

Flipping the switch

Wayzata-based Broit Light goes after multi-billion-dollar LED market



Troy Broitzman, chief executive officer and founder of Broit Light, shows off his company's LED light bulbs that would replace a 4-foot fluorescent tube. (Staff photo: Bill Klotz)

BY SCOTT CARLSON

STAFF WRITER

Could a Minnesota start-up company that says it has come up with a line of more energy-efficient and adaptable light bulbs become the Cargill of "green" lighting?

That's what the top honchos of Broit Light hope is in store for their Wayzata-based company that on Tuesday launched its website. That launch comes on the heels of Broit kicking off initial production last week of Light Emitting Diode or LED light bulbs at its production facility in Long Lake.

Industry sources report more than 500 companies across the world are competing in the growing energy-efficient LED lighting sector. But Broit officials contend they're carving out a niche in that market with a better mousetrap: They have patents pending on the first all solid-state LED light bulbs whose form, fit and function make them direct replacements to current incandescent and fluorescent lights.

"The Broit family of bulbs will look like today's incandescent and fluorescent light bulbs and will fit into existing receptacles, produce the

same light and color output and will be 55 to 88 percent more efficient," the company, which was started about a year ago, writes in its business plan overview.

Given Broit Light's unique technology, the company's revenue potential could be enormous. In the United States alone, total lighting is more than a \$122-billion-a-year industry. The federal Department of Energy estimates that LED lighting is currently more than a \$20-billion-a-year segment that's projected to grow at a rate of 20 percent or faster during the next five years.

Currently, Broit Light is targeting its bulbs for sale to commercial users such as stores, restaurants, government offices and hotels. Meanwhile, Broit will use its website (www.BroitLight.com), to sell its bulbs directly to consumers.

"Because the market is so vast, if we capture to 2 to 3 percent of the market" Broit would generate revenue of more than \$1 billion annually, said Lance Eaves, company vice president of marketing and sales. "Our goal is to become the next Cargill [of green lighting]," he said, referring to the Twin Cities-based agri-giant.

LED: Wayzata firm working to become major player in LED industry

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Mike Woodley, Broit's vice president of business development, says the company intends to remain home-grown. "We are a Minnesota company looking to produce our bulbs in Minnesota," he said. "We are not planning to take any production offshore."

However, Broit's ambitions aren't without big challenges. Initially, the company's light bulbs will sell for \$50 apiece, less than the price of some other makers of LEDs, but very pricey compared with existing incandescent and fluorescent lighting.

Broit Chief Executive Officer Troy Broitzman acknowledges the challenge. He says Broit expects to reach full-scale production in the next 60 to 90 days – and as light bulb volumes increase, per unit costs should begin dropping.

"We hope to get the price down to \$10 a bulb with 6 months," Broitzman said. The company has begun initial production of its series of light bulbs that will be direct replacements for standard 30-, 60- and 90-watt incandescent and fluorescent lights

Meanwhile, Broit Light will need a ton of money if it hopes to reach its full potential. For now, the company has raised

the amount they were looking for in initial financing – about \$3.4 million.

Among Broit's first angel investors is Gary Sotebeer, who likes what he sees and has contributed \$25,000. "It doesn't take a rocket scientist to know that the whole concept of LED lighting has tremendous potential," said Sotebeer, executive vice president at B.F. Nelson Corp. in Savage. "I am looking for things [investments] that are out on the edge a little bit. From an investment standpoint, it [Broit's LED light bulbs] is a product for the times."

Beyond its product, Sotebeer also likes Broit's management team. "Troy [Broitzman] is an exceptional guy," he said.

Broitzman is a homebuilder by profession but an inventor by nature. Four years ago, Broitzman began looking for ways to cut the electric bill at his 10,500-square-foot Lake Minnetonka home.

"When you turned on all of those lights, they would produce more than 75,000 BTUs of heat," Broitzman said. "In the middle of winter, I would have to open the patio door to let out the heat."

Broitzman, 37, considered LED lighting as an alternative. But the best lights on the market were selling for \$150 apiece

and to redo all of his home's lights would have cost about \$50,000, he said.

That's when Broitzman began experimenting with his own design for LED lights. With help from Steven Furlong, now Broit president, Broitzman put his ideas down on paper and has applied for patents on his technology. (Furlong has a doctorate in physics from Columbia University in New York.)

Broit has about 13 employees, including five sales representatives. The company is exploring forming a strategic alliance with TEC (Total Energy Concepts) in which that Jacksonville, Fla.-based company would sell Broit light bulbs alongside its own products, according to Broitzman.

There's something else that Sotebeer likes about the company: It's small enough so it isn't encumbered with the bureaucracy that often dogs bigger competitors.

"They [Broit] can move so much more quickly than the large guys," Sotebeer said. "In the markets that are moving as far as they are today, that is really important. The market is not just plodding but exploding."

Reprinted with Permission of Finance and Commerce Construction Tuesday.

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FINANCE AND COMMERCE