

SAN FERNANDO VALLEY BUSINESS JOURNAL

50 [Fastest Growing Private Companies 2018]

ZPower's Tiny Batteries Deliver Big Growth Spurt

1 **ZPOWER TT**
Camarillo
CEO: Ross Dueber
Growth Rate: 13,847%

By **MARK R. MADLER** Staff Reporter

A small item has given **ZPower Inc.** a big boost in growth.

Smaller than a dime and made from recyclable materials, its silver zinc micro-batteries are used in hearing aids and, starting this year, in sleep buds produced by audio equipment manufacturer **Bose Corp.**

A 13,847 percent growth rate over three years puts Camarillo-based ZPower in the No. 1 spot on the Business Journal's Fastest Growing Private Companies list. It went from \$200,000 in revenue in 2015 to \$26.5 million last year.

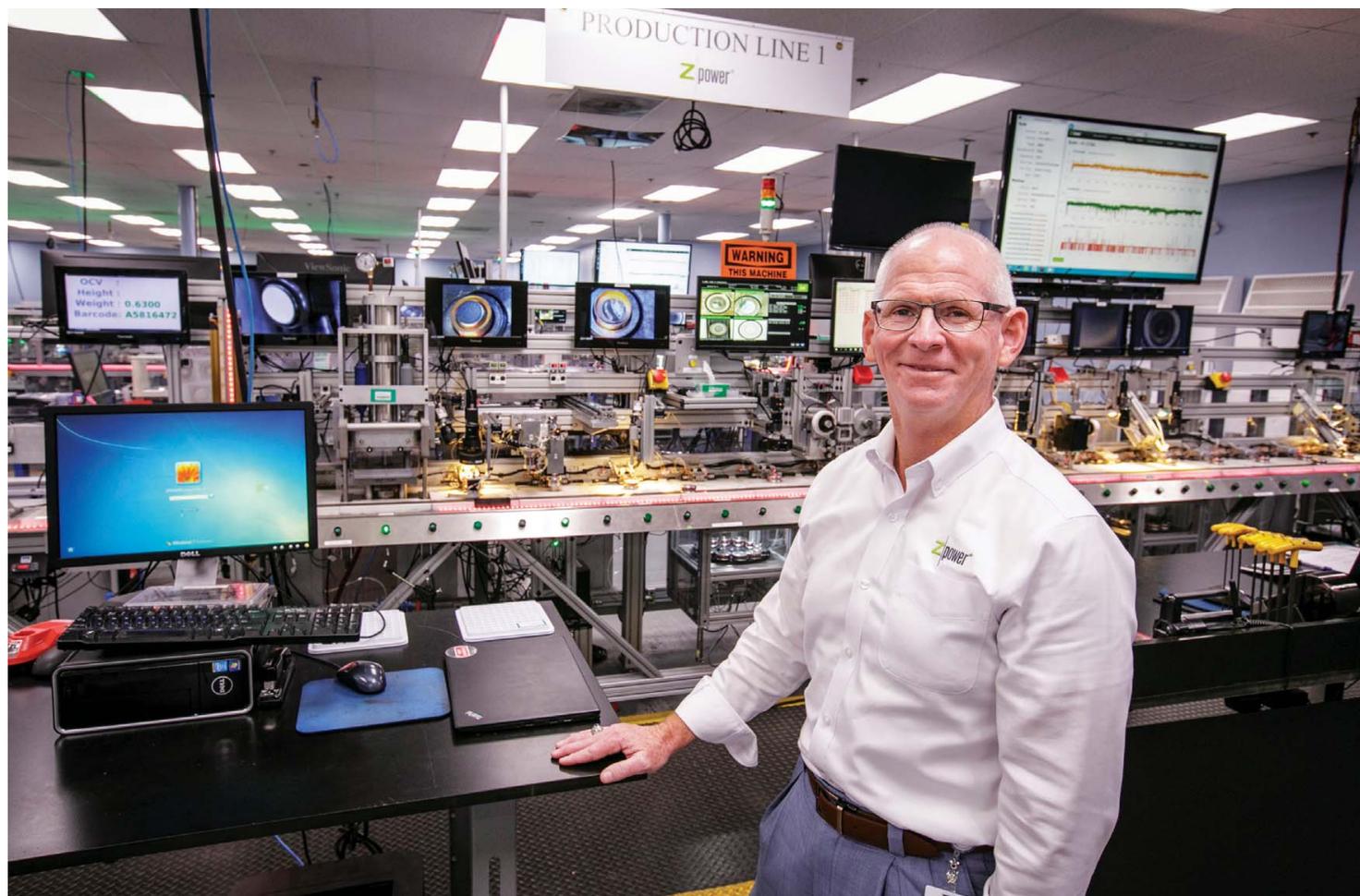
Chief Executive **Ross Dueber**, who joined the company in 2005 to oversee the transition from the research and development phase to the commercialization of the batteries, credits the technology in the batteries as the differentiating factor in the company's success.

Silver zinc is an alternative to the ubiquitous lithium-ion batteries that are found in so many medical devices and consumer electronics products. Silver zinc batteries, however, do not carry the inherent danger of exploding like lithium technology. Plus, the metals can be recycled cost effectively.

The ZPower batteries are the ideal solution in a shrinking world filled with smaller and smaller devices. The hearing aid market became the company's beachhead to demonstrate that its technology works, Dueber said.

"We've been able to rapidly grow over the last two years by proliferating silver zinc into a market that previously had only used disposable batteries," he added. "We have switched the paradigm to rechargeability."

ZPower employs more than 400 workers at three buildings in an industrial park in Ventura



PHOTOS BY DAVID SPRAGUE

Shop Supervisor: ZPower Chief Executive Ross Dueber at the company's Camarillo plant for manufacturing silver zinc batteries.

County that totals about 80,000 square feet. One building houses the production lines to make the batteries. Another is the location where the hearing aid doors and rechargers are put together. The doors are needed with the ZPower batteries because they contain electronics to regulate the voltage and to allow for recharging.

How the hearing aids are designed has created a big shift in the industry, Dueber said.

The doors, which have been patented by ZPower, can hold either a rechargeable battery

or a traditional disposable one. The entire hearing aid gets placed into the charging station; it takes about seven hours to completely recharge.

"You get a full day worth of operation from the hearing aid and you simply charge it overnight like you would a cell phone or any other personal device," he added.

Martin Reynolds, an analyst with information technology research company **Gartner Inc.** in Stamford, Conn., said that rechargeability certainly helps ZPower differentiate itself in the battery market.

Also, the size of ZPower's batteries makes them stand out as most rechargeable batteries tend to be bigger.

"I am not aware of anything else of this size that is rechargeable," Reynolds said.

Venture capital

Founded in 1996 as Zinc Matrix Power Inc. in Santa Barbara, the company changed its name to ZPower in 2007 to better promote its brand recognition and to capture the energy and purpose driving the company. It moved to Camarillo in 2004.

Past investors in the privately held company have included **Intel Corp.** and **On Point Technology**, a strategic private equity firm funded by the U.S. Army. Currently, it is wealthy individuals who are backing the company, Dueber said.

Setting realistic expectations for investors is one piece of advice that Dueber would give to business executives wanting to grow their companies. From his experience, many potential investors are not patient enough and subscribe to the "one in 10 rule," meaning that only one company out of 10 will be successful. "Choose your investors wisely," Dueber said.

In an interview with the Business Journal more than 10 years ago, Dueber stated that ZPower could possibly go public in late 2009 or early 2010. Obviously, that never happened but doing an initial public offering is still an option, he said.

"I would say that is still on the table as well as traditional financing through private equity and our existing investors," Dueber added.

New markets

In the meantime, a focus of the company is to get its name and product on the radar of companies not aware it exists that could use the micro-batteries.

For that, Dueber hired in June **Anson Martin**, a 20-year veteran of the battery industry as ZPower's chief commercial officer. Martin previously worked at **Inventus Power**, which was formed in 2015 when his previous employer, Palladium Energy, merged with ICCNexergy. Prior to that, Martin worked for Tyco Electronics Battery Systems, which was renamed Palladium following its acquisition by a private equity firm in 2009.

His experience created a deep contact list with representatives from medical device makers, consumer electronics companies, industrial equipment and military device firms, Martin said.

"There were 350 (original equipment manufacturers working with) my last company in all these different markets, and there are a high percentage that are applicable to this technology," he added.

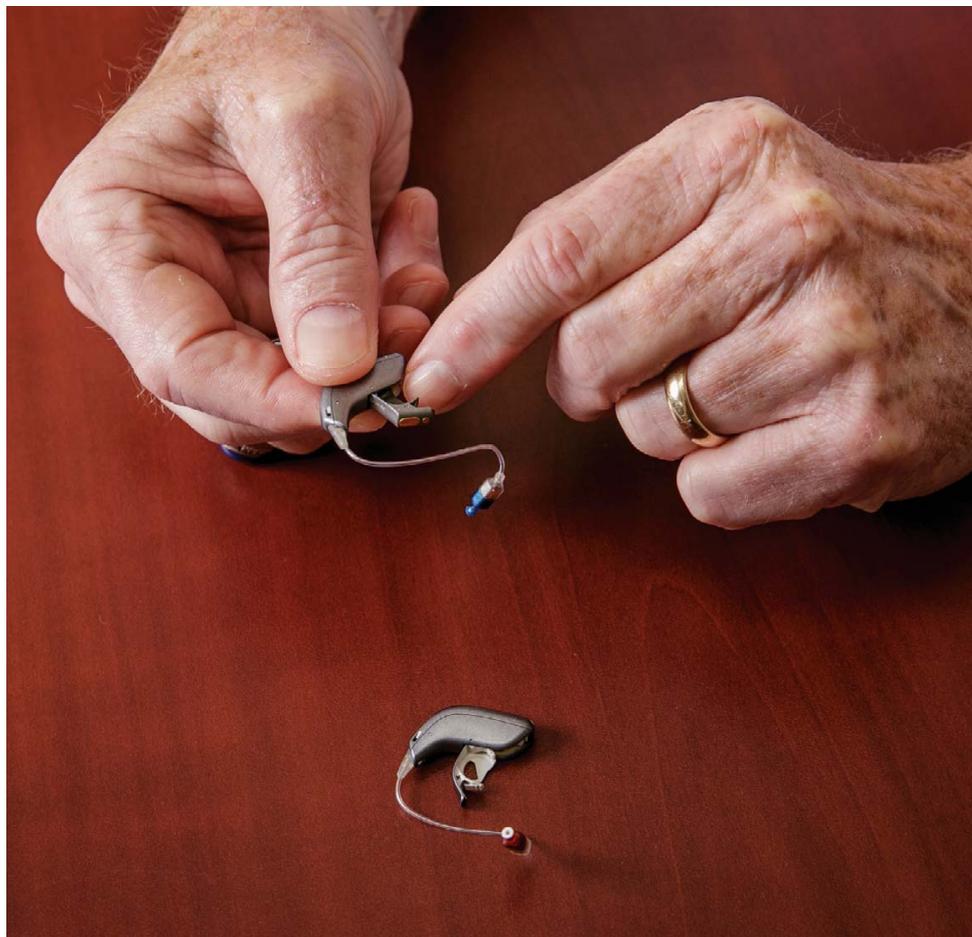
Bose is a good example of how a company found out about ZPower's micro-battery and was able to create a new product based on it. The noise-masking sleep buds create sounds such as crickets or a crackling fire to help the user fall asleep.

"They found our technology and it enabled hundreds of millions of dollars of new product revenue," Martin said.

The company has started to make contact with consumer electronic and other medical device companies that are currently testing the batteries, he added.

Reynolds, of Gartner, said that silver zinc batteries are relatively more expensive because of the silver content compared to lithium ion. But a ZPower battery also happens to be lightweight, which allows for companies to make smaller hearing aids and other wearable devices.

"It is definitely a niche product," Reynolds said. "It is not the type of thing that we are all going to have."



Dual: Dueber shows door of hearing aid for either rechargeable or disposable battery.