

For startups, it's time to get real

Dallas accelerator wants results before handing out money

4 May 2016 By MELISSA REPKO Staff Writer mrepmo@dallasnews.com

Six years ago, Tech Wildcatters began in Dallas as a place to help startups turn ideas on napkins into profitable companies. Now the accelerator has a new motto: No more participation trophies.

Tech Wildcatters plans to accept about 100 startups into its program this year — about five times as many as last year. But along with free office space and mentoring, startups will be put through “The Gauntlet.” The accelerator’s new model requires them to hit milestones before they receive any investment.

In previous years, all startups got the same upfront investment — even the ones that goofed off or did not have a sharp business strategy, executive director Molly Cain said. By injecting a dose of competition, Tech Wildcatters’ staff hopes to invest its fund only in companies with the ingredients to succeed.

This time around, she said, startups

Must prove their worth at every step.

The Gauntlet has already weeded out some startups. The pool of 28 companies that kicked off the new program in late February has shrunk to 21 as companies have dropped out and two merged,

chief revenue officer Clarisa Lindenmeyer said.

Dallas entrepreneur Jim Janicki is among the investors who contributed to this year’s fund. Janicki, president and CEO of Plano-based software company SigmaFlow, invested in two early Tech Wildcatters funds but said he was disappointed by some of the startups and stopped investing.

With the new model, he decided to invest again. “Now you’re wasting your own time,” he said. “You’re not wasting my money.”

Tech Wildcatters accepted its first class of startups in 2010, after being co-founded by CEO Gabriella Draney Zielke. It followed in the footsteps of accelerators across the country, such as the Capital Factory in Austin, TechStars in Boulder, Colo., and Y Combinator in Mountain View, Calif. It was one of the first accelerators to start in the Dallas-Fort Worth area.

With the Gauntlet model, startups receive investment only if they meet goals, such as attracting customers and making money. As they advance to Level 5, the high-

est level of the Gauntlet, they earn the investment. They can receive \$30,000 from Tech Wildcatters in exchange for 8 percent equity. Startups that stand out can qualify for an additional \$100,000 in investment.

Every two months, a new group of startups will begin at Tech Wildcatters. Of the 100 startups that enter the program, Tech Wildcatters’ staff estimates, eight will receive the additional investment.

With a more self-paced program, Tech Wildcatters has attracted some mature startups that are already making money. In March, the startups brought in about \$167,000 of monthly revenue, far surpassing previous accelerator classes, managing director and chief operating officer Robert Breville said.

Tech EdVentures, which teaches engineering and coding to kids, and Selery Fulfillment, which provides warehouse space and



Justin White of Selery Fulfillment delivered a three-minute pitch for his company to other Tech Wildcatters startups during a practice session last week. Tech Wildcatters, which provides seed funding and mentoring to new companies, recently switched to...



Stones Inc. vice president of marketing Tywon Thompson (foreground) and others listen to a practice presentation by a fellow Tech Wildcatters program participant.

ships orders for online vendors, are among the startups that came to Tech Wildcatters to scale up rather than get off the ground.

Justin White of Plano stumbled into the idea for Selery Fulfillment when selling car accessories online. A vendor emailed him, asking for help sending customers’ orders.

What started as a side project is now a company with more than 40 customers and about \$11,000 in monthly revenue.

Allen Selis of Dallas started Tech EdVentures when he was headmaster of a private school in Palo Alto, Calif. Many parents worked at Google, Yahoo and other Silicon Valley companies and wanted their children to learn technology skills, such as how to code and build robots.

In Dallas, his company has grown quickly to include a preschool curriculum, after-school programs and summer camps, but Selis said Tech Wildcatters has encouraged him to think bigger.

“We thought, ‘Do we have the guts to do this regionally or nationally?’” he said. “And once we said yes, we knew we couldn’t do it on our own.”