Entrepreneur

Zell Lurie Institute Year-in-Review

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FROM THE EXECUTIVE DIRECTOR
THOMAS C. KINNEAR

With our reputation as a national leader in entrepreneurship education firmly established during the past decade, the Samuel Zell and Robert H. Lurie Institute for Entrepreneurial Studies has continued to innovate deepening its substantial footprint on the entrepreneurial ecosystem within the Stephen M. Ross School of Business, across the University of Michigan campus and throughout the state of Michigan. Within these pages many different venues are represented that serve to enrich the complex mosaic of new-venture creation and venture-capital investment where our students learn and our graduates pursue fulfilling careers. Thank you for your continued support and participation as we prepare our students for entrepreneurial success.
Wolverine Venture Fund: Achieves Record $2 Million Return on HandyLab Acquisition

The acquisition of HandyLab Inc. by Becton Dickinson and Company in November 2009, provided a record-setting $2 million return on the fund’s strategic venture capital investments in HandyLab increasing the fund’s size to $5.2 million. In January 2010 Mobius Microsystems, another company in the fund’s portfolio, was acquired by Integrated Device Technology, Inc. providing yet another return to the fund.

HandyLab was added to the WVF portfolio in 2000 when the fund participated in the company’s “Series A” round. Between 2000 and 2005, WVF invested $350,000 over six rounds and, upon exit, earned a six-fold, cash-on-cash return. Approximately 100 Ross students participated in the fund’s investment activities over that time span. Overall, HandyLab raised a total of $47 million in seed and early-stage financing from a pool of investors, including Ann Arbor, Michigan-based EDF Ventures, who helped found the company and provided the seed capital, as well as Ardesta and Arboretum Ventures.

The HandyLab acquisition is not the fund’s first “home run.” Students also directed WVF’s investment of $250,000 over four rounds in IntraLase which became the first firm in the fund’s portfolio to go public. In 2004, the WVF sold its shares in the initial offering, returning over $1 million in proceeds and expanding the overall size of the fund.

The Wolverine Venture Fund, launched in 1997, is the first student-run venture fund in the United States and a signature program of the Samuel Zell & Robert H. Lurie Institute for Entrepreneurial Studies. The fund is thankful to the venture funds who support participation of the in their deals and to the advisors for their leadership and guidance.

### Portfolio Investments

- **Accord Biomaterials** April 2008, October 2008
- **Arbor Photonics** February 2009
- **Delphinus Medical Technologies** May 2010
- **Direct Flow Medical** March 2005, September 2007, October 2009
- **Environmental Operating Solutions** July 2008
- **IntelePeer January 2008**
- **Intelligent Clearing Network** May 2010
- **Lycera Corporation July 2008**
- **Mobius Microsystems April 2004, November 2007**
- **NanoBio March 2006, November 2008**
- **Quantum Learning Technologies (Kabongo) April 2008**
- **Rhevision Technology March 2006**
- **SilverPop Systems August 2000**

### Investment Partners

- Arboretum Ventures, Sigvion Capital
- RPM Ventures
- Arboretum Ventures
- EDF Ventures, Spray Ventures, Johnson & Johnson Development, Foundation medical Partners, Vantage Point, ePlanet
- EDF Ventures, Angel Investors
- EDF Ventures, Ardesta, Pfizer Ventures
- EDF Ventures, Angel Investors
- Waypoint Ventures, Angel Funds, Menlo Ventures, Foundation Ventures
- Angel Funds, Perseus LLC
- Angel Funds
- RPM Ventures
- EDF Ventures, In-Q-Tel Ventures
- Draper Fisher Jurvetson

### Investment Partners

**Arboretum Ventures,Sigvion Capital**
**RPM Ventures**
**Arboretum Ventures**
**EDF Ventures, Spray Ventures, Johnson & Johnson Development, Foundation medical Partners, Vantage Point, ePlanet**
**EDF Ventures, Angel Investors**
**EDF Ventures, Ardesta, Pfizer Ventures**
**EDF Ventures, Angel Investors**
**Waypoint Ventures, Angel Funds, Menlo Ventures, Foundation Ventures**
**Angel Funds, Perseus LLC**
**Angel Funds**
**RPM Ventures**
**EDF Ventures, In-Q-Tel Ventures**
**Draper Fisher Jurvetson**
Frankel Commercialization Fund: Student Run Pre-Seed Fund Invests in Two Firms

The Frankel Commercialization Fund, the country’s first student-led pre-seed investment fund, announced two new investments this year in Accio Energy and Ambiq Micro. To date, the fund has invested close to $400,000 in five companies.

The Frankel Fund was established in 2005 to identify and accelerate the commercialization of ideas generated within the University community and the surrounding area. The team adopts a hands-on approach to investing that leverages the talents and resources available at the Stephen M. Ross School of Business at the University of Michigan to make a real impact for the entrepreneur and the University.

The Frankel Fund is organized into student teams that function as independently financed venture capital companies providing very early-stage company investing, often known as “seed or pre-seed” investing. Each student team reports to a board of directors comprised of venture capitalists, entrepreneurs, industry experts and CEOs who provide additional mentoring and learning opportunities for the Ross School students.

Investments
Accio Energy is an Ann Arbor-based developer of an innovative wind energy system. (June 2009)
Ambiq Micro is an Ann Arbor-based developer of next generation energy-efficient microprocessors that have the potential to substantially extend the battery life of wireless devices. (August 2010)
Arbor Photonics is an Ann Arbor-based developer of optical fiber technology that enables high-power fiber lasers to be used in a variety of new materials-processing applications in the automotive, electronics and aerospace industries. (November 2007)
BeholzTech Inc. is a Flint, Michigan-based company that effectively coats polyolefin plastics, making them easier to modify and adhere to other materials. (May 2008)
Surgimatix has developed an innovative wound-closure device that combines the convenience of a surgical stapler with the aesthetic and closure strength benefits of manual sutures. (August 2008)

Social Venture Fund: Trailblazing Program Puts Social Enterprise at the Heart of Entrepreneurial Education

Launched in September 2009, the Fund is the first student-managed venture capital fund in the U.S. to invest in mission-driven, social-enterprise start-ups. The Social Venture Fund is the third fund in the Zell Lurie Institute’s family of student-led funds. The other two funds are the Wolverine Venture Fund, which invests in early-stage, emerging growth companies, and the Frankel Commercialization Fund, which provides pre-seed capital to identify and accelerate the commercialization of ideas generated within the University of Michigan community.

Building upon the Ross School's leadership position in integrating social and environmental responsibility into business education, the Social Venture Fund has been initially funded by a class gift from the Ross School of Business MBA Class of 2010 and will be managed by Gautam Kaul, Professor of Finance. Ultimately, the fund will provide early-stage investments of up to $200,000 to for-profit organizations that can deliver “double bottom line” return — a combination of standard profit measurement and measurement of social impact — in industries ranging from financial services and healthcare to food and nutrition and urban revitalization. Fourteen Ross School of Business MBA students manage the fund, which is supported by Kaul and a four-member student advisory board.

Student Founders
Luis Calderon (MBA ’10)
Gilad Meiri (MBA ’10)
Eric Rosenthal (MBA ’10)
Michael Yifrach (MBA ’10)

Inaugural Student Members
Anita Bhat (MBA ’11)
Christina Browne (MBA ’11)
Diego Dimes (MBA ’11)
Thomas Eisner (MBA ’10)
Asish Gupta (MBA ’10)
Hueling Lee (MBA ’11)
Michelle Lin (MBA/MS ’12)
Vinayak Manchanda (MBA ’11)
Lauren Miller (MBA ’11)
Ned Tomasevic (MBA ’11)

Student Members
CleanTech
Hanns Anders (MBA/MS ’11)
Theo Ludwig (MBA/MS ’10)
Mark Leo (MBA/MS ’10)
Krishna Parab (MBA ’11)
Alanya Schofield (MBA/MS ’11)
Nic Wetzler (MBA/MS ’11)

Consumer
Brian Boyd (MBA ’10)
Christopher Cheung (MBA ’11)
Michael Gitg (MBA ’10)
Rosedel Davies-Adewebi (MBA ’11)
Nicolas Leon (MBA ’11)
Ronald Ro (MBA ’10)

Health Care
Asaf Alkoby (MBA ’11)
Andrew Dorin (MBA ’11)
Kofi Kumi (MBA ’11)
Dane Johnson (MBA ’11)
David Landman (MBA ’10)
Sangeetha Krishnan Mahadevan (MBA ’11)
Yaseen Owels (MBA/MS ’11)

Technology
Sohin Chino (MBA ’10)
Anmita Kumar (MBA/MS ’10)
Jeffrey Lin (MBA ’10)
Phil O’Niel (MBA ’10)
Biswaroop Palit (MBA ’11)
Kevin Phillips (MBA ’11)

Faculty Advisor
Tom Porter, Managing Director (MBA ’67)

CleanTech Advisory Board
Peter Adriaens, Global CleanTech, LLC.
Michael H. Edison “MBA ’08”, DTE Energy Resources
Pedro Guillen (MBA ’07), NextEnergy
Kim Pargoff, CleanTech Group, LLC

Consumer Advisory Board
Frank Legacki (MBA ’64), Fletcher Spaght Ventures
David McCann, Google
Joshua Pokempner
Phil Roos, GKI Strategic Innovation
Robert Wolfe, Crowdrise

Medical Technology/Life Sciences Advisory Board
Mary R. Flack, NanoBio
Larry Hagerty, MedAptus, Inc.
Kaylan Handique, Becton Dickinson
Michael P. Kurek, Biotechnology Business Consultants
Paul McCreadie, Arboreturn Ventures

Technology Advisory Board
Jim Adox (MBA ’95), Venture Investors
Lindsay Aspegren, North Coast Technology Investors
Gregg Hammerman (MBA ’07), GloStream
David Hartmann, Arbor Blue
Al Kortesjoa (MBA ’82), formerly CappGemini/Ernst & Young
Chuck Salley (MBA ’76), CAS Ventures Advisor-at-Large
Ken Nisbet (MBA ’76), U-M Office of Technology Transfer
Awards & Scholarships: Outstanding Entrepreneurial Leaders at the Ross School of Business

The following awards were made possible through the generosity of Ron and Eileen Weiser. Recipients are selected based in part on their ambassadorship, passion for entrepreneurship and academic excellence.

Entrepreneur of the Year Award for an MBA - $500 each

Katie Miller (MBA ’10) pursued her dream to create a company as she moved through the process of earning her MBA. Her company, Roomations, brings professional design services to homeowners via a web-based interface that taps into a talented base of designers. She participated in the Michigan Business Challenge competitions, competed in external intercollegiate competitions, and was awarded grant funding through the Institute's Dare to Dream program. She also participated in the Marcel Gani internship program.

Phil O’Niel (MBA ’10) explored many avenues of entrepreneurship while earning his degree. Upon arriving at the University of Michigan he met up with an electrical engineering PhD to found Phoenix Microsystems, which quickly morphed into Ambiq Microsystems. Ambiq, a fabless semiconductor company selling an ultra low power microcontroller, took the top prize of $20,000 at the 2010 Michigan Business Challenge. Phil also received grant funding through the Dare to Dream program and he participated in the Michigan Business Challenge as well as in several intercollegiate business plan competitions. Phil and his team were finalists in the Rice competition and secured $4,000 in cash and a $50,000 investment from DFJ Mercury.

Each recipient maintained a meritorious GPA while succeeding in previous or ongoing entrepreneurial activity.

Entrepreneur of the Year Award for a BBA - $350 each

Mary Lemmer (BBA ’10) first introduced herself to the Zell Lurie Institute at the Michigan Growth Capital Symposium, when she was a senior in high school. Upon acceptance to Ross she immediately became involved in several start-ups including Sustainable Food Service, Carbon Perks, Vortex Hydro, Conscious Construction, PaperFeet, Energy Bank, Overheard@U, and Flip Clip. She also participated in the Michigan Business Challenge and in the Dare to Dream grant program. Mary was recognized by Lakeshore Advantage’s Momentum business incubator program as the 2009 Next Top Entrepreneur and the by the U-M Center for Entrepreneurship as a 2009 Student Entrepreneur of the Year.

Drew Leahy (BA ’10) and Bobby Matson (BBA ’10) took their passion for music and turned it into a successful business. Their start-up MyBandStock.com reinvents the traditional fan club in a way that capitalizes on social networking and direct access for fans to their favorite artists. Drew and Bobby attended Ann Arbor SPARK boot camp, were awarded space in the TechArb Business Accelerator and also received a round of angel funding to develop their business.

Cause-Based Entrepreneurial Leadership Awards - $250 each

Luis Calderon (MBA/MS ’10)
Gilad Meiri (MBA ’10)
Eric Rosenthal (MBA ’10)
Michael Yifrah (MBA ’10)

Shortly after their arrival at the Ross School of Business, these newly-enrolled students began talking with interested parties about founding a Social Venture Fund at the Business School. Within the year, they had the foundation in place for the fund and recruited the inaugural group of the fund's student advisors.

Scholarship Recipients

The following scholarship recipients proved themselves both in the classroom and as entrepreneurial leaders. Each recipient maintained a meritorious GPA while succeeding in previous or ongoing entrepreneurial activity.

Zell and Erb Institute Returning Entrepreneurial Scholars - $5,000

David Cieminis (MBA/MS ’10)
Nic Wetzler (MBA/MS ’11)

Mitchell A. Mondy Scholarship Awards - $5,000

Katie Miller (MBA/MArch ’10)
Jason Townsend (MBA ’10)

Samuel Zell Scholarship Awards - $5,000

Luis Calderon (MBA/MS ’10)
Adrian Fortino (MBA Eve)
Brian Katzman (MBA/MS ’10)
David Landman (MBA ’10)
Benjamin Liwnicz (MBA ’10)
Gilad Meiri (MBA ’10)
James Mertz (MBA ’10)
Philip O’Niel (MBA ’10)
Manisha Tayal (MBA ’10)
Competitions: Empowering Student Entrepreneurs across Campus

The Michigan Business Challenge is a University-wide multi-stage business plan competition comprising three successive rounds of team competition over four months. The Institute also offers a series of business-development seminars that parallel the multistage competition process. These sessions provide ongoing coaching and help to advance the competing teams’ efforts. Nearly half of the competing teams include non-business students drawn from the College of Engineering, the School of Medicine and other disciplines. Many top winners of the Michigan Business Challenge continue to develop and launch their business ventures, often with assistance from another highly effective Zell Lurie Institute program: Dare.

The UofM Business Plan Competition

In 2010, 73 teams entered the competition, 10 teams participated in the final rounds held in February. The 27th Michigan Business Challenge awarded more than $60,000 in prize money.

27th Pryor-Hale Award for Best Business - $20,000
Williamson Award for Outstanding Business and Engineering Team - $5,000
Outstanding Presentation - $2,000

Ambiq Micro is a fabless semiconductor company that has developed the world’s most energy-efficient microcontroller (MCU).

Team: Scott Hanson (Post-doctoral Research Fellow), David Landman (MBA ‘10) and Philip O’Neill (MBA ‘10)

Runner-up for Best Business - $10,000
Outstanding Presentation - $2,000

EnerTia brings to market a breakthrough energy scavenging technology that supplies life-cycle power to wireless sensor networks.

Team: Ethem Aktakka (PhD ‘11), Adam Carver (MBA/MS ‘12) and Tzeno Galchev (PhD ‘10)

Erb Award for Sustainability - $7,500
(Co-sponsored by the Erb Institute)

Green Silane is an Ann Arbor-based company that produces silane gas for customers on-site in a manner that is flexible, low-cost, and environmentally benign.

Team: Russell Baruffi (MBA/MS ‘10), Brian Katzman (MBA/MS ‘10) and Matt Schaar (MBA/MPP ‘10)

Social Impact Award - $7,500
(Co-sponsored by the Center for Entrepreneurship)

Hippo Water International is a U.S.-based NGO that aims to reduce the physical and time burdens of water collection by manufacturing and distributing the Hippo water roller, an innovative water transportation tool.

Team: Colm Fay (MBA/MS ‘12), Cynthia Koenig (MBA/MS ‘11) and Chris Mueller (MBA/MPP ‘11)

Williamson Award for Cross-Functional Teams - Undergraduate Award - $2,500

Magnetic Ventures will offer the Magnetically-Assisted Artificial Joint at a low cost to hospitals. The joint is designed to be long lasting and reduce the likelihood of revision surgery.

Team: Nicholas Clay and John Sidhom (BSES ‘11), Jerry Zhao (BBA ‘11) and Lily Chen (BBA ‘11)

Best Written Plan - $2,000

North Coast Fisheries is an aquaculture firm that is free of antibiotics, growth hormones and mercury, which will provide fish native to the upper Midwest for stocking and consumption.

Team: Andrew Chamaj, Philip O’Neill, Aaron Skrocki and Matt Turner (MBAs ‘10)

Finalists - $1,000

Milo is a premium online beauty e-commerce site for black women seeking high-end hair care products.

Team: Kimberly Dillon, Oswaldo Maxwell and Kelly Washington (MBAs ‘10)

Semi-Finalists - $500

Inovascular is a biomedical design company focused solely on the cardiovascular space.

Team: Jeffrey Groom (MSE ‘09), Yurij Haverman (MBA ‘09), Sanjay Shah (MBA ‘08) and Aaron Swick (MSE ‘08).

Reveal Design Automation is an automated software solution for performing scalable and comprehensive verification of digital logic designs.

Team: Zaher Andraus (Post-Doctoral ‘11) and Vimal Bhalodia (MBA ‘11)

Shepherd Intelligent Systems is an SaaS company that provides real-time vehicle location information directly to the passengers and managers of public transit through novel, low cost technology.

Team: Adrian Fortino (MBA ‘10), Jahan Khanna (MSE ‘11) and Manisha Tayan (MBA ‘10)

Michigan Business Challenge Judges

Jack Ahrens, TiGo Ventures; Jim Baker, Michigan Technological University; John Barrie, Appropriate Technology Collaborative; Josh Botkin (MBA ‘06), Invo; Amy Cell (MBA ‘91, MBA ‘95), Ann Arbor SPARK; Nick Cucinelli (MBA ‘05), Diverse Energy Ltd.; Arthur Demonte, SummitTech BD; John Diebel, Michigan Technological University; Diane Durance, Great Lakes Entrepreneurs Quest; Amanda Edmonds, Growing Hope; Annette Fisch, UM Ross School of Business; Jan Garfinkle, Arborview Ventures; Charles Fry, American Sweet Bean Company; Gerry Guerra (MBA ‘08), RealKidz; Neel Hajra, NEW; David Hartmann, Arbor Blue; Neil Hawkins, Dow; Oran Hesterman, Fair Food Network; Mary Sue Hoffman, Michigan SBDC; Wes Huffstutter, UM Office of Technology Transfer; Tammin Jones (MBA ‘09), The Skillman Foundation; Tom Kinnear (PhD ‘72), UM Zell Lurie Institute; Nancy Kotzian, UM Ross School of Business; Andy Lawlor, U-M Ross School of Business; Karl LaPeer (MBA ‘93), Peninsula Capital Partners; Rod Lowe, A2 Resources; Len Middleton, U-M Ross School of Business; Jason Miller (BBA ‘01, MBA ‘06), PRS Equities; Mitch Mondry (MBA ‘86), M Group; Rishi Moudgil (BBA ‘00, MBA/MS ‘08); Jonathan Murray (MBA ‘88), Early Stage Partners; David Peralta (BBA ‘89), NanoBio; Tim Peterson (MBA ‘98), Arborview Ventures; Mark Petroff (MBA ‘98), Marketing Associates, LLC; Skip Pruss, Michigan Department of Energy, Labor and Economic Growth; Mahendra Ramingshri, Chrysalis Ventures; Paula Rhoades, Third Eye Innovation; Michael Rodocker (BBA ‘88), Just-in-Time CFO Solutions, LLC; Chuck Salley (MBA ‘76), NextCA; Larry Schmitt, Inov; Gus Simiao (MBA ‘07), Vertex Hydro Energy; Phil Tepley, Michigan SBDC; Matt Turner, Certus Ventures; John Viera (MBA ‘93), Ford Motor Company; Don Walker, Arbor Partners.

Intercollegiate and U.S. Business Plan, Case and Venture Capital Competitions

2010 Michigan Business Challenge Winner, Ambiq Micro, secures $250,000 investment prize at Global Business Plan Competition

Ambiq Micro was selected as the winner of the Global Business Plan Competition netting a $250,000 investment as first place winner. Ambiq Micro also won the Pryor-Hale Award for Best Business as part of the Institute’s Michigan Business Challenge in February and was selected to present at the national Michigan Growth Capital Symposium in May. Partnering across multi-disciplines, team members Scott Hanson from the College of Engineering and Phil O’Neill from the Ross School of Business, presented.

Ball State University
Enterprise 8 Business Plan Competition (March)
SanobiTherapeutics: Zubair Ahsan (BBA/BSE ‘11), James Li (BSE ‘11) and Boyang Zhao (BSE ‘11)

Carnegie Mellon University
McGinnis Venture Competition (March)
Enertia: Ethem Aktakka (PhD ‘11), Adam Carver (MBA/MS ‘12) and Tzeno Galchev (PhD ‘10)

June Energy: Md. Shahnoor Amin (MSE ‘10) and Abradahame Traore

Colorado School of Mines
8th Continuum Business Plan Competition (April)
Advanced Battery Control: Drew Demuth (MBA ‘11) and Paul Gruber (MBA/MS ‘10)

Draper Fisher Jurvetson and Cisco Systems, Inc.
Global Business Plan Competition (July)
Ambiq Micro: Scott Hanson (Post-Doctoral ‘11), David Landman (MBA ‘10) and Phil O’Neill (MBA ‘10)
First Place - $250,000 investment

DTE Energy - Clean Energy Prize Competition
Enertia - 1st $50,000; Advanced Battery Control - 2nd $25,000; Green Silane - 3rd $10,000; Regenerate - 4th $7,500

Great Lakes Entrepreneur’s Quest Plan Competition (January)
Nalu Solar: Jennifer McLaughlin (MBA/MS ‘10)
Second Place, New Business Idea - $1,000

Great Lakes Entrepreneur’s Quest Plan Competition (June)
SanobiTherapeutics: Zubair Ahsan (BBA/BSE ‘11)
Best of Biotech Award - $5,000
Runner Up, New Business Idea - $2,500

Lakeshore Advantage
The Lakeshore’s Next Top Entrepreneur Competition (November)
Energy Bank: Mary Lemmer (BBA ‘10)
First Place - $1,000

OWN: Verdi Ergun (MBA ‘12)
Second Place - $350

Northwestern University
Entrepreneur Idol (November)
Evertread: Alexander Kruger (BBA ‘11)
Energy and Sustainability Award - $500
OWN: Verdi Ergun (MBA ‘12)

MyBandStock: Bobby Matson (BBA ‘10)
Entrepreneurial Multidisciplinary Action Projects: MBAs Executing High-Level Management Assignments at Start-up Companies

MAP is a course in which student teams collaborate in global, entrepreneurial and experimental settings. Entrepreneurial Map students are assigned to multidisciplinary action projects at start-up companies. Over a seven-week period, the MAP teams execute high-level management assignments, such as developing business plans, identifying new product opportunities and formulating strategies for market entry.

Entrepreneurial MAP Company Hosts 2010
Adaptive Materials - Ann Arbor, MI
Project: Develop a market expansion plan for a commercial application for AMI’s fuel cell technology for specific power levels to supplement the company’s existing plan to enter other markets.
Team: Breck Bailey (MBA ‘11), Zack Gordon (MBA ‘11), Adam Grauer (MBA ‘11), Michael Kasameyer (MBA ‘12) and Hoa Phan (MBA ‘11)

Applied Technologies - Maumee, OH
Project: Develop a strategy for expanding the organizational and product capability of the Applied Energy Technologies division to be able to deliver total project capability and explore market entry potential with this expanded capacity.
Team: Dan Cantor (MBA ‘12), Charlotte Courtrap-Bagg (MBA/MS ‘11), Bhushan Giri (MBA ‘11), Tyler Paxton (MBA ‘11), Kevin Phillips (MBA ‘11) and Rajat Sapra (BBA ‘05, MBA ‘11)

BRIDGE PTS - San Antonio, TX
Project: Develop an acquisition growth strategy to help BRIDGE PTS accelerate its growth by developing a process to identify potential acquisitions, price each business, suggest financing plans for acquisition and then prioritize a list of potential businesses which the team has identified.
Team: John Beltran Velasquez (MBA ‘11), Marina Crocker (MBA ‘11), Omer A. Cygler (MBA ‘11), Stephen Li (MBA ‘11) and Vishakha Mahajan

Esperon Therapeutics - Ann Arbor, MI
Project: As an extension of a 2009 MAP program, identify high-value, strategic transactions within a specific business development/ license strategy, and supportive data/materials should be assembled that include potential partners, transaction terms and anticipated value.
Team: Gil Adato MBA ‘11), Umang Belwal (MBA ‘11), Laura Grund (MBA ‘11), Yaseen Oweis (MBA/MD ‘11), Mauricio Rincon (MBA ‘11) and Seth Trier (MBA ‘11)

Phoenix Modular Elevator - Mount Vernon, IL
Project: Develop a well-defined and research-based market and channel analysis with specific recommendations as developing business plans, identifying new product opportunities and formulating strategies for market entry.
Team: Cole Confer, Matt Fisher, Mark Jensen and Matthew Neagle (MBAs ‘11)
Dare to Dream Grants for Student Start-ups

Dare to Dream provides grant awards to students to fund and support the development of their own businesses at three critical developmental stages: business design, business assessment and business plan. The program encourages non-business students at the University to compete for funding with total awards up to $100,000 per academic year.

Integration Grants

Recipients Complete a Business Plan and Investor Pitch

Fall 2009

Hyperion ($5,000) Light sport aircraft design and manufacture.
Team: Karim Fanous, David Landman and Jeff Rodriam (MBAs ’10)

MyBandStock ($5,000) Online fundraising platform for performing artists.
Team: John-Michael Fischer (MSE ’10), Andrew Leahy (B ’10) and Bobby Matson (BBA ’10)

Natural Aquaculture ($5,000) Antibiotic free, hormone free native fishery
Team: Andrew Charmaj, Philip O’Neil and Aaron Skrocki (MBAs ’10)

Structured Microsystems ($10,000) Three-dimensionally stacked integrated circuits in a single package, $1,000 scholarship to Ann Arbor SPARK’s Boot Camp.
Team: Vikas Gudadhur (MA/MA ‘10), Razi-ul Haque (PhD ’10) and Wasim Quadir (BBA/ ‘09)

Winter 2010

Ambiq Micro ($10,000) Ultra-low power microprocessors to battery-powered radio frequency identification tags.
Team: Scott Hanson (Post Doctoral Research Fellow), David Landman (BBA) and Philip O’Neil (BBA)

Bazaar Bee ($5,000) Online marketplace connecting North American-based Asian Indians to wedding vendors in India.
Team: Seema Sawhney (MBA ’11) and Puneet Sawhney (MBA ’09)

Shepherd Intelligent Systems ($5,000) Real-time vehicle location information for the passengers and managers of public transit.
Team: Adrian Fortino (MBA ’10), Thomas Gellaty (BSE ’10), Jahan Khanna (MSE ’11) and Manisha Telay (MBA ’10)

Assessment Grants - $1,500 each team

Recipients Work Toward Completing a Feasibility Study

Fall 2009

Ayah is an alternative method to test the “human-ness” of website visitors.
Team: Tyler Paxton (MBA ’11)

Backyard Brains designs and markets affordable neuroscience kits for educational purposes.
Team: Connie Chung (BBA ’11), Gregory Gage (PhD ’09), Timothy Marzullio (PhD ’08), Saniy Zhang and John Qian (BBA ’11)

Charter Jet Connect is an online marketplace for booking charter aircraft.
Team: Andrew Elferich and Bradley Hart (MBA’s ’11)

City Connect is a process solution for location-based government service.
Team: Sai Tong Ng, Saritha Puttagunta, Onur Sencer and Rajani Yellamanchili (MBAs ’10)

Digital Receipts captures and stores receipts digitally.
Team: Sarika Guptha, Doran Lam, Shreyas Patel, Eli Slack and Nathan Williams (MBAs ’10)

Innovascular is a device to localize and control severe bleeding.
Team: Mohamed Elgamal (MD ’06), Jeffrey Groom (MSE ’09), Yuri Haverman (MBA ’09), Sanjay Shah (MSE ’08) and Aaron Swick (MSE ’08)

IRIS Technologies specialized service to screen the effect of compounds on the motility of target cancer cell lines.
Team: Daniel Irinina (PhD ’01) and Dan Zetu (MBA ’10)

OWN is a point of sale system for coffee shops.
Team: Manvendu Bhawardwaj (MBA ’11), Verdi Ergun (MBA ’12), Jeremy Klaben (BBA ’13), Alexander Kruger (BBA ’11) and Jessica Meyer (MBA ’11)

Lodestone Capital bridges the divide between energy services companies and property owners reluctant to invest in energy efficient projects.
Team: Sam Lines and Niels Zellers (MBA/MSs ’11)

Nalu Solar Tools is a web-based software that offers operational support for solar PV contractors.
Team: Kelly McKenzie (MBA/MSW ’09), Brian McLaughlin, and Jennifer McLaughlin (MBA/MS ’10), Prashanth Prasad (MBA ’10) and Imogen Taylor (MBA/MS ’10)

Securilink is a personal safety device that utilizes cell phone technology.
Team: Cole Confer (MBA ’11) and Maria Confer

Urban Food Gardener is an online information and products for urban gardening.
Team: Matthew Neagle (MBA ’11)

Winter 2010

A2D Technologies provides analog to digital converter circuit design.
Team: Jorge Pemillo (PhD ’10) and YuanYuan Fang (MBA ’10)

AME Outdoors is an allocative reservation website and service call center for fishing industry.
Team: Adam Young (MBA ’10)

Carbon Perks online rewards system links consumers, utilities, and retailers.
Team: Paul Gruber (MBA/MS ’10), Arie Jongejan (MBA/MS ’10), Mary Lemmer (BBA ’10) and Rajesh Nierlik (MBA ’10)

Food Waste Energy biodigesters for the restaurant industry captures gas produced from the decomposition of organic waste.
Team: Bhushan Giri and Matthew Johnhnow (MBAs ’11), Kurt Liethen (MSE ’10), Allison Shapiro (MBA/MS ’12) and Raghav Vate (MBA ’11)

Heart Graffiti designs silver commemorative jewelry for female college students.
Team: Sara Jones (MBA ’10)

Innovus creates products for use to verify sterilization and safety of clinical tools.
Team: Eric Jacuzzi (MSE ’12) and Chandler Yao (MBA ’10)

June Energy designs portable solar energy products for electricity and lighting in rural Africa and Asia.
Team: Shahnoor Amin (MSE ’10), David Cerriniss (MBA/MS ’10) and Abdurahman Tracer

SanoBio Therapeutics is a low-cost topical treatment for diabetic ulcers.
Team: Zubair Ahsan (BBA/BSE ’11), James Li (BSE ’11), Paul Marinic (PhD) and Boyang Zhao (BSE ’11)

Business Design Grants - $500 each team

Recipients Propose a Business Created around Their Product or Technology

Fall 2009

A2D Technologies provides analog to digital converter circuit design.
Team: Jorge Pemillo (PhD ’10)

Carbon Growth system uses carbon dioxide to promote crop growth.
Team: Don Tappan (BBA/BSE ’11)

DesignFloor product Lifecycle Management software system is for small and medium sized manufacturing companies.
Team: Abhijit DasDidar (MBA ’11) and David Tolsma (MBA ’10)

Exercise Eco Energy is a stationary bicycle that is an electrical generator.
Team: Patrick Julius (BS ’10)

Grub Grabber is a web application that alerts patrons to daily specials from local restaurants.
Team: Jason Jacob and Alexander Kruger (BBAs ’11)

Heart Graffiti designs silver commemorative jewelry for female college students.
Team: Sara Jones (MBA ’10)

LEAD Insurance Agency provides insurance for sustainable commercial buildings.
Team: Nathan Fink (BBA ’11)

Navitus Global designs a low-cost, energy efficient refrigerator for low-income and temporary emergency housing.
Team: Anand Bharath (MSE ’10), Allen Kim (BS IOE ’11), Yisi Lu (BBA ’12), Fozoh Saliki (MSE ’11) and Ben Yelian (BBA ’12)

“No-Worries” Debit Card debit card is for international travelers.
Team: Norbert Kalman and John Beltran Velasquez (MBAs ’11)

The Pool is speed dating through interactive gaming.
Team: Dhananjay Ahad (PhD ’12), Jeffrey Fletcher (MSE ’11), William Harrison (PhD ’10) and Deepak Sharma (PhD ’11)
RIPE Group biomimicry is based non-slip application for various applications.
Team: Ellen Binder (BFA '11), Craig Foldes (BA '11), Justin Issacs (BSE '11), Britanni Kagan (BA '11), Josh Kappell (BBA '11), Ross Nach (BA '11), Samantha Orshan (BFA '11) and Stuart Siegel (BSE '11)

Samaj Indian is a senior-living facility in United States.
Team: Geetika Bhargava (MBA '10), Kappel (BBA '11), Ross nacht (BA '11), Samantha Justin Isaacs (BSE '11), Brittani Kagan (BA '11), Josh T

Unnamed Product provides hand-held device that combines technologies targeted at youth in China.
Team: Anthony Chen (BBA/BSE '11), Tracy Li and Wendy Yu (BBA '11)

Winter 2010

Air 2 O is a device to extract water from ambient air.
Team: David Sheng (BSE '10), Joshua Demb (BS '11), Joe Cha (BSE '11), Nicholas Kaylor (BSE '11) and Rohan Bhargava (BBA '11)

Calypso Power is a module that mixes fresh and saltwater to produce electricity using the process of reverse electro-dialysis.
Team: Casady Wyckoff (BSE '10), Katharina Maisel (BSE '10), Tamir Arbel (BSE '10), Mark Hendryx (MSE '10), Mike Thompson (MSE '11) and Mit Shah (BSE '10)

CWIC Technologies is a personal vision tracking device to capture what a person's eye actually sees. Team: Ryan Bernstein (BSE '10), Cooper Fallek (BS '10) and Kasey King (BA '10)

Drag Stopper is an attachment for over-the-road trucks and trailers to reduce drag and increase fuel efficiency.
Team: Glenn McDonald (BSE '10)

ELTwo is a novel treatment for glaucoma.
Team: Doug Anderson (MSE '10), Emilia Fraz (MSE '10), Alan Hamell (MSE '10) and David Roeke (MSE '10)

EmboLess is a medical device to safely remove embolisms.
Team: Kim DeGraaf (MSE '10), Whitney Hovan (MSE '10), Choi Li (MSE '10), Adam Biddle (MSE '10), Shishira Nagesh (MSE '10) and Joseph Perosky (MSE '11)

The Gupta Company provides piezoelectric treatment for deep vein thrombosis.
Team: Sumit Gupta (BBA '11)

Gutbuster! is a pill-sized camera with location-based sensing to help evaluate conditions within the digestive tract. Team: Jonathan Yap, Yuri Inoue, Amir Sabet Sarvestani and Douglas Yeung (MSEs '10)

Hippo Water International provides a product to transport water in rural undeveloped areas that decreases water gathering effort and raises productivity of local populations.
Team: Colm Fay (MBA/MS '12), Cynthia Koenig (MBA/MS '11) and Chris Mueller (MBA/MP '11)

IMAGINE Africa is a solar powered internet connectivity hub.
Team: Bo Zhu (BSE '11), Todd Zusman (BSE '10), Eleni Kottaki (MSE '10), Jacob Smith (BBA '10) and Laura Haselhuhn (BBA '10)

Next Generation Seton is a device to heal fistulas internally and more rapidly than current solutions.
Team: Samantha Passen, Thomas Peter and Jason Stibbe (MSEs '10)

Sentient Wings adds intelligence and functionality to unmanned aerial vehicles.
Team: Zahid Hasan (BSE '09), Yu-tsien Chang (MSE '09), Justin Jackson (PhD '12) and Calvin Park (BSE '09)

SiCAR collision is a avoidance radar for automobiles.
Team: Daniel Ehyale (PhD '10)

STigma Free provides private in-home testing for several sexually transmitted diseases.
Team: Rameshwar Rao (MS '10), Jeremy Holzwarth (PhD '14), Patrick Ingram (PhD '14), Joshua White (PhD '14) and Sasha Cai Lesher-Perez (PhD '14)

SureSecure Load Anchoring Solutions is a medical device for securing pacemaker leads to the pectoral muscle.
Team: Annie Mitsak (PhD '11), Sarah Jameson (MSE '10), Justin Sweet (MSE '10) and Nathaniel Skinner (PhD '13)

TechArb: A New Home for Incubating Student Start-ups from Across Campus

TechArb was launched early in 2009 as a home for student start-ups located on the 4th floor of the Google building in downtown Ann Arbor. Funded jointly by the Center for Entrepreneurship, Office of the Vice President of Research and the Zell Lurie Institute, student teams apply for incubator space in concert with the Dare to Dream program. Eight student businesses were awarded office space in TechArb in its inaugural year. Of this group, Mobile 33t was acquired and two others have received funding.

Winter 2010

Backyard Brains designs and markets affordable neuroscience kits to help children and amateur scientists better understand the brain.
Team: Connie Chung (BBA '11), Gregory Gage (PhD '09), Timothy Maxzullo (PhD '08), Sanjiv Rao (BBA '11) and John Qian (BBA '11)

Carrier Mobile a mobile phone-based software applications for common problems faced by North American truck drivers.
Team: Brian Coatta (BSE '11), Andrew Matti (BSE '10), Andrew Rolph (MSE '10) and Brett Wejwurst (BSE '11)

CrowdClarity addresses the growing need for a proper sales forecasting solution.
Team: Dylan Barrell (MBA '04), Jonathan Carender (MSE '10), Anik Ganguly and Dylan Imre (LSA '11)

Mobiata LLC mobile applications for travelers and travel companies.
Team: Ben Kazez and Jason Bornhorst (BSE '09)

Mobile 33t focuses on the iPhone marketplace developing innovative and robust mobile applications.
Team: Jason Bornhorst (BSE '09), Kunal Jham (BSE '09) and Mayank Gang (BA '09)

My Bandstock offers an online community where artists sell shares to their fan base in exchange for access to their music, videos, blogs and other personal benefits in order to raise money for album production.
Team: Drew Leahy (BA '10) and Bobby Matson (BBA '10)

Phonagile LLC designs mobile games that use the real world as the game board.
Team: Jeremy Canfield, Eric Garcia (MSI '10), Benjamin Malley (MSI '10) and Sergio Mendez-Baiges (MSI '10)

Roomations LLC an online design and how-to advisor that connects homeowners undertaking remodeling projects with professional architects and interior designers.
Team: Jenny Casler (MBA/MS '11), Katie Miller (MBA/MArch '10), Ilan Poonjolai (MBA '11), Nate Stevens (BA '10) and Natasha Thomas (MBA '10)

Shepherd Intelligent Systems a SaaS company providing real-time vehicle location information directly to passengers and managers of public transit through novel, low cost technology.
Team: Adrian Fortino (MBA '10), Thomas Gelalay (BSE '10), Jahan Khanna (MSE '11) and Manisha Tayal (MBA '10)

Summer 2010

Bebaro “Netflix” for baby clothes which provides baby clothes for rent for 0-3 year-olds.
Team: Luis Calderon (MBA/MS '10) and Allen Kim (BSE '11)

CWC Technologies personal vision tracking device to capture what a person's eye actually sees.
Team: Ryan Bernstein (BSE '10), Cooper Fallek (BA '10) and Kasey King (BA '10)

Growing Gows a web-based donation processor for donors.
Team: Jeremy Verbit (BSE '10) and Jay Rosenblum (BSE '11)

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Michigan Entrepreneur & Venture Club

2009-2010 Club Officers

Luis Calderon (MBA’10) Co-President
James Mertz (MBA’10) Co-President
Patricia Stansbury (MBA ’10) Chief Financial officer
Eli Slack (MBA ’10) Vice President, Competitions
Edward Speyer (MBA ’10) Vice President, Events
Sara Jones (MBA ’10) Vice President, Education
Jason Townsend (MBA ’10) Co-Vice President, Career outreach
Edward Speyer (MBA ’10) Vice President, Communications
Jeffrey Linn (MBA ’10) Co-Vice President, Career outreach
Jack Xuan (MBA ’10) Vice President, Communications
Jennifer Wolf (BBA ’11) Associate Vice President, Undergraduates
Adam Kietz (BBA ’11) Associate Vice President, Undergraduates

2009-2010 Events and Guest Speakers

September 18 – Entrepalooza 2009
A New Time and a New Home for Entrepreneurship
The annual entrepreneurship symposium featured four panel discussions, three breakout networking sessions, and two keynote speakers: Roger Frock (MBA ’59), Former General Manager, FedEx, and Ravi Mohan (MBA ’96), Co-founder and Managing Director, Shasta Ventures, Menlo Park, CA. At the symposium, Mr. Frock was presented with the 2009 Alumni Entrepreneur of the Year Award.

September 18 – Entreplaooza Student Luncheon
The lunch and learn session brought together business students with entrepreneurial alumni. Participating alumni included Ian Dailey (MBA ’09) of Husk Insulation, LLC; Merrill Guerra (MBA ’08) of Real Kidz Inc.; Robert Mazur (MBA ’03) of B.A. Maze Inc. (Purrfect opener); Aaron Nelson (MBA ’09) of Audiallo; and Sherman Powell (MBA ’09) of ArmyProperty.

September 24 – Private Equity Career Panel
Private equity professionals spoke about career opportunities in private equity to students. Panelists included Adam Conrad (MBA ’02) of Rockwood Equity Partners; Ted Kramer of Hammond Kennedy Whitney & Co.; Craig Majernik of Windjammer Capital; and Amy Ludwig Weisman (BBA ’85) of Sterling Investment Partners.

October 8 – EVC Speaker Series
The Entrepreneur in the Big Corporation: Ball and Chain or Win-Win?
A video conference with Adam Brotman, Vice President, Digital Ventures, Starbucks
Adam Brotman, VP of Digital Ventures for Starbucks, is an entrepreneur who at 26 successfully founded PlayNetwork, which grossed $40 million annually by the time he left. Today, Adam leads Starbucks innovative efforts to break into the digital world. He spoke to the students from Seattle via video conference on the entrepreneur’s relationship with the large corporation.

October 28 – Round Table Lunch with Managing Director of Lilly Ventures
Ed Torres (MBA ’89) who oversees Lilly Ventures’ operations talked to students about his 20 years of pharmaceutical and venture capital experience. Since co-founding Lilly Ventures, Torres has led the investments in, and previously served on the boards of, Serenex (acquired by Pfizer); Confora Therapeutics (acquired by Biogen Idec); and Cabrellis Pharmaceuticals (acquired by Pharmion Corporation).

October 29-30 – West Coast Forum, San Francisco, California
Ross School of Business students joined area businesses and alumni for two days of informative panels, roundtable discussions, competitions, company tours and a networking reception. This annual event provides important networking opportunities for students interested in meeting West Coast alumni and representatives of leading companies located on the West Coast.

November 6 – IGNITE Ann Arbor
EVC hosted IGNITE Ann Arbor, an opportunity to practice presentation skills in a five minute talk on any subject.
Entrepreneur & Venture Club Highlights

business plan, understanding the market, and launching startup.

Kurt Riegger, an Ann Arbor based venture capitalist, introduced club members to Cantillon, an online education tool that walks entrepreneurs through the process of developing a product, writing up a business plans from entrepreneurs currently seeking VC funding, watched entrepreneurs “road-show” pitches; sat down one-on-one with each entrepreneur; chose a deal; negotiated a term sheet with that entrepreneur; and sat down one-on-one with VCs for feedback.

January 15 – Venture Capital Investment Competition
During this event, led by the EVC, student teams played the role of a venture capital firm that must go through the entire VC investment process in an extremely condensed time period. Each team read real business plans from entrepreneurs currently seeking VC funding, watched entrepreneurs “road-show” pitches; sat down one-on-one with each entrepreneur; chose a deal; negotiated a term sheet with that entrepreneur; and sat down one-on-one with VCs for feedback.

February 2 – Whirlyball Social
EVC club members were joined by members of the High Tech Club for a night of whirlyball.

March 4 – IGNITE Ann Arbor
EVC hosted IGNITE Ann Arbor, an opportunity to practice presentation skills in a five minute talk on any subject.

March 10 – Cantillon Education Kickoff Event
Kurt Riegger, an Ann Arbor based venture capitalist, introduced club members to Cantillon, an online education tool that walks entrepreneurs through the process of developing a product, writing up a business plan, understanding the market, and launching startup.

March 4 – IGNITE Ann Arbor
EVC hosted IGnITE Ann Arbor, an opportunity to practice presentation skills in a five minute talk on any subject.

December 10 – Startup Lessons Learned: Matt & Zach from Olark.com
Matt Pizzimenti and Zach Steindler spoke about what they’ve learned from bootstrapping their startup, Olark.com. They also talked about participating in YCombinator, tricks for pricing your product, developing your products with customers and partners, providing excellent customer support, and some of the crazy things people type online when they think nobody is watching.
Entrepreneurship Initiatives at the Michigan Economic Development Corp. Assistance, she noted, is offered "The key to success is using resources, networking and learning from others." said Kapila Viges, director of company launch, said experts on the panel "Making Connections: Local Resources for Start-ups.

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The University, the state of Michigan and the Ann Arbor community offer entrepreneurs a wide variety of adequate capital, entering the realm of social entrepreneurship and identifying local resources. Looking back on those heady, but challenging, times, Frock said it took "entrepreneurial spirit" to ramp up operations in the face of strong regulatory, logistical, financial and operational headwinds. "No one else believed in what we were going to do, because no one had done what we were promising," he recalled.

During FedEx's first city test on March 12, 1973, only six packages were shipped. Smith, Frock and their employees took the setback in stride and redoubled their efforts. Five weeks later, the company had expanded to 25 cities and had 185 packages in the system. By November of 1973, the company had secured $52 million in financing, making it the largest venture-capital start-up in the country's history at that point.

An outstanding concept, exemplary and ethical leadership, a supportive company culture and some "good fortune" carried FedEx to ever greater heights of expansion, growth and profit. The company's pioneering success also was driven by its insistence on listening to customers, valuing employees and planning for the future. "We had the feeling we could get this done," Frock said. At the conclusion of his opening remarks, Frock was presented with the 2009 Entrepreneur of the Year Award in recognition of his achievements by Zell Lurie Institute Executive Director Tom Kinnear.

Panel Discussions: Connecting Entrepreneurs to Resources

Entrepalooza's four concurrent morning panel discussions, led by seasoned entrepreneurs, company founders, venture investors and business consultants, explored various aspects of launching start-ups, securing adequate capital, entering the realm of social entrepreneurship and identifying local resources.

The University, the state of Michigan and the Ann Arbor community offer entrepreneurs a wide variety of assistance - including informal groups, established organizations, monthly events and readily available mentors and consultants - that can help them advance their business concepts from initial ideation to actual company launch, said experts on the panel "Making Connections: Local Resources for Start-ups." "The key to success is using resources, networking and learning from others." said Kapila Viges, director of Entrepreneurship Initiatives at the Michigan Economic Development Corp. Assistance, she noted, is offered through a network of 15 SmartZones and 12 Small Business & Technology Development Centers located throughout the state.

The University's Office of Technology Transfer, Business Engagement Center and Medical Innovation Center are just a few of the organizations that can help entrepreneurs connect with the U-M resources they need to commercialize research discoveries. Amy Cell, the vice president of Entrepreneurial Education at Ann Arbor SPARK, said her organization offers funding, education and networking events for start-ups.

Grassroots activities, such as A2 New Tech, provide opportunities for pitching new ideas and getting feedback, noted Dug Song, chief architect at Barracuda Networks. "There are many different entry points at the University, and people who know about them can refer you," he said.

Finding the money to launch a start-up company is often a daunting task for entrepreneurs. However, many overlook key sources of capital, said financiers and consultants who sat on the "Got Money? Financing Your Business" panel. "Don't think 'VC or bust,'" advised Ned Hill, managing director of DFJ Mercury, noting that fewer than 1% of all small businesses are suitable for venture-capital funding. "Look for help from friends and family, or sell products to help fund your business."

Federal contracts and grants also are frequently overlooked sources of funding, said Lisa Kurek, managing partner at Biotechnology Business Consultants. Eleven federal agencies qualify for SBIR and STTR grants, which provide early-stage research and development funding for small technology companies. Although conventional bank loans appear to be an easy solution, Comerica Bank Vice President Tim Trapp said entrepreneurs often are unaware of bank's high expectations for loan approval. "We're usually looking to see if you have existing investors, and that your company is up and running."

Approaching a venture-capital firm for seed or early-stage investment money "is a relationship that you are building," advised Armando Pauker, MBA '95, general partner at Apex Venture Partners. "We see many people who are very technology-driven, but you also have to think about the market, the customers and the business model. We're investing in a business, not in a technology." Panelists generally agreed that now is a good time for VCs to invest in young companies, if the capital for investments is available.

"Entrepreneurship and innovation can be brought to any category with a unique customer insight and relentless execution against it," Mohan concluded.
The Michigan Growth Capital Symposium: Renewed Optimism and Confidence Among Investors and Entrepreneurs

The rebounding U.S. economy, rising stock markets, and recovering investment sector fueled renewed optimism and confidence among venture capitalists, angel investors and entrepreneurs attending the 2010 Michigan Growth Capital Symposium on May 11-12. Now in its 29th year, the symposium drew 375 participants - including investors from across the country, executives of early-stage and emerging-growth companies and related stakeholders to the Marriott Eagle Crest Conference Center in Ypsilanti, Michigan. The event was presented by the Center for Venture Capital and Private Equity Finance of the Samuel Zell and Robert H. Lurie Institute for Entrepreneurial Studies at the Ross School of Business.

Seven panels of industry experts discussed entrepreneurial opportunities in health care, life sciences and electric/hybrid vehicles, as well as trends in venture capital and research funding. Keynote addresses by Kate Mitchell, chairman-elect of the National Venture Capital Association, and Dr. David J. Brailer, chairman of Health Evolution Partners, examined new developments in venture investing and health-care information technology.

Founders and representatives from 32 emerging and growth companies operating in Michigan and other states showcased their innovative products in energy, life sciences, information technology and advanced technology.

Keynote Address by Kate Mitchell

Kate Mitchell, a co-founder of Scale Venture Partners and chairman-elect of the National Venture Capital Association, took a look at the downsizeing that has occurred in the venture-capital industry and what it means for fund managers, portfolio companies and entrepreneurs. She conceded that the fundraising climate is still challenging and that shrinking fund sizes are compelling investors and portfolio companies to do more with less. However, she predicted that returns, which are still paltry compared pre-recession levels, will improve.

Mitchell reported that the industry is seeing a trend toward investing smaller amounts of capital in smaller companies at an earlier stage. “I think seed and angel investing is extremely important,” she said, adding that the expertise and time angels bring to new ventures can be critical to their ultimate success.

Keynote Remarks by Dr. David J. Brailer

Drilling down in the information-technology industry, Dr. David J. Brailer, MD, PhD, the chairman of Health Evolution Partners, distinguished between transformative IT companies, such as Google, which quickly and dramatically altered the IT landscape forever, and in-the-trenches IT companies, such as Microsoft and Intel, which took much longer to evolve. “I think one of the real challenges we have is trying to find the Google when most of life’s innovations are the Intels, Ciscos, Microsofts and Apples,” he said. Dr. Brailer cited the writings of University of Chicago economist David Galenson, who distinguished between conceptual innovation, characterized as a rare flash of genius, and experimental innovation, marked by a grind-it-out mentality and dogged perseverance.

Dr. Brailer predicted that health information-technology has the greatest potential to fundamentally change the calculus of how people work in health care. “Health IT is the fastest-growing line item in the federal government,” said the physician, who was appointed in 2004 by then-President George W. Bush as the first National Coordinator for Health Information Technology. In that role, he developed and led the nation’s strategy for ushering health care into the digital era.

Panel: The Convergence of Health Care and Technology

The innovative intersection of the life and physical sciences with computerization and engineering technology is transforming university research and opening up new opportunities for entrepreneurs and venture investors. At the same time, convergence is raising concerns about intellectual-property rights and the regulatory-approval process, said a panel comprising professionals working in the health-care research, investment and entrepreneurial sector.

“We need to take bench-to-bedside research to the next level,” said Ora Hirsch Pescovitz, executive vice president for medical affairs and CEO of the University of Michigan Health System. “New “adjacencies” linking the private and public sector and the government and University will “lead to an acceleration of discovery and creativity,” she added.

“We want to educate people who will drive discovery and go out in the world and create,” said U-M Professor Thomas Zurbuchen, associate dean for entrepreneurial programs at the College of Engineering. Timothy Foley, managing director of the Zell Lurie Institute, added: “We want our University to be known as the hotbed of people you want to hire. We’re working hard to bring down the walls, reduce the silos and build an entrepreneurial ecosystem.”

To encourage the formation of new partnerships with the private sector, the U-M has made it easier for entrepreneurs and companies to identify and utilize campus talent and resources, said Stephen Forrest, professor and vice president for research. “Through the Business Engagement Center and other initiatives, we have created a new mechanism for partnering.”

Panel: Charging Forward: VC, EVs And Other Next-Generation Vehicles

Achieving President Obama’s goal of putting one million electric or plug-in hybrid vehicles on the road by 2015 is a daunting challenge for auto makers, who are pressing for more government subsidies and tax breaks. A panel representing innovators, manufacturers and investors in the automotive sector laid out a roadmap that they hope will lead the U.S. to greater oil independence.

John Schaal, vice president of market development at Johnson Controls, said his company has initially targeted the commercial fleet market, which accounts for more than 70 percent of miles driven in the U.S. “The fleet market, representing five to 10 percent of the overall market, is a good entry point because it has predictable driving patterns,” he observed. “Also, it is easier to deal with just one fleet manager (rather than many individual consumers).” Schaal predicted hybrids and plug-in hybrids will be introduced first, as opposed to fully electric vehicles.
“In the fleet market, we’ve found a preference for hybrid vehicles that run on compressed natural gas,” said John Thomas, the co-founder and CEO of ALTe. “We’re being encouraged to align with natural gas as the ‘new oil.’ While we ultimately see electric as the destination, fuels are still a necessary evil during the transition.”

Panel: Trends In The Life Sciences
Nearly half of Michigan’s venture-capital funds are now targeting the health-care sector and most view the passage of health-care reform, which is drawing more insured individuals into the system, as a net positive for the industry, a panel of venture investors reported.

“Michigan is doing very well,” said Jan Garfinkle, founder and managing director of Arboretum Ventures. “We’ve had several successful exits recently, including University of Michigan spinout HandyLab (acquired in November 2009 by Becton, Dickinson and Co.), and these entrepreneurs are now starting other new companies.”

New discoveries continue to spawn investment opportunities in the life sciences. “We like products driven by advances in remote monitoring, which helps to reduce costs and improve patient care,” said Guido Neels, managing director of Essex Woodlands Health Ventures. Dan Lemaitre, president and CEO of White Pine Medical, predicted that the data captured by medical implants and other monitoring devices will become increasingly important. “There’s no doubt that the real opportunity in medicine is data, but the challenge is to create a business model around it,” he said.

Enabling technologies that make medical procedures cheaper and better, with fewer complications, represent an area where entrepreneurial and venture-investment opportunities are growing, observed Louis Cannon, founder and senior managing director of BioStar Ventures.

Panel: The Role Of State Government In Michigan’s Economic Development
The state of Michigan, in partnership with local economic-development agencies and public universities, has mounted a concerted effort to diversify the state’s economic base by supporting the creation and growth of entrepreneurial companies focused on alternative energy, defense, life sciences and medical devices. A panel of government and business leaders presented a snapshot of economic-development initiatives, accomplishments and aspirations.

The Michigan Economic Development Corporation is focused on attracting new investment to the state, retaining existing companies and fostering their expansion, and nurturing the growth of early-stage companies, said Greg Main, MEDC president and CEO. “We’ve worked hard to create an entrepreneurial infrastructure by delivering quality commercialization services, making sources of capital accessible for each stage of development, and connecting companies with the technology available at the University,” he explained.

The Michigan University Research Corridor, a coalition formed three years ago by the presidents of the U-M, Michigan State University and Wayne State University, is fueling economic growth on college campuses by supporting the commercialization of research, developing the entrepreneurial talent of students, and engaging companies in commercialization efforts. “The universities are making tremendous strides,” reported Jeff Mason, the Research Corridor’s executive director.

Panel: What Entrepreneurs Seeking Capital Need To Know: Searching and Sourcing Deals from an Investor’s Perspective In Today’s Market
The landscape for venture investing has changed dramatically in recent years, and today’s entrepreneurs must navigate over rocky terrain to procure funding. Panelists offered tips on how to be successful in a challenging business climate. They stressed the importance of company management, lean processes, market size and acceptance of a new product.

“Angels like to invest in serial entrepreneurs and look for strong teams with specific domain expertise and management,” said Terry Cross, founder of Windward Associates. “ Founders should be willing to collaborate with others to save money and to take small tranches against specific milestones.”

“Times have changed,” said Roger Newton, the co-inventor of Lipitor. He said investors these days are looking for companies with proof of concept and, in the case of a medical device, a prototype that actually works.

Blair Garrou, managing director of DFJ Mercury, suggested entrepreneurs go to the East or West Coast to look for capital. “For the seed round, we like to see entrepreneurs with lots of ‘scar tissue,’ and for the series A round, we want to see capital efficiency in the short- and long-term,” he said. Pre-money valuation, especially in the early stages, “is more an art than a science,” Garrou observes. “We are now funding for 18 months rather than nine to 12 months.”

As a late-stage investor, Hugh Golden, managing director at GE Capital, said he prefers emerging companies with a game-changing technology, revenues exceeding $10 million and a capable management team. “We also like to see other institutional investors and a good, independent board of directors before we invest in a series B or C round,” he added. “On the exit side, we prefer a strategic sale rather than an initial public offering.”

Panel: Trends In Venture Capital
After the economic devastation of 2008 and 2009, the venture-capital industry has undergone a significant contraction, and the investment pace has slowed. Fewer VC firms are raising new funds, and most are investing less money. A panel of VCs examined the industry’s prospects for the future and weighed in with their predictions for recovery.

“I think we’re working ourselves out of the 2008-2009 economic downturn, and there’s growing tepid optimism in the industry,” said Mark Heesen, president of the National Venture Capital Association. “The entrepreneurs who are left standing are solid. If you can invest today, it is a phenomenal time to do so.”

Raising funds is still difficult, however, and Heesen predicted that the venture-investing environment will remain challenging for several years.

Andrew Schwab, founder and managing partner of SAM Ventures, said he has seen a dichotomy in the venture-capital market, which now favors early-stage over later-stage investments. “The best series A deals are still being done with terms similar to those in 2008,” Schwab explained. “But later-stage companies are getting crushed.”

Koleman Klarveski, managing director of Chrysalis Ventures, spoke favorably about the future direction of Michigan’s economy. “I think the momentum here is very positive,” he said. “The state has taken great interest in forming pools of capital that incentivize VCs such as Chrysalis to spend more time in Michigan, searching for the next generation of great young companies. A lot of smart people are working together to create more critical mass and to assemble the necessary assets to build great businesses.”
2009 Michigan Private Equity Conference: Challenges and Opportunities in the Nation’s Economy and Credit Markets

Nearly 140 executives and professionals from private-equity groups and investment banks in the U.S. gathered for the 4th annual Michigan Private Equity Conference on Sept. 25. During the half-day session, keynote speakers and panelists assessed the current state of the marketplace and discussed strategies that private-equity shops could utilize to take advantage of market dislocation and opportunities created by the global auto-industry decline. The event was presented by the Center for Venture Capital and Private Equity Finance of the Zell Lurie Institute at the Ross School of Business.

Keynote Speaker: Michael Levitt, Founder, Stone Tower Capital LLC

“We’re not out of the woods yet,” said Michael Levitt, founder of Stone Tower Capital LLC, during his opening remarks. “The credit crisis is continuing. And despite what everyone is saying, there are real issues with the economy.” Levitt, whose firm manages $40 billion in credit assets, pointed to other complicating factors. “Companies are making their numbers by cutting costs. Investors are overcommitted and cash-constrained. There are a lot fewer banks, and they are less likely to lend us money. We’re running our business differently, with less leveraging and requiring higher returns for the cash we have.”

Despite these considerations, Levitt expressed some optimism, saying, “I’ve been in this business for almost 30 years, and I think the next five years probably will represent the most opportunity that I’ve ever seen.” To capture that opportunity, he concluded, private-equity firms need to be creative, flexible and patient, and “invest in what you truly understand.”

Panel: Limited Partners and General Partners: State of the Marketplace

Although the amount of private-equity capital raised during the first half of 2009 represented a 64% decline over the comparable period in 2008, money is still being raised, and limited partners are still making commitments, a group of investment-industry panelists reported. However, they observed that one-fifth of all limited partners expect to reduce their allocation to the private-equity sector, and one-third expect to reduce the number of funds they invest in. “It’s clearly down,” stated Charlie Huebner, managing principal of RCP Advisors. “But it’s not so bad,” he added. Huebner said his firm believes in having a diversified portfolio and making a long-term commitment to investors.

Kevin Kester, managing director of Siguler Guff & Co., predicted that investment returns may improve in the future. “Money being deployed today has a better chance than money deployed at the top of the cycle,” he said. Looming changes in the political and regulatory environment are making investment-portfolio managers more cautious. “For the first time, we are trying to underwrite political risk on every deal we do,” said Glen J. Vanic, senior managing director of Thrivent Financial, citing the possible implications of health-care reform and cap-and-trade legislation. In the future, general partners will face greater pressure to provide more transparency in their portfolios and to pursue deals with “home-run potential,” Kester stated.

Panel: Impact on Private Equity and Opportunities Created by the Global Auto Industry Decline

At first glance, investment opportunities in the automotive sector look bleak, a panel of financiers, investors, and turnaround managers observed. Despite the gloomy outlook, Beth Brockmann, senior vice president at GE Capital, said “It’s a tough industry, and private equity has taken losses, but if you know what you’re doing, there is opportunity.” Private-equity investors will find good investment opportunities in niche companies, particularly those with the flexibility to deploy their manufacturing capabilities across several industries, advised Joyce Johnson-Miller, senior managing director and co-head of Relativity Capital LLC. “This is definitely a time to be aggressive,” she said.

“There are great customers in the auto space, but given today’s environment and dependence on Ford, GM and Chrysler, it’s like crossing thin ice,” said Jason Runco, a co-founder and partner at Black Eagle Partners. Until OEMs (original-equipment manufacturers) complete their painful transformation, subsectors play in areas such as aftermarket nondiscretionary parts and green energy offer investment possibilities for private-equity shops.

Panel: Taking Advantage of Market Dislocation

Private-equity fund managers can employ a variety of strategies to add value to their portfolio companies, a panel of seasoned investors told their audience. “Our strategy has been to unlock value through management arbitrage and to try to improve management,” said Salam Chaudhary, principal at Wind Point Partners. Terry Theodore, partner at Wynchurch Capital, said his firm invests in underperforming and complex industrial companies. “We add value both through origination and forcing execution,” Theodore explained. Capital preservation is paramount at Windjammer Capital Investors, remarked company director Craig Majernik. “We focus on very good companies and conduct due diligence to create value,” he said. “We generate additional gains through marginal operations improvements.”

Challenging market conditions have made for strange bedfellows. “We’re seeing much more alignment between management teams and private-equity groups to execute turnarounds and rebuild value,” observed James F. Martin, founder and managing partner at ACM Capital Partners. At present, the market is virtually closed for exits. Majernik expressed optimism about pent-up demand, however. “There are strategic buyers out in the market,” he said. “There is opportunity even in today’s market to sell a business and generate a reasonable return.”

Keynote Speaker: Kenneth Buckfire, Managing Director, Miller Buckfire

In closing keynote remarks, Kenneth Buckfire, the co-founder and managing director at Miller Buckfire, offered insights into the U.S. financial crisis and its impact on current and future investment opportunities.

Buckfire identified several powerful trends that are starting to emerge and predicted these will have both positive and negative implications for the economy and investing. The aging of the Baby Boomers and continuing uncertainty about employment are contributing to flat consumer spending and an increase in the personal savings rate. Although higher savings will create a large pool of wealth, private-equity investors also will find themselves competing with the federal government for some of the money. Buckfire termed this a “crowding out” effect. “This means that as the supply of capital for private-sector investment goes down, the cost of capital has to go up,” he said. “So, as you select products to invest in -- whether they are start-ups, growth capital or distressed assets -- you have to go with the idea that things are not going to get any better and will stay like this for a long time.”

With the likely continuation of flat economic growth, persistently high unemployment, slack demand and higher capital costs, “we’re clearly going to see an era of consolidation,” Buckfire commented. “Until we see a new generation of investment banks grow up in this cycle and pick up that vacancy in the capital markets, it will be very difficult for you as growth investors to find the support you need to bring capital to your clients,” Buckfire said.

“We don’t know yet where this is going to come out, and we should all be very careful and keep a weather eye out to see which way the wind is blowing.” On a more optimistic note, he added, “We will probably find a middle ground, as we always have in this country, and we will be able to get back to our real business, which is finding good companies, saving them and making them grow.”
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