



092. SO YOU WANNA BE A HOT GROWTH COMPANY?

Rick Gibson gives out his own annual awards.

OVER THE YEARS, I've often been asked how many new companies I look at in a year. If I consider all the companies presented to me via e-mails, telephone calls, referrals, angel meetings, trade shows and events, I probably average about 10 per week, or about 500 per year. While it sounds like a lot, the legendary Silicon Valley venture firms boast of seeing thousands of deals each year. Sheesh, who has time for all this stuff?

As a reminder, I'm a real 'hybrid' in the investment community—I do some investing, am a limited partner in a venture firm, on the executive board of the Desert Angels, teach entrepreneurship at UA, host and speak at events, and of course, write a column. So, I get to see a lot of the very best, plus those that are not. I'm tempted here to make a list of them, and scrawl my comments all over with a big red marker. However, in an effort to be more helpful, I've decided to give out my own awards this year. The following are my categories for hot companies and their winners. Congratulations to all.

Hospital software that cares: Carefx, Mesa Makes different kinds of hospital software work together. Run by Terry Mac and a band of industry veterans, Carefx recently received VC funding in the millions. One to watch. (Disclosure: I am an investor in a fund that funded the company. Also, my second cousin in Cleveland once knew a guy who used to use their accountant on a part-time basis, but mostly on weekends.)

Fought the U.S. Post Office and won: Running With Scissors, Tucson The Web site is gopostal.com—the name says it all. Realizing that vivid Web sites get noticed and bland ones get forgotten, veteran software developer Vince "Vinny" Desiderio produced a Web site with off-color, in-your-face content, delivered with an abrasive, almost confrontational attitude. Try to stay in your seat, and definitely keep the kids away.

Riskier than videogames, and lots more calories: Carb-BOOM, Tucson A high-carb product in a low-carb world—who eats bread and pasta these days? Created for athletes

who need that fast injection of carbs to survive the last mile. Excellent idea and marketing, though it's a win-or-lose kind of business. Don't look now; it may be the next Gatorade.

Some VC should fund these guys right away: RIBOMED, Phoenix Develops and commercializes novel genetics-based detection technologies. Founder Dr. Michelle Hanna is one of the most respectable scientists in Arizona and we want to keep her here. Her company is an inch away from being a mega-hit; all she needs is to get some VC money.

Big trains that never left the station: InfoCast, Tucson This company involved some of the most respected and accomplished people ever in Arizona (Might I say legendary?), plus a few that were not. The company did a merger, an acquisition, raised money, had big meetings all over the world as well as great successes, and was oh-so-close for oh-so-long. Then thud, it dropped like a lead balloon. I hope you didn't have money in it.

Little trains that never left the station: Automoti, Tucson Sells used cars on the Internet. Moti (Yes, that's his real name.) is the kind of guy who never gives up. I thought he closed his company twice, when I then saw he was open again. He talked to everybody in town and tried to hire half of them. I was in his office several times, loved the idea, but thought something was missing. Today, Automoti exists as a virtual car dealer at automoti.com. We present it, you decide...

Trains that left the station, but haven't gotten too far: CyraCom International, Inc., Tucson Makes products for on-the-spot language translation. As an example, it can be used in hospitals for say, a doctor that speaks only English, and a patient that speaks only Romanian. I hear it works marvelously. I think every smart investor in Tucson has invested in this company; it is still alive and kicking.

Longest negotiation with a VC: CellzDirect, Tucson Provides scientists with human and animal cells for research purposes.

es. Louis Breton, founder, deserves a lot of awards, but certainly one for standing the test of time. His idea required working through a lot of structural and financial issues with VCs and the process went non-stop for a year. CellzDirect products could very well lead to major discoveries in life sciences. While I do not directly hold stock in this company, I really wish I did.

Came from behind: Viator Networks, Phoenix Has invented the best way to outfit commercial buildings for a high-speed network—it saves money by using a building's existing phone lines. Good for hotels, but also great for office buildings, hospitals, schools, etc. Viator spent three years pitted against companies that gave its equipment away for free. Most of the competition eventually went bankrupt. Now, all buildings need high-speed and Viator is flying. (Disclosure: OK, OK. I am on the board of this company and own some stock. But finally, I am proud.)

You can learn a lot from school systems: Apta Software, Tucson Makes software that enables school systems to operate more efficiently. Apta also deserves the "Came from behind" award. This company started from scratch, created great products, then convinced school systems one at a time to adopt its products. I expect them to be the standard for school systems nationwide.

Great deals I can't mention: Here are three new deals, alike in one similar way: If they do what they promise, they will not only be huge businesses, but also will do tremendous good for the world. First is a company that has a special way of processing solar power that produces synthetic gasoline at a fraction of the cost of regular gasoline. The second company has a simple blood test to help battle Alzheimer's disease. The third makes a lozenge that gets rid of all your dental plaque in seven to 10 days. You can email me to request more information on these or other gems in the rough. Cheers. ☺

Rick Gibson (rick@hotventures.com) is managing director of Tucson-based HOTventures LLC (hotventures.com) a "mentor capitalist fund" for the Southwest U.S.