Andrzej Joachimiak

Director, Structural Biology Center, Argonne National Laboratory (ANL) and Associate Adjunct Professor, Northwestern University (andrzej@anl.gov)

Andrzej Joachimiak is a biophysicist who works in the area of protein structure, a critical aspect of drug design. Joachimiak and his team are working to improve methods that determine protein structures including new techniques in protein production, crystal growth, X-ray crystallographic structure.

The collaboration with private industry is extensive. According to ANL, 54 pharmaceutical and biotech firms worked with Joachimiak and other Argonne scientists at the Advanced Photon Source to link structure to function in designing new and more effective drugs.

Joachimiak has filed for two patents relating to his work. He studied molecular biology at the Institute of Biochemistry and Biophysics at the Polish Academy of Sciences, Warsaw, Poland and received M.S. and Ph.D. degrees in Chemistry from University of A. Mickiewicz, Poznan, Poland.
Dr. Xian-He Sun
Associate Professor, Department of Computer Science, Illinois Institute of Technology (IIT) (sun@cs.iit.edu)

The Department of Defense recently provided hefty support - a grant for $175,000 - for a new computer lab at the Illinois Institute of Technology. The lab hopes to advance grid computing, where a few supercomputers, or computer farms, generate the power for the processes of a vast network of users.

Dr. Xian-He Sun, who also serves as a guest faculty in the Mathematics and Computer Science Division at Argonne National Laboratory, has been one of the driving forces behind IIT's grid computing research. Sun and Dr. Ophir Frieder, co-director of the lab, have received close to $1 million in grant money since February 2001.

Computer farms like IIT's are based upon parallel processing, where multiple computers working collectively are much more powerful than they would be individually. Parallel computing is not a new concept, having been used extensively for the Human Genome Project; it is often leveraged to accelerate data mining and analysis. The Department of Defense has interest in parallel computing for battlefield situations, stressing faster computer simulations and information retrieval.

Sun has crisscrossed the United States since receiving his B.S. degree in mathematics from Beijing Normal University in China. He earned an M.S. degree in Mathematics and M.S. and Ph.D. degrees in Computer Science from Michigan State University. Upon graduating, he did post doctoral research at the Ames Laboratory, run for the Department of Energy by Iowa State University. Sun later served as an assistant professor at Louisiana State University, and was a founder of the Scalable Computing Software laboratory at LSU before joining IIT.

Gregory B. Olson
Wilson-Cook Chaired Professor in Engineering Design, Northwestern University (olson@elmo.tech.nwu.edu)

Greg Olson’s research is in the design of nanostructure steels. Based on a patented software system that is being applied to the design of lighter, smaller alloys, Olson and his team successfully transferred the technology from the university to an innovative startup based in Evanston called QuesTek. The company has raised $1.6 million from angel investors to date.

"The old system was to putter around the lab until you found something. We wanted to create [materials]," explained Olson.

QuesTek recently landed a major contract with NASA to develop and test a landing gear system for aircraft that makes use of the material. Olson and project manager Frode Stavehaug, Ph.D., said this is a critical step in the commercialization process that will allow them to get the necessary data to get customers.

Olson received his B.S., M.S. and Sc.D. degrees from the Massachusetts Institute of Technology.
Daphne Preuss

Professor in the Department of Molecular Genetics and Cell Biology at the University of Chicago and an assistant investigator at the Howard Hughes Medical Institute. She also has appointments at the University’s Institute for Biophysical Dynamics, the Materials Research Science and Engineering Center, and the Committees on Genetics and Developmental Biology. (dpreuss@midway.uchicago.edu)

Preuss’s work focuses on unraveling the mechanisms of inheritance in the flowering plant, Arabidopsis thaliana (a member of the mustard family). During the past decade, she has identified genes that enable plants to interact with pollen of the most appropriate species. She has also studied the DNA sequences, known as centromeres, which allow chromosomes to be inherited following cell division.

Preuss served as chair of the advisory committee for the Arabidopsis Genome Initiative - a multinational, multiagency project that recently announced the complete DNA sequencing of the first plant genome.

Preuss is a David and Lucile Packard Fellow, a Searle Scholar, received the Women in Cell Biology Junior Award from the American Society for Cell Biology (1998), was listed by Discover Magazine as one of twenty outstanding young American scientists (2000), and was this year’s recipient of the American Society of Cell Biology - Promega Early Career Life Scientist Award.

Preuss has a B.S. degree from the University of Denver and a Ph.D. from MIT; she did her postdoctoral research at Stanford. She has been on the University of Chicago faculty since 1995.

Melody Swartz

Assistant Professor, Biomedical Engineering and Chemical Engineering, the Interdepartmental Biological Sciences (IBiS) program, Northwestern University (m-swartz2@northwestern.edu)

Swartz is doing research which looks at how "cells sense and respond to their environment within the context of extracellular matrix (ECM) remodeling."

"Can you control the architecture of an artificial tissue? We're trying to understand how mechanical forces drive development and if we can understand that, we can utilize it for tissue engineering," said Swartz.

Her work isn’t just confined to tissue engineering. Swartz says she’s trying to understand some of the fundamental mechanisms that drive organization and development - for example, she’s examining how lymphatics grow and organize. A common site of cancer, lymphatics are being studied with a particular interest in their interaction with tumors and how tumors invade them.

Swartz was recently honored with the Biomedical Engineering Society’s Rita Schaffer Young Investigator Award. She teaches several classes at Northwestern and is hoping to expand upon an Ethics in Research course that sparked students’ interest.

Swartz received a Ph.D in chemical engineering from the Massachusetts Institute of Technology and completed a B.S. degree in chemical engineering at Johns Hopkins University. She has been at Northwestern since 1999.

Bernard Roizman

Joseph Regenstein Distinguished Service Professor, Department of Molecular Genetics and Cell Biology, Department of Biochemistry & Molecular Biology, the University of Chicago (bernard@cummings.uchicago.edu)

Roizman and his team are currently focusing their studies on the mechanism of regulation of viral gene expression, the function of viral genes, and the molecular determinants of latency. For example, Herpes simplex viruses are major human pathogens. A key characteristic of these viruses is that they multiply at the site of entry into the body and then populate neurons of dorsal root ganglia where they remain latent for the life of the human host. The research focus of this laboratory is on the function of viral gene products and in particular on the mechanisms by which the virus overcomes host defenses to infection.

The major current work is on (a) the mechanism by which herpes simplex viruses block programmed cell death induced by exogenous stimuli (e.g. immune system) or by viral injury to the cell, (b) the function of major regulatory proteins and their interaction with cellular proteins, (c) modification of cell cycle proteins induced by viral proteins, and (d) the mechanism by which the virus establishes and maintains latency in the neurons of dorsal root ganglia.

Roizman is the recipient of numerous awards and honors including a Pasteur Award, J. Allyn Taylor International Prize in Medicine and the Bristol-Myers Squibb Award for Distinguished Achievement in Infectious Disease Research.

Roizman earned his Sc.D. degree from Johns Hopkins University and B.A. and M.A. degrees from Temple University.

Daphne Preuss

Photos: Tim Ryan, University of Denver

Melody Swartz
Louis F. Draganich
Associate Professor and Director of Bioengineering,
Section of Orthopedic Surgery, the University of Chicago (ldragani@surgery.bsd.uchicago.edu)

Lawrence A. Pottenger
Associate Professor, Section of Orthopedic Surgery, University of Chicago (lpotteng@surgery.bsd.uchicago.edu)

Drs. Louis Draganich and Lawrence Pottenger worked on a better knee replacement technology and devised a structure that works more like the human elbow. In 1989, Draganich conceived the device based on his research, and the collaboration resulted in the TRAC (Two Radius Area Contact) primary knee replacement device. This unique prosthetic device provides area contact between the tibial and femoral components throughout the entire range of motion of the knee to reduce wear. The device has been patented in the United States and has been placed in over 100 patients by Pottenger to date. In addition, the inventors have developed a posterior stabilized version of this device and a second patent has been approved. International surgeons visit the University of Chicago regularly to observe Pottenger’s surgical technique and are using the TRAC knee in Europe. To date, over 650 devices have been placed internationally.

Draganich has received numerous honors and awards and hold six patents. He received his B.A. degree in Biology from Southern Illinois University and his M.A. and Ph.D. degrees in Bioengineering from the University of Illinois at Chicago. Pottenger received his B.S., Ph.D. and M.D. degrees from the University of Chicago and completed residencies at John Hopkins.

Maryellen L. Giger
Professor, Radiology and the College, Director, Graduate Programs in Medical Physics, The University of Chicago (m-giger@uchicago.edu)

Ten to thirty percent of women who have breast cancer have negative mammograms and in many cases radiologists fail to detect cancer that is later evident, underscoring the need for computer-aided diagnosis (CAD).

Maryellen Giger is one of the pioneer investigators in the field of computer-aided diagnosis. Her research in CAD spans mammography, sonography and MR of the breast for breast cancer detection, diagnosis, and cancer risk assessment; chest radiography and CT for lung cancer detection; and skeletal radiography for assessment of osteoporosis and risk of future fracture.

In the mid-1980’s, Giger, along with Kunio Doi and Heang-Ping Chan, started developing methods for the computerized image analysis of radiographic images of the breast and thorax – the output of which was expected to ultimately help radiologists in the early diagnosis of breast and lung cancer. Many of the techniques developed at the University of Chicago have been patented and licensed. The researchers working with UCTECH (formerly ARCH Development Corporation) on a license to R2 Technology of California. R2 Technology has developed and commercialized a system for the second reading of screening mammograms and have had FDA approval since 1998.

Giger received a B.S. degree in Mathematics and Physics from Illinois Benedictine College, a M.S. degree in physics from the University of Exeter, England, and a Ph.D. degree in medical physics from The University of Chicago. She has authored or co-authored over 100 peer-reviewed manuscripts and 100 proceeding papers, and serves as a reviewer for various granting agencies, including the NIH and the U.S. Army. She is also an associate editor for Medical Physics and IEEE Transactions on Medical Imaging.

The best minds in town for Start Ups and Corporate Makeovers.
It is estimated that over 15 million Americans suffer from sleep apnea, a breathing disorder defined by brief interruptions of breathing during sleep. A standard treatment has been continuous positive airway pressure (CPAP), where a patient wears a mask over the nose during sleep and an air blower forces air through nasal passages; however, many patients find the masks uncomfortable and discontinue their use, complaining of nasal irritation, abdominal bloating, sore eyes and headaches.

Dr. David W. Carley and Dr. Miodrag Radulovacki of the University of Illinois-Chicago have taken a different approach in treating sleep apnea, focusing on drug therapy. The two researchers focused on reflex apnea, in which peripheral nerves trigger a brief stop in breathing - serotonin promotes this reflex and Carley and Radulovacki have set out to administer a drug that could inhibit its activity. Tests on rats with three clinically available drugs and two novel compounds have yielded reductions in sleep apnea; the University of Illinois-Chicago has patented the use of serotonin-inhibitors in the treatment of sleep-related breathing disorders.

Carley and Radulovacki have found that while serotonin's activity in the peripheral nervous system helps trigger apnea, the chemical's work in the brain lessens its occurrence. Thus, they are searching for a drug that would inhibit serotonin in the peripheral system while not negatively impacting its activity in the brain.

Carley received his SM degree in Electrical Engineering from Massachusetts Institute of Technology and his Ph.D. degree in Medical Engineering/Medical Physics from Massachusetts Institute of Technology and Harvard University. He has been with the University of Illinois at Chicago since 1986.

Miodrag Radulovacki received his M.D. and Ph.D. degrees from the University of Belgrade Medical School, Belgrade, Yugoslavia.

Microbes that have become resistant to drug therapy are an increasing problem, the source of scary Newsweek covers that convince us that we'll never find an antibiotic that works in 10 to 20 years. Germs have been finding ways around once effective antibiotics, making tuberculosis, malaria and even ear infections difficult to treat. But University of Illinois-Chicago researchers Michael Johnson and Alexander Neyfakh, the co-founders of local spinout Influx, are finding a way to counter drug resistance.

The two are improving the efficacy of antibiotics and are also finding ways to eradicate microbes before they have a chance to develop resistance. Johnson and Neyfakh have identified compounds that effectively convert bacteriostatic antibiotics - that suppress the growth of bacteria but don't actually kill them - to bactericidal antibiotics that kill bacteria. Their research could have a huge benefit for immuno-compromised individuals.

With bacteriostatic antibiotics, "the mechanism by which the patient is cured is the immune system normally takes over and mops up the bacteria after the antibiotic stops the growth," explains Johnson. "In immuno-compromised individuals, a more serious problem with cancer treatment, AIDS patients and these types of individuals, the bacteriostatic antibiotics don't work as well."

Johnson and Neyfakh have been successful in attacking fungal infections, such as yeast infections. Fluconazole, the drug commonly used to treat yeast infections, prevents growth and allows a healthy immune system to combat what remains - that strategy, however, does not work for the immuno-compromised. Compounds developed by Influx, currently being tested in animals, work with Fluconazole to destroy yeast.

Johnson has Ph.D. and M.S. degrees from Northwestern University and a B.S. in Physics from the University of Wyoming. Neyfakh has Ph.D and M.S. degrees from Moscow State University. Each has been awarded a patent and have four patents pending.
Greg Jones’ incredible ride from Internet CEO to private equity investor

By Darcy Evon

Greg Jones founded one of Chicago’s most successful Internet darlings in 1998, called uBid, a company that auctions off computer equipment online. Through a tumultuous and exciting ride on the Internet wave sweeping the region, Jones focused on revenue generation and took the company public just nine months after it was founded.

Wanting ‘to get big quick,’ the mantra of all new economy companies, uBid was sold to CMGI in a deal that closed early in 2000. CMGI was the poster child of Internet incubators at the time and the opportunities appeared endless. As the dot-com world began its meltdown in March 2000, it would soon become evident that very few companies in CMGI’s portfolio held much promise as sustainable businesses, making uBid the poster child for CMGI in a dramatically changed world.

Few entrepreneurs stay with their companies throughout their lifecycles and Jones left last year to accept a position of a venture capitalist at Chicago-based Edgewater Funds. At the Four Seasons in a rare interview, Jones talked about uBid, being a CEO turned venture capitalist, the media and some strengths and weaknesses in the Chicago high tech market.

What is the history of uBid?

I worked with a company called Creative Computer in California. They had this idea of starting an auction business. I wanted to join them somehow but I didn’t want to move to the West Coast. So basically we cut a deal, I borrowed some money and we started the company here in Chicago. It was mid 1998.

And then you took the company public at a record pace?

Yeah, nine months. It was the time in the market, right after eBay. We needed to raise money and the public markets were open to us. What most people don’t understand is when you actually go public, that is the beginning for the operating guys and the end for the venture capitalists. Going public is a financing event, it’s not the end. It’s the beginning of building a business.

It was the third most successful IPO that year and it is still the top one for Merrill Lynch (an investment banking firm that handled the IPO).

How did the company change after it went public?

We were sold by the beginning of 2000. The company was changed a lot after it went public just because of the exposure and the dynamics of the market at the time. We were a consumer-based business.

Why did you sell to CMGI?

We sold the business because we felt that CMGI’s resources and strength could help grow the business faster and farther. uBid was always built for scale and profits. We weren’t looking to get out, we were looking to get bigger, faster.

uBid today is still a pretty big business. I don’t know exactly what their revenues are, but when I left it was about $600 million or so.

What happened with CMGI? Were you disappointed about the partnership, about leaving the company?

I think the whole Internet disappointed everybody. To blame it on CMGI is tough although they were one of the poster children. The disappointment was more of a personal issue than anything else. I liked CMGI. I liked David [former CMGI CEO David Wetherell] and I thought they did a pretty good job.

The issue was more of a philosophical disagreement on how the business should be run. At the time, they believed more in the centralized model and now they believe in a decentralized model, which is what I always believed in. I guess my timing was just a little off. And that was really the change. It was more of a control issue—I wanted to run the business and deliver the sales and everything else. At the time CMGI was trying to create a multiple group of companies linked together and I didn’t think that made much sense. And they didn’t need a public CEO if that’s what they wanted to do. They should have a division guy [for that kind of a job]. So it wasn’t a very good match. I left in early 2001.

How did you land at Edgewater Funds?

The very first company that I ran was a $200 million direct marketing company—a turnaround called Reliable Corporation here in Chicago. The company was losing money and I brought some money in from Edgewater Funds. So I’ve known Edgewater Funds for 10 years. So that’s how I got involved with those guys.

Are you making investments?

We made two investments in the last three months actually. One of them was a $60 million profitable software company in Salt Lake City. And the other one was a communications business in Texas.

How did you find out about these deals?

That’s really the Edgewater difference. We invest in people or businesses that we know. We call it one degree of separation. The deal has to be introduced to us—we have to know someone who is involved in the business somehow. As a result, I think you’ll see a lot of technology investments out of us. I hope in the Chicago area.

We’ve got four or five that we are looking at, we just haven’t made any investments yet.
Do you think you will make investments in Chicago companies this year?

Oh, yeah. I’m sure we will make a Chicago investment this year. And we have a couple now. We have a company called Envestnet—a phenomenal business here in Chicago run by Judd Bergman.

What are some of the differences between being a CEO of a red-hot Internet company and a venture capitalist?

It’s way different. As CEO, you have what I call intense daily pressure: everyday, what were the sales, etc. And that’s exciting. You can thrive on that. And the Fund has what I call real high spike pressure: deal pressure, how the quarter came in. It’s like deal pressure versus a kind of constant daily pressure. At uBid, we were always going out to contact people; in the fund business everybody is always coming to you. It’s weird on the other side of the table.

One of your roles now is saying ‘no?’

Right, at uBid, my position as the CEO was to be the final ‘yes’. Now at the Fund, I’m the ‘no’ guy.

Which role do you like better?

Right now I’m really enjoying being in the fund and there are so many promising great businesses, particularly here in Chicago. We’re going to invest in a bunch. I have three companies right now that I am very serious about. It’s really exciting working with people who are so enthusiastic.

What would it take to get you back into the boardroom as CEO of a company again?

Well, if General Motors called and offered me a job, I’d have to accept. It would have to be a really wonderful opportunity, obviously. But right now I can’t see that.

uBid is a great business and there are some days I really miss uBid and there are other days I am really glad I’m a venture guy—a private equity guy. It’s a lot of fun. Right now is a great time to be an investor.

What about Chicago’s plan of highlighting certain sectors of technology for investment like biotech? Does this make sense?

Our philosophy is that we look for companies growing well in a sector. Our strategy is a little different because we are looking for solid management teams that have solid companies that want to continue to grow and move forward. That’s a little different than saying we ought to be in biotech. If someone brought in a biotech business that matched our criteria, we would consider it, but it would have to be pretty late-stage. We are better at helping a company with $10 million in revenue that wants to go to $50 million. That’s what we are good at.

Can Chicago thrive without any seed capital or early-stage money?

I think there is still early-stage money out there. I think there is money from angels, from other venture capital firms that do earlier stage.

What do you think about attracting more diverse, less risk-averse venture capital firms to Chicago?

That used to be my big complaint. Here in the Midwest we tended to never take a chance—you had to see black ink before you could get any money. For true seed capital, there used to be more on the west coast but I’m not sure there is anymore. It’s going to be interesting to see where businesses grow in the next five years. Let me tell you why people like the Midwest now to develop their companies. What we are seeing in the marketplace is that people want to be in the Midwest because there is an emphasis on good operations and good profits and a solid core operating company. The Midwest is traditionally less-expensive, people stay around a little longer, there is a great availability of talent and great research centers. I think you are going to see a lot of successful investing here in the Midwest.

Is the Chicago network sophisticated enough to allow entrepreneurs to build their companies here? What about the cynicism and negativity?

I don’t know. What the problem with most entrepreneurs is that if they need something, they don’t know where to go. I’ve run three different companies and I’ve messed up some stuff along the way. You learn though. You learn what to do and what not to do, who to go to get help. And it’s very hard when you are first starting out to know exactly where to go.

For example, if a company needs capital, how do you raise capital? Or you get stuck in this weird mistake. I know an entrepreneur at a company we looked at and their sales were going down. The rule of thumb is that you at least have to make the bottom line if you aren’t going to make the top line, and he didn’t know how to do it. And the answer was he had an enormous amount of dollars in consultants but nowadays you can easily hire people at a third of the cost. So that was the answer: get rid of your consultants and actually hire the staff. And they had enough time to do that. That’s a simple thing as it.
The landscape of Chicago's high tech industry is rapidly changing as people finally emerge from the aftermath of the tech shock. "People are starting to come back to normal," notes Lisa Kaufman, a veteran entrepreneur and investor who is helping to spearhead a new initiative that may address an age-old problem: helping women entrepreneurs secure angel funding to launch and grow their businesses.

Availability of seed and early-stage capital always has been a persistent problem in Chicago and throughout the state of Illinois except for a brief hiatus during the dot-com gold rush when capital was plentiful. The problem is particularly acute for women-led ventures: Linda Darragh, vice president of the Women's Business Development Center (WBDC), notes that women only secure five percent of venture capital money nationally.

Part of the solution is to increase availability of early-stage capital, part is to better prepare women entrepreneurs to compete for precious investment capital and part is to provide women the necessary contacts to secure additional capital, build strategic partnerships and gain market share. The women's angel network aims to address all three, according to Darragh and Kaufman.

Code-named Ceres, the Roman Goddess of Grain and Harvest who adorns the top of the Chicago Board of Trade, the new angel network is emerging as a group of prominent women business and technology leaders who are willing to apply their mentoring skills and dollars to help other women succeed in the local market.

Darragh says the group is an outgrowth of the successful Springboard series held last year in Chicago. Springboard was a venture forum developed in partnership with the National Women's Business Council, a government agency commissioned by Congress in 1988 that featured boot camps, mentoring and extensive exposure to the traditional venture community.

Donna Williamson, former managing director of private equity and senior vice president at ABN AMRO in Chicago, says she became involved with the new angel group coming out of Springboard, where she was an active participant in the program. "I was very impressed with the number and quality of business proposals from women-led businesses and I thought there should be more access on a continuing basis beyond Springboard."

Williamson has a wealth of contacts in the venture and finance arenas and has been active in encouraging other women to become involved. "So often people don't get benefit from the mentoring aspect," she says, adding that the women involved with the angel forum thus far share a wealth of experience that will help women entrepreneurs succeed.

Kaufman concurs. "I didn't know there were so many high-powered women interested in angel investing with such great business backgrounds. And each person joining the group is bringing in others. It is a powerful group."

Darragh said the discussions for a women's angel group commenced during Springboard and that she convened a group just before September 11. We did a lot of research on angel funds around the country and met again in November to look at a possible structure [for a fund]." She adds that the group has been meeting every six weeks: "People are getting to know one another," an important factor in building a successful network.

Darragh and Kaufman realize that one of the biggest stumbling blocks for a startup or early stage venture is just getting through all the information required for the 'due diligence' process. Due diligence refers to the process of research and background checks that investors complete before they decide to invest money in a company. They have completed an application form and check list that will greatly facilitate the process of applying to the fund.

The 'Ceres Seed Fund' is still under development and the legal work won't be completed for several months said Darragh. About 15 women have already joined the group and financial commitments have been made; Darragh can't disclose details but she says expect more women to become involved as the fund evolves. Everything is expected to be in place by September, but interested women may contact Darragh at ldarragh@wbdc.org now if they want to get started on the application process.

The fund is targeting average investments of $100,000-$200,000, says Kaufman, but adds that part of the strength of the group is the network they are building. She and others have extensive contacts with east and west coast firms as well as local sources that may include institutional investors, "because we are so community focused." It is conceivable that a promising upstart might secure $500,000 or more through a combination of sources.

All investment decisions will be made by the fund; the WBDC is solely helping on the application process side. "It's an extension of our mandate," says Darragh, who adds that the center also helps women identify other potential investors and sources of government funding.

Steve Miller, co-founder of Origin Ventures and Prairie Angels, is supportive of the group and the mission. "I think there are some tremendous women entrepreneurs and I think they have been underserved up until now. And if anyone can do this [start an angel fund targeting women-led businesses] successfully, they can."

Editors note: a version of this story appeared in the Chicago Sun-Times on 3-15-02.
The Executives’ Club of Chicago in cooperation with The Hungarian Investment and Trade Development Agency present “Hungary: The Gateway to Europe for U.S. Business” with a Luncheon featuring His Excellency János Martonyi Minister of Foreign Affairs of the Republic of Hungary
Wednesday, April 17, 2002 at The Chicago Club, 81 E. Van Buren Street

**Luncheon**
11:45 a.m. - 2:00 p.m.

**His Excellency**
János Martonyi
Minister of Foreign Affairs of the Republic of Hungary

**Overview of Hungarian-American Political and Economic Relations**

**Breakfast**
7:30 - 9:30 a.m.

**H. E. Géza Jeszenszky**
Ambassador of the Republic of Hungary to the United States

**Hungary as the Center for Southeast Europe and its Implications to U.S. Business**

and

**Dr. Susanne Lotarski**
Acting Deputy Assistant Secretary for Europe U.S. Department of Commerce

**The United States and Hungary: A Tradition of Commercial Success**

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**Hungarian Investment and Trade Seminar**
9:45 a.m. - 11:45 a.m.

**Hungary: The Gateway to Europe for U.S. Business**

**Hungary: Hot Target for International Business**

**Vilmos Skulteti**
Chief Executive Officer
The Hungarian Investment and Trade Development Agency (ITDH)

**The Legal Aspects of Foreign Investments in Hungary**

**Dr. Géza Kajtár**
Managing Partner
Baker & McKenzie Budapest

**Hungary: Country of High-Tech Promise**

**Robert Barnett**
Executive Vice President
Motorola, Inc.

**Delphi Precision Machining and Assembly Compressor Experience in Hungary**

**Stephen D. Gillespie**
Managing Director
Delphi - Calsonic Hungary Ltd.

**GE Hungary: $1.1 Billion Investment in World Class Excellence in the Center of Europe**

**Zoltán Vámos**
Technology Vice President
GE Lighting Europe

**Seminar moderated by:**
**Frank Smeekes**, Vice President, A.T. Kearney

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**Co-sponsored by** The Executives’ Club of Chicago and The Hungarian Investment and Trade Development Agency.
To register or for more information contact The Executives’ Club of Chicago at 8 S. Michigan Avenue, Chicago, IL 60603, (312) 263-3500, www.executivesclub.org
How much of your company’s intellectual property are you giving away to your competitors?  

By Charles L. Miller

High tech companies frequently face intellectual property issues that can have significant impacts on the value of the companies. Suppose one of your employees invents a new method for processing information submitted to your company’s web site. There are numerous acts and omissions, by either your company or the employee, that can determine whether your company capitalizes on the invention or gives away any intellectual property rights. As an example, suppose further that:

(a) after developing a working model of the invention, in February the employee demonstrates the invention at an Internet tradeshow open to the public;

(b) in March the employee downloads a group of patents from the U.S. Patent Office website and, with the assistance of other employees, determines that the invention is not patentable; and

(c) in April you learn that your biggest competitor has just filed a patent application to cover the same invention.

Can you still obtain a patent?

In the United States, inventors have a one-year grace period after publicly using or selling an invention. After one year, any sale, public use or publication of the invention will put the invention in the public domain and prevent your company from obtaining patent protection. Most foreign countries do not have a grace period for filing patent applications. As a result, the demonstration of the invention at the tradeshow will not prevent your company from obtaining a U.S. patent, but will likely prevent your company from obtaining patents in foreign countries.

Will your company own the patent?

In the United States, patent ownership initially resides with the inventor. Your company must have a signed employment agreement or other contract transferring ownership from the employee to your company. Recent court decisions have expanded the scope of subject matter that is subject to patent protection. Most foreign countries do not have a grace period for filing patent applications. As a result, the demonstration of the invention at the tradeshow will not prevent your company from obtaining a U.S. patent, but will likely prevent your company from obtaining patents in foreign countries.

Knowing too much is sometimes a bad thing

The patent research your employees performed could prove to be expensive. Your company may now be on notice of the patents and, as a result, subsequent infringement of any of the patents might be considered to be willful. Willful patent infringers must pay damages up to three times the damages of nonwillful infringement. Because of the huge potential exposure, after being put on notice of a patent, many companies find it prudent to seek a formal opinion from a patent attorney to negate a charge of willful patent infringement. The potential costs and difficulty that most engineers and scientists have evaluating whether an invention is patentable are a couple of the reasons why most larger companies discourage employees from researching patents.

First to invent

Unlike most other countries, the United States awards patents to inventors who are the first to invent, not necessarily the first to file patent applications. The fact that your competitor filed a patent application before your company does not, by itself, mean that they will obtain a patent and your company will not. Not being the first to file an application does put you at a procedural disadvantage during the patent examination process. Signed and dated inventor notebooks and other documents can help prove that an inventor is actually the first inventor. As a result, it is important to have your employees document ideas, test results and other evidence that can be used to establish an invention date.

Conclusion

Establishing an intellectual property program and educating your employees on intellectual property issues can have a significant positive impact on the value and future of your company and prevent your competitors from capitalizing off of your company’s inventions.
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Aside from the expense, migrating your work from your old computer system to the new is a great reason for NOT buying a new desktop. Besides data files and documents, there are applications, application settings that you’ve lovingly tweaked over the months, settings to make Windows more livable...to replicate all this patient personalization will take hours of time and many backup disks to accomplish—if you can accomplish it at all.

Enter AlohaBob. Weird name, righteous software. AlohaBob, a product produced by eisenworld, does the following:

- Moves all your data from the old machine to the new
- Moves all your applications and their settings
- Makes sure the Windows registry still knows about those apps
- Moves your mail
- ...and most importantly...leaves hardware and driver settings for the new machine alone.

Before you even begin an AlohaBob transfer session, make sure your old and new computers are attached by a network, through a special USB pass-through cable (available from the makers) or via serial ports. I highly recommend the network connection route, followed by the USB solution. Serial-to-serial port connectivity is not for the faint of heart.

Once connected and you are sure the two machine can transfer data back and forth, get the software.

By far the easiest route for AlohaBob software is to by it online from Eisenworld Software at www.alohabob.com. It's a $49.95 on-line download of about 10 megabytes. It's also available on CD with that USB cable from online software stores and some computer superstores such as CompUSA.

After installing AlohaBob on either your target (new) or source (old) machine, the system asks you to make a set of disks for the other machine. Three floppy copies later, you’re ready to install the software on the other machine.

Fire up the software on the Source machine and it thoroughly scans all your files and operating system settings. Once completed, it will ask you to fire up the software on the Target machine. From here, AlohaBob makes a system compare—old and new—and decides what is the optimum transfer of files and settings. Once the compare is complete, AlohaBob will ask whether you want a full-system transfer or merely settings. Go with the full system transfer route to make your new machine look and feel like the old. Transferring settings means Windows will act the same, but you’ll need to move the data and apps on your own.

Punch the buttons and watch the files transfer. Better yet, go off and get other work done.

Aloha Bob transferred over 20GB of files and apps from my old system to a new in about four hours. Not bad. Only one application, CD Creator, demanded to be re-installed, even though all the previous data files, application settings and saved files were moved over.

Word 2000, my Outlook files, emails, addresses, the tweaks to the Windows desktop, all made it flawlessly over to the new system.

Another great advantage of AlohaBob is that it does migration from one version of Windows to any newer version. In my case, I migrated a Windows 98 desktop to the Windows XP Pro on the new system. Not a hitch.

Other replication products exist, such as Ghost, where a byte-by-byte copy of the old system’s hard drive is copied onto the new system’s hard drive, but that is fraught with problems. Unless all your hardware is identical on the new machine, you’ll have problems with the transfer because all the OLD drivers will now be on the NEW machine. All your garbage files are moved from one system to another as well.

Also, there is no way to migrate from one operating system to a newer one using these bulk transfer utilities.

Next new machine, go native. Go AlohaBob.
CivicNet update

Next step for CivicNet

By Tom LaPorte

The deadline for submission of CivicNet proposals was March 29, 2002. CivicNet, of course, is that mammoth undertaking in which the City of Chicago aggregates all its connectivity needs in order to get a private company to build a high speed network infrastructure to the schools, libraries and other city offices in the surrounding neighborhoods.

Nobody’s expecting any fast word on how the proposals stack up. Some 22 companies made the “short list,” but none was expected to turn in their proposals before the last day or so. Then a season of evaluation gets underway, and the yield will be a “Recommended List of Respondents.” These few will be expected to provide the full financial side of their bids, and answer a host of questions from the city.

There's lots of engineering and analysis that goes into the next stage, so the city wants to ask only serious contenders to go that distance.

It's not known how many companies will be making the smaller cut, but it will be fewer than the 22 that were on the short list. Most observers are now saying they expect the winning bid to represent a consortium of companies, rather than a single entry.

Gehl’s Concerns

Once again a private citizen, Katherine Gehl has offered a few reflections—and a few cautions—about CivicNet. As the former Mayor’s special assistant for technology, Gehl was one of its early advocates and became the city’s official voice on the subject.

Gehl recently said that what surprised her most was that CivicNet turned out to be “as advertised.” When she first became involved with the project, she was skeptical that several agencies and cultures (e.g. lawyers, technologists and general services employees) could embrace the same vision required for its planning and implementation. She said it seemed too good to be true. She attributed the unity to Mayor Daley's personal letters to various city employees. He urged them to adopt the vision as city policy and he set an expectation of harmony.

According to Gehl, another important factor has been the presence of Doug Power, the man who she calls “the glue” of CivicNet. “He’s been there from the start, and he’s the key,” she said.

She noted that care has to be taken as non-city parties get involved. “This is going to take a lot of work and effort by people and organizations outside the city,” Gehl added that there will be a serious need for private sector leadership to match the unified vision CivicNet has boasted up until this point.

Gehl also said the actual implementation of plans will begin to distinguish city agencies. For example, the Chicago Public Schools and the city will be the largest CivicNet clients within city government, with plenty of schools and neighborhoods to be reached. On the other hand, the Chicago Transit Authority will become one of the largest contributors, with rights-of-way, underground tunnels and other physical assets coming into play. Short-term measurements would suggest some disparities, even if the long term picture is of universal gain.

Gehl said the most important factor on these matters will be dialogue. “You can’t spring anything on people.”

But she noted that the dialogue will involve day-to-day operations, rather than political persuasion. The consensus, she said, is already there.

“The bottom line is the economic benefit to be had with the private sector building an infrastructure, and then selling services within the city.”

With respect to her own career plans, Gehl was enjoying a few days away from the pressure cooker of City Hall, and talking with a number of people about future endeavors.

Tom LaPorte is i-Street’s CivicNet reporter. He’s also an assistant commissioner at the Chicago Department of Water, and works on web projects for the city.

“We chose Cisco because they proved that they could deliver voice and data reliably and affordably over a single network. Plus, they just delivered incredible service.... We figure we’ll have paid for the cost of the Cisco routers and switches by 2004 and we’re projecting $31 million in total savings by 2010. Yet, our city departments will actually be able to deliver better service to our citizens... It’s great to know that we’re bringing the benefits of e-government to the city of Dallas while actually saving taxpayer dollars.”

-Mike Jones, Assistant Director of Communications Information Services, City of Dallas

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Due diligence: how much and how soon?

By Mike Ribet

The initial stages of an acquisition process are similar to a courtship ritual. Each party tries to assess the intent of the other and determine how much information they want to provide. In many cases these negotiations never go on to fruition because the seller is unwilling to provide the information that the buyer requests. This is particularly true if the companies are competitors. There's lots of room for egos to clash at this stage. The intermediaries who are working with each of the parties can be very helpful in guiding their clients to a practical accommodation on these issues of disclosure. If both parties are really interested, they'll find a way to keep moving forward.

While it's safe to assume that before an acquisition closes both parties will want to have full disclosure of all relevant information, there's also quite understandable that a company will want to stage the disclosure to stay in step with the commitment of the other party. Each negotiation is unique but there are certainly some general guidelines for the timing of disclosure.

First, the two parties should sign a bilateral non-disclosure agreement (NDA). This is extremely common; the format and content is fairly standard and should not require much debate. Once this is done, the information exchange process can begin.

The buyer seeks information for two primary reasons:
1. To assess whether they want to make the acquisition.
2. To help them arrive at a financial value for the acquisition.

If the seller is reluctant to provide information, there are typically three reasons; two are quite valid but the third is not. First, the seller has a right to be cautious. They don't want information that could be used to their disadvantage to get into the wrong hands. For example, your competitor expresses interest in buying your company. They want to see a list of your customers, ostensibly to verify that your revenue projections are solid. You are understandably reluctant. Second, providing a lot of diligence information is time consuming and may also be a distraction for your organization. During the early stages, the seller may want to keep the fact that the company is in play to a very small circle of people. The diligence requests may make this difficult.

Both of these reasons for caution are appropriate. A third issue, which comes up quite often is where the seller fears that the buyer will be less interested when certain information comes out. It's been my experience that withholding information for this reason is almost never useful. The information will have to come out eventually and if it's a deal-breaker, it's better to find out quickly before more time and money are spent on an acquisition that will never close.

An orderly acquisition process should be organized around a series of steps that match the increasing disclosure of information with the increased commitment of the two parties. Typically, there is a point after the NDA is signed and some initial information is exchanged where the buyer can determine if they have a sincere interest in the acquisition. At this stage, the buyer will generate a Letter of Intent (LOI), which describes the basic elements of the deal proposal. A LOI always states that the deal is contingent upon satisfactory completion of due diligence. The issuance of the LOI is a practical way for the buyer to demonstrate sincere intention and for the two parties to see how far apart they are on valuation and other deal terms.

The LOI may provide for a lock out period during which the seller can't negotiate with anyone else. It may also provide for a break-up fee which requires that they buy the seller an agreed amount of money if they back out. Once the LOI is signed, the seller will be expected to provide almost all of the information that the buyer requests. However, there will be lots of small adjustments made where the buyer believes that some requested information is not material and time consuming to collect. Sellers are usually reasonable and adjustments are mutually agreed upon. There may be a few cases where the seller feels that the disclosure of certain information prior to the closing may be damaging to their business. Such cases are relatively rare but when they do occur, a solution which calls for disclosure upon closing may be necessary with the buyer requiring protection up to cancellation of the deal and payment of penalties if the withheld information is materially different from what is promised.

One final point is worth emphasis; disclosure is a two way street. The seller has a right to understand lots of information about the buyer's business. This is particularly true where they seller's compensation depends on the buyer's future performance. Whether the seller is receiving stock in the buyer's company or is accepting an earn-out provision, they have a right and need to understand the relevant information about the buyer.

Michael Ribet is a partner at Financial Capital, LLC, in Chicago. He can be reached at mike@financialcapital.net
Greg Jones... Continued from page 15

sounds, but you get trapped into what you know and where you are going. It’s hard to take a step back and look.

People focus on the weirdest stuff as entrepreneurs and investors. The only thing that is important is revenue. The rest you can fix. If you don’t have the revenue, you don’t have a chance at anything. So I get amazed when we go to these businesses and they are working on a PR campaign and they have half their money being spent on marketing when it’s a direct sales model. What they need to do is focus on the sales people to get the revenues in the door. PR is so far after that depending on the business model.

What Chicago companies that started up in the last five years would you point to as being really successful?

I think that Allscripts looks like a good business now. I’d be very proud of that business. I think the jury is out, but I think divine could be a great business. Click Commerce certainly has an opportunity to own a market and be successful. Envestnet will be a huge success for this town. Of course I love uBid, but I’m biased.

How did you feel about Chicago media during your years at uBid?

When uBid went public, did the media write about it?

It was interesting. It’s funny, when I took uBid public I thought the media would be interested in it, but they weren’t. That’s why you have a business. Another thing about the media, people were more interested in taking pot shots at my wealth than they were about the company in general. But, that said, the city is slow to start but it warms up fast. The media got better and better. I think this issue with uBid is that it was just a shock. All of a sudden we went public out of Chicago. People didn’t know who we were. I would say the media was gracious as they got to know us a little more.

Can you share one of your experiences with the media?

A negative media story: I went to an interview to talk about the business once and the interview turned into a slam on me. Because I was a young guy and I made some money. My parents, all kinds of things went into the article. That was kind of hard for my wife to see on Sunday morning in the paper.

What was the worst thing that happened at uBid that you learned from?

I think we were disappointed when we had a great opportunity to do an acquisition—and to this day it would have been unbelievable—and we couldn’t get it done because of our capital structure. Because we were a spinout of a public company and we had a tax structure that didn’t allow us to sell a lot of our stock. We were capital constrained. That was another reason we [later] did the deal with CMGI.

And on the direction of the business?

In the early days at uBid, we wanted to ramp up our sales to do $100,000 a week but at the time, we said ‘You know these returns are killing us.’ So we decided that the new policy at uBid is ‘no returns unless the product is broken.’ So that was our brilliant policy. So customers broke all the stuff and sent it back. We quickly learned we were in the returns business and that we couldn’t be in the business without handling returns. One of the lessons we learned at uBid was our business is all about helping and serving customers because if they don’t come back, it’s over. So our business changed from technology to a customer-focused business. That was one of the big turning points at uBid.
University tech transfer: Nyxis Neurotherapies, Inc.

By Jeff Meredith

Biotech startups looking to reduce cost in bringing a drug to market might want to rip a page out of Joe Moskal's book. Using a non-profit institute as the research hub for the virtual corporation Nyxis Neurotherapies, focused on therapeutics for neuropathic pain, Alzheimer's-related forgetfulness, and a variety of neurological disorders, Moskal has avoided the exorbitant overhead costs of some peers and pushed Nyxis' lead compound, NT-13, toward clinical trials.

Using a patented drug discovery method, Monoclonal Antibody Derived Custom Peptides (MADCP), Moskal identified a family of compounds that modulate the brain’s N-methyl-D-aspartate (NMDA) receptors. These receptors are known for their role in many neurological conditions; they have the ability to let large amounts of calcium, a trigger of glutamate destruction, into neurons. Calcium entry can start a series of biochemical reactions within a neuron that lead to its death, so NMDA receptors play a vital gatekeeping role.

"We have what's called a partial agonist - this molecule at low concentrations enhances the function of the receptors, but in high concentrations it turns them off," said Moskal of NT-13.

"So when we turn the receptor off in high concentrations, we protect the neurons from excitotoxicity. If I grab you by the throat and cut your blood supply off, every neuron in your brain starts screaming and loads of glutamate are released. Too much glutamate gets released, too many calcium channels are opened. Too much calcium flows in and that leads to programmed cell death... if you can turn the receptors off or dampen them before excitotoxicity takes place, then it's like nothing happens."

NT-13 can inhibit neuropathic pain; an animal model - using rabbits - has also demonstrated learning and memory benefits. Hence, potential target groups for NT-13 include those suffering the early onset of Alzheimer's Disease or children coping with learning disabilities. No human data on NT-13 is available yet, but pre-clinical studies should soon be completed.

Through independent investors and government SBIR grants, Nyxis has raised close to $1 million. Moskal said the company needs $450,000 to conduct Phase I clinical trials, but that's the bare minimum – he'll need much more to hire scientists to push the company forward.

When he's not courting capital, Moskal is a research professor and director who oversees the development of the Falk Center for Molecular Therapeutics, part of the Biomedical Engineering Department at Northwestern University. The center will soon have its own administrative office on the 4th floor of Northwestern's ITEC facility, 1801 Maple Ave., in Evanston, where it already utilizes lab space. Relevant intellectual property from the center will transfer to Nyxis.

Moskal is a neurobiologist with decades of experience – he arrived at Notre Dame as an undergraduate in 1968, and has been studying the brain since his sophomore year of college. After graduating with a Ph.D. in chemistry (and an undergraduate degree in experimental psychology), he went onto work at NIH. He came to Chicago in 1990 to direct laboratory research at the Chicago Institute for Neurosurgery and Neuroresearch (CINN).

Moskal said one of his mentors admired his pairing of the Falk Center with Nyxis, noting that it was business for science, and not the other way around. He seems at home on campus doing research that will hopefully lead to licensing of technology – the commercialization aspect will be left to a larger entity. And while many biotech startups consider Chicago a less than fertile starting point, Moskal has had a positive experience with his company.

"The way I see it simplistically is if you want to start a startup biotech for drug discovery, go to the coasts as fast as you can," said Moskal. "But if you want to start a biotech company that's an emergent property from the university model, this is a good place to be. It seems that university sponsored academics that lead to biotechnology is appreciated in Chicago whereas fly by night, chewing gum and bailing wire biotech simply are not."
Diachemix: transferring technology from drug discovery to agriculture and livestock

By Jeff Bergau

Diachemix, a Grayslake, Ill.-based diagnostic test development company, is using a tool well-established in the drug discovery and human clinical research fields and applying it to the needs of the food and agriculture industries. The company uses Fluorescence Polarization (FP) technology to conduct rapid immunological and DNA tests to detect pathogens, antibodies, toxins, chemical residues, and other materials.

The Diachemix system claims to be much faster, easier and less expensive, with accuracy levels equal to or greater than other methods of detection. For example, Diachemix can perform a salmonella detection test in less than one minute, as compared with conventional tests which can take between 30 minutes and eight hours. Current testing for paratuberculosis, an animal disease that can be devastating to cattle, goats and sheep, can take three to six months to get an accurate result. During that time an infected animal can spread the disease throughout the herd, resulting in severe financial loss and possible risks to human health. The Diachemix system should be able to detect the disease in about one minute.

"There is a tremendous opportunity to apply FP technology in agriculture," said Ed Corrigan, CEO of Diachemix. "While the technology is used every day in the human clinical and drug discovery fields, Diachemix is the first firm to apply FP technology to the relatively smaller agricultural, veterinary and food safety markets."

Using Light to Find a Target

Fluorescence Polarization technology measures the emission of light to determine if target molecules are present in a test sample. Molecules spin when suspended in liquid. Fluorescent molecules emit— not reflect—light while spinning. Diachemix develops customized fluorescent chemicals that bind to target molecules when mixed together. When the target molecules bind with the customized fluorescent chemicals, the overall molecule size changes. This change in size slows the rate at which the molecule spins while suspended in the liquid. Consequently, the fluorescent light being emitted by the molecule changes, enabling the FP device to detect the presence of the target.

Diachemix's founding scientist, Dr. Michael Jolley, developed the first commercial applications for FP technology and oversaw the development of its optical instrument platform while working for Abbott Laboratories, a company that still uses the technology for human clinical diagnostic testing.

Selling Razor Blades

Diachemix has developed a small, portable device which attaches to any PC laptop. Test samples are mixed with custom chemical reagents that Diachemix develops, then are inserted into a small chamber within the device. The custom chemical reagents are at the core of the company's business strategy.

"We will give the device to customers at little or no cost, then sell the chemical reagents needed to perform the tests," said Corrigan. "If we provide the razor, there is significant value in selling the razor blades."

Over the past four years, Diachemix has developed eight animal disease tests, three grain mycotoxin contaminant tests and three food pathogen detection tests. The company estimates that the initial markets it is targeting are valued at more than $2 billion. Diachemix has received three patents including some very broad coverage including all gram negative bacteria detection.

"A milk industry trade association calls for $230 million alone to test for paratuberculosis," said Corrigan. "We believe the benefits we offer will enable us to capture a significant piece of the paratuberculosis and other key markets."

While the point of care or field-site capability of the Diachemix system often receives the attention in public presentations on the technology, Corrigan said that the system's most pragmatic benefits are speed, cost and accuracy.

"Ninety-five percent of the customers who buy our system will do so because our products are quicker and easier to perform, less expensive, and generally more accurate than conventional tests," said Corrigan. "Our greatest volume users will be public and private testing laboratories, and private quality control testing points concerned with processing efficiency and accuracy in real time."

Ramping Up

Having developed 14 products and managed its burn rate very carefully, Diachemix is now in the final stages of securing financing to fund its product commercialization efforts.

"Our first products are approved for use in the United States, Canada, Mexico, parts of Latin America and Europe. And the first sales are underway. We are planning full scale worldwide product introduction later in 2002 and 2003 for most market areas. As part of this rapid development and rapid commercialization philosophy, the firm uses well regarded OEM product manufacturers, and plans to use well established distribution firms."

Jeff Bergau is a vice president and partner with Slack Barshinger and heads up the agency's life sciences practice. He is also vice president, communications for the Illinois Biotechnology Industry Organization. Bergau has held corporate and scientific communications positions with Monsanto Company and Calgene, Inc.
Marketing your biotech startup

By Barb McKittrick

So, you've developed your business plan. And with it you've secured sufficient funding to run the business. Now, after a lot of work and a little luck, you have products ready to market. While you might think you're done with planning and ready to start making money, think again. You need a marketing plan.

A marketing plan is different from a business plan. A business plan tells the broad story of a company: it's history, its technologies, it's objectives and the big-picture plans and promises for meeting these objectives. It focuses on developing and leveraging a company's core competencies. This plan typically includes strategies and financials for R&D, legal, manufacturing, distribution, finance and human resources. It also includes the rudimentary basics of a marketing plan.

A marketing plan focuses on addressing customer-specific needs. It expands on any marketing strategies presented in the business plan and details specific tactics for maximizing customer value and company profitability.

Why bother with the formality of a marketing plan? Because marketing is expensive. If you don't take the time upfront to understand your market environment (including customers and competitors), you could lose large opportunities. You might end up ignoring the most attractive market segments or wrongly serving those customers you do target. And if you don't think through all the details of your marketing strategies before executing them, you could waste plenty of money on marketing programs that send the wrong message or reach the wrong people.

What, then, do you need to address in a marketing plan? A solid plan should include these elements:

Executive summary

Keep it short – one page is ideal. Succinctly present an overview, key issues, and recommendations that will be covered later in more detail. If you can summarize the salient points of your entire plan on one page, you know you have (and can share with your team) a sharp focus.

Marketing situation analysis

This is the real heart of your marketing plan. It documents the key issues happening external to your company. The three major components include:

1. Market analysis / customer profiles: Define your market in terms of size and growth. This is your total business opportunity.

Next, paint a complete picture of your customers—who are they (existing and potential)? What do they value? How satisfied are they with your offering and your competitors? What level of brand loyalty exists among them? Who participates in the purchasing decision and how?

Identify how the market can be segmented. How do competitors attack these segments?

2. Political/legal, socio-cultural, technological, economic trend analysis: Describe how the political and legal environment impacts your market. Are there regulatory hurdles? What IP issues exist? How are health, safety, or cultural issues affecting your market?

Next, detail any new technologies that are changing/ could change your market. In a biotech company it is especially critical to identify emerging technologies that could impact, or even supplant, the market use of your own technologies. Biotechnology product life cycles are often less than three years long.

Finally, define the growth rate in customer's purchasing budgets and the market's attitude toward price.

3. Competitive analysis: First, identify your competitors. This may not be as simple as it sounds. Direct competitors are usually easy to identify, but indirect competitors with substitutes for your products are often not as readily apparent. Describe the competitors' products and positioning, their distribution strategies and prices. What are the competitors market shares? What are their strengths and weaknesses? What are their competitive advantages? What are their objectives, strategies and tactics?

Internal analysis

This is where you focus on the happenings inside your company.

Define your company objectives, both financial and non-financial, for the period covered by the marketing plan (typically one-year).

Describe your product/service offering. What are your current products (if any)? What are their sales/profits and prices? What are their competitive advantages? How are they positioned? What is their brand image?

Finally, perform a SWOT analysis (strengths, weaknesses, opportunities, threats). What outside factors present opportunities/threats for your company? What internal strengths can your company leverage? What internal weaknesses should your company correct? The elements of the SWOT analysis help define your positioning and marketing objectives.

Key issues

Clearly state the external and internal issues that are critical to your marketing plan. These must happen for your company to succeed and should be fully addressed in the annual tactical plan.

Positioning

With external and internal analyses complete, detail how you will position your company and its products in the marketplace. Positioning is the act of designing your company’s image and value offering so that your customers understand and appreciate what your company stands for in relation to your competitors. Define how you have chosen to segment the market. How will you position your products in terms of target segments, brand, and competitive advantage?

Objectives

Define exactly what you want to achieve during the planning period. These are your desired end results. They should be quantitative, realistic and internally consistent. You should have financial objectives (sales, profits, market share, cost reduction, etc.) and marketing objectives (customer satisfaction, reputation, innovativeness, etc.).

Strategies

The strategies are the game plans for reaching the objectives. Present your strategies for customers, products, and major marketing tools.

Tactical plan

Tactics are the supporting, specific programs for carrying out your strategies.

Detail what will be done in terms of product/service, pricing, promotion, distribution, sales. When will it be done? Who will do it?

Financials

This is a presentation of the financial implications of your marketing strategies. Quantitate the marketing budgets necessary for executing your tactical plans. Then develop a profit and loss statement for the planning period and shortly beyond (typically five years). Calculate expected sales volume (units and dollars) and anticipated expense detail (including production, distribution, marketing and R&D expenses).

Controls

Define how you will monitor your plan and budget on a monthly or quarterly basis. If the plan execution is not delivering as anticipated, you will need to adjust it accordingly.

With your marketing plan in place, you can feel secure that you’ve analyzed the market opportunities, researched and selected the best target markets and designed the most effective marketing strategies and tactical plans. As you implement your plan, you'll know you're in control.

Barb McKittrick is the founder and principal of The Strategy Factory, a consultancy providing strategic planning, market research, and integrated communications development & execution for life science, diagnostic, and biopharmaceutical companies. Working as comfortably with start-ups as with Fortune 100 companies, McKittrick has served many leaders in the bioscience industry. Contact her at b.mckittrick@thestrategyfactory.com.
Deloitte Consulting Chicago named Ken Porrello as its managing director, responsible for consulting operations in Chicago. He replaces Michael McLaughlin who joined the San Francisco office of Deloitte Consulting. Porrello is a graduate of Northwestern University's McCormick School of Engineering and Kellogg Graduate School of Management.

Tom Reedy, the former managing director of Chicago Capital Markets for First Union Securities, was tapped to head iTracs, a Naperville-based technology firm. Reedy recently moved all operations of iTracs from Phoenix to Chicago after raising $11 million in funding.

Telution, a Chicago-based operations support software firm, named Greg Bolino to vice president of worldwide sales. In his new role, Bolino will be responsible for expanding Telution's domestic and international customer base, as well as fostering key strategic sales alliances within the communications marketplace. Prior to joining Telution in early 2001 as VP of professional services, he served as general manager at the Chicago office of Viant Corporation, an Internet consulting and integration firm.

Ameritrust Cyber Technologies, based in Oak Brook, recruited Thomas D. O'Boyle to national sales manager for its new Internet service company, 123ACT. O'Boyle previously held top executive sales and business development positions at ABC Interactive, CMGI/Engage and QG Magazine. He will be responsible for managing the sales department and developing sales strategies for 123ACT, a start up in advertising publishing media, equipped with new technology.

Geneer, a custom software development firm based in Des Plaines, recruited John Manzo to its executive team at chief technology officer. Manzo most recently was the vice president of R&D for Carrier Systems at 3Com, and later Converged Networking. Earlier in his career, he served as VP of engineering, shipping, transportation and logistics systems for Pitney Bowes Inc. and as a general manager at Digital Equipment Corporation.

Geneer also recruited Wayne Levy as managing director to lead its Consumer Packaged Goods/Retail practice. Levy most recently was a co-founder of wells, where he developed a distributed processing methodology to collect grocery store information and quickly provide store-level demand information. Levy was CEO of ems from 1996-2001. Previously, he was vice president and director of product development for Nielsen Marketing Research.

Sarvega, a leading provider of intelligent XML Switches, recruited Gary Kaufman as vice president of finance and controller. Kaufman assumes this role as the company ramps up for the commercial launch of its product Q2 of 2002. Previously, Kaufman was VP of finance for Orbit Commerce, Inc., an e-Business software company that was sold to Digital River, Inc. in September 2001. Prior to Orbit, he was a director of financial planning & analysis at DeLaRue Cash Systems, a UK company providing automated cash handling solutions to the financial, retail and gaming industries.

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Cyborg Systems, Inc., a leading Chicago software company that provides human resource management systems (HRMS), streamlined its U.S. operations by announcing several management changes in March. M. Sean Blair, former CFO, vice president of finance and information technology, was promoted to the newly created president of U.S. Operations. Michael Gibson, previously vice president of ASP services, was appointed to vice president of sales and Paul Martin, former president of North American operations, was named president of international operations.

Blair (who is the son of CEO Michael Blair) joined Cyborg in July 1998 as director of business process strategy in the finance department. Prior to Cyborg, Blair held positions at ADP and SABRE. Gibson joined Cyborg Systems in 1997. Previously, he was a sales representative at Paychex Inc.

Martin joined Cyborg Systems, Inc. in 1997 as president of Cyborg Systems Canada. Previously, he had a successful track record holding senior positions with other companies in the software industry, including Ross Systems.

Tribune Interactive, Inc., a subsidiary of Tribune that operates its interactive news and information Web sites, promoted Jason Revzon to executive producer of its broadcast division.

Revzon joined Tribune in April 1999 as a Web producer with WLVI-TV in Boston and managed its site, WB56.com, as well as WB45.com for WEWB-TV in Albany, New York. In December 2000, Revzon was promoted to senior producer and relocated to Tribune’s headquarters in Chicago to support Web operations for its television station and cable channel sites. Revzon began his online career as a night and weekend editor for Digital City Boston.

MarketsOnDemand, a Chicago Internet-based, permission email and direct marketing information and data solutions, promoted Dave Needham to CEO from EVP of operations. Needham replaces Peter Mason, who remains board chair. Mason served as CEO of the company and companion firm JobsOnline, which received $10 million in venture funding in September 2000.

Prior to joining MarketsOnDemand in 2000, Needham was a SVP at the IIT Research Institute (IITRI), where he managed IITRI’s rail simulation, life sciences, and intelligence community businesses. Previous to IITRI, Needham was the commercial group vice president for Integic, a $150 million Xerox venture-funded company engaged in building client-server and web-based productivity solutions. Reporting directly to Needham, Tony Priore will continue to serve as president and COO of MarketsOnDemand. Priore is also listed as the president of JobsOnline, according to the company’s website.

Tellabs, a Naperville-based telecom that builds and services optical networking, broadband access and voice-quality enhancement equipment, announced that Mellody Hobson has been nominated for a seat on the board of directors. She is expected to be elected on April 23. Hobson is the president of Ariel Capital Management, a Chicago-based investment management firm with over $8 billion in assets under management.

Hobson is a regular financial contributor on ABC’s “Good Morning America” and she spent three years as a financial reporter on WGN’s “Minority Business Report.” She is a graduate of Princeton University.

Stephanie Pace Marshall, president of Illinois Math and Science Academy, and William F. Souders, retired chairman and chief executive officer Emery Air Freight Corporation, are up for reelection to the Tellabs board in 2002.

infiNET Solutions, based in Chicago, recruited Ron King as vice president for partner development. Previously, King was vice president of sales for Commonfund Inworks. Before joining Commonfund, King was a managing director of The Hunter Group’s higher education consulting group.

infiNET Solutions provides educational institutions and education services companies with Internet applications including their QuikPAY ePayment, eBill and eCommerce system.

United Asset Coverage, Inc. (UAC), a Chicago-based provider of integrated telecommunications and data networking maintenance services, recruited Mario A. Christoph as chief financial officer. Christoph previously was CFO at Edgate, Inc. and Aerial Systems Corporation, both headquartered in Chicago, where he was responsible for implementing financial controls and systems. Christoph also spent ten years at KPMG, LLP where he managed the financial audits for both public and private technology and manufacturing companies.

Slack Barshinger, a Chicago-based business-to-business marketing communications agency, promoted Jamie Carter to account manager. Carter joined Slack Barshinger in June of 2000 as an assistant account manager. Previously, Carter worked in the marketing department of United Parcel Service (UPS) and Illinois Power.

Triton-Tek, Chicago-based IT product and services firm, recruited Barb Woodruff as director of sales. Woodruff will be responsible for maintaining and growing Triton-Tek’s custom software applications client base in the Midwest and launching the company’s hosted data integration product called LogiDock. Most recently, Woodruff worked with QuantumShift, a telecommunications management company. Previously she was with EnterAct/21st Century/RCN managing the marketing efforts for the company’s commercial Internet and telephony products.

Spring Technology Professionals, the U.S. subsidiary of London-based IT staffing and workforce management solutions firm Spring Group, recruited Connie Whisner as vice president of sales and operations, Spring’s top sales and operations executive in the U.S.

Whisner previously headed Manpower’s technical recruiting services in Indiana. Based in Chicago, Spring Technology Professionals uses proprietary Web-based tools to offer clients and contractors a more effective online delivery system.

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