Incubator Spotlight: Enterprise Development Center

The mission of the Enterprise Development Center (EDC) at the New Jersey Institute of Technology is to create jobs and to stimulate economic growth, nurture the development of new technology and scientific breakthroughs, encourage entrepreneurship and develop a world-class workforce, attract businesses and investors to NJ, and also to enhance New Jersey’s global competitiveness.

That’s a tall order, but the incubator and its executive director, Jerry Creighton Sr., are up to the task.

President’s Letter

NJBIN was pleased to hear that The Rutgers Food Innovation Center has been designated as a Soft Landings Incubator by the National Business Incubation Association. They join the Enterprise Development Center as a Soft Landings incubator. Soft Landings incubators provide special attention to companies that want to relocate in New Jersey, thereby helping our state to attract international companies. NBIA has awarded this designation to only 25 incubators worldwide, so New Jersey can be very proud to be home to two of them. Please join me in congratulating these two incubators!

Please also join me in congratulating all of the companies that graduated from NJBIN incubators in 2013. They have worked hard and have surmounted the many challenges of startup companies.

Finally, please plan to attend our Second Annual Award Ceremony on April 25, 11 a.m. – 2 p.m., at the Rutgers EcoComplex in Bordentown. We’ll have a great lineup of our star companies from incubators throughout New Jersey!

Suzanne Zammit
President
NJBIN
The Amazing Journey

You’re out shopping and swipe your credit card to make a purchase. During the two seconds it takes for the transaction to be approved, the data is travelling a distance that is equivalent to going to the moon and back. It goes first to your credit card company, then to your bank, and then to credit checking organizations. Then, the authorization travels back to the point of sale.

You may not give much thought to this amazing journey, but Amit Chhabra and his employees think about it every day. “It’s tremendous,” said Chhabra. “We all take it for granted while shopping, but there are many nuances in that process that depend on the efficiency of the software that’s inside the box.”

Amit Chhabra is CEO of TranSEND IT, a company located at the Burlington County College Business Incubator. His company is well on its way to establishing itself in the credit card terminal industry, providing efficiency and innovation.

When Chhabra first started TranSEND, some of his family, friends and colleagues were skeptical. “Folks would say, ‘it’s a credit card terminal. Aren’t they already out there? Don’t people have what they need? What else do you have to do? You swipe a card and it works,’” said Chhabra. “But,” he explains, “Every six months the credit card companies update their rules, so there is a rotating door of activity just to keep up with what they’re changing.”

TranSEND supplies its software for many of the standard credit card readers in the marketplace. Credit card reader manufacturers typically sell readers to the service providers with their own software that’s unique to that device. But when credit card processing service providers purchase the readers from the manufacturers, they also have the option of installing software other than the manufacturers’ stock software. TranSEND’s customers are now placing thousands—and in some cases tens of thousands—of card readers with TranSEND software in the field every month. “We offer software with superior capability, design and architecture,” said Chhabra, “and the market is responding well.”

In addition to the quality of the software itself, service providers also benefit from having the same software product in all of its card readers, despite having readers from different manufacturers. Whereas in the past the service provider would field help desk calls that could involve numerous software products, a service provider can now sell devices from different manufacturers but only deal with calls about one type of software.

The ease of help desk service is a high priority for Chhabra, who, as an employee at several startup companies, was frustrated when his employers would cut corners only to later suffer from a customer support standpoint. Chhabra’s frustration led him to go out on his own as CEO of TranSEND. He moved from New York City to Mount Laurel, New Jersey, where he bought a house and worked out of his basement. He hired his first employee in 2005 and then, later that year, moved into the Burlington County Business Incubator. He now has 10 employees and has expanded into two additional suites at the incubator.

“The incubator has been phenomenal,” said Chhabra. “I’ve had people from Fortune 500 companies meet with us here, and they’ve been impressed with where we’re located. It’s a nice, clean, friendly location. And because of nearby universities and the variety of companies in the area, the labor pool is phenomenal. I’m thrilled about the resources that we have here. It’s perfect for growing a business.”

TranSEND is indeed growing. “We’re at the cusp of what I believe to be expeditious growth,” said Chhabra. “The first version of our platform is now in the market, there are several people that are using it actively and, from everything we’ve heard, this is the way that they need to gravitate to cut costs in their infrastructure, this is the way they need to...”
Having established a strong foothold in the marketplace, Chhabra is now developing the next generation of software. “These days, the biggest thing that’s happening in payments is that different entities—such as Twitter, Facebook and Groupon—want to reside at the point of sale and engage with the buyer. Merchants also want to engage in the point of sale so that if a customer buys something, they’ll broadcast the purchase on social media. We’re taking conventional credit card terminal and bridging social media to local service providers. We’re building a bridge to the future; that’s really what I get excited about every day.”

For additional information about TransSEND IT, go to http://transendit.com.

Eton Bioscience Inc. Makes a Soft Landing at the EDC

The Enterprise Development Center (EDC) at the New Jersey Institute of Technology is a Soft Landings incubator, as designated by the National Business Incubation Association. This designation acknowledges that the incubator offers services that help out-of-state or international businesses to establish themselves in a new market.

On January 6, 2014, Eton Bioscience Inc.—a company based in San Diego, California—opened a new branch at the EDC. “Eton completed a market research study and determined that the New York/New Jersey metropolitan area was a market for both their domestic and international business,” said Jerry Creigton, Sr., executive director of the EDC. “We offered them a Soft Landings opportunity.”

Eton Bioscience Inc., which opened its first branch in 2003, provides DNA sequencing services, fragment analysis, antibody services, peptide synthesis mammalian cell expression, and other genomic services. “These are all services that benefit the bioresearch communities,” said Tony Chen, president & CEO of Eton Bioscience Inc..

Eton Bioscience Inc. opened a branch in North Carolina in 2008 and a branch in Boston in 2010. The newest branch in Newark will be targeting the market in both New York City and New Jersey.

The company identified each of these locations for their high concentration of biotechnology laboratories. “We try to be located very close to where our customers are so we can give better customer service,” said Chen. “We go to their labs to bring back the specimens and we normally deliver the results by midnight of the same day. Our business could be done totally by mail, but that would delay the delivery of the results, so we try to have a branch in each major biotech location.”

The primary reason that Chen wanted to open a branch in New Jersey was the presence of large pharmaceutical companies, such as Johnson &
Investor Spotlight: Jonathan E. Perelman, CPA, PFS, MST and Robert E. Fiorentino, CPA

NJBIN recently announced that one of its graduate companies, Edge Therapeutics Inc., had attracted investors who were the first to take advantage of New Jersey’s new Angel Tax Credit. Jonathan E. Perelman and Robert E. Fiorentino, both partners at the accounting firm Friedman LLP in E. Hanover, N.J., were investors in the most recent financing round.

Jonathan Perelman is chair of the Physicians Healthcare Group and Dental Practice Services at Friedman LLP. He has done a few small personal investments over the last couple of years and says the most intriguing one was Edge Therapeutics. He heard about Edge Therapeutics through a mutual friend who also told him about the newly available Angel Tax Credit. “Ten percent return via the New Jersey initial tax credits for my investment during the first year was appealing,” he said.

Robert Fiorentino is chair of Friedman’s Life Sciences Group, which is focused on earlier stage biotech and specialty pharmaceutical companies. He has worked in the life science space for over 25 years and has assisted his clients in making numerous investments within the industry. He also personally invests in non-client early-stage biopharmaceutical companies.

Investment Trends

As counselors to investors and as investors themselves, Fiorentino and Perelman are in tune with the ebb and flow of the financing and capital opportunities within the biotech and technology industries. After the 2008 financial crisis, they saw biotech companies struggling to raise capital because traditional capital sources wanted to de-risk their investments and therefore were opting for later stage, proven technology. Now, in late 2013 and early 2014, they are beginning to see a change as the larger biotech companies have reached sector performance of over 30 percent and have a more robust initial public offerings (IPO) market. “With the rewards coming back, the VCs may be more open to moving up the risk curve with earlier stage companies,” said Fiorentino.

Although they don’t quite see it as a trend—yet—Fiorentino and Perelman are keeping an eye on crowdfunding, which was made possible through the American Jobs Act. “This may become more prevalent in the general early stage space,” said Fiorentino. “However, with respect to biotech early stage, the uptake is slower since bio-entrepreneurs are not yet sure how the crowdfund investors will interplay with their more traditional venture capital investors. Nevertheless, crowdfund could provide seed capital and fill a void, so companies need to keep it on their radar screen.”

Networking Necessities

As CPAs, both Perelman and Fiorentino are continuously in contact with people who can provide information about up-and-coming investment opportunities in the healthcare and life sciences communities. They often get warm referrals coming from their trusted network.

Entrepreneurs should consider the network strength of each person on their management team. “The early stage companies have to work extra hard and tap into their network and make sure that their management team has the right connections with investment groups,” said Fiorentino.

Entrepreneurs should also consider the strength of a potential investor’s network. “There is generally a pack approach to investing,” said Fiorentino. “If companies can lure an investor in, chances are others will take a look, too. In life science, this theory of networking extends to the larger pharmaceutical and biotech companies: ultimately, you may have to rely on a partnership to commercialize.”

The Perfect Pitch

When listening to company pitches, Perelman and Fiorentino consider the basics. “I look at it from the perspective of who are the management and board
of directors of the company," said Perelman. “I also look for technology that makes sense to me as a non-scientist.”

“When companies are pitching to investors in the life sciences industry, it’s all about the science,” said Fiorentino. “We would all like to believe we are investing in the next Celgene or Biogen.”

When entrepreneurs are pitching to investors, they should bring along those on the management team that address potential weaknesses of the founder. “There are some statistics out there that over 40 percent of biotech investors sustain full or partial losses, so you really have to have a team that can show that they are confident in the technology,” said Fiorentino. “The track record and pedigree of management can’t be underestimated. The companies need to show us that their team can get the company to the next level. They also need to give the investor the sense that the intellectual property is well protected. And they need to demonstrate that the money will be used efficiently.”

Investor Involvement in the Company

The amount of involvement that investors have in the companies in which they invest depends on the level of sophistication of the investor and the management team. “There is no one size fits all,” said Fiorentino. “As more and more VC’s tend to de-risk and try to syndicate with other firms, there is always the concern of too many cooks in the kitchen. I would recommend that entrepreneurs connect with one major leading investor that can complement the management team and have the level of sophistication to get them through several funding rounds.”

Rutgers Food Innovation Center Newest Soft Landings Incubator

The National Business Incubation Association has awarded the NBIA Soft Landings International Incubator designation to the Rutgers Food Innovation Center.

Through its Soft Landings program, NBIA recognizes business incubation programs that are especially capable of helping nondomestic companies enter the incubator's domestic market. The Food Innovation Center was selected because of its business services for nondomestic firms and its demonstrated success at helping these firms enter the U.S. market, said Randy Morris, NBIA director of member services.

Business incubation programs like the Food Innovation Center catalyze the process of starting and growing companies by providing entrepreneurs with the expertise, networks and tools they need to be successful. Incubating nondomestic firms takes more than the standard set of incubation services, however. "The Soft Landings designation recognizes an incubator's focus on welcoming nondomestic firms into its domestic market with translation services, help cutting through governmental red tape, access to capital, domestic market research and other programs," Morris said.

NBIA’s Soft Landings designations are effective for two years; programs must reapply biennially for continuing designation. There is no cap on the number of designations available in a given year or over time. The Food Innovation Center joins just 25 other business incubation programs from around the world, including the Enterprise Development Center, an NJBIN member.

The National Business Incubation Association is the world’s leading organization advancing business incubation and entrepreneur support. For more information about the NBIA Soft Landings program, visit www.nbia.org/member_services/soft_landings/.

Editor’s Note: Both Perelman and Fiorentino make investments independent of their roles at Friedman LLP; they have no personal accounting relationship with the companies in which they invest.
Incubator Spotlight: Enterprise Development Center
(continued from front page)

Create jobs and stimulate economic growth

The EDC typically hosts about 90 companies at a time. On average, these companies employ between 400 and 800 people. About 50 percent of these employees are full-time workers and the other 50 percent are part-time student workers. Each year, the affiliated companies bring in between $40 and $80 million dollars.

Nurture the development of new technology and scientific breakthroughs

About 50 percent of the companies in the EDC are life science companies and the other 50 percent are technology companies. Life Science companies include medical device and pharmaceutical companies. Technology companies include software and information technology companies.

Successful businesses affiliated with the incubator include:

* iSpeech®, a leading speech technology provider, which developed DriveSafe.ly® for iPhone, the first iOS app to speak text (SMS) messages, emails and Tweets aloud and allow for text responses by voice.

* WattLots LLC, which developed Power Arbor™, a solar-powered arbor system for parking lots. The system generates clean, renewable electrical energy. There are plans to install this system in the parking lot of the EDC.

* Menssana Research Inc., a life sciences company that collects breath samples and analyses them for cancer. The company has data collection centers in various countries worldwide.

* Phone.com, is a cloud-based phone company focused on the needs of small business and entrepreneurs. The U.S. Patent and Trademark Office has recently awarded the company its first patent for an innovative process that addresses cost and privacy issues involving conferencing from any phone as well as texting and caller ID management when using mobile devices.

* Edge Therapeutics Inc., a pharmaceutical company that is reducing brain injuries from spontaneous traumas, which result in bleeding in the brain. Creighton mentions this company, which recently graduated from the incubator, as one of the incubator’s all-time best-managed companies and as a company very likely to achieve much success worldwide. Recently, Edge Therapeutics investors became the first to take advantage of New Jersey’s new Angel Investor Tax Credit. Read about them on page 4.

Encourage entrepreneurship and develop a world-class workforce

The incubator’s “Get Ready for Funding” program encourages entrepreneurship by offering:

* Help with business plans, pitch presentations, investor decks and Chief Financial Officer (CFO) coaching, much of which is provided by EDC entrepreneurs in residence.

* Free business coaching provided by sponsors, including SorinRand LLP, Morgan Lewis, and EisnerAmper.

* A grant search service that helps businesses identify and successfully win federal Small Business Innovative Research (SBIR) grants.

* A $20,000 revolving loan fund, offering loans to be paid off within two years.

The EDC also encourages entrepreneurship through its People to Business (P2B) program, which matches volunteer mentors with company management teams.
An additional benefit for entrepreneurs is the incubator’s ready-made network of company founders. The entrepreneurs often explore collaborations among incubator companies.

The incubator also operates a student hiring program for direct hires, internships and co-op programs. The location of the incubator near campus enables students to be within walking distance of their classes.

These benefits are accentuated by the incubator’s first-class facilities, which include offices, cubicles and wet labs. Non-resident companies can access some of the benefits of the incubator through a virtual program, which establishes relationships with the incubator that do not include residency.

Attract businesses and investors to NJ

The EDC is a “Soft Landings” center, a designation of the National Business Incubation Association. The Soft Landings designation recognizes an incubator’s focus on welcoming nondomestic firms into its domestic market with translation services, help cutting through governmental red tape, access to capital, domestic market research and other services. In addition, the EDC is establishing partnership MOUs with incubators from other countries.

International companies, U.S. companies relocating from outside of New Jersey and New Jersey companies all share the benefits of the incubator’s proximity to the dense New York, New York, New Jersey, Pennsylvania and Connecticut markets; access to universities and pharmaceutical and biotech companies; central location in northern New Jersey’s worldwide transportation hub, and nearness to the state’s world-class workforce.

The startup companies also attract investments and third party funding. In 2012 alone, EDC companies attracted $11,878,457 in third party funding.

To apply for residency or virtual affiliation

Contact Jerry Creighton Sr. to initiate the application process. His email is Jerry.Creighton@njit-edc.org and his phone number is 973 643-4063.

A Soft Landing at the EDC
(continued from page 3)

Johnson and Eli Lilly. Another big draw was the concentration of universities, who also purchase services from the company. By locating in Newark, Eton Bioscience Inc. is centrally located to easily reach pharmaceutical companies and universities in both New Jersey and New York City.

The availability of a large pool of employees was another plus for locating in the area. “We need new graduates for employees, so all of our branches are very close to universities. Both NJIT and Rutgers provide a good pool of employees for us in Newark.”

“Our business provides a very basic service,” said Chen. “By its nature, the work is very repetitive. So it’s very suitable for new graduates who want to work for a couple of years in a lab and then move on to Medical School or Graduate School. While they are here, they gain experience, learn the technique to do their job and learn how to interact with their colleagues and with our customers. We’re glad to provide such an initial job environment for these new graduates.”

Eton Bioscience Inc. decided to locate their northern New Jersey branch at the EDC because of the many services the incubator provides. As a Soft Landings incubator, the EDC provides a supportive environment as the company evaluates the local market.

“The conference room, regular seminars for the tenants, library, all of this is very convenient for us. And also very significant is that right out the front door is the subway station. This is extremely important for our business, because we have to send out people who pick up samples from our customers.”

“It will take 6 months to a year before we really know the size of the market here,” said Chen. “Only then will we be able to make a decision about how much we want to expand in the future. For the first three years, the EDC will be perfect for us. But after that, our business plan will depend on our evaluation of the market.” If the market evaluation is positive, Eton Bioscience Inc. will stay in New Jersey, creating about 20 to 25 new jobs for New Jersey within the next three to five years.
New Jersey: The Right State for Entrepreneurs and Business Venture Development

Are you a visionary entrepreneur with an awe-inspiring business plan? Do you have the technical know-how to be competitive? If yes, an incubator in our network could be the next home for your business. To find out more, call or email the contacts listed below. For additional information about each incubator, visit our website at www.njbin.org.

The National Business Incubation Association (NBIA) is the world’s leading organization advancing business incubation and entrepreneurship. Each year, it provides thousands of professionals with information, education, advocacy and networking resources to bring excellence to the process of assisting early-stage companies. An elected, voting board of directors representing the world’s leading incubators governs the association. The New Jersey Business Incubation Network (NJBIN) is a collaborative statewide community of business experts, resources and facilities dedicated to enhancing the commercial success of early-stage entrepreneurial companies, growing higher paying jobs in New Jersey and supporting the Economic Growth Strategy for the State. © 2011 NBIA

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NJBIN B2B Directory

NJBIN has added a B2B directory for NJBIN incubator companies to its website at http://bit.ly/NJBINB2B. The purpose of the directory is to help our incubator companies identify win-win collaborations within the NJBIN network. All incubator companies are invited to advertise in the directory for free. If you are an incubator company and would like to be listed, please fill in the survey at: http://bit.ly/BINB2BSurvey.

Want to do business with NJBIN incubator companies?