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Janet Lathrop

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MBA Students Played Key Role in Chaoticom -- First UNH Business Spinout

By [Janet Lathrop](#)
[Mary Peterson](#) UNH News Bureau

March 1, 2001

DURHAM, N.H. -- Behind the successful launch last month of the University of New Hampshire's first spinout business, Chaoticom, is a small group of Executive MBA students who spent hundreds of hours brainstorming, writing a business plan and financial forecast to help insure that the university's first commercialization of a technology through private investors would fly.

The students "took the technology and wrapped the business around it," says Jeff Sohl, Whittemore School of Business and Economics decision sciences professor and director of the Center for Venture Research. The technology is a nimble algorithm designed by UNH mathematics associate professor Kevin Short, which uses compression technology to save bandwidth and send data considerably faster and more securely than it is now transmitted. For example, it could be used to send movies over the Internet many times faster than they are now sent.

Sohl and Whittemore School marketing professor Frederick Crane, who were team teaching an Executive M.B.A. course on entrepreneurship and the creation of high growth ventures, heard of the product without a name and decided to bring it to their class last spring.

The future MBAs took it from there, conducting research and proposing strategies for market opportunity, the management team, and the capital structure of a start-up. On the financial side, they forecast the needs of the company from initial formation stages and proof of concept to full-scale development of the venture.

Enthusiastic about the algorithm's marketability, they saw business opportunities in four areas: video compression, audio compression, wireless markets and secure communication. "We knew this idea had potential applications in a hundred different areas, and we had to narrow it down, so we chose telecommunication," says Al Sicard, Internet consultant for MaineToday.com, and a student who participated in the work with team members Ed Miller, John Rusniak and Orena Sturm. "The professors drilled us with questions, as potential investors might, every step of the way."

Last summer, Jeff Sohl formed an advisory board with Bob McCray, a private investor who is founder and president of Valvcon Corporation, and Jeff Pollock, president and CEO of MerchantBanc. They met regularly with UNH Vice President for Research Donald Sundberg, Short and Robert Dalton, director of the university's Office of Intellectual Property Management about how best to secure this equity investment. Having applied for a patent to protect Short's idea, they proceeded to plan the university's first spinout.

Meanwhile, Sohl's MBA students became finalists in the Whittemore School's Paul Holloway business plan competition, and earned a solid "A" in the class for their work on the business incubator project. Sicard says it took hundreds of hours, but the real-life experience was invaluable. "We did research on our own and then met at school for two to three hours sometimes on a weekly basis. We also met on some weekends at the New England Center. We were grateful for e-mail!"

With the plan in hand, Sohl saw potential and invited Short to a meeting of the eCoast Angels group. The new company soon attracted funding from angel investor George McQuilken, a founder of eCoast Angels, as well as Kodiak Venture Partners, a venture capital firm in Concord, Mass. Sohl observes, "The business plan our students wrote raised awareness of potential applications of this technology -- both for UNH people and private investors. It gave them a sense of how this could be commercialized." He reflects that "the Executive M.B.A. students participated in a project

that wound up with the creation of an actual advisory board by the university," he adds, "plus the creation of a company in which the university is a major shareholder."

Short agrees: "The students' work helped catalyze the university toward forming a company, as opposed to just licensing technology."

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