

Boston Business Journal - December 3, 2007

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Boston Business Journal

Friday, November 30, 2007

The class of 2006: 2007 proved a year of milestones

Boston Business Journal - by [Mary K. Pratt](#) Special to the Journal

The new year promises a new opportunity for Helicos BioSciences Corp.

After going public in May 2007, building out an operations staff and ramping up a commercial team, the Cambridge-based company expects to launch its first product in 2008. The product is the HeliScope Single Molecule Sequencer, an integrated system of hardware that company president and COO Steve Lombardi said can be considered in simple terms as a microscope that can view DNA.

"It's going to change fundamentally the way people can do experiments, and it will accelerate knowledge tremendously. That is the really story of the HeliScope," Lombardi said.

Helicos BioSciences, a life sciences company focused on genetic analysis technologies, was well-positioned for its successes: It was one of the area's largest venture-funded companies last year, with \$40 million in funding from November 2005 to November 2006, placing it at No. 6 on the Boston Business Journal's 2006 list of top venture-funded startups.

It wasn't the only company on last year's list to hit important milestones this year, nor is it the only one that has big plans for the year ahead. A sampling of businesses that received large rounds of funding in the past few years have been able to successfully move their companies forward. In fact, despite the recent turmoil in some of the economic markets, the climate for growing business in Massachusetts -- particularly in the life sciences and tech-related sectors that are so prevalent here -- remains healthy, experts said.

"It's fertile ground for these industries to be created and expand here because of the clusters here, and the workforce we have gives us an edge over other areas of the country," said Jim Brett, president and CEO of The New England Council, an alliance of companies, academic institutions, nonprofits and other agencies brought together to promote economic development.

Reva Systems Corp., which develops RFID network infrastructure products, is a case in point.

At this time last year, the company had customers in a couple of industries in the Americas and Europe. Now, according to company co-founder and chairman Ashley Stephenson, Reva Systems has customers in a half-dozen industries around the globe. Stephenson said his

company in the past year also opened a European office with four sales and system engineering people as well as a development office in China. Employment grew in 2007 from the low-30s to about 45.

Stephenson, however, declined to disclose any details on the company's financials, except to say that Reva Systems did raise an additional \$10 million in the past year, "which means we're well-funded for 2008."

Indeed, companies are finding that there's plenty of money for follow-on rounds of funding.

Brightcove Inc. of Cambridge provides an Internet TV service that empowers video producers and programmers to build broadband businesses while giving viewers more choices and control over their use of video and television. The three-year-old company raised \$59.9 million in a Series C round in January 2007 after bringing in \$5.5 million in a Series A round and another \$17.1 million in a Series B round. That's \$82.5 million to date.

While money is available, Adam Berrey, Brightcove's senior vice president of marketing and strategy, said companies and venture capitalists have learned from the last boom and bust and have returned to the due diligence that ensures more successes with portfolio companies.

Berrey also pointed out that many of today's entrepreneurs and venture capitalists are more experienced, having worked through the wave of Internet and technology startups of the late 1990s, something that gives them an edge in growing startups.

"We have learned a great deal from when the tech bubble burst, particularly here in Massachusetts. We've learned that vaporware doesn't sell, there has to be some substance behind it," said Dennis J. Ceru, adjunct professor of entrepreneurship and business strategy at Babson College and founder of Strategic Management Associates LLC in Wellesley.

But while companies have obtained follow-on funding, it hardly implies that it's easy to get funding, Ceru said. "The bar has been raised significantly," he said, particularly for companies seeking their first rounds of financing.

That's not necessarily bad, though.

"When money is free and loose, it's not that good for business. It's not good to fund just about anything," Ceru said. "Now the due diligence process is back ... and the environment, it's extremely healthy."

That seems to have spilled over to the IPO market as well, as a number of venture-funded startups are or have recently gone public.

For example, Elixir Pharmaceuticals Inc. of Cambridge, which ranked No. 4 on last year's list of top venture-funded companies, is in a quiet period now due to its filing of a registration statement for a proposed initial public offering.

Meanwhile, Molecular Insight Pharmaceuticals Inc. of Cambridge, which was No. 4 on the 2005 list, raised \$70 million in its initial public offering earlier this year. Chairman and CEO

David S. Barlow said the company plans the commercial launch of its lead oncology molecular radiotherapeutic candidate, Azedra, in 2009.

Other companies from the past years' lists of largest venture-funded startups faced similar challenges, as well as successes, with product launches.

Brightcove, for instance, saw tremendous growth in its customer base and use of its service in 2007, Berrey said. The growth means that more than 120 million unique Internet users now watch hundreds of millions of video streams delivered by Brightcove every month. To support its growth, Brightcove opened a London office in July 2007 and a development office in Beijing in November 2007. It also continues to refine its technology as it focuses on growing its markets and its penetration in those markets.

"I think 2008 will be a very big growth year for us as well," Berrey added. "We've learned what our core customer base wants, focused to meet that and that's why we feel so confident heading into 2008."

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