

BUILDING A BUSINESS



CHERYL GERBER/Associated Press

Boomdash owner Cesar Nerys talks to Christie Lemoine and Kristine Bulot of Boomdash customer Sunshine Pages during a training session in Metairie, La., this month.

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Hard work pays off

Nonstop calls and meetings help Ann Arbor Internet firm land its first customers

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CESAR NERYS, Boomdash's chief executive and founder

Sales calls around the country. Visits with venture capitalists in Silicon Valley. Training sessions in Louisiana.

Since Boomdash LLC opened for business two months ago, activity at the Ann Arbor start-up has been nonstop.

The Internet search engine and mobile advertising firm recently landed its second customer. Early this month, it signed a contract with Bridgerland Phone Book-Logan Pages, a telephone directory publisher in Logan, Utah.

Getting Bridgerland on board is no small victory. Most start-ups put in a lot of hours trying to get their first few customers, and Boomdash is no exception.

The business-to-business company works with independent telephone directory publishers around the country. It enlists their sales teams to sell its Internet advertising product to small businesses, sharing some of the revenue.

Since the company's unveiling in late April at the Association of Directory Publishers' annual convention in Orlando, its top two executives have been meeting with potential customers in different parts of the country.

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Firm's work paying off

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So far, follow-up visits with the directory publishers who expressed interest in Boomdash's product have been positive. But the start-up ran into a surprise at one Michigan publisher: Though its owner wants to sign up, his salespeople wanted nothing to do with learning new technology.

"I hadn't experienced anything like this," said Cesar Nerys, Boomdash's chief executive and founder and a former AT&T executive.

But the situation doesn't pose a huge stumbling block for the start-up. It doesn't need to sign up all 130 independent publishers in the country. In order to be profitable, its business plan calls for winning contracts during the next five years with publishers employing a total of 500 sales representatives.

Of course, Boomdash hopes to reach this goal much sooner.

For now, though, the company will need to obtain more money to grow. So far, it has been living off of the thousands of dollars that its three partners initially contributed, but its costs are increasing.

In the spring, Nerys and Doug Neal, Boomdash's chief operating officer and one of its partners, moved into bigger rental space at a business incubator in downtown Ann Arbor. They have hired one person to work in sales and another in customer service.

Meanwhile, in Thousand Oaks, Calif., the company has added a vice president of engineering. Two software engineers are also working for the business on a contract basis.

The new hires are helping Jack Horner, another partner and Boomdash's chief technical officer, develop Boomdash's products. The group has been scouting for office space.

When the company needs more cash, it can tap a line of credit it obtained, but its partners are also willing to invest more of their savings.

Those alternatives may not be necessary if Boomdash can raise its first round of venture capital later this year. On average, an Internet start-up that pursued this kind of initial fundraising in 2007 received commitments for \$4.3 million, according to the National Venture Capital Association.

In this area, Neal's experience comes in handy. Before joining Boomdash, he successfully started and sold his own technology business. He knows several venture capitalists and they have put him in touch with others.

Thanks to this kind of networking, during the first week of June, the Boomdash partners made the rounds of almost 20 prominent venture-capital firms in California, including a few with offices on the fabled Sand Hill Road in Silicon Valley.

The meetings went well. "There hasn't been a single firm we met with that hasn't liked what we have," Nerys said.

Boomdash plans to stay in touch with several venture capitalists, keeping them informed about the company's progress.

It is looking for investments from venture firms on the coasts and in Michigan. A coastal firm with deep pockets and strong industry connections could act as Boomdash's lead investor. A Michigan firm would help the coastal firm manage its investment in Boomdash and put in a smaller amount of money.

But before any of these money issues are likely to get resolved, Boomdash faces a crucial test that could make or break the company.

Will its Internet advertising product help the directory publishers' customers sell more products and services? In other words, will Boomdash's product work in the real world?

So far, it has been tested only in simulations that didn't involve paying customers. But that's about to change.

In the second week of June,

Read more online

In Michigan's diversifying economy, thousands of workers are starting businesses. This year, the Free Press is following the ups and downs of two of the state's newest companies, Boomdash LLC and Real-Kidz Inc., as they try to turn their dreams into reality. To read previous stories in the series, see the special report in the Business section of www.freep.com.

six sales representatives for Sunshine Pages of Metairie, La., which is Boomdash's first customer, took a three-day training course to learn how to sell the Internet advertising firm's product.

Boomdash hired a Michigan-based training firm to design and teach the course, which took eight weeks to develop.

On June 12, the Sunshine sales representatives began making sales calls. So far, they have signed up eight customers, including a restaurant, a dentist and other small businesses.

This week, these eight companies will start using Boomdash's product for the first time. Will the results meet the firm's lofty expectations or will Boomdash need to go back and retool its product?

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