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Maine's \$50M bond targets tech commercialization

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Catherine Renault, director of the Maine Office of Innovation.

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The state of Maine has been building its technology research and development infrastructure for more than 10 years. Now, with new programs in place and more on the way, the Pine Tree State's tech community is shifting its goals from R&D to commercialization.

The migration has been gradual over the past few years, but a new \$50 million bond fund -- the state's largest to date -- is driving the point home. It may be called an R&D fund, but as the first competitive fund focused on commercialization, it is clearly aimed at helping companies bring products to market.

"A lot of our future focus will be on providing entrepreneurial support," said Catherine Renault, director of the Maine Office of Innovation, an agency within Maine's Department of Economic and Community Development.

The state's most recent bond fund was in 2005 and totaled \$12 million, while the second-largest offering was in 2003 for \$41 million. More state support could also be on tap later this year -- the Legislature is mulling a \$100 million "fund of funds" proposal aimed at encouraging private investment in the state's startups.

The Maine tech community's shift to commercialization has meant Maine's traditional industries -- shipbuilding and fisheries, for example -- are either giving way to new tech specialties, such as Internet and mobile technologies, or are evolving

into market-focused enterprises incorporating tech into their latest efforts. Examples include **Arcadia Designworks LLC**, which is building a better lobster trap in Portland, or **Bath Iron Works**, which is building the U.S. Navy's next-generation destroyer.

the Newcomer effect

Some of the new class of companies are homegrown, while others are being driven by tech veterans tired of the hype and grind of the nation's tech centers. Erik Schwartz, for example, spent 15 years in Silicon Valley. Tired of living in what he calls the "echo chamber" of the self-congratulatory West Coast technology community, the Massachusetts native moved back East, settling in Maine, and started **Foneshow Inc.**, a Portland-based maker of a mobile application that brings podcasts to mobile phone users.

Also in Portland, New Jersey tech entrepreneur Diane Sammer moved to Maine after selling her company, Systems/**Link Corp.**, in 2000. After meeting other like-minded executives through the quasi-public **Maine Technology Institute** (MTI), Sammer formed **Emergent Music LLC**, which has rolled out a web-based music recommendation site called **Goombah.com**.

Both companies have found funding either through local private equity firms such as CEI Community Ventures of Portland and the Small Enterprise Growth Fund of Maine in Brunswick, or through state-sponsored entities such as MTI. "There's a technology community here, it's just not as large (as the other regions)," said Schwartz.

Other startups -- from financial-reporting software maker **Quantrix Inc.** in Portland to navigation-system developer **CrossRate Technology LLC** in Standish to mobile location-based platform maker **Intelligent Spatial Technologies Inc.** in Orono -- are also breaking out of the traditional Maine mold with consumer-based, market-ready products.

Invest in the investors

To keep the momentum moving forward, **TechMaine** (formerly the Maine Software Developers Association) has partnered with the state Legislature to propose a \$100 million "Fund of Funds." Under the proposal, the state would invest \$100 million in VC firms looking to support businesses in Maine. Such a concept is not new, and has been installed in other states, including Iowa, Michigan, Ohio, Oklahoma and Utah.

"We want to make the VCs part of the process of doing business in Maine," said Joseph Kumiszczka, executive director of TechMaine.

The state is also reaching out to other New England states. The MTI recently paired with the Massachusetts Technology Collaborative, to fund Fall River, Mass.-based

tidal power technology developer **Ocean Renewable Power Co.** LLC., which is planning to pilot a turbine project near Eastbrook, Maine. The collaboration was a first for both sides.

According to Renault, a transplant from Research Triangle, N.C., herself, the state is making progress, but not to the finish line yet. "In some ways, we're the best kept secret in innovation," she said. "But we have to continue to put the pieces in place."

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