

OptTek Optimizes Opportunities for New Venture Funding

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Venture funding is extremely tight in the high tech market. And if money is offered to support a new product or business, the entrepreneur can expect to pay dearly for the deal. OptTek Systems, Inc., a Boulder-based software firm, with an idea for an innovative software application in need of funding, faced this tough financial environment at the beginning of 2002. "As a small software company, we needed R&D money to support new product development," said Dr. James Kelly, OptTek's CEO. "But when we examined the cost of venture or angel financing, we were apprehensive about the terms that we might have to accept." So OptTek turned to an alternative source of capital, the federal government.

On June 12, 2002, OptTek submitted a proposal for a Small Business Innovative Research (SBIR) Phase I grant to the United States National Science Foundation (NSF). The SBIR Program was created in 1982 to strengthen the role of small firms in federally supported R&D. Combining Phase I and Phase II funding, the program can provide up to \$850,000 to support new technology- with no financing costs except that which are required to author the proposals and write the required periodic progress reports. And then on December 11, 2002, after a six month evaluation period, OptTek was notified that, "The National Science Foundation hereby awards a Phase I grant to OptTek Systems, Inc. for support of the project described in the proposal ..."

The project seeks to develop a software system for optimizing the returns and associated risks of project portfolios to significantly improve the performance of capital finance and budgeting in commercial organizations. The Phase I work, to design, build, and test a pilot system, is scheduled to be accomplished over a six-month period and managed within OptTek's customized optimization software applications line of business.

"Our new approach provides a way to generate a model representation that is far more exploitable than those produced by past efforts. Coupled with other software that we specialize for this model type, the outcome will provide a major advance in the ability to solve problems of project portfolio management effectively," said Dr. Fred Glover, OptTek's President.

The commercial applications anticipated for the ultimate software system are to enhance the performance of capital budgeting and project portfolio management. Current methods have been in place for many years and have not shown significant improvement in generating acceptable returns for some time. While recognition of the limitations of current approaches is universal, none of the alternatives to these approaches has proved attractive enough to become widely embraced as a viable method of choice.

About OptTek Systems, Inc.

OptTek Systems, Inc. is a Boulder, CO based optimization software and services firm. From its inception in 1992, OptTek has become the leading provider of optimization software to simulation companies and employs state-of-the-art techniques based on many years of research in the area of optimization, in which OptTek's founders are internationally recognized leaders. OptTek specializes in developing and customizing its software to enable solutions for business problems characterized by significant uncertainty and complexity. OptTek's software is used by hundreds of firms including Fortune 500 companies for diverse applications including portfolio optimization, customer relationship management, financial and strategic planning, logistics and transportation, and telecommunications. OptTek's website is www.OptTek.com.

About The NSF SBIR Program

Since 1982, the Small Business Innovation Research (SBIR) Program has directed over 30,000 awards worth several billion dollars in R&D support to thousands of qualified small high-tech companies on a competitive basis. To obtain funding, a company applies for a Phase I SBIR grant. The proposed project must meet an agency's research need and have commercial potential. If approved, grants of up to \$100,000 are made to allow the scientific and technical merit and feasibility of an idea to be evaluated. If the concept shows potential, the company can receive a Phase II grant of up to \$750,000 to develop the idea further. In Phase III, the innovation must be brought to market with private sector investment and support.

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