

Would-be tech moguls put their business plans to the test

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By [Vic Reklaitis](#)

Dot-com refugees are returning to campus as the economy seems to be slowing down, but many students are still dreaming of high-tech business success. The Stanford Entrepreneurs Challenge, the annual business plan competition conducted by the Business Association of Stanford Engineering Students, has seen a drop in the number of entrants this year, as well as a diversification of the types of ideas presented.

While last year many would-be Internet tycoons entered e-commerce ideas into the competition, business ideas based on real technology dominate the pool of entries this year. With the increase in business plans for advanced software, hardware, biotech and other technically sophisticated ventures, the number of graduate students participating in the E-Challenge has increased. Some non-technical majors are also participating in the competition.

"It's a lot less teams, and it's a reflection of the way the economy is changing in a fundamental way," said Josh Bartel, vice-president of the E-Challenge. "It's a much more diversified field of entry. The venture capitalists are going to be happy this year because there were a little too many dot-coms last year, stuff they could get away with in last year's economy. This year, they're looking for a little more on the hardware side."

This year, some 50 teams are trying to write viable business plans by making use of the workshops, mentoring and networking sessions provided by the E-Challenge. The main purpose of the E-Challenge is to teach its participants about venture formation.

"There is a definite focus on education," said Yael Shacham, another E-Challenge Vice President. "That's our priority."

Because of the educational focus of the E-Challenge, the Stanford competition has stricter rules than similar contests at other schools. For example, at least half of each team's members must be affiliated with Stanford.

Last year's winners cite the E-Challenge as a key to helping them take their business idea to market. Homan Igehy, who completed his doctorate in computer science at Stanford, and Farid Nemati, who holds a doctorate in electrical engineering from Stanford, won the competition last year with their idea for a semiconductor start-up called T-RAM.

"It was a very good learning experience," Igehy said.

T-RAM is now a successful company that has raised over \$11 million in venture financing. The company's name, T-RAM, refers to a new type of memory that combines both speed and capacity, resulting in a major improvement for memory performance. It is still under development, but it will be compatible with standard computer systems.

Igehy and Nemati had developed their idea after observing that, while processor performance has improved dramatically over the last decade, memory performance had become a bottleneck in many servers, routers and other communication systems. With the increased emphasis on hardware in the competition, T-RAM is an example of the type of business idea that might win the E-Challenge this year.

The first round of competition for the E-Challenge is coming up Thursday, while the final round of judging will occur on May 24.

Bartel said that, even with a downturn in the dot-com sector of the economy, venture capitalists are still paying close attention to the E-Challenge. He mentioned that general partners from such prominent firms as the Mayfield Fund and the Sequoia Group will still make an appearance.

“[They] are a little tighter with their money, but they’re still just as involved with the E-Challenge,” Bartel said.

This year’s E-Challenge competition might not produce another Pets.com, eToys or the like, but it does promise to produce a successful and technically sound business idea.

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