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Innovation Pipeline
CONNECTING LABS AND MARKETS

COMPANY PROFILE:

TELECONTINUITY, INC.
Emergency Telecom Networking
Rockville, Maryland
www.telecontinuity.com

COMMUNICATIONS SECTOR OVERVIEW

For businesses and government agencies it's a frustrating irony: when a disaster knocks out telecommunications, that's when those phone lines are needed most. Startup TeleContinuity says it has an answer: a system that can reroute phone traffic and keep the lines open in the event of an emergency.

TeleContinuity's Survivable Communication Network ties together the traditional circuit-switched public telephone net-work and the rapidly emerging IP-based calling network. Company founder and CEO Roy Pinchot says the result is an internet-based telecom-management system that allows businesses to forward their phone calls to just about anywhere.

The key to the patented software is that it works remotely, requiring no equipment at the client's facility. Subscribers pay TeleContinuity a monthly fee of about $5 per line to register their phone networks with the Survivable Communication Network. In the event of a crisis, the client can log onto the TeleContinuity website and forward calls made to any of the client's lines. Clients can also activate the service by phone, e-mail or even text message.

TeleContinuity is currently operating out of nine data centers around the country and expects to increase that number to 150 sites within a year. When a customer activates the for-warding option, all its phone traffic is then switched through TeleContinuity's equipment and directed wherever the client wants: calls to some employees might be routed to their home lines, while others might choose to receive calls on their cell-phones. If necessary, phone calls can be converted to packets and sent over the internet to a voice-enabled PC or even a PDA. In addition to the monthly fee, customers pay for minutes used. The company's key development is a switching system that can redirect phone calls around spots on the grid that are down or overcrowded. The TeleContinuity software takes advantage of both the traditional phone network and the internet, and Pinchot says his technology can seamlessly move a call between the two.

IP Rating Scale (1-10)	
Innovation	**8**
Capitalization	**7**
Market Opportunity	**5**

The company was founded in November 2001, shortly after the September 11 terrorist attacks, which knocked out phone lines across a broad swath of lower Manhattan. The event made clear to both Pinchot and TeleContinuity cofounder and CTO Raul Vera that traditional telecom disaster-recovery plans center around moving to a fixed backup site. Because those locations might also be destroyed or inaccessible, this strategy may not always be effective. Pinchot has more than 40 years' experience in the telecom field and Vera has been developing telecom and networking systems for 17 years.

Pinchot claims there are no other companies developing a system like TeleContinuity's. The National Institute of Standards and Technology deemed the work important enough to give the company a $1.7-million grant in September 2003. TeleContinuity's pilot program was run in the offices of the U.S. Secretary of Defense. The company has also received $180,000 in grants from Maryland state agencies, in 2003, and in May it completed a $2.6-million round of funding, with lead backing from Cameron General, an insurance company. "This is telephone-continuity insurance," Pinchot says. Three companies have signed up for TeleContinuity's Survivable Communication Network. The first two installations should be complete by mid-October. Those deals are generating revenue but the company is not yet profitable.

ANALYSIS: Richard Thompson, director of the telecom program at the University of Pittsburgh's School of Information Sciences, says the approach TeleContinuity is taking makes a lot of sense: "If there has been a disaster then chances are parts of the public telephone network won't be working, so we need to have alternate ways to put calls through." Experts like Thompson say TeleContinuity is taking a lead role in developing a telecommunications system that will support the U.S. public telephone network during disasters.