

Taking a chance on entrepreneurs

BY: [DOUGLAS J. GUTH](#) Senior Staff Reporter

Ben Lieblich took a chance leaving Wall Street to help start ProPractica Inc., a Beachwood-based supplier of electronic medical records (EMR).

The gamble has paid off, as the company's proprietary StreamlineMD software was recently ranked number one out of 70 EMR systems by industry research firm AC Group.

Thousands of entrepreneurs like Lieblich are ready to take that leap into the unknown. However, are more local "angel" investors and city officials willing to hold their hand for that plunge?

They'd better be, agreed close to a dozen panelists at an economic summit sponsored by the Ohio Venture Association (OVA). Risk, they believe, can't be a dirty word as Northeast Ohio attempts to woo early-stage technology companies and other growth industries to the region.

While the reception from regional investors is warmer than it was 15 or 20 years ago, "disruptive innovation" is not embraced, maintained Ronald Copfer, president and CEO of Fathom IT Solutions. Copfer was among a handful of entrepreneurs and investors who spoke at Tri-C's Corporate College during the Feb. 23 summit.

Disruptive technologies overturn existing markets, explained Copfer. Recent examples include YouTube and Google; both of these revolutionary innovations "would have trouble getting off the ground" in Northeast Ohio's risk-averse market.

Young entrepreneurs with radical new ideas become discouraged by an environment still clinging to an archaic economy built on manufacturing, Copfer said. Innovators who can't raise capital here will take their ideas to technological hotbeds such as San Francisco or Boston.

"Disruptive technology comes from a process that requires vision," he said.

Many potential angel investors simply don't know enough about these technologies to invest in them, said ProPractica's Lieblich. The Virginia native borrowed money from friends, family and a few risk-taking "angels" when he co-founded his company in 2004.

The EMR firm is growing alongside demand for the technology. Lieblich and his partners hope to expand in the South and the Midwest within the next two years.

Growth, of course, takes money; ProPractica has a yet-to-be-finalized financial commitment from a Northeast Ohio venture capital firm. Raising capital is never easy, noted Lieblich, but the situation may be improving with the formation of more “angel groups.”

In fact, ProPractica was introduced to its latest potential investor by ARCHAngels (Akron Regional Change Angels) Network, a collaboration of the University of Akron Research Foundation and area development groups.

According to a recent article in the Akron Beacon Journal, ARCHAngels is the brainchild of two retired Akron executives, Barry Rosenbaum and Gordon Schorr, who work with the University of Akron Research Foundation as unpaid senior advisers.

The group screens prospective start-up businesses and helps them present their product to potential investors. The goal is to raise \$1 million from entrepreneurial foundations and individuals.

Pooling experts into angel groups could help close the knowledge gap preventing local investors from funding start-up companies, Lieblich believes.

Luring software start-ups should be at the top of the list, noted Charles Stack, vice president of BEA Systems, a San Jose-based software company. Stack is “stunned” by the effort local officials put into attracting bioscience entrepreneurs whose products can take years to get to market.

“Software can be much more productive (than bioscience) from a regional investment standpoint,” Stack declared. “You can have two guys in a garage invent something amazing and get it out in two years.”

The world is rife with technological opportunities, added the software executive. Stack recently traveled throughout Europe and Asia and met many entrepreneurs who want to market their innovations stateside. “These people can help revitalize the region.”

Some local political leaders have not embraced globalization, said Michael Goldberg, managing partner of Bridge Investment Fund.

There are exceptions: Over the last several years, Cleveland and Akron city and business officials have led bioscience missions to and from Israel, and 14 Israeli medical information technology companies visited Northeast Ohio last month for a four-day trade mission.

The region is also home to bioscience incubators, such as BioEnterprise Corp., which host international start-ups. However, “politicians want to see jobs,” continued Goldberg. Co-locating a foreign company without creating instant jobs “may not be so attractive” to some city leaders.

Investing in unproven ideas is certainly a risk, the panelists agreed. But it’s the type of risk Northeast Ohio’s civic and economic leaders may need to take to revitalize the economy.