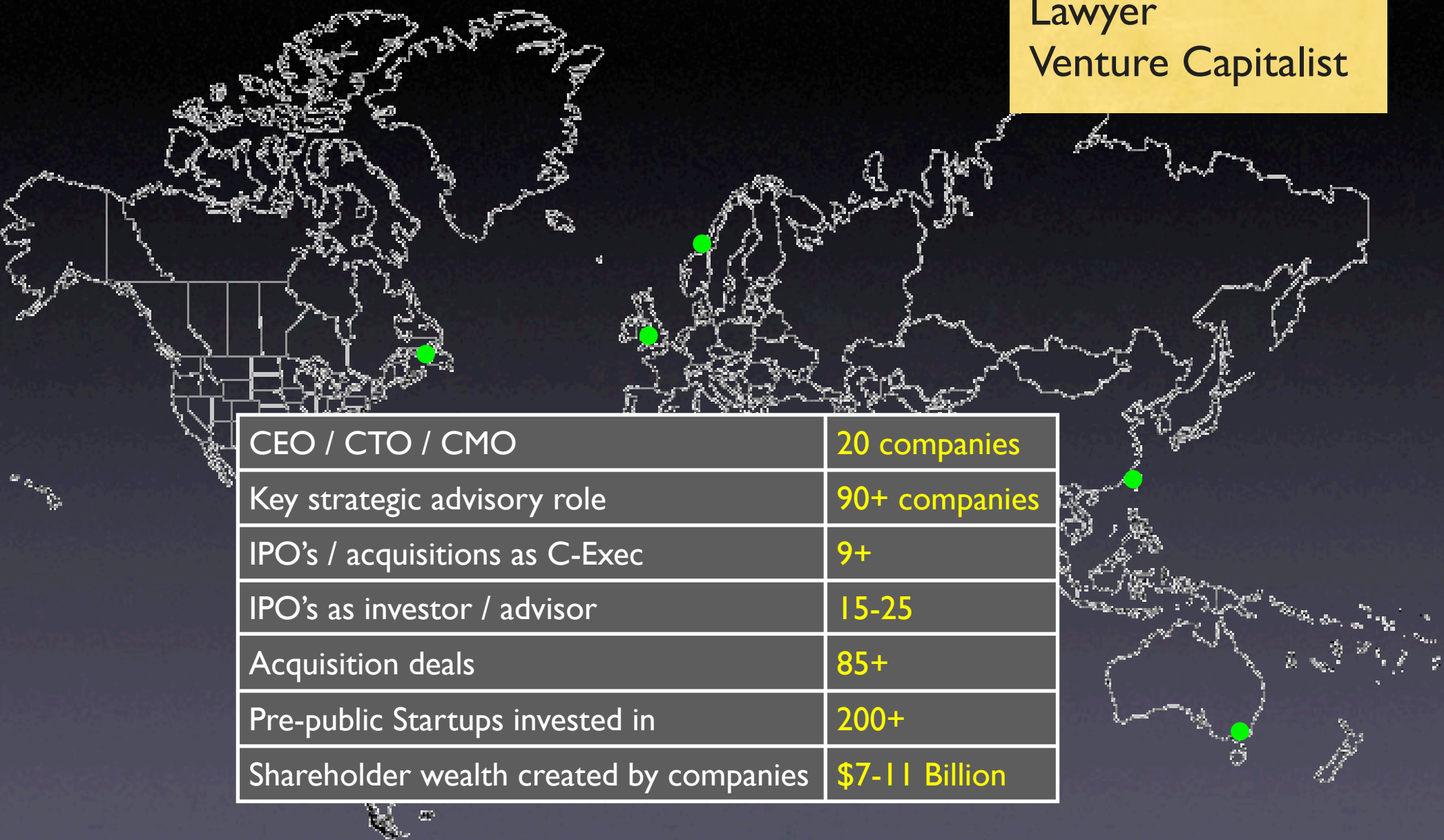


# Applied Entrepreneurering: *from Concept to Profits*

Richard G. Caro  
TangibleFuture, Inc.



3 Entrepreneurs  
Lawyer  
Venture Capitalist



CEO / CTO / CMO	20 companies
Key strategic advisory role	90+ companies
IPO's / acquisitions as C-Exec	9+
IPO's as investor / advisor	15-25
Acquisition deals	85+
Pre-public Startups invested in	200+
Shareholder wealth created by companies	\$7-11 Billion

# Value Creation: Rules of the Road

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*Creating Value from Technology*

*A Manual*

*Caution: some assembly required*

# Value Creation: Rules of the Road

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## Applied Entrepreneuring

Setting the Stage: Concept to Profits

Tectonic Shifts: New Opportunities

Business Concept: Starting the Journey

The entrepreneurial journey

The VC perspective

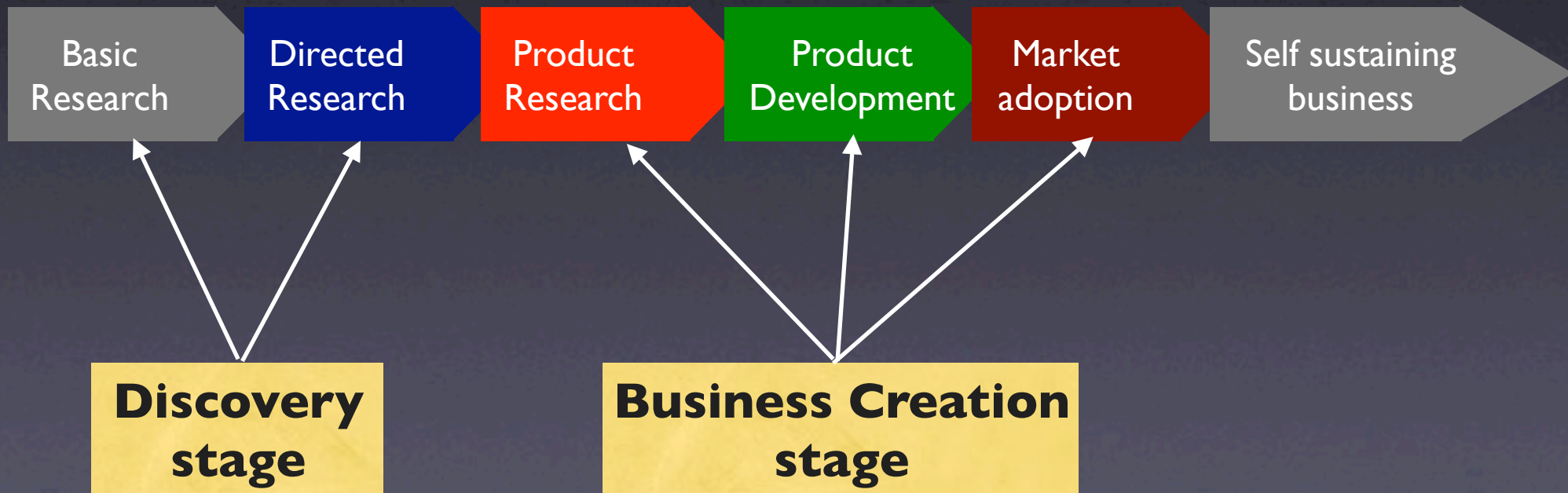
Formation, funding, milestones

Migrating a business to the USA

# Concept to Profits

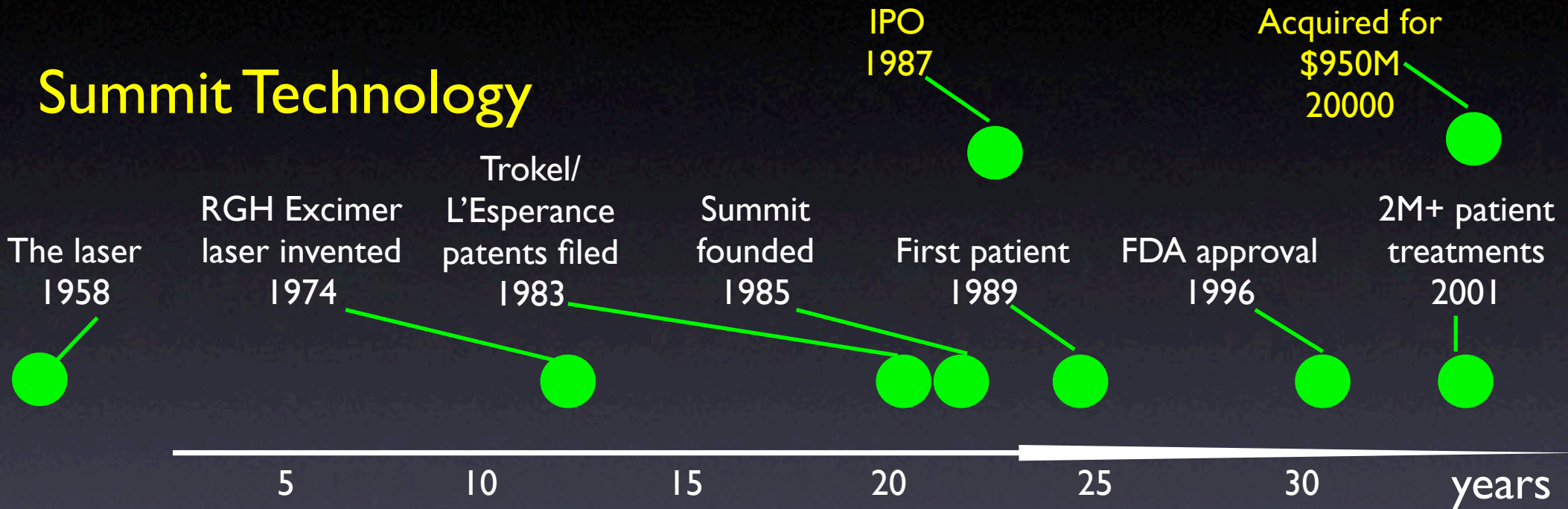
# The Innovation Continuum

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# It Takes a Long Time

## Summit Technology



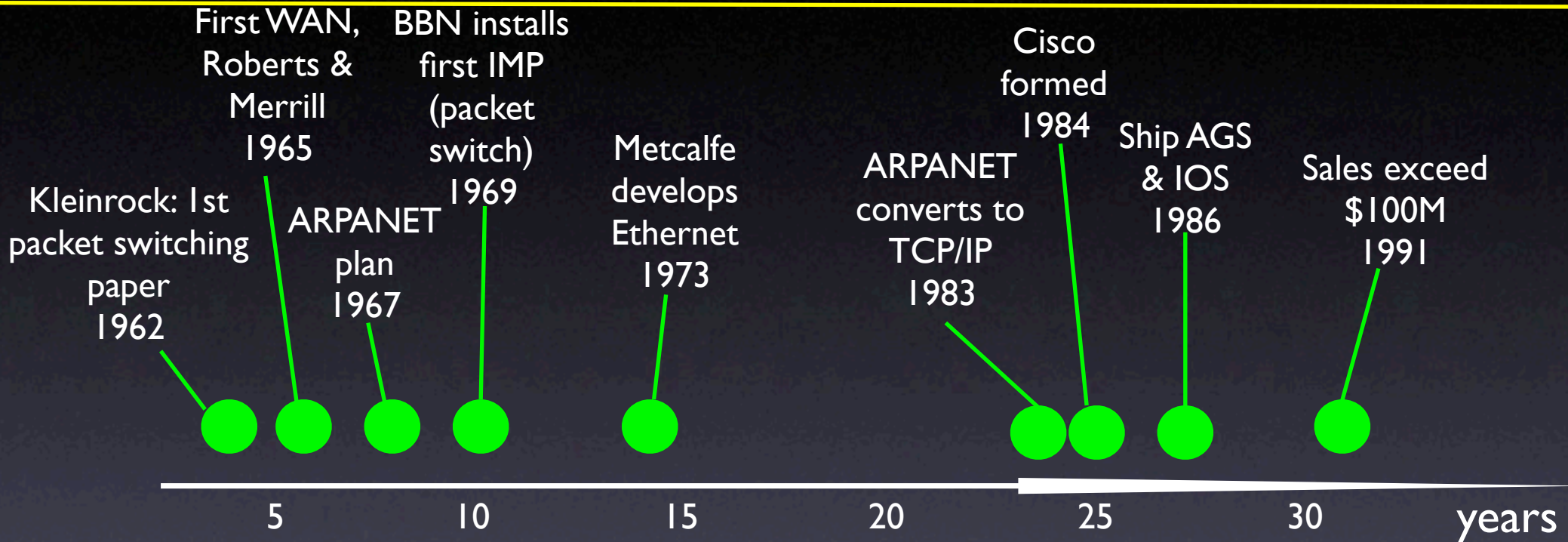
Basic Research

Directed Research

Product Research

Product Development & Market adoption

# It Takes a Long Time



Basic Research

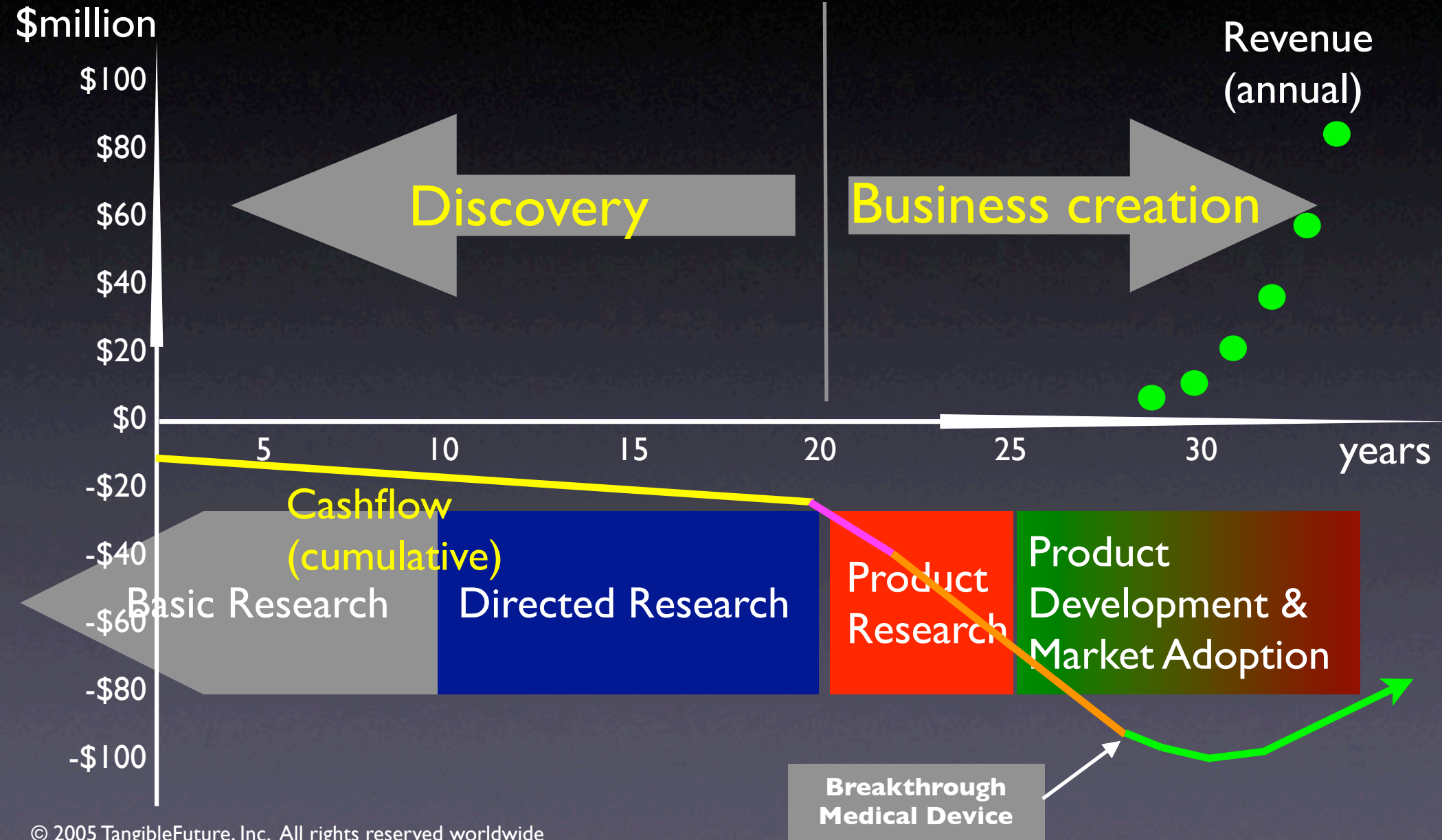
Directed Research

Product Research

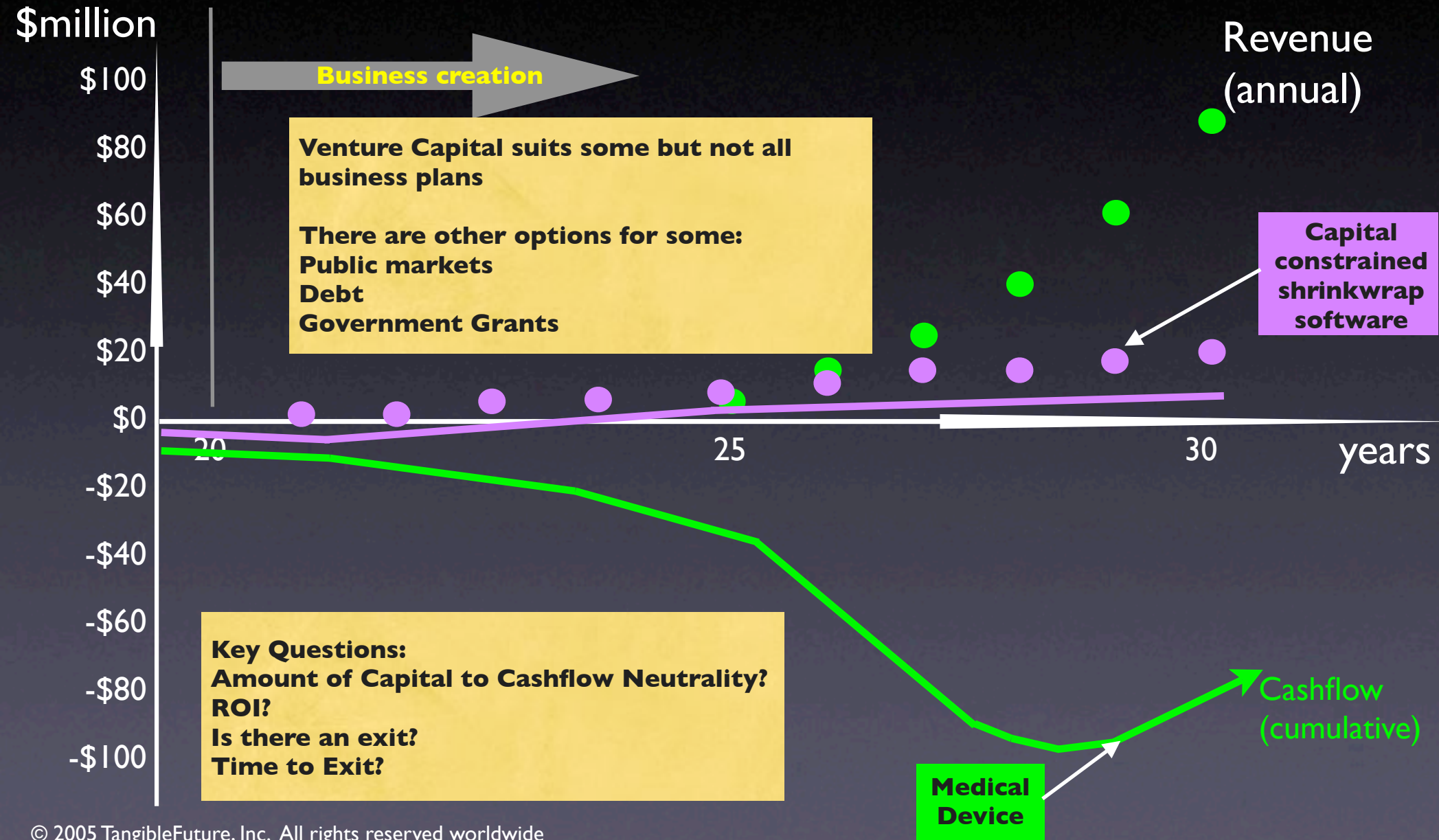
Product Development & Market Adoption

Cisco

# Cashflow is Key



# Capital: How Much, & From Where?



# Roach Motels are Hard to Finance

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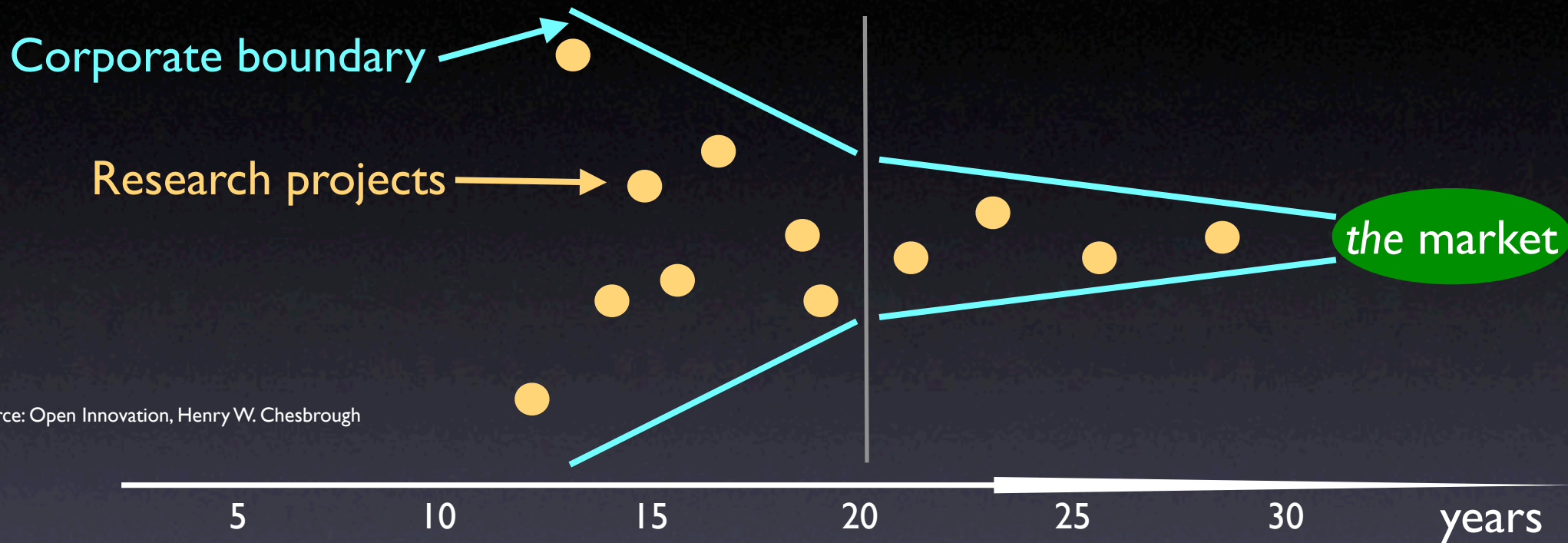


**Investors** check in, but they can't check out!

**Need an Exit Strategy**

# Tectonic Shifts

# Moving from *Closed* Innovation ...



Source: Open Innovation, Henry W. Chesbrough

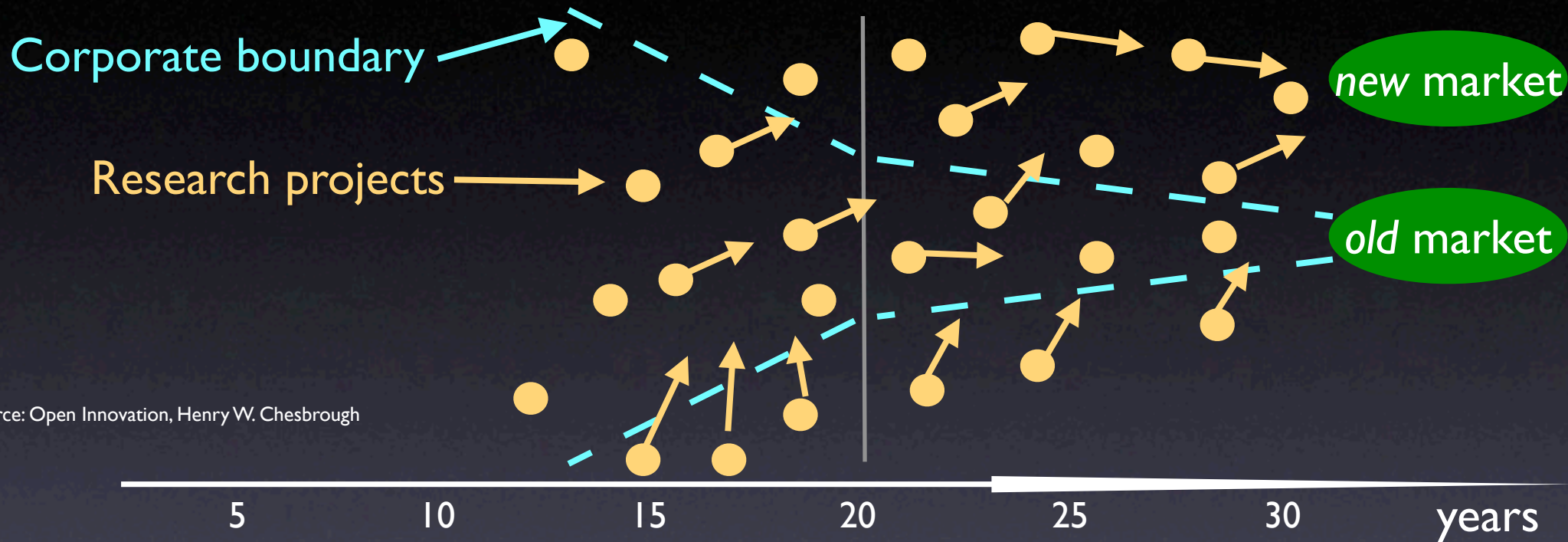
Basic Research

Directed Research

Product  
Research

Product  
Development &  
Market adoption

# ... to *Open Innovation*



Source: Open Innovation, Henry W. Chesbrough

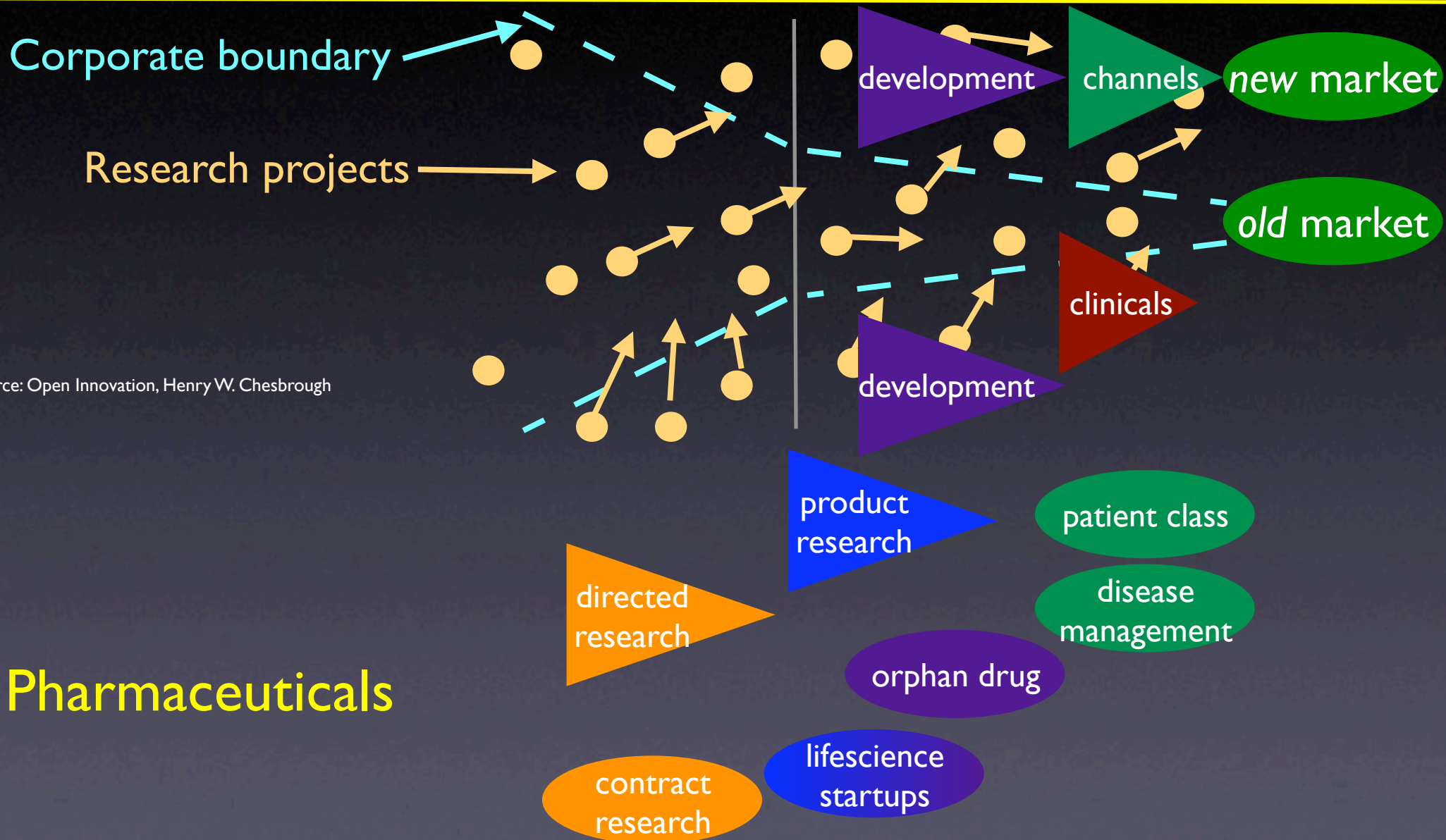
Basic Research

Directed Research

Product  
Research

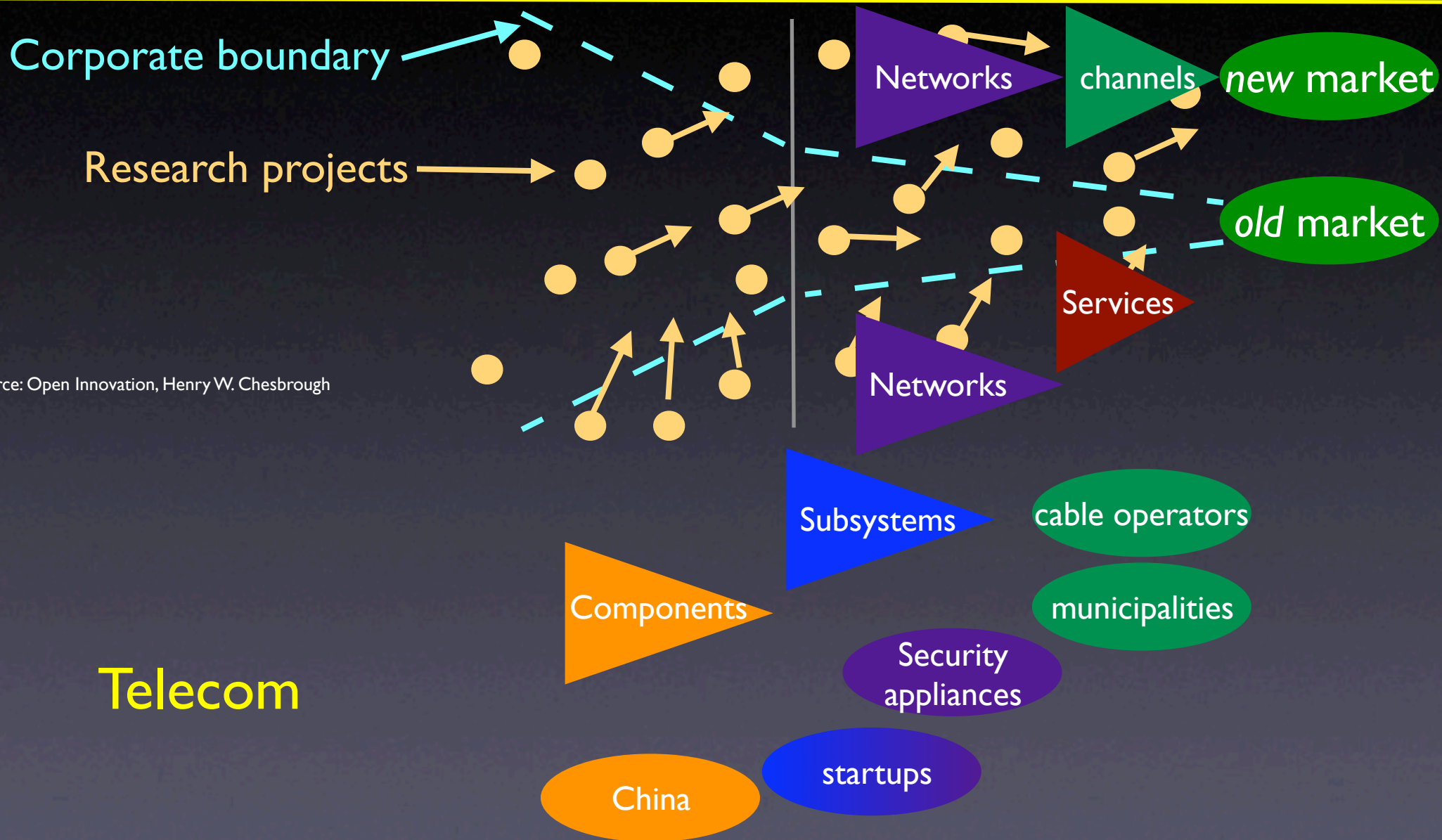
Product  
Development &  
market adoption

# Delaying & Disaggregation



Source: Open Innovation, Henry W. Chesbrough

# Delaying & Disaggregation



Source: Open Innovation, Henry W. Chesbrough

# The Death of Geography?

**Communication:** vital; no longer local

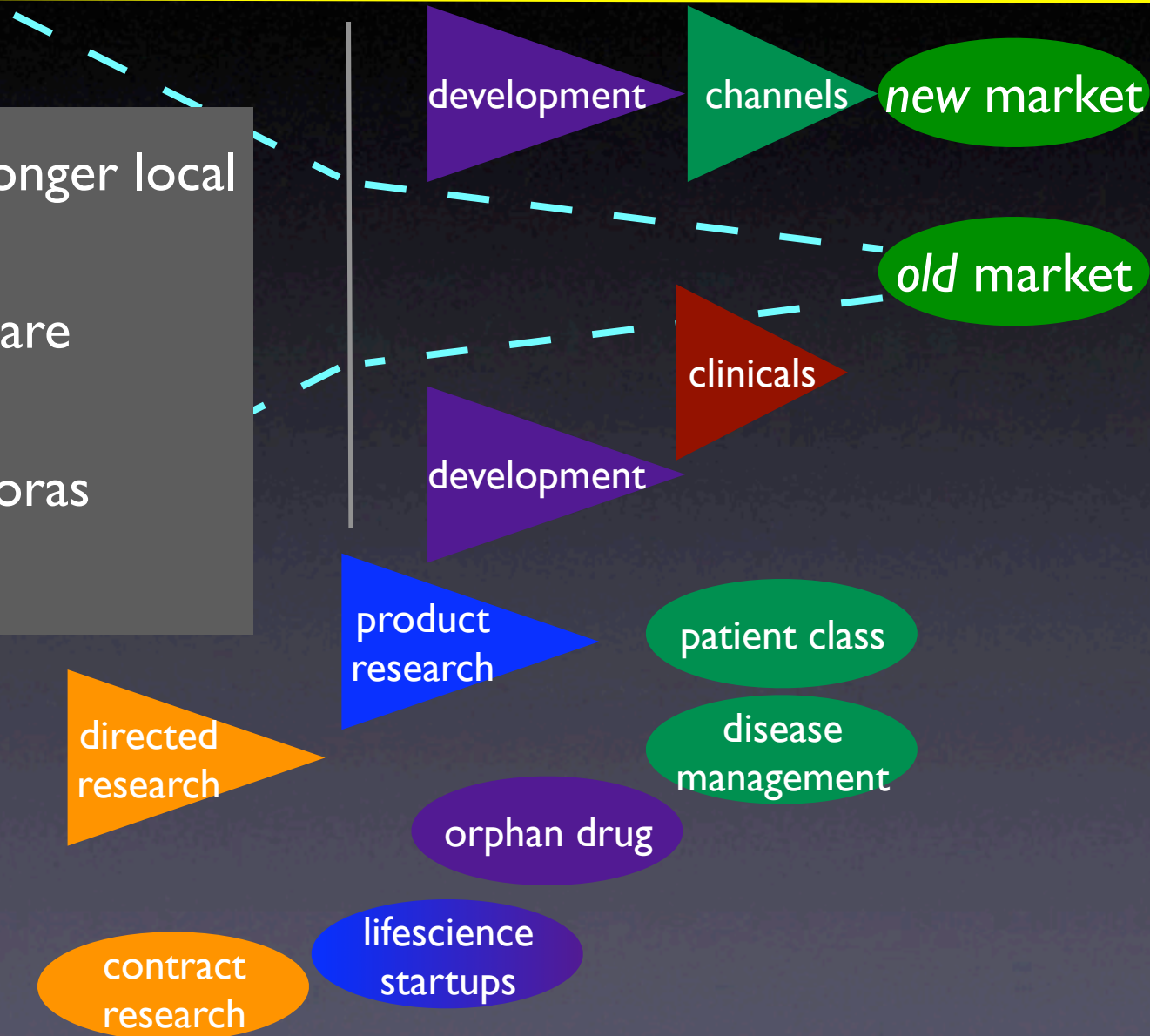
China: manufacturing

India: call centers, software

Israel: technology

Mexico (90's): Maquiladoras

Mexico (future): .....

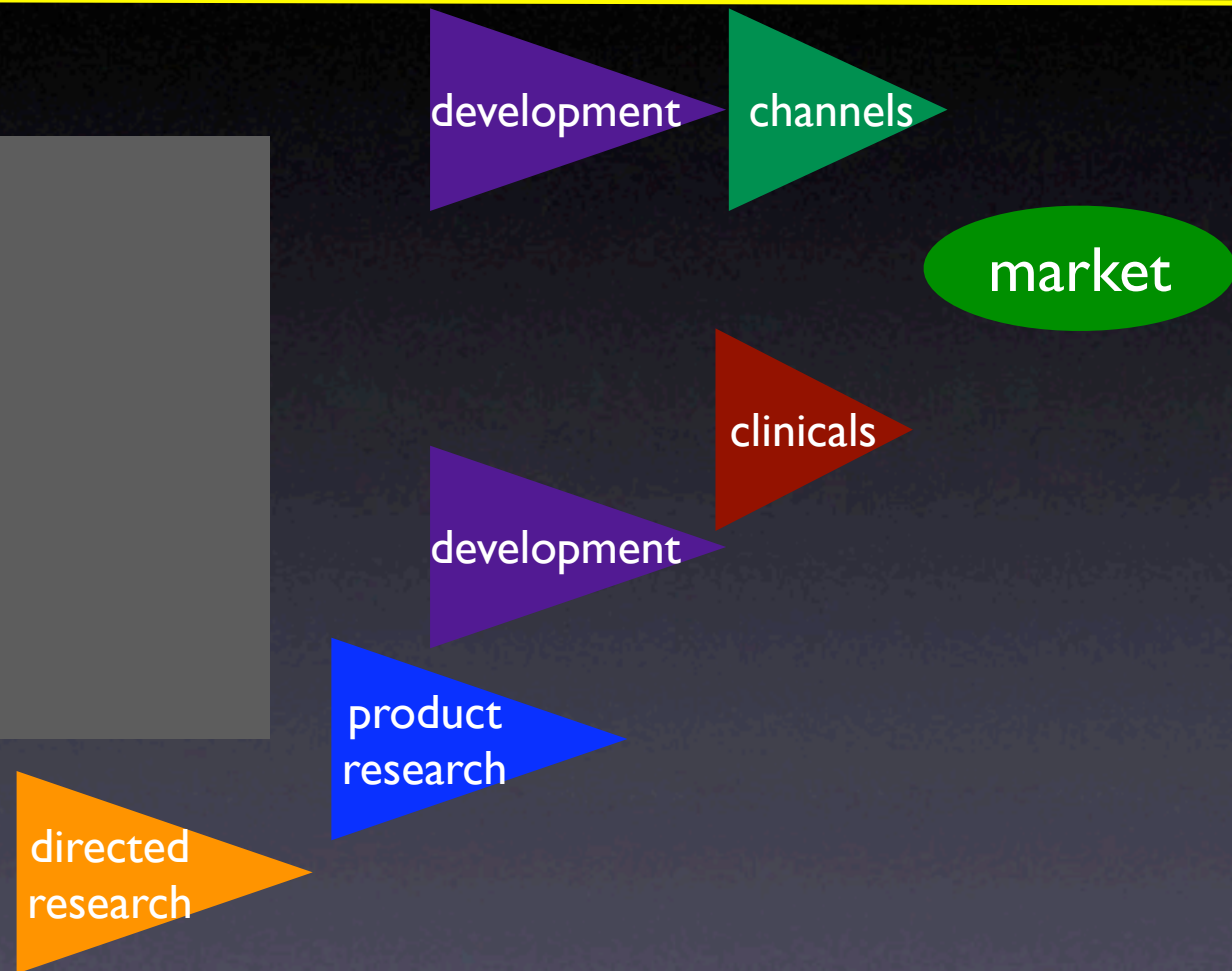


# Opportunities Galore

The Big Picture

Destination

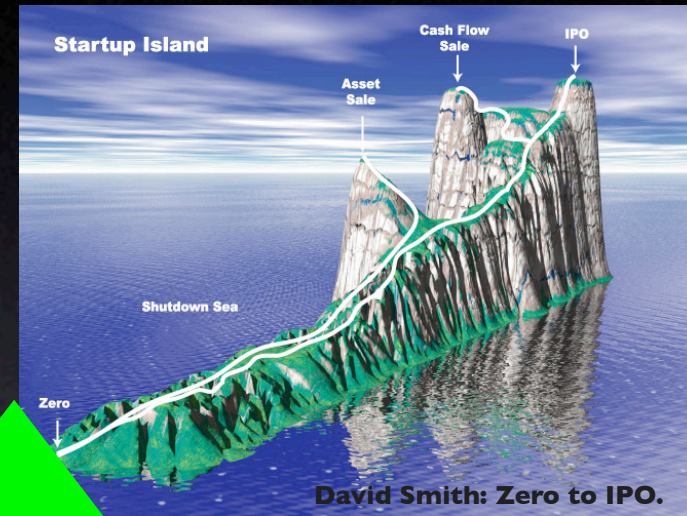
Plug Compatibility



# Business Concept

# Building a Business (in the US)

**Business Concept**



Basic Research

Directed Research

Product  
Research

Product  
Development &  
Market adoption

# Business Concept Ingredients

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Regulation

Important Unmet **Need**  
Shared by Many

**Product** that Meets Need  
Better than Competing Alternatives

**Technology** that  
Enables Product

# The Details Matter

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Industry  
e.g. Diagnostics

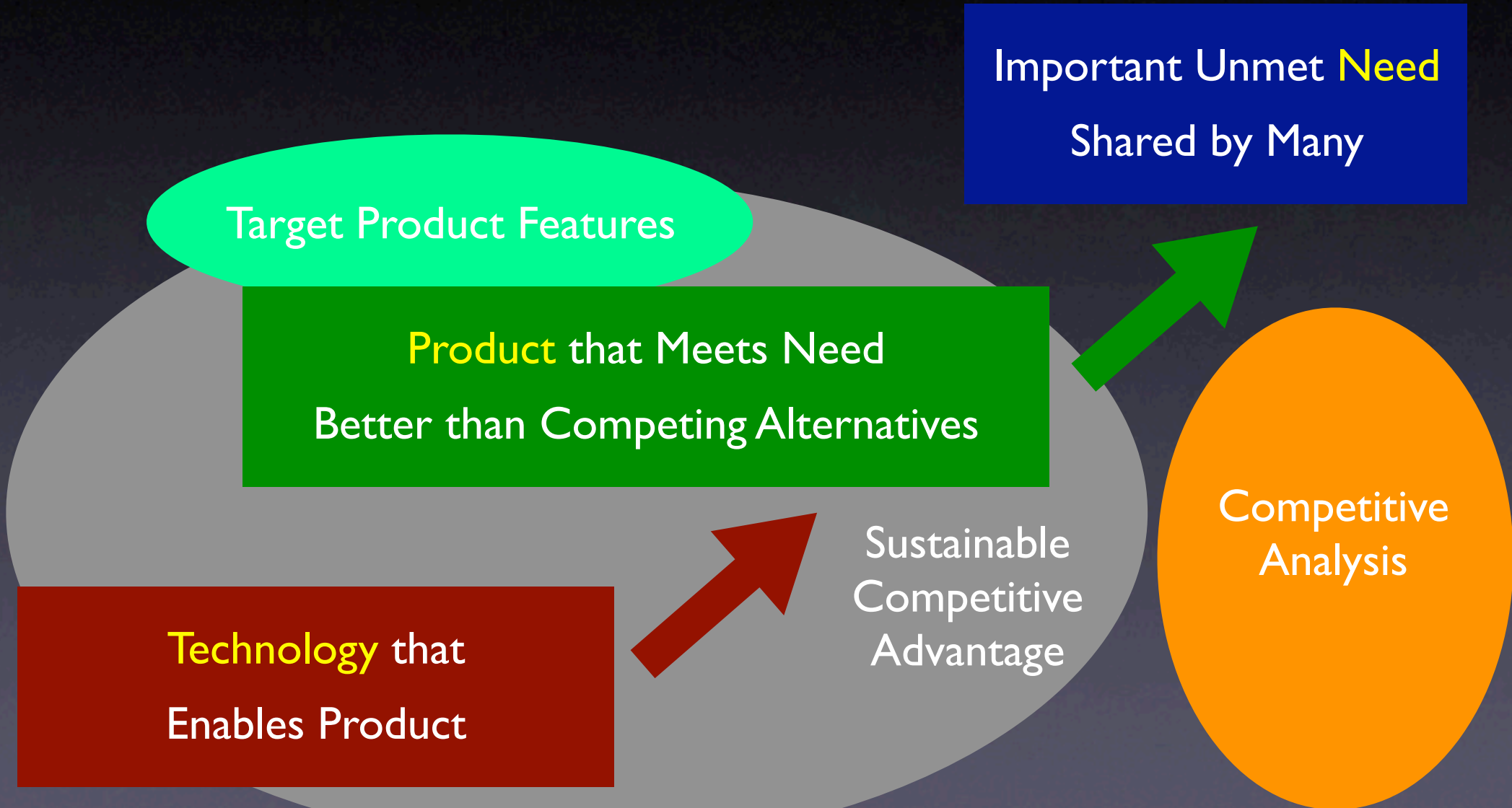
Important Unmet **Need**  
Shared by Many

**Product** that Meets Need  
Better than Competing Alternatives

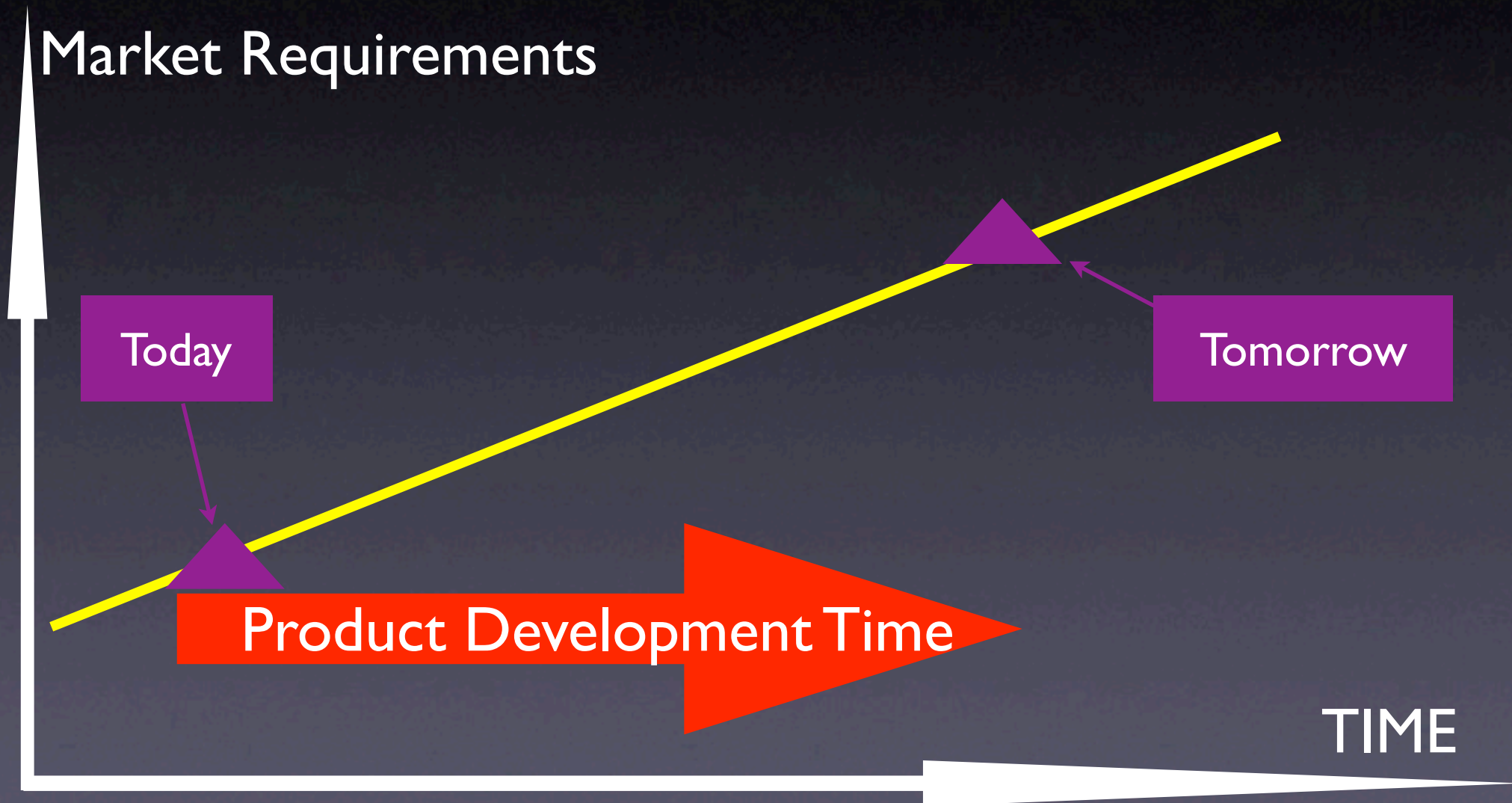
**Technology** that  
Enables Product

Broad Field  
e.g. Nanotechnology

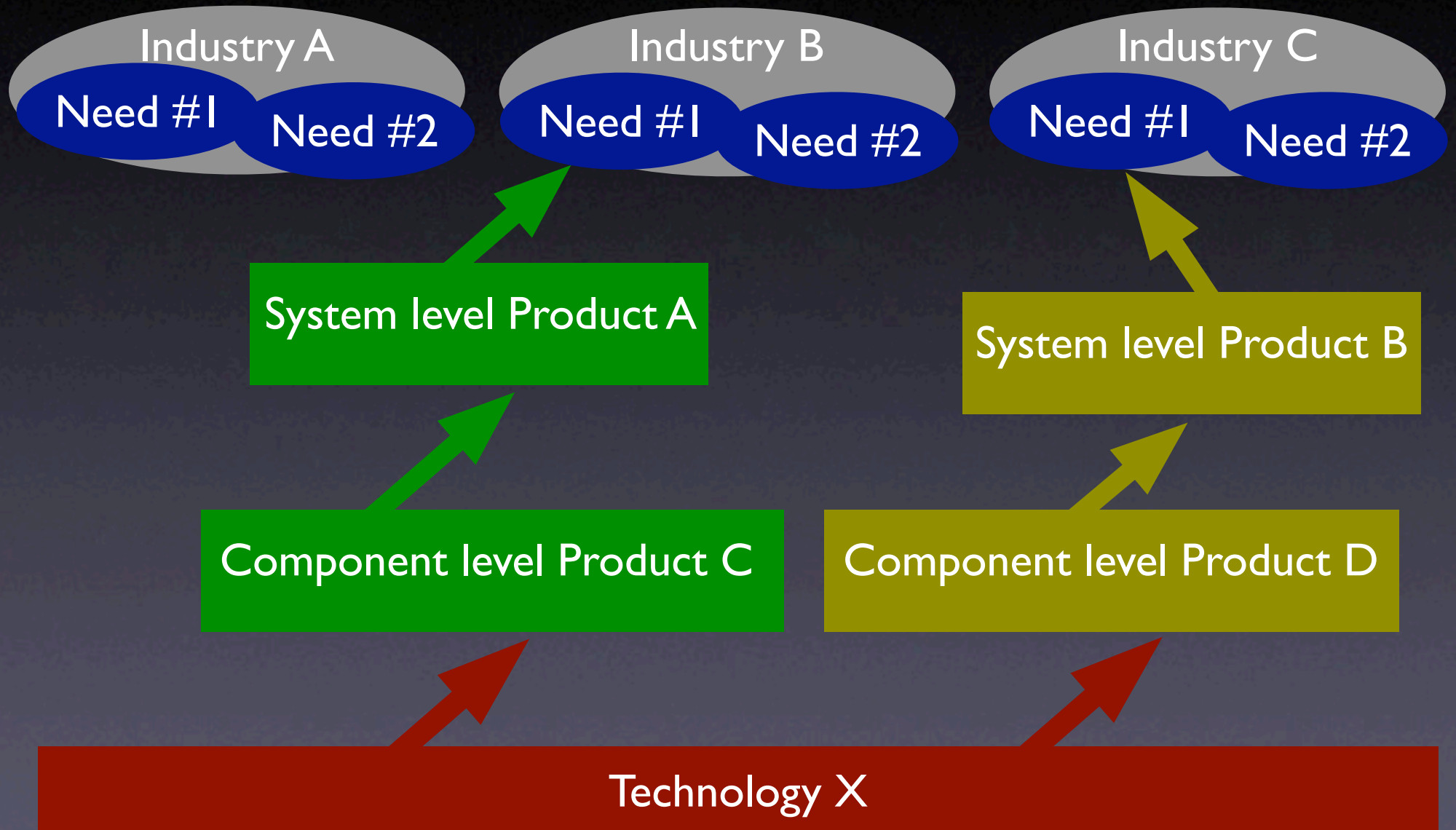
# Need a Superior Solution



# Focus on *Tomorrow's* Product



# Don't Forget the Ecosystem



# Disruptive or Sustaining Innovation?

For a defined (perceived) customer need, .....  
do products with acceptable price/performance exist?

NO

YES

Are customers  
willing to pay for  
better performance?

Few of them

Half

Most of them

**Disruptive innovation:**

product with adequate performance and  
lower cost/smaller size or other features

**Disruptive innovation:**

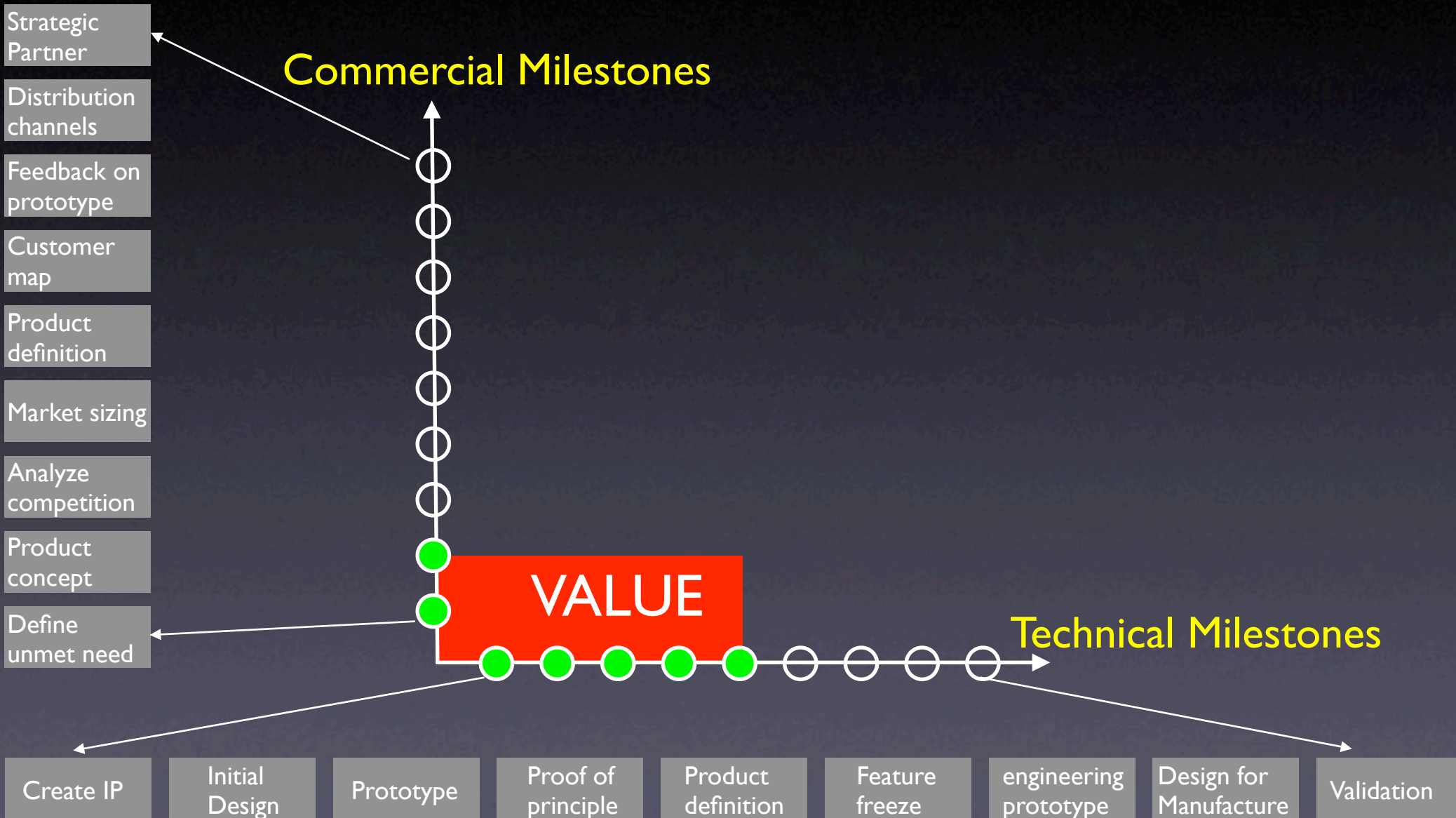
product that meets perceived customer  
need with acceptable price performance

**Sustaining innovation:**

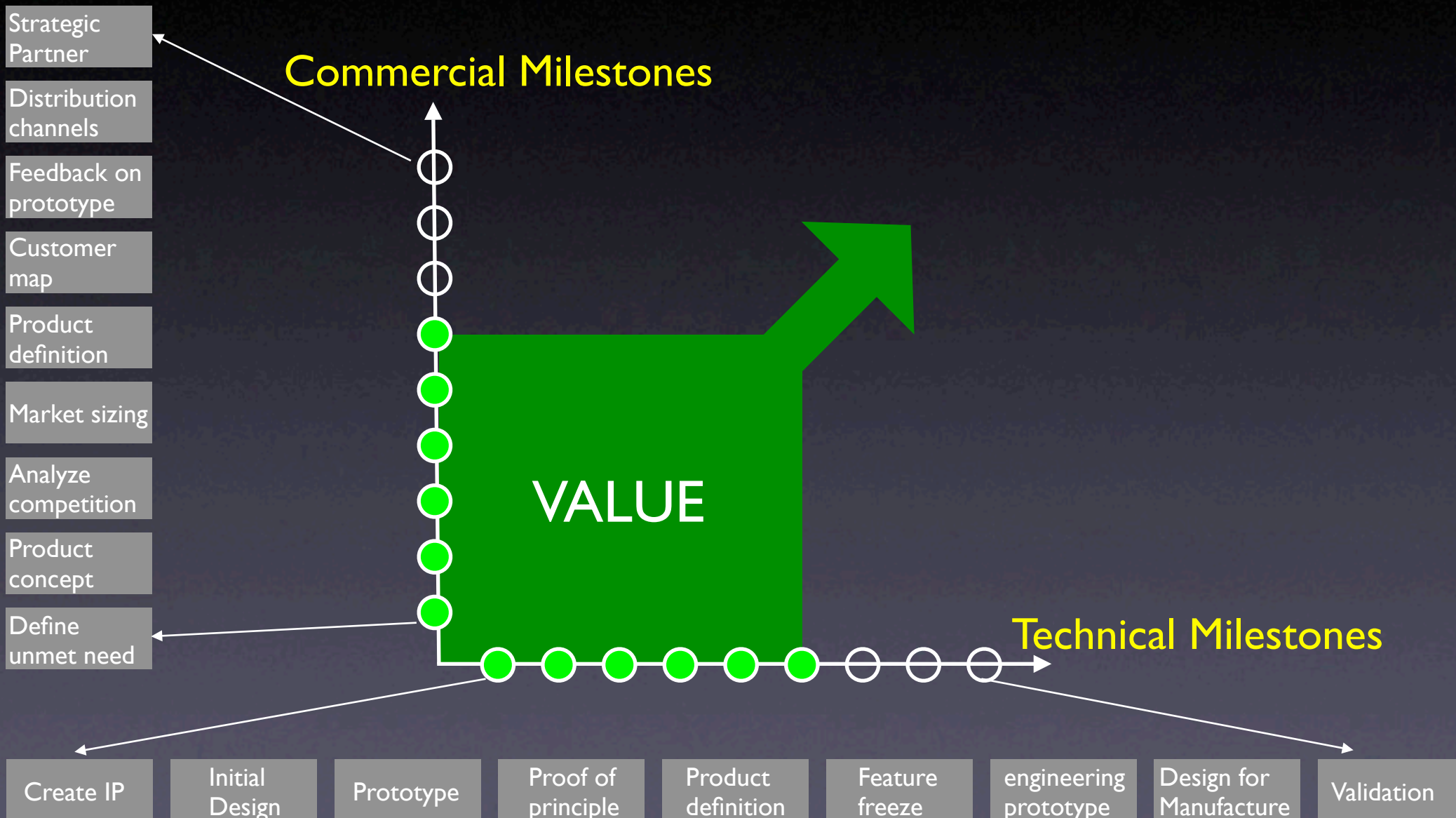
product with better performance

Source: The Innovators Solution, Christensen & Raynor

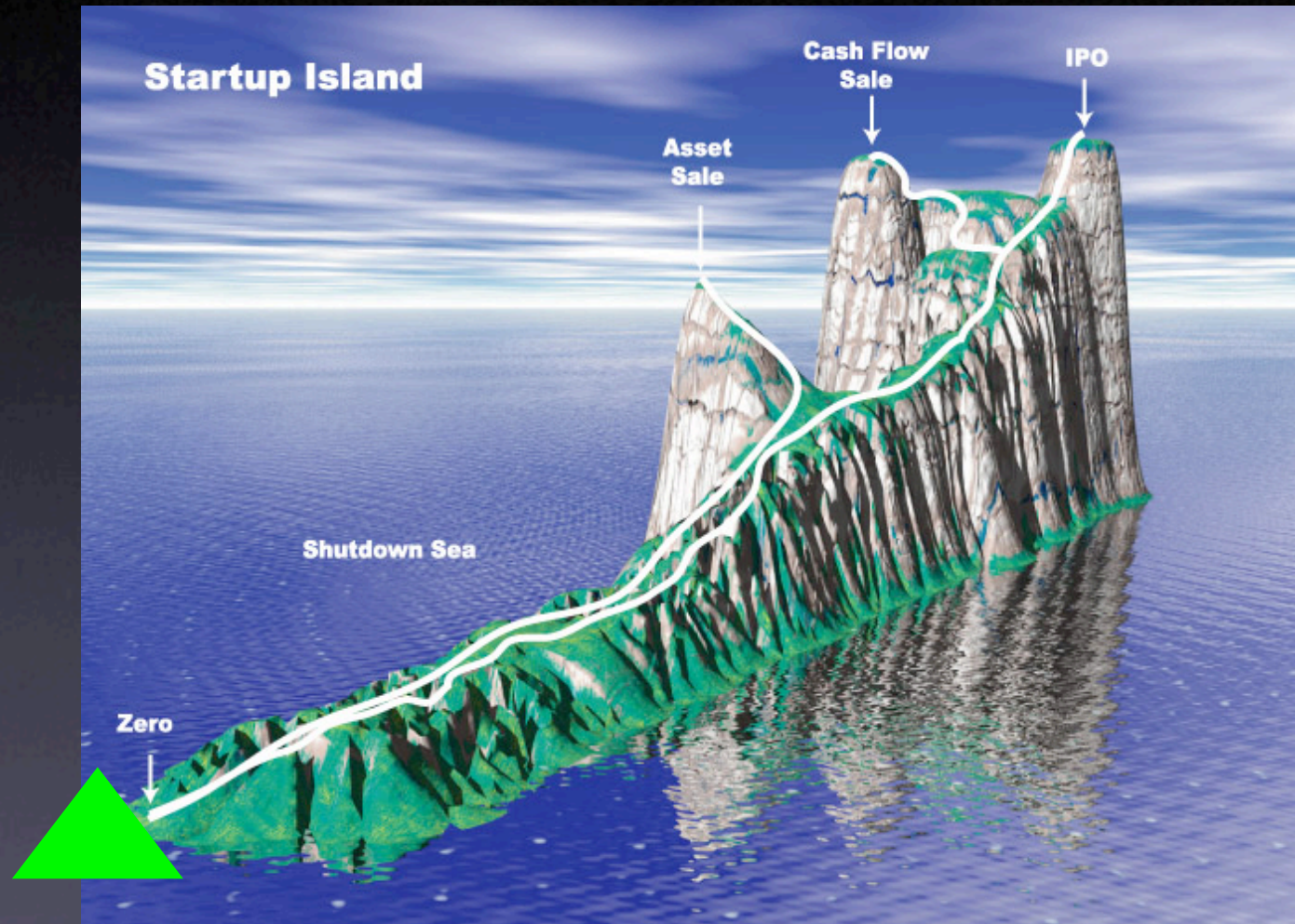
# Key Message: Value has Two Axes



# Balanced Execution Maximizes Value



# The Journey Ahead



David Smith: Zero to IPO.

# Questions ?

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rgcaro@tangiblefuture.com; Ph: (415) 344 0140