

SILICON VALLEY / SAN JOSE

BUSINESS JOURNAL

JUNE 24, 2005
VOL. 23, NO. 7

96 N. Third St.
Suite 100
San Jose, CA 95112



E-DITION

Subscribers:
full content at
our Web site.



LEADS!

Critical data for running
your business.

STAY CAUGHT UP: Sign up for free e-mail news updates at sanjose.bizjournals.com

He took an idea
and \$5,000
into the garage
and emerged with
a company that's
breaking ground
in e-marketing

Hobbyist
tinkers
way to
Success



DENNIS G. HENDRICKS

APPETITE FOR INNOVATION: Bob Alvin has the right bait to reel in and keep high-quality staff at his media services company NetLine. He also experiments with various hobbies, including an aborted attempt at aquafarming blue African lobsters.

BY DOUGLAS E. CALDWELL
dcaldwell@bizjournals.com

"What is this?" Bob Alvin asks a visitor to his Los Gatos office, holding up a basketball-size grayish-brownish clump of a sponge-like thing.

Three guesses don't even come close.

"It is a sawdust ball covered with mycelia for shiitake mushrooms," he says.

A mushroom ball in a corner of the office of the chief executive officer of NetLine Corporation, an

e-marketing firm, is not unusual, given Mr. Alvin's eclectic outlook.

His office-farming of mushrooms reaped large crops, which he offered to his staff, he says. But with few takers, Mr. Alvin has since moved on to other hobbies.

"Bob's a very likable guy," says Mike Hackworth, chairman of Cirrus Logic and an outside board member for NetLine. "He has a great sense of humor. He's inspirational and has very charismatic skills. He's demanding but that's liberally sprinkled with humor."

Mr. Alvin says he's been enthusi-

astic about his company since he founded it in his home in 1994 as the first online registration service for trade magazines. He makes the founding sound almost informal.

"The reason I founded the company is I have a bachelors in electrical engineering and a masters in computer science and I wanted to learn more about the business side of companies," he says. "I didn't realize how quickly you learn about all the administrative tasks of a company such as dealing with the state, payrolls and other things that really get monotonous after a

while."

In 1994, with the Internet just coming of age, Mr. Alvin tapped people he knew to get underway.

"I knew some really good, long-haired people, geeky as they come in the IT department in the company where I was working, and I thought maybe I could entice this guy to do an Internet company with me," he says.

The lure wasn't money or stock options, as Mr. Alvin recalls, but it did take the promise of a Sun work station and a 56k phone line.

"I definitely had the right bait," he says, noting that the first employee — Mitchell Wright — is still with NetLine as its vice president of information technology. "I couldn't have started with a better person," he says of Mr. Wright.

They came up with the name and got the domain name.

"So what were we going to do? That was the big question," Mr. Alvin says.

The answer fell out of a magazine. It was one of those cards that you fill out to get a free professional subscription to what's called a "controlled circulation" publication.

"I missed one little box," he says of the form. The magazine bounced it back to him, demanding he answer the question or no free subscription.

"So I filled it out with a zero, folded it up and put it back in the mail. Six weeks later it came back again and it says 'Sorry, you have to fill out a new card. We've changed the card,'" says Mr. Alvin.

The cumbersome process, fraught with easily-made mistakes, and bogged down with snail-mail delays, inspired Mr. Alvin to come up with a product for his company-without-a-product.

"So NetLine was the first company to offer online subscription forms for controlled circ publications. We started with a small company called Integrated Systems Design and Unix Review," he says.

But the idea and the name evolved.

"Bob is an extremely bright, articulate, forward-thinking busi-

ALVIN: Ardent hobbyist grows media services firm NetLine along with mushrooms and pet lobsters

ness person. He's quick to come up with new ideas and is one of those unique people who likes to take an idea and drive it into a business practice and experiment to determine whether it is a worthwhile effort," says Mitchell Levy, partner at CEO Networking and director of the Silicon Valley Executive Business Program at San Jose State University.

NETLINE CORPORATION

Business: Leads generation, online marketing, automation and communication management services and products.

Address: 16795 Lark Ave., Ste. 210, Los Gatos, CA 95032

Phone: (408) 884-1200

Fax: (408) 884-1284

Web: www.netline.com

CEO & Chairman: Robert Alvin

NetLine discovered that while it had come up with the better mousetrap, it had to education the mice to use the Internet-based product at a time

when print publications and their fulfillment houses were unfamiliar with the Web.

"As a technical person I didn't realize how old that [print] industry was and how archaic it was back then," he says. "These days they send everything off to India and other countries to get key-punched in. A lot of this is done electronically. I think for some of the technology publications, 25 percent of their subscriptions are collected online."

NetLine has changed, too, now offering leads generation services used by publishers and their advertisers.

"He has a lot of ideas and those ideas in the business world turn into companies or divisions within a company. Those ideas in his personal life turn into a unique set of hobbies," says Mr. Levy. "A lot of people have a lot of great ideas and never act on them. Bob is not one of those; Bob acts on his ideas."

Adds John Bennice, president of Bennice Group in Rio Vista and an early NetLine employee: "He's got a winner's ego but not at the expense of his people. He's got a

big heart. He will always, always, say what he feels. There is no filter between what Bob thinks and what he says. You're always going to get the truth from Bob."

NetLine was a bootstrapped operation from the first. While holding down a full-time job with a semiconductor company, Mr. Alvin devoted his mornings, evenings and weekends to nurturing his own company. "The nice thing is it started off profitable," he says. It was capitalized with a total of \$5,000 with half of it from his sister-in-law."

By 1998, Mr. Alvin had quit his day job. "Moved into my garage. Set up an office. Hired an employee. It worked well and we kept going," he says. "It was the publishers ... who pushed us into e-marketing for them. They pushed us into doing a lot more with the data and tracking the responses, the clicks and the links, which has brought us to our NetLine en-

'A lot of people have a lot of great ideas and never act on them. Bob is not one of those; Bob acts on his ideas.'

Mitchell Levy
Partner, CEO Networking

terprise marketing platform tools. It really was the customers who drove us at first."

Mr. Alvin tries to play racquetball three or four times a week. "It's good, it's fun. I'm competitive in the fact that I just like to get out and play and when it's over, it's over — it's just a game," he says.

He's an ardent hobbyist — and not just a single hobby, but dozens, perhaps scores — say his friends.

One was aquafarming.

"I had shipped from Florida some blue African lobster babies and set up some big tanks at home and got some books on aquafarming. But unfortunately, I was too busy to pay attention and to deal

count and move to VC funding by the end of the year. I was ramping up the headcount ... [but] in 2000 at the end of the year it was basically, 'nice of you to come by and talk with us. Good luck.' And so it was tough. It took a lot of scrambling.

It's really tough to do layoffs two years in a row around Christmas time. We scaled back quite a bit. The founders and myself cut our salaries in half. But we believed we could turn it around. It was a good two years before they got everybody back to their normal salaries. It was tough. We had to lay off some people; it was either that or go under. But a



DENNIS G. HENDRICKS

COMPETITIVE EDGE: Bob Alvin funnels his competitive nature into his business and on the racquetball court.

with some of this stuff," he says. "My first big mate got out of the tank and got away. I found him under the TV. The other guys started killing each other. Finally I got down to a few and I knew I basically had to close down business so I ate the last one. He was good."

Aquafarming. Mushrooms. All may be put on hold for just a while, he says.

"I'm getting married in August.

I promised my fiancé for the first year, as we assimilate my three children and her child in our new household, I will refrain from any extreme hobby that would either distract or clutter our lives," Mr. Alvin says. "But I'm not getting rid of my tanks."

DOUGLAS E. CALDWELL is associate editor of the Business Journal. Reach him at (408) 299-1835.

In his own words

Bob Alvin on surviving the dot-com crash:

"We had a dot-com turning point. In early 2000, we watched companies like Digital Impact that did e-mail marketing with a million-one in revenue have over a billion dollars valuation when they went public. Now you have to say to yourself, we were making \$700,000 in revenue, we've got to be worth at least half a billion dollars. That's what we were thinking.

So with that kind of logic, which really wasn't logic, I was able to raise \$1.4 million relatively easily from angels. The big plan was to get that money in, ramp up the head

lot of the employees are still here.

The one thing we did well — and I attribute it to our CFO at the time, Werner Mansfield, who's now our president. He's very conservative. I'm kind of more the sales guy. But we're really tight on cash flow. We manage that thing to death. Unlike the days of the dot-coms, where you took in money and it was easy to spend.

But that's not how you run a business. We knew that but we got caught up in the frenzy, but we survived. It's nice to know one of our bigger investors says that of all his investments he made at the time, [we're]

the only one around. When we say we're going to have this much cash in the bank, we're going to have that much cash in the bank.

As a turning point, we have cash in the bank and it's still flowing into the bank. We're still growing. From a company point of view, it makes a lot less stress for the CEO. And I hope I'm done getting more gray hairs because I picked up a lot during that time.

I've also changed my life, too, in terms of doing more exercise, keeping my weight down because I used to have a sitting-around-the-desk-all-day belly.