

## ***The Baltimore Business Journal***

July 21-27<sup>th</sup>

### **JUMPING IN THE DIGITAL HARBOR**

#### **Incube8.com chooses Baltimore over Silicon Valley and L.A.**

By Roger Hughlett

Its offices are still under construction, but the deals are already rolling in for a Baltimore-based high-tech venture capital and incubator firm.

"We're going through four to five business plans a week", said Jack Kwicien, senior managing partner with Incube8.com, Inc. ([www.incube8.com](http://www.incube8.com)).

Already the company – which has secured \$5.5 million and is in the process of raising another \$17 million to \$23 million – has invested in six companies with a combined market valuation of more than \$100 million.

The founding partners decided to open up shop in Baltimore for a variety of reasons – all of which are good signs for things to come in the area.

With a goal of incubating and funding between 10 and 12 companies each year, the folks at Incube8.com have aggressive plans to play an important role in the Digital Harbor's future.

On a national level, for-profit business incubators are driving the industry's growth, according to data compiled by the National Business Incubation Association ([www.nbia.org](http://www.nbia.org)) in Ohio. For-profit incubators – most of which are in the high-tech sector – are opening at a rate of four per week.

Still, these venture-capital incubators may not be for every company, according to Sally Traxler, director of development and strategic partnerships for the National Business Incubation Association.

"The venture capitalists are looking for the gazelles," she said. "They want the companies that are high growth and ramping up fast."

Incube8.com was founded in May 1999 by five partners. They are Kwicien; Robert A. Scott III, managing partner; C. Dean Thomas Jr., managing partner; Martin Irvine, retained managing partner; and Craig Ziegler, retained managing partner and chief executive officer of Baltimore-based Gr8 Inc. ([www.gr8.com](http://www.gr8.com)).

Kwicien, who founded Baltimore-based RewardsPlus Inc. before selling his interest in the company, and Ziegler have ties to Baltimore, but the other partners moved to the area to start the incubator/venture capital firm.

"We thought about Silicon Valley and Los Angeles," Kwicien said. "But we felt Baltimore and the Mid Atlantic had a lot to offer."

Among the top amenities Baltimore offers Incube8.com and its portfolio companies are the low cost of living, educated workforce, access to universities and cheap rents.

"If we are going to be spinning off new companies it makes sense to be in a place with affordable real estate," Kwicien said.

Incube8.com already has funded six companies: Baltimore-based MDAnywhere Inc. ([www.mdanywhere.com](http://www.mdanywhere.com)); Baltimore-based Wellplanet Inc. ([www.wellplanet.com](http://www.wellplanet.com)); Silver Spring-based USLaw.com Inc. ([www.uslaw.com](http://www.uslaw.com)); San Diego-based INNX Inc.; Sherman Oaks, California-based SpongeLab Inc. ([www.spongelab.com](http://www.spongelab.com)); and Jericho, NY-based DataTreasury Corp.

USLaw.com is the furthest along of the six companies. The company, which developed an Internet portal that acts as a legal resource for lawyers and small businesses, secured \$2 million in capital in November 1999 and another \$10 million in April.

Most of the portfolio companies have initial public offerings in their sites, according to Incube8.com's Scott.

Incube8.com also has Wall Street on its to-do list. Company officials said an IPO is part of their long-term strategy. That strategy has been implemented by other for-profit incubators.

However, it's only been implemented in Silicon Valley and the Greater Boston technology region. The Mid Atlantic has yet to see a for-profit incubator head to Wall Street.

If the partners at Incube8.com have anything to say, that will change in the next few years.