

AWID, Ember Impress VCs

At an informal competition for venture capitalists, multiprotocol reader maker AWID and mesh network provider Ember as were named most likely to succeed.

Jan. 15, 2004—On the balmy evening of Jan. 13, four upstart RFID companies gathered in the posh conference room in the office of the law firm of Fenwick and West in downtown Mountain View, Calif. The companies came to participate in an informal competition—to see which company would earn the title of "most likely to succeed." Advanced Wireless Identification Group (AWID), a Monsey, N.Y.-based maker of multiprotocol RFID readers was chosen by attendees, and Ember Corp., a mesh networking systems provider, got the nod from venture capitalists.

The four competing companies focus on different areas of the RF market. In addition to reader maker AWID and mesh network provider Ember, the contestants included Impinj, a microchip design company that claims to be the first to bring a Class 1, Gen 2, EPC chip to market, and Vizional, a company that makes application and middleware for RFID implementations.

The gathering was sponsored by IBD Network, a membership-based "dealmaker" club and by Fenwick and West. The event drew more than 125 venture capitalists, RFID hardware and software vendors and executives from large corporations. The format was to allow one executive from each of the competitors to speak for five minutes to make his case. This was followed by about five minutes of questioning from the judging panel of venture capitalists, which included Raj Atluru, managing director of Draper Fisher Jurvetson; Glenn B. Solomon, general partner at Partech International; Robin Vasan, managing director of Mayfield, and Evangelos Simoudis; a partner at Apax Partners.

The event was informal but highly informative. While each company showed itself to be very promising, the attendees voted for AWID as the most likely to succeed. The judges chose Ember as their first pick and AWID as their second.

AWID President Jeffrey Jacobsen made a compelling presentation, outlining AWID's recent growth and wide range of readers. He noted that his company has been profitable for two years and has the only multi-protocol reader that handles all 11 existing RFID protocols.

Ember's Rob Poor said his company's original focus was on the industrial automation market. Installing network cables in water-treatment and power plants can be expensive, and Ember's wireless networking technology seemed to offer a high potential return on investment. Instead, the interest has come mainly from companies in building automation. "If Phillips Lighting comes to you and says we want to install your system in an entire building as a pilot, you don't say no," he said.

Impinj and Vizional both made very good presentations but may have been a victim of the format. "Their solutions are more complex and likely require more time to articulate," said Partech's Solomon. Directing feedback to Impinj CEO Bill Colleran, Mayfield's Vasan quipped: "Your first mistake was pitching a bunch of software guys on a hardware solution." The audience laughed.

After the presentations and voting, the venture capitalist judges gave some of their impressions about the RFID market as a whole. "We've broken the market into four parts: Tags, readers, middleware and applications," said Apax's Simoudis. "We're interested in the middleware and application area, but because there are several unknowns, such as who is going to pay for the deployment of RFID solutions, we have not been able to feel comfortable enough to invest even though we have looked at over 20 companies in this space."

Solomon noted that he's very interested in seeing new companies offering applications that "have value and provide specific business solutions." Draper Fisher Jurvetson is the only venture capital firm of the four present that currently has investments in the RFID sector. It has stakes in both Vizional and Ember.

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