

Mele says cash only part of a good VC partner

August 7, 2006

BY MICHAEL KRAUSS

Sam Mele is looking for serious money. The founder and CEO of Firm58 wants \$6 million in Series A funding to grow his 17-month-old software venture. But money alone is not enough. Mele wants a venture firm that can be a business partner.

"You can find money in a lot of places, but we're looking for more," says Mele, 39. "We're looking for someone who can help us with leverage in our industry."

Mele's ideal venture firm must have a top reputation for helping companies grow. He wants a firm that knows the financial services and securities industry. He wants an organization that will mesh culturally with his team at Firm58.

Mele is a St. Charles native and University of Illinois engineering grad who grew up working summers at Goldberg Brothers, a boutique clearing firm where his father was managing partner. He learned the ins and outs of back-office financial transactions processing.

He spent 10 years at Oracle and six years at Ariba before returning to Chicago to try his hand as a tech entrepreneur. He launched Firm58 to capitalize on the opportunity to help trading and brokerage companies smoothly process transactions.

Post trade management

"There's a large opportunity in the post trade management space due to the change in trading from open outcry to computer-based trading," Mele adds.

His software puts all the back office information at management's fingertips. "We manage all assets, whether they are fixed income, foreign exchange, futures or equities. It's a cross asset application," Mele says.

He already has raised \$2.5 million in a seed stage round. He's looking for venture funding to mine the market demand he expects for his product.

Mele currently has two clients, a trading firm in Chicago and a day trading organization in New York, but he knows he needs to expand. He has 17 employees at his offices at 656 W. Randolph overlooking Haymarket Square.

University of Chicago entrepreneurship professor Waverly Deutsch is a Firm58 advocate. Deutsch says, "Sam has great entrepreneurial energy and vision. He put together a solid team, and has proven, on a small scale, that Firm58's approach can add value in the trading back office.

"Funding should definitely help the company take their platform model to a larger scale," he said.

Mele assembled an experienced board. He recruited retired Bristol-Myers Squibb CIO Jack Cooper, Ariba and Oracle software sales management alum Mike Hills and Ariba co-founder and CFO Ed Kinsey.

Mele says, "Kinsey led Ariba's 1999 IPO, which was one of the most successful in recent history."

Now Mele wants to add the right VC to the team.

Mele offers this advice to fellow entrepreneurs on picking board members and financial backers: "You spend a lot of time with these folks. You want to make sure, both on and off the field, you get along."

Good thinking Sam.

Condolences

More than 1,000 friends and members of Chicago's tech community turned out last Tuesday at a memorial service honoring Mark Gordon and his wife, Shelley, who died in a tragic home fire on July 29.

Mark Gordon was managing partner of Gordon & Glickson, the premier Chicago tech law firm. Under his guidance, the firm merged last January with McGuireWoods, where he chaired the tech practice.

Gordon's death was a sad loss for Chicago's tech community. He was instrumental in the founding of Diamond Technology