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3 startups to watch

The winners of FSB's student startup competition hope they're working on the next Google.

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NEW YORK (Fortune Small Business) - Google, Yahoo! and Dell were all famously founded on college campuses. So it's a good bet that the next generation of paradigm-shifting entrepreneurs is lurking in dormitories as well. That's why luminaries such as legendary venture capitalist Ann Winblad, co-founding partner of Hummer Winblad, and Koplovitz & Co. principal Kay Koplovitz agreed to judge the FORTUNE Small Business student startup competition.

Read on to see what's so special about all three winners. All six prizewinners in our past two contests are still thriving, so this year's top teams should be worth watching as they make their way out of the starting gate. -- By Elaine Pofeldt, with Brandi Stewart

First place: PrepMe

Date launched: January 2005

Startup capital: \$20,000 in prize money from a business plan competition at the University of Chicago

Goal: To become the world's premier test-preparation provider

When Joseph Jewell took the SATs, he decided to treat the intimidating test as a game. "I looked at it as a challenge to accumulate as many points as I could," he says. His strategy worked. He scored a perfect 1600, enrolled at the California Institute of Technology in 2001, and that same year co-wrote a book, "Up Your Score: The Underground Guide to the SAT."

Jewell decided that other students could profit from his approach. In January he launched an online SAT-preparation service called PrepMe, along with partners Avichal Garg, a Stanford grad, and Karan Goel, an MBA student at the University of Chicago.

To gain an edge over industry giants Kaplan and the Princeton Review, which both teach a single test-taking methodology, PrepMe provides a personalized approach for each student. It also offers 20 to 60 hours more preparation material for about the same price as its competitors, as well as live coaching via e-mail, instant messaging, and phone.

There is room for new players: The \$6 billion online education market is growing by 25 percent to 30 percent annually, and the number of students taking the SAT is up 17 percent over the last five years. But getting beyond a few million dollars in annual revenues will be tough.

Still, PrepMe already has almost 60 clients, and co-founder Goel notes that PrepMe's young team has a powerful advantage over its more established rivals: "We don't sleep." -- [Maggie Overfelt](#)

Second place: NeuroLife

Date founded: December 2004

StartUp capital: \$7,500 from business-plan competitions

Goal: To be acquired

As a flight surgeon for the Air Force, Ernest Braxton was frustrated by the dangers involved in monitoring brain pressure in patients with head injuries. Neurosurgeons must insert a catheter into the brain through a hole bored in the skull—a procedure that often causes grave complications.

Braxton -- who has his MD from the University of Pennsylvania and is earning an MBA at Carnegie Mellon's Tepper School of Business -- teamed up with fellow MD and Tepper MBA Daniel McChesney. The two launched NeuroLife, which is creating a medical device for detecting elevated brain pressure.

NeuroLife's monitor, called iScan, uses fiber optics and proprietary software to measure changes in the eye's blood supply. The tool borrows from an ophthalmological technique that measures eye pressure. Because of the close relationship between the eye and the brain, small changes in the blood supply to the eye correlate with brain pressure, says McChesney. If the iScan finds the brain pressure to be normal, patients can avoid the dangers of a traditional monitor.

NeuroLife still has to build a prototype, and then prove iSCAN's effectiveness in FDA trials, which will take years. But the fact that the current method of gauging brain pressure is very expensive could work in NeuroLife's favor. The iScan will sharply reduce those costs, says McChesney.

If NeuroLife succeeds, McChesney will have given up a career in medicine for one in business. But by changing the way medicine is practiced, he may affect far more lives. -- [Ellyn Spragins](#)

Third place: Bigfoot Networks

Date founded: October 2004

Startup capital: A \$100,000 prize from a University of Texas business-plan contest; \$100,000 from angels

Goal: To be acquired

Harlan Beverly has won his share of tournaments in online games, but as a hard-core gamer for the past 15 years he has also suffered the agony of losing. "And it's not my fault," he groans. The culprit, he says, is a technical lag that slows many games when the servers that they are running on bog down with traffic. In online baseball, for instance, this might cause a delay when a batter swings.

A chip architect at Intel until 2004, Beverly developed a computer card that communicates with servers, downloading some of the processes that they perform online and allowing them to run faster, thus speeding up online games. Enrolled at McCombs School of Business at the University of Texas at Austin, Beverly teamed with classmates Michael Cabbage and Bob Grim to form Bigfoot Networks. Their gaming accelerator card, called NetBlazer, eliminates disruptions caused by server lags. If Bigfoot can raise more money, it hopes to begin selling NetBlazer by July for \$300.

David Cole, founder of the San Diego gaming research firm DFC Intelligence, estimates that Bigfoot could easily attract 100,000 customers for the NetBlazer card in the U.S. Although PC makers like Dell are luring online gamers with ultrafast processors, none, says Cole, has offered a solution for lag disruptions.

And if companies such as Broadcom or Intel do want to create a product similar to NetBlazer, Bigfoot is well-positioned. "One of those companies will probably acquire us," says Beverly. In the meantime, he says he's doing better in online tournaments now that he is testing NetBlazer. -- Evelyn Juan

FSB interns Jonathan Aiken, Liz Borod Wright, Antoine Craigwell, Keisha Cummings, Evelyn Juan, Emily Maltby, and Brandi Stewart contributed to this package.

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