

CROSSING THE ABYSS: MAKING INNOVATION IN UNIVERSITY RESEARCH SUCCEED COMMERCIALY



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The Essential Ingredients for Business Success: In Priority Order!

- (1) People
- (2) Markets
- (3) Products

The Essential Ingredients for Relevant Research: In Priority Order!

- (1) People
- (2) Innovation (Science & Engineering)
- (3) Relevant Application Context

FIVE QUESTIONS FROM A VENTURE CAPITALIST MAYFIELD Venture Capital with Impact™

QUESTION (1) Is Your Product or Service a Vitamin Tablet or a Painkiller?

- ✓ Painkillers are essential, they command a high margin, and are usually addictive!
- ✓ Vitamin tablets are optional...
- ✓ How and why is your painkiller more effective than your competitors?
- ✓ "Build it, and they *won't* come" David Ladd
- ✓ "Great companies take what we do today and do it better" Clayton Christensen—Are you preaching a new religion?



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QUESTION (2)

What does a Day in the Life of Your Customer Look Like?

- ✓ Do you know who will use your product or service?
- ✓ How much time will they spend with it?
- ✓ What other products or services do they use?
- ✓ What do they do from 8:00 a.m. until 6:00 p.m.?
- ✓ Do you know how they think?
- ✓ Who has the purchasing authority? How are budgets established? How is a purchasing decision made?



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QUESTION (3)

Who are Your Competitors?

- ✓ Obvious question, but.....
- ✓ Are they giants who are likely to trample you?
- ✓ Do they want to work with you? Can you use the 'Aikido Tactic'?
- ✓ Is your success based on others' failure?
- ✓ Are there three other groups just like you—all starting or about to start companies?
- ✓ Be sure to assume your competitors are smart and are also a generation ahead of where they are today!



FIVE QUESTIONS FROM A VENTURE CAPITALIST

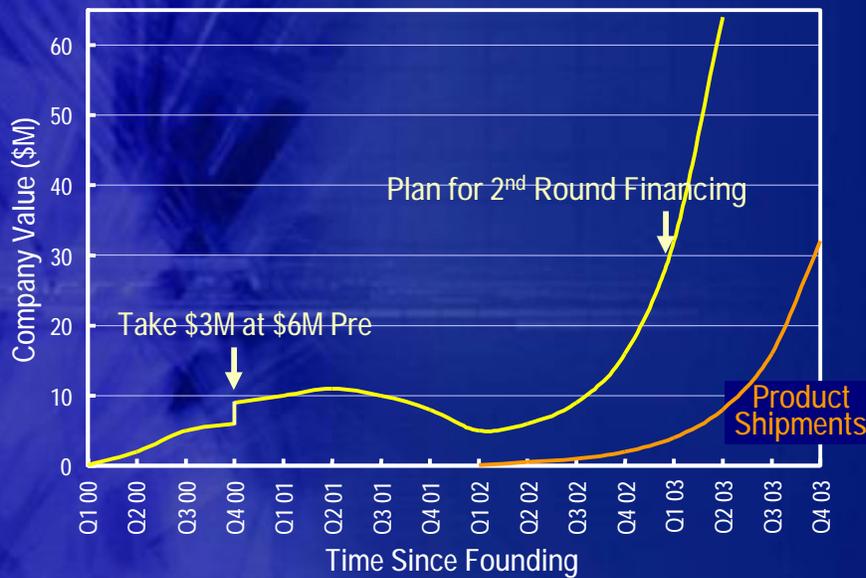
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QUESTION (4)

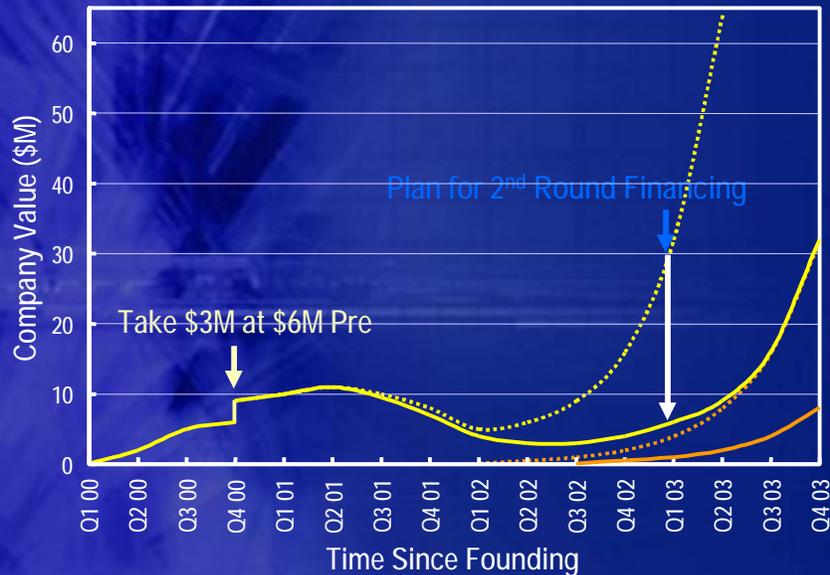
How Far Will This Money Take You?

- ✓ How much total money will you need?
- ✓ If you are successful, **this is the most expensive money you will ever raise!**
- ✓ The better the team and the further along you are in proving the market, the cheaper the money.

The Cost of Money



The Cost of Money



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QUESTION (4) How Far Will This Money Take You?

- ✓ How much total money will you need?
- ✓ If you are successful, this is the most expensive money you will ever raise!
- ✓ The better the team and the further along you are in proving the market, the cheaper the money.
- ✓ You need a financing plan just like a development plan
- ✓ Raise a more money than you need to reach a financing milestone, and then raise cheaper money
- ✓ Missing your plan is what causes 'venture capitalists' to become 'vulture capitalists'

A View from the Trenches

- ✓ What is your personal goal—to maximize your impact on the world or to make a lot of money? ...Or both?
- ✓ The first money you take is *very* expensive!
 - ✓ Stay in the research environment as long as you can
 - ✓ Think hard about your financing strategy and plan for contingencies!
- ✓ Sometimes it is better *not* to use Venture Capital to finance your venture!
 - ✓ Corporate partners
 - ✓ Bootstrapped from seed
- ✓ Improve the efficiency of your sales channel—make one or two highly respected customers very successful
- ✓ If appropriate for your product or service, work with international standards bodies to create an advantage

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QUESTION (5) Do You Have a CEO?

- ✓ What will your role be?
- ✓ Who else do you need to make the plan successful?
- ✓ Share equity—done right, it will make the pie bigger
- ✓ The CEO really *is* the most important person in a start-up

Technology and the Social Enterprise

- ✓ The future business is mostly about Social Enterprises
- ✓ Return-on-capital-invested, not simply profit
- ✓ Sustainable products and services
- ✓ Meeting critical global needs
- ✓ Empowering the global poor

