

# VENTURE COMMERCIALIZATION

Driving Sustainable Growth Through Innovation

**Growing Success Outside Silicon Valley**

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# Tech Com 1.0: Silicon Valley



# Everyone Wants to be Silicon Valley



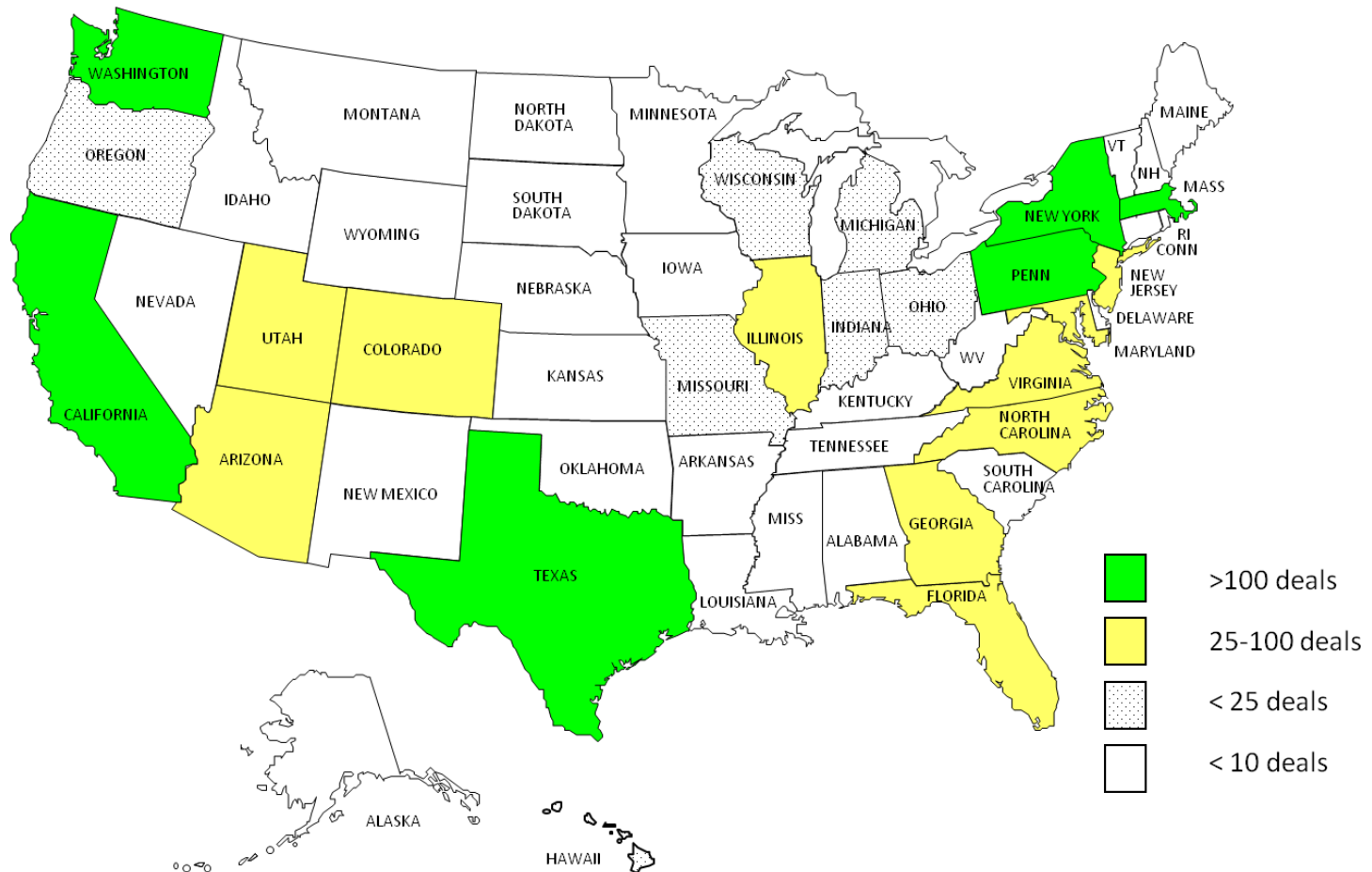
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Silicon Alley – New York, England  
Silicon Sloboda - Moscow  
Silicon Gulf – Davao Philippines  
Silicon Slopes, Utah  
Silicon Oasis- Dubai  
Silicon Wadi – Israel  
Silicon Beach – Australia, Brighton England  
Silicon Glen – Scotland  
Silicon Gorge – Bristol, England  
Silicon Forrest – Portland Oregon  
Silicon Prairie – Illinois, Dallas  
Silicon Sandbar – Cape Cod  
Silicon etc....

Is Silicon Valley's Success Repeatable?

# US Venture Capital Concentrated

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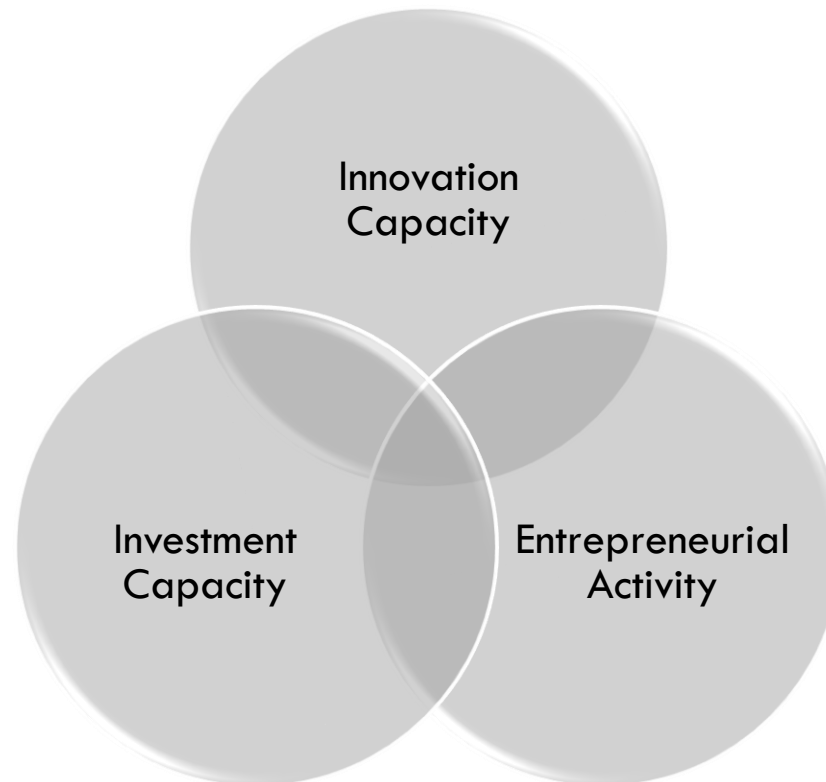


# What Makes Silicon Valley work?

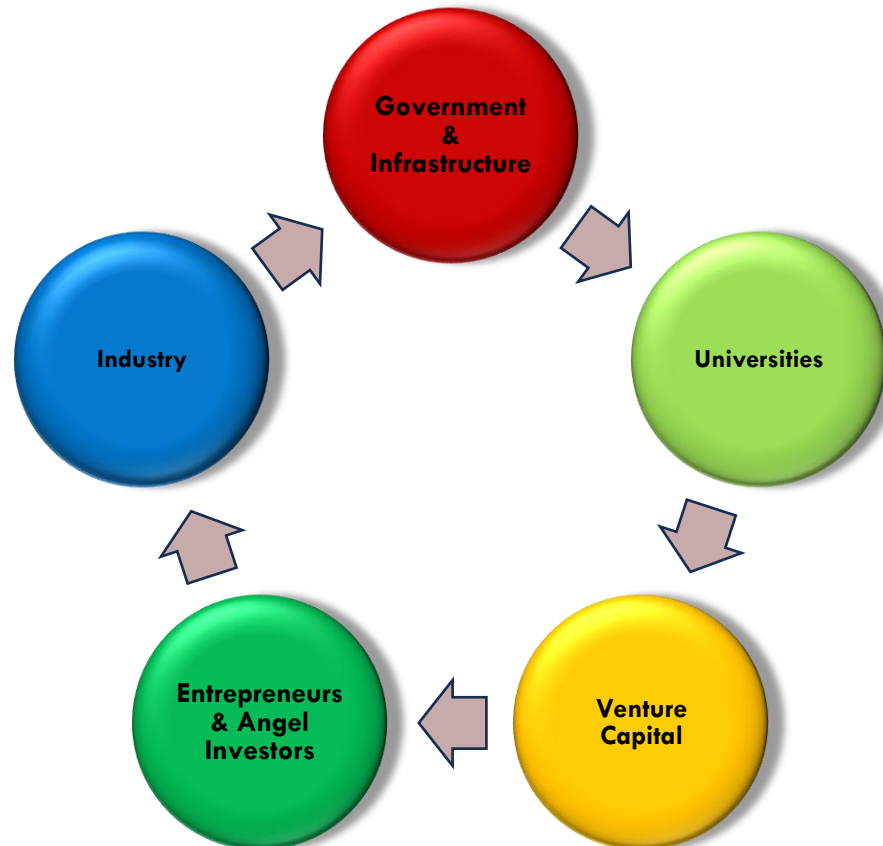
## **Critical Mass of Capital, Human Capital and Innovation Capacity tied together with Trusted Informal Networks in an Entrepreneur Friendly Environment**

- ❑ **Innovation Capacity.** Significant Intellectual Capital (Stanford, Xerox PARC, IBM Research Labs)
- ❑ **Capital.** Robust Investment Capacity (Full Funding Continuum)
- ❑ **Human Capital.** Critical Mass (Significant Entrepreneurial Activity & Culture, Deep Bench Strength, Social Dynamics: OK to Fail, OK to be Rich)
- ❑ **Trusted informal Networks** (Trusted Service Providers, Shared Community Vision, Predictable & Supportive Government)

## Trusted Informal Networks Drive Positive Outcomes



## Bringing the Ecosystem Together



## Key Drivers of Positive Outcomes for Utah's Entrepreneurial Ecosystem

- Innovation Capacity
- Local Investment Capacity & Established Funding Continuum
- Entrepreneurship Activity and Human Capital Development
- Trust
  - Trusted Informal Networks
  - Trusted Service Providers
  - Shared Vision: Aligned and Predictable Government and Regulatory Environment



## Building Innovation Capacity

- Entrepreneur Centric Research Universities
  - University of Utah, Brigham Young University, Utah State
- University of Utah Tech Commercialization - [www.tco.utah.edu](http://www.tco.utah.edu)
  - #1 Spinouts, Tech Titans, Venture Bench, Grants, Incubator Facilities
- USTAR Initiative- [www.innovationutah.com](http://www.innovationutah.com)
  - \$400+ million investment to attract world class Univ. researchers
- Lasonde Center- [www.lasonde.utah.edu](http://www.lasonde.utah.edu)
- Link to Innovation Centers – RedSpan [www.redspan.net](http://www.redspan.net) ,  
Regional Satellite offices located by national labs
- Nail it Then Scale It - BYU Innovation Curriculum
  - University classes & product innovation training and book

## University Technology Commercialization Policy

### □ Conflict of Interest

- Extreme: Avoid at all costs – Harvard
- Manage conflicts because that's where the value is - Utah

### □ Inventor Equity Sharing

- Extreme: No double-dipping in company and license – most Universities
- Allow them to benefit where they add value - Utah

### □ State IP Involvement

- Extreme: All contractual decisions runs through A.G. – OR
- Bottleneck: 15 system Universities report to central GC - TX
- Allow University to control internally - Utah

## Building Investment Capacity

1. University Venture Fund- [www.uventurefund.com](http://www.uventurefund.com)
  - ▣ Student Run, University of Utah Student Fund
2. Cougar Capital - [www.byucougarcapital.org](http://www.byucougarcapital.org)
  - ▣ Student Run, Brigham Young University Student Fund
3. Utah fund of Funds - [www.utahfundoffunds.com](http://www.utahfundoffunds.com)
  - ▣ \$300MM fund of funds invested into 26 Utah focused VC/PE funds
4. Kickstart Seed Fund- [www.kickstartseedfund.com](http://www.kickstartseedfund.com)
  - ▣ \$10 million seed fund with investment committee and capital made up of Utah Investment Ecosystem
5. More than a dozen new venture and seed funds
  - ▣ vSpring Capital, Mercato, University Venture Fund, UpStart ...

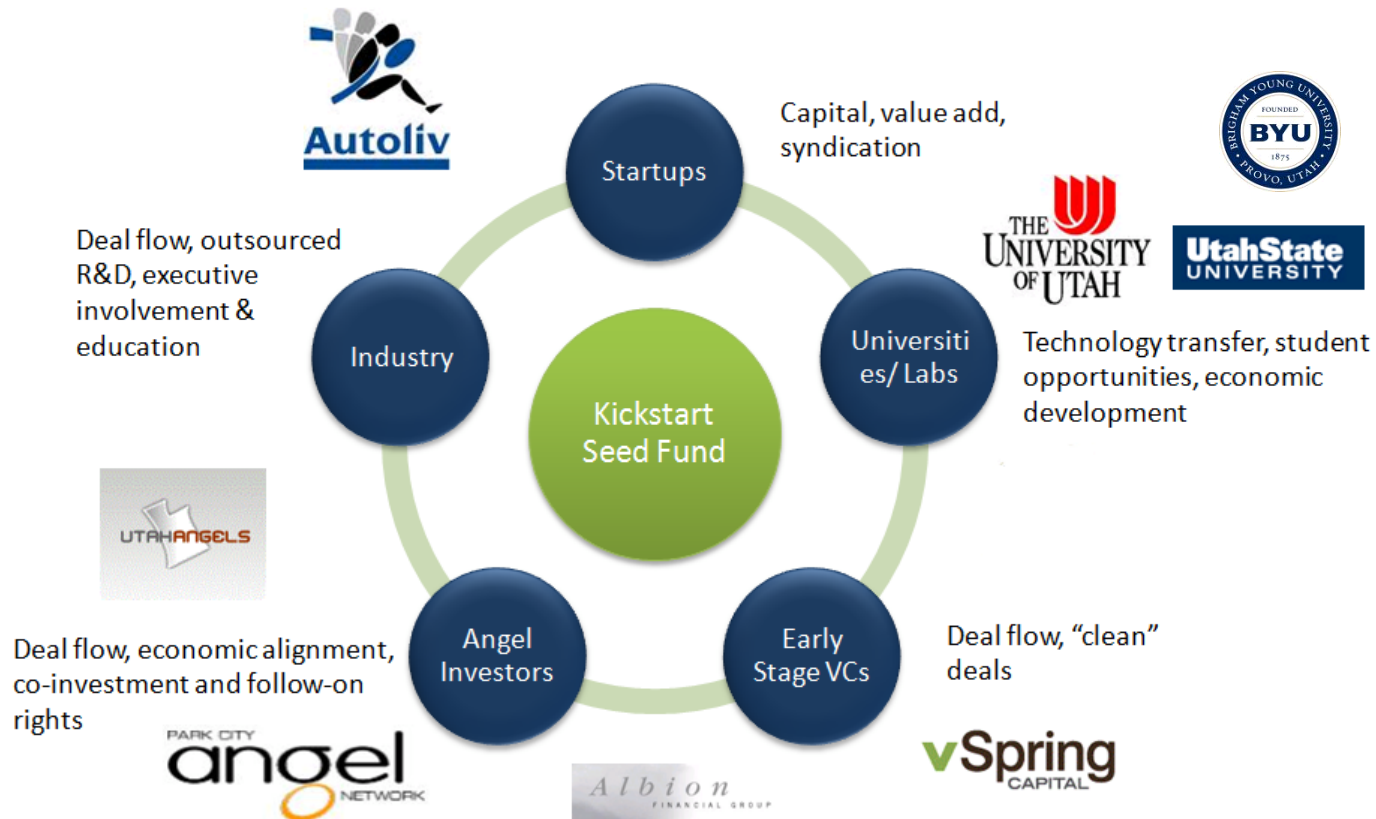
## Building Investment Capacity & Networks

6. Rocky Mountain Venture Capital Association
  - ▣ Establishing critical mass of capital in the region
7. Venture Capital in the Rockies – Annual VC Deal Flow Conf.
  - ▣ Attracts investors from the surrounding states
8. Wayne Brown Institute – Annual VC Deal Flow Conference
  - ▣ Attracts VCs from across the nation
9. Utah Governor’s VC Summit
  - ▣ Self assesment
10. BYU Investment Professionals Conference
  - ▣ Global investors with ties to Brigham Young University

## Public Policy Approach

- Minimalist Approach
- Shared Vision
- Supportive, Predictable, aligned environment
  - ▣ Senators, Congressmen, Governor, State legislators ...
- Measuring the right things
- Focused Funding
  - ▣ VC Fund of Fund formation
  - ▣ University Research
  - ▣ Technology Commercialization

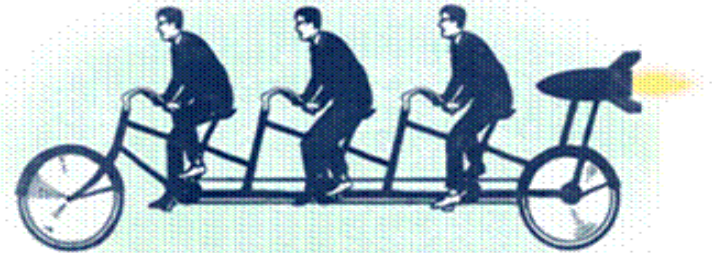
## Building & Aligning Local Investment Capacity



## Kickstart Utah – Alignment of Interests



Entrepreneurial relationships



20+ Seed Companies

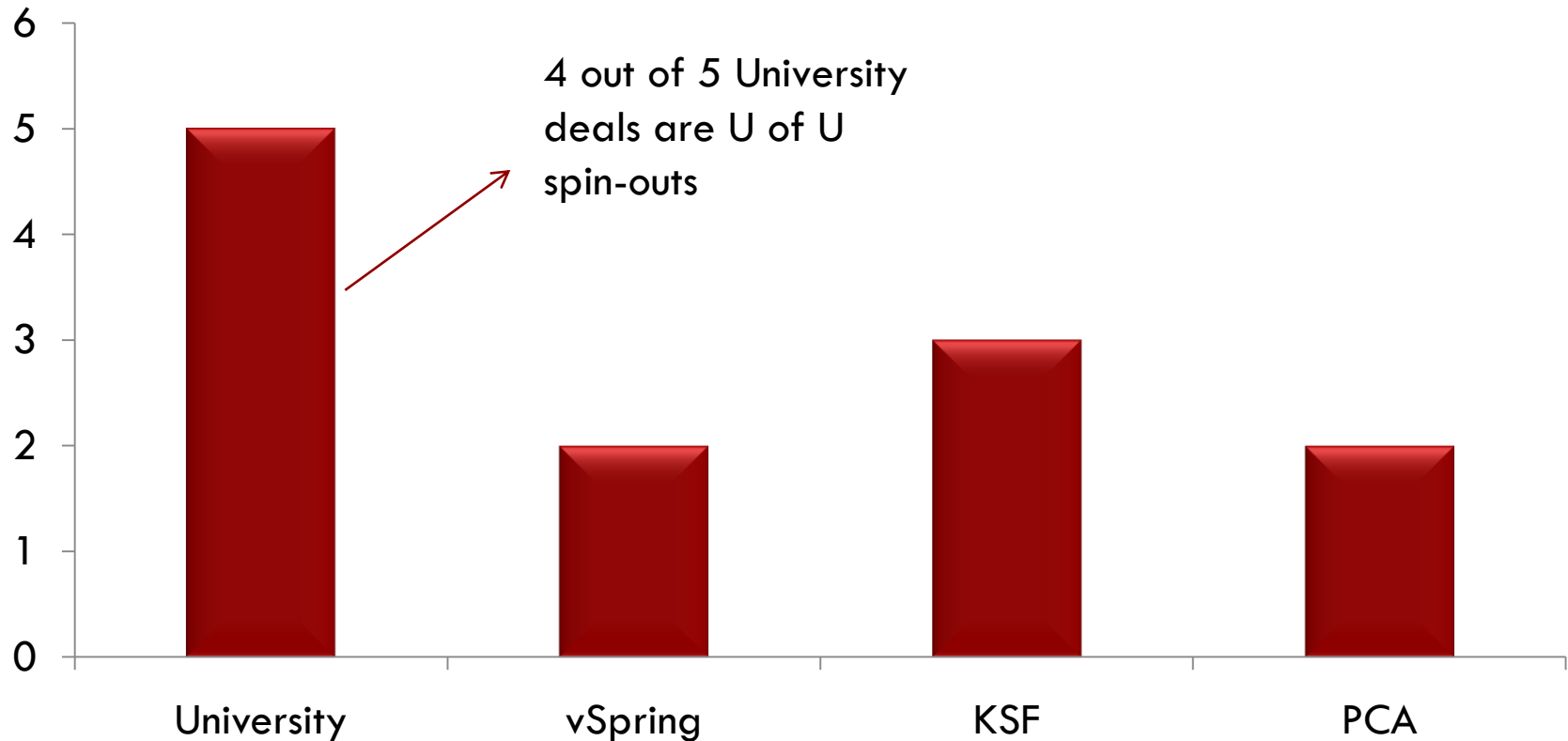


5-10 VC-backed Startups



Fund I ~ \$10MM of seed capital

## KSF Deal Flow Comes From Community



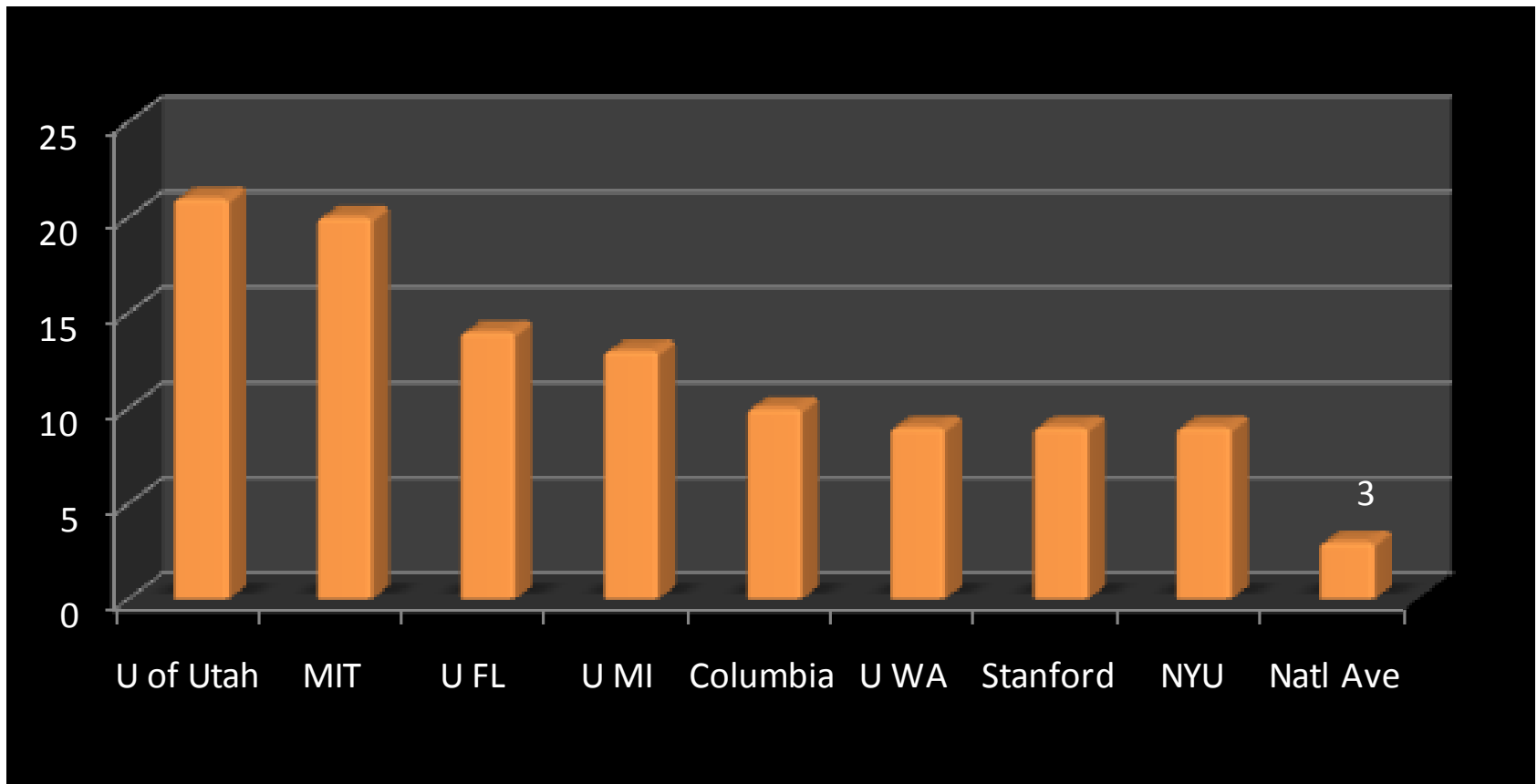


**15 years later**

**Utah's results**

# Tech Com 2.0: Utah Case Study

## 2008 Results University of Utah from #94 to #1



## Utah has 30+ Investor groups after 10 Yrs Managing \$4 Billion+

### Angel & Family Groups

- Utah Angels
- Park City Angels
- Salt Lake Life Science Angels (SLLSA)
- Olympus Angels
- Cache Valley Angels
- Dixie angels
- Grow Utah Ventures
- Top of Utah Angels
- Ash Capital
- Canopy Group
- Cherokee & Walker
- Monarch

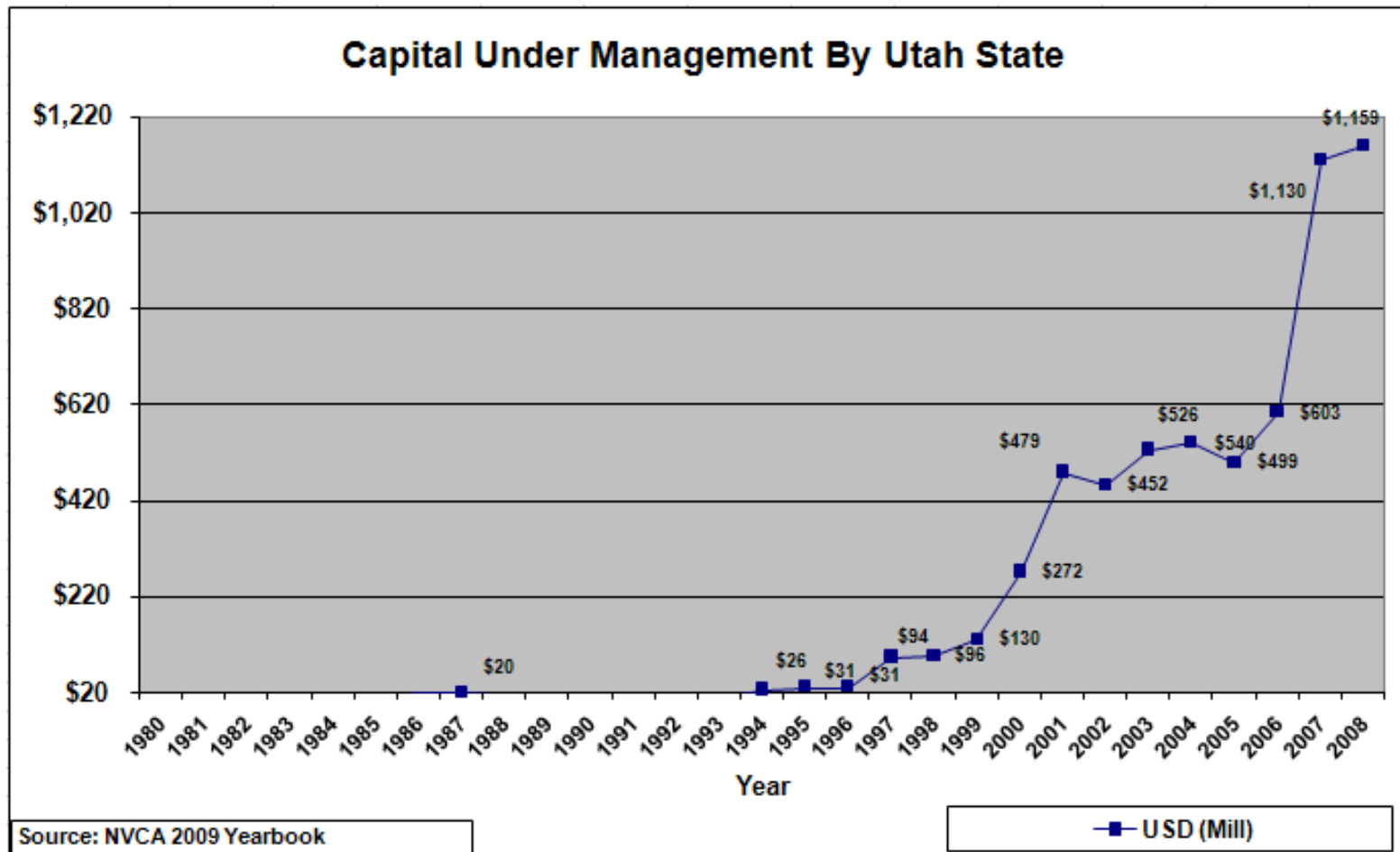
### Seed & Venture Funds

- Cougar Capital
- ThinkAtomic, Inc.
- University Venture Fund
- JCP Capital
- Upstart Seed Fund
- Epic Ventures
- Intel Capital
- InnoVentures Capital Partners
- Kickstart Seed Fund
- UV Partners
- vSpring Capital
- Prospector Equity

### Growth and PE Funds

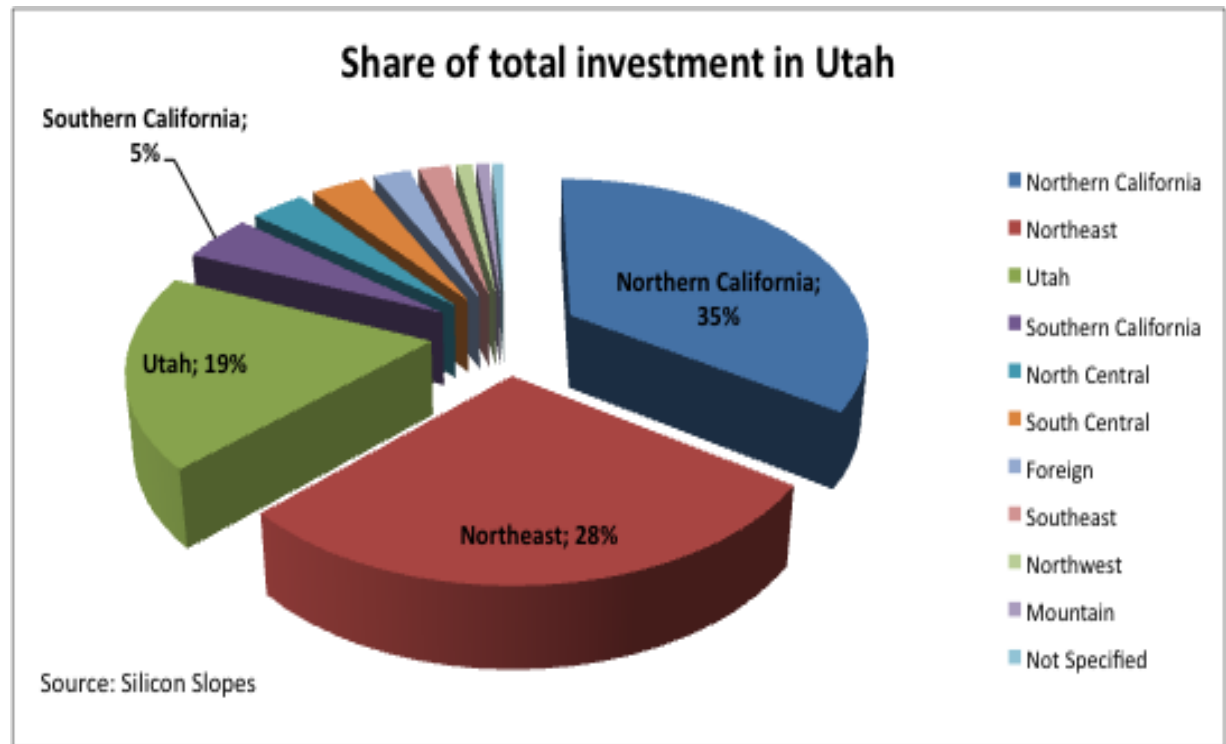
- Aries Capital
- Mercato Partners
- Cross Creek Capital
- DW Healthcare Partners
- H&G Capital
- Peterson Partners
- Sorensen Capital Partners
- Banyon Ventures
- Dolphin Ventures
- Leucadia
- Fund of Funds
- Utah Fund of Funds

## Utah Results

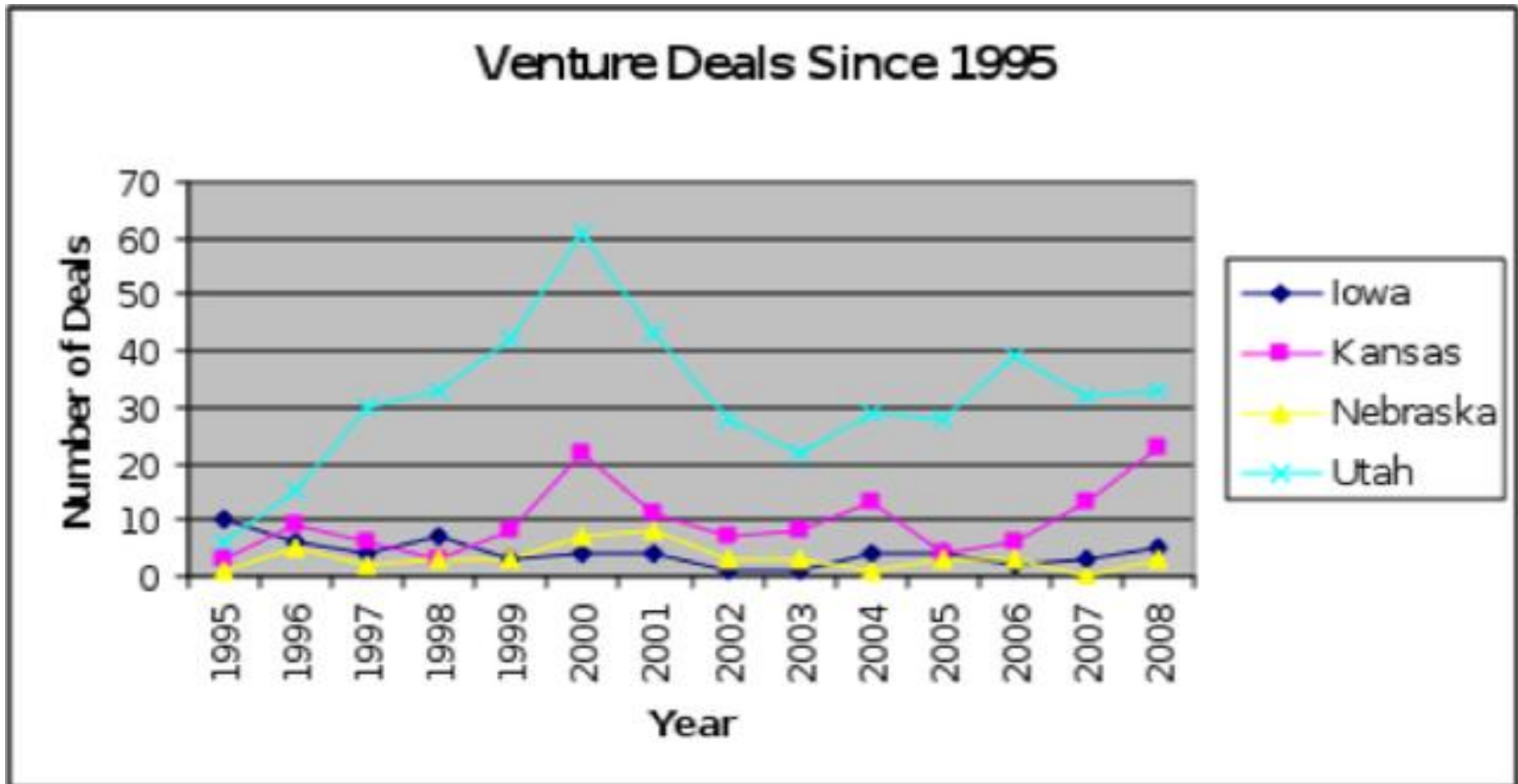


# \$2.23 B Invested in UT since 2000

- **81%** capital invested came from outside the state.
- In 2009, Utah ranked **16th** in the nation in total VC investment and **7th** in VC investment per capita.



## Utah Results: Everybody wins!



## Areas of Utah Public Policy Impact

- Utah Fund of Funds Results:
  - Increased State Capital Formation
  - Attracted Outside Investment Capital
- Building Innovation Capacity & Intellectual Capital
  - USTAR, University of Utah
- Early Market Catalyst, Predictable & Stable Environment
- State Branding Event: 2002 Winter Olympics!

## Technology Commercialization 2.0

Can it be replicated internationally?

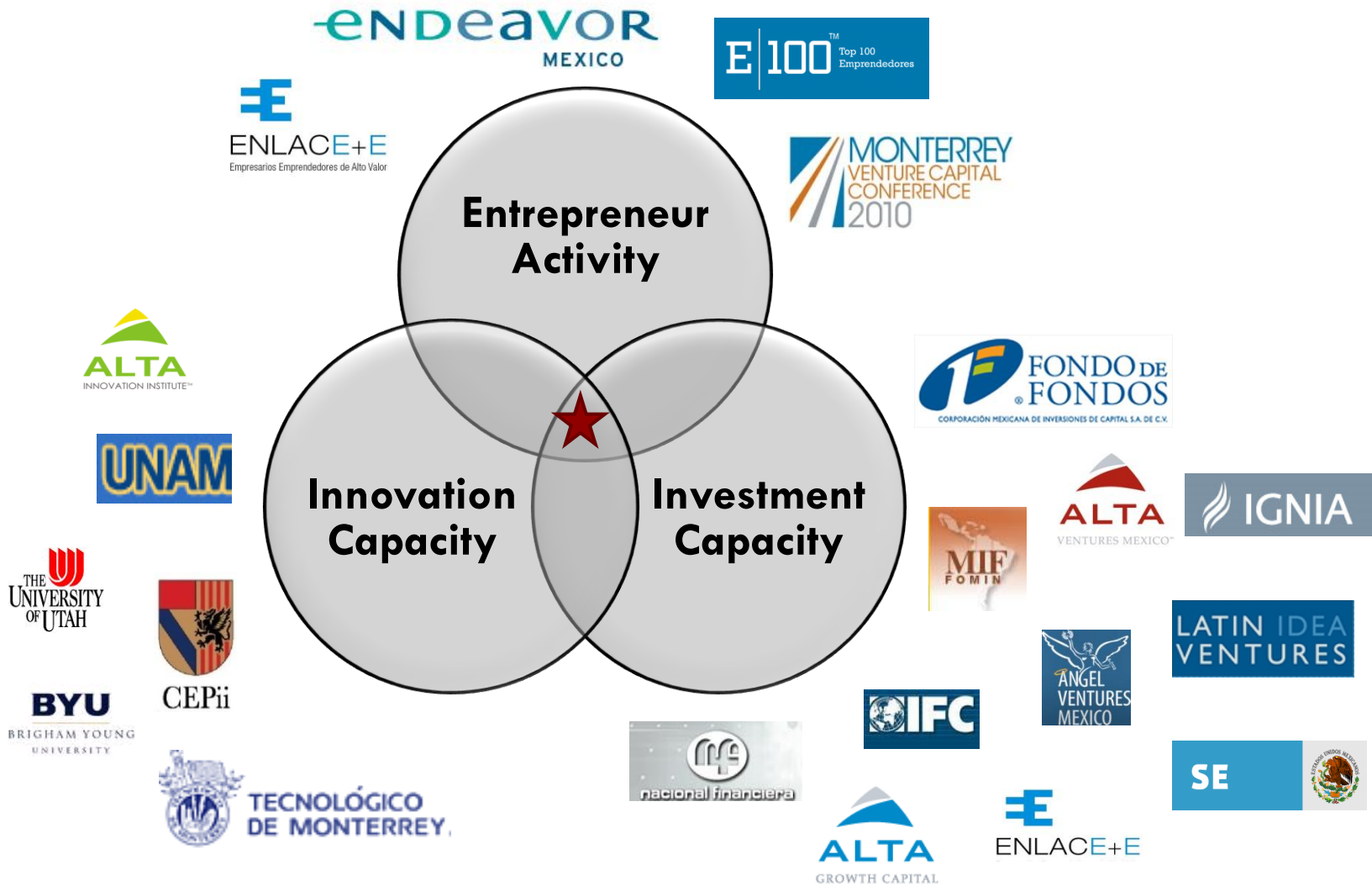


# Tech Com 2.0 Going Global: Monterrey Mexico!

“Trusted informal networks drive positive outcomes”



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## Monterrey Mexico– Tech Com 2.0 Activities

1. Institutionalization of Mexican Family Offices
2. E|100 [www.mvcc.mx/e100](http://www.mvcc.mx/e100)
3. 2010 MVCC – Monterrey Venture Capital Conference [www.mvcc.mx](http://www.mvcc.mx)
4. AMEXCAP – PE/VC Association [www.amexcap.com](http://www.amexcap.com)
5. Enlace Mentor Network [www.enlacee.org](http://www.enlacee.org)
6. Endeavor Mexico Mentor Network [www.endeavor.org.mx](http://www.endeavor.org.mx)
7. MX Kickstart Seed Program
8. Redspan (CONACYT, IMPI and Universities) [www.redspan.net](http://www.redspan.net)
9. Global Entrepreneurship Certificate  
[www.altainnovation.com/initiatives.htm](http://www.altainnovation.com/initiatives.htm)
10. New VC Funds – Alta Ventures, Ignia, Gerbera Capital

# Tech Com 2.0 Going Global: Monterrey Venture Capital Conference





“The Enlace mentors are committed to supporting the rising generation of Mexican entrepreneurs.”

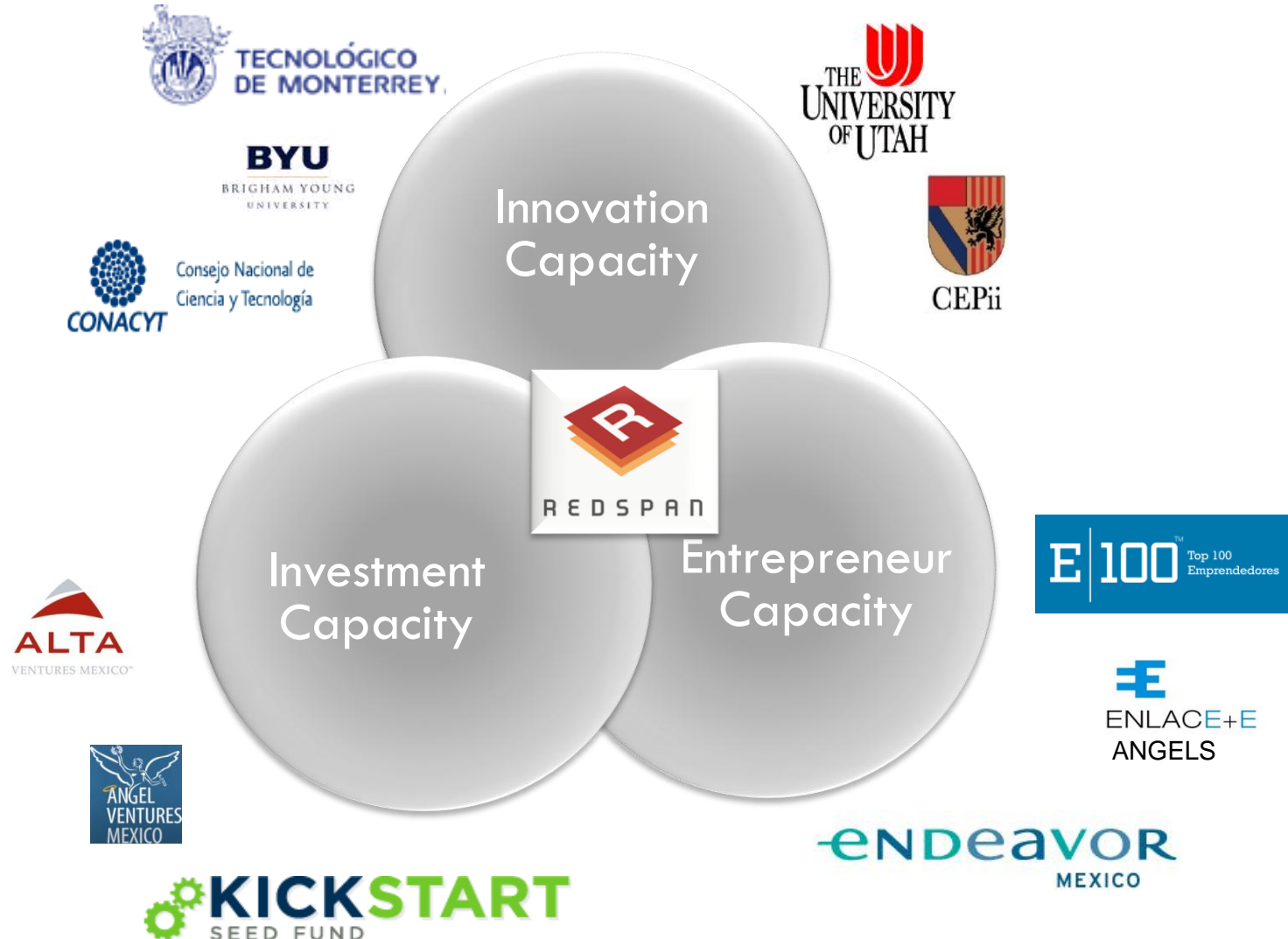
**Rogelio de los Santos**  
Enlace Mentor

- **Mentor network** established to support seed stage companies aligned with Tec de Monterrey
- Enlace is a strategic partnership with the Kickstart Program of Alta Ventures Mexico
  - ▣ Mentoring and Board guidance of Portfolio Companies
  - ▣ Access to entrepreneur training, strategic relationships and professional contacts
  - ▣ Deal flow source

# Redspan: Linking Global Innovation and Investment with Entrepreneurs Online



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## **Building Local Investment Capacity**

- 1. Institutionalization of Mexican Family Offices**
- 2. Creation of Local Institutional Capital Sources**
  - AFORES - Mexican Public Pension Funds
  - Fondo de Fondos
  - Insurance Companies
  - Small Cap Offerings on Bolsa de Valores (Mexican Stock Market)
- 3. Pioneer Venture Capital Funds**
  - Alta Ventures, Latin Idea, Ignia, Gerbera, Angel Ventures, Indigo
- 4. Education & Mentorship**
  - EGADE VC Class
  - Monterrey Venture Capital Conference - Tec de Monterrey
  - Kickstart Mexico Seed Program

# Tech Com 2.0: Supportive Public Policy Environment for MX PE/VC



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## Widespread Mexican Public Policy Support and Coordination for Mexico's PE/VC Industry

- Creation of **CKD's**. Public Pension Funds Now Investing.
  - ▣ July 2009, MX AFORES Invest—(Treasury & CNBV- Mexico's SEC)
- New Independent VC Fund of Funds (NAFIN & SE)
- New Private Tech Comm. Centers (CONACYT)
  - ▣ Alignment with Universities and R&D centers across Mexico
- Science and Technology Commercialization Law
  - ▣ (Mexico's Bayh–Dole Act, Updated June 12, 2009)
- SAPI Corporate Structure (Created in 2006 – CNBV)
  - ▣ Allowing shares to have separate classes of ownership.
- National Innovation Committee (CONACYT, SE)

## **New Programs in Process:**

- **PCT Patent Application Grant Fund**
  - ▣ (Funded and supported by Mexican Patent office)
- **New Small Cap Stock Exchange –**
  - ▣ in review (BMV Mexican Stock Exchange, NAFIN, IADB)
- **Tech Co-investment Fund. (CONACYT)**
  - ▣ Supporting Entrepreneurship and Networking
- And many others...



# Summary: Mexico's Funding Continuum

