Innovation, risk-taking and company creation
Francesco De Rubertis, General Partner

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Venture Capitalists are...

- Vultures
- Pirates
- Sharks
- Locusts
### Some of Largest EU VC Firms

#### > 0.5b USD
- TVM Capital, Munich
- Index Ventures, London - Geneva
- Sofinova Partners, Paris
- Abingworth, London
- Healthcap, Stockholm

#### 100 - 500m USD
- Life Sciences Partners, Amsterdam - Munich
- Auriga Partners, Paris
- MVM, London
- Clarus Ventures, Boston – San Francisco
- BBBioVentures, Zurich
- NeoMed, Geneva
Supporting Pioneering Companies

Since inception Index Ventures has supported category creators and category leaders

* Denotes prior investments of Index Partners
Some of the Greatest Companies

- Cisco
- Google
- eBay
- Amazon
- Oracle
- Yahoo!
- Genentech
- YouTube
- Amgen
- Atari
European tech-leading Companies

- kelkoo
- Nokia
- tiscali
- Sony Ericsson
- Actelion
- Skype
- SAP
- Genmab
- Navision
Billion-dollars Biotechs

- Genentech: Recombinant DNA
- Amgen: Applied Molecular Genetics
- Millenium: Human Genome Project
- Gilead: Viral Diseases

......a “hairy” vision is behind most of the top 20-30 listed companies…
Two Observations.

- Best companies committed to a **vision**, not to an asset (>75% of the cases initial assets failed)

- Founding **management** still there at success, even after many years and many different business plans
Corporate « morphing » key to success

Winning companies succeed because…

- Of ability to evolve, not because of right assets (60% of Ph2 drugs and 90% of preclinical leads fail);

- They realize they are a group of people synergizing for a market win, not for technology demonstration
Management Features

- Intellectual Honesty, to start the morphing process early on
- Commitment to deliver on subsequent business plans
- Capability and credibility to articulate new plan and get backers for it
Non-biotech morphing examples…

- **Minnesota Mining and Manufacturing Company**
  - Selling a glue that didn’t stick

- **Tokyo Tsushin Kogyo**
  - Selling a rice cooker

- **Bill Hewlett and Dave Packard**
  - Selling automatic urinal flushers & fat-reduction shock machines
Successful “Morphing”
General Principles

- We invest in « learning capacity » rather than knowledge
- We try to understand what the company **IS** rather than what it **HAS**
- We invest in entrepreneurs that have a vision and are able to articulate it
Just do it: ParA\text{ele}

- **Name:** Tom Willis
- **Training:** Astro – Physics
- **Hobby:** Guitar Player
- **Trait:** Entrepreneur
- **Age:** 40
- **Nationality:** American
...happy ending...

ParAllele

Sold for 120m US$
About

• **Name**: Piero Zucchelli
• **Training**: Physics
• **Hobby**: Airplane Pilot
• **Trait**: Entrepreneur
• **Age**: 39
• **Nationality**: Italian
The leverage of Innovation
Basis of Innovation

- Diversity
- People vs Processes
- Intersections vs Linear

“Small” has a competitive advantage
Reprofiling

Drugs reprofiling lies at the intersection

- More than 50% get on the market for an indication different from the initial one
- Different backgrounds, visions and competence are value generators!
Some Great Examples of Intersection
Swarm Intelligence
Magic: collectible card games
Pixar and Dreamworks…
The Grameen Bank

- The Vision of Microcredit
  - Simplicity

- Enormous impact
  - Women
  - Poor people
  - Young people

- Fundamental innovation
  - Repeatable
  - Unlikely inventor
The value of starting up

- Combination thinking is at the basis of radical innovation
- Thinking against association barriers is easier within « small »
Failure is almost a necessary condition on the path to innovation…

Innovation is key to break into success…

Failure is almost a necessary condition on the path to success
Request for Help…

- How to increase chances of

  - finding best deals…
  - coming across entrepreneurs about to cross intersections…
  - becoming better partners for the entrepreneurs…

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See our website (www.indexventures.com) for:

- Individual contact details
- News about portfolio companies
- Further information about Index Ventures