

## Investors size up startups at Valley forum

by **Andrew Johnson** - Dec. 14, 2008 12:00 AM  
The Arizona Republic

Sean Moshir wrapped up his funding pitch in a swanky hotel ballroom full of investors and headed to an exhibit booth for his mobile-phone software firm.

Minutes later, an investor approached Moshir with a proposition that many technology entrepreneurs dream about: The investor would provide \$2 million if Moshir could secure another investor to lead the next funding round for Moshir's firm, Scottsdale-based CellTrust Corp.

No deal was made, but Moshir was several steps closer to raising growth capital for his company after giving a presentation on Thursday at Invest Southwest.

Investment deals normally do not happen at the annual venture-capital conference. This year's installment, held at the Four Seasons Resort Scottsdale at Troon North, was no exception.

Executives from 12 companies gave 10-minute presentations about their technology, market potential, competition and management team in front of venture capitalists and angel investors.

Investors spend significant time evaluating a company's business plan and growth projections before deciding whether to fund. It can take months or years for an investment to transpire.

"This is just the warm-up," investor Rudy Miller said after the presentations. "It's like a first date. No one's going to get married after a 10-minute presentation and a follow-up conversation. This is a forum to evaluate the people who have the wherewithal to invest in."

At least three presenters caught his eye, though, said Miller, chairman and chief executive officer of Scottsdale-based investment firm and conference sponsor the Miller Group.

One presenting company, Medipacs LLC, did leave a little richer after being named "Best Presenter" at the end of the day. With the honor, the Tucson-based firm received a \$200,000 investment from conference sponsor SCF Arizona.

Medipacs' officers viewed the win as a major step in their current efforts to raise \$8 million to \$10 million.

"It's huge for a company of our size," founder and Chief Technology Officer Mark Banister said.

Advertisement

Find a dealer in your area  
with our dealer locator.



Confidence Comes Standard.™

©2008 Classified Ventures, LLC. All rights reserved.

Print Powered By  FormatDynamics™

Medipacs' story shows how challenging it is for startups to secure investments.

The company, founded in 2004, has presented twice before at Invest Southwest. The first time, in 2004, Medipacs formed a relationship with San Diego-based investment firm Mesa Verde Venture Partners.

It was not until after Medipacs presented for a second time, in 2007 and brought on veteran biotech executive Mark McWilliams that Mesa Verde decided to participate in a \$1.7 million financing round for the company.

"It's a long, difficult process," said McWilliams, who has started three other biotech firms in California.

Medipacs has used its initial funding to build a prototype of a medical pump that automates drug delivery for health-care providers.

The company is trying to raise its second round of venture capital to pay for advanced engineering, FDA testing and the first year of sales after the product is finally commercialized.

"We probably have 18 months to two years of time that we need to get it through the FDA and then launch the product and to

carry us until we have enough (sales) to . . . sustain the company until the next round of funding," Banister said.

Banister and McWilliams said participating in Invest Southwest is a worthwhile endeavor even if they do not experience immediate financial returns.

Every year a selection panel of investment professionals picks the companies it feels show the greatest investment potential. This year's panel sifted through about 80 company applications.

Once selected, the presenters are assigned a mentoring team of investors, accountants, attorneys, marketers and other business experts who help them hone their pitches.

Entrepreneurs who have participated in similar events say the Invest Southwest process can be grueling.

"This process was much more difficult than I expected," Burt Ensley, CEO of Sedona-based Protein Genomics Inc., told the audience at the end of his pitch. "It was a lot more trouble than I expected, and it was much more valuable and productive than I expected."

A big challenge for presenters, and companies seeking venture capital in general, is making their pitches palatable for

Advertisement

Use our car shopping tools.  
Shop with confidence.



Confidence Comes Standard.™

©2008 Classified Ventures, LLC. All rights reserved.

Print Powered By  FormatDynamics™

prospective investors.

Andy Coumides, a partner in the Phoenix office of PricewaterhouseCoopers, has served on several mentoring teams in the past. He helped Protein Genomics craft its pitch this year.

For some firms, it is a matter of explaining complex technology in a way that an audience can relate to, he said. That can be difficult for companies like Protein Genomics, which is developing a skin-regeneration product to be used for wound care.

An even bigger issue is getting companies to focus less on the intricacies of their technology and more on their leadership. A business with managers who have operated other successful ventures is more likely to receive funding than a company whose executives are business neophytes.

"The most common disconnect between us investors . . . and the entrepreneurs who bring us business plans is that you think the single most important asset you bring to the table is your technology," said Walter Schindler, a managing partner with SAIL Venture Partners LP in Costa Mesa, Calif., during a conference panel discussion.

"We think the single most important asset you're bringing to the table is your

management team."

Reach the reporter at [andrew.johnson@arizonarepublic.com](mailto:andrew.johnson@arizonarepublic.com).

Advertisement

Use our car shopping tools.  
Shop with confidence.



Confidence Comes Standard.™

©2008 Classified Ventures, LLC. All rights reserved.

Print Powered By  FormatDynamics™