

START UP

Coast-to-Coast Cash

Time was, there was money in the hills of Wellesley. Back in the heyday of Route 128, thousands of prospectors roamed here, silicon-struck, looking to stake a claim and strike it rich by the side of this well-traveled road.

Now the once-rich veins of venture capital are running dry, and with them the hopes of many would-be entrepreneurs.

But the boom is not yet bust. Witness the recent opening of a small, unimposing office here in Wellesley, just off Route 9, not a hundred yards from the traffic of Route 128. It's a loan-production office for a budding young California institution called Silicon Valley Bank.

Here in this sparsely furnished office, amid blank walls and unpacked boxes, a few bankers hold high hopes for Massachusetts high technology, panning for gold where others have given up.

The notion of opening a high-tech finance operation in the current business climate might strike some as just a tad over-optimistic, akin to fishing in the Mojave. But the Silicon Valley bankers insist that while they may be venturing into treacherous territory, they know their way around.

The bank made its name during a similar high-tech credit crunch in California, when the big banks, especially Bank of America, had mired themselves in a sticky fiscal muck of bad foreign and real-estate loans. There was nowhere for small start-ups to turn—until Silicon Valley Bank stepped in with fresh, unfettered capital and a willingness to gamble on small companies. Within a few years of its founding in 1983, Silicon Valley Bank had endeared itself to the high-tech crowd. Last year its assets totaled \$440 million, and, for the second consecutive year, its net income more than doubled.

The bank tied its early fortunes to those of other fledgling high-tech enterprises, seeking out promising start-up outfits like Pacific Western Systems, Selectone Communications, and Cyzerex, all of which remain solvent—and loyal—customers to this day.

Silicon Valley Bank has wooed prospective clients with expressions of good faith in the form of special fiscal-performance incentives that spur the companies to healthy risk-taking.

The bank's success depends on its scrupulous screening process. It takes an oddsmaker's instinct and a re-

searcher's exhaustive precision to pick winners with any consistency.

"We think we have the brightest brain trust in the high-tech industry," boasts Chairman Roger V. Smith. But Smith knows that building up a clientele along Route 128 will take more than brain power and instinct: it will take know-how and familiarity with the Route 128 scene. Specifically, Smith thinks, it will take the connections of a fellow named Allyn Woodward.

Woodward, a founding member and former director of Bank of New England's highly regarded high-tech lending division, now heads Silicon Valley's Wellesley outpost. After 20 years on the back roads between industry board rooms, he has built a reputation as a man who knows the people in the know.

"Allyn Woodward is the dean of high-tech banking in Massachusetts," says Glenn Muir, CFO of Hologic, one of the first local companies to sign on with Silicon Valley Bank after it opened its Wellesley office. "Allyn's a good man. He returns our phone calls, he laughs at our jokes. He's our kind of guy."

With Woodward's Route 128 connections and Silicon

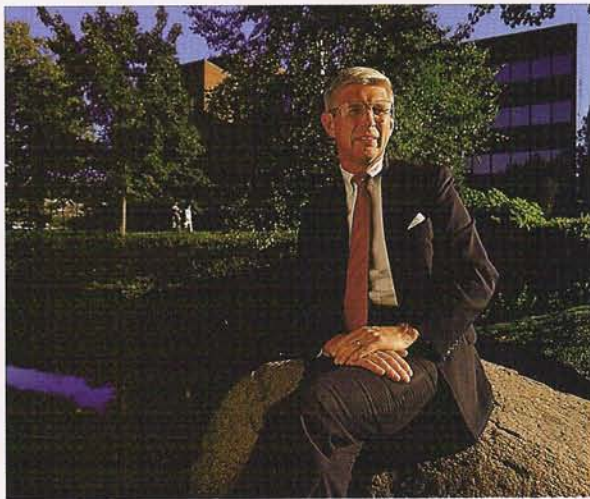
Valley's considerable West Coast resources, the bank is hoping to offer investors easy access to industry impresarios on both coasts. Ever ready to play the pitchman, Smith has already coined a snappy catch phrase: "One-stop shopping for the high-tech venture capitalist."

Silicon Valley is betting that a new generation of smaller, nimble companies will fill the gaping void left by the sagging behemoths like Prime, Data General, Digital, and Wang. Silicon Valley is particularly optimistic about new companies making software, medical equipment, and a diverse array of computer peripherals. Hologic and Easel are among its local customers.

The problems of high tech in Massachusetts, Woodward says, have been overstated. "A lot of it comes down to bad press. When the big companies falter, they tend to dominate the headlines. Those failures are highly significant, of course, but they also tend to draw attention away from a lot of smaller success stories."

The boom times may be over, but Woodward and Smith think that, in a changing marketplace, it all comes down to knowing where to look. They've staked their claim by the side of the road; now it's just a question of digging up a few deposits.

—Alexander Wright



Woodward: staking out the high road for high tech