

MAINE STATE LEGISLATURE

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Small Enterprise Growth Fund

Periodic Report
125th Legislature's
Joint Standing Committee on Labor, Commerce,
Research & Economic Development

Respectfully submitted
by the
Small Enterprise Growth Board

2011

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To: Joint Standing Committee on Labor, Commerce, Research and Economic Development

From: Small Enterprise Growth Board

Date: January 9, 2012

Re: Small Enterprise Growth Fund 2011 Periodic Report

As required by 10 M.R.S.A., §388(1) and on behalf of the Small Enterprise Growth Board ("SEGB"), we are pleased to submit the Fiscal Year **2011 Periodic Report**, providing a detailed review of the Small Enterprise Growth Fund's ("SEGF" or "Fund") activities, status and successes.

The Fund is once again relatively liquid, thanks to a strong investment return, State support and a new Federal program. These resources position the Fund to continue in its mission *"to provide resources to attract, support and develop eligible small businesses that will contribute to the prosperity of Maine"*.

The SEGF's mission and purpose are as desperately needed now as when the Fund was created. Sources of risk capital for Maine companies continue to be very limited. Neither venture subsidiary of Coastal Enterprises was able to raise a new large fund given the capital market disruptions, though CEI Ventures launched a small fund late in 2011. North Atlantic Capital operates from Maine, but as a later stage investor, and not found any Maine companies in which to invest in many years. The one organized angel group in the State, Maine Angels, continues as a viable group, but their investments have been small, and not limited to Maine companies. In response to these marketplace realities, Maine Technology Institute ("MTI") has reformulated its programs, including bolstering its equity capital allocation (f/k/a Accelerated Commercialization Fund) to companies which need to achieve specific milestones to secure follow-on private investment.

In Fiscal Year 2011 (July 1, 2010 to June 30, 2011), the SEGB screened a number of companies for potential investment, and counseled many other early-stage companies. During the fiscal year, the SEGB invested \$425,211, which included:

- Investments in one promising company, new to the Fund, totaling \$250,000;
- Follow-on investments in each of four existing portfolio companies, totaling \$175,211.

In the balance of calendar 2011, from July 1, 2011 to December 31, 2011, the SEGB has invested an additional \$125,000 as follow-on investments in two existing portfolio companies.



Small Enterprise Growth Fund

Brunswick Business Center | 18 Pleasant Street, Suite 201 | Brunswick, Maine 04011 | 207.373.9306

www.segfmaine.com



We are proud of what the SEGF has accomplished to date. We have developed a process that is flexible and provides entrepreneurs with prompt decisions and guidance. Since its creation, the Fund has been an active participant in the economic development environment in Maine. The accompanying documents, graphs and tables present data portraying the impact of the SEGF, but we would like to share here some of the highlights:

- The successful execution of its mission over the years led FAME to allocate \$3 million of the \$13 million State Small Business Credit Initiative (SSBCI) funds to SEGF. This is a three year Federal program to stimulate small business growth and is precisely aligned with SEGF's mission.
- SEGF plays a key role in Maine's R&D continuum from research to commercialization. Many companies that have successfully leveraged MTI and Maine Economic Improvement Fund ("MEIF") investments are often not ready for traditional venture capital, and the SEGF plays a critical role in filling that gap, helping to continue to shepherd those most promising companies.
- Since 1997, SEGF has catalyzed an additional \$102 million in outside capital invested in its portfolio companies. These investments, paired with the appropriate guidance, position companies to be successful in raising larger investments from professional investors, often from outside the State. The absence of this local infrastructure would result in many entrepreneurs not getting the funds needed to launch, or pursuing their ideas outside the State.
- Since 1997, SEGF portfolio companies have created 6,950 job-years; job years are calculated as the cumulative of one job for one year for FTE employees for all portfolio companies since 1997.
- As of December 2011, SEGF has 16 portfolio companies that employ nearly 227 FTEs at an average salary of \$45,000 plus benefits. The effects of the Great Recession linger, so job growth will continue to be modest, but the portfolio has several companies poised for strong growth.

The Fund works to create linkages to capital providers in and outside of Maine in an effort to bring more attention to Maine-based opportunities. To this end, the SEGF participates in numerous networking events and venture fairs throughout the year, including the biennial Juice Conference and its Pitch Competition, the Speed Venture Summit in Manchester, NH, the Community Development Venture Capital Alliance ("CDVCA"), and the National Association of Seed and Venture Fund's ("NASVF") Annual Conference.

As noted, SEGF management and the Board are active in the entrepreneurial ecosystem in Maine. Management and the Board work with other entities in entrepreneurial development programs and small business counseling; SEGF offers a small scholarship each year to a first-year and a second-year University of Maine MBA student, providing real experience working with a SEGF portfolio company; the Fund employs summer interns from schools like Tuck at Dartmouth, Babson, and Howard University; and management and the Board work closely with portfolio companies and companies of interest, serving as advisors, working with company Boards, and



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helping source additional capital.

We would like to take this opportunity also to recommend that certain highly valuable programs and initiatives continue to be supported as Maine continues to transition its economy from its resource-based past to innovation and modern manufacturing. These include MTI and its portfolio of programs, the Maine Seed Capital Tax Credit, managed by FAME, and the two top incubators in the State, Maine Center for Entrepreneurial Development (Portland) and the Target Technology Center (Orono). The tax credit is a powerful tool for attracting key individual investors into promising companies; making the credit refundable for individuals would help the State's entrepreneurs tap into the large pool of capital in the greater Boston area. The incubators' programs (e.g. "Top Gun") bring the entrepreneurial community together to promote the growth and development of the State's most promising high-growth companies.

We look forward to maintaining a strong partnership with the Legislature to ensure that the SEGF continues its important role in the enhancement of Maine's economic development.

We invite you to contact any of us at any time, and we encourage you to visit our web site at www.segfmaine.com.

The SEGB thanks you for your support.

Respectfully,

Matthew Hoffner
Chair
Small Enterprise Growth Board

Paul R. LePage, Governor

John Butera, Senior Economic Advisor to the Governor

George Gervais, Commissioner, Department of Economic and Community Development

Dr. Tim Ford, Chair, Maine Innovation Economy Advisory Board

Elizabeth Bordowitz, Chief Executive Officer, FAME

William Norbert, Governmental Affairs Manager, FAME



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www.segfmaine.com



About the *Small Enterprise Growth Fund*

Mission:

The mission of the SEGF is *“to provide resources to attract, support and develop eligible small businesses that will contribute to the prosperity of Maine”*. The SEGB seeks to accomplish the Fund’s mission in partnership with other public and private entities engaged in the entrepreneurial and small business marketplace in Maine, including Finance Authority of Maine (“FAME”), Maine Technology Institute (“MTI”), Department of Economic and Community Development (“DECD”) and Technology Centers, privately managed venture capital funds, individual investors, entrepreneurs and small business owners throughout the State.

Governance:

Authority for the Small Enterprise Growth Fund resides with an eleven-member Board of Directors. The Governor appoints ten of these individuals and the eleventh is an Ex-Officio seat for the DECD Commissioner (or his/her designee).

The governing statute has specific experience/knowledge requirements for each gubernatorial board seat appointment:

- *Five members must have relevant experience or background in early-stage investing, or in managing high-growth small businesses,*
- *Three members must have experience in the development of technological innovation,*
- *One must be involved in commercial lending, and*
- *One must be an attorney with experience in securities law.*

Collectively, the current Board members:

- *Have 115 years of private investing experience;*
- *Have invested in over 120 private companies;*
- *Have 173 years in management experience; and*
- *Have been involved in 170 mergers, acquisitions, or company sales.*

The function of the Board of Directors is to determine the Fund’s mission and purpose; to approve investments to qualifying small Maine businesses; to provide ongoing support and guidance to the Fund Manager and SEGF staff, as well as to review performances annually; to provide ongoing support and guidance to SEGF portfolio companies in pursuit of the Fund’s twin goals of driving financial returns and supporting companies in the creation of high quality jobs and other community benefits; and to work closely with the Fund Manager in keeping the Legislature and Governor apprised of the Fund’s activities. This Board devotes a tremendous amount of volunteer time from their very busy schedules to help make this Fund successful.

History:

The SEGF is the State's venture capital fund. It was created by statute by the 117th Maine Legislature in 1996, and through FYE 2010, had received \$9 million in capital from the State through economic development bond proceeds. In June 2010, voters approved another economic development bond, \$4 million of which proceeds went to SEGF, bringing the Fund's total current contributed capital to \$13 million. It is a competitive venture capital fund, meaning many business plans are reviewed, but the Fund invests, after thorough due diligence, in only those companies that stand out as providing the combination of best expected return on investment and the greatest positive impact on the State. Since its first investment in December of 1997, SEGF has invested over \$12 million in 41 Maine companies. There are currently 19 companies in the portfolio. For every \$1 invested by the SEGF, other investors have typically invested an additional \$9 – a clear indication of the importance of the Fund's role as a catalyst for investment in Maine-based companies.

In September 2011, subsequent to the fiscal year, the U.S. Department of the Treasury announced the approval of Maine's State Small Business Credit Initiative (SSBCI) application. In recognition of the SEGF's success and importance in the early stage company sector in Maine, \$3 million of the total \$13.2 million has been made available to SEGF to support its mission.

Two investment examples demonstrate the way the Fund works in the market:

1. *Certify, LLC*. - Certify was founded by Bob Neveu, an experienced software company CEO who had previously founded, grown and sold RecruiterNet, Inc. to a public company for a very strong financial return. The SEGF was an investor in RecruiterNet, and active with its Board in planning and strategic discussions. At Certify, Bob has teamed again with his product development group to launch a product in a rapidly growing market. The SEGF renegotiated the company-offered term sheet to make it more attractive to investors, helping the company offer reasonable terms as it raised almost \$2 million to drive its launch and further product development. The Fund Manager and an SEGB member are actively involved with Certify's Board as the company sets its strategy and tackles the issues of growing a start-up.
2. *Nyle Systems, Inc* – Nyle is a venerated company in Brewer that has been a cornerstone of the local economy since the 1970's. In 2009, a Dutch entrepreneur, familiar with heat pump technology that had taken hold in Europe, but not yet in the US, saw an opportunity with the great workforce at Nyle and its great reputation, to buy the company and accelerate its growth with a new line of heat pump technology products. Subsequent to the purchase of the company, the SEGF joined the new investors and management in providing growth capital. The Fund Manager and an SEGB member are actively involved with Nyle's Board as the company wrestles with the myriad issues of a manufacturing company in a soft economy, which has very high growth potential.

These companies help illustrate the promise that our economic development efforts are beginning to address. The SEGF's partnership with larger regional VC's and angel investors enhance Maine-based opportunities, leading to well-financed companies that generate well-paying jobs.



SEGF Investment Activities - FY11 (7/1/10 - 6/30/11)

Date of Investment	Company Name	Location	Security	Investment	# of FTEs	Type
07/08/10	Bar Harbor Biotechnology, Inc.	Trenton	Series A Preferred Stock	\$75,000	6	Follow-on Investment
08/06/10	Blue Tarp, Inc.	Portland	Series C-1 Convertible Preferred Stock	\$2,211	49	Follow-on Investment
11/17/10	Nyle Systems, LLC	Brewer	Membership Units	\$250,000	20	Initial Investment
11/30/10	Emergent Discovery LLC	Portland	Convertible Note	\$73,000	6	Follow-on Investment
03/11/11	Emergent Discovery LLC	Portland	Convertible Note	\$25,000	6	Follow-on Investment
Total Investments for FY11				\$425,211		
Subsequent SEGF Investment Activities - FY12 YTD (7/1/11 -12/31/11)						
Date of Investment	Company Name	Location	Security	Investment	# of FTEs	Type
12/13/11	Nyle Systems, LLC	Brewer	Membership Units	\$100,000	20	Follow-on Investment
12/22/11	Bar Harbor Biotechnology, Inc.	Trenton	Series A Preferred Stock	\$25,000	6	Follow-on Investment
Total FY12 Investments to date				\$125,000		

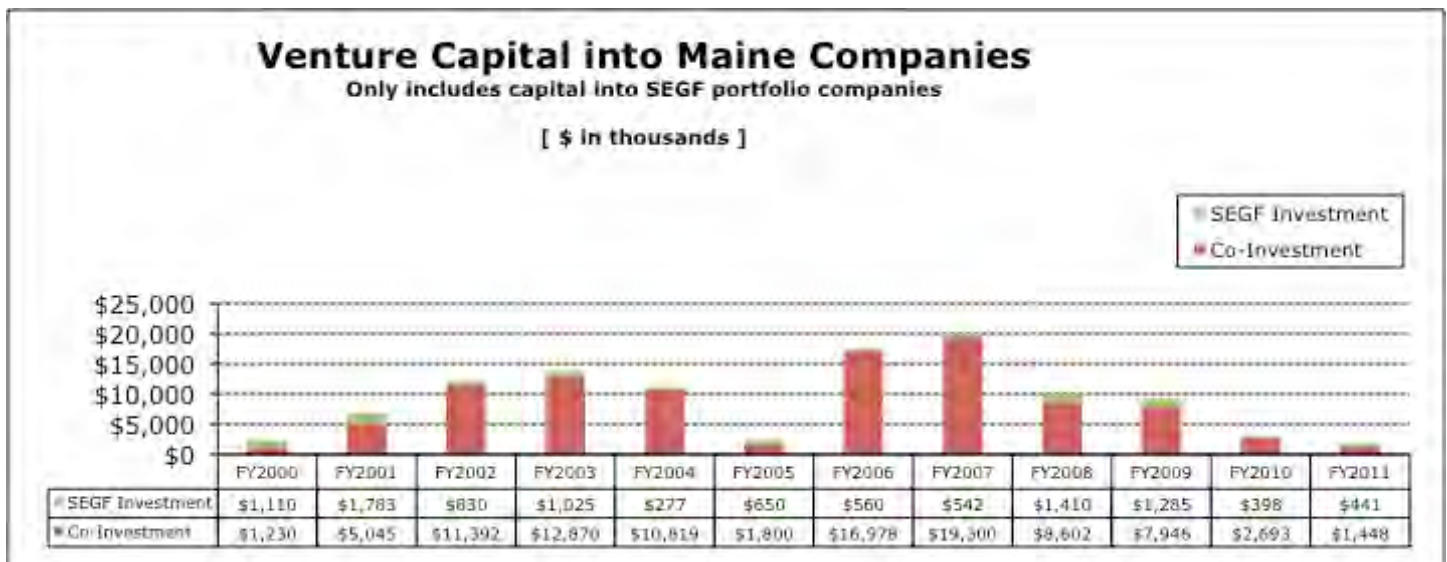


#1 Co-Investment

SEGF invests in Maine companies alongside other venture capital funds and individual accredited investors.

As of December 31, 2011, SEGF has invested \$12.2 million in 41 Maine companies with an average investment of \$300,000 and has catalyzed \$102 million in additional venture capital and angel investment into Maine companies.

For every \$1 invested by the SEGF an additional \$9 is invested in Maine companies.





#2 Job Creation

SEGF portfolio companies provide careers to highly-skilled, educated Maine professionals, and job opportunities for a range of skill levels as companies grow. Typical jobs include: computer programmers, salespeople, chief financial officers, marketing managers, and executives.

- Since 1997, SEGF portfolio companies have created 6,950 job-years: job years are calculated as the cumulative of one job for one year for FTE employees for all portfolio companies since 1997
- Portfolio companies employed nearly 227 people and provided internship opportunities for several Maine business school students each year





#3 Intellectual Property

Many SEGF portfolio companies develop proprietary products, software or brands. Below are a few recent examples of Intellectual Property at SEGF portfolio companies:

■ **Licensing Agreements:**

- **Chemogen, Inc.** has an agreement with **Alere (NYSE: ALR) (fka Inverness Medical)** for the worldwide manufacture and distribution of tests for the rapid detection of *Mycobacterium*, the primary causative agent of tuberculosis.
- **Crossrate Technology, LLC** has an agreement with **UrsaNav, LLC** to use its integrated receiver technology.

■ **PATENT APPLICATIONS**

- **Aiko BioTechnology** - Primary US patent 6,713,488 entitled "Neutral Antagonists and the Use Thereof in Treating Drug Abuse" - issued 3/30/04 w/protection until 2020; Claim 25: "A method of alleviating adverse effects associated with opiod use by an individual in need thereof comprising administration to the individual of a therapeutically effective amount of a naloxone analog..."; Claim 29: "The method of claim 25 wherein the adverse effects of opiod use include alteration of gastrointestinal transit."; an International PCT has issued providing foreign coverage.
- **Aiko BioTechnology** - US and PCT Patent applications No. 60/981,034 for "Combination Analgesic Employing Opioid and Neutral Antagonist" were filed 10/08 - primary teaching is that a neutral antagonist can be administered in an amount to inhibit peripheral effects, and insufficient to block substantial central effects, of the opioid agonist in the subject.
- **Bar Harbor Biotechnology, Inc** - Copy Number Systems and Methods for Statistical Genomic DNA based Analysis and Evaluation - filed January 27, 2006 as a continuation in part of U.S. Patent Application 10/835,541, filed on April 29, 2004, which claims the benefit of U.S. provisional application 60/466,362, filed on April 29, 2003. This is an application of the GPR in any circumstances where change in the copy number of a gene is of interest.
- **Emergent Discovery** - Issued patent: "Clusters for Rapid Artist-Audience Matching". Pending patents include: "System and Method for Measuring Rater Reliability through Rater Prescience"; "Enabling Recommendations and Community by Massively distributed nearest neighbor searching"; and "A Method for Deriving interesting Recommendations from a Taste Neighborhood".
- **Nyle Systems, LLC** – Patent No. 7266959 for Heat Pump; expired patent on lumber dryer.



#4 Network Building

The SEGF maintains relationships with a broad range of regional economic development agencies as well as equity and near-equity providers, and is an active participant in Maine's entrepreneurial neighborhood.

The SEGF is highly selective in the companies in which it invests; however, the Fund's Management Team actively assist all interested companies in finding appropriate capital and resources. To this end, the SEGF often refers companies to other Maine resource and capital providers.

Memberships, Affiliates, & Co-Investors



www.nasvf.org



www.cdvca.org



www.mitc.com



www.mainetechnology.org



www.ceimaine.org



www.econdev.com



www.maineangels.org



www.famemaine.com



www.mced.biz



#5 Portfolio Returns

It is the aim of the SEGF to grow the size of the Fund “organically” through “harvesting” investments made by the Fund. The most common “successful” liquidity event for the SEGF is when a portfolio company is sold to another larger company at a price per share significantly higher than the price SEGF paid for shares in the company. The SEGF has had a number of successful “exits” over the years; exits which have returned capital to the Fund greater than that invested, and which money was then used to invest in other promising Maine companies.

■ *With the \$13 million of state funds (\$5mm in 1998; \$3mm in 2000; \$1 million in 2006; \$4mm in 2010), the SEGF has invested \$12.1 million dollars in Maine companies and paid for 12 years of fund operations to date.*

■ *The following table contains 4 examples of portfolio returns:*

SEGF Portfolio Company	Industry	Date of First investment	Total Investment Amount	Capital Returned to SEGF	Rate of Return	Type of Exit
Anodyne Health Systems, Inc.	Healthcare Services	August 2006	\$425,000	\$878,088	IRR: 33%; 2X investment	Company sold to athenahealth, Inc. (NASDAQ: ATHN), and AdvantEdge
RecruiterNet, Inc.	Software	June 2001	\$250,000	\$1,961,294	IRR: 63% 8X investment	Company sold to First Advantage (NASDAQ: FADV)
Phytex, LLC	Specialty Chemicals	Sept 2001	\$150,000	\$195,945	IRR: 29% 1.33X investment	Partner buyout of SEGF
Angela Adams	Consumer Products	October 2002	\$400,000	\$600,000	IRR: 15% 1.5X investment	Company repurchased stock and sold to new investor
Capricorn Products, Inc	Medical device supply	October 1998	\$150,000	\$213,834	IRR: 8% 1.4X investment	Repayment of Note
ComNav Engineering	Electronics Manufacturing	January 1998	\$150,000	\$237,356	IRR: 2% 1.6X investment	Repayment of Note



#6 Education and Economic Development

In addition to working with portfolio companies and Maine companies interested in risk capital, the fund typically holds an educational networking event each year, and participates in entrepreneurial and small business events Statewide. Below are a few examples:

- **The Shawn McKenna Scholarship for University of Maine Business School MBA Students Enrolled in the MBA 2-Year Program:** *In 2010, the Fund, in conjunction with the University of Maine MBA Program, created a scholarship program, wherein a competitive scholarship is awarded to a student of the program, selected through an application and interview process, each fall. In addition to the scholarship funds for tuition and course credit, the recipient receives a two-year opportunity to work as an SEGF Intern on specially selected projects with SEGF portfolio companies under the guidance of the SEGF Management Team. Workspace for the student is provided by the Foster Student Innovation Center, on the University campus. The goals of this internship and scholarship is to excite and inform talented Maine business students on the innovative and entrepreneurial activities in this state, a great opportunity for students interested in venture capital, entrepreneurship and economic development. In addition, Fund Manager, John Burns, teaches a consulting course at the University wherein MBA students work directly with SEGF portfolio companies on strategic projects.*
- **Maine Center for Entrepreneurial Development's ("MCED") Top Gun Program:** *This program was developed to teach emerging entrepreneurs what they really need to know to manage and grow a successful growth-oriented business. John Burns, SEGF Fund Manager, serves on the Top Gun Advisory Board and as a mentor and sometimes panelist throughout this twelve-week program. The SEGF further provides sponsorship and volunteer time during the working session for the final entrepreneur pitch event.*
- **Mainebiz Momentum Convention:** *Fund Manager John Burns served as a panelist for the conference's Access to Capital session.*
- **CEO Dinner:** *SEGF portfolio company CEOs and invited guests came together in the fall of 2010 with SEGF Board Members and Management Team for an evening of networking and idea sharing, and to hear guest speaker, Governor Angus King. In the fall of 2011, the event was expanded to include a training session for company CEO's, with the evening capped by a presentation from Michael Dubyak, CEO of Wright Express.*
- **National Entrepreneurial Week:** *Each February since 2009, the SEGF organize a "Calling All Entrepreneurs" event, in Brunswick at Bowdoin College, where aspiring entrepreneurs "pitch" their business idea to investors and experienced professionals. Participants received advice, feedback and knowledge of the many business support programs in the State.*

- **JUICE 3.0 Conference:** *The Juice Conferences are biennial successors to a 2004 Blaine House Conference on the Creative Economy called by Governor Baldacci to focus the spotlight on the contributions to economic development by Maine citizens and businesses working in cutting edge technologies, the arts and culture. This movement was given additional impetus by the release in 2006 of Charting Maine's Future, a Brookings Institute report on An Action Plan for Promoting Sustainable Prosperity and Quality Places in Maine. The creative economy is now an integrated part of the State's economic development strategy. The SEGF sponsored, volunteered and also organized and facilitated a \$30,000 pitch contest for entrepreneurs as part of the Juice 2.0 Conference held in September 2009 in Camden, and again in 2011 for an expanded \$150,000 pitch contest as part of Juice 3.0.*
- **Kauffman Foundation Angel Investing Seminar:** *SEGF organized and hosted a one-day educational event on angel investing in Bar Harbor on September 2007.*
- **Food for Thought Forum:** *SEGF organized and hosted a networking event for Maine food companies in October 2006. The event was the precipitate to the development of the now extant Maine Food Producers Alliance, trade group for Maine's growing specialty food cluster.*



AIKO Biotechnology, Inc
Website: www.aikobiotech.com
Location: Portland, ME
ME Employees: 1

Management Team
Janet Yancey-Wrona, Chief Operating Officer

Other Major Co-Investors
Individuals

Other State of Maine support:
Maine Seed Capital Tax Credit Program ("MSCTC")
Maine Technology Institute ("MTI") Development Award

SEGF Investments
December 2009: \$75,000

Total other capital raised: \$403,000

Company Overview
AIKO Biotechnology is an exciting early stage drug discovery company developing drugs to increase the safety and efficacy, and reduce the odious side effects, of prescription pain relievers like Oxycontin. The novel core technology is based on the research and patents of AIKO co-founders Drs. Wolfgang Sadée and Ed Bilsky. AIKO developed highly positive data in animal models, manufactured clinical material, and completed pilot studies in humans demonstrating, for the first time, safety, tolerability and improvement in bowel function from its lead compound.



Bar Harbor Biotechnology, Inc
Website: www.bhbio.com
Location: Trenton, ME
ME Employees: 7

Management Team
Rob Phelps, CEO

Other Major Co-Investors
Borealis Ventures
Fairlane BioVentures, LLC
Individuals

Other State of Maine support: Maine Seed Capital Tax Credit Program ("MSCTC")
Maine Technology Asset Fund (MTAF) Award
Maine Technology Institute ("MTI") Development Award

SEGF Investments
August 2009: \$144,662
October 2009: \$50,000
July 2010: \$75,000
Total Cost: \$269,662

Total other capital raised: \$2,060,000

Company Overview
Bar Harbor Biotechnology develops and delivers innovative molecular biology products and services that advance life science research and clinical medicine. Current customers span the world and span the assortment of genetics researchers and research facilities. The company has most recently developed some exciting IP around gene copy number variation with applications for diagnostics and therapeutics.



Blue Tarp Financial, Inc

Website: www.bluetarp.com

Location: Portland, ME

ME Employees: 49

Management Team

Lou Collins, Acting CEO & CFO

Other Major Co-Investors

Coastal Ventures

Flybridge Capital Partners

Highland Capital Partners

Little Diamond Island Enterprises

Spicewood Investment Partners

Trinity Ventures

Village Ventures Partners Fund

Other State of Maine support: MSCTC

SEGF Investments

May 2003: \$350,000

2004 (various dates): \$142,012

February 2006: \$10,000

August 2010: \$2,211

Total Cost: \$504,223

Total other capital raised: \$39,250,000

Company Overview

BlueTarp Financial, Inc. provides commercial trade credit services to more than 400 building material dealers and 10,000 contractors across the United States. BlueTarp dealers benefit from increased cash flow, reduced back office work, and a healthier bottom line. BlueTarp contractors enjoy a rewards program that allows them to earn points with every purchase and view detailed purchases data via online reporting. This value proposition is unique in the building material and supply industry.



Certify, LLC

Website: www.certify.com

Location: Portland, ME

ME Employees: 9

Management Team

Bob Neveu, CEO

Alan Neveu, CTO

Heath McArthur, Director Business Development

Other Major Co-Investors

Individuals

Other State of Maine support: MSCTC

SEGF Investments

August 2009: \$150,000

Total Cost: \$150,000

Total other capital raised: \$1,779,000

Company Overview

Certify is the leading self-service, online expense management solution for small to midsize companies. Organizations worldwide fill out [expense reports](#) quickly, easily, and cost effectively because there is no expense report software to buy or maintain.



Chemogen, Inc

Website: www.chemogen.com

Location: South Portland, ME

ME Employees: 1 part-time

Management Team

John O'Sullivan, President

Other Major Co-Investors

Masthead Venture Partners

Coastal Ventures

Flory Investments

Other State of Maine support:

MTI Development Awards

MSCTC

SEGF Investments

December 2001: \$250,000

April 2004: \$144,932

May 2006: \$55,000

Total Cost: \$449,932

Total other capital raised: \$6,700,000

Company Overview

Chemogen, Inc. is a biotechnology company which developed a novel and proprietary platform technology for the rapid diagnosis of infectious diseases. The initial application of this technology is in the area of tuberculosis ("TB"), the world's deadliest infectious disease. Chemogen has an agreement with Alere (NYSE: ALR) for the worldwide manufacture and distribution of tests for the rapid detection of Mycobacterium, the primary causative agent of tuberculosis.



Coast of Maine, Inc

Website: www.coastofmaine.com

Location: Portland, ME and Marion Township, ME

ME Employees: 14

Management Team

Carlos Quijano, President

Peter Bottomley, VP Sales

Cameron Bonsey, VP, Marketing

Other Major Co-Investors

Coastal Ventures

Other State of Maine support: Community

Development Block Grant

SEGF Investments

February 2000: \$85,000

Total other capital raised: \$385,000

Company Overview

Coast of Maine, Inc. has been making the finest compost-based specialty soils since 1996. These include an exceptional potting soil, soil amendments and conditioners as well as very old bark mulches. All products are certified for use in growing organic crops by M.O.F.G.A. and are available at fine garden centers and specialty stores across the Northeast.



Common Census, Inc

Website: www.commoncensus.com

Location: Westbrook, ME

ME Employees: 17

Management Team

Daniel Freund, President

Other Major Co-Investors

Individual Investors

Other State of Maine support: MSCTC

SEGF Investments

December 1999: \$175,000

February 2000: \$100,000

April 2000: \$225,000

Total Cost: \$500,000 (\$235,000 of which has been repaid as of 12/31/11)

Total other capital raised: \$1,903,050

Company Overview

Common Census, Inc. creates and markets technology to enroll and manage employee benefits. Customers include: insurance carriers, producers, enrollment companies, human resources departments and the employees they represent.



Emergent Discovery, LLC

Website: www.emergentdiscovery.com

Location: Portland, ME

ME Employees: 7

Management Team

Diane Sammer, CEO

Barry Kurland, President & COO

Other Major Co-Investors

Individuals

Other State of Maine support: MTI DA, MSCTC

SEGF Investments

February 2009: \$100,000

September 2009: \$46,154

June 2010: \$77,000

November 2010: \$73,000

March 2011: \$25,000

Total Cost: \$321,154

Total other capital raised: \$1,525,000

Company Overview

Emergent Discovery has developed taste targeting solutions that use collaborative filtering and other techniques to deliver personalized "automated word-of-mouth" recommendations and targeted ads and content, and create connections between like-minded users. Customers and partners use E.D. solutions to provide a richer, more personalized experience to their users, generate more demand into their catalogs, and increase the use of editorial and promotional content on their site.



Harbor Technology, LLC

Website: www.harbortech.us

Location: Brunswick, ME

ME Employees: 40

Management Team

Martin Grimnes, Founder, CEO & Board Chair
Judy Knaub, CFO
Rob Fuller, COO

Other Major Co-Investors

Individual investors

Other State of Maine support: MTI DA, MSCTC

SEGF Investments

April 2009: \$150,000

Total Cost: \$150,000

Total other capital raised: \$1,405,000

Company Overview

Harbor Technologies, LLC, (HT) manufactures cost competitive composite products designed as a long-lasting and environmentally friendly solution to the problems associated with maintaining and repairing rusting steel and worm eaten wood used in marine and other infrastructure. HT's products are used for marine infrastructure construction, providing the basic framework for building piers, ports, harbors and marinas. These products include composite pilings, composite dock systems, stay in place concrete forms, as well as composite decking. With these products, HTI markets the ability to deliver complete system solutions that offer fast construction and the ability to outperform conventional construction systems in both cost and longevity.



Interspec, LLC

Website: www.e-specs.com

Location: Portland, ME

ME Employees: 11

Management Team

Michael Brennan, President
Gil Letourneau, CTO & Co-founder

Other Major Co-Investors

Individual investors

Other State of Maine support: MTI DA, MSCTC

SEGF Investments

June 2001: \$150,000

January 2003: \$50,000

January 2004: \$3.33

Total Cost: \$200,003.33

Total other capital raised: \$1,400,000

Company Overview

InterSpec, LLC provides construction document management solutions and services built on its patented e-SPECS® specification management technology. e-SPECS software automates the specification process by extracting the product and material requirements directly from the project drawings. For architects and engineers who spend many hours on every project preparing construction specifications, e-SPECS software saves time and money while ensuring that the construction drawings are coordinated with the specifications.



Looks Gourmet Food Company, Inc

Website: www.barharborfoods.com

Location: Whiting, ME

ME Employees: 20

Management Team

Mike Cote, President & CEO

Cynthia Fisher, VP Marketing & QA

Michael Sansing, General Manager

Richard Davis, Plant Manager

Derrick Fitzsimmons, Production Manager

Other Major Co-Investors

Sea Change Investment Fund

World Finer Foods, Inc

Other State of Maine support: None

SEGF Investments

August 2007: \$300,000

Total other capital raised: \$1,618,000

Company Overview

Looks Gourmet Food Company, Inc. is a maker of premium seafood products. The company's seafood and other fine foods are made in small batches and packed and canned mostly by hand, just like people on the coast of Maine have been doing for generations.



Nyle Systems, LLC

Website: www.nyle.com

Location: Brewer, ME

ME Employees: 20

Management Team

Ton Mathissen, CEO

Don Lewis, VP Technology

Other Major Co-Investors

Individual investors

Other State of Maine support:

SEGF Investments

November 2010: \$250,000

November 2011: \$100,000

Total Cost: \$350,000

Total other capital raised: \$2,247,720

Company Overview

Nyle Systems is an innovative company that has developed a world-wide reputation for expertise in high temperature heat pumps. Thousands of Nyle Dry Kilns are used around the world for kiln drying lumber in the most energy efficient manner possible. Nyle's patented technologies are also used in drying other products such as food and industrial products ranging from fish, to candy and industrial powders and casting molds as well as innovative energy recovery systems. Nyle is dedicated to the design, manufacture, installation, and service of Heat Pump technology products that meet the needs of its customers and the environment. All Nyle's manufacturing is conducted in Brewer, Maine USA.



Pantheon Guitars, LLC

Website: www.pantheonguitars.com

Location: Lewiston, ME

ME Employees: 13

Management Team:

John Karp, CEO

Dana Bourgeois, Founder & Production

Bonni Lloyd, VP Sales

Other Major Co-Investors

Individual Investors

Other State of Maine support: MTI Seed Grant

SEGF Investments

May 2001: \$208,000

January 2002: \$30,000

August 2002: \$150,000

April 2011: \$16,000

Total Cost: \$404,000

Total other capital raised: \$776,000

Company Overview

Pantheon Guitars, LLC is one of the best "small shop" acoustic guitar builders in the world. Dana Bourgeois, a well-known master luthier, designs pantheon Guitars. All Pantheon guitars are handcrafted in Maine and carry the Bourgeois headstock signature which guarantees a level of quality that player and enthusiasts alike come to expect in fine steel string acoustic instruments.



Redzone Wireless, Inc.

Website: www.redzonewireless.com

Location: Rockland, ME

ME Employees: 5

Management Team

Jim McKenna, CEO

Other Major Co-Investors

Coastal Ventures

Individual Investors

Other State of Maine support: ConnectME grants.

SEGF Investments

November 2005: \$200,000

March 2007: \$200,000

December 2008: \$50,000

Total Cost: \$450,000

Total other capital raised: \$737,500

Company Overview

RedZone Wireless, Inc. provides affordable high-speed Internet service to communities in Maine. The company's vision is to provide affordable high-speed Internet service in underserved areas of Maine, and New England. The redZone network consists of a combination of proprietary wireless mesh, and standards based 802.11 Wifi technology.



Stillwater Scientific Instruments, Inc.
Website: www.stillwaterscientific.com
Location: Orono, ME
ME Employees: 1

Management Team:
David Ferris, Executive Chairman

Other Major Co-Investors
Coastal Ventures
Flory Investments
Launch Momentum
Maine Technology Institute - ACF

Other State of Maine support: Target Tech
Center tenant, MTI DA, MSCTC

SEGF Investments
August 2005: \$200,000
April 2007: \$26,658
April 2007: \$125,000
June, Sept, Nov 2008: \$55,492
February 2009: \$15,469
Total Cost: \$422,619

Total other capital raised: \$2,844,394

Company Overview
Stillwater Scientific Instruments, Inc. is a Maine-based life sciences technology company dedicated to developing the most advanced spectrometry solutions for analytical and scientific applications. Stillwater's technology enables the development of instruments and systems, such as a Mass Spectrometer, to perform measurements faster, more efficiently, with a larger dynamic range, higher sensitivity, higher mass range, and better mass accuracy.



Warrior (Aero-Marine), Inc.
Website: www.centaurseaplane.com
Location: Scarborough, ME
ME Employees: 0

Management Team:
James Labouchere, President

Other Major Co-Investors:
Individuals

Other State of Maine support: CDBG – Sanford

SEGF Investments
April 2003: \$ 300,000

Total other capital raised: \$300,000

Company Overview
Warrior (Aero-Marine), Inc. is an engineering firm specializing in the development of aircraft. The company's Centaur aircraft is a 6 or 7 seat composite amphibious flying boat. The wings can be actuated to fold while on the water to enable access to marina docks and yacht berths. The configuration suits turboprop and piston engines.



Small Enterprise Growth Board

An eleven-member Board of Directors appointed by the Governor oversees the Small Enterprise Growth Fund. Board members have relevant experience or background in early-stage investing, managing or investing in high-growth small businesses, the development of technological innovation, commercial lending or securities law.

As appropriate or necessary, the Board will seek advice on technical feasibility and market demand from a variety of sources including independent experts, the University of Maine System, the Maine Small Business Development Centers and the Maine Technology Institute.

- ❑ **Matthew A. Hoffner, Chair**, came to Maine in 1987 after 10 years as an engineer and manager for *Exxon Corp.* He was one of the original managers for *Wright Express Corp.* and was the Senior Vice President of Sales and Marketing for 10 years. He was then the founder of *Integra Associates*, a sales and marketing outsourcing company based in Westbrook, Maine. In 2000, he joined two other partners to start *JobsInTheUS.com (JiUS)*, the parent company for *JobsInME.com* and fifteen other state-specific job boards. As President and CEO of *JiUS*, the company grew to become the largest job board in the Northeast and was sold to the *Journal Register Corp.* in 2006. Mr. Hoffner stayed on as President until July 2007. He is now a part-time instructor at the University of Southern Maine and a math instructor for the Portland Public Schools.
- ❑ **Howard A. “Skip” Bates, Co-Vice Chair**, VP and Regional Market Manager with Bangor Savings Bank, is responsible for oversight of the retail branches in the mid-coast Maine area. Mr. Bates is active in the economic development community, having served as Board Chair of *Midcoast Magnet*, a networking organization for creative entrepreneurs. He is a founder of the *Juice Conference*, a statewide organization taking action to support the creative economy in Maine. Previously, Mr. Bates spent 11 years with *MBNA America* as an operations manager responsible for several different aspects of the credit card industry. He has lived and worked in Japan where he founded a language school and earned a masters degree in U.S.-Japanese relations.
- ❑ **Stephen R. Goldberg, Co-Vice Chair**, is currently the Principal at Stephen Goldberg Consulting, an establishment that provides Strategic Consulting for the Retail Food Industry including retailers, as well as manufacturers and vendors specializing in Natural, Organic, Specialty and Prepared Foods. Previously, Stephen served with Whole Foods Market from 1988 until 2007, ending his tenure as Regional Vice President, UK. Before his position as Regional Vice President, Mr. Goldberg served as the Prepared Foods Director for the North Atlantic Region. Stephen has over 20 years of experience in the industry and is an accomplished chef and avid food enthusiast.
- ❑ **Kimberley A. Niles, Treasurer**, is currently the Chief Financial Officer of North Atlantic Capital. North Atlantic Capital is a Maine based venture firm investing in technology-oriented companies, primarily on the east coast. Prior to joining North Atlantic, Ms. Niles held various roles in public accounting and private industry. Ms. Niles has a BS from the University of New Hampshire and is an active committee member for the Whittemore School of Business and

Economics Alumni Association. She is a Certified Public Accountant licensed in the State of Maine.

- ❑ **Corson “Corky” Ellis** is Chairman and Founder of Kepware Technologies (www.kepware.com), a Portland company that writes industrial communications software for the factory, Smart Grid, Building Automation and oil and gas sector. Mr. Ellis is very involved in technology economic development in Maine. He is a board member of the Maine Center for Entrepreneurial Development, and the Gulf of Maine Research Institute. Mr. Ellis graduated from Amherst College and received a Masters in Business Policy degree from Columbia University.
- ❑ **Gregory S. Fryer** is a Partner in the law firm, *Verrill Dana LLP*. Mr. Fryer’s specialty is corporate and securities law and venture capital. He joined *Verrill Dana* in 1986, after having practiced in New York and Atlanta.
- ❑ **Mark D. Kaplan, CFA**, Managing Director, MerchantBanc LLC. Prior to joining MerchantBanc in April 2011 he served as Managing Director of CEI Ventures, Inc., based in Portland, Maine. He joined CEI Ventures in 1999 after serving as founding Chair of its Board of Directors for five years. He has significant executive, financial and investment industry experience spanning more than twenty-five years. Prior to CEI Ventures, he served as Managing Director of Forum Financial Group, a mutual fund company, Managing Director and Director of Research for HM Payson & Co, an investment advisory and trust services firm, and as a member of the investment department of Unum Life Insurance Company, now Unum. Mr. Kaplan has served on the boards of numerous portfolio companies at CEI Ventures. Presently he is a board member or observer of Chemogen, Inc., and NextMark, Inc. He is also active in community service, serving as a board member of the Maine Center for Enterprise Development, a Portland based incubator, and on its Top Gun Advisory Board. Mr. Kaplan serves on the investment committees of the Maine Health Access Foundation and United Way Foundation of Greater Portland. He is a past president of the boards of the Jewish Community Alliance of Southern Maine and Congregation Bet Ha’am. He earned his BA from the University of Michigan-Flint and MBA from Boston University Graduate School of Management. He was awarded the Charter Financial Analyst (CFA) designation in 1986. He also participated in the NVCA-NASBIC Venture Capital Institute Certificate and Graduate Programs.
- ❑ **Charles G. “Kip” Moore** created *Little Diamond Island Enterprises* in Portland in 1993 to make early-stage investments in technology companies, with a focus in the areas of software, computer services and data communications; a majority of Mr. Moore’s recent investments have been in early-stage Maine companies. Prior to moving to Portland Mr. Moore was a General Partner of *Welsh, Carson, Anderson & Stowe*, a New York based venture capital firm that has been making investments in information processing and health care companies, from 1981 through 1994.
- ❑ **Deb Neuman** currently serves as Deputy Commissioner for Maine’s Department of Economic and Community Development. Prior to her current position she served as the Director of the Target Technology Center at the University of Maine. A renowned small business expert, coach, trainer, broadcaster, columnist, and public speaker - she has appeared on radio, tv and in publications from Maine to Spain offering business advice and tips. Ms. Neuman produces and hosts the award winning “Back To Business” talk radio show on WVOM in Maine and affiliate stations through out New England. She was named the 2007 “Small Business Journalist of the Year” by the US Small Business Administration for Maine and New England and the “Small Business Financial Services Advocate of the Year” in 1999. She has owned and operated a number of successful businesses in Maine. A graduate of the University of the Pacific, she has called Maine her year round home since 1986.

- **Christopher S. Pizey** has held various management positions, over the past 20 years, involving computing technologies, interactive media and new business development. While at *Andrews McMeel Universal*, Mr. Pizey led corporate new media ventures, including the founding of uclick LLC. While CEO of uclick he engineered new business initiatives including digital content syndication, web publishing, wireless content licensing and distribution deals with over 300 of the Web's premier publishers, portals and mobile phone networks. Mr. Pizey recently returned home to Maine where he is assisting his family's business, *Hissong Development Corp.*, to grow their real estate development and construction businesses to include heavy construction materials and services, such as ready-mix concrete and aggregates.

- **Susannah Swihart** serves as a director of the Dead River Company, Maine Medical Center, the Boys & Girls Clubs of Southern Maine, and Common Good Ventures. Formerly she spent twenty years at BankBoston Corporation, where she was Vice Chairman and Chief Financial Officer. Earlier BankBoston responsibilities included running banking units that financed industry specific and technology companies, serving on the bank's venture capital boards, managing the development of corporate credit information, overseeing brand development, and serving as chief of staff to the CEO. Ms. Swihart has an MBA from Harvard Business School, an AB from Harvard College, and a high school degree from Lake Region High School, Naples, Maine.



Fund Management

▪ John Burns, CFA, Fund Manager

John has over twenty-six years of experience in institutional investing. Prior to joining SEGF as the Fund Manager in 2000, he served as Second Vice President and Portfolio Manager for UNUM Corporation, where he managed domestic and international portfolios. With the SEGF, he has played a role in bringing capital to more than 31 Maine companies to date, and has steered the SEGF through a number of returns of capital to the Fund. Since 1997, John has been an Adjunct Faculty Member at the University of Maine Business School.

John holds the Chartered Financial Analyst (CFA) designation, and has held the Series 7 NASD license. He holds an MBA, with high distinction, from Babson College, and a MS degree in Resource Economics from Penn State University. Mr. Burns completed his undergraduate work at the University of Maine.

John serves on the following Boards of Directors:

- Maine Innovation Economy Advisory Board
- Maine Investment Exchange (MIX)
- CEI Community Ventures, Inc.
- ConnectME Advisory Board

■ Jayme Okma Lee, Fund Associate

Jayme joined the SEGF in 2005 as a Fund Associate. Prior to joining the SEGF, she worked for General Motors as a marketing and financial analyst, and as a management consultant in the pharmaceutical industry. Jayme received an MBA from the University of Maine where she had the highest cumulative GPA in her class. She graduated Magna Cum Laude, with honors, from Bowdoin College with an A.B. in Economics and Mathematics.

■ Terri Wark, Fund Administrative Associate

Terri joined the SEGF in 2001 as Administrative Associate. Prior to that, she was employed for nearly ten years with the Finance Authority of Maine (FAME) in the Small Business and Commercial Loan Division.

Terri attended the University of Maine.