



Indianapolis' tech sector getting some Silicon Valley cred

Chris O'Malley November 5, 2011

TechPoint's 13th annual technology summit might be more notable not for who is on the formal agenda but for who is in the audience—venture capital executives from the Silicon Valley.

A decade and a half ago, it might have required kidnapping to bring them here. At the time, Indianapolis was an information technology backwater, relatively speaking.



Aquilano

Not anymore. Among those buying tickets for the Nov. 8 event are executives from California's technology bastion as well as those from investment firms in Chicago. The technology and entrepreneur conference will run all day at the Indiana Convention Center.

Among those on hand will be Dan Holman, a partner of Portola Valley, Calif.-based Western Technology Investment. It generally invests \$250,000 to \$30 million in promising tech and life sciences firms. Western also has existing investment in Indianapolis-based WebLink International, which makes software used by chambers of commerce.

"Yeah, [I'll be] trying to find some other promising companies" in Indianapolis, said Holman, a former executive of Salesforce.com.

Indianapolis "certainly is not as prolific as Silicon Valley" in hatching technology firms, but it does have notable emerging firms such as e-mail marketing firm ExactTarget, Holman added.

As for how many investment firms from the West and elsewhere have bought tickets to the summit, "I can think of [at least] a half-dozen, at the moment," said Jim Jay, CEO of TechPoint.

Investment from out-of-state firms is becoming more prominent. Jay estimates there have been at least 20 venture firms from outside pumping money into Indiana tech companies.

"Word continues to get out that there are very viable [tech] businesses in the state of Indiana. ... There is

more funding available now for deals than certainly 10 years ago,” Jay said.

For example, data-storage device maker Scale Computing, based near Indianapolis International Airport, in recent years lassoed \$17 million in a round that included Foster City, Calif.-based Scale Venture Partners.

In September, Indianapolis-based online-bidding firm BidPal Network received nearly \$6 million from Northbrook, Ill.-based MK Capital and Carmel-based Allos Ventures.

Helping put the city on the radar of investment firms from the coasts has been big deals here in recent years, such as Ohio-based Teradata’s \$525 million purchase of Aprimo Inc., an Indianapolis company that develops marketing software used by Fortune 500 companies.

ExactTarget over the years has also raked in outside investment and now plans a second attempt at an initial public stock offering.

More recently, Angie’s List, which provides service reliability rankings to consumers via the Web, announced plans for an IPO that could raise \$66 million.

“The amount of money that has been brought in by ExactTarget and the Angie’s Lists of the world—those bring a whole new level of interest in the state,” said Don Aquilano, managing partner of Allos.

The sale of many of the area’s most promising technology companies has also helped create a cycle of company creation that later resulted in venture capital interest from the coasts. Most notable is the sale of Software Artistry to IBM, 14 years ago, for \$200 million.

Many of Software Artistry’s top executives went on to use proceeds from the sale to help fund new startups. For example, former executive Donald Brown invested some of his sale proceeds in Indianapolis tech companies Aprimo and Mezzia.

Former Software Artistry CEO Scott Webber put some of his estimated \$12.2 million in sales proceeds into Volatus Advisors LLC, an investment group of which he is chairman. Volatus invested in and advised dozens of local tech firms, such as Aprimo, Autobase, BidPal, Indigo BioSystems, Patronpath LLC and WebLink, in which California-based Western Technology Investment later took a stake.

Jay said the emergence of local, earlier-stage funds, such as HALO Capital, also helped make local recipients of such funding more credible to venture firms. Venture executives have indicated they have more confidence in companies when they’ve passed milestones of Midwest vetting first.

The keynote speaker at this year’s summit is Randi Zuckerberg, a former Facebook executive and sister of site founder Mark Zuckerberg. She’ll talk about innovating in the social media environment.

In a departure from previous years, the summit won’t have breakout sessions but rather rapid-fire presentations skewed toward practical content on improving innovation, company operations, finding funding and hiring the best people, Jay said.

Among presenters will be Kevin Bailey, president and co-founder of the Indianapolis-based search engine optimization firm Slingshot SEO, who will discuss how his team got the business up and running. •

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