
Innovation, risk-taking and company creation

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What

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Venture Capitalists are...

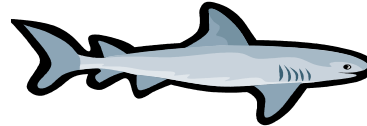
Vultures



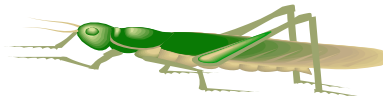
Pirates



Sharks



Locusts



Some of Largest EU VC Firms

> 0.5b USD

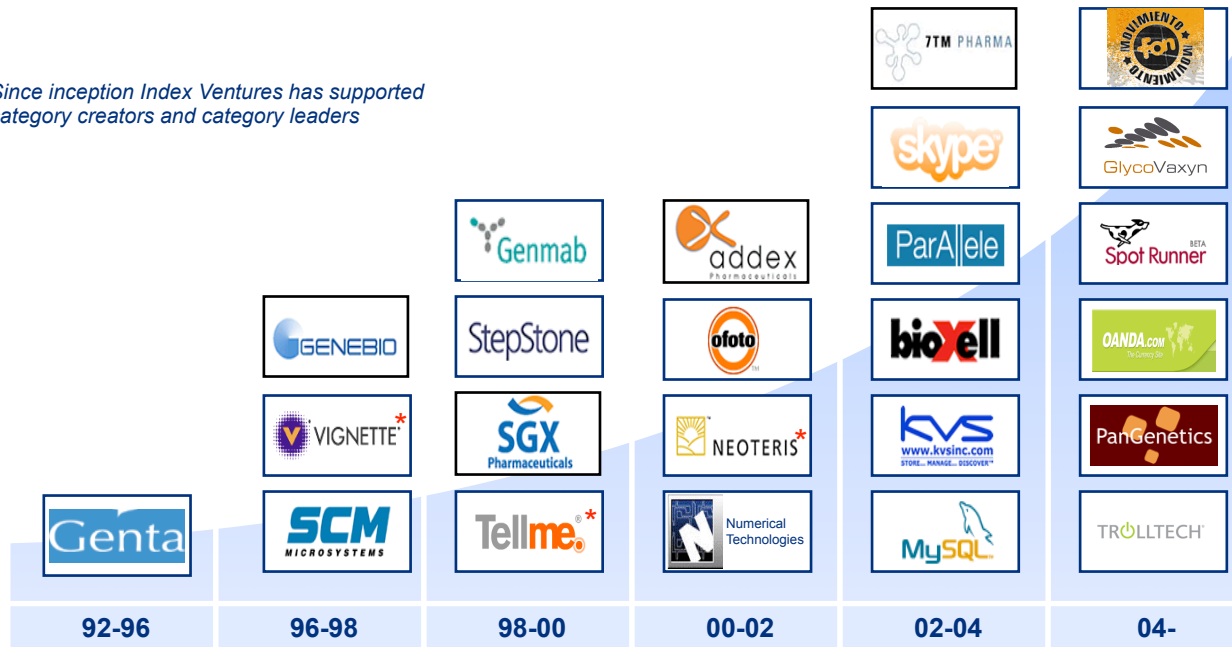
- | | |
|----------------------|------------------------------|
| ▪ TVM Capital | <i>Munich</i> |
| ▪ Index Ventures | <i>London - Geneva</i> |
| ▪ Sofinnova Partners | <i>Paris</i> |
| ▪ Abingworth | <i>London</i> |
| ▪ Healthcap | <i>Stockholm</i> |
| ▪ Atlas Ventures | <i>London– Munich- Paris</i> |

100 - 500m USD

- | | |
|--------------------------|-------------------------------|
| ▪ Life Sciences Partners | <i>Amsterdam - Munich</i> |
| ▪ Auriga Partners | <i>Paris</i> |
| ▪ MVM | <i>London</i> |
| ▪ Clarus Ventures | <i>Boston – San Francisco</i> |
| ▪ BBBioVentures | <i>Zurich</i> |
| ▪ NeoMed | <i>Geneva</i> |

Supporting Pioneering Companies

Since inception Index Ventures has supported category creators and category leaders



* Denotes prior investments of Index Partners

Great

G

Some of the Greatest Companies



Europe

E

European tech-leading Companies

kelkoo

NOKIA
Connecting People

tiscali.
INTERNET WITH A PASSION.



Sony Ericsson

skype

SAP

 **ACTELION**

NAVISION[®]
The Way to Grow

 **Genmab**

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 moprhing 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: ParAllele



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

...happy ending...



Sold for 120m US\$

About

A

Just do it:



- **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



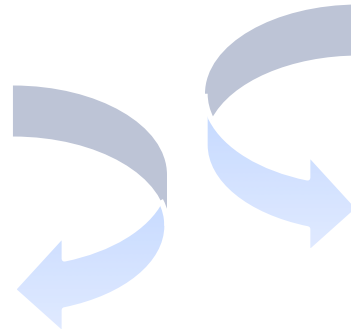
“Small” has a competitive advantage

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 »

Sillogism....

- 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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Contacts and Further Information

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"Index Ventures have consistently provided us with advice and introductions. They have been excellent partners for us as a European technology company with global aspirations."

SCHEERMAN
Robert Schneider, Chief Executive Officer

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T

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Where We Invest

What We Like

How We Work

Who Gets Our Attention

Why We Are Different

September 20 2004
VERTIAS Completes Acquisition of E-mail Archiving Leader KVS

September 07 2004
Jaluna Secures \$12 Million in Series A Funding

August 31 2004
VERTIAS to Acquire E-mail Archiving Leader KVS

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