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Speeding Up Startups in Northern New Mexico

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The gap between the early stage funding needs of a startup company and the expectations of a typical venture-capital firm can prevent many innovations from growing beyond a concept into a commercial commodity. Because venture capitalists and angel investors tend to support products and services in intermediate, less-risky stages of development, numerous government and academic institutions have created “pre-seed” or gap funds to accelerate the creation of new companies and sustain developing companies through the research phase so their owners can focus on preparing their businesses for later-stage equity investments.

Los Alamos National Security, the public-private partnership that runs Los Alamos National Laboratory, sponsors the Northern New Mexico Connect Venture Acceleration Fund to support businesses with lab affiliations. While such funding is rarely enough to carry a company all the way to profitability, it bestows credibility, public exposure and access to venture firms and allows an entrepreneur to reach critical commercial milestones that demonstrate to a potential backer how the company plans to deliver an attractive return on an investment.

Taking technology to the people

Administered through Los Alamos National Security’s Northern New Mexico Connect program, the Venture Acceleration Fund invests up to \$100,000 in projects that find commercial uses for technological innovations and that create or develop regional businesses. The Northern New Mexico Connect program’s mission is connecting entrepreneurs with customized resources to accelerate growth of Northern New Mexico companies. Since the Venture Acceleration Fund began in 2006, the fund has awarded \$600,000 to six northern New Mexico startups that use LANL-licensed technology, including biotech, plasma and computer-modeling applications.

One startup, Los Alamos-based Acoustic Cytometry Systems, is developing a commercially marketable version of a portable, hand-held acoustic-flow cytometer invented at LANL. The apparatus counts and measures cells using acoustic waves that concentrate the cells into a stream for laser analysis. Money from the Venture Acceleration Fund allowed the company to produce a prototype cytometer that is more sensitive, compact, and rugged — and less expensive to make — than a conventional cytometer, and these improvements make the instrument ideal for medical research in less developed parts of the world.

“The technical success of the project has enabled ACS to grow to eight employees in less than a year and to secure critical seed funding from private seed investors,” said John Elling, the company’s founder, president and CEO.

The other five startups supported by the fund are:

- The Company for Information Visualization and Analysis, created in Santa Fe in 2006 to develop a commercial use for EpiCast, a modeling and simulation system developed at LANL to help epidemiologists understand the spread of avian flu in human populations.
- Packet Analytics Corporation, a Santa Fe-based company that developed a computer-security software called the Network Forensic Search Engine based on technologies developed at LANL. The system centralizes security information in computer networks so that security managers can quickly investigate suspicious incidents.
- Santa Fe’s APJeT Inc., which is developing a machine that uses atmospheric-pressure plasma technology licensed by LANL to make textiles resistant to water, stains and other substances using ionized gas rather than toxic chemicals.
- Knowledge Reef Systems Inc. of Santa Fe, a LANL spinoff that is creating a new Internet-based social network through which people can share knowledge and information.
- CNT Technologies Inc., based in Los Alamos, which produces yarns using carbon nanotubes. The technique produces yarns stronger than other materials of equal weight at speeds hundreds of times faster than other techniques.

Every July the Venture Acceleration Fund prepares for a new round of investment in projects that capitalize on technological advances being made at LANL. Visit www.lanl.gov/orgs/tt/vaf.shtml for more information.

Finance New Mexico is an initiative of the New Mexico Small Business Investment Corporation (NMSBIC), New Mexico Small Business Development Center (NMSBDC), Empowering Business Spirit (EBS), the New Mexico Venture Capital Association (NMVCA) and other partners to assist individuals and businesses in obtaining skills and funding resources for their business or idea. To learn more about resources available to New Mexicans, go to www.FinanceNewMexico.org.

