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Ventures with Values— by *Scott Nishimura*

Bill-pay machines for the unbanked? Five times wages for tea growers? Healthcare for your garbage? College students vie for best business plan with social value at TCU's annual Values and Ventures contest.

A few things about **Tori Brennan and Chris Waldo, the TCU teammates who entered a proposal for a 16-foot play tower for kids with sensory processing disorders in the university's annual international Values and Ventures business plan competition in April.**

First, they met in February. Second, questioned about their price point in a subsequent presentation for a grant they won, Brennan and Waldo redesigned the tower a week before business plans and financial pro formas were due for the Values and Ventures competition. “We redesigned the entire structure” to pare costs, Brennan says.

Such can be the life of a budding entrepreneur. Sky Climber, the Brennan/Waldo entry, was one of 47 in the contest, the **Neeley Entrepreneurship Center's** sixth annual, that recruits undergraduate college students' for-profit business plans that have social benefit. Brennan and Waldo didn't make the finals, but they shrugged that off and are moving ahead with one of their next planned moves: to find a site where they can erect a full-scale prototype of Sky Climber, as early as this summer.

“We're working on that now,” Waldo said during an interview with Brennan at **TCU's** Brown-Lupton University Union, days after the competition.

The Winner: Interwallet

Franky Bernstein's business plan for a network of bill-pay machines for the unbanked, which has already done \$750,000 volume in a South Florida beta test, won first place in **TCU's** contest in April.

That InterWallet – brainchild of Bernstein's team from Loyola Marymount University in Los Angeles – finished high after Bernstein's energetic finals presentation was little surprise. It stood out and scored big among the judges for having results to show. What was a surprise: InterWallet being one of the nine finalists, after not winning its flight on the first day of the two-day contest. That pushed the second-place Bernstein, 23, into the “lightning round,” where he crashed the party.

In the end, only a half-dozen points separated first place from ninth, Tony Ford, a Fort Worth entrepreneur and one of the five finals judges, said in an interview.

“It was kind of like apples to basketballs, but we all agreed on InterWallet as top,” he said. “The technology, stage at which it was already developed, and potential social impact were a lot farther down the road.”

The market to Bernstein and his team: 70 million Americans don't have bank accounts, and they pay \$100 million annually in fees. Cash consumers spend up to 5 percent of their income on services in the alternative payment sphere.

InterWallet's service: Terminals, in convenience stores and other places of business, where consumers can put in cash, pay bills and send money.

"It's very expensive to be poor," Bernstein says. InterWallet, in the Florida beta test last year, handled 6,000 payments and took in \$750,000 in volume through as many as 20 terminals, Bernstein, a finance and entrepreneurial management double major, estimated. InterWallet figures it has cut the consumers' fees in half.

Second Place: The Rooftop Tea Co.

University: George Washington University, Washington, D.C.

CEO: Cheyenne Tessier

The product: Rooftop hires poor women to grow tea in their rooftop gardens in Cairo, paying them five times what they're already making to produce vegetables. For an \$8 package of tea, \$2 goes back to the growers.

"We're really creating a storytelling around this community's existence," says Tessier, 22, a senior Middle East studies major at George Washington who came up with the idea while studying in Cairo. Tea drinkers in the premium market have demonstrated they will pay for a product that comes with social benefit, Tessier said..

Women who raise vegetables in their rooftop gardens make about 25 cents a day, but they only work about an hour a day, Tessier said. Rooftop Tea will take that up to \$1.25 to \$1.50, she said. "Twenty-five cents for an hour of work is a good wage there," Tessier said in an interview. "Nonetheless, it's still not good enough to contribute to the family."

Tessier, who won \$16,000 for her second-place finish and one of the contest's Ripple Effect awards for helping women, estimates it will cost \$400 to start up a 26 x 26 garden.

Third Place: Separatec

University: Johns Hopkins University, Baltimore

Inventors: Barbara Kim, Anshul Subramanya, and Stephen Johannesson

The problem: There are one million spinal surgeries in the United States annually that carry a 32 percent risk of future surgeries to correct problems from the first surgery.

The product: Patent-pending ultrasonic tip that separates scar tissue in the spinal cord during revision surgery and reduces risk of breaches. The device has been through three prototypes and four rounds of testing.

Barbara Kim, who took the lead for the Johns Hopkins team in its presentation, told judges hospitals are the primary market. At \$350 per device, which must be replaced after each surgery, there's a potential \$112 million annual U.S. market, she said. Kim said the team wants to form a joint venture with a device company. Its marketing strategy is to develop a strong clinical network, with advocacy by surgeons.

Big Idea: Healthcare For Garbage

University: University of Brawijaya, Indonesia

Entrepreneurs: Abdul Rozaq, Syam Suddin, Latifah Fitriani

Service: Garbage Clinical Insurance, a microhealth insurance program, under which poor residents trade their garbage to Garbage Clinical Insurance, in exchange for healthcare at the company's clinic or another one it has a relationship with.

About half the Indonesian population lives on less than \$2 U.S. per day, Rozaq estimated. Indonesia is also a huge waste producer, and much of it has value converted into fertilizer or recycled. Patients pay \$1 per month to participate in the program. Garbage Clinical Insurance picks up their trash and provides primary healthcare.

Relatively few of the program's members ever seek healthcare from the clinic, and when they do, it's typically for a minor condition, said Rozaq, whose team won \$3,500 in prize money for an honorable mention and Ripple Effect award. "We make money based on usage," he said.

Back at the Ranch: TCU's Team

In early February, Brennan, who had already come up with the Sky Climber idea and built and later disassembled two prototypes, was working through TCU's Idea Factory incubator on design and preparing to hunt capital.

She and **Waldo, a finance and entrepreneurial management major**, were introduced Feb. 12 at Idea Factory after it hired Waldo to work on its website. This was inside six weeks before the March 23 Values and Ventures deadline for plans and pro formas.

It was also 10 days before an executive summary was due for the internal competition that **TCU runs to determine which team it will send up to the Values and Ventures contest**. "I don't know anything about business plans," says Brennan, whose teammate Waldo has participated in competitions and worked with startups. "I didn't think I was ready to go."

Brennan, a child development and psychology double major, had long been interested in sensory processing disorders, with two younger sisters who have special needs.

Her family has a sensory gym in the basement of its Colorado home with crash pads, mats, therapy swings, and balance beam. "I've always liked to build and design things with my dad," she says. And the market data is strong: One in six children has a behavioral disorder.

Sky Climber – as redesigned - has a hex-shaped steel upper frame that sits atop a perpendicular central steel beam like an umbrella. The pole is sunk into the ground. Chains attached to each corner of the hex frame fall to the ground. Stretchable pieces of lycra fabric are attached at their corners to two of the chains and the beam. Sky Climber has nine levels of lycra, with two pieces stretched chain to chain on each level. Children climb the structure using the fabric, which provides deep tactile input that organizes and calms the nervous system. "There's a fair amount of neuroscience about it," Brennan says.

Sky Climber, as designed before the redrawn structure, contained significantly more steel and was more expensive. Brennan and Waldo envisioned a \$23,000 price point, with elementary schools, summer camps, group homes, and residential treatment centers as primary targets.

But that's significantly more than schools would likely pay, and Brennan and Waldo heard those questions when they presented before the **Shaddock Venture Capital Fund** for a grant. "They ripped us to shreds on our numbers," Waldo says. **They won a \$5,500 grant from the Shaddock fund** and \$300 from the TCU internal competition. That money comprises their startup capital.

They now envision a price of \$6,500 in the first year to prove up the concept. They've filed for a patent and expect to move quickly to try and get Sky Climber into the hands of schools. "We may have to donate it," Waldo says. "We'd like to get the cash flow so we can do more R&D."

Once they prove the concept, they want to license Sky Climber to a manufacturer, taking them out of manufacturing. At that point, they see a price of about \$13,000.

They are trying to raise \$40,000 in seed capital. Waldo is set to graduate in May, and Brennan in 2018. Waldo says he's applying for jobs but is committed to helping Brennan see Sky Climber through.