

Exit Staged Right!



Jim Baum



Jerry Socol



Dan Katcher



Ben Specher

Keynote Address:

There's "no good exit without a great entrance," advised Jim Baum, former CEO of Netezza and current CEO of Symbotic, in speaking to the January 8 audience at the WPI Venture Forum in Worcester. On his watch, IBM bought Netezza for \$27 a share in September 2010, a \$1.9 billion transaction for a data warehousing company that had generated \$190 million in revenues the previous year. Baum's talk addressed how Netezza achieved that milestone by following a recipe for a good company, creating a company culture, and recognizing when it's time to change a product for strategic, rather than technical reasons.

Using slides from the company's 10th anniversary employee celebration, Baum explained that good companies need:

- An idea, often controversial
- A big market, as it's hard to create one
- Real technology, that's difficult to produce
- A plan to take the company forward
- Great people
- A fierce competitor to steal market share from

Creating a culture was difficult for a company whose mantra was "figure it out," he said. Founded in 2000, Netezza was already well-established as a data warehouse appliance vendor when Baum joined the company as COO in 2006. Part of "the ecosystem of business intelligence and advanced analytics," he said they offered an integrated relationship database, server and storage that was two to three times faster than its nearest competitor and less expensive. He took the company public in 2007, but noted that

“an IPO is not an exit but an entrance,” as you have to execute every quarter. Revenue grew from \$80 million to \$190 million, and at the time of the IBM acquisition, had reached \$273 million.

For a company that prided itself on its innovation and constant supply of new projects, it took some tough internal negotiations to change their product from a novel platform to a system operating on commercially available servers and storage, he said. But that decision meant they no longer competed with every hardware and software company that could be potential partners. It opened the door for a company like IBM to approach Netezza about an acquisition.

Asked what he would have done differently, Baum said it would be to ensure he had the right people in the right job at the right time. “It’s a lesson I learn over and over again,” he said.



Quentin Robinson and Omari McPherson

Case Presentation: Styleocr.at

With a tagline that says “Get paid to share what you love,” the early stage company Styleocrat offers an online shopping application that brings style-sharing to the e-commerce world. Presenters Quentin Robinson, president and CEO, and Omari McPherson, chief marketing officer, described their mobile app that “grabs” UPC and SKU codes off clothing in a retail store and pays people who share that item with their friends by posting it on their profile. Using Google Shopping API, which already has product data from retailers, they can leverage existing technology and ensure the data keeps up with the ever-changing world of fashion. Now in beta mode, Styleocrat has 4000 subscribers, and expects to launch publicly in April.

Panelists Jerry Socol, former CEO of Filene’s and other retail companies, Daniel Katcher, CEO of smart phone application consultant Rocket Farm Studios, Ben Sprecher, a startup founder who sold his company to Google last November, and keynote speaker Jim Baum, offered plenty of advice to the entrepreneurs. Socol cautioned that retailers are notoriously slow to adopt new ideas and technologies. Katcher noted that the app’s design must reflect their customer focus. Sprecher applauded their search for advisors, and suggested they find ones “who know where the land mines are buried” in key markets.

All the panelists agreed that Styleocrat needs to identify key costs, key risks and how they will address them to be credible in the eyes of prospective investors. “You’ll be dreaming in Excel by the time you finish” developing financial models, warned Sprecher. Investors invest in the team more than the product, Baum reminded them. While it’s “crazy to start a company, ask for money and ask retailers to be your first customer,” Sprecher concluded, “that’s what make our start up economy great.”