



FROM COG TO KINGPIN

For MIS executives who yearn to breathe free, consider taking the infopreneurial plunge

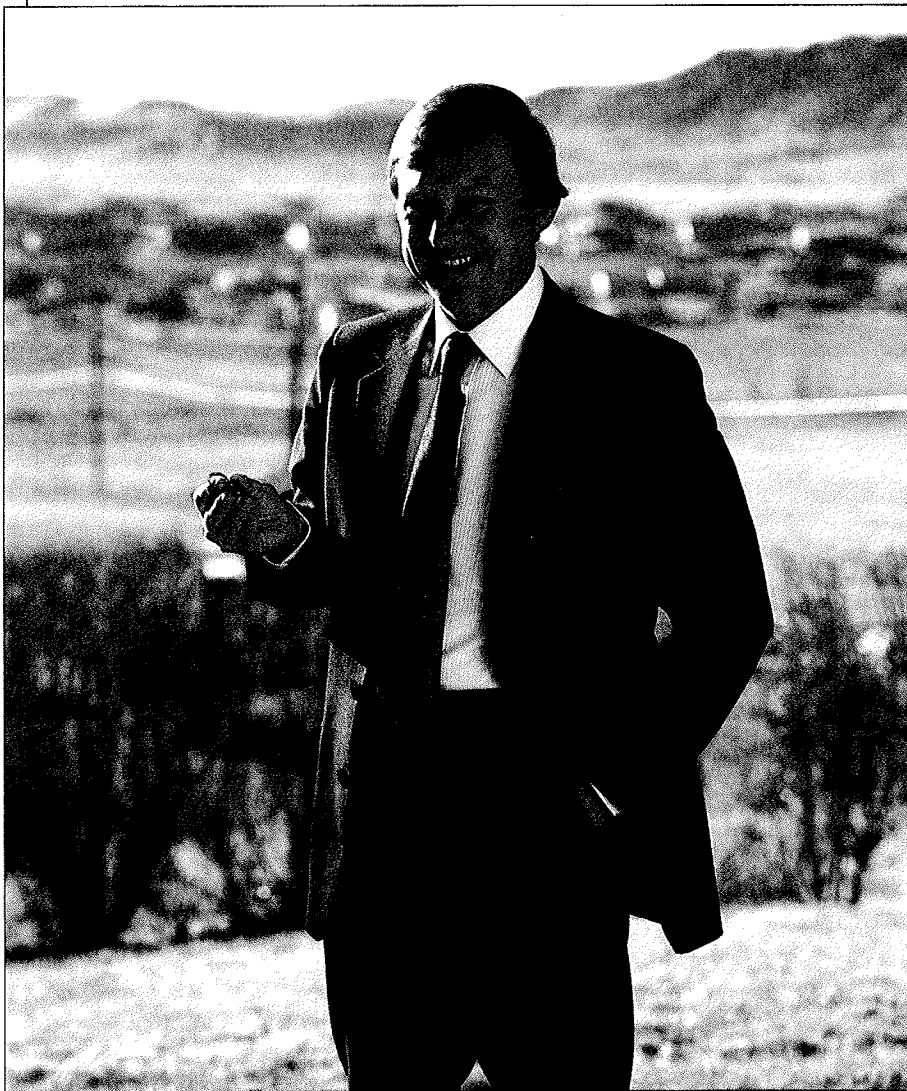
BY KATHLEEN MELYMUKA

Is there life after the corporation? CIOs who've been there say yes, especially if you're reincarnated as an infopreneur. That's someone who uses information technology skills in an entrepreneurial way. "There are owners and players," said H. Skip Weitzen, who coined the term infopreneur in his book *Infopreneurs: Turning Data into Dollars*. "In the corporate world, you're a player. As an infopreneur, you've made the leap to be an owner."

For those considering the leap, being a CIO is a good jumping-off point. CIOs combine the technical know-how and the business savvy necessary to succeed in an information-oriented business. Throw in the creativity to come up with The Big Idea, an inalienable optimism and the willingness to work hard, and you're on the way to joining the newest rank of entrepreneurs.

For some, the infopreneurial leap is as easy as falling off a curb. For others, it's truly a leap of faith.

ROBERTA FRACKMAN *at the home office*



HAL FONTINELLE: "Behold the turtle, for he makes no progress until he sticks his neck out."

And some just ease in little by little.

But however they get into it, infopreneurs are demonstrating that the market for information is booming—if you know how to sell it.

When the infopreneurial bug bites, Hal Fontinelle tends to walk out on secure jobs. "I'm a self-eliminator as an employee," said Fontinelle, currently in his second infopreneurial incarnation. "I just always get bored easily." He seems to thrive on risk, but that may be because he's never seen the downside. "I'm cursed with not having failed," he explained.

Fontinelle was the chief of MIS at a hospital in 1981 when first bitten. "I stood up and walked out on my board," he said. "Thirty days later I was co-founding a hospital data-processing consulting firm."

The business was wildly successful—in fact, it was too successful. "I spent 39 nights at home in 1981," he remembered. "I had to choose between success in business and a tremendous income and getting to know my kids."

He chose the kids, signing on as CIO at Lutheran Medical Center in Wheat Ridge, Colo. Concurrently, he served as president of Health Management Inc., a for-profit affiliate

that markets technical goods and services developed at the hospital. A true infopreneur, he saw his employment as preparation for his next move. "The health-care market was rearranging itself, and I wanted to reacquaint myself with it and prepare to go out again in a more sane fashion," he said.

That preparation paid off when an opportunity came his way in 1988. Fontinelle co-founded CareLink, a corporation devoted to developing health-care applications for a technology originally designed to monitor prisoners held under house arrest.

The technology is a device the size of a quarter built around a chip that has volatile memory and storage capability and communicates via radio frequency or infrared light over distances. The device can store 256K of information that can be read or written by a hand-held computer.

"The main thrust is for a patient-care system for use by hospitals," Fontinelle said. The chip, which would hold all the current information on the patient, would be contained in the patient's wrist band.

Another application, being developed with a Fortune 100 health-care company, is a product that will use this technology to monitor vital signs. "The product will inexpensively and unobtrusively monitor and record the temperature, pulse and respiration rate of patients recovering at home," Fontinelle explained. "It will allow the physician to dial up and monitor the patient, or there could be an alarm mechanism if the patient's signs exceed parameters prescribed by the physician." The prototype is to be completed in May.

Fontinelle's business and technology skills will get a workout in the course of the venture. Currently, he said, he's spending the majority of his time building the business. "I've always been more business- than technology-oriented, and that has served me well," he observed. "I really like wheeling and dealing [in] the market."

Fontinelle downplayed his technical expertise. "I have just enough technological know-how to be dangerous

if left unwatched," he laughed. Still, to maximize his margin he plans to do much of the software-development work himself.

One of his biggest challenges has been finding first-round financing for CareLink. The health-care market has been in a five-year slump, he said. "A few venture capitalists have taken health care off their lists because the market is so bad."

Fontinelle sees the poor market as a boon to an infopreneur, however. "As lousy as [the market] is today, it's a perfect time to go after it," he said. "The market is in the tail end of a shakeout. The slump has taken [its] toll in vendors and suppliers because

ital investments, he said, but there has to be new technology to invest in. "It's time for some innovation in the health-care systems marketplace, and I'm bound and determined to be one of the people to supply it," he said.

Finding the right outlet for infopreneurial skills is no mean feat. Successful infopreneurs need to be both knowledgeable about their markets and flexible enough to go where their businesses lead them. Ruth Stanat—now in the fifth year of her first infopreneurial incarnation—discovered this firsthand when she founded Strategic Intelligence Systems (SIS) in New York. In the five years since its

specializing in EIS development. "The timing was right in the business environment," she remembered; "other [organizations] were ready."

SIS today is a far cry from what was first envisioned. It has evolved from an EIS consulting firm into a publishing house of industry-specific electronic databases, newsletters and reports. "If you'd told me five years ago that I'd be making my living in electronic databases, I wouldn't have believed it."

—Ruth Stanat



RUTH STANAT went where her business led and found success.

of [health-care organizations'] inability to buy. That lowers profits, which lowers R&D. This is one of the few times in the last 20 years when there's opportunity for new companies to spring up and take market share." Those organizations left after the shakeout will have money for cap-

creation, SIS has taken on a life of its own, evolving into something far different than she anticipated.

As chief of strategic planning at Mars Corp., Stanat had recently developed a very successful executive information system when she left her job in 1984 to become a consultant

It was also time to get out of corporate strategic planning. "For 15 years I'd been gathering, synthesizing and analyzing information, but the scales were being cut back," Stanat explained. "The function is still vital, but [they're] not going to allocate 20 or 30 people [to it]."

"I always wanted to have my own business, but it had to be something I felt strongly about," she said. Stanat felt strongly enough about EIS consulting to put everything she had into it. "I owned some real estate," she explained. "I literally sold everything I owned except my primary residence, and [I] capitalized 100 percent myself. Five years later, it's still privately held."

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dusty-specific electronic databases, newsletters and reports. "If you'd told me five years ago that I'd be making my living in electronic databases, I wouldn't have believed it," Stanat said.

The evolution from EIS consultant to electronic-database developer began with her very first contract, in which she developed an EIS for CitiBank. The EIS included an electronic database that tracked trends and

competition in the financial-services market. Stanat developed the database herself because she was tired of paying astronomical prices for outdated data. "I had purchased information for 15 years, and I didn't want to buy six-month-old information and spend \$100,000 for it," she said.

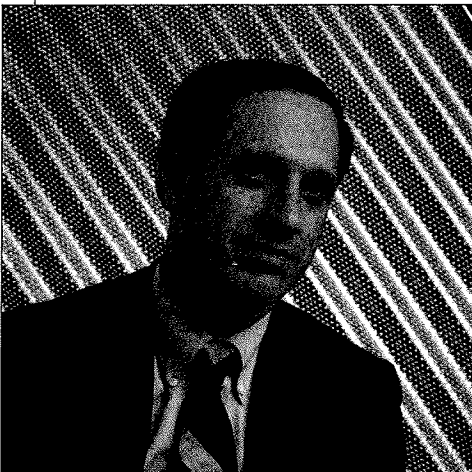
The database she developed turned out to be the star of the system, and word got around. CitiBank asked for another database on the

impact of technology on the financial-services industry. Then Colgate Corp. wanted a database on consumer packaged goods. General Foods ordered a foods database. "I just sat there and the phone calls kept coming in," Stanat remembered. "I didn't have a product. They called up and I designed what they needed."

Today SIS supplies more than 2,000 databases a year. The SIS staff, which has grown from two to

Scratching the Itch

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Infopreneurial dreams don't always come true, but true infopreneurs keep right on dreaming



Kevin Moody was corporate director of MIS at Gillette Corp. in Boston when an acquaintance came to him in the winter of 1987/88 with some infopreneurial ideas. Moody was receptive. Previous experience in new-product development and information-systems business development at Corning

Glass had given him a good background in judging the viability of a technology-dependent business venture. "We tossed the ideas around and came to the conclusion to try it," he said.

By "try it," Moody didn't mean start a business, he meant "plan to plan a business," he said. "We planned to spend three or four months getting sufficiently smart to put together a business plan and then make a go/no-go decision." To do it properly, he said, he had to quit Gillette.

The business was LeisureLink, a central reservations service company for vacation rental properties. "It's a niche that isn't served today," Moody observed. "We spent the summer researching and evaluating the issues."

Moody pointed out that he was in a better position to look soberly at a business idea than other CIOs might be. "It wasn't as foreign to me as to others," he said. "I'd been there in terms of business development and marketing development before. Most IS guys have not.

"It was really no different from evaluating a business internally," he said. "We did that many times [at Corning]. The only difference was I got paid for it then; this time I had to quit my job to do it."

Unfortunately, the more they looked into it, the less viable LeisureLink appeared. "There were major development problems," Moody explained. "There were too many hurdles that were too large. It wouldn't

be profitable soon enough. Both of us decided that guys who get into this type of thing get killed, so we decided to put an ax in its head."

Moody went back to information technology work at the Bank of Boston; his partner went back to the consulting business. LeisureLink was killed, but it's being kept on ice for possible resuscitation later. "As an entity it still exists," Moody said. "There are a couple of related things we came across that [my partner] may still pursue."

Although LeisureLink died, Moody saw the operation as a success. "Some people say we failed," he reflected. "We don't look at it that way at all. We did what we planned to do. We were successful in terms of doing the homework and finding out whether it would fly."

Success or failure, the LeisureLink experience has only whetted Moody's infopreneurial appetite. He and his wife are already planning their next move. "We want to do a business together someday before we turn gray," he said.

To those who would follow their own infopreneurial dreams, Moody's advice is to proceed with caution. "I wouldn't want to discourage anyone who has the urge, but I wouldn't want them to be naive about what it takes," he said. "And be prepared financially. We could afford to take this risk."

In the final analysis, he said, "You've got to find out. If you've got the itch, you've got to scratch it."

—K. Melymuka

20, develops the databases from 200 domestic and 100 international publications. These are analyzed, digested, put together in analytical form and updated daily.

"It's hard to make it in electronic databases," Stanat said. "You have to be a low-cost producer and have good cash-flow management."

That combination made a profit for SIS in its second year. Revenue currently is "well in excess of \$1 million a year," and the business is growing by 30 to 40 percent annually.

The company has never stopped evolving. Stanat found a demand for her product in hard copy, so SIS added newsletters and reports to its repertoire. "We're a full-scale publishing house now," she said.

Stanat plans to establish an online network so subscribers can dial in to her databases. She has begun a service that translates international publications, and she plans to open international offices. She wants to get into the seminar business as well. And she'll soon be a published author; she recently completed a book on competitive intelligence, which she wrote in her spare time.

Another common trait of successful infopreneurs is the ability to see the opportunity behind a crisis. Roberta Frackman had been a corporate player in financial services for nearly 20 years when they changed the rules of the game. She had started as a programmer trainee at Manufacturers Hanover Trust (MHT) and worked her way up to senior vice president for telecommunications. In 1987 she left MHT to become director of telecommunications at Goldman Sachs. But soon after, an accident of fate set her on the infopreneurial road. Her boss was fired, and his department went with him. "The new team was in; the old team was out," Frackman said.

That's when opportunity knocked. In the true infopreneurial spirit, she looked for the advantages in her situation. "I had thought about [going into business for myself] even before I left MHT," she recalled, "but finding myself for the first time in 20

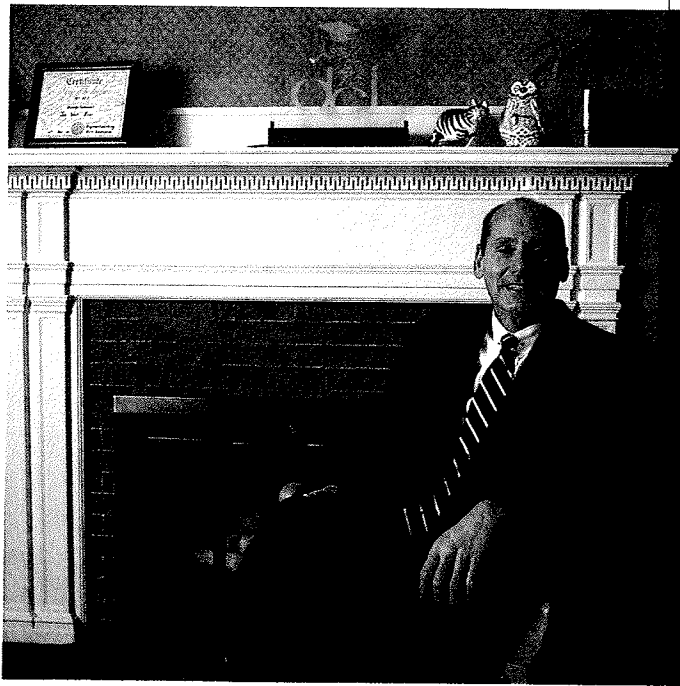
years with nothing restrictive, I saw the opportunity to develop a business; to be creative and try a different approach.

"It was a no-risk/high-risk situation," she laughed. "I had no job, but I also had no security."

With her attorney husband as co-developer and general counsel, a colleague as technician, and herself as methodology and marketing maven, she founded Frackman Associates late in the spring of 1988 and runs the business from her home in Manhattan. She stuck with what she knew best. "We focused on the financial-services industry," she said. "We had spent so much of our careers there [that] we knew the business aspects as well as the [subject matter]. We tried to design products we would have bought."

The first product is Planning/Plus, a structured planning system that guides users through 13 planning sessions, from getting started, to developing an operating plan, to evaluating whether the organization is appropriate to the work that has been laid out in the operating plan. "It helps you get into position to plan appropriately given the environment," Frackman explained. "The planner is prompted through an interactive dialogue to . . . [think] about strategic objectives, organizational issues, internal constraints. The idea is to embed the methodology and processes into the client organization."

Planning/Plus is a natural outgrowth of Frackman's personality and experience. "I was always a great believer in planning in a structured way," she said. "I wouldn't have hit on this as a total product if I hadn't gone through intensive planning at



GEORGE SCHUSSEL "failed miserably at retirement."

Goldman Sachs without that kind of support. Being able to enhance the planning process with software takes the burden out [of it] for the planners."

Frackman sees her product as a way for buyers to get the type of methodology and process-support that consultants bring to a project, but without the expense. Furthermore, while consultants provide the methodology to solve a specific problem, she said, her product provides buyers with a methodology they can apply to any problem. "You can bring in a [big consulting firm such as] Coopers [& Lybrand] and for \$300,000 or \$400,000 have a plan, but you still don't have the methodology."

Frackman's company also does telecommunications and technology consulting. In fact, her long-term goal is to manage telecommunications facilities for a stable of large companies. "The telecommunications function involves very skilled people who typically don't have enough to do in one company," she observed, estimating that only about 30 percent of their time is spent on work requiring their special skills. "You could build an organization capable of supporting

PHOTO BY HERB SWITZER

multiple institutions, reduce their expenses by 40 to 50 percent, and challenge the people working for you," she said. But that kind of service is built on an existing relationship with a client; that's where Planning/Plus comes in. "It's very difficult to get off the ground unless you can build on a relationship you've had over a few years," she observed. "We're building that."

Marketing has been more of a challenge than Frackman anticipated. "It's a pricey product," she said of the \$170,000 software. "Planning is a little bit esoteric. It scares people. You really have to intrigue them with the concrete aspects and take the intimidation out of it."

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—Roberta Frackman

"There's a lot of anxiety and stress involved in selling when your livelihood depends on your ability to sell," she admitted. "I used to think worrying about a gigantic network seven days a week was stressful, [but it's] not nearly as stressful as getting to the person I need to get to and getting them to sit down in a focused way. As a vendor, you're everybody's last priority."

Using her own planning package, Frackman has put together a business plan that calls for Frackman Associates to be in the black by mid-year. "It's a little optimistic, but we feel confident," she said.

In any infopreneurial venture there is an element of the unknown. It's difficult to foresee where success will lead, and some infopreneurs get more than they bargained for. George Schussel, for example, started Digital Consulting as a retirement sideline. "The initial idea was I was going to retire, hold three conferences a year, and have all I would need to live very well," he said.

Schussel was well-prepared for the venture, having moonlighted a few days a month as an instructor in database seminars while serving full-time as CIO at American Mutual Insurance Companies of Wakefield, Mass. But that happy double life came to an abrupt halt when, in the early 1980s, the seminar company went bankrupt and the insurance company, rocked by medical-malpractice and asbestos-workers'-compensation claims, almost went under.

"It had been a great 11 years, but both organizations were terminal," Schussel remembered. "So I left both and started up Digital Consulting in my basement."

"I had no financial package in one way and the best financial package in another way," he explained. "I basically resigned [from the insurance company], but I had had 11 years of good income and I lived penuriously, so I was financially secure. There was no financial pressure."

He began his business in the midst of a recession, but like Fontinelle he considered hard times for business good timing for him. "That's the best time to start a business," he said. "In good times the competition is too tough. In recession there's little competition." Schussel said that his background uniquely prepared him for this venture. As a well-known technical lecturer (in addition to his seminar moonlighting, he also had previous teaching experience) and a graduate of Harvard Business School, he understood the specific business as well as business in general.

"I had a reputation, so when the brochures went out, they knew me. The difference between being known and unknown is a thousand percent," he said. "I didn't need much capital,

because I knew what to do and how to sell it. Rolled up in myself and my wife, we had the venture capital [as well as] the business and technology expertise. We were profitable from the start." In a few months he had drafted his wife into the business and hired a secretary, an assistant, and a manager to run things. "That's when I said, 'I think we're out of the



ROBERTA FRACKMAN: a good plan

house," said Schussel, and in June 1983 he set up an office in Andover, Mass. Gross sales that first year were more than \$1 million.

Digital Consulting offers educational seminars, symposia and conferences for MIS groups ranging from 10 to 200 people. Currently sales are approaching \$15 million annually. There are 65 full-time staff, and Schussel has distanced himself from the day-to-day running of the business. Having envisioned Digital Consulting as a laid-back antidote to corporate life, he summed up his experience this way: "I failed miserably at retirement."

Through information technology skills, careful planning, flexibility, dogged work and serendipity, infopreneurs are breathing new life into small business and affirming that the Information Age has arrived. They are different from entrepreneurs by dint of their high-tech aura, but they share the same philosophy as those who came before: "Behold the turtle," said Fontinelle, "for he makes no progress until he sticks his neck out." ☐

PHOTO BY KENT HANSON