UCSD CONNECT NEWSLETTER
TUESDAY, DECEMBER 4, 2001
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1. Weekly News Bulletins

a. The Research Services of UCSD

By Brian Blazevic

The positive impact a research university like the University of California, San Diego (UCSD) has on the success of an industry cluster like San Diego is well-known: spinoff companies, licensable technology, etc. But there is a less-publicized benefit -- one that is only available to subscribers of the two research services of UCSD Libraries.

One is the membership-based Corporate Associates service, and the other is the fee-for-service PLUS Information Service. Both give users access to the collections of the university's libraries,

plus faculty-level parking permits and library cards for those who wish to conduct their own research. Information requests can range from simple -- getting an address for a research facility in Switzerland -- to chemical abstract structure searches.

Tammy Dearie, Head, Social Sciences & Humanities Library, who oversees the programs, said the services are comprised of "eleven libraries on campus, plus we borrow from any library in the world. So, if we don't have (the information) here at UCSD, we'll go to our sister UC campuses, we'll go to commercial suppliers -- if it exists." And, they've even delivered information from databases that researchers at UCSD have created, when permission is available.

At 32,787,500 research materials, the combined collections at UCSD are extensive. The breakdown: 26.5 million manuscripts and archives, 3 million microfilms, 2.6 million books, 300,000 pamphlets and government documents, 220,000 maps, 100,000 audio and video materials, 27,000 serials received, 19,000 informational papers, 14,000 computer discs and files, and 7,500 remote electronic journals. These include costly trade publications like "Cell," "Brain Research," and thousands more.

Corporate Associates was founded in 1986 and has two membership levels, costing $3,000 and $10,000 annually, with varying benefits for each. The fee-for-service PLUS Information Service was added in 1991 to serve smaller clients, like start-ups and individuals, and is frequently used as an extension to large corporate libraries. Both are open to anyone.

Biotech and pharmaceutical companies dominate the clientele, with some from as far away as Europe and the Middle East. San Diego-based Amylin Pharmaceuticals takes advantage of the Corporate Associates program. "We use it for retrieval of articles from the collection," said Donna Dutton, Manager of Information Services for Amylin. "We have a library runner, but when we need something right away, we can just call and have it faxed. We really appreciate the library cards and parking permits, too."

Currently, there are 35 Corporate Associates clients and 1,200 enrolled in the PLUS Information Service -- and UCSD can handle considerably more. Additional information about both programs and their cost structures is available online at http://gort.ucsd.edu/capplus or by calling UCSD Corporate Programs at 858-534-8622. Tammy Dearie, who heads the programs, can be reached at 858-534-0733.

2. Life Sciences

a. The Tech Side of Biotech: Quorex Pharmaceuticals

By Brian Blazevic

"Are there enough of us here to mount a successful infection?" If the bacteria asking this question receive an affirmative answer, a threshold concentration (quorum) has been reached, and they begin producing virulence products -- which leads to the host becoming infected.

Disrupting the complex chemical language of bacteria is what the technology at Quorex Pharmaceuticals of Carlsbad is based on. The company has found a way to target the AI-2 signaling system in bacteria; the universal language they share. The basic technology has been around for more than twenty years, but those before AI-2 could only sense communication among similar species of bacteria.

"Other quorum sensing systems have been developed," said Jeffrey Stein, Chief Scientific Officer for Quorex, "but AI-2 is the first to detect cross-species communication. Others are limited to one – but infections are caused by large groups of different types of bacteria."

All this talk of bacteria is interesting, but how does a biotechnology company turn it into a successful business? Founders Stein and Robert Robb, president and CEO, have assembled a team of scientists with proven track records. Notable members include Krzysztof Appelt, formerly of Agouron (now part of Pfizer), and Don McCarthy, formerly of SmithKline Beecham. If one studies the milestones leading to Agouron's success, Appelt's name continually arises.

Even in San Diego there exists no biotech crystal ball, but the optimism at the company's new headquarters facility in Carlsbad is unmistakable. "These are the first truly new targets in two decades," said Robb. The scientific team has developed a "structure-based drug design approach that I believe is unsurpassed."

Designing a new generation of antibiotics is the primary mission of the drug discovery side of the business. Nearly all antibiotics in use today are based on those found in nature – like penicillin. "Only a handful of antibiotics have been designed and optimized for human use," said Stein. Quorex is using its quorum sensing technology to develop drugs that "will be more selective for the bacterial target" and have a lower toxicity.

At the helm is Robb, a self-styled "venture developer" with 17 years of experience with start-ups. Aside from identifying targets and developing drugs in the lab, Robb intends to develop "true collaborations, not just licensing deals." There are "several on-going discussions with big pharmaceutical companies for working on our targets and theirs. The business model here is (one of) partnering and self development."

The ultimate technological goal is to produce new antibiotics that are safer, more effective and less toxic than the naturally derived ones currently in use. As a business, Quorex aims to identify targets and develop drugs for the attack, and to partner some of the technology while developing the company in-house. To apply an old cliché – the company is wound up, and now San Diego can watch them go.

3. High-Tech News

a. Innovation in San Diego: Widcomm

Widcomm, Inc. of San Diego has been recognized for innovation twice in the last few weeks. First, their BTW product is a finalist in the UCSD CONNECT Most Innovative New Product (MIP) Awards in the software category. BTW is a software solution that allows users to easily add Bluetooth wireless technology to their Windows PCs and includes software to enable PC OEMs to bring wireless devices to market quickly and efficiently. The MIP Awards ceremony takes place this Wednesday, December 5, at the Sheraton Harbor Island. This high-level event features Master of Ceremonies Chris Jennewein, Director of Internet Operations for the Union-Tribune Publishing Co., which publishes The San Diego Union-Tribune and its Web site, SignOnSanDiego.com -- and an exhibit hall showcasing finalist products. Registration for MIP closes at noon on Tuesday, December 4. Walk-ins are welcome, but because of high demand there is no guarantee of seating. Contact CONNECT at 858-534-6114 for more information.

The other notable achievement for Widcomm is having been named a "Top 100 Emerging Company" for 2002 in the November 26 issue of Computerworld magazine. The companies are honored for making significant, innovative contributions to the IT industry and corporate computing, and the magazine considers them worth watching in the year ahead. More information is available at http://www.computerworld.com.

b. Palomar Technologies Offers Financing

Palomar Technologies, a manufacturer of automated high-precision assembly systems for broadband
communications, has established Palomar Financial Services to provide financing for the acquisition of Palomar equipment. The new entity will provide optoelectronic and high frequency wireless component manufacturers with a variety of credit options. The response from customers has been positive, according to Jeff King, Palomar's director of sales.

4. The "Bits"

a. CALBIO Summit Final Call for Proposals

BIOCOM/san diego is hosting the annual CALBIO Summit in April 2002, and wants your business plan proposal for the event. Categories requiring additional proposals are Clinical/Regulatory, Capital Formation, and Science. However, compelling proposals outside of the realm of these topics can still be submitted for consideration. All proposals must be submitted online at http://www.calbiosummit.org by Wednesday, December 5. All are reviewed by the event's Program Committee, which is made up of industry representatives. For additional information, visit the Web site or contact Alison Raphael at 858-455-0300 x232 or araphael@biocom.org.

b. Aperio Technologies and Dako Announce Partnership

Aperio Technologies, Inc., a CONNECT Springboard graduate and past presenter at CONNECT's Technology Financial Forum, announced the completion of an agreement with Dako A/S of Denmark. Dako has made a significant equity investment in Aperio, and secured the exclusive rights to market Aperio's digital ScanScope slide scanner for the analytical imaging of Dako's slide-based assay systems. According to Dirk Soenksen, Aperio's president and CEO, Dako is an ideal partner to leverage the ScanScope technology into pathology and related markets.

5. Angel Angles

Angel Company of the Month: Controltec

Controltec of Fallbrook, Calif. was founded as an engineering services company in 1993 by Norbert Haupt. In 1996, Haupt incorporated and became president, and in 1998, he changed the focus of the company from services to products. The company has a growing, national client roster that numbers over 25 governments using its childcare welfare administration software products.

KinderTrack streamlines all paperwork, calculations and reporting for subsidizing agencies and state or county governments. KinderAttend tracks attendance of children and reports attendance data to agencies on-line. KinderWait is an Internet-based database system for implementing subsidized childcare waiting lists. SchoolAttend provides agencies administering before or after school programs, or tracking classroom attendance, with an application that captures attendance, services and absence information via the Internet.

The transition to a product-oriented company is a continuing process, and it's not easy. Haupt said, "Our challenges right now are to get the product out to a national market...to come out of this transition a healthy and more valuable company."

Perseverance and a willingness to learn pays off: The company's first contact with angel investors occurred at the 1999 San Diego Software Industry Council's (SDSIC) annual Investment Conference. "In 1998 we didn't make the cut, but I went and watched, and learned from the presenters," Haupt said. After a successful presentation in '99, he was contacted by members of the San Diego Tech Coast Angels (SD TCA).

Angel financing has proven helpful, with $720,000 raised in the year 2000 from the SD TCA and the Aztec Venture Network. The money is being used for product development, initial marketing and sales organizations, and national marketing of products.

The SD TCA provided support that went well beyond dollars, according to Haupt. "Money was the side affect of proper coaching. The coaching and connections were more important. Even for a company that is not looking for funding, I strongly recommend that they work on attracting active board members who are in a position to contribute to the company with skills, information, connections and experience." Four Controltec board members are SD TCA members who have invested in the company.

Haupt said Controltec is now working on a second round of financing, Series B Preferred, to expand the company's marketing and sales groups as well as "build-out of deployment and support infrastructure for our products."

Editor's note: More information about Controltec is available at http://www.controltec.com. Angel investing information and the San Diego Tech Coast Angels can be found online at http://www.techcoastangels.com.

6. Connections

a. San Diego Daily Transcript and AGC Connect Ink New Deal

The 115-year-old San Diego Daily Transcript announced a new partnership with Texas-based AGC Connect to bring a new "Virtual Plan Room" service to Southern California's construction and building industries. Set to open in January 2002, the online service will bring all the conveniences of an onsite Plan Room to the World Wide Web.

The San Diego Daily Transcript's Plan Room, opened in 1973, will be the first California entity to begin offering all of its Plan Room services online. The service will offer users 24-hour access to construction plans and specifications, updated addenda notices, new project developments, job leads and more. Contractors will be able to download plans, filter projects by trade, research, archive or order prints online. Accurate and timely bidding information is available to track an

entire project from start to finish. And bidders, subcontractors, suppliers and service providers can all be conveniently tracked online. The Plan Room will be available at http://www.sddt.com.

b. Patrick Murphy Advertising Merges with Mentus

Mentus, Inc., a southern California marketing/PR agency, announced that Patrick Murphy, a 30-year advertising veteran and executive has joined the agency's management team as Senior Vice President for Strategic Brand Marketing. Murphy brings a client following including HP and other high technology and medical device accounts. Murphy founded Patrick Murphy Advertising in 1969, and was President and Creative Director of the agency, which generated over one billion dollars in sales.

c. DriveCam Video Systems Wins Endorsement

DriveCam Video Systems, a developer of vehicle safety and protection products, announced that Lancer Insurance, the nation's largest specialty insurer of passenger transportation vehicles, has recommended DriveCam to its customers -- which represents approximately 50,000 vehicles nationwide. The endorsement is rare for Lancer, which typically refrains from promoting products. However, the company stated that DriveCam and the Driving Feedback System clearly produces safety, loss prevention and cost savings benefits that are unmatched by other products.

DriveCam uses advanced video technology to record what drivers see and hear during unusual driving incidents. G-forces caused by activities such as hard braking, acceleration, harsh cornering or collisions trigger DriveCam to save a driving event for later viewing. As part of a complete Driving Feedback System, it is used by commercial fleets to monitor, track and improve driving performance.

7. Who's Doing What

AT CONNECT
**** "CONNECT Most Innovative New Product (MIP) Awards Luncheon." MIP is the annual competition honoring the vision, hard work, and perseverance that transform ideas and technologies into products. Winners will be announced at the MIP Awards Luncheon on Wednesday, December 5 at the Sheraton Harbor Island. Approximately 800 people are expected to attend one of the most prestigious business events in San Diego. Register & Info: https://www.connect.org/programs/mip. Online registration closes at noon on Tuesday, December 4.

**** "The Buck Stops Here: How Boards & CEO's Flex Their Muscles During Tough Times" is the topic of the upcoming CONNECT Entrepreneurs' Roundtable -- and is brought to you by The Spherion Corporation. Attendees will see the inner chamber of a Board meeting, and find out how members deal with tough issues. Featured presenters are David Finegold, author of "Corporate Boards: New Strategies for Adding Value at the Top;" Douglas Gordon, author of "Forget Lerach's Kind Word and a Gun" and corporate governance attorney for Klinedinst; and Larry Stambaugh, CEO and Chairman of Maxim Pharmaceuticals.

This special evening presentation is part of CONNECT Entrepreneurs' Roundtable version 2.0 -- a commitment to value and continual improvement. This event is open to all corporate officers of technology companies as well as capital providers, members of a board of directors (or future

ones), and founders of technology companies. The lead sponsor for Entrepreneur's Roundtable is Andersen.

Thursday, December 13, 5:30 to 7:30 p.m. (special time); UCSD Faculty Club, UCSD Campus; Cost: $45/CONNECT members, $55/non-members (on a space-available basis); Register & Info: 858-534-8449 or jrausch@ucsd.edu.

**** CONNECT Entrepreneur Development (CED) Winter 2002 Courses are available for registration. Courses are designed for entrepreneurs and executives with early-stage technology organizations looking to strengthen business and/or entrepreneurial skills.
---- How to Start and Finance Technology Companies, with Ken Olson: Thursdays 6-9 p.m., Jan. 1 - Mar. 14
---- Best Practices in Entrepreneurship/Intrapreneurship: Wednesdays 7-10 p.m., Jan. 9 - Mar. 13
---- Technopreneurial Marketing, with Michael Lutz: Wednesdays 7-10 p.m., Jan. 9 - Mar. 13
---- How to Develop a Business Plan, with Michael Green: Mondays 6-9 p.m., Jan 7-28
---- CRM for Emerging Technology Companies with Darren Gooding and Uday Ghatikar: Mondays 6-9 p.m., Feb. 4-25
---- Marketing Strategies for Emerging Technology Companies, with Barbara Bry: Mondays 6-9 p.m., Mar. 4-18
---- Intellectual Property for Biotech Companies, with Cathryn Campbell: Tuesdays 6-9 p.m., Jan. 15-29
---- How to Manage an Early Stage Biotech Company, with Cathryn Campbell: Tuesdays 6-9 p.m., Feb. 5 – Mar. 12

Info: http://www.connect.org/programs/edconnect; Register: http://www.extension.ucsd.edu.

At UCSD
**** UCSD Extension offers courses and certificate programs in the biotech, clinical research/clinical trial, engineering and high-tech areas. Only a small sample of available courses is presented here. Visit the listed Web sites for complete information.

UCSD Extension Upcoming Biotech Courses:
---- Advanced Bioinformatics Workshop: Dec. 8 & 9
---- Advanced Biotech Patent Law and Strategy: Dec. 12
---- Applied Immunology Workshop: Dec. 13 & 14
Info: http://bioscience.ucsd.edu, 858-451-7696 or ehickman@ucsd.edu. Enroll: 858-534-3400.

**** "UCSD Neurosciences Graduate Seminar Series 2001-2002" upcoming schedule:
---- Computations in early olfaction: Dec. 11
Info & Locations: 858-534-7875. Open to the public.

AROUND TOWN
**** "The VC Verdict: Getting Your Company Ready for Venture Capital Money" is presented by the Foundation for Enterprise Development. A discussion with Michael Kucha & Dev Purkayastha, Founding Partners, Timeline Ventures, will center around the significant changes that have occurred in our economy and how these changes will effect the decision making process of venture capital firms. Tuesday, December 11, 7:30 to 9:15 a.m.; La Jolla Marriott, 4240 La Jolla Village Drive; Cost: $40; Register & Info: http://www.fed.org/events/westcoast.htm or 858-826-1690.

**** "Wireless LAN - Opportunity or Threat for Wireless Operators" is presented by the SDTC Wireless Infrastructure Special Interest Group. The event features Craig Smith of Intersil, Keith McIntyre of Stellcom and Matt Brookshier of PacketAir. These industry experts will answer the questions: Now that 3G is delayed, is it the right time for operators to focus on WLAN (Wireless LAN)? Who are the WLAN vendors? What are the challenges for the public WLANs from a carrier's standpoint? Thursday, December 13, 7:30 to 9:30 a.m.; held at Arrow Electronics, 9173 Sky Park Ct., San Diego; RSVP (by Dec. 11) & Info: wirelessinfra@sdtelecom.org.

**** "The Right Team" is presented by the San Diego Regional Technology Alliance (RTA). The seminar will address how to build a management team - attracting, selecting, and retaining superstars, building and leveraging a board of directors, creating a comprehensive human resource system, and developing a competitive compensation package – and more. December 12, 8:00 a.m. to 12:00 p.m.; San Diego Mission Valley Marriott, 8757 Rio San Diego Drive; Cost: $35/pre-registered, $45/at the door; Info: http://www.sdrta.org/rightteam.htm; Register: 619-615-1050 x201 or poskin@sdrta.org.

**** "Tech for Tots" is presented by the Forum for Women Entrepreneurs (FWE), the San Diego Regional Technology Alliance (SDRTA), and the SD MIT Forum. The event is a holiday celebration and networking event in support of an excellent cause: Making a difference for children. Bring new, unopened toys or donations. December 12, 6:00 to 9:00 p.m.; Hilton La Jolla Torrey Pines, 10950 North Torrey Pines Rd.; Cost: $40/pre-registered; $55/walk-in; RSVP & Info: 858-603-4454 or jjbeckey@yahoo.com.

**** "Why San Diego Companies Should Do Business with Australia and New Zealand" is presented by the San Diego World Trade Center. San Diego companies and individuals that are involved in international trade and interested in receiving, discussing and exchanging information on world trade should attend. Featured speakers are Robert Ayling, Honorary Consul of New Zealand and Sean Collins of Pillsbury Winthrop. Thursday, December 13, 7:30 to 9:00 a.m.; University Club at Symphony Towers, 750 B Street, Suite 3400, San Diego; Cost: $30/members, $45/non-members; RSVP: http://www.sdwtc.org/event/calendar/eventdetail.cfm?EventID=343; Info: 619-615-0868 x109 or http://www.sdwtc.org/event.

**** "Where the Tech Workforce Lives" is presented by San Diego Regional Economic Development Corporation as a networking reception to hear a preview of the findings of the study bearing the same name. Find out which areas have benefited from the growth in technology-based businesses. Attendees will receive a copy of the study. Tuesday, December 18, 5:00 to 7:00 p.m.; US Grant Hotel, 326 Broadway, downtown San Diego; Cost: $30/EDC members; $40/non-mmbers; Info: 619-615-2969 or jh@sandiegobusiness.org; Register & RSVP (by Dec. 14): http://www.acteva.com/go/edc.

For a comprehensive listing of current events in the technology industry, visit the Southern California Technology Calendar at http://www.socaltechcalendar.com.

8. Send Us Your News By Friday

Editor: Brian Blazevic
Editor-At-Large: T George Harris

The CONNECT Newsletter is published weekly on Tuesdays by UCSD CONNECT. The deadline for submissions is 5:00 p.m. on Friday prior to Tuesday publication. CONNECT welcomes company information and program announcements; however, all information is printed at the discretion of UCSD CONNECT and only on a space available basis. The Newsletter does not print company earnings reports or job listings. Event announcements must include date, time, sponsoring organization, a brief description and a contact phone number.

SEND COMPANY NEWS AND ANNOUNCEMENTS to connect5@ucsd.edu.

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