs and revenue created by venture capitalists, intellectual capital and innovation also are borne of this type of investment. The NVCA and DRI-WEFA will be looking at such measures in the future as part of their larger joint project to quantify the economic impact of venture capital on the U.S. and global economies.

The DRI-WEFA study on the Economic Impact of Venture Capital was commissioned by the NVCA and was conducted in the first half of 2001. A database of originally ventured compa-

nies in the United States going back to 1970 was mapped to the current companies in the Dun and Bradstreet Database to determine jobs and revenues represented in 2000. The data was then cut by geography and industry. Additional phases of research, which will measure venture capital contribution to technological progress and quality of life, will be conducted later this year. These economic figures were revised upward significantly from the first phase of research as the numbers now take into account originally venture-backed companies that were acquired by larger, publicly traded organizations.

*The National Venture Capital Association (NVCA) represents more than 430 venture capital and private equity firms. NVCA's mission is to foster the understanding of the importance of venture capital to the vitality of the U.S. and global economies, to stimulate the flow of equity capital to emerging growth companies by representing the public policy interests of the venture capital and private equity communities at all levels of government, to maintain high professional standards, facilitate networking opportunities and to provide research data and professional development for its members. For more information about NVCA, please visit [www.nvca.org](http://www.nvca.org). VF*

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For more information, contact Gina Betti at the WPI Venture Forum, 508-831-5075.

**TOP 15 FASTEST GROWING STATES FOR VENTURE CAPITAL INVESTMENT 1996-2001 (5 Year Annual Compound Growth Rate)**

Rank	State	VC Invested 1996	VC Invested 2001 (Est)	5 Year CAGRiii
1	Maryland	99.73	1,011.50	58.94%
2	Minnesota	114.28	526.33	35.72%
3	Massachusetts	984.07	4,455.93	35.26%
4	Georgia	226.75	996.39	34.45%
5	Oregon	71.60	312.91	34.31%
6	New York	498.97	2,080.27	33.05%
7	Colorado	305.44	1,226.83	32.06%
8	Texas	726.74	2,678.78	29.81%
9	Connecticut	173.07	564.71	26.68%
10	California	4,858.03	14,431.29	24.33%
11	New Jersey	423.04	1,206.77	23.32%
12	Washington	351.94	907.76	20.86%
13	Florida	332.74	844.03	20.46%
14	Virginia	493.27	971.05	14.51%
15	Illinois	298.29	573.49	13.97%

Source: Venture Economics/NVCA

**Attention published authors!**

If you've written a book, we'd like to hear from you. The WPI Venture Forum will hold a special Venture Forum Book Signing event on Tuesday, February 12, 2002. All WPI Venture Forum members who have written and published a book are invited to participate.

We'll arrange to have the WPI Bookstore carry copies of all books, which will be on display and available for personal signing during and after the meeting.

Contact Shari Worthington, WPI Venture Forum marketing chair, at [sharilee@telesian.com](mailto:sharilee@telesian.com) for details on how to participate.



# Negotiating in tough times

By John May and Cal Simmons

In this tough economic climate, term sheets favorable for the entrepreneur have become extinct. In a sobering counterbalance to the heady days of the NASDAQ boom, valuations have dropped, and investors demand full ratchet provisions on down rounds and tough anti-dilution requirements on up rounds. While this may be bad news for the entrepreneur, it is good news for the angel investor who can find good deals at low prices. No matter what side of the table you happen to sit on, however, negotiating term sheets is an important step in the investment process.

John May and Cal Simmons, authors of *Every Business Needs an Angel*, offer the following thoughts for negotiating in any economic climate:

- When negotiations drag, the reason could be a trivial holdup in exchanging documents, personal doubts or a serious deadlock. Don't make assumptions about the reason for a delay — find out and confront it.
- To arrive at a value for your company, establish a range instead of a single number. It's more realistic and shows flexibility.
- To find an independent professional advisor to help you in negotiations, contact someone with an entrepreneurship program in a college business school, other CEOs who

have gone through the process, or a venture trade association like the National Venture Capital Association (NVCA) in Arlington, Virginia.

- Standard and Poor and Dun and Bradstreet, as well as numerous business education websites, such as New York University Leonard N. Sloan School of Business site ([www.stern.nyu.edu](http://www.stern.nyu.edu)), issue useful sources of information on industry multiples and ratios.
- Negotiating should not be taken lightly or delegated to staff or advisors. Be prepared for give and take, be sure of your numbers and reasoning behind each key point and be ready to horse trade on non-essential points.

Remember, when entrepreneurs and angels negotiate, the purpose is to forge a win-win partnership. Keep this big picture in mind and your negotiations should always go smoothly.

*John May and Cal Simmons are founders of The Dinner Club, the eMedia Club and the Washington Dinner Club — groups of angel investors who meet regularly to listen to pitches by entrepreneurs seeking funding. Their book, Every Business Needs an Angel, was published in September 2001 by Crown Business. The above excerpt is from chapter six. Please visit [www.everybusinessneedsanangel.com](http://www.everybusinessneedsanangel.com) for more information. VF*

## WPI Venture Forum Radio Show

Join fellow entrepreneurs every Saturday evening from 5 to 7 for the WPI Venture Forum radio show, broadcast on WTAG AM 580. Executive producer Bob Hokanson brings more than 20 years of broadcast expertise to the show as he interviews a variety of business professionals each week.

Topics might include how to write a business plan, raise capital, create a benefits package or the best way to structure management. Weekly guests offer expert opinion and advice to rising business stars. If you'd like to participate in this lively, entertaining and informative radio talk show, call **508-755-0058** with your questions regarding entrepreneurship and managing technology-based corporations.

Please note that sports events or late-breaking news stories may occasionally pre-empt the regularly scheduled program.

**It's not too early to start preparing your entry for the WPI Venture Forum Business Plan Contest.**

# A look at October's meeting

by Richard K. Berger

Don Laurie, entrepreneur and leading management consultant through Oyster International ([www.oysterinternational.com](http://www.oysterinternational.com)), and author of *Venture Catalyst — The Five Strategies For Explosive Corporate Growth*, delivered the keynote speech at October's Venture Forum meeting. In-depth and insightful, Laurie's presentation was peppered with lessons gathered from meetings with Lew Platt, former chairman and CEO of Hewlett-Packard, Roger Ackerman of Corning and Ralph Larsen of Johnson & Johnson. His remarks included an assessment of corporate venturing — the why, how and who of this growing source of venture funding.

Laurie brought the audience through each of the five strategies for explosive growth. He framed the problem at hand as the tension between a need for short-term gain vs. the need to create a steady flow of new technologies and products to fuel continuous and/or explosive growth. As Laurie explained, "The tension between balancing short- and long-term goals often leads companies to play it safe, managing growth with traditional strategies - organic growth through product line extensions and international expansion or acquisition - with lackluster results."

Additionally, Laurie provided a summary of investment markets and corporate investing, showing where the investment growth is, and how to get to it. In his overview, Laurie mentioned several business models used by large companies as they manage (or have others manage on their behalf) venture investments to bring new technologies and increased growth to their businesses.

He outlined the benefits available to entrepreneurs who understand the needs of large businesses. The entrepreneur can find seed capital; distribution arrangements; technology partnerships; beta test partners; customers; business leadership, and management support by engaging in corporate venture investing. Laurie offered tips on how to contact the right people in the corporate venturing world, what to say to them and how to say it.

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## Case presenter

The evening's case presenter was Joseph Thomas, VP of Product Operations of Chameleon in Waltham, MA ([www.ChameleonNetwork.com](http://www.ChameleonNetwork.com)). Todd Burger, CEO and President; Rob Cohen, Vice President for Software Product Development; Joshua Hassol, Director of Business Development, and Stuart Lipoff, CTO, assisted with the presentation.

Chameleon's invention, a "Pocket Vault System," replaces the conventional wallet and stores its contents - credit, ATM, identification, membership, discount cards - in digital form, as a stand-alone device or integrated into PDAs and mobile phones. The Pocket Vault programs a single, "morphing" Chameleon Card to emulate the characteristics of any magnetic stripe, bar-code or smart card the user selects. Useable everywhere (brick & mortar and online), the Pocket Vault and Chameleon Card are compatible with all existing point-of-sale terminals. Moreover, as explained by Thomas, the Pocket Vault has an integrated fingerprint reader to protect the owner's personal data. The Chameleon Card is blank until programmed and self-erases after 15 minutes — reducing card or device theft.

Panelists Philip V. Holberton of Holberton Group, Kevin Nixon of MTDC and Dick Sur of Mission Critical Advisors were enthusiastic about Chameleon's technology. Holberton noted though that there are many stakeholders and it may be difficult to determine which ones will be most important. A discussion ensued about acquisition costs to develop key relationships. Sur, who handles marketing issues, suggested marketing through the expected partnerships with banks and other financial institutions. He also addressed the issue of overcoming possible consumer reluctance. Nixon addressed venture trepidation when a technology contained more than one component - in this case, hardware and software - and discussed the "human behavior" aspect involved in changing people's wallets.

*Ricky Berger, CEO/Guitarist, FTL Music Corporation  
richard.k.berger@verizon.net, (508) 478 9647 **VF***

The WPI Venture Forum Board of Directors extends Best Wishes for a Peaceful Holiday Season to All.

## New Event!

# Recognition of entrepreneurs\*

Last season the Venture Forum instituted a new event intended to give entrepreneurs an opportunity for a “60-second commercial.” We are pleased to announce the return of this much-anticipated event.

After the keynote speaker and before the break, seven or eight entrepreneurs (first come, first served) will be invited to give a one-minute presentation from the podium. Our goal is to recognize entrepreneurs; you decide the content of your presentation.

The one-minute rule will be strictly enforced and there will be no questions allowed. Each entrepreneur will be allowed to show one overhead slide, which you can bring or prepare on site. We will provide materials.

Each entrepreneur will be allowed only one opportunity to do this per each new business venture. Your main objective is to generate investments and/or advice through this opportunity, rather than sales.

*\*Definition of an Entrepreneur - One who organizes, manages and assumes the risk of a business or enterprise. This can include pre-startups.*

## The WPI Venture Forum and the Western Mass Venture Forum are pleased to present...

*A special Networking Event*

### NETWORKING — PLANT TOUR

Center for Advanced Fiber Optic Applications

Wednesday, December 5, 2001

6:00 - 8:00pm

50 Optical Drive  
Southbridge Business Center  
Southbridge, MA 01550

Our first event at Wachusett Brewery was a spectacular success! Join your associates and friends in December for the continuation of the WPI Venture Forum Networking Series.

We are pleased to join with the Western Mass Venture Forum this month to help you make new connections in the community, reestablish old links, and tour the Center for Advanced Fiber Optic Applications.

*Admission is FREE.*

RSVP to the WPI Venture Forum by 11/28/01

Online: <http://www.wpiventureforum.org/Events/regform.html>

Or by phone: 508-831-5075

E-mail: [ventureforum@wpi.edu](mailto:ventureforum@wpi.edu)

Directions: see [www.cafaconsortium.org](http://www.cafaconsortium.org)

## Protect key technology from the start

*Continued from page 3*

### Trademark protection can also be lost in other ways.

You can also forfeit your rights in connection with a trademark license if you fail to maintain quality control over the product being licensed under the mark, even after you have a registration.

### File applications for your intellectual property.

In addition to filing federal trademark applications, register the domain names for your marks as well as common misspellings as early as possible. If not, you may be forced to deal with a cyber-squatter who has gotten there first. Talk to a patent attorney as early as possible about filing patent applications, as patent rights are only obtained through a registration from the federal government. A patent enables you to exclude others from making, using or selling your invention.

### File copyright applications for software code the company develops.

Although copyrights do not require federal registration for protection, a copyright registration is necessary when filing an infringement suit seeking damages or attorneys' fees. If you don't register your copyrights, be sure to keep copies of all major releases of your software to prevent complications in the event of a lawsuit.

### Put form contracts in place.

Standardizing your license, reseller and other applicable contracts will protect your company from liability. If different salespeople negotiate the company's agreements, make sure they understand the agreements and possess a list of non-negotiable terms. Also, protect all online activities by making sure your web site contains the necessary terms and conditions and privacy policy.

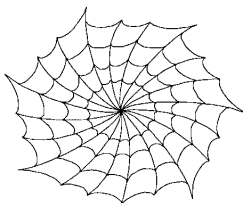
### Enforce your rights.

Enforce your rights against others when appropriate, and be consistent. If you fail to act immediately, it may be harder to protest a similar situation later. Enforce your employee non-compete agreements on a consistent basis, or you may not be protected from former employees competing when it really matters to you. Monitor the use of your trademarks by third parties, ensuring that they are only used as factual references, so that you can protest any misuse when appropriate.

The success of a high tech company is based largely on the strength of its intellectual property assets. Don't undermine all your hard work: Beware of the pitfalls from the start.

*Sarah C. Richmond is a partner at Lucash, Gesmer & Updegrave, a Boston law firm, and specializes in corporate and intellectual property work for high technology companies. She can be reached at [srichmond@lgu.com](mailto:srichmond@lgu.com). This article was first published in Women's Business, September 2001 issue. **VF***

# Web Notes



## Safari Tech Books Online

This online information retrieval service for the enterprise IT market enables users to access a "deep pool of technical information." Experts call it the LexisNexis of the IT world.

The site features content from publishers including Addison Wesley Professional, Adobe Press, New Riders, O'Reilly and Associates, PeachPit Press, Prentice Hall PTR, Que and Sams.

Complimentary trial subscriptions are currently being offered to enterprise level IT departments for up to ten users. Individual IT professionals can access Safari Tech Books for \$9.99/month.

*Check it out at [safaribooksonline.com](http://safaribooksonline.com)*

## Corante

Corante is a free news service for decision-makers tracking developments in the tech sector in an array of subjects including venture capital, communications, e-business and biotechnology. Every day, Corante's expert editors find, read and distill the top stories of the day from scores of sources - including the Wall Street Journal, New York Times, Red Herring, News.com and the McKinsey Quarterly - ensuring you don't miss the sector intelligence that will shape the business of technology going forward.

Visit Corante online and subscribe to receive daily email updates every morning.

*Check it out at [www.corante.com](http://www.corante.com)*

IEEE Boston Entrepreneurs' Network presents:

## "What Investors Really Want To See In Your Business Plan"

Tuesday, December 4, 2001

**5:15 PM** Pre-meeting Dinner - Bertucci's Restaurant, 475 Winter St., (exit 27B off Route 128), Waltham, MA ("pay-as-you-go")

**7:00 PM** Meeting Presentation - Prospect Hill Cafe, 9 Hillside Ave., Waltham, MA (Admission is \$15.00)

*No reservations are necessary for either the meeting or dinner.*

**For information, directions:** Please visit our web site at [www.boston-enet.org](http://www.boston-enet.org), or You may call Larry Grumer at 617-325-9852

**Meeting Overview:** Tonight, our panel of accomplished venture capitalists discuss what they want to see in a business plan and remark on the successful business they have funded and what role the plan played as a precursor to that business success. Moderator: Larry Grumer, Founder & Managing Director, Technology Associates & Alliances (TAA)

**Panel:** Mike Krupka, Managing Director, Bain Capital Ventures Maria Lewis Kussmaul, Founder and General Partner, Castile Ventures Todd Haedrich, Vice President, BancBoston Ventures

Larry Grumer Chairman IEEE Entrepreneurs' Network

## Got news?

**H**ave you or your company weathered a merger, IPO, job change, joint venture, start-up or other important event?

Are you or your company sponsoring a business-related conference, seminar or workshop?

Have you been published in a local, regional or national business magazine? Would you like to see that article in an upcoming issue of the WPI Venture Forum News?

Members, here's your opportunity to share your news with others in the technology-based entrepreneurial community.



If you have business information that you would like to submit, please contact Gina Betti at 508-831-5075 or [gbetti@wpi.edu](mailto:gbetti@wpi.edu) or Phyllis Hanlon at 508-248-5161 or [polishpen@aol.com](mailto:polishpen@aol.com).

*Publication of all material is subject to space availability and at the discretion of the editor.*