


New Angle on tech transfer

Finally, a VC
group sees
big deals in
region's
universities



COLLEGE TRY: Angle Technology Ventures managing Director Rob Kornblum, left, Aberro CEO Douglas Smith and Aberro vice president Steve Lafferty.

Angle Technology Ventures is packing its pockets with \$14 million to invest in cutting-edge technologies developed inside the region's big — and too often neglected — universities. The firm first must silence its critics and convince academic researchers it's here to help them, and their technologies.

U.K. venture group aims to invest in tech transfer

Angle Technology Ventures plans to search out and fund promising technologies being developed inside universities

By Ben Hammer
Staff Reporter

A new venture capital group is scaling the region's ivy towers in search of technology.

Rather than invest in little companies with big ideas, Angle Technology Ventures plans to pour

money into technologies coming out of local universities.

The United Kingdom-based investor, which has U.S. offices in Vienna, already has helped fund Rockville-based Aberro, which makes automated software testing applications. Angle

won't disclose its investment but typically provides \$500,000 to \$2 million in venture capital.

The firm's investment model works like this: Find a good idea developed in a university, license the intellectual property with a new company, then supply the management, a business plan, access



JOANNE S. LAWTON

MONEY TRANSFER: Angle Technology Ventures managing Director Rob Kornblum, left, Aberro CEO Douglas Smith and Aberro vice president and former university instructor Steve Lafferty, are using private money to start a business based on software created inside a regional university.

to consultants and, of course, the money.

About 12 to 18 months later, the startup could seek \$3 million to \$5 million from other venture capitalists or corporate partners. Angle would consider self-funding the project if others don't want to invest.

Some folks — including people at Angle — say the firm's work is particularly needed here, given the perception that the Washington area's tech sector lags behind Boston and Silicon Valley because of weak connections among universities and businesses.

An increase in successful technology transfer ventures will help strengthen those connections and change those perceptions.

"People are just impatient," says Angle Managing Director Rob Kornblum. "It's not realistic to say that tech transfer is broken in the mid-Atlantic."

Not everyone is convinced a for-profit company can fix it, either. Investing seed-stage

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funds in technology transfer is "laudable" but not a good for-profit business, says Phillip Singerman, executive director of the Maryland Technology Development Corp.

"The reason states set up programs like ours ... is that it's very hard to make money on seed funding," he says.

GAPS AND GRAILS

Kornblum is doing his best to increase successful tech transfer by building companies to a point where they will be attractive to mainstream venture capitalists.

"What we try to do on the venture side is address what we call the venture gap or credibility gap between the attractiveness of a new company and what a [venture capitalist] would fund," he says.

Kornblum is looking at four potential companies at the University of Maryland, Johns Hopkins University and University of Virginia. Angle expects to review four to five more ideas and generate two to three new companies in the next year.

University officials responsible for licensing research technologies welcome the firm's help.

"That's the Holy Grail for many tech transfer offices, finding a combination of some early-stage venture capital and appropriate management," says Brian Darmody, the University of Maryland's assistant vice president for research and economic development.

MET WITH SKEPTICISM

Venture capitalists aren't sure Angle's model will work.

"Historically, groups that have been kind of

Spotty record of spinouts

Washington-area universities have spun out technologies to few local companies:

NO. OF COMPANIES	2003	2004	2005
University of Maryland	6	5	6
Georgetown University	3	7	4
George Mason University	0	1	1

SOURCE: UNIVERSITY OFFICES OF TECHNOLOGY TRANSFER.

constrained [in focus] haven't always done that well," says Jack Biddle of Bethesda-based Novak Biddle Venture Partners.

Biddle is on the investment committee of College Park venture capital firm New Markets Growth Fund, which was formed with money from the University of Maryland to commercialize university research. The firm now also invests in early- and later-stage companies.

Managing Director Mark Grovic says committing resources before a company has even formed doesn't pay because the equity developed early will be traded at a steep price later for outside funding.

"I just haven't seen people get rewarded taking that early risk," he says. "That's very hard to do in today's market."

Angle's investors believe otherwise. The company raised \$14 million on the London Stock Exchange last year specifically for venture capital investments in the United Kingdom and United States.

ON THE RIGHT FOOT

Angle Technology Ventures is hoping to succeed with its initial projects to silence the skeptics and gain the confidence of potential venture capital partners. The U.S. firm's first investment, Aberro, will seek \$3 million to \$5 million from other venture capitalists next year.

Aberro is pursuing an attractive market. Sales of automated software testing applications increased 11.2 percent in 2004 to \$1.1 billion, according to Framingham, Mass.-based research firm IDC.

"There is opportunity for adaptive, nimble companies to have an impact because there are a variety of ways in which you have to run software through its paces," says analyst Melinda Ballou.

Aberro Chief Executive Douglas Smith says his company will target software developers that rely on time-consuming, costly manual testing.

"The appetite is out there," he says.

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