

Gold Country Start Up Strikes Internet Mother Lode

By Maura K. Deering



It's the new American success story: finish grad school, start a high-tech company in your garage, and within a few years sell it for millions of dollars.



Ney Grant



Curt Powell

Ney Grant and Curt Powell, 1987 Graduate School of Management alumni and founders of Ibox Technologies, know the story well. The keys to their success, they say, arose both from the knowledge they acquired at the GSM and from the experience of getting out there and doing it. It's no accident that the Ibox company logo is a Nepalese mountain goat — an appropriate symbol of their climb to start-up success. “One of the things I remember was my entrepreneurship instructor at the GSM,” says Grant. “I had done a class project with him, and wanted to go out and start a business with it. But when we finished the project, my instructor said, ‘You’re not an entrepreneur. You need to go off and find a job.’”

Grant found a job, but the idea of owning a company didn't go away. Neither did the idea of combining voice and fax technology. He worked on the project at night and came up with a prototype. “It didn't work,” he says. “But it worked well enough that it proved the concept that somebody could make it work.”

That somebody was Curt Powell. Grant raised \$25,000 from friends and family, and Ibox was born in his spare bedroom at his Placerville home. Powell commuted from Davis and often stayed overnight on a futon. The two worked seven days a

week for most of 1990 and 1991, and moved into a site in Placerville that had been a brothel during the Gold Rush. “A lot of companies brag about starting in a garage,” says Powell. “But we're probably the only high-tech company that ever started in a bedroom and a brothel.”

By 1993, Ibox had 30 employees and was the world leader in corporate-fax delivery systems, offering products that integrated fax-on-demand with electronic publishing. In 1995, Ibox moved into its current — and conventional — setting, an El Dorado Hills business park.

Grant and Powell credit the GSM for preparing them well in accounting and finance.

“It really helped to know what the controllers and accountants were talking about,” says Grant. “I didn't understand those issues before I came to the GSM.”

Grant also perfected the skill of “muddling through” — something he learned from his entrepreneur class. “When you start up something like this where there is no market for it, no channels and no guidelines on how to price, you have to muddle through a lot. We made a lot of false starts,” he says. Grant also says that he gained a lot of self-confidence from the GSM and learned leadership skills from the team-building exercises in many of his classes.

Powell recommends that students take advantage of the GSM's marketing classes. “Marketing always beats technology,” he says, “whether you have two equal products or even one product that is better. The better product won't win in the marketplace unless it is the better-marketed product.”

There were some things Grant and Powell couldn't learn in the classroom. Grant recalls the emotional roller coaster they rode in the early days, and especially a two-week period when it was "bottom-of-the-bottom and top-of-the-top." Deeply in debt, they seriously considered shutting Ibex down. But, the next week luck was on their side, and Ibex was named *PC Week's* "Editor's Choice," validating that their product was the best in the industry. "From there, business picked up because we got calls from Microsoft and others, who wanted to buy our system," says Grant.

Another thing learned from experience was ethics. "I know we talked about it in class, but doing the right thing really comes from inside," says Grant.

"Overall, I think that what we did best was people and focus," continued Grant. Powell agrees, adding that people are your most important asset. They found the Sacramento region to be a great place to find people, and they could retain them more easily than in the Bay Area.

But probably the most important element of their success was their ability to focus. "A lot of Internet companies are trying to do too much," says Grant. "It's an age-old problem, trying to be everything for everybody, and you can't do it."

Like a lot of technology companies, Ibex was built so it could eventually be sold. In late 1996, Grant and Powell had a multimillion-dollar investment offer from a venture capitalist plus two buy-out offers — one for over four million dollars in cash from a Seattle company and one for seven million in stock from a Silicon Valley company called Castelle.

Even though the pure stock deal was riskier, they decided to sell Ibex to Castelle for two reasons: 1) Castelle wanted to be an Internet company, and it needed a new product. Ibex was currently introducing a product called Intersect that combined voice, fax, e-mail and the Web; 2) The Seattle group wanted to acquire Ibex along with another company, which meant consolidation. In keeping with their philosophy that people are a company's most important asset, Grant and Powell opted to sell to Castelle in order to prevent staff layoffs.

Grant continued on at Castelle for two years as vice president of marketing, and in 1999, left to become head of acquisitions for Wirestone, an Internet rollup company that acquires Web development companies for the purpose of executing an IPO or strategic sale. Powell remains at Castelle as vice president of engineering and chief developer for the Ibex Product Division.

Both men are active members of the GSM Alumni Association, and Powell served one term on the Alumni Association Board of Directors. They have also volunteered their time to speak to students, alumni and the business community as part of the GSM's Dean's Distinguished Speaker Series and to participate as panelists on Alumni Day.

"It's been a wonderful journey," says Grant. "And without the foundation that the GSM laid, it just wouldn't have been possible." 📄

