

The Rock breeds cutting-edge startups

St. John's university gaining reputation for fostering tech spinoff ventures

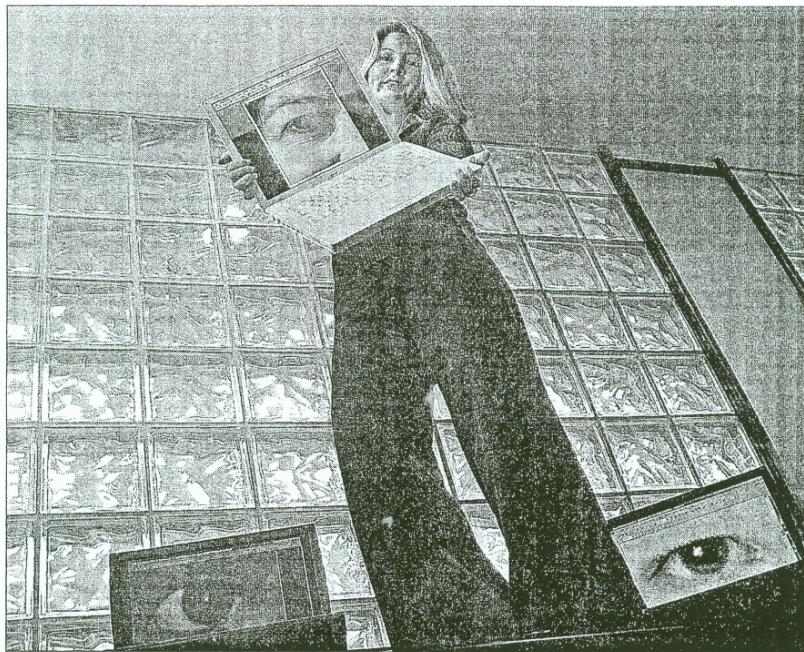
BY LESLIE McNAB

St. John's may be located far from Canada's technology industry heartland, but the engineering faculty at Memorial University of Newfoundland is becoming a breeding ground for technology startups.

The university and its spinoff ventures are helping to make a name for The Rock as a source of business technology and expertise. Take **Isys Corp.**, for example. The tiny St. John's-based company was started in 2000 by three partners — Patricia LeFevre, Rod Hale and John Guzzwell — who met at Memorial's Centre for Cold Ocean Research and Engineering (C-CORE). After working for a number of years on C-CORE research projects, the trio formed the company to develop products based on image analysis technology.

While much of their work has been in the food inspection industry, the group hit on red-eye reduction a few years ago as a hot opportunity in the digital photo business. Isys Corp. now counts Sony as a customer for its red-eye reduction software, and sells to a number of manufacturers in the burgeoning photo kiosk sector. The practical thinking and skill sets that inspired the founding of Isys Corp. are endemic in the university milieu, where there's a melting pot of ideas to be dished up. But ideas must be served on the proper platter to make them appealing to prospective partners and customers, and while Memorial's students and graduates have technical expertise, they often lack practical business experience.

To help startups find the recipe for success, Memorial established the Genesis Centre in 1997. Through its parent company, Gene-



PAUL DALY/THE GLOBE AND MAIL

Patricia LeFevre of Isys Corp. was founded in St. John's by three partners who met at Memorial University. The trio has developed red-eye reduction software for photos that is used by companies such as Sony.

sis Group Inc. (the technology commercialization arm of Memorial), the Genesis Centre both incubates companies and fosters research and development projects at the university.

Genesis Centre manager Keelin O'Leary says that while the myth of building a better mousetrap says the world will beat a path to your door to buy one, in reality it's a much different story.

"The sad truth is that a great entrepreneur can make a success of a mediocre technology," Ms. O'Leary says. "But the best technology in the world isn't going anywhere unless there's an entrepreneur driving it."

The centre provides resources and helps bring products to the global market. Ideas are pitched to the Genesis board, and those selected are given office space, mentoring support and help in developing a business plan.

Since it opened its doors, the Genesis Centre has worked with 29 companies selling products that range from high-tech acoustic guitars to advanced marine navigation and control systems. Its graduate businesses employ 181 people full-time in the province's growing tech sector.

Today, the centre is working with nine startup clients. One of its current crop of entrepreneurs, Mark

Gillingham, was a regional finalist in the 2004 CIBC Student Entrepreneur of the Year awards. His company, **Cathexis Innovations Inc.**, designs asset management systems using radio-frequency ID tags.

Genesis Centre's shining star is **Rutter Technologies Inc.**, a company that makes voyage data recorders for the marine industry. Rutter became a Genesis Centre client in 1999, and in 2001 was acquired by the Conpro Group Ltd. Now the subsidiary has grown from 45 employees to more than 300 worldwide. With sales of almost \$20-million in 2003 and growth of 585 per cent, Rutter was ranked first on the 2004 Deloitte Canadian

Technology Fast 50 List of Companies.

The Genesis Centre's operations are supported each year by \$167,000 worth of office space and infrastructure from Memorial University, plus \$450,000 in cash from the Atlantic Canada Opportunities Agency, a federal government agency that provides funding to develop business and job opportunities in the region. By 2009, Ms. O'Leary says it should be self-sufficient, funded by client royalties.

Still, as Isys Corp.'s Rod Hale points out, getting support from Genesis is only one approach. Other startups that have sprung from Memorial choose to go it alone. Mr. Hale and his partners started Isys without a business plan or even a product idea, but with a good complement of skill sets from years of R&D work with C-CORE.

"We met with Genesis Centre early on, but they were a bit too textbook for where we were going," Mr. Hale says.

The trio was already busy designing image analysis software for use in assembly line food inspection. They built up a financial buffer by doing a year of contract work before choosing a market and developing the red-eye reduction product themselves.

"There are tons of ways to start a company, and tons of ways to grow a company," Mr. Hale says.

Special to The Globe and Mail