

Editor: Carolyn Pione, cpione@enquirer.com, 513-768-8373 ♦ SUNDAY, DECEMBER 2, 2007

Northern Kentucky is drawing tech types with its small-business incubator



Normand Desmarais' online corporate training company in Covington received \$25,000 in grants with the help of E-Zone.



Aymie Majerski co-founded Reel Kids, a soon-to-be-launched subscription Web site that will provide young filmmakers a place to learn the craft.



Photos by Leigh Taylor/The Enquirer

Casey Barach, executive director of the E-Zone program and Tri-ED's vice president of entrepreneurship, is on the hunt for homegrown talent.

A zone of their own



The Enquirer/Carrie Cochran

Greg Moser, vice president and co-founder of Advanced Technology Group Inc., works Friday in his office at E-Zone in Covington. The small-business incubator has helped 118 companies gather more than \$46 million in new investment.

By James Pilcher
Enquirer contributor

It has been nearly six months since the Northern Kentucky E-Zone small business incubator underwent an experience that mirrors that of many of the companies it has helped get started.

Once a start-up itself, E-Zone "merged" with Northern Kentucky Tri-ED in July, joining forces with the region's major economic development firm.

Now program officials say the new oversight has freed them up to concentrate on their core mission.

"This is a chance to go to our new and better version 2.0," says Casey Barach, executive director of the E-Zone program and Tri-ED's vice president of entrepreneurship.

"We get to learn from the good and bad of our first six years and move on.

"The E-Zone has now followed the same path as other entrepreneurs — we had an idea, developed a business plan, got funding and had some successes.

"But now, we've been bought or merged with Tri-ED and are ready to grow the organization even further."

Started in 2001 as Madison E-Zone to help develop high-tech firms, the program soon became regional in scope and broadened its vision to help all "high-potential" entrepreneurial companies find state funding and private venture capital.

While many of the companies got their start in the area around Madison Avenue, they now can be found scattered across Northern Kentucky — in the RiverCenter, in the Chamber of Commerce building in Fort Mitchell, even as far as Grant County. Eighteen companies still remain in the incubator itself on Madison Avenue.

The organization is helping change the nature of the region, nurturing nascent startups such as the seven Northern Kentucky businesses that landed \$325,000 in state economic development grants from the Kentucky Enterprise Fund in late November.

E-Zone is seeking applicants for the latest round of state funding for the first quar-

About E-Zone

Founded: 2001 as Madison E-Zone.

Purpose: To help develop high-tech firms in Northern Kentucky.

Scope: Helped 118 companies gather more than \$46 million in new investment dollars in the last six years.

Job creation: 800.

Location: 535 Madison Ave., Covington.

Contact: Casey Barach, executive director, 859-292-7781.

ter 2008, and the deadline is Dec. 12.

Barach says E-Zone has a better return on the grants than any of the similar organizations throughout the state, with participating companies paying off its grants within eight months on average. And that's not mentioning the new tax revenues and new jobs created.

See **E-ZONE**, Page E4

SOME OF THE SUCCESS STORIES, E4

E-Zone: Small-business incubator drawing tech types

From Page E1

Overall, E-Zone has helped 118 companies gather more than \$46 million in new investment dollars in the last six years – creating nearly 800 jobs in the process.

"I'm not familiar with any incubators that can survive without a subsidy of some sort," says Bob Coy, president of Cincinnati's own high-tech incubator, CincyTech USA.

Coy served on E-Zone's board until it was folded into Tri-ED and still serves on a subcommittee for entrepreneurship for Tri-ED.

"Given the low subsidy that E-Zone received over the years, it's been remarkable that they have been able to accomplish what they did," he said.

Northern Kentucky Chamber of Commerce president Steve Stevens, another former E-Zone board member, says the new structure should help improve that success rate even more. "Now we can focus on getting the word out – the buzz if you will that places like Charlotte (N.C.) and Austin (Texas) have," Stevens says. "I don't know that places have as many more resources than we have here, but it certainly is marketed. And that's what we can do now that we're out from under the constant financial strain."

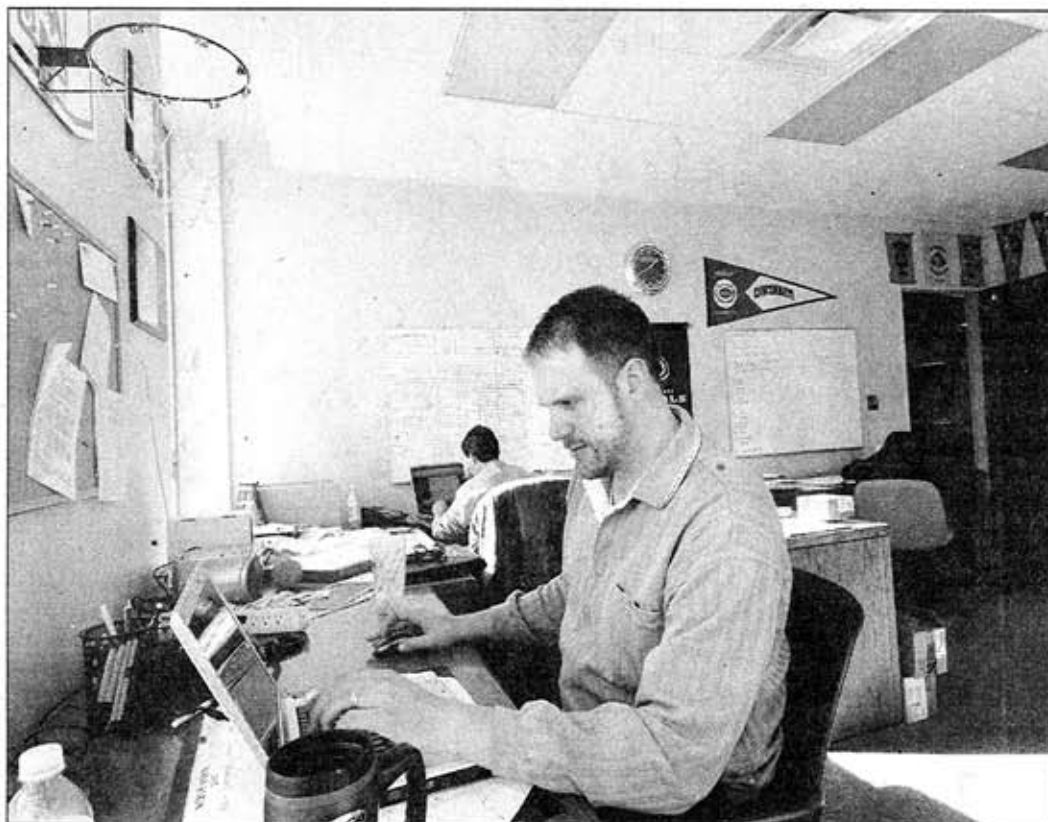
Tri-ED to the rescue

Tri-ED took over funding and overall management of the program in July. The move was made after E-Zone was struggling to stay afloat financially – the city of Covington had cut its funding to the program, leaving a \$50,000 budget shortfall. Without that money, E-Zone could have also missed the chance to get another \$150,000 in matching funds.

But Tri-ED is expanding its own budget and is pledging to raise the \$200,000-plus necessary to cover E-Zone's annual costs. That money is in turn matched by state development funds from the Kentucky Cabinet for Economic Development.

Tri-ED president and chief operating officer Dan Tobergte says the move made sense because it provides Northern Kentucky "with the third leg of the stool of business development."

"We've done a lot of attraction and retention work in the past, but without homegrown business, we aren't really fulfilling what we could be as a region and as an economy," Tobergte says. "And the investment community likes this move for several reasons, including the fact that it means one less person knocking on the door asking for



The Enquirer/Carrie Cochran

Dan Clasgens, president of GetSports Enterprises, a digital content media company, works in his E-Zone office Friday. E-Zone says it has created nearly 800 jobs since its inception six years ago.

money – while the businesses we work with now have access to even more potential investment dollars."

Start-ups plus

And E-Zone has not limited itself to pure start-ups. It is working with one local firm, Fort Wright-based Blaine Pharmaceuticals, to help that company start a new division.

"Everything matures over time, and E-Zone is no different," says Normand Desmarais, chairman and co-founder of Covington-based online corporate training company Tier1 Performance Solutions LLC, which has gotten \$25,000 in grants with the help of E-Zone. "And the merger (with Tri-Ed) makes perfect sense because it gives us a tightly integrated organization that can help business keep jobs, and that is a more positive return on our tax dollars than anything I can think of," says Desmarais, who has also served as an E-Zone volunteer in the organization's early days and also served on its board.

Barach says the money that a start-up gets is usually sunk into making that company better, adding that "it's one thing to have an idea and quite another to have an idea and a prototype."

Indeed, several companies that have recently worked with E-Zone to get state funding or otherwise get their financial legs repeat the

Tier1 Performance Solutions LLC | Conduit for resources

Founder Normand Desmarais has a unique perspective on E-Zone, having volunteered to help get it started, serving on E-Zone's board, and now as a client with his own fledgling company.

"I was extremely impressed at how well it now works once I started up Tier1," says Desmarais, whose online corporate training company is five years old. "And the biggest benefit of this has been that it is a great conduit for resources, including money but also access to others in this field throughout the

same theme.

"Now I can focus on operating on the business instead of going out and trying to raise more money," says Larry Kavanaugh, founder and chief operating officer of Covington-based DMinSight, an online services company for the catalog order industry. "This has helped free up a lot of time over the last six months."

Financial worries gone

Barach himself is glad to no longer be knocking on doors asking



Desmarais

area, and not just Northern Kentucky."

Tier1 received \$25,000 in state grants last month, the third such grant for the company.

"The things the money frees you up to do is worth 5-10-35 times the value, in that you can create a better product," Desmarais says.

— Stories by Enquirer contributor James Pilcher

for money, which he sees as the biggest benefit from the Tri-ED takeover.

With those financial worries gone, E-Zone can concentrate on its core mission.

"Now we feel that we can really start crafting a vision for entrepreneurship for all of Northern Kentucky," Barach says. "We need homegrown talent, our own farm system if you will, to really make this area thrive."

E-mail jpilcher@fuse.net

LPD LLC | Lighting technology factory will provide jobs

LPD is launching as a lighting technology manufacturing company in six months and will be headquartered in Fort Mitchell, with the plant in Grant County.

A longtime attorney who helped other start-up companies get their legal issues in order, LPD co-founder and vice president for business affairs Keith Johnson says he never knew how much an organization such as E-Zone could help.

"There is so much strategy that goes in your presentations, and the guys at E-Zone really helped us out with things we never would have thought of," Johnson says.

LPD got \$100,000 in funding in the state's latest round of grants, making the company eligible for another \$500,000 in state funding



The Enquirer/Leigh Taylor

Scott Ryan (left) and Keith Johnson are co-founders of LPD, LLC. eZone helped their new company obtain grants.

and incentives.

"When you have that kind of money in the bank and that kind of credibility, it certainly helps bring in other investors," Johnson says.

Reel Kids | Subscription Web site for young filmmakers

A professional filmmaker and advertising creator, Aymie Majerski wants to provide a path for kids who want to follow her career path – having taught filmmaking at high schools and colleges throughout the area.

The co-creator of the Covington-based film studio Barking Fish Lounge has received \$125,000 in grants from the state with the help of E-Zone to create Reel Kids, a soon-to-be launched subscription Web site that will provide younger filmmakers a place to learn the craft and safely post their own work.

"We really felt that kids under



Majerski

18 needed a place to go out and learn how to do this and share," says Majerski. The involvement with E-Zone "has really helped us develop our product, as well as not have to rely on private investments – which would have forced us to give up equity in this."

The Web site will launch early next year and will host an online film festival/contest.

For information, visit www.indie-visuals.com.

DminSight | Grants smoothed the raising-capital phase

A veteran of the catalog-shopping industry, Larry Kavanaugh created a new service for smaller catalog companies to host all their online and IT needs.

The company, which was lured from Norwood two years ago by the E-Zone money, now has 70 customers and 40 employees and projects revenue of \$20 million in the next six years. It recently got \$25,000 in grants from the state

through E-Zone, and Kavanaugh says the grants have relieved the pressure of having to ask for funding from the private sector.

"We didn't have to mess with creating that traditional road show," says Kavanaugh, chief executive officer of the 7-year-old company. "This has freed up a lot of time for us over the last six months that we can spend making the company better."