

## **BA506 Projects Fall 2001**

### **ORTDA Project List (All can be used for Technology Option)**

**\*\*Note: Only 1 of the following 3 ORTDA projects can be chosen.**

#### **1. ORTDA(1) Medical Information Technology Strategic Analysis**

This is a small company that has developed series of software products to enable diabetes patients to better track their activities, diet, insulin dosage, and glucose levels; and for physicians and caregivers to track their diabetic patients' status and compliance. The company has rolled out its physician office product and has also negotiated a development contract with a major medical device company. The company recently closed on an equity round of financing, hired a national sales manager, and is rolling out its patient care product.

Although the company is stable and near breakeven, critical questions related to market identification must be answered if the company is to grow and if there is to be a return for investors. Initially, a clear identification of the real market for this product is required: who receives the benefit: caregiver, payor/insurer, patient? Who purchases and pays for the product? Who receives the benefit for the product? Who should be marketed to? Sold to? Significant long term questions for the company include strategy (partnerships or alliances with an eye towards ultimate acquisition), physician adoption, channel identification and marketing strategies that utilize a combined patient/caregiver approach.

This is a high-profile, urgent project where the team will work directly with the CEO and VP of Sales.

#### **ORTDA(2) Medical Device Market Study**

This project will evaluate the market for a medical device and recommend marketing, sales, and alliance strategies that will maximize product revenue growth and company value. The product exists, has Medicare reimbursement approval, and has a small group of committed, regular customers. A recently formed company has been constituted to develop and implement the marketing, distribution, and sales effort. Help is needed to define the marketing and sales issues in the complex medical device marketplace, examine market segmentation and pricing/distribution strategies, and develop a report that summarizes how the company can best expand the sales of the product with the company's limited resources, with a focus on maximizing shareholder return.

#### **ORTDA(3) Strategic Analysis: Construction Materials Industry**

This is a start-up that has developed a hollow, fiber composite reinforcing rod for concrete structures for use in applications where conventional steel rebar is susceptible to corrosion. It also enables the wiring of "smart structures" where sensors and communications systems can be embedded within the structure itself. While the company believes that its process for producing the rebar is nearly complete, significant time, testing, and investment funds will be required to perfect the manufacturing process, validate the product in actual structures, and obtain code adoption.

A corporate strategic plan is required that addresses

- the size and scope of the market opportunity
- the strategy by which this technology should be brought to market (i.e. stand-alone company, joint venture, license)
- valuation issues
- based on strategic recommendations, the proper corporate structure

## **2. The Oregon Resource and Technology Development Account (ORTDA): Oregon's Seed Venture Fund (Can be used for both Technology and Finance Options)**

The Oregon Resource and Technology Development Corporation (ORTDC) was created in 1986 and was funded initially by \$12.3 million from the Oregon Lottery to address the scarcity of early-seed capital for business formation. From 1999 until 2001, the fund was inactive. However, after an additional \$5 million was appropriated in the 2001 legislative session, it was merged with the Oregon Growth Account to become the Oregon Resource and Technology Development Account (ORTDA). It is anticipated that the ORTDA will resume investment activity in the latter half of 2001.

ORTDA's charter is to provide early-stage funding, management assistance, and business development support for new companies. Its current priority is to provide the early-stage capital to commercialize technology developed at Oregon's public and private universities and research institutions. Although Oregon now has 16 venture capital funds and more than \$300 million in Federal research funds going to its research universities, there is currently no entity focused on establishing a link between these venture funds and research funds to effectively create businesses and commercialize the knowledge created in Oregon's scientific and research institutions. The economic potential of the scientific discoveries cannot be captured without the support of the ORTDA mechanism.

This project seeks to compare ORTDA's structure with that of other state venture funds. It should provide the student team with an in-depth introduction to the field of venture capital, and in particular to the role of the public sector in making and stimulating start-up investments. The team will have the opportunity to interact extensively with the ORTDA fund managers.

Given ORTDA's status as a state-sponsored venture capital fund, questions that need to be better understood relate to

1. fund structure: how does ORTDA's structure and business model compare to venture funds organized by other states? How is size and investment focus comparable? How are public-private relationships encouraged and structured between the fund and the private sector? How have comparable private sector funds focused on university research commercialization fared? What is their structure and their success to date?
2. compensation: how is the fund's management compensated (immediate, deferred, and incentive compensation)? How does this compare with private sector venture funds?
3. staffing and budget: how are such funds staffed? Are managers public or private sector employees? How does this affect performance? What are such fund's operating budgets, and how do these compare with comparable private sector funds?
4. performance: how is performance measured? What metrics are important for the various stakeholders served by the fund: the state, the fund itself, the fund managers, portfolio companies, etc.? What performance have other state funds achieved?

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### **3. Argentum Corporation (Technology Option) Food Ingredients and Additives Encyclopedia for the PC**

**Project Description:** Current labeling regulations require the disclosure of nutrition facts in a standard, easy-to-read format. The *list of ingredients and additives*, however, is largely unintelligible. More often than not, this list is a recital of chemical terms understandable only by food safety professionals.

Most of the time we don't know what's in the foods we eat, nor do we know the consequences. Perhaps more importantly, we are increasingly eating more additives each year, including some with potentially harmful cumulative effects. Even assuming that all ingredients are wholesome, some of them could be dangerous to individuals with allergies, to the very young, to the very old, or contraindicated when taking certain medications.

The Encyclopedia will explain these ingredients in an authoritative, informative and entertaining format. Processed foods will be identified by brand name. Their ingredients and additives will be instantly correlated with chemical and pharmaceutical products. Lists of contraindications for prescription drugs, over-the-counter medications and health issues will be displayed as appropriate.

Users will be able to create *user profiles* as optional controlling filters during searches. The Encyclopedia will provide alerts for individuals with chronic conditions (i.e.: diabetes or allergies), by age and category, such as infants, seniors, or expectant mothers. It will instantly answer questions such as: Do any of these chemicals react with my medications? Are there any ingredients or additives that should be avoided by individuals with chronic health issues? By infants? By the elderly? By expectant mothers?

From any food description screen, the user will be able to cross-reference a product by brand name, its additives or ingredients with medical and pharmaceutical issues, or search backwards from medical issues to food products and their additives.

The Encyclopedia will be an authoritative source of medical advice for the average consumer on all items covered, and serve as a comprehensive reference source for professionals in the fields of nutrition, medicine, chemistry, and pharmacology.

There two editions are planned: The Standard Edition will be aimed at the average consumer, while the Professional Edition will contain an additional level of scientific research and source data references. It will be continually updated, available in CD format as well as through Web subscriptions.

#### **Deliverables:**

- Identify market segments within the general consumer and professional health care providers categories.
- Articulate the product's benefit to each target market segment.
- Survey and validate levels of consumer interest and pricing.
- Measure preference for features.
- Identify motivation, where and why would target buyers buy the product.

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#### **4. Business Plan for OHSU Gene Microarray Shared Resource (Technology Option)**

**Summary:** The Gene Microarray Shared Resource (GMSR) is a new nonprofit facility at OHSU that provides state-of-the-art services in functional genomics research. Services are available to all OHSU faculty and affiliated scientists. The GMSR has been charged with developing a business plan that will allow the facility to operate on a cost-neutral basis within 2 to 3 years. We are challenged with developing a sound business plan that will allow OHSU investigators to use the facility at minimum cost.

**Background:** The GMSR is a university-wide core facility that provides laboratory assays and bioinformatics services to clinical and basic research staff. The facility uses recently developed gene microarray technology to provide information about cell function and disease (1). The GMSR consists of three units: the Affymetrix Microarray Core (AMC); the Spotted Microarray Core (SMC); and the Bioinformatics and Biostatistics Core (BBC). The GMSR was established in summer 2000. Laboratory set-up began in autumn 2000 and the AMC unit officially opened to OHSU investigators in April 2001. The SMC is due to come on line in October 2001. The BBC has been offering some services since May 2001. Current staff consists of 7 full-time and 6 part-time employees. Laboratory facilities are located on the Beaverton campus of OHSU (the 'West Campus') and bioinformatic facilities are located on the Marquam Hill campus of OHSU.

#### **Objectives of GMSR:**

1. To provide OHSU investigators with affordable, high quality microarray assay services and efficient microarray data analysis support.
2. To establish a sustainable, high-throughput service that allows timely processing of submitted samples and meets overall needs of OHSU research community for the next 3-5 years.
3. To operate on a cost neutral basis through a fee-for-service structure, supplemented by grants and charitable contributions.

#### **Deliverables for Proposed Business Project:**

1. Three to 5 year business plan for GMSR with expenses and revenues based on two scenarios: 1) cost-neutral operation with revenues in years 2-5 based solely on user fees; 2) cost-neutral operation with revenues based on user fees and support from OHSU administration.
2. In collaboration with GMSR management, define minimum support required from OHSU administration in scenario 2 that will allow competitive operation of GMSR for university community.

#### **References**

1. 'Chipping away at genetic code', **The Oregonian** Wednesday, Aug 22, 2001, pg A18.

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## **5. Paleo Oregon Solutions**

In Eastern Oregon near the town of Fossil there is a little-known treasure called the John Day Fossil Beds National Monument. It is located in the least populated and perhaps the poorest country in Oregon, Wheeler County.

Improving the local economy by increasing tourism is a very high priority for local government and small business in the area. The challenge is: how to increase tourism and protect the environment and the quality of life that many people enjoy who live here.

To deal with this issue Governor Kitzhaber has established the first Oregon Solution Team (documents concerning the creation and purpose of the team are available). What is needed from the PSU team is a marketing plan for the Paleo Project with particular emphasis on Wheeler County.

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## 6. The Oregon Angel Investing Barometer

*An annual survey measuring the health of Oregon's entrepreneurial economy.*

**In 2000, Oregon ranked below Arkansas in a national survey comparing early stage investing activity in the fifty states.** This statistic, among others, served as a wake-up call Oregon legislators, business leaders and equity investment community in recent legislative session. The New Economy Coalition -- arguably one of the session's most successful lobbying groups -- was created to correct an imbalance that has Oregon entrepreneurs and the Oregon economy at a disadvantage to businesses, universities and research organizations in neighboring states.

Millions of dollars in state funds were pledged to help transfer public sector innovations from the state's colleges and universities into the private sector. But, these funds are tiny in comparison to the investment activities of California, Washington and even Idaho. The Oregon Angel Investing Barometer will serve to remind policymakers and the public of vital role angel investing plays in our state's economy.

*Ultimately, the goal of the Oregon Angel Investing Barometer stimulate angel investing activities – early stage investments are critical to our state's long-term economic health.*

### How can you help?

The Oregon Entrepreneur's Forum (OEF) is looking for a team graduate students to undertake this important research project. results of the barometer are expected to receive wide-spread media attention in Oregon, the Northwest and throughout the in select equity trade publications. A full-scale public relations is already being developed to support the promotion of the barometer and the project's development team. OEF will be using the barometer as it's pivotal research project in support Angel Oregon, an annual training and education event designed encourage angel investing in the state.

### What is an angel investor and what role do they play?

Recent research reports show that **angel investors** -- typically wealthy individuals who have managed or grown successful businesses of their own -- **invest three to five times more money than venture capitalists and back thirty to forty times more ventures**, making angel investors the primary source of external capital for entrepreneurs.

**Ross DeVol, executive director of the Milken Institute**, Michael Milken's economic think tank, said in a recent speech in California that "... angel investors fund states' good ideas."

**The challenge for Oregon, is that there is no method for measuring the state's angel investing activities.** What policymakers. investors.

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## **7. The Players Foundation (Finance & Marketing)**

### **Project Description:**

The Mission of The Players Foundation, a non-profit 501(c)(3) company, is to provide athletic opportunities for today's abused and/or underprivileged youth. Adult survivors of those environments founded this organization in June 2000. The Players Foundation offers participants positive learning environments and team experiences through athletics that will help broaden their social skills. By giving these children a chance to grow and develop life-long learning skills through athletic activities, we as a society benefit from healthy, active, secure and well-mannered youth as they progress into young adults. Sports is a highly complex set of institutions populated by both genders with diverse racial and ethnic backgrounds, cultural values, physical abilities, social class, religious preference, and sexual orientation. Studies show that regular physical activity can reduce the risk of life threatening disease like heart attacks, hypertension, colon cancer, and diabetes; it helps reduce symptoms of depression and anxiety, helps control weight and is beneficial in maintaining healthy bones, muscles, and joints. These dynamics combined with the other benefits derived from participation demonstrates the important need for sports, especially for developing youth, to achieve valuable life long learning skills.

The Players Foundation would like to build and operate its own athletic facility called The Players Club. Ideally we would like to build something similar to Tualatin Valley Rec. Center but it would be located in North/Northeast Portland. This facility would allow The Players Foundation to expand and operate our Youth Experience program on a full-time basis. These programs provide at-risk youth athletic opportunities at no cost.

### **Deliverables:**

- ❖ Market Research - Conduct market analysis based on this vision to determine membership interest (contact list) and viability.
- ❖ Develop Marketing Plan - Use ideas from this paper, current and potential members, and your own creativity to create a basic marketing plan with action steps and budget.
- ❖ Organizational Plan - Offer ideas and opportunities for The Players Foundation to form partnerships with businesses and leaders in our community.
- ❖ Financial Analysis - Use market research to determine revenue expectations and marketing plan to determine expenses and develop an annual budget, financial statements and projections for 5 years.
- ❖ Business Plan - The business plan is the compilation of the above-stated items, which would be presented to The Players Foundation Board of Directors.
- ❖ Develop capital campaign - This will provide a comprehensive plan outlining how to raise the necessary capital to develop this facility.

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