

Hydrogen fuels a new dream

Boston chain founder now in enrgy biz

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The founder of Lumber Liquidators thinks he's found a new bargain at a liquidation sale.

Tom Sullivan, the Boston native who turned a scrap-wood business in Stoughton into a nationwide hardwood flooring company, has jumped into - of all things - the hydrogen-generation business.

Sullivan recently picked up Proton Energy Systems Inc. of Connecticut at a bankruptcy auction - and now has big plans to expand the company, hopefully into the yet-to-develop market for hydrogen-fuel cars.

If all goes well, there might one day be hydrogen-fuel stations at his Lumber Liquidators store in Braintree and other sites across the region.

Sullivan, 49, says he was motivated to buy Proton Energy by a desire to help the nation move away from its dependence on foreign imports of carbon-spewing fossil fuels.

But Sullivan, who previously has purchased a once struggling medical imaging device company, acknowledged that he's also attracted to the entrepreneurial challenge of running small firms that make good products and that can be purchased at good prices.

"I like buying stuff that way," he said in an interview last week. "I also like starting companies."

Founded in 1996, Proton Energy makes on-site equipment that basically extracts hydrogen protons from water.

Proton Energy sells hydrogen-extraction equipment to commercial laboratories, food processing companies, electric utilities and others that use hydrogen in research or industrial settings. Some of its customers are United Technologies, NASA and the Pentagon.

But the 70-employee Proton Energy got into trouble last year when its parent company, Distributed Energy Systems, filed for bankruptcy. Proton Energy was put on the auction block last summer.

A number of firms expressed interest in buying Proton Energy, including private-equity and hedge-fund firms.

But one unexpected bidder swooped in just days before the planned auction: Sullivan, who was previously intrigued about alternative-energy products and had read about Proton Energy in a newspaper article.

“When I first got a call (about Sullivan’s interest), I said to myself, ‘What is this?’” recalled Robert Friedland, a founder and still chief executive of Proton Energy.

Initially puzzled by Sullivan’s inquiry, Friedland said his doubts about Sullivan were soon alleviated.

“When you meet Tom, it’s immediately clear he’s the consummate entrepreneur,” said Friedland. “His vision (for Proton Energy) is lockstep with our vision.”

Though not profitable yet, the \$20 million-revenue Proton Energy is close to a market breakthrough with just its current business lines, Friedland said. If the hydrogen-car market takes off in the next few years, growth could be swift, he said.

Craig Carlson, a Boston automobile consultant, is not so sure about Proton Energy’s auto-market future.

A year ago, Carlson said he would have predicted hydrogen-fuel cars had a bright future. But battery-powered vehicles have already arrived and don’t need a massive fueling-station infrastructure like gasoline- and hydrogen-powered vehicles. “Its future is limited,” he said.

Sullivan said he’s not bothered by such predictions.

Proton Energy’s business plan calls for expansion with or without hydrogen cars, though he said he still thinks such vehicles will become popular in the long run.

“The way we feel is that (current fossil fuels) are archaic and there has to be a better way,” said Sullivan.

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