

STARTUPS TO WATCH These Startups Want to Reshape 5G Devices, Disease Treatment, Startup Credit and the Power Grid

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By The Information Staff Feb 11, 2019 6:31 AM PST

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As we approach the mid-point of 2019's first quarter, the startup funding environment remains promising, many investors say. After all, multibillion-dollar funds such as Sequoia's still have plenty to invest even after last year's record pace. Nearly \$131 billion in venture capital was deployed in private companies worldwide in 2018, industry data shows, beating the previous record set in 2000.

Sure, there are reasons for worry, including a volatile stock market, questions about the economy and gathering momentum for tech regulation. But after weathering 2018, there's reason to expect venture capital funding of startups will hold its own this year.

THE TAKEAWAY

Our latest group of startups to watch includes one looking to make the power grid more efficient, a company using electrical nerve stimulation to treat disease, a 5G chip company and a credit card company for startups.

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As in the past, we looked for companies that haven't received much attention but we think are ready to break out. You can see previous editions [here](#), [here](#) and [here](#).

Here is the list:



Company: Movandi

Founders: Maryam Rofougaran and Reza Rofougaran

Money raised: \$44 million to date, according to PitchBook

Investors: Cota Capital, Sierra Ventures, Wistron NeWeb, Draper Nexus

Why it made the list: The next generation of cellular wireless networks, called 5G, promises massive boosts in performance. But making this technology work is tricky. The most advanced form of 5G will rely on signals beamed out over tiny, finicky radio waves in a part of the spectrum known as the millimeter wave band. Those waves can be blocked by anything from a hand to a pane of glass.

A brother-and-sister team is trying to solve that and other challenges 5G faces at their new startup, Movandi. The company is building the so-called radio frequency front-end

components—the parts in a device that pick up the radio signal—as an integrated module,

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—both veterans of Broadcom, the chip giant that in 2000 bought their previous wireless startup for \$457 million. Movandi is trying to break into a mature market of smartphone chipmakers that each manufacture many of the components going into mobile devices. Industry giants including Apple are building more of those parts, throwing up another barrier to entry for the startup.

However, the complexity of 5G technology may offer an opportunity. The part of the market where Movandi operates is expected to nearly double by 2023, according to French research firm Yole Développement, even though handset sales are forecast to stay flat. —*Aaron Tilley*



Company: Blueprint Power

Founders: Robyn Beavers, Claire Woo, Nicholas Squires

Money Raised: \$4 million

Investors: Congruent Ventures, Urban.U.s, Fifth Wall Ventures, MetaProp, 175 Power Global

Why It Made the List: Robyn Beavers spotted a business opportunity in plodding regulatory change: the reform of New York's electric utility, in the works for at least a half-decade, that opens the state's wholesale power markets to smaller providers.

Ms. Beavers' company, Blueprint Power, makes software that allows buildings powered by

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apartment tower owners, a new source of revenue and the ability to recoup the cost of investing in alternative energy.

If successful, the model could start to challenge powerful utility companies by turning buildings into sources of power for the grid. First, Blueprint's energy-management software needs to attract real estate owners. This will be the first year its customers—currently testing the company's software in “tens” of New York buildings—start to generate revenue through Blueprint, said Ms. Beavers, who started her career 14 years ago as an assistant to Google founders Larry Page and Sergey Brin. —*Cory Weinberg*



Company: Neurome

Founders: John Cornwell, CEO, and Nick Triantos, CTO

Money Raised: None. Seed round under way.

Investors: Undisclosed

Why It Made the List: Neurome is one of a number of startups using electricity to stimulate the vagus nerve—which connects the brain to the heart, lungs and other major organs—to treat conditions caused by organs that are either under- or over-performing.

The Menlo Park, Calif.–based startup is using software to fine-tune vagus nerve stimulation

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biology and neuroscience, on a wide range of products, Mr. Triantos said.

In early testing, Neurome's software has been able to regulate electrical vagus nerve stimulation to help control immune system functions and blood sugar levels in animals, said Mr. Triantos. While there is evidence that this can also work in humans, Neurome hasn't yet sought approval from the U.S. Food and Drug Administration to test the technology on humans, he said.

Neurome, which plans to step up hiring in the second quarter, is developing its software with SRI International and The Feinstein Institute for Medical Research in Manhasset, N.Y. Dr. Kevin Tracey, CEO of the Feinstein Institute, is a part-owner of Neurome. Both Mr. Triantos and Neurome CEO John Cornwell previously worked at SRI. —*Kevin McLaughlin*



Company: Brex

Founders: Henrique Dubugras, Pedro Franceschi

Money Raised: \$125 million

Investors: DST Global, Greenoaks Capital, Y Combinator

Why It Made the List: When Brazilian duo Henrique Dubugras and Pedro Franceschi

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Dubugras and Franceschi, who, at the age of 22 had already founded and sold one company — Brazilian fintech startup Pagar.me—decided to create a solution: a payment company focused on providing entrepreneurs corporate credit cards with higher spending limits. With early backing from investors like PayPal co-founders Max Levchin and Peter Thiel, Brex soon attracted growing interest from the startup set.

The company, which primarily makes money from transaction fees, has positioned itself as a formidable contender in the corporate payments market: With record amounts of funding flooding the venture ecosystem, more startups are raising more money and, in turn, spending much of that freshly minted capital on Brex company cards—all with Brex skimming a profit.

Now, Dubugras says the company counts 78% of Y Combinator’s current batch of entrepreneurs among its customers. It’s taken off among investors as well, snagging a billion-dollar valuation less than two years from its founding. But startups are only the beginning of Brex’s ambitious plans: Dubugras hopes Brex will become the de facto corporate credit card for employees worldwide, and plans to take on industry titans like American Express and J.P. Morgan Chase. —*Zoë Bernard*



Company: ThinkCERCA

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Investors: Educational company Follett; Scott Cook, co-founder of Intuit; Signe Ostby, co-founder of the Center for Brand and Product Management at the business school of University of Wisconsin-Madison; China-based TAL Education Group; Jeff Weiner; Plum Alley.

Why It Made the List: As a former Chicago school teacher, Eileen Murphy knows first-hand the importance of writing skills to students' overall academic growth. And as the former head of curriculum and instruction for 115 schools in Chicago, she also has seen the challenges that teachers can face when their classrooms are filled with students at different levels.

Ms. Murphy created the educational technology company, ThinkCERCA, to address this challenge. Instructors can use the platform to structure and teach a lesson that differentiates between students working at different levels on a given subject matter. "It allows students to work at their own pace but also to work collaboratively," Ms. Murphy said.

Late last year, the Texas State Board of Education approved ThinkCERCA for English language arts and reading for grades six through eight. Today, 85% of ThinkCERCA's revenue comes from districts, rather than individual schools, up from 15% just two years ago, according to the company.

Still, ThinkCERCA is in an increasingly crowded space as educational publishers like Houghton Mifflin Harcourt and McGraw-Hill have begun to launch their own software, and tech companies like Google, Microsoft and Amazon have started to move more into market.

—*Jessica Toonkel*



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Company: Harbor

Founders: Josh Stein, Arisa Amano, Bob Remeika, David Sacks

Money Raised: \$40 million-plus

Investors: Founders Fund, Andreessen Horowitz, Pantera Capital and nine others

Why It Made the List: One of the hottest applications of blockchain technology in the last year—against a background of falling crypto-related investment—has been security tokens, which are cryptocurrencies that represent ownership of an asset, from works of art to startup equity.

San Francisco–based Harbor is developing a platform that allows anyone to issue security tokens, along with software to ensure token trading follows any issuer-created rules and takes place in compliance with applicable regulations. The company, which has about 30 employees, has already begun selling shares in an apartment complex in South Carolina.

Harbor’s platform is designed to make it easier for investors to buy assets that have been hard to access, either because they’re expensive or there isn’t a convenient market for them. One major potential application is in venture capital: Harbor is in talks with half a dozen funds about creating tokens that reward investors with a share of returns, CEO Josh Stein told The Information.

Relatively few financial assets have been tokenized, and even fewer places exist to trade them. Companies such as OpenFinance and tZero have developed exchanges tailored toward

security tokens, but the sector will need a more robust universe of tokenized assets in the

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Company: Crisp Thinking

Founder: Adam Hildreth

Money raised: \$25 million

Investors: Baird Capital

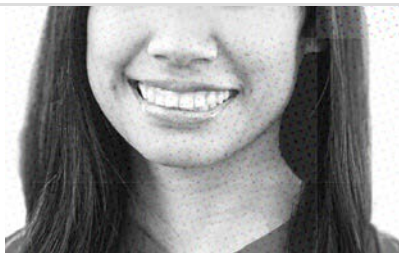
Why It Made the List: The world's biggest companies and online platforms, including most prominently Facebook, have struggled in the last two years to control disinformation on the web. Crisp Thinking, with roots in protecting children from online sexual predators, is looking to tackle the broader problem of factual accuracy online by providing a way for brands and social platforms to root out inaccurate or inappropriate content.

Companies hire Crisp Thinking, which plans to double its headcount this year, to supplement their own content moderation efforts or to root out content that could hurt their brand image. It can also help companies ensure their content complies with regulatory regimes, founder Adam Hildreth said. Its clients include Fortune 500 companies, among others. (Mr. Hildreth wouldn't say if Facebook was one of its customers.)

Crisp Thinking, based in the U.K. city of Leeds, employs hundreds of threat intelligence analysts around the world to proactively hunt for false reports and other misinformation, as well as those who spread them. Crisp Thinking also uses analytics and artificial intelligence

to augment its human analysts. Between the three approaches, the company says, it looks at

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Company: Baobab Studios

Founders: Maureen Fan, CEO; Eric Darnell, Chief Creative Officer

Money Raised: \$31 Million

Investors: HTC, Samsung, Peter Thiel, Alibaba, Advancit, Comcast Ventures, 20th Century Fox.

Why It Made the List: Baobab Studios is a virtual reality animation company that has created a series of shorts for film festivals. The company, founded in 2015, has also developed a computer animation technology that founder Maureen Fan says lets it create shorts for more-modest-than-usual budgets.

Baobab survived tough years in the VR industry partly by keeping a lean operation—it has fewer than 20 employees. But that group has managed to turn out four VR shorts, including a recent one “Crow: The Legend,” that starred big names like John Legend and Oprah Winfrey. The short recently won an Annie award, the Oscars of animation.

While the company gets some revenue from showing its shorts at VR exhibitions, it’s also been building up a catalogue of characters and properties that can be used for 2D animated features. It signed a deal with production company Roth Kirschenbaum Films to turn one of its VR shorts into a feature film. And it’s had talks with other media companies to license more of its intellectual property.

Baobab is still largely a bet by its investors that virtual reality will one day be widely adopted

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Company: Spatialand

Founders: Kimberly Cooper, Jeremy Welt

CEO: Katie Finnegan

Money raised: Undisclosed

Investors: Acquired by Walmart tech incubator Store No. 8 in February 2018

Why it made the list: Spatialand is a virtual reality technology and content startup that develops VR experiences and tools to help brands market and sell merchandise. Acquired last year by Walmart's Store No. 8 incubator, the company is primarily focused on helping Walmart find better ways to sell its wares.

Spatialand also aims to develop next-generation proprietary VR technology that companies and end consumers can license to create interactive virtual worlds, Kimberly Cooper, Spatialand co-founder and current chief creative officer, said in an interview.

As Spatialand works to build an immersive retail experience for Walmart, it has also started to partner with brands and film studios. Those companies want to use its technology to develop their own VR-based experiences for movies, live music performances and consumer products. For instance, Spatialand will soon unveil a VR pop-up experience to promote the

upcoming film "How To Train Your Dragon: The Hidden World," from Universal Pictures and

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VR content and built the underlying technology for films including Iron Man, and live experiences such as a concert for the band Linkin Park. —Beejoli Shah

Correction: In a previous version of this story the name of virtual reality startup Spatialand was misspelled. The story has been corrected.

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