

http://www.storepartners.com/sp_or_article1.htm

Tech firm finds new role on Net

Portland's FI Solutions is now making its mark as StorePartners.com, a Web site builder and consultant

Monday, April 10, 2000

By SALLY RUTH BOURRIE, special to The Oregonian

Now they call themselves "ad-venture capitalists."

When Wade Brooks joined FI Solutions last summer, the Portland company was a systems integrator, putting together computer systems for corporate customers. Now, nine months and \$1.5 million later, the company Brooks leads has morphed into StorePartners.com, an incubator and consulting company that trades its services for equity in start-up companies.

Despite having hundreds of competitors in the Internet arena, the new chief executive officer thinks that within two years StorePartners.com's execution can put it in the same league as such heavyweights as Razorfish and Vignette.

After raising \$500,000 in January, StorePartners.com has gone from three to 26 employees. A second round of financing that ended last month raised more than \$1 million. "It's either going to get us on the road for doing a much bigger private placement or for going public," said Brooks. The next step, he said, is to prove that the firm can operate effectively in another state.

StorePartners.com combines legacy products and skills – such as Web consulting, e-commerce software and Web site construction from FI Solutions – with new cash-generating operations and the risky but potentially lucrative business of incubating start-up companies. About 80 percent of StorePartners.com's business is devoted to helping bricks-and-mortar service companies and manufacturers do business online, including marketing and driving traffic to the sites. Clients can pay a full fee or pay for services at cost, then give StorePartners.com a percentage of the Web site's sales, usually about 4 percent.

"They're really highly motivated to make sure that my site gets in the public eye because the more traffic that they generate for me, the more income it will generate," said Doug Wiltshire of Wiltshire Jewelers in Lake Oswego, who's replacing a 2-year-old, unproductive site with one from StorePartners.com.

And Miramont Records' new site, also from StorePartners.com, is generating "a lot of hits," said co-owner and guitarist Scott Kritzer. "It's fantastic."

StorePartners.com also has launched a co-location cybercenter, providing redundant systems for companies such as Standard TV & Appliance to ensure backup for their computers, with power, air conditioning, Internet access, monitoring and other systems.

In the second quarter, StorePartners.com plans to introduce search engine software developed by FI Solutions. One of the planned products, he said, automatically helps clients' Web pages rank near the top of a search-engine search.

As "ad-venture capitalists," StorePartners.com seeks to convert a start-up company's proposal into a viable Internet company, then works to gain investor attention in exchange for a 20 percent to 50 percent equity stake. "We're not laying out dollars, we're laying out services," said Brooks, adding that finding good start-ups isn't easy, mostly due to lack of management commitment. "Everybody has another idea the next day."

StorePartners.com's services range from incorporation, patent and trademarking to equity structure and board-member recommendations. Through subcontractors, it provides accounting (On-Site Accounting), human resources and payroll (Xenium Resources), banking (Silicon Valley Bank) and accounting consultations (KPMG).

The greatest challenge, said Brooks, is "to overcome what's happened in the industry to date. People are already wary of investing in flaky people."

StorePartners.com is taking pains to present itself as a serious business, touting Brooks' graduation from Harvard Business School's Financial Management Program and such financial backers as Portland venture capitalist Craig Berkman.

Brooks assembled management primarily from people he knew and trusted. Chief Technical Officer Michael McGowan worked in Qwest Communications' Empire Communications Group when Brooks was an account executive there. Chief Financial Officer Brian Grant, previously CFO at Molalla Communications/Molalla Cablenet, met Brooks during discussions about starting a venture fund a couple of years ago. Brooks' newest recruit came from a vendor, he said. Ron Feightner, vice president of sales and marketing, was vice president of sales at Web integrator Firstworld.

"They were presenting to us about doing some co-location hosting stuff, and Ron said, 'Why don't I come work for you guys?' " Brooks said.

"The challenge for everyone in the industry is to maintain standards of excellence," said Shane Ginsberg, managing director of Razorfish Silicon Valley. "It's a young industry, and a lot of people are very good at talking the talk, but ultimately in a few years' time it's going to be interesting to see who's left standing."

Ginsberg advises StorePartners.com to operate with "integrity, creativity and financial prudence," hire "the best people on Earth," and make itself "synonymous" with something identifiable, as he said Razorfish has done by building effective Web experiences.

Razorfish, which has 1,500 employees in 11 countries, began five years ago over a kitchen table and was financed by credit cards. "We all started as small companies with big dreams," Ginsberg said. "There's enough work to go around for the next 10 years."