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## **Eureka! A successful business is born University's incubator turns research-based ideas into reality**

**Sat May 26 2007**

By Martin Cash

DEAN CLARKE had such a positive experience at the Smartpark incubator that when his company was ready to operate on its own, it continued to lease office space at the University of Manitoba research park.

The business incubator at Smartpark at the university's Fort Garry campus has a new name -- the Eureka Project -- and a new way of doing business, but the same goal -- to grow research-based ideas into self-sustaining companies.

It's now managed by Gary Brownstone, a former serial entrepreneur who provides full-time on-site management support for the new companies. Smartpark is Brownstone's employer and it runs the incubator on a modest \$280,000 annual budget after a three-year agreement with a couple of third-party management groups expired at the end of last year.

Clarke's company, Apptius Computer Solutions, is the poster child for the incubator concept -- going in more than three years ago with a concept and a very small number of customers and leaving with a fully functioning business.

"It was fantastic to be able to operate out of such a great facility with boardrooms and equipment to properly show potential customers what we could do and having the affiliation with the university has been great for us," says Clarke, whose company now employs 20 people and counts Smartpark and the University of Manitoba as customers in his information technology consulting business.

There are eight companies installed, some of them carry-overs from the former incarnation of the incubator at Smartpark. There are several more young companies preparing to move in.

The companies being incubated pay a modest \$50 to \$150 a month for a small office space that includes access to a full range of office equipment, including computer and high-speed Internet connection. But the real value comes from networking -- with each other and the larger university community. Companies receive mentoring services and expert feedback on everything from business-plan development, marketing, intellectual property development through to connecting with financing from angel investors and venture capital.

Alan Simms, president of Smartpark, says an incubator was always envisioned to be part of the U of M research park.

"We really think an incubator can help evolve some of the research being done in Winnipeg into stand-alone entities," says Simms.

Now that the research park includes some incubated companies that are on their own, as well as research organizations and new high-tech companies, there are even more resources the incubator start-ups can draw on to help launch their new ideas into commercial viability.

Profit Master Canada, the specialty retail information technology company, was one of the first

companies to move to Smartpark. Last year, company founder and former CEO Neil Dueck sold the business to a Bell subsidiary, freeing up some of his time to help the Eureka companies.

"I think it is a very valuable experience for young companies to have the ability to share ideas and live collectively," he says. "As a group of young entrepreneurs they can feed off each other."

The trick is to find the right formula to pull that off.

Smartpark, a subsidiary of the university, is the real estate developer of the research park and owns the building that houses the 10,000-square-foot Eureka offices.

The original incubator was run by a couple of management groups that took equity positions in each of the companies that entered the program. The Eureka Project is now operated by Smartpark and becomes part of a larger community effort to develop a knowledge-based industry cluster.

"Incubators are a proven model for economic development," says Brownstone, adding there are plenty of studies that show companies that go through an incubator are far more likely to succeed.

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## The businesses in the Eureka Project

By Myron Love

### THE INFORMATION FORGE

Principals: David Robinson, Irvin Boschmann

Business: Data management for non-profits

Joined: More than two years ago

The Information Forge was one of the first start-ups to sign on to the Eureka Project.

"Our software program is intended to serve the non-profit sector," Robinson says. "The typical non-profit is good at delivering service, but has trouble with information systems. For a monthly fee, we look after all of the technical load. All the non-profit client needs is a computer with a web browser. They won't need any technical staff."

Robinson says The Information Forge is in transition.

"It took us a couple of years to design and build our system. Now we're into the marketing phase. We have 20 paying clients in Manitoba and a couple in Saskatchewan. We are now trying to build up our client base."

### SMT RESEARCH

Principal: Gamal Mustapha

Business: Designs electronics used to monitor building structures

Joined: September

Gamal Mustapha is a University of Manitoba computer engineering grad (1994) who started his company about a year ago.

"Moisture buildup is a major issue in British Columbia where there have been problems with leaking condos," he says. Mould-related issues such as structural damage and health problems can be attributed to undetected moisture accumulation.

SMT's moisture sensor consists of a patented moisture detection tape that can be placed inside a building wall. SMT's computers keep track of moisture buildup and can automatically alert building managers to problems.

Mustapha says he is experimenting with detecting moisture in concrete and different roofing applications. He is also working with the National Research Council to develop wireless sensors to assist in advanced building research.

"I started SMT in an office in Transcona," he says. "Being part of the Eureka Project has allowed us to be near other researchers at the university and other companies that complement our research."

### **ANNP**

Principals: Suzhen Li and Ron Marquardt

Business: Nutraceutical food additives

Joined: December.

"This is perfect for us right now," says Ron Marquardt, a retired professor of animal sciences. "It's a prestigious location. Our rent is subsidized for the first few months. We are near the Richardson Nutraceutical Centre. And we have access to the university library and other facilities."

Li came here from China in 1991 to work on her PhD. Marquardt was her professor/faculty adviser. After graduation and work for a nutrition company, Li decided she wanted to go into business for herself and wanted Marquardt as her partner.

"Since Suzhen is from China, she is aware of Chinese herbal medicine. There seemed to be some commercial opportunities there for the North American market," Marquardt says.

Isoflavins reduce symptoms of menopause, Li notes, and by replacing estrogen in post-menopausal women, reduce the incidences of breast cancer, heart disease and osteoporosis. In men, isoflavins seem to reduce the incidence of lung and prostate cancer.

"We have registered six products as supplements so far," Marquardt says. "The isoflavins also can be added to yogurts, cereal bars and orange juice.

"We think we will be able to initiate our first sales by September."

### **PROJECT WHITECARD**

Principal: Khal Shariff

Business: Interactive educational software

Joined: Last summer.

Khal Shariff brings a varied background to his work, including theatre through the Winnipeg Shakespeare Company and Manitoba Opera, and programming at Manitoba Telecom Services, where he developed

aroundmanitoba.com and the MTS online directory. He also worked as a senior developer for the CBC in Toronto.

"I have come by my skill sets naturally," he says. "I did take some courses at the University of Winnipeg to firm up my skills, especially in database application."

Shariff is developing interactive, web-based applications as well as educational games. One of his projects is Project Moonwalk, an online recreation of the Apollo moon mission. "My science adviser is Ron Creel, who was one of the NASA engineers who worked on the lunar rover."

Another is the Northern Lights Project, an interactive game that educates players about indigenous culture and stories.

Shariff is hoping to open several offices across the country. "I already have a partner in Toronto," he says.

#### **R4 SOFTWARE**

Principal: Jeff Butler

Business: Software for the remanufacturing industry

Joined: Last July

The company's main product -- R4 Binders -- automates manual business processes.

"I worked in the remanufacturing industry for a couple of years," says Jeff Butler, a chartered accountant. The company I was with asked me to build a custom system because there was nothing out there that matched their needs. After that, I decided to test the wider market on my own."

The R4 software incorporates all aspects of the client's business, including invoicing, inventory, receivables, production schedules, sales orders, sales analyses and many other functions.

"We are still adding to our software program," Butler says. "It takes time to build up a client base. People need to become confident in what we're selling before they buy our product and service."

He expects to be moving out of the incubator soon. "We have signed a contract with a major customer to install our software," Butler says. "We are going to be moving into the customer's premises to implement our program."

#### **VANTAGE INNOVATIONS**

Principal: Dean Clarke

Business: Shipping and mailing software

Joined: September

Vantage Innovations is Dean Clarke's second go-round in the Eureka Project.

Clarke was one of the first tenants and graduates of the incubator program. He moved his Apptius Computer solutions into another building in Smartpark just last April. Apptius provides IT consulting service and work flow products.

"We had originally built our shipping module for the mail-order pharmacy business when it was beginning to take off in Manitoba," Clarke says. "Now we're adapting it for use for other businesses."

He describes the new product as a shipping tool that eliminates the need for manual re-entry of address information required before shipping. It can batch labels for processing multiple orders at one time.

ISO POLAR

Principals: Barry Prentice, Henry Lasslo

Business: Promotion of airship technology

Joined: March 2005

ISO Polar's goal is to encourage the development of airship technology for sustainable transportation and logistics applications in northern latitudes.

"We are unique among start-up companies in the Eureka Project and in the Smartpark as a whole in that we are the only venture here that is not-for-profit," says Barry Prentice, who has been associated with the U of M's Transport Institute and/or transportation education for more than 20 years.

"Our purpose is to deal with regulatory issues around the use of airships as well as technology challenges such as cold-weather testing. We are trying to build a business case for the airships' use in the North."

Prentice says ISO Polar is planning to bring an airship to Manitoba this summer for a trial run delivering supplies to a remote community,

"The Eureka Project is very good for start-up companies," Prentice says. "It gives us the opportunity to grow."

## **KNOWLEDGEBUILDER**

Principal: Roy Schellenberg

Business: Internet program that teaches English as a second language

Joined: Two years ago

Knowledgebuilder offers Internet courses to help foreign students improve English writing skills with lessons in grammar, text structure and putting sentences together.

The company was founded by Otto Toews of Vancouver, who is responsible for product development. Research and development has been ongoing since 1991.

Roy Schellenberg, a former school trustee in St. Boniface and Riel school divisions with a background in financial services, joined Knowledgebuilder six years ago, and oversees sales and marketing.

"Colleges in Western Canada and the north-central United States have tested our program and there seems to be quite a bit of interest," Schellenberg says. "A couple of colleges have started using our software. We are working with those colleges on follow-up processes."

The company's initial term in the Eureka Project ends this year. "Gary Brownstone is working with us now on developing sales and moving to the next level."

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## **Incubators R Us**

The Eureka Project may be just starting life after taking over from a previous iteration of a business incubator at Smartpark, but it is not the only game in town.

\* The National Research Council's Centre for the Commercialization of Biomedical Technology (NRC-CCBT) opened a new \$11-million, 55,000-square-foot building last year that is designed to be a mammoth incubator (see below).

\* Winnipeg biotech entrepreneur Albert Friesen runs Genesys Ventures Inc., an incubator that has become a veritable biotech company factory. Well-known Winnipeg drug discovery and medical device companies including Medicure Inc., Miraculins Inc., Kane Biotech and DiaMedica Inc. were all partially managed by GVI and some continue to receive its management services.

\* The province through its small business development branch offers a range of business development services that compliment work at other incubators and whose sum total could be equal to an incubator.

\* The YMCA has been delivering the federally sponsored Self-Employment Program for more than 10 years. It provides an intensive training program for people on employment insurance who have a viable business idea.

### **High End Incubator**

The NRC's operation, called BCC (Business Commercialization Coaching or BizComCoaching), has four companies in place and is looking for more.

The four companies at BCC are:

\* Fermion Inc. -- a novel detection system that differentiates chemical, radiological and biological materials;

\* Health Media Network Inc. -- a digital health media network designed to deliver timely health information in waiting rooms of clinics, hospitals and other medical facilities;

\* PrintObjects Inc. -- a video game development company designing unique software for the schools; and

\* R4 Software -- a business process software company looking to double its business over the next two years.

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