

Startup School

ENTREPRENEURSHIP: Hub101, Cal Lutheran's incubator, forges a track record of successful launches.

By **MICHAEL AUSHENKER** Staff Writer

California Lutheran University's Center for Entrepreneurship has created a startup incubator network where students aren't taught theory on how to launch a business; they experience it in real time.

The endeavor is called Hub101, and both Thousand Oaks-based school's Center for Entrepreneurship and Hub101 are products of its School of Management.

Dean **Gerhard Apfelthaler** explained to the Business Journal that what a nascent company gets out of Hub101 is a collaborative, flexible offsite office space in Westlake Village that includes furniture, high-speed Wi-Fi, conference room access, and shared amenities such as community kitchen, free coffee, bike sharing program and table tennis. More important, the fledgling company gets to fellowship with other entrepreneurs and students to pump lifeblood and oxygen into its core concept.

The school is not limited to ambitious Cal Lutheran students. In fact, most of the 150 members of Hub101's coworking spaces are actually outside entrepreneurs who serve as kind of a living business laboratory for the college's students.

"A lot of these students get hired by startups or launch their own startups," said Center for Entrepreneurship Executive Director **Michael Panesis**.

Five-year anniversary

This summer marked Hub101's first half-decade.

After initially contracting an outside person to run the space five years ago, the school brought in Panesis to launch the co-working space and incubator in 2015. By early 2016, university administrators began running it. Panesis brought in **Greg Monterrosa**, who re-launched the program with the Hub101 name.

An active West Coast angel investor, Monterrosa, according to Apfelthaler, is "the heart and the soul of Hub101. Greg brings in the members and makes sure the members are happy."

A dozen years ago, Monterrosa started MyLLC.com and it outgrew him in six, he said.

"Having been a founder myself, I know what kind of tech you need when you want to launch a company," Monterrosa said. "We make it really accessible. ... The programs we launch and create are catered toward that scalable tech company."

"It's fantastic," said **Michael McCrary**, chief executive of **Pure Spectrum**, the first company ever to emerge from Hub101. "This is very innovative on his part. These are very, very forward-thinking individuals."

Monterrosa, who manages the space utilizing hundreds of Cal Lutheran students called "Doers," said the experience delivers invaluable experience to the students. And they don't need to take a class or go through great lengths to intern at Hub101.

"From your freshman day on, it's free and openly accessible," Apfelthaler said. "All they need is interest and motivation."

Startups launched out of Hub101 and moved on to grow once they gained their legs include McCrary's **Pure Spectrum**, a business-to-business management and assistance enterprise; **Expy Health**, a concept that provides a daily program to prepare for and recover from surgery, run by **Alexis Schomer**; and biblical content site **Pray.com**, helmed by **Steve Gatena**.

"It's more than a university program, it's more than an office space. We have a vibrant startup community; this should be the epicenter for startup activity," McCrary said. "Businesses should be contributing."

From the beginning, Apfelthaler tapped local finance and management professional to



101ers: From left, Hub101's Greg Monterrosa, Gerhard Apfelthaler and Michael Panesis.

PHOTO BY THOMAS WASPER



Training: On-site lecture on growing a company.

help design the program.

"I looked around the business community and saw relatively few startups but there were startups in the area," he said. "I called up IP attorneys, startup founders, venture capitalists, business angels."

He wrangled up a meeting of 100 people and Skyped in **Brad Feld**.

"Brad is kind of a rock star in the startup space," Apfelthaler said. "He founded **TechStars** in Boulder, Colorado, a national success story regarding startup activity."

Moving out

Today, Hub101 has 30 to 50 startups in its fold. On a typical day, about 30 or 40 people show up at the space. "Show up, grow it out and move out" is the Hub101 motto, according to Monterrosa.

"The idea is that you move startup companies along their trajectories," Apfelthaler said. "Eventually, we want startups to move out. We want them to grow and then outgrow the space."

"Pure Spectrum is exactly the kind of story we want to replicate at Hub101," Apfelthaler continued. "Mike left his corporate job, he has an idea for a startup, raises \$6 million, starts to hire interns at Cal Lutheran, started to grow the

company, was profitable by year two, went into growth mode and moved out of Hub 101."

McCrary had worked in North Carolina for about four years before moving to New York, where he got into publishing and met his wife in 2005. After getting married, the pair moved West. McCrary landed into the data insights industry, where he worked for about 11 years in Austin before relocating to California. By then, McCrary had an idea ready for launch.

"I was looking for office space and I couldn't reach anybody," he said. "I couldn't get anyone to pick up the phone so I drove by. I asked them, how much does it cost? They said, 'We don't know yet.'"

Apfelthaler's concept was so new, "they didn't have a way to charge me," McCrary continued. So the entrepreneur enjoyed four months of coworking space gratis.

"It didn't have a name yet," McCrary said of the initiative.

Both Hub101 and McCrary's company launched in tandem. "I hadn't raised any money, I didn't have any product," he recalled.

But the Hub101 space quickly proved conducive to McCrary's success. Just six months later, the entrepreneur had raised \$1.6 million in an initial funding round.

Gleaning half a dozen full-time employees from the Hub101 community, **Pure Spectrum** moved into its own office space by March 2018, McCrary said, "but in the same building upstairs. Nobody in the company wanted to leave this office building."

Pure Spectrum now has 17 employees in Westlake Village, where the company occupies unrelated space in the same building as Hub101. McCrary expects to employ 40 people by late 2020.

"To accommodate the growth next year and beyond, we are expanding to 8,000 square feet from our current 2,000-square-foot space," he said.

Low rents remain a prime attraction for entrepreneurs. Members have a monetary advantage over startups renting from a commercial coworking operator such as **WeWork** or **Regus**.

"We're definitely cheaper than other places," Apfelthaler said. "We let people with certain qualifications in for free."

One of Hub101's greatest success stories is **Beyond Limits**, an artificial intelligence company that worked closely with NASA's Jet Propulsion Laboratory on the Mars Rover program. Beyond Limits quickly outgrew its Hub101 space when it needed to be closer to JPL and hire top astrophysicists, Apfelthaler explained.

The company has secured a funding round of \$20 million that allowed them to move on and hire more people.

Not all startups are alike; not all of them are successful. And yet, many little failures can comprise phenomenal success.

"At Hub101, some of them came in, got funding, moved out quickly," McCrary recalled. "Some of them came in, never got off the ground. You see all sorts of outcomes."

"The most rewarding part is seeing entrepreneurs who failed," Panesis added. "What they do next? Because most of them pick themselves up dust themselves off and say Ok, what are we going to do now?"

Toward the future

Hub101's founding fathers want to advance their agenda. A volunteer position of entrepreneur in residence is being established, whereas a prominent startup founder can come in with a responsibility to serve as a guest speaker, panelist and mentor.

"We want these people to tell their stories," Apfelthaler said.

Hub101 also hosts events such as start up weekends, hackathons and the annual New Venture competition each spring.

While Cal Lutheran does not presently derive any residuals from ideas created on Hub101's Westlake Village property, there is also talk of the university eventually taking some equity in the way other universities do to bring in some revenue.

"What we're looking forward to build (moving forward) is a strong advisory board," said Apfelthaler, hoping to involve such prominent entrepreneurs as **Richard Wolpert** and **Dave Gross**, of Ventura, who created **ValueClick**, an early e-advertising business, and has donated \$300,000 toward improving Hub101 and growing its venture competition.

"We've proven we can bring value to the region," Panesis said. "We've talked about packaging Hub101 (for) other communities."

Apfelthaler and Panesis want to export the Hub101 brand to other parts of Ventura County; places such as Port Hueneme and Simi Valley; perhaps even out to Burbank and North Hollywood, where a startup culture has already taken root.

"We've had conversations to grow it and see how to scale," Panesis said. "In the future, there could be a Hub101 in Woodland Hills. My intention is to be where we're needed."