

Venture Capital Awards

get was only \$300,000, turned down the money. "I said, Frank, I'm sorry, but I don't know what I would do with \$4 million to \$6 million." (Bonsal later put \$50,000 of his own money in Telogy and introduced Scholl to Novak Biddle).

When it's time to sell, entrepreneurs should sell, Scholl says. He has watched acquisitions tripped up by disagreements over the target company's value. Miss the merger opportunity and that window won't likely open again for years, he says.

Conversely, if the idea isn't working, Scholl suggests the founder take a lucid look at the future – sooner rather than later. The worst thing an entrepreneur can do is sink years into a startup – with all its strains on family and finance – and have nothing to show for it.

"What I constantly tell people is: If this is not a good idea, if it's not going to work, if it's not going to scale, find out fast," Scholl says. "You owe it to yourself, you owe it to your family, and if you've got investors, you owe it your investors."

Outside investor

Winner

Accel Partners

Silicon Valley powerhouse Accel Partners made its first investment in Arlington-based Opower Inc. last fall, further solidifying the smart grid software-maker's place as serious player in the technology space.

While Accel may not have any Washington-area offices, it is a big name in the venture capital world, with deep pockets and an impressive client list: The firm manages more than \$6 billion globally and has helped entrepreneurs build more than 300 successful companies, including Facebook, Groupon Inc., comScore Inc. and Walmart.com.

"We believe Opower has a profound opportunity to leverage the power of the Internet and social media to deepen consumer engagement in the energy world and to use this engagement to drive critical gains in efficiency," says Peter Wagner, a partner at Accel.

Accel co-led the \$50 million round of financing for Opower with Kleiner Perkins Caufield & Byers, another Silicon Valley VC giant. New Enterprise Associates Inc., Opower's biggest investor, also participated. NEA has offices in Chevy Chase, Timonium, Md., and Menlo Park, Calif. Opower officials say they will use the funds to support expansion and product development efforts in 2011.

Opower has dozens of utility companies as customers, including most of the country's largest energy providers. The company's software helps utilities and customers track their energy use. Opower announced last June it was opening a West Coast office in San Francisco. The company got a big publicity boost in March when President Barack Obama visited its headquarters.

Last year Opower was named a 2011 Technology Pioneer by the World Economic Forum. Judged by 68 of the world's leading tech pros, the prestigious award recognizes companies on the cutting edge of innovation that are poised to have a critical impact on the future of business, industry and society.

Angel investor

Winner

Next-Stage Development Group

While angel investors traditionally invest in startups, one early-stage company that already was generating \$1 million in sales caught Bethesda-based Next-Stage Development Group's eye last year.

Next-Stage met Gaithersburg-based GoldLasso Inc. in mid-2010 through the Capital Access Network at the University of Maryland's Dingman Center for Entrepreneurship, which fosters relationships between local entrepreneurs and accredited angel investors.

GoldLasso creates e-mail marketing software for medium to large users, organizations that send 1 million or more e-mails per month. Montgomery College is one user.

The software sends out personalized newsletters to clients and prospects.

"It sends the right message to the right user at the right time, instead of everyone getting the same message," says Joe Kessler, managing partner and co-founder of Next-Stage, the lead investor in GoldLasso who has since maintained an active consulting role.

Kessler, who hails from the vehicle leasing business, joined forces with a retail expert, an engineering professional and a lawyer to form Next-Stage in 2001.

"We had a lot to offer – especially at the time, which was a heyday of merger and acquisitions activity," Kessler says. "There were a lot of people investing in companies but not a lot of mentorship of those companies."

The first company Next-Stage mentored was a business that designed synthetic manhole covers, marketed as lighter and less dangerous than traditional covers.

"It's the dumbest, simplest business you can imagine, but they had great use for our skills," Kessler says.

The angel company's first investment was in 2002 with MHR Technologies Inc., which makes radio-frequency identification devices to ease the parent pickup process. At St. Elizabeth Elementary School in Rockville, the devices are linked to the school's network and send a message to the student's classroom when a parent is ready to pick the child up.

Next-Stage works closely with companies in an advisory role. One of its principals is on call as a lead business coach, and its network of affiliated investors, technology experts and mentor fellows are also available. Next-Stage evaluates business plans and assists in developing specific performance benchmarks.

It invests a maximum of \$300,000 in each business and can assist in procuring supplemental financing.

In 2010 Next-Stage also invested in Rockville-based 20/20 Gene Systems Inc., which develops and commercializes diagnostics tests that aid in the fight against cancer.

In February, it completed its second investment round in San Diego-based Medipacs Inc., which is working on commercializing the first nonmechanical infusion pump that can be used to deliver drugs that are currently transfused or injected.