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NYC SeedStart picks five companies from among nearly 200 entrepreneurs

BY CARL GAINES

IN NEW YORK CITY, it often seems like everyone has an idea for the next “must-have” piece of technology or software. Many startups, however, fizzle and are forgotten—victims of the short attention span that often truiks a lack of funds.

To help more of them make it to prime time, NYC SeedStart, a joint project of five venture capital operations, has helped five teams of entrepreneurs get money and advice from industry experts this summer. Each team, chosen from among 200 entrants earlier this year, received $20,000 to help get its idea off the ground. In exchange, the organizing partners—Contour Venture Partners, IA Ventures, NYC Seed, RRE Ventures and Polaris Venture Partners—will share a 5% equity stake in each.

“A lot of these early-stage corporations don’t get to the next stage,” says Owen Davis, the self-described “serial entrepreneur” who runs the program. “This is a way to choose a group of companies that are working on an important problem and prevent them from making some schoolboy mistakes.”

Solving vexing problems

The teams selected for this inaugural year of NYC SeedStart are Reducify, Lexxeem, Datadog, Risktail and Introspect. Each offers its own take on how to solve a vexing problem, from reducing risks inherent in options trading (Risktail) to searching for information across social-network platforms (Introspect).

The program allowed the young ventures to take root out of the glare of public scrutiny—something that is often hard for venture-backed companies to avoid. This year’s just-announced winners diligently, and secretly, fine-tuned their business models and concepts and attended workshops for the past eight weeks in subterranean classrooms at New York University’s Stern School of Business. It all suggested international intrigue, except for the scattered boxes of Honey Nut Cheerios.

Founders of Reducify—a seed-fund recipient that aims to help consumers lower their household utility usage by monitoring their consumption—say support from the program’s advisers, including seasoned entrepreneurs, made navigating the startup process easier than it might have been otherwise. “It feels like a world of difference,” says Jonah Bloch-Johnson. “They’ve done a fantastic job bringing lots of entrepreneurs in. It demystifies the process.”

The program provides something else that many fledgling businesses find elusive: a chance to connect with very-early-stage financing. Last Tuesday, at an event called Demo Day, Reducify and the other teams got a chance to pitch their businesses to potential investors, allowing them to take their business development to the next stage.

Introspect team member Simon Murtha-Smith, for example, told a room filled with 130 or so potential investors and supporters how his team’s software lets users find a piece of information they know is out there, somewhere, in one of their online accounts. “You can open our application and quickly and easily find a tweet or a Facebook post and share it,” says Mr. Murtha-Smith.

Maybe, maybe not

Whether these pitches will lead to more funding remains to be seen. “There was a really interesting mix of companies,” says Peter Flint, a general partner at Polaris Venture Partners. But he adds that his firm hasn’t yet decided whether to increase its investment in any team.

With Demo Day over, the practical support that NYC SeedStart provides to the five companies will wane, but Mr. Davis says it won’t disappear altogether.

“We’re investors. We want to see them succeed more than anything,” says Mr. Davis. “I mean, what do you say? ‘Good luck’?”

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