

Arch Grants awards money to 11 startups

BY DAVID NICKLAUS
St. Louis Post-Dispatch

Arch Grants is handing out \$50,000 awards Thursday to 11 companies that make everything from high-efficiency air purifiers to a drug-delivering pacifier.

The organization aims to reinvigorate the St. Louis economy by encouraging high-potential startup companies. Its grants come with few strings attached, but the recipients must locate in St. Louis.

Seven of the winners were already in the St. Louis area; the others come from Mount Vernon and Springfield, Ill., New Orleans and San Antonio.

The companies are:

- Appbase, from San Antonio, a streaming database service for search and analytics queries.
- Applied Particle Technology, led by two Washington University doctoral students, a developer of high-efficiency air treatment and filtration technology.
- Better Weekdays, a job-matching platform that helps job candidates and companies judge compatibility and cultural fit. Founder Chris Motley moved here from Chicago last year.
- CrisisGo, from Mount Vernon, developer of a mobile app for emergency communications.
- HIPAAtrek, which makes compliance software for health care institutions.
- Invisible Girlfriend, which lets people receive authentic-looking text messages and photos from a virtual girlfriend or boyfriend. The company was founded at a Startup Weekend in St. Louis in 2013.
- Jobsite Unite, developer of a mobile app that streamlines communication among



ROBERTO RODRIGUEZ • rrodriguez@post-dispatch.com
Roberto Garcia (left) and Nathan Merrick, co-founders of the Listo mobile app.

construction contractors.

- Listo, a mobile app that lets people watch a movie in their preferred language anywhere in the world.
- Million Dollar Scholar, a New Orleans software startup that helps connect students with financial aid opportunities.
- Scoville, based in Kirkwood, a developer of medical devices for home use. Its first product is Pacidose, which combines a pacifier nipple with a syringe for delivering medicine to babies.
- SmashToast, from Springfield, which develops technology to run household devices from a smartphone.

Including Thursday's awards, Arch Grants has now handed out a total of \$3.65 million to 66 companies. It says previous winners have created more than 250 jobs, generated \$16 million in revenue and raised \$49 million in capital.

The organization will announce another batch of about 10 winners in November.

Arch Grants gets some money from the state-funded Missouri Technology Corp., but most of its funding comes from private donors.

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DAVID CARSON
Amy Santhuff fills containers of lemon-flavor Sia's Italian Ice on Wednesday at the store in Des Peres. The containers will be sold at area grocery stores.

Customers want healthy treats

SIA'S • FROM B1

Holoan, who was born in Ohio, said his family moved to St. Louis when he was 4. He has a degree in management from the University of Kentucky and master's degrees in business administration and social work from Washington University.

Sia's Italian Ice is named after Holoan's daughters: Sabrina, Isabella and Amelia.

The first summer Sia operated, it made just \$19,000 in revenue, a figure that was too low to remain sustainable.

"We knew we had to do something to make it nonseasonal," Holoan said.

Sia started packaging its Italian Ice in push-pop containers, with its first wholesale customer, Washington University, in spring 2014.

"That's when we started seeing that there was a niche," Holoan said. "Not everybody wants to eat Ben & Jerry's that has 500 calories."

Sia's revenue grew to \$70,000 in its second year of business, including sales at two restaurants.

In the past 12 months, Sia expanded sales of its pints and half pints to nearly three dozen local grocery stores, including Straub's, Dierbergs Markets, Lucky's Market and United Provisions.

As the company's wholesale business expanded, earlier this year, Sia opened

a 1,500-square-foot store in Des Peres on Manchester Road near Interstate 270 where customers can watch the Italian Ice being made.

This month, Sia signed distribution agreements with three distributors, Kuna Foodservice, Moore Food Distributors and Lucia Distributors, which will expand its reach in the Midwest.

"I think the ability to scale this business is significant because of the distributors," Holoan said.

One of Sia's customers is the Rockwood School District, which has Sia's Italian Ice available for sale to middle and high school students.

"The first ingredient is fruit, such as strawberry or mango, and it's low in calories," said Carmen Fischer, Rockwood's director of child nutrition services, about the addition of the product to the school's food line-up in January.

Several other schools, including Westminster Christian Academy, carry the product.

Ultimately, Sia plans to franchise its food trucks to other cities and add products such as protein pops for athletes, Holoan said.

"It's amazing how many people want something that's healthy," he said.

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Investors will nurture innovators

NICKLAUS • FROM B1

Center for Entrepreneurship and former chief executive of Vivid Sky, which developed a mobile app for use in sports stadiums.

Every six months, Stadia will invest up to \$100,000 in five companies and help them make connections in the sports-business world. In an investor presentation, the group lists more than 50 potential mentors, including Jacksonville Jaguars President Mark Lamping, St. Louis Rams executive Kevin Demoff and people at Rawlings, Schutt Sports and Callaway Golf.

Chou and Hayden are trying to raise \$10 million to fund the accelerator for five years, including follow-on investments in companies that seem the most promising. Stadia plans to announce its first group of companies in September.

For investors, the fund offers a way to invest in a diversified group of sports startups that have been vetted by experts.

"Most of the money invested in sports has been ego-driven," says Hayden, who will remain at SLU for one year while launching Stadia. "This is a true business investment play."

Accelerator programs are common in the technology industry but have been tried only a couple of times in the sports

world. Nike launched an accelerator three years ago to develop ways to use its Fuelband technology, and the Los Angeles Dodgers announced a program in April to develop technology and entertainment startups that could help the baseball team.

Stadia isn't tied to a single brand or line of business, so Chou and Hayden expect to see companies from all over the world. They already have about 40 applicants, including a handful from St. Louis.

Jay DeLong, a general partner in the SixThirty financial-services accelerator, thinks that Stadia is a promising idea and that St. Louis is a good place to try it.

"In this town, you have some shrewd sports celebrities," he says. "When you have some deep-pocketed people who know the industry but don't have the expertise in mentoring startups, an accelerator makes perfect sense," he said.

St. Louis already has accelerators for technology firms, agribusiness, biotechnology, women-owned startups and financial firms. On a per capita basis, we may be the accelerator capital of the world. Since we claim to be a great sports town, it makes sense to add fun and games to the mix.

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Aluminum company ponders future

NORANDA • FROM B1

Noranda's stock price has dropped 68 percent since May 11, when private equity firm Apollo Global Management announced it would sell off a nearly one-third stake in the company; it completed the sale a few days later.

After the departure of its largest shareholder, Noranda prices have fallen to under \$1 from about \$3.

Aluminum, like many commodities, is under pressure from foreign imports and slower-growing demand. It is near three-year lows on the London Metals Exchange.

Noranda CEO Layle "Kip" Smith said Noranda would "proactively identify and evaluate prudent actions."

"In the face of low aluminum prices, I am proud of the progress we have made in improving our cost structure and overall productivity, as well as our investments that support future improvements," Smith said in a statement. "This strategic review builds on that work, and is an exciting part of optimizing the positioning of the Company."

The aluminum company's struggles come less than two months after it won a hard-fought battle with St. Louis utility Ameren Missouri over its electric rate. Noranda, which employs about 850 people at its aluminum smelter in the Bootheel, convinced Missouri regulators it needed a lower electric rate at the energy-intensive plant in order to keep it humming.

Noranda is Ameren's largest customer, buying about 10 percent of the utility's elec-

tricity. Regulators and consumer groups worry that if the smelter closes, it could drive up prices for other Ameren ratepayers.

One of the options Noranda is considering is a reverse stock split, the company announced Thursday. The move could raise the price of Noranda's stock by reducing the number of outstanding shares, a strategy sometimes employed to keep share prices high enough to remain listed on a major exchange. Noranda is traded on the New York Stock Exchange.

The Franklin, Tenn., company also said it would suspend its 1-cent per share quarterly dividend.

Noranda said it wouldn't disclose further details.

Just days before, Noranda touted a \$15 million financing deal for a new aluminum rod mill near New Madrid, Mo., that would boost its production capacity 43 percent. The company said it would start producing at the \$55 million mill by the second quarter of 2016.

The company cited its lower electricity rate, which took effect this month, when it announced the rod mill. The lower rate — which is made up by other Ameren customers to the tune of about \$1 per month for an average household — is expected to save Noranda between \$17 million and \$25 million a year.

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BEST OF BUILDING BLOCKS

Highlights from our real estate and development blog: STLtoday.com/buildingblocks. **Nazareth to renovate nursing facility** • A senior care facility operator in south St. Louis County is seeking approval for \$14.5 million in renovations and new projects.

Nonprofit Nazareth Living Center plans to renovate a current nursing home on campus to add more private rooms and to create more room for therapy and rehabilitation

services. It also plans to build a new, two-story 35,000-square-foot assisted living facility to accommodate people with memory impairment issues.

The new building will acquire 48 of the current 150 licensed assisted living beds. The project does not plan to add any new beds to the campus. (06.12)

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