

# Sell your idea

About five years ago, Richard Fast, a Burlington, Ont., inventor of roughly 20 games and toys, including MindTrap and Ice-FX table hockey, decided that the board-game genre was badly in need of an electronic facelift. Fast figured people would be more interested in board games if they could use their televisions and a simple console with remote controls to play. With no real technical experience, he didn't have a clue whether his idea would fly when he approached R&D consulting firm Nytric Ltd. with little more than a "big blue-sky dream wish list." Fast wanted his own operating system, a video game player that would host up to six people—each with his own remote control that was simple enough that grandma wouldn't burst a blood vessel figuring it out—and the system had to have rich multimedia capabilities and be able to play DVDs. Oh yeah, and all that would have to retail for no more than US\$99. Today, three years after that initial meeting, Fast's company, Zapit Games, has just such a system, called Game Wave, and is preparing a full North American push after quietly launching the product last October.

Not all entrepreneurs are that successful. Getting a product to market typically requires a lot of cash, research and techni-



cal know-how that are beyond the means of the average person who may only have a hastily jotted down idea on a napkin to offer at the start. "Most of our clients come to us with an idea and absolutely no concept of how to turn that idea into a product," says Anthony Gussin, director of business development at Nytric in Mississauga, Ont. "In fact, generally they've put very little thought into what the product will look like."

GET A PROTOTYPE	GET A PATENT	GET MONEY
<ul style="list-style-type: none"> <li>Do a feasibility study before trying to make it</li> <li>Find out the market, competition and distribution</li> <li>Balance features, costs and time to market</li> </ul>	<ul style="list-style-type: none"> <li>You need both a concept and a way to carry it out</li> <li>Your invention must be inventive: i.e., not obvious</li> <li>Don't dally. The first person in gets the patent</li> </ul>	<ul style="list-style-type: none"> <li>Have a customer who is actually buying your stuff</li> <li>Have a team of two to four qualified people</li> <li>Have a compelling idea that can tap unmet demand</li> </ul>

That's where Nytric—and other prototype builders, such as university labs—

come in. Nytric's engineers will do a feasibility study to see if an idea is workable, given market constraints. In other words, if consumers will only pay \$99 for a product, then that affects its wholesale price and manufacturing costs which, in turn, determine what features are possible and

how long it will take to get the end result to market. "There are the three things you're always playing with—time, cost, features—and there always has to be a balance between those three," says Gussin. In general, a feasibility study by Nytric costs \$10,000 and takes six to eight weeks to complete. That might sound like a lot of money to spend on a gamble, but it's a far cry from the cash needed to get a product off the ground. Fast sunk several hundred thousand into Game Wave before he started

enticing outside investors in January 2004. Since then, he's managed to raise \$6 million, and he probably needs another \$6 million to take it to the next step. Typically, venture capitalists won't get involved until a company can prove that it has at least one real customer, which Rick Nathan, president of the Canadian Venture Capital Association and a managing partner of private equity firm Kensington Capital Partners, describes as "someone who pays you money. It's not someone who visits your web page, downloads your software or who uploads content to your web page."

VCs will also look at the management team behind the inventor, specifically whether or not it has the ability to change as the business plan evolves. "Products change and evolve over time, and something you think is a great product today, you may discover tomorrow there are 10 competitors and you're going to change the product," says Nathan. "What's going to make that work for an investor is the team."

Don't have all that in place? Nathan advises people seek out angel investors,

who are a bit less risk averse. Some of that early money will probably be earmarked for filing a patent, which can cost between \$10,000 and \$20,000, depending on its complexity. Patents can take up to seven years to complete, and there may be competition, so it makes sense to file as soon as possible, says Don Cameron, a senior partner and patent specialist at law firm Ogilvy Renault in Toronto. "The first person to come up with the invention and file a patent application wins," says Cameron. "Patents are the dogs and fences of today's businesses. In yesteryear, you kept the thieves away with dogs and fences. Today and tomorrow, patents will protect business from thieving competitors who try to steal your ideas." Not every idea is patentable, of course. It has to be new, non-obvious and, above all, workable. A levitating skateboard is not an invention until you've figured out how to actually make it levitate.

In the case of Game Wave, the patents are owned by Zapit, even though Nytric did the grunt work. The console itself wasn't patentable, as the concept already existed, but the guts of the system—making it work with six remote controls all working simultaneously—is. While it seems a little unfair that Nytric doesn't control the patents, don't feel too bad. The company typically takes an ownership stake in any ideas it helps build. That cuts down the upfront costs for inventors but also ensures a technical crew is always there to follow up in case something goes awry. In return, Nytric may take a 3% to 5% cut of the selling price—and its logo often appears somewhere on the product.

Even with a little engineering help, inventors should be prepared to wait up to 18 months to see their ideas come to life. With Game Wave, it took four months for Nytric to find out that Fast's idea was doable—and almost a year before a prototype was ready. Nytric modified some remote controls from Panasonic, altered a chip from National Semiconductor originally designed for the auto industry, and used its own receiver to create Game Wave. "You really have to have some experience behind you and partner with the right people," advises Fast. "But like every project, you just cannot take no for an answer."

A company such as Nytric can get most of the answers inventors need, but there's always the chance that your drunken idea is no more than just that—a drunken idea. "There's always a risk involved," says Gussin. "But if you're a gambler, it's the risks that pay off."

ANDY HOLLOWAY

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