

INSIDE STRATEGIES THIS WEEK



EXECUTIVE PROFILE: She's a fan of Reba McEntire and Erin Brockovich.

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AWARDS: United Way honors Wells Fargo for its volunteer efforts.

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HARVEY MACKAY: Integrity goes a long way, both personally and in the business world.

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PEOPLE: He wants to help clients become financially fit.

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Big week for CPUUsage

Backed with \$700K from investors, startup prepares to launch its first product

BY MATTHEW KISH
BUSINESS JOURNAL STAFF WRITER

When Jeff Martens walked into Portland's Start-up Weekend in February 2010, he didn't plan to walk on stage and pitch his idea for a new company.

For some reason, "At the last minute I said, 'Aw, what the hell,'" Martens said. "I see this solution and I see this problem. There's gotta be a way to bring them together."

The problem: Millions of businesses need access to more computing power. The solution: Millions of computers sit unused at night.

When Martens walked off the stage, prominent Portland entrepreneur and investor Nitin Khanna patted him on the back.

"I absolutely loved the idea," Khanna wrote in an email this week. "I told Jeff to go for it full bore."

Since then, Martens has launched CPUUsage; raised \$700,000 from a group of investors that includes Ash Patel, the former chief technology officer for Yahoo; leased space in Old Town and hired four employees, including co-founder Matthew Wallington.

Next week, Martens takes his biggest step yet, launching his flagship product.

The concept, known as cloud computing, is simple: Martens estimates that roughly 85 percent of the computing power in the world is unused at any given time. Giant data companies like Amazon and Facebook have banks of servers that aren't used around the clock.

CPUUsage pools the unused horsepower of idle computers and puts it in the hands of those who need it, such as medical researchers and software programmers. Government and academic researchers at places like NASA and Stanford have been cloud computing for more than a decade.

Martens put a business and consumer spin on it. While other cloud computing companies lease out their own unused server space, Martens pays law firms, universities and other organizations to get access to their unused computers.

He then turns around and leases the unused computing power to businesses on a per project basis. He estimates he can pay 8 cents per hour per unused computer.

To put that in perspective, if Portland Public Schools leased its roughly 18,000 computers to CPUUsage, it could bank \$1 million a year in new revenue, Martens estimates. He said consumers who



CPUUsage co-founders Jeff Martens, left, and Matthew Wallington think they have a unique take on cloud computing.

make their home computers available to CPUUsage could earn enough money to buy a new computer every year and a half, which would more than make up for the extra mileage put on each computer's hard drive.

"Harnessing idle computer power for a number of things was already underway ... but to do in a way that the consumer got paid for it and companies got to benefit from it on a project basis was truly innovative and powerful," Khanna said via email.

Ken Westin, founder of Portland-based GadgetTrak, was an early adviser for CPUUsage. He also helped the company prove that its software works.

GadgetTrak helps consumers track down computers and cell phones that have been lost or stolen. One way to do that is to search the embedded serial numbers of digital photos posted on photo sharing sites like Flickr.

Westin used CPUUsage to index most of the roughly 7 billion pictures on Flickr, a project that took less than two months, but which would have taken years in the absence of cloud computing.

"We started getting recoveries right away," Westin said, including a \$9,000 camera that had been stolen in California.

Martens said other immediate uses for CPUUsage's technology include helping companies upload vid-

eos more quickly to the Internet. Most videos need to be converted into several file types, a process that's especially cumbersome for companies that upload thousands of them. Biotech startups and software companies that need to run test scenarios could also immediately benefit from CPUUsage.

Martens already has 20 customers in the pipeline. "I don't see why this can't be a \$1 billion business," he said. "If we get it right, it's world changing."

The company's first outside investment came from Morado Venture Partners, a Bay Area venture capital firm co-founded by Patel. Patel's check led to one from another Bay Area firm, Crosslink Capital, which has invested in hot companies including Pandora, an Internet radio company that went public last year.

"They said, 'If Ash likes this, we do, too,'" Martens said. Martens has used the \$700,000 he's raised to lease a small space in Old Town above Hobo's bar.

He leased the space for 18 months realizing that by the end of next year the company will either need a much bigger home, or it won't need any space at all.

Technology giants like Amazon are increasingly nudging their way into cloud computing and Martens admits they could "crush us." But he thinks CPUUsage has advantages because it offers a cheaper and more seamless product.

"It's still a risky time," he said.

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CPUUsage Inc.
Headquarters: Portland
Ownership: Private
Co-founders: Jeff Martens, Matthew Wallington
Revenue: None yet. The company's product launches next week.
Funding: \$700,000 from angel investors and venture capitalists.
Employees: 5
Website: www.cpusage.com

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BIZ FINANCE: Financing insight and strategies for your small business.

SALES LEADS: Thousands of local sales and business prospects.

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Yardstick of success: 'If my clients are happy, I'm happy. **Their success is my success.**'

Ann Smith
Owner, A.wordsmith



Ann Smith

RESUME

Title: Founder and owner
Organization: A.wordsmith
Description of organization: A boutique public relations and marketing communications firm.
Professional background: Spent seven years in PR agencies, first at Weber Shandwick and then the St. Louis agency, Standing Partnership. I also worked as the internal marketing manager at XPLANE before starting A.wordsmith in 2009.
Education: Bachelor's degree in journalism from the University of Oregon.
Residence: Tualatin

BUSINESS PHILOSOPHY

Essential business philosophy: Be a good steward of my clients' money and time and deliver them with the results they hired me to achieve.
Best way to keep competitive: Business coaching — I love getting advice and guidance on ways to be better at my job.
Guiding principle: At one of the agencies I worked for we had a set of core values that I still like to live by: collaboration, innovation, integrity and passion.
Yardstick of success: If my clients are happy, I'm happy. Their success is my success.
Goal yet to be achieved: There are lots of amazing companies in Portland that I'd love to work with — finding a way to collaborate with people doing something different and fun is a continual goal.

JUDGMENT CALLS

Best business decision: Taking the plunge and starting my own business.
Worst business decision: Not leveraging my husband's aptness at numbers when it came to figuring out business taxes.
Toughest business decision: Making the decision to hire and relinquish a level of control.
Mentors: My dad and my first two bosses — all very different in their style but equally successful in creating and grow-

ing their own businesses.
Word that best describes you: Passionate

TRUE CONFESSIONS

Like best about the job: Being my own boss is pretty great. Beyond that, I'm constantly thrilled that I get to team up with incredibly smart and passionate business owners.
Like least about the job: Billing! The end of the month always comes way too quickly.
Pet peeves: People who don't understand the difference between advertising and PR.
Most important lesson learned: Never press "send" on an email until you've triple checked who it's going to and what it says.
Person most interested in meeting: Tom Brokaw
Greatest passions: My two daughters and making sure they grow up happy, strong and kind.
First choice for a new career: Working on Music Row in Nashville discovering new talent.

PREDILECTIONS

Favorite quote: "Remember who you are and what you represent" — my dad.
Favorite websites: MSNBC, Portland Monthly and Facebook, of course!
Favorite cause: Girls on the Run and Girls Inc.
Favorite movie: "Erin Brockovich" — now there's a passionate woman!
Favorite music/musician: Reba McEntire — I'm a ranch kid through and through!
Most treasured possession: My camera. I'm a fanatic about capturing special moments and then displaying them around the house. This way the memory is never far away.
Favorite restaurant: Nostrana.
Favorite vacation spot: Lanikai Beach on Oahu, Hawaii.
Favorite way to spend free time: Firing up the barbeque and having friends and family over to just relax and hang out.

CHANGE takes WORKING TOGETHER. We're partnering with doctors and hospitals to improve THE QUALITY, COST, and EXPERIENCE OF HEALTH CARE. And with our group plans, we're partnering with YOU to help create and sustain a healthy, productive workforce. From workplace wellness programs TO SUPPORT for ongoing health conditions, we're a PARTNER you can do business with.

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