

JOURNAL REPORTS: TECH COMPANIES TO WATCH

Top 25 Tech Companies to Watch

A new Wall Street Journal ranking identifies today's startups that may be leaders of tomorrow



The Journal's ranking of tech companies to watch may offer insight into technologies that could have influence more broadly on business and markets. PHOTO:ISTOCK PHOTO

By Dave Pettit

Updated June 15, 2017 1:06 pm ET

An online dollar store. Two services that link doctors and patients by video chat. A cybersecurity company that keeps hackers out of cars.

These startups are part of the eclectic mix that makes up The Wall Street Journal's ranking of 25 technology companies to watch—companies that show signs of becoming emerging leaders in some of the most dynamic parts of the tech industry.

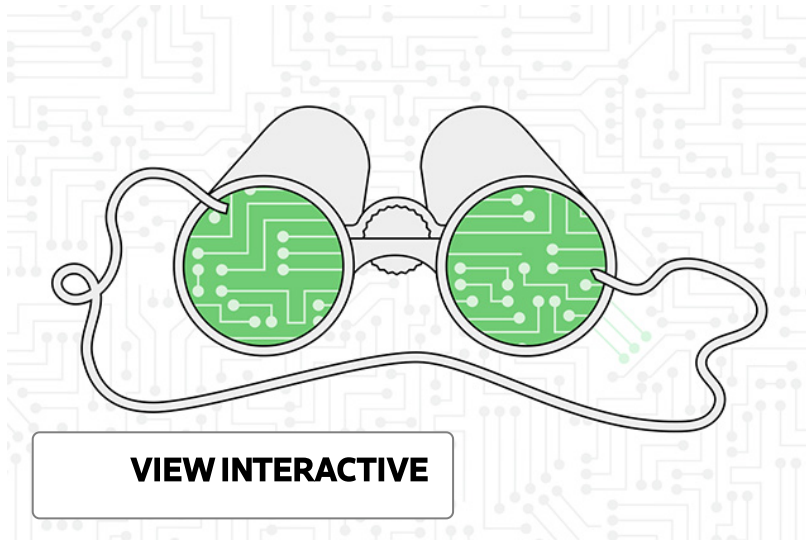
The Journal 25 have all attracted the attention of the tech community, as well as cash from venture-capital investors. They have had growing workforces and, in some cases, have founders with prior success launching a company. They are also young—all founded in the past six years—and far from billion-dollar valuations. (See the full list.)

Preview of coming disruptions

Looking at emerging companies provides insight into technologies that may have influence more broadly on business and markets, says Venky Ganesan, managing director at Menlo Ventures, a

venture-capital firm. “You get insights into the big trends. You see the disruptions that are going to happen,” Mr. Ganesan says. For investors, he says, “sometimes it’s equally important to know who is going to lose and who is going to win.”

25 Tech Companies to Watch



The starting point of the ranking was a survey of technology-industry watchers and experts. Nominations were taken from prior attendees of technology conferences run by The Wall Street Journal and Founders Forum, a London firm that organizes events for a network of tech entrepreneurs and investors. (The Journal and Founders Forum have a business relationship.) Survey participants were asked to identify young companies that are innovative, growing fast and

expected to continue to grow fast.

A data analysis was conducted on the nominated firms to assess their founders’ experience, the investments the companies have attracted, the prior success of their biggest investors, the growth of their workforces, and the buzz they have begun to generate. Equal weight was assigned to these five criteria to calculate overall scores for the companies. (See the full methodology.)

No. 1 on the list was Hollar Inc., a Commerce, Calif., company that runs a website that sells low-price household goods. It was the idea of Brian Lee, who co-founded Honest Co. with actress Jessica Alba, and David Yeom, another Honest Co. veteran. Mr. Lee, who stepped down as Honest’s CEO earlier this year, is executive chairman of Hollar. Mr. Yeom is its chief executive officer.

The ranking methodology rewards companies founded by people who have founded other companies, particularly if those other companies went on to go public or be acquired. There were multiple such cases for Hollar. For example, another founder, Thanh Khuu, president and chief technology officer, was a co-founder of an online consignment company that was later acquired.

David Singer, managing partner of Maverick Ventures in San Francisco, says the founders’ background is the most important factor he considers when deciding whether to make an investment. “That is where we spend most of our thinking,” he says. “You are really dependent on this person. It is so much about this person.”

JOURNAL REPORT

- [Insights from The Experts](#)
- [Read more at wsj.com/techlist](#)

MORE IN TECH COMPANIES TO WATCH

- [From No. 1 to 25, the Full Ranking](#)
- [The Dollar-Store Concept Goes Online](#)
- [Medical Benefits That Work](#)
- [A House Key? That's So Yesterday](#)
- [Making Logins as Easy as ABC](#)
- [A Tool to Eliminate Wi-Fi Dead Spots](#)

The ranking methodology also gives founders credit if they have had high-level experience at other venture-backed companies. Mr. Singer says prior experience makes the transition from an idea to an operating company more effective, in terms of building an executive team and making decisions.

“We are interested in founders who are the product. The most persuasive people are people who might not even have wanted to be founders but were frustrated that there was this problem and no one was fixing it,” Mr. Singer says. Before becoming a venture-capital investor, Mr. Singer himself was the founder of three companies.

Maverick Ventures is an investor in the No. 2 company in the ranking, Collective Health Inc., San Francisco, which allows companies and employees to manage health-care information. It is one of four health-care companies in the ranking, including two that allow patients to see a doctor over a video app: Doctor on Demand Inc., based in San Francisco, and Babylon Healthcare Services Ltd., based in London.

The expertise of the venture-capital firms that sit on a startup's board is factored in the scores companies received in the ranking. Credit is given to companies for having on their boards VC firms that have made sizable investments and that have invested in companies that have later gone public or been sold. The analysis used data from Dow Jones VentureSource.

Clever Inc., the No. 4 company on the list, benefited from having on its board representatives from Sequoia Capital and Lightspeed Venture Partners, two large VC firms. Clever is a San Francisco company that developed a way for schools to organize the many software applications that are used by teachers and students.

Lightspeed also is on the board of two other ranked companies: Hollar and Zola Inc., a New York company that operates an online wedding registry. Zola has traditional registry functions plus other features such as a way to manage when gifts are delivered, and a way for couples to collect monetary gifts for things like a honeymoon or down payment on a house.

Board impact

Board members offer advice to startup executives and assist in recruiting and fundraising, says Mr. Ganesan of Menlo Ventures. The names on a company’s board also assist in making sales to business customers. “If you are at J.P. Morgan and are looking at a cybersecurity startup, you want to know who invested in it,” he says. Knowing that investors put money into a company gives business customers more confidence in the startup’s products.

Four cybersecurity companies are in the ranking, including two with headquarters in Tel Aviv: Argus Cyber Security, which makes products to counter attacks on systems in cars and commercial vehicles, and Illusive Networks, which creates cyberdefenses by tricking intruders with fake data.

Dharmesh Thakker, a general partner at Battery Ventures, credits the prominence of cybersecurity in the startup world to broader shifts in technology. As more people use mobile devices, store information online and use other internet-connected devices and appliances—the so-called Internet of Things—new types of online threats emerge, driving investment in cybersecurity startups.

Consumer hardware and gadgets are well-represented on the list, including two companies that create connected devices to manage home security, August Home Inc. and Ring, which formerly used the name Bot Home Automation. Also in the ranking is Eero Inc., which makes a system to improve home Wi-Fi signals; Tile Inc., which makes a device to help keep track of everyday things such as keys and the TV remote; and Jibo Inc., which is developing a robot.

PREVIOUS TECH COVERAGE

- Why Digital Transformations Are Hard
 - This Time the AI Hype Is Real
 - Wearables in the Workplace Bring Legal Concerns
 - How I Tamed the Email Beast at Work
 - How to Get the Most Out of Virtual Assistants
-

Jibo’s robot, whose release has been delayed, will become available before the end of 2017, says a company spokesman. The device will perform tasks similar to those done by Amazon.com Inc.’s Alexa and Apple Inc.’s Siri. It will recognize faces and voices and be more interactive than the others, the spokesman says. A price hasn’t been announced.

The staying power of new consumer-device startups can be uncertain. “These are either home runs or strikeouts,” says Mr. Ganesan. “There aren’t a lot of singles and doubles.” The longevity of consumer-hardware startups is enhanced if the company has a recurring revenue stream. For example, he says a service subscription tied to Ring devices provides recurring revenue. Menlo Ventures isn’t an investor in the company.

Whether a disruptive startup continues to grow or fades away often comes down to whether it continues to evolve, says Mr. Thakker of Battery Ventures. Many startups “think the IPO is the

end goal and they stop innovating. Companies that don't innovate tend to end up getting disrupted themselves by another startup.”

Mr. Pettit is a Wall Street Journal editor in New York. He can be reached at dave.pettit@wsj.com and on Twitter @pettitd.

Appeared in the June 15, 2017, print edition as '25 Companies That Are Young, Growing—and the Talk of Technology.'

-
- College Rankings
 - College Rankings Highlights
 - Energy
 - Funds/ETFs
 - Health Care
 - Leadership
 - Retirement
 - Small Business
 - Technology
 - Wealth Management

Copyright © 2019 Dow Jones & Company, Inc. All Rights Reserved

This copy is for your personal, non-commercial use only. To order presentation-ready copies for distribution to your colleagues, clients or customers visit <https://www.djreprints.com>.