

Innovation™  
Capital Advisors, LLC

## *Innovation Ventures Announces Two Investments*

*Innovation Ventures, LP is pleased to welcome SkillSurvey and Centice Corporation to its portfolio*

**SkillSurvey** is the leading provider of online reference assessment solutions that increase quality of hire and improve recruiting efficiency. Innovation Ventures participated in the \$3.8 million A round along with Inflection Point Ventures and Milestone Venture Partners.

Skill Survey delivers on-demand reference checking via a proprietary online process. The technology enables employers to efficiently, economically and effectively review applicants' professional references using a 360 approach for assessing past performance. The confidential format and 24/7 accessibility increases response rates by an average of 50 percent over phone references and yield more useable information. Recruiters save time, reach more references per candidate, and increase submittal-to-hire ratios with more in-depth candidate profiles.

"SkillSurvey's proprietary Internet technology is creating a market in online behavioral-based reference checking. There's really no competitor that provides our benefits of privacy, ease of use, quality and efficiency," said Ray Bixler, SkillSurvey's Chief Executive Officer. "Innovation Venture's expertise in Web services is an excellent match for us. They understand how Web 2.0 services such as SkillSurvey's, provide a unique opportunity to create a new way of approaching a problem. We're eager to leverage this investment and the expertise of David Freschman and his team to further break open the reference checking market."

Skill Survey has been awarded the 2007 Top HR product of the Year award by *Human Resource Executive*® magazine, the premier publication focused on strategic issues in HR. This year, the editors selected 10 HR products and 3 training products. Products were judged on innovation, user-friendliness and the value they add to the HR profession.

**Centice**, founded in 2004, is commercializing patented and patent-pending computational sensor technology originally developed at Duke University. The PASS Rx™ pharmaceutical authentication sensor system is the company's first product. The PASS Rx™ system has the potential to improve the verification process for dispensed medications, thereby increasing patient safety. It is anticipated for market availability in 2008.

Ray W. Swanson, President & CEO of Centice, said, "We are very pleased to close on this round of new financing. The market introduction of PASS Rx™ will improve customer safety by enhancing the quality assurance process of dispensed medications. We're at the forefront of a new and exciting opportunity for pharmacy, and these funds secure our ability to bring this revolutionary product to market in 2008. The continued backing from our existing investors and the introduction of new investors underscores the tremendous progress the company has made over the past several years."

The PASS Rx™ system uses patented technology to verify dispensed medications against a customer's prescription at the point of sale in real-time. This will not only improve customer safety, but will also have a positive impact on a pharmacy's workflow.

Centice technology has additional applicability beyond the verification of solid medications in the pharmacy, and the company has plans to develop future products in the areas of liquid medication verification and counterfeit drug detection.

Innovation Ventures participated in the \$11.3 million B round lead by S-Group Direct Investments Ltd. along with existing investors, The Aurora Funds and Novak Biddle Venture Partners. ■

### *In This Issue*

**IVP Announces  
Two New Investments**

**Active Venture Areas**

**Bio-Life-Tech 2007**

**DIF Featured Company**

**Third Deadly Sin:**

*Avoid the Seven  
Deadly Sins Com-  
monly Committed by  
Start-Ups*

**Portfolio News**

**Home Office:**

Three Mill Road, Suite 201  
Wilmington, DE 19806  
P: 302.777.1616  
F: 302.777.1620  
info@innovationcapital.com

**PA Office:**

Pennsylvania Office  
313 West Liberty Street,  
Suite 344  
Lancaster, PA 17603

## Active Venture Areas

Walt Chiquoine

The Fund continues to track a number of areas of interest that are attracting early-stage venture capital. Following these general trends allows us to understand where exit opportunities are strong, where potential syndication partners are investing, and where to seek out good deal flow.

What has come to be called "Web 2.0" is an active space, led primarily by new concepts for social networking and web user services, and by B2B service models that are backfilling into the SMB (Small- to Medium-Sized Businesses) market. Business models for web services have generally become narrowly targeted at specific user groups, and are trying to find the right balance between pay-for-use and ad-based revenues. The SAAS (Software as a Service) model is typically offered as a cost-effective solution for the SMB market.

A second area that has received a lot of attention this year is the Wireless/Multimedia space. While markets for wireless digital media have been otherwise slow to emerge, recent improvements in cost, speed, content, and overall user experience are creating new potential here. The introduction of the Apple iPhone® and efforts to re-package existing digital content have given new momentum to the market. The Fund sees opportunities in content aggregation, user interfaces, and new wireless services such as transaction processing.

In the broad category of Materials and Technologies, the Fund considers alternative energy, electronics, and medical devices to be leading areas. Of course, each of these areas itself is broad in scope and can offer promising opportunities at different points in a value chain. Investors remain active in both end-use and supporting technologies, including solar cells, fuel cells, flexible electronics, lasers, nanotechnologies, and organic semiconductors to name a few.

While the Fund tracks numerous developments in nanotechnology and materials science, we are mindful that the ultimate application of these technologies is what will create the real revenue for a business.

These are just a few of the key investment areas that the Fund is following. Legacy markets for enterprise software, network management, telecommunications, and

biotechnologies remain strong, as do opportunities in supply-chain improvements and new financial services models. We try to cast a wide net, within our investment focus, to identify the best opportunities. ■

## BIO-LIFE-TECH 2007 An Early Stage East Program

Bio-Life-Tech 2007 will be held December 11th, 2007 at the popular Pier Five Hotel in the Inner Harbor of Baltimore, Maryland. Last year Bio-Life-Tech attracted over 250 of the industry leaders to Princeton, New Jersey; we will be back in Princeton for Bio-Life-Tech 2008.

This year's presenting companies:

- **Biosome, Inc.** (Wilmington, DE)
- **ChromoTrax** (Frederick, MD)
- **Encore Path, Inc.** (Baltimore, MD)
- **GWR Medical, Inc.** (Chadds Ford, PA)
- **HeMemics Biotechnologies** (Rockville, MD)
- **HepGen, Inc.** (Lewisburg, PA)
- **Immunomic Therapeutics, Inc.** (Gaithersburg MD)
- **InfraRed Technology Systems** (Columbus, OH)
- **ISS Pharmaceuticals** (Bethlehem, PA)
- **Microlab Diagnostics** (Gaithersburg, MD)
- **NanoVector, Inc.** (Raleigh, NC)
- **Neuronascent, Inc.** (Clarksville, MD)
- **Orphagenix, Inc.** (Wilmington, DE)
- **PDS Biotechnology Corporation** (Cincinnati, OH)
- **PluroGen Therapeutics Inc.** (Charlottesville, VA)
- **Thar Pharmaceuticals** (Pittsburgh, PA)
- **Zassi Medical Evolutions, Inc.** (Fernandina Beach, FL)

ESE's Bio-Life-Tech Conference is the most effective regional showcase for entrepreneurs, offering the highest ROI of any venture conference on the East Coast for Early Stage Companies. Bio-Life-Tech will bring together venture capitalists, investment bankers and corporate and institutional, private equity and angel investors with CEOs and CFOs of emerging bio-life-tech companies from North Carolina to New England, seeking their first and second round of institutional investment.

Call 302.777.2460 or visit [www.biolifetech.org](http://www.biolifetech.org) for more information. ■

### Delaware Innovation Fund

#### Industry Focus:

Information and Internet technology

Software

Chemicals and Materials

Electronic Materials

Analytical Instruments

Advanced and Specialty Materials

#### Region:

Delaware and the Mid-Atlantic

#### Company Stage:

Seed, Start-up and Early Stage

#### Investment Range:

\$25,000 through \$50,000 in demonstration funding and \$50,000 to \$500,000 in commercialization funding.

#### Current Portfolio:

AIM-TO

Aquatic Designs

Aviom

Foxtire Printing & Packaging

Mid-Atlantic Angel Group I

Patria Services Corp.

Smart Button

Solstice Software

For more information visit  
[www.difonline.com](http://www.difonline.com)

# Delaware Innovation Fund Featured Company: AIM-TO

AIM-TO, a hedge fund software provider, recently received a strategic investment from BNY ConvergEx Group, a leading provider of global agency brokerage and investment technology solutions.

AIM-TO is a leading provider of Alternative Investment Management Technology Outsourcing solutions, offering the latest post trade management, operations reporting and risk management systems for specialized and multi-strategy Hedge Funds. AIM-TO provides a next generation data warehouse designed to meet the needs of today's hedge funds, including elevated risk management, operational processing of post-trading activities, daily P&L and performance reporting, counterparty relationship management, and custom software and technology consulting.

This investment is part of BNY ConvergEx Group's vision to create a comprehensive suite of investment technology solutions for its buy-side clients. As part of this deal, Eze Castle Software will tightly integrate AIM-TO's core product, VerusHedge™, a data warehouse and risk management system, with the Eze OMS through a real-time API interface. Through the integration, clients will be able to view up-to-the-fill risk analytics and access security master data for multi-asset class instruments.

BNY ConvergEx Group's Eze Castle Software is a leading provider of technology solutions to multi-strategy, global investment managers. They currently support nearly 300 installations of their OMS world-wide.

AIM-TO became a portfolio company of DIF in December of 2005 when MDI, a DIF portfolio company, merged with Picasso Software to create the company. AIM-TO is located in Jersey City, New Jersey. The DIF maintains a board seat on the company. For more information visit AIM-TO's website at [www.aim-to.com](http://www.aim-to.com). ■

## The Third Deadly Sin

*Avoid the Seven Deadly Sins Commonly Committed by Start-Ups*

— Patrick J. Foley, Ph.D., Managing Principal

### Lack of Focus

A major flaw investors often encounter in a business plan is lack of focus, particularly in companies who have a technology that is applicable in an array of markets. The entrepreneur has visions of how his or her company can pursue all of these opportunities simultaneously, underestimating the amount of time, money and human resources it will take. However, investors with limited cash, time, and patience want to see the company prove its business model and succeed quickly. This means the company has to focus on doing one thing at a time, proving the model, creating market value, and thus the ability to attract capital over time at higher valuations to grow and pursue the other opportunities.

When investors work with companies like this, they ask them to pick the one opportunity that is the easiest, quickest, and lowest cost route to prove there is a real market and real

customers for the product or service. Too often, entrepreneurs are focused on input metrics .....the number of customer inquiries they get, how many patents they have, the hiring of a key employee, etc. These things are important, but investors want to see output metrics in the form of market validated accomplishments such as customer sales, development contracts where customers have money at risk, regulatory agency approvals, etc. Show that the business model works, that the company can sell a real product or service to real customers, in real time, at the cost and price the company has forecast. Given a choice between a big opportunity five years out and a smaller opportunity one year away, go for the short term one. This will give your company the credibility it needs with its investors to keep them excited and investing, the "buzz" to attract new investors, and the time and resources to pursue the other segments and build a major enterprise. ■

*This article is the third in a series of seven, each one dealing with a fatal error when a technology company approaches early stage venture capital firms to obtain funding.*

#### Innovation Ventures

##### Industry Focus:

Chemicals and Materials

Electronic Materials and Devices

Nanotechnology

Information and Internet Technology

Enterprise software with an emphasis in the legal and financial services industries

Biotechnology (excluding human therapeutics)

Medical Devices

Analytical Instruments

##### Region:

Mid-Atlantic

##### Company Stage:

Growth and Early Stage

##### Investment Range:

\$250,000 to \$1 million

##### Current Portfolio:

Business Intelligence International

Centice

Inspired Technologies

Maxion Technologies

Nanocomp Technologies

SkillSurvey

For more information visit [www.innovationventures.com](http://www.innovationventures.com)

# Portfolio Company News

## Innovation Ventures

### *COPD Partners is now Inspired Technologies*

COPD Partners, a clinically focused respiratory device company with proprietary oxygen therapy technologies, received 510(k) FDA approval for their liquifier product on August 23, 2007. This enables the company to freely market the product through their established distributor network and for the distributors to receive Medicare reimbursement.



The company has changed its name to **Inspired Technologies** to better reflect their marketing and product strategies.

Inspired Technologies website can be found at [www.inspiredtechnologiesinc.com](http://www.inspiredtechnologiesinc.com)

### *Business Intelligence International*

Business Intelligence International (BII), global business intelligence software provider, has formed an alliance with AC Lordi Consulting, one of the nation's leading providers of accounting, internal audit and business advisory services, to jointly deliver enterprise solutions to help companies comply with the Sarbanes-Oxley (SOX) Act of 2002.



Roland Mosimann, the president of Business Intelligence International (BII) has co-authored a new book, [The Performance Manager](#), *Proven Strategies for Turning Information into Higher Business Performance*, which helps turn the growing information-intensity of someone's job from a challenge to a competitive advantage. The book strengthens the partnership between decision-makers and the people who provide the information that drives better decisions.

Business Intelligence International's website can be found at [www.aline4value.com](http://www.aline4value.com)

## Delaware Innovation Fund

### *Baton is now Patria Services Corp.*

Baton Networks has merged with MoveByMouse to form Patria Services Corp. Patria provides major corporations customized tactical marketing solutions that are focused on increasing revenue, loyalty, and satisfaction from their "home moving" customer base. The new company's headquarters are located in Wilmington, Delaware.



Patria's website can be found at [www.mypatria.com](http://www.mypatria.com)

### *Foxfire Printing & Packaging*

DIF has exited Foxfire, a full-service, technology-driven marketing solutions company, with the sale of its preferred stock position for a 3x return. The Fund still holds a warrant position in the company, and David Freschman remains a member of the board of directors and chair of the audit committee.



Foxfire's website can be found at [www.foxfireprinting.com](http://www.foxfireprinting.com) ■

**David J. Freschman**  
Managing Principal  
[djf@innovationcapital.com](mailto:djf@innovationcapital.com)

**Patrick J. Foley**  
Principal  
[foleypj@innovationcapital.com](mailto:foleypj@innovationcapital.com)

**Walter Chiquoine**  
Senior Associate  
[wac@innovationcapital.com](mailto:wac@innovationcapital.com)

**Stacey Blackwell**  
Operations Manager  
[sblackwell@innovationcapital.com](mailto:sblackwell@innovationcapital.com)

**Innovation**  
Capital Advisors, LLC

Three Mill Road, Suite 201  
Wilmington, DE 19806  
P: 302.777.1616  
F: 302.777.1620  
[info@innovationcapital.com](mailto:info@innovationcapital.com)