

Software firm builds Momentum in U.S.

Thursday February 2, 2006

By Murray McNeill



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With Momentum arriving in the Nashville area, CEO Charles LaFleche waves his firm's newest colours, a jersey for the NHL's Nashville Predators.

SOFTWARE specialist Momentum Healthware Inc. has opened a U.S. office in anticipation of a more than five-fold increase in its south-of-the-border sales over the next three years.

Charles LaFleche, the company's founder and chief executive officer, said yesterday the Winnipeg-based firm expects its U.S. sales to jump from the current \$2 million a year to \$11 million by the end of 2008. That would represent about half of total revenues, compared to 20 per cent now.

In order to handle that kind of growth, the company recently opened a new 10-person office in the Nashville suburb of Brentwood, Tenn. The Brentwood office will serve as the headquarters for its U.S.

operations, while its Winnipeg office will continue as overall corporate headquarters as well as the headquarters for its Canadian operations.

LaFleche said the Nashville area was a logical place for the company's U.S. headquarters because it is known as a global health-care centre, with numerous hospitals and health-care chains located there. It also offers easy access to many key U.S. markets Momentum is targeting, including Florida, Texas, California and New York.

He said the United States is a huge and largely untapped market for Momentum, which specializes in developing information technology management tools for nursing homes and other health-care facilities. LaFleche noted that with rising health-care costs and an aging population, health-care facilities on both sides of the border are looking for ways to boost employee productivity and to deliver their services in a more cost-effective manner.

One way they're doing that is by investing more money in electronic information-handling systems for such things as patient billing, health and dietary records, and in-house financial records. LaFleche said Momentum has developed software packages for all of those tasks, and is now ready to start aggressively marketing them in the U.S. market.

In order to help finance its U.S. expansion and marketing initiatives, LaFleche said Momentum has hired a Nashville-based investment banking firm -- Harpeth Capital LLC -- to raise about \$5 million in U.S. venture capital markets.

As well, it has hired three experienced U.S. software specialists to work in the new Brentwood office.

A spokesman for the ENSIS Growth Fund, which owns a third of Momentum, said yesterday ENSIS officials are pleased with the progress Momentum has made in recent years.

Mark Ahrens-Townsend, vice-president of investments for ENSIS and vice-chairman of Momentum's board of directors, said the company has nearly doubled in size over the last three years, and its annual revenues have grown from about \$2.7 million to \$9.6 million.

"The company has moved along very nicely," Ahrens-Townsend said. "They are very nicely positioned, with a great set of products that cover the gamut of what health-care facilities are looking for on either side of the border."

LaFleche confirmed the demand for Momentum's software systems is also picking up in Canada. He said the firm's sales here are expected to grow from \$7.6 million in fiscal 2005 to about \$11 million in fiscal 2008. Overall revenues, meanwhile, are expected to climb from their current level of \$9.6 million to about \$20 million in 2008. "And those are conservative numbers," he added.

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