

M

OMENTA

INTERNATIONAL

*Company Background*

## **THE COMPANY**

Momenta was founded in September 1989. The company's mission is to create an "anytime, anywhere" computer, a machine that delivers computing power to situations and settings not served by conventional PCs. The company's first product, the Momenta Computer, is in the final stages of development and will be on the market by early 1992. Momenta will provide hardware, operating software and core application programs for the system. The company is based in Mountain View, California. Momenta had more than 95 employees as of July, 1991.

## **THE MOMENTA COMPUTER**

For all their power, conventional PCs are useful only in a limited range of applications and environments. One result is that the average PC isn't used that much — less than an hour a day according to one recent study. If the aim of the personal computer is to be an all-around productivity aid, a tool people can apply to all phases of their work, then current machines fall far short of the mark.

The Momenta Computer is a radically new approach to the problem. The "Momenta" has an electronic pen that writes directly on its screen, so users can take notes, retrieve data and run programs without a keyboard. The pen is a more natural, direct and efficient way to operate a computer, and it enables the Momenta to function in situations where keyboards are inappropriate or clumsy—in meetings or other interpersonal situations, while standing at a payphone or even with your feet up. The pen provides rapid and easy access to tools such as electronic calendars, address books and notepads. In addition to being a pen-based computer, the Momenta can also function like a standard laptop computer. This combination of pen-based and laptop capabilities has been dubbed "pentop" computing.

## **THE MARKET**

The Momenta Computer is designed for "horizontal" applications, i.e., general-purpose computing and communication jobs in a wide variety of

industries and occupations. Executives, managers, salespeople, consultants, accountants, lawyers, graphic designers, journalists and students will all use the machine. The basic user profile is of someone who manages or analyzes information, who works with other people and whose work involves some degree of mobility, even if that only means leaving the desk occasionally.

Pentop computing is likely to generate a multibillion-dollar market by the mid-90s. International Data Corp. forecasts yearly sales of pen-based systems alone will reach 840,000 units by 1995, while Infocorp puts the number at 2 million units. The overall market for *pentop* computers will be even larger, since it will encompass portions of both the pen-based *and* laptop markets.

## **A GLOBAL ORGANIZATION**

Momenta is a leading example of what some economists have called a "global start-up," a company fashioned from its inception to take advantage of global resources and markets. In addition to the domestic parent company, Momenta has established or is establishing subsidiaries in Southeast Asia, Europe and Japan. Each subsidiary will perform local software development, sales and marketing. Each will serve as an independent investment vehicle, which can sell stock to local investors, offer equity incentives to employees and even go public on local stock exchanges.

This dispersed structure has many advantages. Momenta's product development efforts can draw on the special strengths of each region. (The Momenta Computer was designed in the U.S. from parts procured in Japan and will be manufactured in Southeast Asia.) The company is in a better position to understand and respond to local markets. It has broader access to investment capital—more than half the company's funding to date has come from sources outside the U.S. Worldwide tax planning and resource allocation are easier, and the company as a whole is more resilient, padded against the effects of localized economic downturns. A global outlook is evident not only in Momenta's structure but also in its people, who bring a wealth of international experience to the organization.

## **FUNDING**

Momenta has conducted three rounds of financing, the latest of which was completed in June, 1991. A total of \$30 million dollars in equity, lease and trade financing has been raised so far. Investors include:

- In the U.S.—Associated Venture Investors (AVI), Institutional Venture Partners (IVP), Nazem and Company, Sequoia Capital and the Walden Group of Venture Capital Funds.

- In Japan—Mitsui and Company.
- In Singapore—PACVEN, the Singapore Economic Development Board and Singapore Technologies/Vertex Management.
- In Taiwan—International Venture Capital Investment Corporation (IVCIC).

## **MANUFACTURING**

Momenta's manufacturing strategy is focused on achieving very high quality at low cost. The company has had a dedicated quality organization from early on, an unusual step for a start-up. Manufacturing activities are being based in Southeast Asia from the outset, rather than beginning domestically, then moving offshore at a later date. This will enable Momenta to minimize costs very early in the product life cycle and avoid the expense of relocating its operations. Two manufacturing subcontractors have been selected. Production tooling has been completed, and preparations for volume production are moving ahead rapidly. Momenta is also working to establish a joint venture with a major Japanese manufacturer to address the Japanese computer market.

## **PEOPLE**

Momenta's management team combines a broad mix of talents and backgrounds. The executives have managed start-ups and Fortune 500 corporations, computer companies and semiconductor vendors. Many have founded their own, highly successful companies and created landmark products. Collectively, they have raised hundreds of millions of dollars in equity, completed five initial public offerings and overseen billions of dollars in operations.

**Kamran Elahian** is chief executive officer and president. He is regarded as one of Silicon Valley's leading entrepreneurs. Elahian co-founded CAE Systems, a pioneer in the field of computer-aided engineering, at the age of 27. The company was sold three years later to Tektronix Corporation for \$75 million. Elahian then co-founded Cirrus Logic, a maker of application-specific integrated circuits, which grew to over \$85 million in five years and went public at a valuation of over \$150 million. Momenta is his third venture.

**John Fischer** is vice president of manufacturing. Fischer was general manager of printed circuit board manufacturing for Hewlett-Packard, where he had responsibility for 11 manufacturing sites worldwide. He is credited with a major reorganization of those facilities that boosted efficiency, reduced costs and raised quality. Fischer was also general manager of a joint venture between HP

and Japan-based Oki Electric, in which the two companies established a new manufacturing facility in Puerto Rico. Fischer's earlier positions at Hewlett-Packard included general manager of the components group manufacturing operations in Singapore and Malaysia.

**John Frank** is vice president of sales. Prior to joining Momenta, Frank was president of Zenith Data Systems. He had previously served as Zenith's vice-president of sales and then V.P. of sales and marketing. Frank was chief architect of Zenith's worldwide distribution strategy, and during his tenure there, the company grew from \$5 million to \$1.4 billion.

**Albert "Rocky" Pimentel** is vice president of finance and chief financial officer. Pimentel was a co-founder and V.P. of finance at Conner Peripherals, one of the top-performing technology companies of all time. Conner, a maker of disk drives, posted the highest first-year revenues of any company ever, and was the quickest to reach \$1 billion in sales (four years). It did so while maintaining unusually high profit margins in a notoriously cost-competitive market. Prior to co-founding Conner, Pimentel was corporate controller and a member of the start-up management team at Seagate Corporation, a disk drive manufacturer .

**John Rizzo** is vice president of marketing. Rizzo came to Momenta from Weitek Corporation, where he was V.P. of marketing. Rizzo helped to shape a corporate strategy that made Weitek one of the most profitable semiconductor companies of the time, growing five-fold and completing a successful initial public offering. Before that, he was product marketing manager for Apple Computer's Macintosh Division. Prior to Apple, he was a marketing manager at Intel Corporation.

**Shiraz Shivji** is vice president of engineering. As vice president of advanced technology at Atari Corporation, Shivji developed the Atari ST, which generated \$400 million in revenues in one year. Earlier, as director of engineering of Commodore International, he led the development of the Commodore 64 computer, which at its peak was selling over 400,000 units per month. Shivji was also a co-founder, with Jack Tramiel, of Tramiel Technologies, which later acquired Atari.

In addition to Kamran Elahian and Shiraz Shivji, the Momenta Board of Directors consists of:

- **James Guzy**, a director of Alliance Capital Technology, Cirrus Logic, Intel and Novellus.
- **Fred Nazem**, general partner in Nazem and Company, a venture capital firm.

- ***Philip Schlein***, a partner in U.S. Venture Partners, a former director of Apple Computer and former president of Macy's California.
- ***Lip-Bu Tan***, general partner of the Walden Group of Venture Capital Funds, president of International Venture Capital Investment Corporation and a managing director of PACVEN Investment, BI-Walden Ventures and Seed Ventures.
- ***Peter Thomas***, a general partner in Institutional Venture Partners and a director of Adaptive Systems, Altera, Applied Vascular Devices, Ascent Logic, Atmel, Inova Med Choice and Menlo Care.