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Battelle fund puts money in security system maker

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Battelle's venture capital fund has chosen a Silicon Valley startup company developing a security-related imaging system for its first investment.

SafeView Inc., an exclusive Battelle licensee based in Santa Clara, Calif., in mid-July closed a \$16 million venture capital deal led by Washington, D.C.-based Paladin Capital Group's Homeland Security Fund. Battelle Ventures LP didn't disclose the size of its investment.

SafeView has been working since 2002 to commercialize a patented 3-D holographic-imagery technology developed at Pacific Northwest National Laboratory in Richland, Wash. The operation is one of four national laboratories Battelle manages for the U.S. Department of Energy.

The imaging system permits non-intrusive screening of people at security points and is thought to be a better alternative to metal detectors and pat-down searches.

Operators can see objects made of metal, plastic, ceramic, glass and other materials that could be hidden under clothing, without using potentially harmful ionizing radiation.

The system uses high-frequency radio waves that can penetrate clothing and can detect plastic explosives.

Doug McMakin, a senior engineer at Pacific Northwest who was program manager for the technology as it was being developed in the 1990s, likened the system to a camera.

"It's an imaging device that ... illuminates the person and (radio waves) penetrate the clothing and reflect off objects under the clothing and then return that back to our system," he said.

The information is processed by a computer programmed to recreate a 3-D image that shows only objects that are perceived as threats.

The system is being tested by trial customers, and the venture money will be used to begin production and sales efforts.

In the 'sweet spot'

Battelle launched its \$150 million venture capital fund last September with the intention to pour money into technologies the Columbus organization owns, manages or influences.

Jim Millar, a Battelle Ventures partner, said because SafeView is a direct exclusive licensee of technology developed at Pacific Northwest labs, it was "in the direct sweet spot of what we're looking for."

"This is about leveraging and commercializing technology in an area where we think there's a lot of market potential, and

it's in one of our five focus areas - homeland security," he said.

The other focus areas are life sciences, information sciences, materials and energy.

Millar described SafeView's product as a "next-generation security screener."

The machines are expected to cost up to \$100,000, but officials at Pacific Northwest labs anticipate the cost of the screeners will drop as they become mass produced.

The current price tag for X-ray scanners is about \$50,000.

Rick Rowe, SafeView's chief executive, couldn't be reached for comment.

MarketResearch.com, a collector of global business research data, has estimated the homeland security marketplace at \$100 billion, with hundreds of companies competing for contracts.

Millar said Battelle Ventures' executives have spent the last several months in the labs of Battelle and the national laboratories, meeting with scientists to understand different technologies to determine which have the most commercial potential.

He said the fund officials expect to make two more investments in the near future and then average four to six new deals a year.

"This is our first and we have two more that are in the pipeline, and then we have another that's percolating and could get to the investment point," Millar said. "Things are tracking to plan."