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CoolSystems: Growth story has roots in false start

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The ability to hustle has kept CoolSystems game ready.

The Berkeley-based company grew its revenue 636.5 percent from 2002 to 2004 after a false start that resulted in the layoff of 85 percent of its staff and a total product overhaul.

Founded in 1998 by former Lockheed scientist Bill Elkins, CoolSystems aimed to tap NASA spacesuit technology to create a cooling and compression system to prevent swelling and speed recovery time from injuries including sprains, strains and bruises. The system that was originally developed by Elkins was plagued by high production costs and subpar quality. The negative cash flow that resulted led to the layoff of 17 employees in October 2000.

When Tom Oliver joined CoolSystems as CEO in 2002, it was clear he needed to revamp the company from top to bottom. He went directly to his target market, athletic trainers and physical therapists, to find out what they wanted. Using prototypes and collecting feedback led not only to a better use of the technology, but also to better design.

The control unit, which originally looked like a portable cooler -- fit for a tailgate party -- was redesigned into a sleek metal package with digital displays. Ergonomic attachments were added for specific parts of the body. Deep burgundy, a color fit for a "premier brand," beat out the predictable blue-and-white color scheme. Game Ready was chosen as the brand name, invoking a familiar athletic term.

The Game Ready system was just what the trainers and physical therapists wanted, but production was still expensive and the company was still cash-constrained.

The pared-down team, only eight people strong, had to hustle. They turned into salespeople, pitching the product to professional athletic trainers.

Now, more than 382 professional athletes are customers, and Game Ready systems are used by more than 50 professional teams from the NFL, NBA, MLB and NHL, including the San Francisco Giants and 49ers.

Former pro football players Steve Young, Jerry Rice and Troy Aikman liked Game Ready so much, they became part owners in the company.

The interconnected nature of sports and medicine has led to diversification in the demand for Game Ready; athletic trainers and physical therapists, once the sole customers, now account for only 30 percent of sales.

After receiving positive feedback from physical therapy patients, orthopedic surgeons began prescribing Game Ready, which is registered with the U.S. Food and Drug Administration, to post-operative patients. The post-op market is now Game Ready's largest segment, accounting for 40 percent of sales.

Direct sales account for a smaller portion, about 10 percent, driven by individuals who have used the product during post-op recovery or at a trainer or physical therapy office and want one of their own. But Game Ready's cost, at \$2,400, may be too high for some. The company is currently developing a more affordable version of GameReady for home use.

The latest demand for Game Ready comes from a unexpected type of athlete: horses. Enterprising CoolSystems designer Tamara Schirmmacher had a hunch that the system would be a hit with horse owners, so she mocked up an equine system. After reading positive press on the prototype designs, the U.S. Equestrian Team called the company to request the Game Ready system for their horses. The equine market is the most rapidly-growing segment at GameReady, now accounting for 20 percent of sales.

Because of its sales success, CoolSystems has grown its employee roster over 85 percent, to more than its pre-layoff days. "Employees have to feel ownership," Oliver said.

In August, CoolSystems closed on a \$5 million round of funding from angel investors and is preparing to fill out another \$3 million.

Oliver is not planning to stop hustling any time soon. "I believe Game Ready is going to be in every house," he said.

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