

THIS MONTH'S MEETING

TUESDAY,
JANUARY 10, 2006

WPI, WORCESTER
Campus Center Odeum

REGISTRATION: 6:00 PM
MEETING: 6:30 – 9:00 PM

\$10.00 members
\$20.00 non-members

Become a member online at
www.wpiventureforum.org/Membership/

Find directions to WPI at
www.ventureforum.org/directions.html

contents

<i>Financing Your Dreams</i>	2
<i>Beginning a Revolution</i>	3
<i>A Look at December's Meeting</i> ..	4
<i>Entrepreneur News</i>	7
<i>Websites of Interest</i>	7

Financing the Dream: Never a Better Time

Come to the WPI Venture Forum and learn how a serial entrepreneur and venture capitalist has grown and sustained companies with various sources of financing. Tim Rowe will discuss the different roles and relationships among the various sources of growth capital: friends and family, individual angels and private investors, angel groups, and venture capitalists. Rowe will also discuss making the sales pitch to the financiers, closing the deal, and working together with investors.

Tim Rowe is the Founder and CEO of Cambridge Innovation Center (www.cictr.com), located in Cambridge, Massachusetts, USA. CIC is the largest and fastest growing business incubator in the Boston area, housing approximately 100 startup companies. In addition, Rowe is a Venture Partner and member of the investment committee of the DFJ New England Fund, the New England arm of the \$3 billion Draper Fisher Jurvetson network of funds. He serves on the boards of several private companies, including H3, an online referral-based professional recruiting company, Veritas Medicine, an online patient recruitment company, and Lumidigm, Inc., a biometric identity sensor technology company.



TIM ROWE, Founder and CEO,
Cambridge Innovation Center

From 2001 to 2003, Rowe was appointed a Lecturer at the Massachusetts Institute of Technology in the field of business strategy for technology companies. Earlier, while a student at MIT in 1994, he coordinated the first World Wide Web consortium in Geneva. Rowe has also served with the Boston Consulting Group in Boston, Madrid, Tokyo, and Singapore, and with the Mitsubishi Research

Institute in Tokyo. He holds an MBA from MIT's Sloan School of Management and a BA from Amherst College. √

Case Presenter

Vayusa Inc. (DBA MobileLime)

MobileLime®, a service of Vayusa, is the first U.S.-based company to allow consumers to make purchases through any mobile phone at participating merchants, increasing revenue while improving customer service and loyalty. MobileLime enables merchants to provide consumers with multiple payment options including traditional credit cards, checking accounts and prepaid accounts.

CONTINUED ON PAGE 6

WPI VENTURE FORUM

SPONSORS

Bowditch & Dewey LLP

CORPORATE, INTELLECTUAL PROPERTY,
LITIGATION

Michael A. Refolo, Esq. 508.926.3425
Jodi-Ann McLane, Esq. 508.416.2483
www.bowditch.com

Edwards Angell Palmer & Dodge LLP

PRIVATE EQUITY & VENTURE CAPITAL
& INTELLECTUAL PROPERTY

Imelda Kenny 617.439.4444 x2251
www.edwardsangell.com

Gesmer Updegrove LLP

THE TECHNOLOGY LAW FIRM

Patrick R. Jones, Esq. 617.350.6800
www.gesmer.com

Goloboy CPA LLC

CERTIFIED PUBLIC ACCOUNTANTS,
TAX AND BUSINESS ADVISORS

Andrew Goloboy, CPA 781.793.5891
www.g-cpa.com

Hamilton Brook Smith & Reynolds P.C.

PATENTS, TRADEMARKS, COPYRIGHTS AND LITIGATION

David J. Thibodeau, Jr., Esq. 978.341.0036 x3304
Darrell L. Wong, Esq. 978.341.0036 x3296
www.hbsr.com

MTDC

VENTURE CAPITAL

Robert J. Crowley, President..... 617.723.4920
www.mtdc.com

Mirick O'Connell LLP, CORPORATE, BUSINESS AND INTELLECTUAL PROPERTY LAW

Brian M. Dingman, Esq. 508.898.1501
Jeffrey L. Donaldson, Esq. 508.791.8500
Jeffrey E. Swaim, Esq. 508.791.8500
www.mod.com

Sullivan & Worcester LLP

ATTORNEYS AT LAW

Kimberly Herman, Esq. 617.338.2943
www.sandw.com

Weingarten Schurgin Gagnebin & Lebovici LLP

PATENTS, COPYRIGHTS, AND INTELLECTUAL PROPERTY LAW

Charles L. Gagnebin, III 617.542.2290
www.wsglip.com

INKIND: WTAG, AND 3000K

EXECUTIVE BOARD

Amar V. Kapur '65, Chair
Patrick R. Jones, Esq., Vice Chair
Paul F. McGrath, CPA, Treasurer
McRae C. Banks, Ph.D.
Richard K. Berger, Esq.
Norman T. Brust
Mark J. Conoby '83
William R. Cowen
Robert J. Creeden
Brian M. Dingman, Esq.
James F. Fee '65
Robert H. Hokanson
Richard B. Kennedy '65
Richard O'Brien
William E. O'Brien, Esq.
Kevin O'Sullivan
Mark Parish
Richard H. Prince
Gail E. Radcliffe, Ph.D.
John E. Rainey, CMA
Mitchell Sanders, Ph.D.
Shari L.S. Worthington

COMMITTEES

NEWSLETTER

Allison Chisolm, Editor 508.853.5339
3000K, E-newsletter 508.754.6797
IBA Printshop 508.865.2507

MARKETING: Jim Fee..... 781.862.4342

PR: Shari L.S. Worthington 508.755.5242

MONTHLY PROGRAMS: Ricky Berger 508.341.8505

RADIO SHOW: Bob Hokanson 508.869.2984

SPONSORSHIP: Bill O'Brien 508.829.5185

BUSINESS PLAN CONTEST:

Brian Dingman..... 508.898.1501

Will Cowen..... 617.438.7714

ELEVATOR PITCH: Norm Brust..... 508.697.7200

BREAKFAST SERIES: Amar Kapur 508.832.6542

OFFICE

telephone: 508.831.5075
e-mail: ventureforum@wpi.edu
www.wpiventureforum.org

WPI VENTURE FORUM ©2006

A monthly publication of The WPI Venture Forum

100 INSTITUTE ROAD, WORCESTER, MA 01609

VOLUME 15, NO. 5, JANUARY 2006

Financing Your Dreams

The WPI Venture Forum's marketing and program committees have outlined a dynamic program for 2006. We start the year with "Financing the Dream." The equity market has drawn the attention of investors who had steadfastly remained on the sidelines. High technology companies such as Google have primed the financial engine for entrepreneurs with innovative ideas to begin financing their dreams and reap huge rewards for themselves and their investors. The managers of private equity, hedge funds, leveraged buyout funds, venture capital funds and angel investors are trotting around the world to fund companies and bring home to their investors the benefits of those decisions.

The current financial environment is a healthy one for start-up company funding. To learn more, I recommend that you attend the WPI Venture Forum's session on "Financing the Deal: Never a Better Time."

Funding decisions are based on relationships. To encourage its members to develop new contacts in the funding community, the WPI Venture Forum plans to host an April breakfast event featuring a successful CEO from a Massachusetts high technology company. Last year, Mr. Ruettgers, EMC Chairman, presented how EMC survived the tough economic



environment among Massachusetts high technology companies. We expect the speaker will address the

current state of the Massachusetts high technology industry.

We are actively seeking sponsors for this event. If you are interested, please contact Ms. Gina Betti at the WPI Venture Forum, gbetti@wpi.edu or at (508) 831-5761. You can discuss this with me as well, and I can be contacted at avkapur@aimtek.com or by phone at (508) 832-5035.

I would like to take this opportunity to wish all our readers, members, hardworking volunteers, participants, sponsors and board of directors a very Happy New Year and a prosperous 2006.

Sincerely,

Amar V. Kapur '65, '69
Chairman, The WPI Venture Forum
President & CEO, Aimtek Inc. ✎

Please visit our website at www.wpiventureforum.org
for directions to the meeting

Beginning a New Revolution: WPI's Bioengineering Institute and Gateway Park

by

WILLIAM W. DURGIN

Professor of Mechanical Engineering

[Ed. note: This is the first article of a two-part series on the creation and growth of Worcester's Gateway Park. The second article will appear in the February issue of *Vantage*.]

Since the dawn of the Industrial Revolution, Worcester has enjoyed a robust manufacturing industry. Concerned that new companies were not forming quickly enough to sustain that prosperity in light of recent net losses of manufacturers, WPI and the Central Massachusetts Manufacturing Partnership (CMMP) organized in 1997 the first regional economic summit to explore opportunities where clustering could restore competitive advantage. WPI inventoried its strengths and resources and identified bioengineering as an area where both strength and opportunity existed.

THE BIOENGINEERING CONCEPT

The focus on engineering as the innovative process of creating new products and solving important problems is central to the concept of bioengineering. It was the conjunction of engineering and physical science that fueled industrial growth and prosperity during the 20th century. The engineering of new devices, products, and processes, fueled by the explosive growth in understanding of the life sciences, will offer the means to solve many of the world's current problems, including aging, disease, malnutrition, the environment and depletion of natural resources.

RESOURCES

With WPI and Worcester's storied manufacturing history, Central Massachusetts possesses resources ideally suited to the establishment of a vibrant cluster based on the interface of expertise in the engineering, manufacturing and the life sciences. This

three-part construct is designed to create and produce new products. Responsive government, effective elected officials, and a collaborative atmosphere help tie everything together.

MISSION

The purpose of the Bioengineering Institute is to promote job creation and economic vitality by facilitating the conversion of research discoveries into new products and new companies. Economically, the initial goal for the Institute was to directly generate about \$5 million per year, primarily in applied research and product development. The multiplier effect would produce about \$10-12 million per year to the regional economy.

ACCOMPLISHMENTS

The Bioengineering Institute, now four years old, was formed around four Centers that were designed to take advantage of both existing strengths and societal needs:

- The Center for Untethered Healthcare – physiological monitoring, medical devices
- The Center for Comparative Neuroimaging – high resolution MRI
- The Center for Molecular Engineering – micro-implantable sensors
- The Center for Bioprocessing and Tissue Engineering – replacement tissue

Congressional appropriations along with funding from the Department of Defense (DOD) have totaled some \$9 million for the past four years and have resulted in prototype systems for heart rate, oxygen saturation and blood chemistry monitoring as well as portable ultrasound. In addition, systems for battlefield wireless networking and geolocation are well underway. An OFDM modem for medical data is undergoing field

CONTINUED ON PAGE 6



Does Your Technical Documentation Make The Grade?

A+

CEDARWOOD ASSOCIATES, INC.
Award-Winning Technical Writing Consultants
978.251.4566
www.cedarwoodassociates.com

A LOOK AT DECEMBER'S MEETING

Building Your

by
LISA DORWARD



Bob Creeden and Steve Rubin entertain Venture Forum members with their interactive presentation.

Robert Creeden and co-speaker Stephen Rubin, '74 gave an interactive presentation on the critical but often overlooked fundamentals of building a management team at the December 13 WPI Venture Forum meeting.

To stay ahead of 95 percent of the entrepreneurial pack, it's essential to build a "Grade A" management team. Creeden's maxim that "investors will invest in a Grade A team with a Grade B idea *before* they invest in a Grade B team with a Grade A idea" is drawn from his experience as a seasoned venture capitalist and from reviewing thousands of business plans. It's a particularly salient point for technology start-ups where "The Idea" is king.

The three questions that naturally follow this hard-hitting advice are:

1. What skills and attributes should the team members have?
2. Where do I find the team? and
3. How do I pay them?

Creeden and Rubin tackled these questions with a humor-infused presentation to a rapt audience.

How does an entrepreneur identify those who have Grade A management team qualities? Chemistry is a key element, along with decisiveness, willingness to challenge, the abilities to listen and take risks, and good old-fashioned integrity. The candidate must also be enthusiastic about the technology, focused on the company's objectives, and share value systems. Using tools like Myers-Briggs personality indicator testing, Maslow's Hierarchy of Needs, and even asking their opinions on the American League's designated hitter rule can help identify ideal

candidates. Rubin emphasized that "stellar execution comes from the expertise of the team."

Investors' perspectives on the management team include assessment of management's willingness to listen, their experience, and whether they understand they can't build the business by themselves. Creeden gave a scenario on preparing the management team for investor panel examination.

Finding team members can seem daunting. Networks of other entrepreneurs, service providers, forums, advisors, and the Board of Directors can assist in identifying and contacting potential candidates. The Board of Directors should be considered an integral part of the management team. Include members with operating experience who will help run the company. The Board should challenge the team, contribute to good corporate governance, and offer strategic planning. Director and management compensation, equity, and term limit issues were addressed in the presentation.

Robert Creeden, MBA, is Managing Director of the Center for Innovative Ventures at Partners Healthcare, former general partner at Egan-Managed Capital, and former VP of the Massachusetts Technology Development Corporation.

Stephen Rubin '74, is Chairman of Longwatch, Inc., a start-up venture focused on video surveillance for water treatment and other infrastructure facilities. Rubin founded Computer Control Systems, renamed Intellution, that was acquired by Emerson Electric in 1995. He is an alumnus of Harvard Business School's Owners and Presidents Management Program. He was the

www.hrglobal.net
978.263.1669

Start-up Team



An audience member asks the case presenter about the VoIP industry.

1989 recipient of WPI's Ichabod Washburn Award for Professional Achievement by a young alumnus.

The meeting was ably moderated by Jerrold M. Shapiro, Ph.D., President and CEO of Fem-Medical LLC. As a member (and past chair) of the Forum's Program Committee, Shapiro recruited the speakers, case presenter and panelists and helped shape the presentations.

Case Presentation

vCentrix

Reliable, private, secure, full-feature Voice over Internet Protocol (VoIP) for half the price of what the big guys charge?

High-tech veteran and vCentrix CEO, Steve Crummey deftly presented his company's case to provide wholesale VoIP-hosted IP telecom applications to 5,000 potential partners. These partners include independent and municipal cable companies, fixed wireless companies, telecom resellers and independent telephone companies.

vCentrix offers back-end infrastructure to these providers so they can easily and cost effectively offer VoIP telephony services to their existing customers. The end price for consumers is about half the going rates of the big retailers.

vCentrix is addressing a market need brought about by the paradigm shift in how we make our telephone calls. Consumers pay separately for their internet, TV, and telephone services. Broadband providers are beginning to tap into consumer frustration by offering bundled services that include VoIP (telephone) at prices that give some relief to the high cost of connectivity. Municipal and other Tier 2 broadband providers are at risk of losing out on this rapidly expanding opportunity because they lack the resources to develop their own voice solutions.

vCentrix presents an attractive suite of turnkey telephony services to their customers. They include full function calling features, provisioning, and billing. The ISP is able to offer their own brand of VoIP services to their existing customers with the added security of calls that never travel over the public internet. The Town of Norwood is a satisfied customer. vCentrix circumvents the hassle and expense of having to market directly to consumers itself.

Steve Crummey, former VP of Sales at Lotus, Tala Ali Ahmad, former Director of IP Technology at iBasis, and Don Lake, formerly of Mystis Solutions, Network Plus, and NEON Communications form the dynamic management team of vCentrix.

Case Review

The vCentrix case presentation was reviewed by panelists Bob Creeden, the keynote speaker, and Barlow Keener, previously general counsel for CSA, Inc., and currently President and CEO of BrahmaCom, a local residential and business telephone and high speed internet service provider. BrahmaCom is the dial tone provider for vCentrix.

Keener gave an overview of the rapidly expanding VoIP market, stating that by 2008, 97% of internet customers will have VoIP service. He reviewed the competitive advantages of the vCentrix service, and examined the difficulties of dealing with municipalities. He highlighted the management team and suggested the marketing idea of replacing the traditional telephone system with VoIP.

Creeden observed that any time there is a paradigm shift in a hot market, it is crucial to be able to survive the rapid changes and stiff competition. He pointed out vCentrix's unique distribution method and product solutions as strengths to achieving survivability. The panelists agreed that the management team was a most valuable asset and essential to investor confidence.

There were questions from the audience (100% had heard of VoIP) about marketing strategy, competitors, and the VoIP industry.

Lisa Dorward is a member of the WPI Venture Forum Program Committee and Business and Contracts Manager of Biosource, Inc. a physical science R&D firm specializing in capacitive deionization. She can be reached at ladorward@flowtc.com. ✓

Case Presenter

CONTINUED FROM FRONT PAGE

MobileLime offers the consumer a personalized shopping experience through the only true relationship-based mobile marketing service. Consumers benefit from cardless reward programs, paperless coupons and special promotions that are targeted and personalized by the merchants they frequent. MobileLime works on all U.S. mobile phones and utilizes the power of text messaging and interactive voice response (IVR) to reach consumers with timely marketing information before, during and after the purchase transaction. Vayusa is replacing the paper- and plastic-based loyalty and coupon programs with cardless and paperless interactive solutions that improve customer service, increase convenience and speed of check-out. MobileLime solution has been launched in the marketplace with restaurants, supermarkets and pharmacies such as CVS.

Vayusa (MobileLime) is a Seapoint-incubated company. To date, Vayusa has received more than \$5 million in funding by strategic private venture capital investors including SeaPoint Ventures, Ignition Partners and Oak Investment Partners. MobileLime is based in the Boston area in Watertown.

We will be discussing Vayusa's burning post-financing questions, such as ways to



AJAY BAM, VP Products and Services, Vayusa Inc.

balance preparations for future financing with the need to expand their service area, management team, and technology development.

MobileLime was co-founded by Ajay Bam, who now is VP of Products and Services.

Bam previously worked with Lehman Brothers as an IT specialist before attending Babson College for his MBA

as an Olin Scholar. In addition, Bam has worked with MemIQ, an Internet startup in the business of e-archiving in Munich, Germany. He was the director of the Babson Technology Venture Group and a recipient of the Farleigh Dickinson Jr. Foundation's Global Manager Award. He holds an undergraduate degree in computer science from University of Mumbai - India, a master's degree in software engineering from East Tennessee State University and an MBA from Babson College.

Contact information:

Ajay Bam
Vayusa Inc. (DBA MobileLime)
85 Main Street, Suite 200
Watertown, MA 02472
Phone: 617.402.0689 extension 118
Email: abam@mobilelime.com
www.mobilelime.com

Beginning a Revolution

CONTINUED FROM PAGE 3

trials. Funding of more than \$1.2 million from the NIH has enabled the development of MRI sensing coils that have been demonstrated to be superior to any existing method of detecting breast cancer.

OUTCOMES

There are two important outcomes resulting from the Bioengineering Institute concept. First are the development of prototype products, licensing and the formation of a company.

Second is the formation of the Gateway Research Park near the WPI campus, a joint venture between WPI and the Worcester Business Development Corporation (WBDC). The first building consists of 100,000 square feet of new laboratory facilities together with refurbished office space. Construction has recently begun with a planned opening of January 2007.

For the first time, the presence of the Bioengineering Institute establishes a mechanism to capture research discoveries, engineer new products, and transfer those technologies to the private sector. In addition, WPI and the WBDC have created a thematically appropriate technology park. The first building, one that will support the Institute itself, is growing brick by brick and will fulfill incubator functions.

Read this newsletter online and forward it to your network of business associates. New subscribers welcome.

Visit www.wpiventureforum.org and click on Newsletter

Entrepreneur News

SBA LAUNCHES WEBSITE FOR YOUNG ENTREPRENEURS

Know a young entrepreneur that could use some help? Tell them to mind their own business. And suggest they visit a new U.S. Small Business Administration (SBA) website, cosponsored with Junior Achievement, at www.mindyourownbiz.org. Designed for teenagers and college students eager to start their own businesses, the site offers five steps to business ownership, with resources and information that can help transform teens from brainstormers to business owners. The site also connects visitors to Teen Business Link at the SBA, which now offers streaming video and animation clips.

GLAD TO BE AN ENTREPRENEUR?

Some people may still need persuading that taking the entrepreneurial path is the right one to follow. In its October issue, Inc. magazine set out to list 75 reasons why today's economic trends and cultural shifts make being an American entrepreneur a happy as well as a sensible decision.

Top of the list is not-so-fast-paced change. Incremental change, not frenzied, allows certain themes to emerge which entrepreneurs can recognize and exploit.

Learning from the experiences of others ranks number 11. The country has seen 25

years of expanding entrepreneurial activity. This means new business owners can find plenty of experienced (not old!) business owners with wisdom to share.

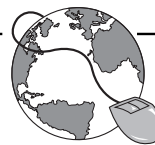
Reason number 19 is the fact that entrepreneurs are tackling social problems more often, in addition to the usual business problems.

"Better coffee" comes in at number six, together with the millions of coffee shop "offices" that have sprung up in neighborhoods across America. Coupled with coffee comes the Internet at 27, with its "broadbanded, Wi-Fied, video-enabled, international-boundary-eradicating, cost-reducing, market-expanding" nature.

Money makes the list's mid-point, as the article notes the resurgence of venture funding with "There's capital out there. It needs you." But making money isn't what drives all entrepreneurs at their core. The list closes with the reason to celebrate being an entrepreneur because you can find meaning in your work and share it with others. "You can leave a wake...and be who you were meant to be," the article concludes.

Members: If your company has news to share, please email your press releases to ventureforum@wpi.edu. Releases may be edited and included on a space available basis. ✓

Websites of Interest



www.onelook.com

Can't remember a word? Need a definition fast? The OneLook® Dictionary Search site opens up hundreds of dictionaries to find just what you're looking for. It also offers translations of foreign terms. For those eager to relive their high school days, another intriguing feature of the site is the link to the "SAT Question of the Day."

www.entrepreneur.com

This site is the home page for the monthly publication, Entrepreneur Magazine and its latest articles. But it also offers a grand buffet of other resources, including the handy "Topics A-Z" to guide you to more specific areas of concern from advertising to zoning issues. ✓

Upcoming Events

February 14, 2006	Negotiations
February 23, 2006	Networking at Massachusetts Biomedical Initiatives
March 14, 2006	Crafting the Elevator Pitch
April 11, 2006	Marketing
May 9, 2006	Leadership
June 13, 2006	Business Plan Contest

Spotlight on Entrepreneurs

The WPI Venture Forum invites entrepreneurs* to participate in a one-minute practice pitch for funding. Each entrepreneur is allowed to display one overhead slide, which they can bring or prepare on site with materials provided by the Forum. The one-minute rule is strictly enforced and no questions are allowed.

Each entrepreneur is allowed only one opportunity to present a one-minute elevator pitch per each new business venture. The main objective of this feature is to generate investments and/or advice, rather than sales.

**An entrepreneur is defined as someone who organizes, manages and assumes the risk of a business or enterprise. This can include pre-startups.*



COLLABORATIVE FOR
ENTREPRENEURSHIP & INNOVATION

DEPARTMENT OF MANAGEMENT

100 INSTITUTE ROAD
WORCESTER, MA 01609-2280

Thank you to all our sponsors:

*Bowditch
& Dewey*
ATTORNEYS

EDWARDS ANGELL PALMER & DODGE LLP

HAMILTON
BROOK
SMITH &
REYNOLDS, P.C.
PATENTS, TRADEMARKS,
COPYRIGHTS & LITIGATION

 **Goloboy** CPA

Taxes • Accounting • Business Consulting

GESMER
UPDEGROVE
• LLP •

Attorneys At Law

 **MTDC**
MASSACHUSETTS TECHNOLOGY DEVELOPMENT CORPORATION

SULLIVAN &
WORCESTER

 **MIRICK O'CONNELL**
WORCESTER • BOSTON • WESTBOROUGH

WEINGARTEN, SCHURGIN,
GAGNEBIN & LEOVICI LLP

**Inkind
sponsors:**

 **WTAG 580**
#WORCESTER'S NEWS LEADER

3k
threethousand!