

Where MBAs Go....

2

PITCH

What makes funding in an entrepreneurial environment a reality? It may not be the nearest Venture Capital funding source or a high profile venture center. Realizing the dream of starting the next great company is happening with amazing results through the entrepreneurship programs at Colorado universities. The University of Colorado-Denver Business School and the Bard Center for Entrepreneurship (with MBA level programs) are paving the way in the entrepreneurial community for prospective new ventures and giving fledgling companies a fighting chance through access to investors, prominent business leaders, advisor resources and business advocates.

Alexander ("Sandy") Bracken, the executive director of the Bard Center, believes the key role of the center is to prepare the young entrepreneurs for the actual practice of entrepreneurship and to provide a direct link from the classroom to the start-up and development of companies. A primary benefit to the students, according to Bracken, is the Annual Business Plan Competition held each summer.

Each year, the competition has drawn an amazing number of credible students who prepare plans subject to rigorous requirements. The results? The winners may surprise you! It's not about the best plan or the best presentation, or if a company looks like it can be positioned to get funding. It's about the combination of all three.

The Bard Center is hosting this year's competition at the Marriott City Center on June 15th. Mayor John Hickenlooper is scheduled to deliver the keynote. The competition has attracted hundreds of applicants, with only six finalists who will present business plans.

In the last two years, two very different companies secured the much sought after accreditation. Much to the credit of the Bard Center's ongoing resources and involvement in these start-ups, they are each on their way to amazing things.

RevoPower, Inc.

Winner 2003

RevoPower is in the process of developing and commercializing a revolutionary motorized wheel for bicycles. The company was founded in 2003 by Steve Katsaros and John Richards. With fully operational prototypes, patents pending in 26 countries and imminent commercialization, the company appears to have spent the last two years in "progress mode."

Like many start-ups, development lasts many years. The RevoPower product was conceived early on (in 1999). Now, Katsaros and Richards are focusing on the invention itself, with the last two years a serious full-time effort.



Fundraising efforts have proven fruitful. Beginning with the eminent self-funded opportunity for the first year, RevoPower was followed by one successful fundraising effort. "We are currently working on refinements to the product, which will make it compliant with regulatory agencies around the world, decrease the cost of production and bring the product to market in the next 12 months to two years," says Katsaros. "We have been meeting our milestones and have successfully engaged with licensees."

Although all good plans have hurdles, Katsaros says the last two years have seen a succession of engineering challenges, some of them quite considerable (proverbial "showstoppers"), but all have been overcome. According to Katsaros, these efforts have resulted in the production of several working prototypes, the latest of which is quite elegant. "Patience and persistence have been the main ingredients to bringing this incredible product to this stage of development," says Katsaros.

The main objective of the Business Plan Competition is to encourage entrepreneurship. With RevoPower, the first competition (2002), may be accredited with fostering the entrepreneurial endeavor. Katsaros prepared and submitted a plan for the 2002 competition. Although the plan didn't make the final cut, it was successful in providing the product concept with exposure. In mid 2002, Katsaros submitted the design to a competition in *Design News Magazine* and was awarded an Excellence in Engineering Award. This achievement was published and additionally posted on Slashdot.org. Hundreds of people emailed Katsaros, asking about availability of product, manufacturing rights, distribution rights, etc. One individual who contacted Katsaros was John Richards, who had just sold his company. Upon further reflection, Katsaros and Richards wouldn't be working together on this if it weren't for the very first business plan competition.

The creation of RevoPower occurred after many hours of telephone discussions and mutual due diligence. RevoPower was incorporated in on May 16, 2003.

So what is it? According to Katsaros, the key to the value in RevoPower's technology is the "miniaturization" of the engine and gear train so that it fits within the narrow boundaries of the forks of a bicycle. "Prior to the RevoPower invention, all internal combustion engines on bicycles have involved some part of the motor or drive train extending outside the profile of the bike. In many instances, this has resulted in bulky, heavy, and

very inelegant solutions. The RevoPower Wheel, on the other hand, is light, easy to install and can be retrofitted to almost any bicycle."

Katsaros believes the selling point of the RevoPower Wheel lies in its advantage over and above other forms of motorized transportation, especially electric and gas-powered bicycles. "The RevoPower Wheel is light (12 pounds vs. an extra 50 pounds for electric); it can be recharged instantly, giving it a limitless range (vs. 4 hours charging for a 20-mile range); the RevoPowered bicycle can be ridden like a normal bicycle (others are too heavy, and seldom resemble a real bike underneath); its operation is completely natural and intuitive (vs. clunky rollers and chains with various pulleys and controls to operate); and best of all, it's really cool (vs. looking like a nerd on your weird machine)."

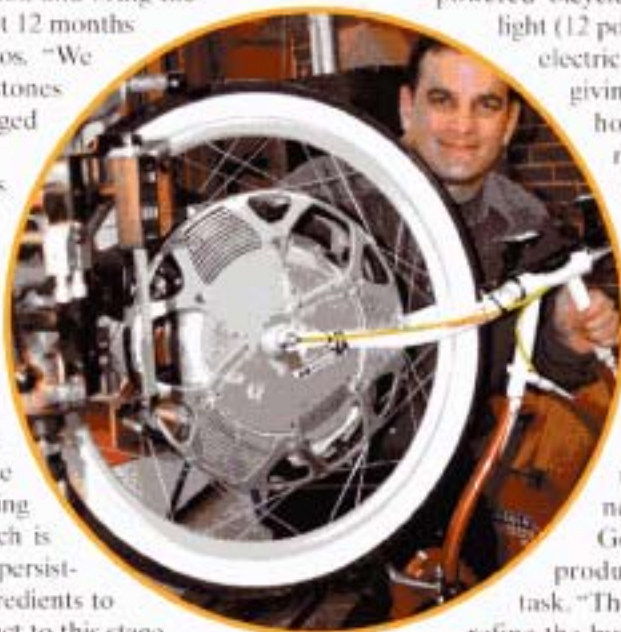
Getting the idea from concept to product seemed a more difficult task. "The first order of business was to refine the business plan," says Katsaros. "It

fit naturally with submitting it to the Bard Center for the 2003 Competition. Winning First Prize provided additional momentum through the generous donations and contacts. Most of the in-kind sponsors have been extremely helpful, and several individuals at the Bard Center have been very generous with their time and contacts."

Companies that filter through the Bard Center range in all sizes and types. RevoPower proved to be an interesting and sizeable player in its market. "It is difficult to put an exact number on the size of our industry because we are creating a new market category by filling a void between two existing markets (bicycles and small motorcycles)," says Katsaros. "We know that 1.4 billion bicycles exist in the world; 5 million small motorcycles are in service in Italy alone, and a whole host of other statistics. We estimate that there is untapped demand for several million units of this product when delivered."

According to Katsaros, growth is eminent. "RevoPower has grown to three full-time men, assisted by two dogs (the machine shop mascots) and a whole host of outside organizations and consultants (as many as nine if you count them all)."

With growth comes more capital. "We have successfully raised money during a small round that closed mid 2004 - call it family and friends," says Katsaros. "We have invested roughly \$1M in the product to date. We are currently back in the market for a more substantial



sum, approximately \$5M, to get the product to market.”

The business plan competition did come with a monetary reward for First Place, but the bigger asset is the business connections, and access to investors and advisors that has proven extremely valuable. According to the Bard Center, it's not about winning the competition that starts a company, it's about the resources and long-term partnerships that the Bard Center structures for its students. Long term assistance is critical for any new company to succeed.

RevoPower expects to have signed a licensing agreement with at least one confidential party on the manufacturing side before June. The future? Extremely bright. With the rising prices of gasoline and the continued urban congestion, RevoPower's product solves problems. “We believe we have almost cracked the code for mobilizing developing countries,” says Katsaros. “With at least 200 MPG, our product is timely considering the current state of the world.”

Two years ago, RevoPower went from a company with a crude prototype, no money, and a vision for a product. Today it is a fully constituted corporation, with patents pending (imminent issue on the first), elegant prototypes, engineering advancements, a host of consultants and companies familiar with the product and committed to its completion. In addition, the feasibility of building the product has been verified by world class manufacturers, and the demand for the product has been validated through contact with the market. Overall, the progress has been impressive, but the journey is only half over.