

FINANCIAL POST

FP ENTREPRENEUR

*2011: The Year
of the Entrepreneur*

Four friends and an idea



Peter J. Thompson/National Post

Partners first: Steve Hulford, left, founder and chief creative officer; Marc Milgrom, president; and Ron Watson, founder and chief financial officer.

John Shmuel, Financial Post · Jun. 5, 2011 | Last Updated: Jun. 5, 2011 6:02 PM ET

A popular adage in the corporate world holds that you shouldn't go into business with friends. But the partners of Toronto-based software firm, Filemobile Inc., don't particularly care for that adage. In fact, ignoring it has paid off for them.

Three of the company's four partners have known each other for the better part of two decades, although they largely remained in separate career spheres until they came together to incorporate Filemobile in 2006. The synergy between the trio created a natural foundation for a technology startup, said Steve Hulford, the chief operating officer, and they jumped at the opportunity to come together and form a company.

"At the time, Chris Becker, our CEO, filled a void that Ron Watson, the chief financial officer, and I had — Ron is great at managing finances, I'm good at product development, but Chris is a wicked business operator. Between the three of us, we had everything needed to drive a company forward," he said.

Filemobile got its start in 2006, when the men decided they wanted to provide a one-stop solution for companies to manage all their media and social-networking tools. The products the company offers are centered around Media Factory, a back-end software platform that integrates with existing Web sites and allows companies to control photos, videos and social media streams without having a plethora of different accounts.

Filemobile quickly began targeting its products at Canadian media companies. Because media companies were early adopters of Internet tools and trends, they were a natural choice for the company to focus on, Mr. Hulford said. Some of Filemobile's first customers include former media company CHUM Ltd. (which was bought by Bell in 2007), and broadcasters CTV and The Weather Network (TWN).

One feature that made the Media Factory platform so attractive is its ability to incorporate user-generated photos and videos into websites. Filemobile says it was one of the first companies to offer a solution for managing so-called citizen journalism content.

"We give them software that allows them to effectively filter user-generated content," Mr. Hulford said, noting that many of the videos submitted to TWN are sourced through Filemobile's platform.

In the early years, Filemobile's clients were mostly media companies, but the founders always planned to diversify the customer base across many industries.

In 2009, the company took on a fourth partner to help push Filemobile into the enterprise sphere. Marc Milgrom, who had worked with Mr. Becker at PricewaterhouseCoopers, where he was a senior partner, joined the team to help expand sales and develop corporate partnerships.

Mr. Milgrom's arrival allowed Filemobile to fill a critical hole in its expansion strategy — a lack of strong ties to enterprise, Mr. Becker said.

By 2009, a flood of interest was pouring in for Filemobile's products, and the fast growing company was being steered by four partners with a variety of backgrounds and inputs. For many firms, balancing a number of partners — especially when an underlying friendship exists — can be tricky.

Brad Cherniak, partner at Sapient Capital Partners, says there is no shortage of pitfalls when mixing friendship and business, and the more partners the wider the pitfalls can become. "There is a question of who is bringing what to the table, and what official role each person should be assigned. Also, the more partners you bring into a company, the more complicated it becomes to determine how much of a stake each person gets."

Filemobile avoided those pitfalls by setting the parameters for the partnership early on. Business comes first between the partners, which Mr. Hulford attributes the company's success to. Although Filemobile encourages a workplace that allows the free flow of ideas, he said all four partners look at each other as co-workers first at the office.

"Every now and then we realize, 'hey, I haven't talked to you as a friend in months,'" Mr. Hulford said. "Occasionally, we get so wrapped up in the business you momentarily forget that friendship. But, the friendship part is very important, especially since there's a level of trust that comes from it, and that helps drive the company."

Having a business-first attitude in the workplace is definitely a big plus, Mr. Cherniak said. "It's absolutely critical. Business has to come first, because it's hard to switch from a social club into a business."

Their success at putting business first is reflected in its results. It expects to post revenue growth of roughly 35% in 2011, and its subscription base has grown 70% year-over-year. The firm is concentrating on solidifying market presence in Canada, and increasing the inroads made into the United States.

“We started to dip our toe into Europe this year, and we’ve already gained a partner in the U.K.,” Mr. Becker added. “The goal now is to keep building new relationships and finding new partnerships.”

Financial Post

jshmueller@nationalpost.com