

Mario M. Casabona

Founder and CEO of TechLaunch, Founder and CEO of Casabona Ventures

BY JENNIFER SIMONI

In 1982 you founded Electro-Radiation (ERI) a developer of Radar, Navigation and Communications technology and equipment for the defense industry, which was acquired by Honeywell International in 2004. You stayed on for three years as the Director of Electronic Protection to oversee the transition. After being at the helm of ERI for more than 20 years, what was that transition like for you? Was it tough?

I enjoyed the independence of being the Founder and CEO of ERI. Initially, I had a partner who helped in the growth of the Company but when I decided to take on additional risk my partner decided not to. I reinvented the Company 3 times with the last time giving me the successful exit I was looking for. The 3rd reinvention was more deliberate with the intent of creating intellectual property, licensing, product development and market recognition. Previous re-inventions were primarily in response to the Defense industry's funding cycles. My goal was to create value and fill a void in a niche market which would lead to a strategic partnership and finally being acquired.

I hired an Investment Banker and instantaneously he became my new "partner." I was dragged from East to West Coast. After 6 months, we received 3 potential offers and I decided to go with Honeywell.

I made sure that the acquisition of ERI included the hiring of all my employees and remaining in New Jersey. Honeywell was very accommodating. I expected a full "take over" upon closing; instead I was pleasantly surprised that they were understanding of our culture and agreed to keep the team together. The actual transition was seamless and even enjoyable. Honeywell went out of its way to keep our technical identity while providing the resources we needed to grow.

The difficult part for me came a few years later when we had to fully integrate our product and processes into Honeywell. My commitment was for 2 years but I decided to stay 3 years. The toughest part was leaving my team and the customer relationships I had made over the years.

What would your one piece of advice be to other CEOs, whose companies are about to be acquired?

Youza! The difficult part of deciding which offer to take had to do with the obvious...the financial offer and how my employees/team were going to be handled afterward. I created a balance which resulted in favorable deal terms for me, maintaining our culture of innovation, and also taking care of all my employees. The one piece of advice I can give other CEOs is to be fair to your employees. Without them you would not have a Company or the resources to make the deal in the first place. And...one more thought...surround yourself with highly competent and experienced professionals. This is not the time to be frugal in that regard.

From Honeywell you became Chairman of JumpStart NJ Angel Network and remained in that position

till 2012. That's quite a diversion from working on technology solutions for the Department of Defense. What drew you to JumpStart?

After leaving Honeywell in 2007 I spent several months vacationing and catching up on some lost sleep as well as time with my family and friends. My non-competition agreement held me back from jumping back into the Defense industry. Soon I became bored and was not sure what I wanted to do. Angel investing seemed interesting from the perspective of interacting with early stage companies. Investing with other successful entrepreneurs and like-minded folks just seemed the perfect place. In 2009, I became Chairman of JumpStart. Recently, I wanted to focus on my new start-up (TechLaunch) and realized that it was time to hand over the reins.

JumpStart concentrates on companies in the mid-Atlantic region. Why do you think companies should start up in NJ and in our region? What do you hope to see improve in our area in the next few years to attract more businesses?

Having been involved in the New Jersey Science and Technology community for over 40 years, I was given the opportunity to get to know and understand the best kept secret on the East Coast. New Jersey is not only a mecca for the MedTech, Pharma and Bio-tech industries but also for its Telecom and IT focused intellectual capital. When I refer to IT, that includes the social media, apps, WebTech and Health IT in general. New Jersey has the diverse intellectual capital other states can only dream of. The past several years have been difficult because of the budget deficit and cutbacks but as New Jersey recovers from its financial woes I anticipate more attention will be given to small and medium sized tech companies. Seed capital from the State can go a long way in sending the message to our thriving tech community that New Jersey is open for business and receptive to Investors. The recently enacted Angel Tax Credit as well as NJ EDA's Edison Innovation Fund programs is a great indication of what is to come. We have the infrastructure and human capital to do impressive research, development and commercialization of technology. . . right in our own backyard!

Since JumpStart you have launched TechLaunch and Casabona Ventures. You clearly enjoy working with early-stage startups. From an investment standpoint: What do you look for when choosing a company to invest in?

Let me first provide a general description of the two ventures. TechLaunch is focused on the creation of the idea (seed stage) and venture while Casabona Ventures focuses on the revenue generating and the go-to-market phase also known as "early" stage.

TechLaunch operates in the "seed" stage or what is also referred to as the Friends and Family part of the financing eco-system. TechLaunch uses the

Technology Accelerator model already in use in Silicon Valley (CA), Internet Alley (NYC), and in most tech savvy communities. TechAccelerators are different from incubators in that they (TechAcce!) usually have a focused 12-16 week business bootcamp program during which co-working space, professional services at no cost, seed capital in turn for equity, in depth mentorship and access to investors are provided...all in a very short time period. Incubators, rather, provide a much longer term program lasting usually 3-5 years and no seed capital is provided or equity taken. Usually the client company has to pay for the services and co-working space. I see the TechAccelerators as a feeder to the flourishing Incubator network that New Jersey already has in place.

Casabona Ventures focuses on pre-revenue or revenue generating enterprises...also known as the "early stage." At this point of the financing eco-system, the enterprise already has a business plan, a working team and has passed the Friend and Family stage, ready to generate revenue using a proven prototype or IT solution. By this point, it should have also gotten customer traction either by revenue or followers...depending on the industry.

Interestingly enough, whether the enterprise is in the "seed" or "early" stage, I look for an awesome Team with qualifications that can...execute on their plan, have "skin-in-the-game," a unique idea that has gangbuster revenue opportunity, a go-to-market strategy that is either first to market or creates a barrier to entry with unique IP, realistic exit strategy and funding needs that are very frugal. In reality TechLaunch and Casabona Ventures both look for similar attributes except at differing levels of maturity.

Has there been any standout company that you were blown away by?

A successful exit is what blows investors away. Yes...in 2010 and with other JumpStart co-investors I had one. . . RaySat. With regard to TechLaunch...they are all my babies. We had 10 launches in 2012 and we're presently working on 9 for 2013. I have a difficult time saying which one is more beautiful than the other. They are all beautiful to me but...I do have favorites.

TechLaunch has a 16-week "bootcamp" called LaunchPad which helps give companies the tools to get to the next level. What do you find that startups are the most "green" about when they start such a program, and what do they need help with the most.

From personal experience, I had to learn all the basics of business, contract negotiations, legal and accounting priorities on my own. My engineering degree and background gave me the methodical approach to things. The Defense industry and its various resources provided the assistance I needed to bootstrap my Company. During my career I had mentors, advisors and team members who made my success possible. The single factor which I observe in Founders is that they don't know what they don't know. In most interactions I found our Founders are like sponges...just looking to absorb every piece of advice. In the end, all our Founders are reminded that they need to take ownership of their decisions.

Since this issue of TechNews kicks off summer, tell us: What's your favorite thing to do in NJ in the summer?

Having come here from Sicily as a young boy, growing up in New Jersey was a strange and wonderful thing. I couldn't wait to get in the car with my friends or family and go to the Jersey Shore, so different from the Mediterranean Sea I was used to back home. But I found it wonderful from the very first high tide and I could never wait to go back...frankly...I still can't wait. ■

