New worries may bring new businesses to CNY

Company says it's interested in making part of its mail-cleaners in Syracuse.

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A Massachusetts company that makes a $60,000 machine to decontaminate mail expects to establish manufacturing operations in Syracuse, company officials said Monday.

They spoke at a conference about homeland security technologies and how Central New York can profit in that business sector.

BioDefense Corp., which makes a washing machine-sized unit to protect mail from anthrax, ricin, smallpox and other contaminants, is meeting with local sheet metal fabricators and assembly plants in hopes of contracting out some of its manufacturing work.

If the company can line up local contractors, it also will establish a factory here for final assembly and testing of the units, said Jonathan Morrone, senior vice president.

"This is where we want to do business," Morrone said. "There's no doubt about it."

BioDefense was one of more than two dozen companies and organizations displaying their wares at "Homeland Security Technologies in New York," a conference at the Sheraton Syracuse University Hotel sponsored by New Jobs for New York, a nonprofit group associated with U.S. Sen. Hillary Rodham Clinton, D-N.Y.

The conference was designed to bring together entrepreneurs, established companies, investment bankers, universities and government agencies to promote development of high-tech anti-terrorism and security businesses in New York.
Clinton, who delivered the keynote address, urged companies to partner with one another and with academic institutions to solve problems and develop new technologies. She held out as an example Source Sentinel LLC, a joint venture between Sensis Corp., O'Brien & Gere and SUNY College of Environmental Science and Forestry.

Source Sentinel is developing sophisticated instruments to monitor water supplies for a wide range of toxins. It hopes to have its technology deployed in field tests by September.

"Source Sentinel, I predict, will have a very bright future, because it learned very early on that no one person or one enterprise or one institution could take on the task of trying to figure out how best to safeguard our water supplies," Clinton said.

Roughly 300 people attended Clinton's speech.

The conference featured two panel discussions - one about attracting private investment, the other about accessing government contracts - but many participants said the greatest value came from networking with their peers.

"It's useful to have a gathering of like-minded people," said Doug Shields, president of Research Associates of Syracuse.

**$6M in defense contracts**

RAS has about $6 million in defense contracts this year, including electronic intelligence work, Shields said.

"I've seen a lot of good connections being made," said Robert Trachtenberg, president of the Central New York Technology Development Organization.

Trachtenberg said Central New York is well-positioned to grow homeland security businesses because of local expertise in sensors, electronic and digital systems, and other technologies.

BioDefense, which makes MailDefender, is the brainchild of Michael Lu, an engineer and entrepreneur from Lexington, Mass. Lu said he conceived MailDefender after the terror attacks of Sept. 11, 2001, and the subsequent anthrax scares.

Roughly one quarter of the early investors have been from the Syracuse area, one of the reasons the company wants to locate its second facility here, Morrone said.

Peter Maul, 61, of Syracuse, a former employee of Miller Brewery and New Venture Gear, said he invested more than $60,000 in BioDefense after learning about it from Morrone, his former investment adviser.

Maul mentioned the business to associates of his from New Venture Gear and elsewhere, and the Syracuse connection grew. Roughly 20 people from Central New York have invested in the company, said Paul Jurberg, senior vice president of investor relations.

The MailDefender uses ultraviolet light, microwaves and anti-microbial agents to cleanse mail, which spins 35 to 40 minutes inside the unit, Morrone said. About 100 units have been ordered by customers including the United Nations, the Federal Emergency Management Agency and the Department of Justice.

The company also expects to make major sales to Fortune 500 companies, he said.

**Private firms interested**

Experts who spoke at the conference's first session said most customers of homeland security services are private corporations, not the government.

"Who's going to protect petrochemical plants but petrochemical plants?" said C. Thomas McMillen, a former member of Congress and a consultant to GlobalSecure Holdings Ltd.
Michael Stead, founder and managing director of Paladin Capital Group in Washington, D.C., said that means providers of security services and products should plan to do most of their business with private companies.

"Don't just rely on the government," he said. "For your company to survive, you cannot rely solely on appropriations from the government."

Destiny USA developer Robert Congel attended and met privately with Clinton and Roger Altman, chairman of a private equity firm in New York City and chairman of New Jobs for New York.

Destiny is a big potential customer of security companies. Its executives are spending a lot of time planning security for the mega-resort Congel has proposed building onto his Carousel Center shopping mall in Syracuse's lakefront area.

Richard Pietrafesa, an executive with the Destiny development team, said Congel wanted to make it known that the resort could not only be a big customer of the companies at the conference, it could help connect them with other security companies on the project.

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