

## Interview with Matt Ridenour, TherMark Holdings

by Benjamin Kuo

My interview today is with Matt Ridenour, CEO of TherMark Holdings, which just announced a \$1.7 million series A venture round from the Tech Coast Angels and Pasadena Angels last week. Matt is also Managing Director of Momentum Venture Group, an interesting equity investor and accelerator to the venture market that invests equity and helps build leadership teams for companies in order to make them fundable by angel or venture investors. I talked with Matt last week about TherMark, and also a bit about how Momentum fits into the mix.

**Ben Kuo: Tell me a little bit about TherMark. What does the company do?**

Matt Ridenour: TherMark is based here in the LA area, and is a great case study on what we like to do. It has been around for awhile, and is not a pure startup. They hold four very strong, basic-process patents in the \$20B industrial marking market. The industry is growing rapidly because the government wants to see marks such as such as serial numbers or product codes on all sorts of items, and wants that mark to be permanent, and you don't want it to scratch off. Compliance requirements are driving the need to expand the number and the quality of marks on products. TherMark's technology puts a permanent mark on any surface. And, because of the patents, and how they are written, it corners the biggest part of that opportunity—high-quality marks.

**BK: What are you going to use the funding for?**

MR: The funding will primarily be used for sales and marketing. The technology is largely done,

and all of the basic materials and product complete. TherMark already has over a thousand recurring customers using the technology today. The issue has been that there have been no outbound sales and marketing efforts whatsoever—for example, there's an old and not very updated Web site, no distribution partners around the world. We're finalizing bringing in a world-class sales and marketing team in the next couple of weeks, are building an internal and external sales force, and are starting to have a pretty active outreach to partners. Essentially, the entire funding amount is going to focus on sales and marketing.

**BK: Tell me a little bit about Momentum, and how it fits into this picture. What do you do?**

MR: Briefly, Momentum is a business accelerator. It's a bit of a twist on how things have been done historically. My partner [Andy Wilson] and I have been around the early-stage area for around 10 years, and we got together several years ago. We were looking to develop an early-stage fund, as the market had appeared to have moved up. Early-stage deals were not being done, and we started doing the work and analysis on how to launch our own fund. What we saw was that there was actually plenty of money out there, but there was a big gap in what people were willing to fund. The dilemma for entrepreneurs was that they can't get money without a great team and traction, but can't recruit a team and get traction without money. What Momentum does is build the team and help build traction. We go at risk, provide a CEO and other members of a management team, help build the plan, do the work, get first customers, launch the products, and in most cases also raise funds. We've done that five to six times formally as Momentum Ventures, and several times before we organized as partners.

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## Interview with Matt Ridenour, TherMark Holdings continued

**BK: Tell me a little bit about your background, and how this is different from the many consultants who say they help make companies fundable?**

MR: It's hard to describe to someone who is not familiar with early-stage companies. In many ways, it's kind of the opposite—it's very hard to convince companies that are always looking for funding to look beyond—they always ask if you can get them a funding conversation. Our experience is that writing a business plan packing a business does not have success, the same as investment banking does not have a place in early stage. It doesn't take long for a sophisticated investor to see through a marketing pitch. You can't package an early-stage company.

We don't really want to talk about funding. We're not funders, and that's not what we do. If you build a great company, you don't have to worry about funding. There's billions of dollars in overhang, and the issue is that most companies are not legitimate and not credible yet. That difference is what we really do—we show up on a daily basis, we talk to customers, we figure out how to launch strategic plans, and act like full-time management. It's affordable to entrepreneurs, because we go at risk, and work upfront. We select as few deals as average VCs. Ultimately we only do one in every hundred deals we look at. We are looking for something that makes a difference quickly, and include in that equation if someone would invest in it, then jump in and do the work. When I say "at risk," I mean we bring in resources. If you don't have traction and a full team, it's awfully hard to recruit another member of the team, and you don't have the money to pay the accountant, lawyer, and people have experience. You just can't get liftoff and get off the ground.

Ten years ago, angels used to have this role. Today, they have either gone away as individuals, or have consolidated. And, if they've consolidated, they have adopted some of the same hurdles as a VC in terms of team and traction. At this moment in time there's no place for early-stage technology companies, without someone jumping in. As far as I know, I'm not aware of anyone else that does what we do.

**BK: What's your own background?**

MR: I was at Bain & Company, and spent some time there doing leveraged buyouts. I then started my own \$60M venture capital fund, and started serving as CEO of portfolio companies when they needed help. Ever since 2001, I have been doing early-stage CEO work. I formalized it when I met Andy Wilson, the co-founder of MVM, who also has a background in early-stage initiatives within divisions of large corporations. We had adequate backing to raise a nice size, early-stage fund, but we figured out it's not money: it's management that it needed.

**BK: So tell me a bit about how Momentum fits into TherMark?**

MR: TherMark hadn't been able to achieve funding, for many of the reasons I describe. The corporate structure was not right, the "go-to" market was not articulated, they had scientists but no management team. We met them along the line, and help them put together their plans, restructure, and along with the founder we brought it to the Tech Coast Angels and Pasadena Angels. With that funding, we think we'll build a large, successful company. The technology is fantastic, well-received, and very much in demand.

**BK: Thanks!**