



ALLEN AUSTIN

DELIVERING HIGH PERFORMANCE LEADERSHIP TEAMS

**Excerpt from
The annual
100 BRILLIANT
COMPANIES**

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The Partners at Allen Austin hope you will find this information useful.

**COMPANIES THAT ARE IDENTIFYING AND
SOLVING THE PROBLEMS WE FACE EVERY DAY**

These companies featured here have turned brilliant ideas into business solutions. Here's hoping you'll do the same.

SUSTAINABILITY

GREEN MACHINE

A serial 'trep takes on e-waste

The U.S. disposes of more than 384 million units of electronic waste each year, and less than 20 percent of that is recycled, according to the Electronics TakeBack Coalition.

The remaining 80 percent is burned or dumped in landfills, leaking toxic substances like mercury, lead, cadmium, arsenic and beryllium into the environment.

For companies that clean up the mess, this is big business: ABI Research expects the worldwide market for e-waste recovery to reach nearly \$15 billion by the end of 2014, up from less than \$6 billion in 2009.





ALLEN AUSTIN

DELIVERING HIGH PERFORMANCE LEADERSHIP TEAMS

Serial entrepreneur Mark Bowles aims to be part of the effort to reduce e-waste—a problem to which he inadvertently contributed during his 25-plus years in the semiconductor, wireless and tech industries. It was good work, noble work that we were doing, but the electronic waste problem has gotten pretty severe," he says.

Bowles was spurred by a Nokia survey that found that only 3 percent of people worldwide recycle their mobile phones. In 2008 he founded San Diego-based ecoATM, which makes fully automated self-serve kiosks that buy back electronics from consumers in exchange for cash.

Bowles, who was inspired by Coinstar change-counting machines, spent three years perfecting his device. After securing seven patents and nearly \$72 million in financing, his company went into full-scale production in late 2011. The technology combines an artificial-intelligence-based vision system with robotics and electrical inspection.

The result: EcoATM can recognize 4,000 types of phones, MP3 players and tablets and identify any damage; it then uses a constantly updated world-wide auction system to offer consumers competitive prices based on model and condition. The average seller walks away with \$25, but payouts can reach \$300 for a new smartphone. Thieves need not apply—the machine validates the user's ID, requires a thumbprint scan and extracts serial numbers from the devices; hi-res cameras capture photos of the seller, and each transaction is monitored remotely by the ecoATM staff.

The company resells 75 percent of the devices to refurbishers; the rest go to e-waste recyclers who are certified by R2 Solutions or Stewards industry standards. With the help of EPA calculators, Bowles has determined that the reduction in greenhouse emissions from use of a single ecoATM in one year is equivalent to that of taking three cars off the road or 21 houses off the grid.

Early on Bowles theorized that placing ecoATMs in highly trafficked areas (mostly malls) and offering instant gratification (cash) would entice consumers to recycle. He was right: In 2012 the kiosks collected hundreds of thousands of phones and paid out millions of dollars. There are currently 350 ecoATMs in 24 states, and the company is placing two more per day and making plans for international expansion. Meanwhile, it's improving its technology so ecoATMs can accept bigger items like personal computers. As Bowles explains: "We're using technology to solve a problem that technology created." --Katherine Duncan





ALLEN AUSTIN

DELIVERING HIGH PERFORMANCE LEADERSHIP TEAMS

LOVE/CONNECTING

THIS NOTE WILL SELF-DESTRUCT...

Wickr is weaving lasting success from ephemeral data

Nietzsche once suggested, "Without forgetting it is quite impossible to live at all: Too bad the Internet has perfect memory.

Nico Sell and her co-founders at Wickr are on a mission to change that. In March 2011 they began developing an app that would give users the ability to send "self-destructing" pictures, video, audio and text messages securely and anonymously. "No one else is doing privacy at this level, and I think were the only ones who could have done it," Sell says. Files are never stored; they are completely overridden, cleared of metadata and encrypted with the same security technology employed by the National Security Agency. The free version allows users to send messages that can be kept for up to five days before self-destructing.

The team includes some of the nation's top security experts. Brought together by Jerry Dixon, who served as director of cyber security for the Department of Homeland Security, the San Francisco-based group comprises Sell, a security expert and longtime organizer of the annual Detcon hacker convention; a former defense contractor; a former state forensic investigator, and the director of New Jersey Institute of Technology's Center for Information Protection.

Wickr hit the App Store in June 2012 (at press time, an Android version was forthcoming). It is now the leading privacy app in 32 countries; what's more, it's the top free social app in Greece, Singapore, Botswana and South Africa— ahead of Facebook and Twitter. The company is rolling out several new pro features this year, including heightened control over how long data can be kept and a plan that entices power users to pay about \$40 a year for unlimited international calling and texting.

The idea is to initially convert people from other messaging and texting platforms, then give them the ability to post to social media sites like Facebook and Instagram securely, without their data being stored—and one day to facilitate private e-mails and phone calls. Unlike rival service Snapchat, which is aimed at teens and college students, Wickr promotes more serious use; it's a popular choice among doctors, politicians, freedom fighters, hackers and journalists. "Here in the States, the self-destructing part is what's driving people is, but around the world, it's popular in high-tension areas. We have thousands of users in Russia and China, and they're logging more





ALLEN AUSTIN

DELIVERING HIGH PERFORMANCE LEADERSHIP TEAMS

and more time on it every day," Sell says. "We believe ephemeral data is the future, and some day every app will have it."

And surely many a politician busted by incriminating photographs wishes that future had come a little bit sooner. —Jennifer Wang

INVENTION

THE BIG BUILD

Everyone's a creator with MakerBot's 3-D printers

The maker movement took center stage at this year's South by Southwest Interactive Festival in Austin, Texas. The coveted opening keynote was delivered by Bre Pettis, CEO of 3-D-printer manufacturer MakerBot Industries, who used the occasion to unveil the Digitizer, a desktop device capable of scanning objects up to 8 inches in height using lasers and a webcam, streamlining the printing infrastructure from end to end. You can fill the world with garden gnomes if you want," Pettis joked.

The onstage debut was an homage to Maker-Bot's origins: In early 2009 Pettis was part of a collective of hackers who wanted to get their hands on a 3-D printer, which at the time were the size of mainframe computers and cost about \$100,000. "We couldn't afford one, so we made it," he says. They got a rough prototype working before SXSW that year, so Pettis hopped on a plane, headed to Austin bars and began printing shot glasses with the device. He and his co-founders sold some 20 printers in just a few days.

The latest model from Brooklyn-based MakerBot, the fourth-generation Replicator 2, costs \$2,199 and is the size of a large toaster oven. It works by meticulously layering thin sheets of bioplastic material to create three-dimensional objects—a process made all the more mesmerizing under a lighting scheme reminiscent of a Virgin America cabin.

MakerBot's range of industrial and personal printers has been a major catalyst in the hardware revolution, unlocking the ability for anyone to make things faster and more cheaply. Growth has been wild. In four years MakerBot has gone from three employees to more than zoo; at press time the company had 50-plus job listings. There are some 20,000 printers in use (close to a quarter of total market share) and an estimated 115 million users globally (40 percent of orders are from outside the U.S.). NASA's Jet Propulsion Laboratory is the biggest customer, but the printers are also a boon to smaller operations like Robohand, creator of open-source prosthetic





ALLEN AUSTIN

DELIVERING HIGH PERFORMANCE LEADERSHIP TEAMS

hands for children, and even to one geek dad who printed custom foot molds to help his kid pass the minimum height requirement at an amusement park.

"We're not just a hardware company" Pettis says, noting that MakerBot also creates firmware and has a partnership with Autodesk, which makes software with rendering capabilities. And this fall's release of the Digitizer—which should cost roughly the same as the Replicator if Pettis' "washer-dryer" analogy is any indication—will further build out the company's position in the 3-D-printing ecosystem. And this is all just scratching the surface: "I think one day people will buy printers like they buy iPhones," he says. "If you put your MakerBot goggles on ... anything is possible. It's a frontier, and were going to explore it." —J.W.

URBAN LIFE

WHERE TO?

An e-taxi startup drives away inefficiency

One day in 2011, three internet entrepreneurs set up a meeting with three cab drivers in a London cafe. Many hours later, they emerged as the six founders of Hailo, a mobile app that connects taxi drivers with passengers.

One of the 'treps, New York native Jay Bregman, harbored a near-obsession with the "fundamentally inefficient" taxi industry that stemmed from his previous venture, a highly successful same-day delivery company.

"Taxis in New York spend 40 percent of their time—in other cities, 60 percent of their time—cruising for fares, while people find it difficult to get a taxi," explains Bregman, Hailo's CEO. And there was nobody to put them together."

During that fateful meeting, the three cabbies—with half a century of driving experience among them—provided insight that led to Hailo's unique solution: approaching the industry from the driver's perspective. "What we discovered was that in order to create the best passenger experience, we needed to focus on creating first the best driver experience," Bregman says.

Hailo's free driver app includes a location-based social network for taxi drivers, digital logbook and enterprise resource planning statistics. But the most important feature is a news feed where drivers can update their status, providing other cabbies with important information such as where more taxis are needed and which streets to avoid due to traffic. "We can get tens of thousands of





ALLEN AUSTIN

DELIVERING HIGH PERFORMANCE LEADERSHIP TEAMS

drivers using this system before they ever accept a single customer, Bregman says. “That means by the time we have our first customer come onto the network, we nail that first-time experience.” And they are nailing it: Hallo's passenger app boasts five-star ratings in the App Store and on Google Play from a combined 8,000 users.

The company launches the free passenger app once Hailo reaches a critical mass of drivers (the number is different in each city). Users can hail a

cab and then pay for the ride with credit-card information stored on the app; a receipt is automatically e-mailed. In the U.S., passengers are charged a "Hallo fee" ranging from 99 cents to \$3, depending on the city and time of day. In international cities where fares are higher, such as Dublin, Hallo charges drivers a 10 percent commission.

Hailo's aim is for passengers to be able to get a cab in two minutes, with two taps—a goal it has already achieved in London, where the service launched in November 2011. It is now the world's widest-reaching taxi app, operating in eight cities—including New York, Boston, Chicago, Toronto and Madrid—with Tokyo on deck for later this year. Hailo has received more than \$50 million in funding and has facilitated rides for 3 million passengers from 30,000 registered cab drivers. Up next? World domination. Bregman says the platform has the potential to go beyond the taxi industry and create community networks to address inefficiencies in other markets. Hewont share details, but says new offerings could be available by the end of the year. —K.D.

RURAL LIFE

ANIMAL FARMING, MINUS THE FARM

Build a better meat? Modern Meadow is doing it.

Here's a crazy idea: Combine 3-D printing and tissue engineering to “print” animal products and tackle some of the planet's biggest problems. Animal farming, after all, accounts for about half of all human-caused green-house gases, taking place on one-third of the available, non-frozen land on Earth. All to feed people's appetites for 300 million tons of meat a year.

Enter Gabor and Andras Forgacs, father-and-son founders of Modern Meadow, a company they started in 2011 that may very well be the model for the farm of the future.

Five years earlier they helped start Organovo, a firm that makes human tissues for pharmaceutical research and other medical applications, and was a commercial spinoff of Gabor's pioneering work at the University of Missouri in "bioprinting," which he describes as





ALLEN AUSTIN

DELIVERING HIGH PERFORMANCE LEADERSHIP TEAMS

extending biological structures in three dimensions." Modern Meadow's output is based in part on this work. On a basic level, the process involves using 3-D printing to deposit clumps of cells into patterns of tissue. The particles fuse post-printing— similar to cell development in embryos. Unlike Organovo's final products, which must be kept alive, Modern Meadow's postmortem animal tissues are simpler to build and faster to market.

Leather, a \$60 billion trade globally, is first on the agenda. "What we build is skin, or hide, and we do this elaborate game to turn it into leather," explains Gabor, who serves as chief scientific officer of Modern Meadow, which is based in Columbia, Mo., and Moffett Field, Calif. A prototype material will debut later this year, so the company is currently focused on building out commercial relationships. "Our goal after that is to be able to do a limited production run and to incorporate [the leather] into fashion accessories and apparel in 2014," says Andras, CEO. "Then, it's all about scaling." Interest has been resounding. Large manufacturers and designers of apparel and accessories—even automotive manufacturers—stand to benefit from a more efficient leather supply chain. For consumers, fabricated leather could alleviate environmental and animal-welfare concerns.

Meat is a longer-term project but should have similar financial blessings. On the research side the company has garnered equally keen interest, winning competitive grants from the National Science Foundation and the U.S. Department of Agriculture, and scoring funding from organizations like Peter Thiel's Breakout Labs. "The grants were approved and awarded with the speed of light," Gabor says, noting how extraordinary it is for research to be backed with such "glowing fanfare." To date, Modern Meadow has received \$2 million in funding, an amount that should skyrocket as the company completes its prototypes and pursues further phases of grant funding from Small Business Innovation Research. "It illustrates where we stand," Gabor declares, "that what we are doing is timely, we have the right reputation, and it is of interest to society." -J.W.

FOOD/BEVERAGE

WINE SNOBS

A cloud-based system crafts stellar cellars

With few exceptions, sellers of fine wines who cater to the wealthy are a stodgy little group that as contentedly done business the same way for decades. For Chadwick Meyer, this presented an opportunity he couldn't resist.





ALLEN AUSTIN

DELIVERING HIGH PERFORMANCE LEADERSHIP TEAMS

The son of the founder of Napa Valley's iconic Silver Oak Winery Meyer rejected working in the family vineyards in favor of a technology career. Now he's back in Napa and has teamed with wife Aimee, a finance-industry refugee, and wine connoisseur Matt Wilson on Soutirage, an online startup that's revolutionizing the top echelons of the wine business by providing unprecedented customer service at prices often lower than those of brick-and-mortar competitors.

The business operates entirely in the cloud. All processes—purchasing, sales, accounting, shipping and even the inventory manager the company installs in clients' cellars—are integrated in a Net-Suite system accessible by iPhone, iPad or laptop. Centralized data means that each bottle is accounted for in real time as it moves from producer to client.

Soutirage—the name comes from the French term for racking, or separating the sediment from the wine—has a staff of 17 wine consultants, buyers and executives, based in an office over the corner drugstore in downtown St. Helena. The company manages most or all of the collections of a select group of oenophiles. "We are singularly focused on a small number of clients who buy a large amount of wine," Meyer says.

It might take 18 months to cement such a relationship, he says, noting that members of Soutirage's sales force—young sommeliers from Michelin-starred restaurants such as The French Laundry and veterans of elite wine stores—fly to meet prospective clients for dinner, often bringing rare bottles to taste with them at home. The idea is for the salespeople to get to know clients so well that they can anticipate their wishes. Meanwhile, Soutirage's computerized inventory system provides up-to-the-minute data on each client's cellar. "I noticed you're not drinking the Cote-Ratie," a Soutirage communiqué might state. "Please send it back to us. You might prefer this Pomerol. I can ship it to you today, if you like."

There are no newsletters or e-mail blasts; all recommendations are personalized. "Our clients put their trust in us," Wilson says. Wine advisors or wine-services coordinators are in daily or weekly contact with their clients through text, e-mail and phone.

There is tremendous transparency in the wine market; anyone can go to Wine-Searcher.com and see the price range for a bottle. Soutirage likes to keep its prices in the middle of the pack. While a small percentage of extraordinary wines pushed the average price of a Soutirage sale last year to \$293, the median bottle sold for \$130.





ALLEN AUSTIN

DELIVERING HIGH PERFORMANCE LEADERSHIP TEAMS

The company has nearly 100 active clients; Sean Parker and Harrison Ford were reportedly early converts. The advisory board includes Accel partner and World Economic Forum member Joe Schoendorf, former San Francisco 49ers president-CEO Carmen Policy and famed restaurateur Thomas Keller. Most have a Napa connection in the form of a winery or residence. "We're invited to a lot of dinners where we meet some very interesting people," Wilson says. And no doubt, they are drinking some very interesting wines. -Code Brown

WORK LIFE

PEOPLE POWER

KISSmetrics democratizes user analytics

So much data, so little time. Above all else, this was the driving notion behind KISSmetrics, a San Francisco startup that specializes in customer analytics for companies in the online space.

Founded in 2009, KISSmetrics has grown exponentially in the last four years, using a Ruby on Rails platform to crunch customer data for marketing departments at companies like AOL, Foursquare, Microsoft and Intuit, to name a few.

Ease of use and clarity are critical to this success--the company name incorporates the acronym "Keep It Simple, Stupid." While other analytics companies have focused on high-level "vanity" metrics like page views and unique visitors, KISSmetrics instead has targeted individual user data—attempting to track why people visit a site, how long they stay, how long it takes them to activate a service, how much money they spend and why they leave.

The company is the third startup for brothers-in-law Neil Patel and Hitendra Shah. As Patel explains it, the duo—who met when Shah started dating Patel's sister—got the idea for KISSmetrics when looking for an easier way to track metrics like lifetime value and churn during startup No. 2.

"We had no problem getting usage stats from Google Analytics, but the minute we wanted something more sophisticated, we were out of luck," Patel says. "The more people we talked to, the more we realized others were dealing with these shortcomings, too. That's when we saw the problem was bigger than us."

To launch the company, each of the founders put up about \$100,000 of his own money. KISSmetrics has received a total of \$6.4 million in funding from True Ventures, SoftTech VC and Polaris Ventures.





ALLEN AUSTIN

DELIVERING HIGH PERFORMANCE LEADERSHIP TEAMS

With that cash, Patel and Shah have sharpened their algorithms to provide a distinct competitive advantage. They've also made their technology easy to implement. To use it, customers insert the KISSmetrics script into their site codes; the script automatically captures user information in real time at various steps along the purchase process.

In all, the 30-employee company has processed more than 25 terabytes of data and tracked more than 50 billion events through its code. These numbers are turning analysts' heads. Joe Stanhope notes that what distinguishes KISSmetrics from competitors in the space is the way it democratizes analytics.

"This is not something that exists exclusively for billion-dollar companies," says Stanhope, who recently left his position as a principal analyst at Forrester Research to become chief strategy officer at SDL, an international software and consulting firm. "It's affordable, anyone can use it, it's visually appealing, and it has a high degree of functionality. Not many vendors can say that."

Looking forward, Patel says he and Shah are working to grow the company, while preserving the approachability that customers love. He adds that KISSmetrics will continue to sharpen its algorithms, always searching for the next great metric to glean from a standard set of data.

"There may be something else that's new or hot a year from now," Patel notes. "For this reason, we were committed to solving problems and not riding trends: --Matt Villano

GAMING

THE WINNING TOUCH

Sifteo brings tactile appeal to video gaming

You could say it was nostalgia that inspired David Merrill and Jeevan Kalanithi to create the plaything of the future. Noting that modern-day games operate increasingly in the virtual realm, with the kinesthetic component reduced to the click of a mouse or tap of a screen, the two MIT Media Lab graduate students felt a fundamental absence—the physical interaction that comes from old-school toys like building blocks and board games.

This was the impetus behind Sifteo cubes. The little computerized blocks communicate wirelessly with one another and respond in varying ways to being pressed, tilted, shaken and rearranged—turning video gaming into a truly tactile experience. It's taking the wooden blocks you grew up playing with and giving them this digital life: Merrill says.





ALLEN AUSTIN

DELIVERING HIGH PERFORMANCE LEADERSHIP TEAMS

When Merrill presented Siftables, Sifteo's predecessor, at the TED conference in February 2009, video of the talk went viral, quickly racking up more than 1 million views. "That was kind of our Kickstarter moment—before there was such a thing as Kickstarter," Merrill says. "That was when we realized this was more than just a cool research project and that we really needed to take this idea to the next level and turn it into a product and build a company." Within a few months, Merrill and Kalanithi had moved to San Francisco, raised venture capital and assembled a team to help make their cubes and accompanying games ready for store shelves.

That team is essential to Sifteo's success, Merrill says, but so is the recognition that "we don't have the market cornered on creativity" They've made it a point to connect with people outside the company for game ideas, forming partnerships with Richard Garfield, creator of popular trading-card game Magic: The Gathering, and indie developers like the folks behind the Bit.Trip games. They've even made their software-development kit available for free online and have hosted contests and "Game Jam" weekends to encourage amateur developers to invent games for the Sifteo system.

"We really care about building play experiences that are beneficial to kids, that parents can feel good about," Merrill says. "It's not just entertainment for entertainment's sake." Many of the activities available so far are puzzle and word games that encourage problem-solving, but Sifteo owners can also play the curiously named adventure outing Sandwich Kingdom and a party game inspired by the iOS game Bloop.

The latest version of the cubes came out in November. In addition to Amazon and other e-tailers, they're available at New York's MoMA Store, the Toys"R"Us in Times Square, select Barnes & Noble locations and Marbles: The Brain Store. One of Merrill's goals for 2013 is to expand Sifteo's retail reach. If people can get their hands on it—literally—he's confident they'll be hooked by what he calls "the magic of interactivity." —Tracy Stapp

CROWDSOURCING/COLLABORATION

COLLABORATIVE CODING

GitHub's online hosting service makes it easy for developers to create and share software

Even GitHub uses GitHub: Co-founder and CEO Tom Preston-Werner recently experienced in a very meta way the power of his online hosting service for software-development projects (and the largest open-source community around). Preston-Werner asked users to help him build a new type of data format; within two days, hundreds of contributions to the project had been made.





ALLEN AUSTIN

DELIVERING HIGH PERFORMANCE LEADERSHIP TEAMS

"To see a community rally around an idea, all in such a short time frame ... is pretty stunning," he says. "GitHub is able to pull people together and inspire people to contribute, because they can become part of something that's bigger than themselves."

Less kumbaya and more "anything you can do, I can do better," San Francisco-based GitHub has created a streamlined way for software developers to collaborate, by creating one arena in which they can write, share and revise code—and tap anyone in the community for help. Traditionally, the open-source coding process has been arduous, with multiple steps involved to propose changes (which can deter someone from pointing out fixes that don't affect them). "The point of GitHub is to reduce the amount of work involved, and make it so low that you will always contribute when you see something [to fix]," Preston-Werner says.

And that point is helping expand the company's user base: In April GitHub had 3.5 million users hosting some 6 million "repositories" of stored software projects. Some of those users are big players like Lockheed Martin, Twitter, Facebook and The White House; enterprise users include Fortune 500 companies, large government agencies and universities. Revenue has increased 300 percent annually since GitHub's founding in 2008, and the staff now numbers 158. Last July the company scored \$100 million from Andreessen Horowitz, the VC firm's largest investment ever. (GitHub was previously entirely bootstrapped.)

GitHub is built on Git, an open source revision-control system that manages and stores multiple versions of a project, and improves upon the system with an online interface, access control and the ability to see users' profiles and project history. It works like this: A user "forks," or copies, a repository to their account, makes their revisions and modifications to the code, then submits a "pull request" to the original owner, who can then decide whether to merge those changes with the original code. The platform allows for real-time discussion about the changes as a whole, parts or specific lines of code. Open-source projects are free; paid plans are available for private repositories.

Examples of projects hosted on GitHub include We the People, an app The White House developed for citizens to petition the administration to take action on various issues; Bootstrap, a popular framework for building websites; and Ruby on Rails, a framework that has been used to build web apps for the likes of Twitter, Groupon, Hulu and KISSmetrics (see page 57).

"We want GitHub to be the best place to design, build and ship software—but were not there yet," Preston-Werner says. "The future is to achieve that goal, and in the name of making it easier for people to work together." —Michelle Juergen





ALLEN AUSTIN

DELIVERING HIGH PERFORMANCE LEADERSHIP TEAMS

SPORTS/RECREATION

CRYSTAL BALLGAME

An analytics platform brings solid data to sports predictions

The age-old rivalry between jocks and geeks is finally dead—and Nik Bonaddio is the killer. Bonaddio is founder and CEO of numberFire, an analytics platform that takes sports data to new brainy levels.

Combining mathematically derived metrics with advanced algorithms that factor in situational variables, numberFire turns the "unstructured and misleading data" around sports into highly accurate stats and predictions for NFL, MLB and NBA players and teams.

What this means: Your betting odds just got better, and your fantasy-sports team just dominated. In fact, the New York City-based company's official 2012 March Madness bracket correctly picked the winner (Kentucky) and finished in the top 1 percent of brackets nationwide. numberFire claims that its data gives users a 31 percent higher chance of winning their fantasy leagues and beats the projections provided by leagues 93 percent of the time. The company has about 40,000 users.

"Fantasy sports is a really big market that's been underserved for a long time," Bonaddio says. "We're scratching the itch a lot of people have."

A two-time All-American in track and field, Bonaddio got his head in the sports-data game after joining a fraternity at Carnegie Mellon, where he studied information systems and communication design. "I realized the advice you get around fantasy football and sports in general is very qualitative. It's all, 'I think this team is going to do well,' and this never made sense to me, because sports is all about numbers—the box score, the touchdown, the yards—but no one was doing any data modeling or data analysis," he says. "I analogized it at the time to finance: When you make a trade, all the big banks are using these complex models and quantitative trading algorithms, and I didn't understand what was so different about sports."

Bonaddio seems to have a knack for winning. After walking away with \$100,000 from Who Wants to Be a Millionaire? in 2009, he quit his job and parlayed the cash into building data models.





ALLEN AUSTIN

DELIVERING HIGH PERFORMANCE LEADERSHIP TEAMS

He launched numberFire in 2010, focusing on football insights; the site quickly secured fans by out predicting the experts at ESPN and Yahoo 70 percent of the time by the end of the season.

Bonaddio drafted Keith Goldner, an analyst for ESPN and two NFL franchises, to refine the predictive models, and last year expanded numberFire to include baseball and basketball. The startup, which continues to consistently beat the projections of CBS, NFL and Yahoo, has scored \$775,000 in funding from investors including RRE Ventures and TechStars' David Tisch. Revenue— which grew from \$10,000 in 2011 to \$250,000 last year—is derived mainly from premium subscriptions (basic analytics are free) and partnerships with major media companies, which leverage numberFire's data on their own sites.

Turns out there really is a formula for success. -M J.

