

HILLSBOROUGH

These Balls Could Bounce All the Way to Profit

By Sara Parsowith

A brash start-up has a flexible coating that extends the life of tires and tennis gear

That's the way the ball bounces. Balls with a high-tech core developed by Hillsborough start-up InMat, that is.

The brash maker of industrial coatings has broken into the mainstream sporting-goods world with tennis balls that use the company's Air D-Fense product. The thin, flexible coating retains air longer than standard cores to keep tennis balls bouncing long after others have gone flat.

That feature has led Wilson Racquet Sports, which holds 20% of the worldwide market for tennis balls, to market balls with the InMat coating under the trade name "Double Core" (price: \$3.99 for a can of three) and to claim they bounce twice as long as ordinary tennis balls. Chris Hegerfeld of Wilson acknowledges that Double Core will initially be "more appreciated by the serious, accomplished player" due to the ball's durability and ability to "hold up to hard play and heavy spin." But he sees the ball as an economical choice for weekend players too, since it needs replacing less often.

The balls made their professional debut in Europe at the WTA Championships this fall and will be the official tennis balls for Davis Cup matches in 2002. In Japan, Wilson's marketers are seeking to have the balls used by high-school tennis teams throughout the country.

InMat also has its eye on the tire market, where, it says, the coating can reduce weight, improve pressure retention and reduce recycling and incineration costs. For the consumer, this can mean a longer-lasting tire that needs air less often. This can be particularly advantageous for fleet operators with thousands of tires to maintain.

The flexible Air D-Fense coating was first developed as part of a Michelin-Hoechst Celanese joint R&D project that began in 1996. Hoechst Celanese later transferred the process to Herberts, its paint and coating subsidiary, which in turn was sold to DuPont.

Researchers Harris Goldberg and Carrie Feeney—now InMat president and vice-president, respectively—were among those who formed the company in 1999 and acquired the intellectual property and technical assets from DuPont. Goldberg and Feeney are the largest shareholders.

InMat's staff members have strong scientific backgrounds and have been part of the development team from the start.

The group includes engineer Ray Carney, a retired team member who continues to work on the project with the same enthusiasm that he has brought to his duties as a volunteer fire fighter and local fire chief.

While tennis balls have been the first product to incorporate Air D-Fense coating, the tire market could prove to be far larger. Goldberg and Feeney expect sales to the tire industry to begin in 2004 and to reach an estimated \$200 million in 2009. By contrast, they figure that sales to the sports-ball industry will total about \$10 million by then.

InMat is currently working with several tire manufacturers on the development of tires that makes use of its coatings. "Tire companies move at a slower pace than we do," Goldberg says, and have stringent testing procedures that can take years to complete.

To increase its potential for commercial success, InMat will have to secure further rounds of funding to develop and market its product. The company says it will need \$1.25 million to continue development and become profitable by 2003.

InMat has tapped a series of funding sources so far. The company received a \$150,000 loan from DuPont, on top of the \$100,000 put in by the founders themselves. "We have all put a lot of ourselves into this venture," Feeney says.

In addition, InMat has received \$250,000 from the New Jersey Commission on Science and Technology and a \$200,000 seed-capital loan from the New



Feeney and Goldberg sold Wilson on the advantages of InMat's technology.

Jersey Economic Development Authority (EDA). Caren Franzini, EDA executive director, says the authority is "really excited" about InMat and put up funding as a means to help the company expand.

Frazini says the EDA was attracted to InMat in part because of the collective experience of its founders. "The owners had several years experience working at two major companies in related fields and all had a lot of knowledge of the product," Franzini says. In addition, InMat "already had a patent and a marketable product."

A third factor in the EDA's decision to invest in InMat was that "they already had investors more experienced than us." One of them was industry veteran Wayne Tamarelli, the former chair of both Dock Resins of Linden and the Synthetic Organic Chemical Manufacturers Association.

Tamarelli likes to invest in "products rooted in chemistry and engineering," he says, and InMat has a "very unusual product, a gas barrier coating that is flexible." That's why he put up \$200,000 as an angel investor and be-

came a board member last year.

Tamarelli has tried the Double Core tennis balls and found that they "work very well, to the point of wearing the name off the sock but still bouncing." And he notes that the technology allows tires to "hold air longer but reduce weight," and is "cheaper and better for the environment."

For now, InMat must rely on tennis players to purchase Wilson's Double Core tennis balls in droves. That, in conjunction with some additional funding, could propel InMat to major-player status in several markets with a unique coating product that appears to be more than just a lot of hot air. ■

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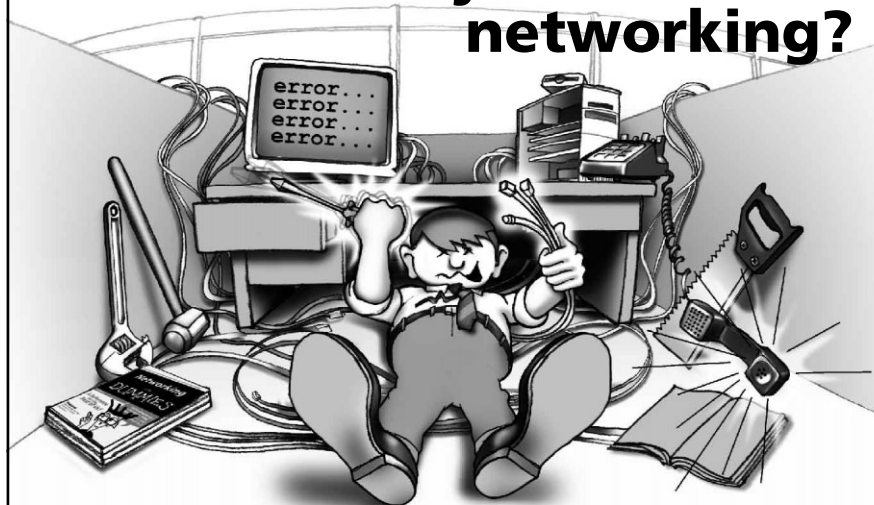
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