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VentureNet Iowa connects start-ups, resources

■ Goal of statewide network is to commercialize 'orphan' technologies

BY JOE GARDYASZ

There's a saying in the venture capital world that if a bacon-and-egg breakfast represents a business deal, the chicken has an interest in the deal, but the hog is fully committed.

"We're looking for the 'hogs,'" said John LaMarche, who works to connect Iowa entrepreneurs with the committed management and technical expertise that can help bring their products from the conceptual stages to the marketplace.

LaMarche is a general partner with VentureNet Iowa, a state-funded entrepreneurial network formed by Emerging Growth Group Inc. in partnership with the Iowa Association of Business & Industry (ABI). Since its launch in March 2008, VentureNet has assisted more than 80 start-up companies throughout the state in connecting with entrepreneurial experts to help them succeed.

The partnership is part of the state's overall efforts to increase commercialization of technologies developed by Iowa start-up companies. VentureNet Iowa received an initial award of \$150,000 from the Iowa Department of Economic Development a year ago to fund its operations, and in October received an additional \$266,450 to extend its contract through June 30.

More than money

"Fundamentally, investing in businesses is a social enterprise," said LaMarche, who is also a partner in Emerging Growth Group, a Des Moines-based business incubator. "Nobody does it completely by themselves; you're always bringing in people with other expertise. You may have the technology capability, for instance, but you don't have the marketing expertise."

In that same vein, partnering with Emerging Growth Group provided ABI with needed expertise for entrepreneurial assistance, said ABI President Mike Ralston.

"We're an association of member businesses, and we'd like to provide help to other entrepreneurial ventures," Ralston said. "But one thing we know is that we don't know anything about how to provide that service. So we were really looking for a partnership, and we were excited because it was statewide."

Jim Goodman, the late founder

of Emerging Growth Group, traveled statewide to find VentureNet's initial clients prior to his unexpected death during last year's Hy-Vee Triathlon. "(Goodman) went beyond the usual suspects to groups like Rotary clubs, (intellectual property) attorneys, networking groups, bankers, people that otherwise would be a little bit off the radar in terms of deal flow," LaMarche said. "And by golly, did we see companies come through the door."

One VentureNet client expected to become bankable this year is Energy Efficient Technologies Inc., a start-up formed to commercialize an innovative energy-saving technology that can be applied to a broad range of lighting devices.

VentureNet connected the West Des Moines inventor, Paul Johnson, with several business development experts, among them Tim Neugent, a Des Moines entrepreneur and consultant.

"Paul was holding onto this technology with both arms and not letting go," Neugent said. "In fact, he was so guarded that he was afraid to move to the next step, afraid it might be stolen." Johnson



PHOTO BY DUANE TINKEY

From left, VentureNet of Iowa General Partners Jenny Condon and John LaMarche pose with ABI President Mike Ralston.

has since secured a patent attorney and with other technical assistance, "he's been able to move forward in a short amount of time."

The company is currently negotiating an agreement with Iowa State

University to develop an electronic proof-of-concept model, Neugent said, and will probably seek state funding assistance through either the Iowa Power Fund or the IDED.

Of the 85 companies that VentureNet has screened as of last week, it has completed the due diligence process with 23 of them and has connected 16 of the companies with management expertise or funding.

"We're happy with their performance," said Karen Merrick, who heads the IDED's Innovation and Commercialization Division, who said the number of start-ups that VentureNet is working with far exceeds the minimum goals the state had set. The new contract will allow VentureNet to "keep working with the pool (of start-ups) and continue along this path," she said.

Working with information provided by the company, "we do a basic evaluation," LaMarche said, using the "4 Ms" of Marketing, Management, Model and Money.

VentureNet works with existing business assistance programs such as the state's Small Business Development Centers and incubators like the Business Innovation Zone in Des Moines, with the goal of creating a sustainable culture of accessible expertise.

The state seems to have found the right formula to help start-ups move forward, Neugent said. "To have that talent available is really what will make these companies viable," he said. "That's really been a lacking element, a big one. ... And if you have these elements, the money will follow." □

Angelsoft network provides new tool for investors to find Iowa deals

How can so-called "angel" investors connect with promising start-up ventures in Iowa?

Answering that question should become easier over the next couple of years, thanks to Angelsoft, a nationwide, online angel network that the state is embracing.

Angelsoft (www.angelsoft.net) is now being used by VentureNet Iowa, a statewide commercialization organization contracted by the Iowa Department of Economic Development (IDED). VentureNet uses the software to initially screen start-up companies seeking to use its services. Each company can then choose whether to open its information to the Angelsoft network for qualified high-net-worth investors, or angels, to consider investing in them.

Using Angelsoft, qualified investors will be able to view summaries of investment opportunities statewide, as part of a network that currently includes more than 39,000 deals throughout the United States. IDED officials hope the

network can help the state's 12 existing angel networks to work more closely together to collaborate on deals.

Nearly all of the 85 Iowa start-ups that have approached VentureNet in the past year have agreed to provide their companies' information on Angelsoft, said John LaMarche, one of VentureNet's general partners.

Last week, all five of the state's regional business accelerator programs, including the Business Innovation Zone in Des Moines, agreed to begin using Angelsoft to share information about deals, said Karen Merrick, director of the IDED's Innovation and Commercialization Division. The program will be accessible through the Iowa Entrepreneur Network Web site at www.iowaentrepreneur.com.

In addition to potentially increasing collaboration, "it will provide good information to us about what's the deal flow across the state," she said. "We've never had that before."

— Joe Gardyas