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The search for capital

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Conference offers firms a forum to attract investment

By TED GRIFFITH Staff reporter

For technology entrepreneur Regis Betsch, it all came down to seven minutes.

That was the amount of time that Betsch, chief executive of Hockessin-based Echip Inc., had Tuesday morning to make his case on behalf of his small software firm to scores of potential investors gathered in the Center on the Riverfront. Betsch said he worked for months refining his presentation, boiling it down to the sales and profit highlights that would capture the interest of venture-capital investors.

Echip has developed sophisticated, statistical modeling software that, according to Betsch, can help the food industry analyze consumer preferences and develop better-tasting products.

"I'm here today to talk about a major opportunity," Betsch, dressed in a gray suit and tie, told the audience of investors. "The one thing that I want you to take away from today is that our technology is developed; it's proven. "

He projected Echip in five years would have \$38 million in sales and \$27 million in gross profit.

Echip was the only Delaware company out of 28 tech and biotech firms participating in this year's Early Stage East Conference, which drew about 550 attendees. The annual event gives East Coast companies a chance to make seven-minute pitches to venture capital firms for investment backing.

Betsch called his presentation an "extremely important dance for us" because it was a chance to make a good first impression on venture capital firms, which could put up the money Echip needs to grow. He said the company has "about 10" employees. He declined to provide current sales figures for the business.

Betsch, who has been CEO since 1997, said his company needs \$2 million to hire salespeople to promote the company's new software and services. Betsch said his company has already signed up one customer and is close to signing a second. He declined to name them, but said they are fast-food chains.

Echip would charge customers \$100,000 in return for providing a detailed statistical analysis of raw data from consumer testing of new food products. Betsch said Echip's analysis leads to invaluable, specific information on consumer preferences, such as how much of a particular ingredient to add to a pizza or a hamburger.

Whether Betsch was successful won't be known right away. He didn't get any offers after his presentation, but said he hoped his seven-minute talk would eventually lead an investor to back Echip.

At least one venture capitalist in the audience thought Betsch made a strong case.

"His presentation was very good because he hit home on the value proposition he's offering to customers," said David Freschman, chief executive of the Delaware Innovation Fund, a Wilmington-based venture capital firm that receives part of its funding from the state.

But Freshman wouldn't say whether his fund planned to invest in Echip.

Nancy Carig, executive director of Early Stage East, said the presentations can lead to significant investments, but it often takes a long time for companies to persuade venture capital firms to commit. She said companies that have presented at the conference, which started in 1998, have raised a total of more than \$500 million.

"You may meet someone here, make a connection, but you may not get the money for another two years," she said.

Echip got its start in 1983, founded by a former DuPont Co. statistician, Robert Wheeler, who is now the company's chief technology officer. Over the years, the company has sold its statistical software and training services to giants including DuPont, Johnson & Johnson and Texas Instruments. But now Echip is putting an emphasis on attracting customers in the food industry. Betsch said the food industry represents a multibillion dollar opportunity that hasn't been capitalized on by other tech companies.

Russell Garland, editor of the Wellesley, Mass.-based Venture Capital Analyst-Technology, a newsletter for venture capital investors, said it is unusual to hear about tech firms working with the food industry. As for raising money from venture capitalists, tech firms are having an easier time than they did two years ago, but it remains a challenge to win an investment commitment, Garland said.

"It's still a hard sell for these companies," he said.

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Photo Captions:

The News Journal/ROBERT CRAIG

Regis Betsch (right) of Echip Inc. talks with Bob McHugh of Ben Franklin Technology at Tuesday's conference.

Regis Betsch was seeking \$2 million for his company.

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