

## Droplets Pushes a Third Way

*On Day 19 of our Around the Alley series, we visit Droplets, a start-up in Chelsea looking to bridge the gap between the Internet and desktop software applications. With the coming of the so-called X Internet (X for both executable and extendable), Droplets wants to combine the ubiquity of the Net with the ease of the desktop.*



**Around the Alley  
in 30 Days**

by [Brian Morrissey](#)

Philip Brittan is careful not to interchange "the Web" with "the Internet": the two are very different things, he insists. While the average Joe switches between the two as synonyms, Brittan knows they are different, very different.

His newest company, [Droplets](#), is founded on the premise that the HTML-based Web has been asked to do too much. After all, it was developed two decades ago as a tool for scientists in far-flung locales to trade research papers. It was, in the end, a publishing medium. But businesses soon looked to the Web to do more than simply publish online company brochures: they looked to the Web as a way to deliver software.

The problem, as Brittan sees it, is the Web isn't equipped to do this. Instead, businesses are left with a false choice between the static software model (think downloading Microsoft products from a CD-ROM) and a Web model that offers less robust features. Brittan's 18-month-old Droplets looks to bridge the gap and show a third way.

Brittan came to this realization at Spheresoft, a technology consultancy he founded. He and his partners were developing desktop applications for financial institutions. "We realized early on the Web was not the right way to deliver applications," he recalls. Brittan and his team developed Droplets, which look to give users server-based applications like e-mail or an internal HR-tracking system with desktop functionality.

Droplet was founded in March 2000, just in time for the tech sector meltdown and end to the venture-capital funding frenzy. In a way, Brittan says this was a blessing in disguise. With VCs in retreat, Brittan looked mostly to angel investors. Not just any angels, either, but angel investors who would invest both time and money in the company. Brittan recruited executives from top-line consultancy McKinsey, in addition to execs from Phillips and Enron. Droplets has \$7 million funding, giving the company time to build slowly until the venture market rebounds.

Brittan is happy with the path Droplets has taken, having seen many VC funds turn into fair-weather friends of their portfolio companies once the market went south. "The VC funds were really exuberant in 1999 and 2000, then they became really cautious," he says.

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With a small staff of just 20, Droplets hopes to leverage the connections of its angels and those that Brittan built up from his days as a technology provider to the financial-services industry. The company targets its platform to the famously early-adopting financial-services industry, as well as independent software vendors (ISVs) like Siebel and PeopleSoft. With the boom of the Internet, ISVs' clients pushed them to provide online versions of their software. "The problem is these Web-based versions sucked," Brittan says.

In addition, Droplets has developed its own suite of applications, ranging from a stock update to e-mail to a discussion board, as both a showcase and a way to keep in touch with the needs of the developers its core business targets.

Without using the acronym du jour--ROI--Brittan says Droplet's sales proposition is ideal for the times: Its applications will not only bring increased mobility and functionality, but will also save money by doing away with the need for tech support on individual PCs and lowering bandwidth costs. "We're providing value that solves real problems and brings tangible rewards," he says. "They can see the hard, tangible benefits."

Feedback: [letters@siliconalleyreporter.com](mailto:letters@siliconalleyreporter.com)

## **Droplets at a Glance**

**Business:** software platform

**Founded:** March 2000

**CEO:** Philip Brittan

**Employees:** 20

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**Funding:** \$7 million

**Investors:** Angel investors from McKinsey & Co. and Enron; Pricap Venture Partners, Plough Penny Partners, Hanseatic Corp.

**Revenue streams:** OEM

(original equipment manufacturer) bundling

**Profitability expected:** cash-flow positive in second quarter 2002

**Current customers:**

Corrections.com, Expernex, Grassroots Technologies

**Focusing on angel investors**

**over VCs:** "The big VC funds can be helpful, but by having strategic investors we get not only a lot of connections but a lot of elbow grease." -- Philip Brittan