

HARVARD BUSINESS CASE

START-UP CHILE

**Case Researcher
& Moderator:**

Dr. Josh Lerner
Jacob H. Schiff Professor of Investment Banking
Harvard Business School

Case Researchers:

HBS team

Special Guest:

Mr. Cristobal Undurraga
Head of Entrepreneurship
Corporación de Fomento de la Producción - CORFO

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CASE RESEARCHER & MODERATOR



Dr. Josh Lerner
Jacob H. Schiff Professor of Investment Banking
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Josh Lerner is the Jacob H. Schiff Professor of Investment Banking at Harvard Business School, with a joint appointment in the Finance and the Entrepreneurial Management Areas. He graduated from Yale College with a Special Divisional Major that combined physics with the history of technology. He worked for several years on issues concerning technological innovation and public policy, at the Brookings Institution, for a public-private task force in Chicago, and on Capitol Hill. He then earned a Ph.D. from Harvard's Economics Department.

Much of his research focuses on the structure and role of venture capital and private equity organizations. (This research is collected in three books, *The Venture Capital Cycle*, *The Money of Invention*, and *Boulevard of Broken Dreams*.) He also examines policies towards innovation, and how they impact firm strategies. (The research is discussed in the books *Innovation and Its Discontents*, *The Comingled Code*, and the forthcoming *Architecture of Innovation*.) He co-directs the National Bureau of Economic Research's Productivity, Research, and Innovation Program and serves as co-editor of their publication, *Innovation Policy and the Economy*. He founded and runs the Private Capital Research Institute, a non-profit devoted to encouraging data access to and research about venture capital and private equity.

In the 1993-94 academic year, he introduced an elective course for second-year MBAs on private equity finance. In recent years, "Venture Capital and Private Equity" has consistently been one of the largest elective courses at Harvard Business School. (The course materials are collected in *Venture Capital and Private Equity: A Casebook*, now in its fifth edition, and the textbook *Private Equity, Venture Capital, and the Financing of Entrepreneurship*.) He also teaches a doctoral course on entrepreneurship and in the Owners-Presidents-Managers Program, and organizes executive courses on private equity in Boston and Beijing. He is the winner of the Swedish government's 2010 Global Entrepreneurship Research Award and has recently been named one of the 100 most influential people in private equity over the past decade by *Private Equity International* magazine.

SPECIAL GUEST



Mr. Cristobal Undurraga

Head of Entrepreneurship
Corporación de Fomento de la Producción (CORFO)

Cristóbal Undurraga is, since January 2012, the Head of Entrepreneurship at Corfo, the Chilean Economic Development Agency and leader of the Chilean Government "2013 Innovation Program". Until December 2012, he was the Executive Director at InnovaChile, a sub-agency within Corfo.

Before joining the government, Mr. Undurraga lived in California where he was the Director of Project Development at Calera Corporation, a pioneer company in the conversion of CO2 emissions into building materials. In Chile he had been the CEO at Extend Communications -the leading PR firm in Chile- and during the dot com bubble was the COO at elarea.com, an online media company based in Chile and with operations in several Latin American countries.

Born in Santiago, Chile, Mr. Undurraga holds a civil engineering degree at Pontificia Universidad Católica de Chile and an MBA at Stanford University.



Start-Up Chile PPF 2012 Harvard Business Case

Questions from Professor Josh Lerner

This case examines an innovative effort to encourage entrepreneurship in Chile. In this program, which the government began in the fall of 2010, foreign entrepreneurs are encouraged to move to Chile with a stipend of \$40,000 a year, a one-year residency visa, and a dedicated team of seven people to provide guidance in navigating the business culture of the country. The case looks at the motivations for the effort, the key design choices made, and the challenges faced to date. The case will draw lessons regarding the appropriate role for the government in promoting entrepreneurship.

Please consider the following questions:

1. What were the Chilean government's goals in undertaking this effort?
2. How well did the implementation of this program meet these goals?
3. What areas of the SUC program could be improved or adjusted?
4. The funding of foreign entrepreneurs and venture capitalists has been a controversial area in many nations. Does such a strategy as undertaken here make sense? Could you implement such a policy in your nation?

Professors Lynda Applegate, William R. Kerr, Josh Lerner, and Dina D. Pomeranz; and Gustavo Herrero, Executive Director of the HBS Latin America Research Center and Cintra Scott, Research Associate at the HBS LARC prepared this case with the assistance of Senior Researcher Regina Garcia-Cuellar. HBS cases are developed solely as the basis for class discussion. Cases are not intended to serve as endorsements, sources of primary data, or illustrations of effective or ineffective management.

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Start-Up Chile: April 2012

We perceived the need to design a program to produce a cultural transformation amongst Chile's youth, encouraging them to engage in entrepreneurial activities. We felt that by bringing foreign entrepreneurs to Chile, we could create an ecosystem to foster innovation and connectivity.

—Hernán Cheyre, executive vice president of CORFO

Cristobal Undurraga, Stanford MBA'08, managed the Entrepreneurship Department at CORFO, the Chilean economic development agency. A few months earlier, in November 2011, he had been asked to pull together and coordinate all of CORFO's activities related to entrepreneurship, an increasingly high profile activity in the current administration.

Undurraga pondered how to tackle his new assignment. The Chilean government had launched a number of initiatives to enhance the country's competitiveness through technology, innovation and entrepreneurship, trying to move away from a commodity-driven economy to a knowledge-based society. One of these initiatives stood out in Undurraga's mind: Start-Up Chile (SUP). This effort drew entrepreneurs from around the world to Chile for at least a six-month period, where they worked intensively on their ideas.

Start-Up Chile was designed to change the mindset of Chile's youth, creating an ecosystem that favored entrepreneurial thinking, looking outside the confines of the Chilean borders. The program had been launched in August 2010. Its first steps had been promising, and Undurraga felt that it could be an excellent vehicle to craft the story that President Piñera had in mind for the third year of his administration. But at the same time, questions remained. While the initial versions of the program had encountered some implementation challenges, these were being successfully addressed. More daunting was ensuring that the program would lead to the creation of an entrepreneurial culture within Chile. "It is as if we are running 500 Startups," he mused, referring to the popular Silicon Valley-based incubator, "but what we really care about is the 501st startup." Getting SUP to increase the program's inter-connection with the Chilean business community and ensuring that this program became a key element of Chile's struggle for competitiveness were also matters of concern for Undurraga.

Professors Lynda Applegate, William R. Kerr, Josh Lerner, and Dina D. Pomeranz; and Gustavo Herrero, Executive Director of the HBS Latin America Research Center and Cintra Scott, Research Associate at the HBS LARC prepared this case with the assistance of Senior Researcher Regina Garcia-Cuellar. HBS cases are developed solely as the basis for class discussion. Cases are not intended to serve as endorsements, sources of primary data, or illustrations of effective or ineffective management.

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Chile

Chile was a medium size country in South America with 17.2 million inhabitants (the 60th most populous in the world).¹ Geographically, it resembled a ribbon of land—extending 2,700 miles (4,300 km) long and, on average, just 109 miles (175 km) wide—wedged between the Pacific Ocean to the west and the Andes Mountains to the east. To the north was the world’s driest desert—the Atacama—an area containing great mineral wealth, especially copper mines. The country’s population was largely concentrated in the capital city of Santiago, in the center of the country and in its agriculturally productive regions. Santiago de Chile’s metropolitan area was home to more than 7 million inhabitants (for a map see 1).

Colonized by the Spaniards in the 16th century, Chile had previously been under Inca rule in its northern and central regions and was dominated by the indigenous Mapuche in its southern region. Chile gained its independence from Spain in 1818. Its economy started to develop with a heavy dependence on the mining of silver and copper. Its population grew in the 19th century mainly by an immigration policy that brought middle- and upper-class Europeans to regions in south Chile.

In September 1973, a coupe d’état led by General Augusto Pinochet ended the Socialist government of Salvador Allende. Pinochet’s dictatorship was accused of political oppression and human rights violations. Pinochet’s neo-liberal economic model produced the “Chilean Miracle” with high economic growth. However, during this period, income inequality was reported to have deepened.² After 17 years in power, and following the results of a plebiscite (in which 56% of the population voted to end Pinochet’s rule), democratic elections took place in 1990. Left-wing coalitions were elected between 1990 and 2010. In 2010, Sebastián Piñera was elected as the first right-wing president in 20 years. Piñera, a Harvard-trained economist, was a successful businessman. Prior to becoming president, he owned Chilevisión, a Chilean television station, and had significant shares in LAN, the Chilean airline, and Colo-Colo, a football (soccer) team, among other economic interests.

Chile’s Economy

Copper mining was one of the pillars of Chile’s economy. Chile produced over one third of the world’s copper. The country had also become the second largest producer of salmon and the fourth largest wine exporter in the world. For decades, Chile had been known as the Latin American country with the soundest macroeconomic indicators (see **Exhibit 2**). Chile’s public finances and fiscal savings were strong. Chile was the 41st largest economy in the world. In 2011, its GDP was \$236 billion—the fifth largest in Latin America. Chileans enjoyed high standards of living, with a per capita GDP of \$17,380 (on a purchasing power parity-adjusted basis) in 2011—second only to Uruguay in the region.³ Unlike many countries in Latin America, the poverty rate in Chile was low. Only 1.2% of the population lived on less than \$2 dollars a day, as opposed to 5,5% for Latin America as a whole.⁴ However, income was distributed unevenly among its population: 43% of income was

1 Economist Intelligence Unit, www.eiu.com last viewed 3/12/2012.

2 Angell, Alan, *The Cambridge History of Latin America*, Vol. VIII, Cambridge, Cambridge University Press, p. 318, 1991.

3 International Monetary Fund, <http://www.imf.org/external/pubs/ft/weo/2012/01/weodata/weorept.aspx?pr.x=29&pr.y=13&sy=2011&ey=2011&sm=1&ssd=1&sort=country&ds=.&br=1&c=228&s=PPPEX&grp=0&a=>, last viewed April 23, 2012.

4 World Bank, “World Development Indicators,” www.worldbank.org, last viewed 3/12/2012.

held by the wealthiest 10% of the population, whereas the poorest 10% only had 1.2% of the income. Chile's Gini index⁵ was considered high, at 0.52.

Chile's Entrepreneurial Environment

Chile was ranked as the 31st most competitive nation by the World Economic Forum's *Global Competitiveness Report 2011-12*.⁶ It was the most competitive nation within Latin America, well above Brazil (53rd), Mexico (58th), and Argentina (85th).

The country was also highly ranked by the World Bank's annual *Doing Business Report*. This study reported on how easy or hard it was for an entrepreneur to run a small to medium-sized business complying with relevant regulations in the local economy. It ranked countries in 10 categories that included starting a business, dealing with construction permits, getting electricity, registering property, getting credit, protecting investors, paying taxes, trading across borders, enforcing contracts, and resolving insolvency.⁷ In 2012, Chile was ranked 39th out of 183 economies for its ease of doing business—again the highest-ranked country in Latin America. Chile's highest score was in the ease of starting a business, where it was ranked 27th, followed by protecting investors, where it ranked 29th. Its lowest score was in resolving insolvency, where it was ranked 110th. With regard to the ease of starting a business, Chile had improved over the past year by cutting the number of procedures and the number of days required to open a business. In the previous year, in order to protect investors' rights, Chile reformed its securities law to require greater disclosure in related-party transactions, and facilitated cross-border trade by implementing an online electronic data interchange system for customs operations (see **Exhibit 3** for Chile's *Doing Business* rankings compared to other Latin American economies and global top performers).

However, the Global Entrepreneurial Monitor (GEM),⁸ which studied entrepreneurship in 54 countries for its annual report in 2011, reported that "[Chile] exhibits a relative deficit related to internal market dynamics in comparison to other similar economies"⁹ (see **Exhibit 4**). The GEM report shed light on the barriers that Chilean entrepreneurs encountered. Many mentioned that access to credit was a frequent barrier. Moreover, entrepreneurs expressed concerns with the low transference of research and development into entrepreneurship. They felt that the interaction between universities and the market was very limited, inhibiting entrepreneurial firms in the adoption of newer technologies. Many found it surprising that 62% of new entrepreneurs and 75% of the established entrepreneurs did not use any new technologies. Also, entrepreneurs in Chile had a low international orientation. Half of new entrepreneurs had no international clients. This figure was

⁵ A high Gini coefficient indicates a high level of income inequality, 0.000 corresponds to perfect equality with everybody having the same income and 1.000 to perfect inequality with one person having all the income. Source: The World Bank.

⁶ *The Global Competitiveness Report* was a yearly report published by the World Economic Forum which ranked countries based on the Global Competitiveness Index. The Global Competitiveness Index measured both macro and microeconomic country indicators to assess how productively a country uses available resources. <http://reports.weforum.org/global-competitiveness-2011-2012> last viewed 3/14/2012.

⁷ www.doingbusiness.org last viewed 3/14/2012.

⁸ The Global Entrepreneurship Monitor was the largest study of entrepreneurship globally. It assessed entrepreneurial activities, aspirations, and attitudes towards entrepreneurship across a wide range of countries and produces global as well as country reports. Source: Global Entrepreneurship Monitor, www.gemconsortium.org, last viewed 3/15/2012.

⁹ Global Entrepreneurship Monitor 2011, www.gemconsortium.org, last viewed 3/15/2012.

even higher for established entrepreneurs, where 58% geared their products or services to the domestic market only.¹⁰

Government Approaches to Promote Entrepreneurship¹¹

Chile was not the first country to consider stimulating entrepreneurship. Many other countries had tried to do the same, with mixed results. In places such as Silicon Valley, Singapore, Tel Aviv, Bangalore, and the Chinese provinces of Guangdong and Zhejiang, enlightened public intervention played a key role in promoting entrepreneurship. However, for each of these successful government interventions there were many failures, where substantial public expenditure bore no fruit.

Government intervention had taken two main routes. The first one focused on creating a more hospitable environment in which entrepreneurs and venture capitalists could develop. Some of the more relevant interventions on this front were well defined legal rules and effective legal enforcement, ensuring access to cutting-edge technology, creating tax incentives, training entrepreneurs, and allowing technology to flow from academics and researchers to entrepreneurs. The second set of interventions was through increasing the availability of financing for entrepreneurs. This was done by improving venture capital market attractiveness or giving out direct public financing. Governments had often preferred giving out resources instead of creating a more hospitable environment for entrepreneurship as it was easier to hand out money than change regulations and create incentives. Nevertheless, it was also easier to fail at stimulating entrepreneurship by handing out resources, as governments could allocate funds inefficiently, or resources could end up in the wrong hands. There were many examples where well-intentioned resource allocations had not spurred entrepreneurship. However, experience also showed that cutting-edge entrepreneurship hubs often found their origin in pro-active government intervention.

Singapore was a clear example of a country which fostered entrepreneurship by creating a conducive environment for it. Soon after its independence in 1965, Singapore invested heavily in infrastructure with its port, subsidized its education system, increased spending on academic research, maintained an open and corruption-free economy, and established sovereign wealth funds for investments. Singapore also enhanced entrepreneurship through the provision of public funds for venture capitalists that established their operations in the city-state, providing subsidies for technology firms and for biotechnology researchers that located their labs in Singapore, and by providing awards for failed entrepreneurs with the idea of encouraging risk-taking. The subsequent economic development in Singapore was interpreted by many to be a result of the success of these policies. In 1965, Singapore had the same GDP per capita as Jamaica around \$2,650 (2006 US dollars). By 2006, Singapore's GDP per person had increased to \$31,400, while Jamaica's had grown only to \$4,800.

Another example of effective entrepreneurship promotion was New Zealand. In 1999, the newly elected Prime Minister, Helen Clark, observed that New Zealand depended heavily on the production and export of commodities and that knowledge-based industries played a small role in the economy. Clark's administration enhanced innovation through the country's venture capital market, founding the New Zealand Venture Investment Fund (NZVIF). The NZVIF was created with public resources to be invested in local private venture capital funds to support early stage ventures.

¹⁰ Global Entrepreneurship Monitor: Reporte Nacional de Chile 2010, www.gemconsortium.org, last viewed 3/15/2012

¹¹ This section is based on Josh Lerner, *Boulevard of Broken Dreams: Why Public Efforts to Boost Entrepreneurship and Venture Capital Have Failed –and What to Do About It*, Princeton University Press, 2009.

Rules were created to ensure the effective utilization of the funds, such as the requirement that matching private funds be brought in on similar terms as the government capital. The funds were geared toward early-stage companies only and every government dollar had to be matched by two dollars from the private sector.

Israel was also able to create a dynamic venture capital market to promote entrepreneurship. In 1992, when 60% of entrepreneurs failed for lack of capital, though their products were technically apt, the Israeli government established a \$100 million public venture capital fund named Yozma Venture Capital Ltd. At the time, Israel was known as the country with the largest concentration of engineers and the highest spending on research and development. However, the number of new ventures was not growing as entrepreneurs were having trouble accessing funds.¹² There were few venture capital funds, and Israeli would-be entrepreneurs were suspicious of venture capitalists, due to their past interactions or general skepticism of selling equity to unaffiliated parties. Most entrepreneurs preferred to rely on bank debt to finance their ventures, but bank financing was rarely available for risky new endeavors. The key goal of Yozma was to bring foreign venture capitalists' investment and expertise to Israel, to overcome the problems faced by local entrepreneurs. The Yozma fund was designed so that the government would match investments of \$20 million with \$8 million. Private venture capitalists were given the option of buying the government stock after a five-year period for the initial amount plus a 5% to 7% interest allowing the private investors to keep the upside. Furthermore, the administration of the Yozma fund was made very simple so that there were no cumbersome processes to comply with. The legal structure was modeled after standard practices in the United States, such as 10-year fund life, limited partnerships and "flow through" tax status so that foreign investors would feel comfortable. The results of the Yozma fund were positive: 10 original investor groups came from the United States, Western Europe, and Japan, earning high returns which incentivized more funds to follow. Ten years after the creation of Yozma, the Israeli venture capital market had expanded to include 60 groups managing approximately \$10 billion.¹³ The success of the program could also be seen by the ratio of venture capital investment to GDP (see **Exhibit 5**) and by the fact that Tel Aviv surpassed Boston and trailed only San Francisco in terms of the area with the most venture capitalists.

From Earthquake to Start-Up

The origins of Start-Up Chile lay, paradoxically, in the massive earthquake that struck Chile in February 2010, the sixth largest in recorded history, which caused over \$15 billion in damages. The disaster took place after Sebastian Piñera had been elected to succeed Michelle Bachelet as President of Chile, but before the transfer of power in March 2010. It strongly affected Nicolás Shea, a fourth-generation Irish immigrant to Chile and an entrepreneur at heart. At age 34, in 2008, he decided to pursue a Sloan Masters at the Stanford Graduate School of Business. Shea recalled: "After graduating, I decided to stay in Silicon Valley and expand my company (eClass) throughout Latin America. In February of 2010, I got a call from the newly appointed Minister of Economy, Juan Andrés Fontaine, to join his staff as his entrepreneurship advisor. I wasn't quite sure about going back, but two days later, the earthquake struck; I lost two very close nephews in the tsunami. My family and I decided to go home, and see what we could do to help."

¹² Dan Senor and Saul Singer, *Start-up Nation: The Story of Israel's Economic Miracle*, Hachette Book Group, 2009.

¹³ Josh Lerner, *Boulevard of Broken Dreams: Why Public Efforts to Boost Entrepreneurship and Venture Capital Have Failed –and What to do About it*, Princeton University Press, 2009.

Juan Andrés Fontaine, a University of Chicago-trained economist, had been appointed minister of Economy by President Sebastián Piñera. He commented:

President Piñera had made innovation and entrepreneurship the cornerstones of his policy. We perceived that we needed a program to encourage Chile's youth to dare to engage in entrepreneurial activities. Chile is a small country, and we all pretty much know each other. Someone recommended Nico Shea to me, and after I met him I knew he was the right man for the job. I appointed him as an advisor to the minister, and asked that he come up with a plan to create an ecosystem that would favor bottoms-up initiatives by young entrepreneurs. We decided to work through the Chilean development agency CORFO (Spanish acronym for *Corporación de Fomento a la Producción*).

Hernán Cheyre, executive vice president and CEO of CORFO, shared Minister Fontaine's vision:

If we could attain an average GDP growth of 6% per year for ten years, Chile would join the ranks of developed nations in the world. In the previous decade to 2010, we had grown at a pace of less than 4% per year. We needed to step up our labor productivity to improve our growth. R&D was low, and there was no culture of innovation amongst Chile's younger generations.

José Miguel Benavente, vice president of the *Consejo Nacional de Innovación para la Competitividad* (National Council of Innovation for Competitiveness), a multi-disciplinary advisory board to the government of Chile, had a similar view. Benavente was a professor at Universidad Adolfo Ibáñez and a researcher at Universidad de Chile. He stated:

I have been doing research that suggests that R&D returns in Chile, corrected for risk, are between 30% and 45% per annum. That is double the return of normal investments, which yield returns of 18% to 30%. Yet R&D is very low: 0.4% of GDP, with only 30% to 35% of it being done by the private sector. Innovation does not seem to be in the agenda of the business sector in Chile.

CORFO

CORFO was the Chilean economic development agency. It had been created in 1939 to lead the reconstruction of Chile after another devastating earthquake that had followed the Crash of 1930, before the country could get back up on its feet. Over the years, CORFO had become a flexible instrument to execute government policies. Through the disbursement of credits, direct intervention, or capital injections, it had helped create many national companies such as the Chilean electricity company, the national oil company, the Pacific Iron Company, and the national sugar industry.¹⁴ CORFO also supported the development of the mining, agriculture, trade, and transport industries. When the Allende government nationalized various companies that provided public services, they had been placed under the purview of CORFO, which ended being responsible for over 500 production entities. During the Pinochet regime, those companies were privatized or returned to their original owners.

¹⁴ National electricity company Endesa (*Empresa Nacional de Electricidad*), the national oil company ENAP (*Empresa Nacional del Petróleo*), the Pacific Iron Company CAP (*Compañía de Acero del Pacífico*) and the national sugar industry Iansa (*Industria Azucarera Nacional*).

Since 1982, Chile experienced notable economic performance. This led CORFO to change its focus: “In the light of the strengthening of the private sector, to address the investments that are necessary for Chile’s continued progress, CORFO redefined its mission, away from production promotion onto the development of competitive attributes of Chilean companies, especially smaller ones.”¹⁵ Among other areas, its focus included entrepreneurship, innovation, technology transfer, and scientific and technical education. In 2004, the Chilean government had initiated a special copper mining tax to fund investments in innovation, much of which was spent by CORFO through its InnovaChile program. CORFO was managed by an executive vice-president, Hernán Cheyre, and its board of directors was formed by the ministers of Finance, Foreign Relations, Agriculture, Planning, and Economy.

The Innovation and Entrepreneurship Division

Shea determined that the best approach was to work with the groups that were already focused on entrepreneurship. At the time, CORFO had a subsidiary called InnovaChile, which helped entrepreneurs, commercial entities, universities, R&D centers, NGOs and government agencies to promote innovation. He invited his old-time friend and classmate Cristóbal Undurraga to join the effort, and Undurraga became executive director of InnovaChile and manager of Innovation and Entrepreneurship at CORFO in May 2010.

Shea and Undurraga worked on a plan to create a program that would favor new entrepreneurial activity in Chile. Shea recalled:

In spite of various positive readings of Chilean entrepreneurial activity, we perceived that it was not easy for entrepreneurs to start new businesses. There was a lot of bureaucracy, venture capitalists were slow and demanding, and banks were not prepared to assume risks that were typical of start-ups.

In politics, it is not obvious to give money to people that don't vote, but we remembered that Vicente Pérez Rosales had given out land in the 19th century to Northern European immigrants to foster the development of our agricultural potential. The philosophy then was ‘if you don’t have it and cannot make it fast enough, import it.’ The policy was successful. We figured ‘why not do the same with entrepreneurs.’ Instead of land, give them a working visa, working capital, office space and access to talent and local networks.’¹⁶ And off we went to create Start-Up Chile.

“My Stanford friends and I had been brainstorming ways to connect Chilean funding with globally minded entrepreneurs for the past 6 months, and doing it from within government seemed to be a unique opportunity,” said Shea. “When, in March 2010, I had my first meeting with Minister Fontaine, I assumed I had some leverage for at least one disruptive idea, and I used it to pitch Start-Up Chile. He said, ‘it seems fine.’ When you say ‘fine’ to an entrepreneur, that’s all that’s needed to be off and running!”

¹⁵ CORFO’s web page, http://www.corfo.cl/acerca_de_corfo/que_es_corfo/historia, last viewed March 20, 2012.

¹⁶ Vicente Pérez Rosales (1807-1886) was a Chilean politician, traveler, merchant, and diplomat who promoted the colonization of parts of Chile by European immigrants. The Vicente Pérez Rosales National Park, in Llanquihue, was named after him.

Starting Start-Up Chile

Start-Up Chile was a program launched in August 2010 to attract early-stage, high-potential entrepreneurs to bootstrap their ventures in Chile. Its goal was to convert Chile into an innovation and entrepreneurial hub in Latin America, one that could connect with the centers of innovation of the world, such as the Silicon Valley.

The program gave each entrepreneur \$40,000 of seed capital (the entrepreneurs had to provide matching funds of at least 10% of the money the government provided), a temporary one-year visa, social security, a bank account, and a work space that included a desk and wireless Internet connection. The founders of each project were required to come to Chile for at least six months. The program also gave entrepreneurs access to social networks inside and outside the country, including local entrepreneurial mentors and visitors from overseas. The government did not ask for any equity in the new firms in exchange for these funds, as incubators traditionally required; rather, they were asked to contribute in a variety of ways to the building of an entrepreneurial culture in Chile, as described below.

The program was initially targeted to both foreign entrepreneurs and Chileans who were developing their projects abroad. (In the initial round, Chilean residents could not apply, but Enrique Fernández, a Chilean living in Germany, was one of the 24 initial beneficiaries; this limitation was relaxed in later rounds.) Shea, Undurraga, and Jean Boudeguer (formerly an online marketing manager with the airline website LAN.com, who became the CEO of the program in September 2010) believed that interaction among founders and between founders and local entrepreneurs was the best way to transform the Chilean culture.

“Many people raised their eyebrows when they learned that we would be giving money away to foreigners,” recalled Undurraga. “‘Those guys don’t even vote!’ they said, but the amount of money was modest.”

Conrad von Igel, a social entrepreneur who had obtained his Master’s degree at Columbia’s School of International Public Affairs, had joined Fontaine as advisor and head of the Innovation Division of the Ministry of Economy. Von Igel had followed the SUP project since its inception. He, too, said “In fact, we could have launched a program of 100 entrepreneurs from the outset. But the amount of money that we set out to spend was relatively small as we chose to be very cautious, and only launched 24 startups from 14 countries in the pilot round.” “It could be considered a modest marketing campaign for Chile,” continued Undurraga “Besides, CORFO was providing local entrepreneurs with support through other programs—they could access, through incubators, seed funds for up to \$100,000, venture funds supported by CORFO, and other grants for technology transfer, prototyping, and innovation.”

Start-Up Chile outsourced the selection process to YouNoodle, a consulting start-up in California that resorted to Silicon Valley experts who classified candidates using three criteria: the quality of the founding team, the merits of the project, and the impact that it was likely to have on Chile’s entrepreneurial environment. The final decision was to be made by InnovaChile.

“We didn’t even demand that the projects be based on traditional Chilean competitive advantages, such as forestry, mining, fruit growing, or salmon farming,” said Boudeguer. “Ours was a ‘shake a tree policy.’ We decided we’d rather focus on the quality of the entrepreneurs, and see what came out.” “We did not aspire to a silver bullet,” added Undurraga; “we were hoping to have as many and as varied successful projects as possible.”

There was no major publicity effort behind the launching of the program. “We basically went to TechCrunch¹⁷ and social media,” said Boudeguer. “We hosted the first cohort of 24 at CORFO’s library, in an open space. We soon started getting inquiries from everywhere, and we realized that we were onto something. Our goal was to reach 1,000 startups by 2014, and it started to seem feasible.”

Not everything worked seamlessly, though. There were typical early “birth” pains.” At first,” said Boudeguer, “we asked entrepreneurs to submit their expenses, capping them to the pro rata share of the \$40K that we had committed to give them. But it turned out not to be an efficient method. Obtaining approval for the reimbursement of small expenses was cumbersome. Eventually we came up with a \$700 per month stipend that recipients could spend as petty cash.”

The program grew, and the CORFO library proved not to be large enough, and InnovaChile set out to find new space. Movistar, Spain’s Telefonica mobile operator, offered Start-Up Chile the use of its Movistar Center for Innovation as its base at no cost, and Start-Up Chile grew to a capacity of around 500 people. (See **Exhibit 6** for pictures of the meeting space and SUP participants at various events.)

The Community

Creating a community that would favor entrepreneurial activity and contribute to a change in culture in the local environment was one of the expressly defined objectives of Start-Up Chile. Meetups¹⁸ were chosen as a way of bringing people together. These were meetings where people were convened (both SUP entrepreneurs and local interested parties), and members of the program shared their experience and challenges, asking for feedback.

Enrique Fernández, the Chilean expatriate who was part of the pilot “class” of Start-up Chile entrepreneurs said: “Failure brings negative consequences in Chile; both legally and socially. Hence, entrepreneurs are afraid to share, and they end up with no feedback on what they are doing. Meet-ups are an excellent way to break that barrier.”

Boudeguer stated, “When we summoned the first meet-up, we did it on Twitter, and we didn’t know what to expect. We got 20 people to come. We now have up to three meet-ups a week, in Santiago and in other regions of the country, and we run an average of around 60 participants in each. We don’t have a budget for them. Each participant pays their own expenses, and we encourage vendors to show up to sell beer and coffee to the attendees at affordable prices.”

Shea commented: “The program got traction, and people started coming from everywhere. The other day I got a call from an Israeli entrepreneur who said ‘I am coming. I am not waiting for the selection process. I am crashing the party!’ Crashing the party was consistent with the purpose of creating a vibrant entrepreneurial community, so we allow anyone who is interested to come.” “When I was in the Silicon Valley, I was saddened to see brilliant entrepreneurs who were forced to leave on account of visa issues. We shouldn’t let that happen in Chile; ours will be an open community to all” he added.

¹⁷ TechCrunch was a well-read technology blog found online at <http://techcrunch.com/>.

¹⁸ Meetup was described as the world’s largest network of local groups on its global website, meetup.com. Through its online platform, the global group facilitated the start-up of local groups in Chile for Start-up Chile entrepreneurs.

Giving Back

Measuring returns was a traditional challenge for any public policy. The “shake a tree” philosophy behind SUP, and the community-building objectives set forth, made the measuring of impact particularly difficult.

To address that challenge, Start-Up Chile created a return value agenda (RVA) that measured the contributions that entrepreneurs made to the Chilean entrepreneurial culture. The RVA used a currency of “points” that were earned in various ways. During their stay in Chile, entrepreneurs had to accumulate 4,000 points by participating in local events, presentations, workshops and university classes in which they transferred their knowledge and global vision. They could also earn points by participating in meetings with companies where entrepreneurs presented their business model or by mentoring students.

The RVA point system led to over 300 talks done by entrepreneurs to high schools, universities, municipalities, and various other types of engagements in the first 18 months of the program. Over 100 meet-ups had been held in Santiago and five regions.¹⁹ There were also corporate meet-ups with firms such as Falabella, Entel, 3M, Interclínicas, Masisa, Chilquinta, Banco de Chile, Sernatur, Du Pont, and Metro S.A. There were 2,100—mostly Chilean— people who had gone through the meet-ups, 4,200 friends on Facebook, and 9,700 followers on Twitter, from all over the world. More than 50 Chilean entrepreneurs had been mentored by SUP participants, some of them for over 50 hours.

Using a more material scorecard, around \$8 million had been raised by SUP entrepreneurs since its creation, from American, Argentinean, and Mexican investors. According to a writer on the Entrepreneurship.org website, “Beyond the powerful network of mentors, entrepreneurs and local talent it has created, the program [SUP] is putting Chile on the maps of investors.”²⁰ SUP projects (including those who had subsequently relocated elsewhere) had achieved sales of \$550,000 and they employed 228 people.

In addition, there were some unexpected benefits. George Cadena (an American entrepreneur from the first round that had also stayed on in Chile) and Enrique Fernández had teamed up to organize social enterprise meet-ups, where social entrepreneurs brought their ideas and challenges and the community rallied around them to help. Cadena and Fernández also developed 12 “teaching cases” for their visits to universities elsewhere in the country, to discuss entrepreneurship with the students. They created a program formerly called DEPE (*De Emprendedores para Emprendedores* – From Entrepreneurs for Entrepreneurs), now Realstarters.com, to provide skill sets to local entrepreneurs. Fernández reflected: “There was low proclivity of universities outside of Santiago to promote entrepreneurial activity.”

For some, like Bernardo Porto, a Brazilian creator of a real-time analytics platform, there were so many networking events to attend that the temptation was to get distracted from the daily work of being an entrepreneur. “It’s great that networking events are growing so popular here,” he said, “but it’s also important for people to learn how to balance work with networking. It is easy to lose focus if one attends all the activities that are programmed.”

¹⁹ Chile’s first-level administrative divisions were 15 regions.

²⁰ *Start-Up Chile’s Global Footprint*, Jonathan Ortmans, April 16, 2012. Accessed on <http://www.entrepreneurship.org/en/Blogs/Policy-Forum-Blog/2012/April/Start-Up-Chiles-Global-Footprint.aspx>, last viewed on April 20, 2012.

Yet, Nicolás Martelanz, Chilean founder of Motion Displays, a developer of integrative communication solutions for large-scale multi-touch platforms, felt that “SUP provides an incredibly collaborative community. Rather than competing against each other, we all help each other with our respective endeavors. This way we end up learning a lot more, and receiving great value from the network.”

James Kennedy, an Irish entrepreneur who had come with his wife, was also a big fan of the program.

SUP changed my life. My wife and I had started a business that provided ‘voice-overs’ to advertising agencies. We had 700 voice-overs in our portfolio. Soon after we came to Santiago, we realized that it was not a business that could scale. Our clients only made 9,000 Euros a year from voiceover work, and there were not enough of them to make it up in volume. Now my wife Priscilla runs the business and I started a new venture that seems a whole lot more promising: I created a website through which I connect mining-rights owners with exploration companies and foreign investors. I had to develop a due diligence matrix with municipalities and land registry to ascertain who owns the property, how much exploration took place, the proclivity to sell, etc. These are big ticket items.

Shea reflected “We found millions of positive externalities once the program got going – most of which we had not foreseen at the outset. It’s a once in a lifetime opportunity. The program has afforded entrepreneurs with six months of free runway, postponing their need to dip into the investment community, and allowing some to raise money later at higher valuations.”

Changing of the Guard?

In July 2011, President Piñera faced serious challenges caused by street protests that questioned the government’s educational policies.²¹ These events led the President to reshuffle his cabinet. Minister Fontaine, who was an independent technocrat, was replaced by Pablo Longueira, a senator who was one of the leaders in the governing coalition. Nico Shea had decided to focus his energy on one of his personal ventures the month before, and had left the ministry. Some wondered whether the movement that had begun with Start-Up Chile would lose pace.

But the program was on its feet and continued to grow, enjoying a positive reputation in Chile and worldwide.²² By June 2012, 323 entrepreneurs would be hosted by Start-Up Chile, including the pilot round and three additional waves. The business segments that accounted for the largest share of projects were social media and e-commerce, followed closely by education. The geographic origin of the participants was diverse. Chilean applicants had been admitted since the second round, and there

²¹ According to the prestigious think tank Centro de Estudios Públicos (CEP), President Piñera’s approval rating had plummeted to 23% on December 29, 2011 (down from 48% when he first took office in 2010), following the widespread street protests for educational reform in Chile. It was the lowest approval rating experienced by a Chilean president in the 21 years since CEP started to measure it. Piñera’s term was due to end in March 2014, and while the Constitution banned consecutive re-elections, the current government was eager to pave the way for a next president from the same political coalition.

²² See, for instance, <http://www.forbes.com/sites/worldviews/2011/07/08/need-funding-for-a-startup-with-global-appeal-start-up-in-chile/>; <http://www.bbc.co.uk/news/business-15887000>; and <https://tctechcrunch.wordpress.com/2010/12/18/chile%e2%80%99s-grand-innovation-experiment/>, all last viewed April 26, 2012.

were 49 Chileans in rounds 2 and 3. Beginning in 2012, InnovaChile had stepped up the pace to 300 entrepreneurs a year, in cohorts of 100 each. (See **Exhibit 7** for selected measures of program participants and performance as of April 2012, and **Exhibit 8** for a summary of Start-Up Chile's staff and advisory board as of April 2012.)

During a December 2011 reorganization of CORFO, Undurraga was put in charge of all entrepreneurial programs, while von Igel was transferred to CORFO from the Ministry of Economy to supervise innovation (mainly technology transfer and corporate innovation). Two other departments were responsible for competitiveness (small and medium-sized enterprises) and funds (VC, PE and financial programs).

On March 12, 2012, Jean Boudeguer, true to his entrepreneurial inclinations, left SUP to work on a new endeavor with Shea. Horacio Melo, deputy director, was made executive director of the program. Melo set out to prepare the first ever "demo day" (where entrepreneurs would pitch their companies) for Silicon Valley investors on May 23, 2012. The process started with several internal demo days at which entrepreneurs presented to their peers. These were to be followed by a demo day for Chilean investors, in preparation for the May 23 event.

What Next?

Cheyre was satisfied with how the program was evolving. "When we launched in August 2010," he said, "we decided to aim at 1,000 projects by 2014, and we are well on our way to accomplish that target. But we were not really interested in the 1,000 projects; our true objective was to create an entrepreneurial ecosystem that would transform the culture of our youth. In that sense, I think results have surpassed our expectations."

Yet, the program was not exempt from criticism. Even those responsible for its design and execution felt that it was still lacking in establishing a robust connection with the Chilean business community.

Entrepreneurs also highlighted the bureaucracy involved in the reimbursement process. Such was the case of Jennifer Turliuk, a Canadian entrepreneur who created an online marketplace for services. "While the program requires you to contribute \$4,000 of your own money to get the \$40,000, in reality you need something like \$10,000, because you need that kind of float til you collect your first reimbursement," she said.

Some also contended that the participants should be held more accountable for how they spent their time during the course of the program. Such was the case of Roberto Gluck, Argentinean founder of The Social Radio, which converted its users' Twitter streams into a radio-like experience, who opined: "Some participants are not really committed to their projects, nor to SUP. I think the selection process should be improved."

Undurraga wondered how Start-Up Chile ought to evolve. Could they do a better job at measuring the results obtained by the program? Had the objectives set forth by the government been accomplished? Was it time for the public sector to retreat, leaving room for private venture capitalists to take over? Melo added another source of concern: how could SUP integrate its alumni into a vibrant community?

At the current pace, the program would meet the target of hosting 1,000 startups by 2014. Should the government consider ramping up the numbers? What was the tradeoff between quality and quantity, if any? Undurraga had always felt that he'd rather see 1,000 million-dollar projects emerge

from Start-Up Chile than one billion-dollar project, but he knew that there was power in the role-modeling examples set forth by great entrepreneurs. Von Igel believed that “though the program is evolving favorably on average, a couple of good blockbusters could have a very favorable impact, and I wonder whether the chances of generating blockbusters are better served by ramping up the number of projects or by being more selective...”

There was also the question of how Start-Up Chile fit into CORFO's evolving program portfolio. CORFO had programs that supported venture capital funds and small and medium-sized companies. Nicolás Sorensen, investment manager at CORFO, had launched two such funds in January 2012: one for early-stage venture investors and one for growth-oriented investors, leveraging the government's money. CORFO would invest \$300 million in matching funds, which would lead to funds totaling \$700 million to be made available for Chilean investment projects. These would allow investors to achieve a better upside, particularly given the high matching rate in the early-stage program. By April 20th, 2012, nine applications for \$180 million had been filed, with seven from Chile. Two of the applications were due to be discussed at the May board meeting. "This money will bridge the gap between SUP and the investment community," said Sorensen.

CORFO also had a program named Global Connection, that supported Chilean entrepreneurs who wished to incubate projects abroad. In addition, the government had passed a tax credit law for R&D, and had invited foreign research centers of excellence to establish operations in Chile. "We are trying to cover the full spectrum of support required by the innovation value chain," stated Cheyre.

Undurraga wondered whether the measures that had been taken, and those that the task force was working on, would have a profound effect on Chile's economic development and its future growth.

Exhibit 1 Map of Chile



Source: University of Texas Libraries, <http://www.lib.utexas.edu/maps/chile.html> last viewed 5/1/2012.

Exhibit 2 Chile's Macroeconomic Indicators

	2011
Population million ^a	17.3
Population growth (% change pa) ^a	0.9
% urban population ^b	89.0
Recorded unemployment (%) ^a	6.6
GDP (bn US \$) ^a	236.3
Exports of G&S (% GDP) ^a	41.8
Copper exports (% total exports)	52.8
GDP (% real change pa) ^a	6.2
GDP per head (at PPP) ^a	16,170
Consumer price inflation ^a	3.3
Exchange rate (pesos per dollar av) ^a	483.6
Lending interest rate % ^a	9.0
Labor productivity growth % ^a	3.3
Primary balance (% GDP) ^a	2.0
Budget balance (% GDP) ^a	1.6
Public debt (% GDP) ^a	10.7
Debt interest payments (% GDP) ^a	0.4
Current account deficit ^a	-1.6
Gini coefficient ^c	0.52
Population under US \$2 per day % ^c	2.7
Population under poverty line % ^c	15.1

* Estimates

Source: a) Economist Intelligence Unit, www.eiu.com last viewed 3/12/2012, b) Data for 2010. Source: World Bank Indicators, www.worldbank.org last viewed 3/12/2012 c) Data for 2009. Source: World Bank Indicators, www.worldbank.org last viewed 3/12/2012.

Exhibit 3 Ease of Doing Business Comparatives

	Chile DB12 (39)	Chile DB11 (43)	Argentina DB12 (113)	Brazil DB12 (126)	Mexico DB12 (52)	Uruguay DB12 (166)	Best performer DB12
Starting a Business (rank)	27	62	146	120	75	32	New Zealand
Procedures (#)	7	8	14	13	6	5	Canada (1)
Time (days)	7	22	26	119	9	7	New Zealand (1)
Cost (% income per capita)	5.1	6.8	11.9	5.4	11.2	24.9	Denmark (0)
Dealing with construction permits	90	87	169	127	43	153	Hong Kong, China
Procedures (#)	17	17	25	17	10	27	Denmark (5)
Time (days)	155	155	365	469	81	234	Singapore (26)
Cost (% income per capita)	79	87.5	107.7	40.2	333.1	74.4	Qatar (1.1)
Getting Electricity	41	41	58	51	142	7	Iceland
Procedures (#)	6	6	6	6	7	4	Germany (3)
Time (days)	31	31	67	34	114	48	Germany (17)
Cost (% income per capita)	77.6	82.5	20.4	130.3	395.5	15.9	Japan (0)
Registering Property	53	46	139	114	140	165	New Zealand
Procedures (#)	6	6	7	13	7	8	Portugal (1)
Time (days)	31	31	53	39	74	66	Portugal (1)
Cost (% income per capita)	1.3	1.3	7	2.3	5.3	7.1	Slovak Republic (0)
Getting Credit	48	75	67	98	40	67	United Kingdom
Strength of legal rights (index 0-10)	6	4	4	3	6	4	New Zealand (10)
Depth of credit information (index 0-6)	5	5	6	5	6	6	Japan (6)
Public registrey coverage (% adults)	35.6	30.9	35.9	36.1	0	28.6	Portugal (86.2)
Private bureau coverage (% adults)	25.8	22.9	100	61.5	98.1	100	New Zealand (100)
Protecting Investors (rank)	29	28	111	79	46	97	New Zealand
Extent of disclosure (index 0-10)	8	8	6	6	8	3	France (10)
Extent of director liability (index 0-10)	6	6	2	7	5	4	Singapore (9)
Ease of shareholder suits (index 0-10)	5	5	6	3	5	8	New Zealand (10)
Strength of investor protection (index 0-10)	6.3	6.3	4.7	5.3	6	5	New Zealand (9.7)
Paying taxes (rank)	45	42	144	150	109	160	Canada
Payments (# per year)	9	9	9	9	6	53	Norway (4)
Time (hours per year)	316	316	415	2600	347	336	Luxembourg (59)
Total tax rate (% of profit)	25	25.3	108.2	67.1	52.7	42	
Trading across borders (rank)	62	59	102	121	59	125	Singapore
Documents to export (#)	6	6	7	7	5	9	France (2)
Time to export (days)	21	21	13	13	12	17	Hong Kong, China
Documents to import (#)	6	6	7	8	4	9	France (2)
Time to import (days)	20	21	16	17	12	22	Singapore (4)
Cost to import (US\$ per container)	795	745	1810	2275	1780	1130	Malaysia (435)
Enforcing Contracts (rank)	67	66	45	118	81	103	Luxembourg
Procedures (#)	36	36	36	45	38	41	Ireland (21)
Time (days)	480	480	590	731	415	720	Singapore (150)
Cost (% of claim)	28.6	28.6	16.5	16.5	32	19	Bhutan (0.1)
Resolving Insolvency (rank)	110	96	85	136	24	50	Japan
Time (years)	4.5	4.5	2.8	4	1.8	2.1	Ireland (0.4)
Cost (% estate)	15	15	12	12	18	7	Singapore (1)
Recovery rate (cents on the dollar)	25.5	28.2	32.9	17.9	67.1	43.4	Japan (92.7)

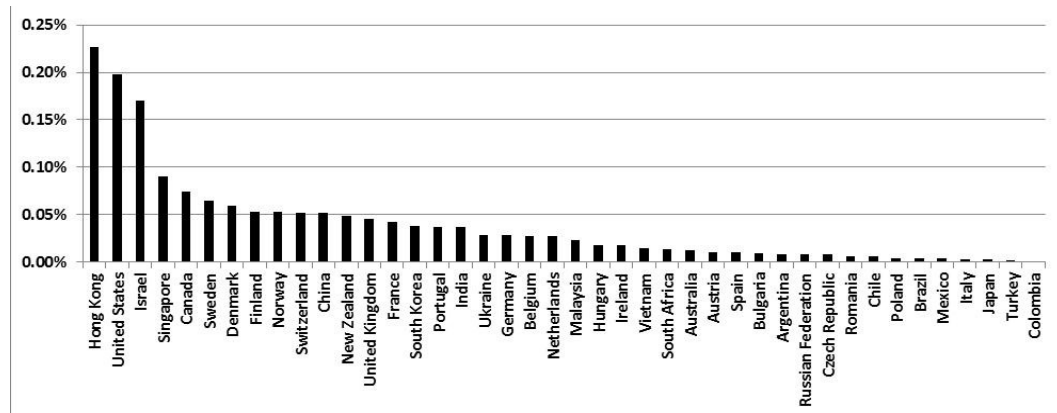
Source: Doing Business, www.doingbusiness.org last viewed 3/15/2012.

Exhibit 4 Entrepreneurship Characteristics (Across Selected Countries)

	Perceived opportunities	Perceived capacities	% population that perceives good opportunities to start a business	% of the population that is not involved in entrepreneurship	Entrepreneurship as desirable career	High status of successful entrepreneurs	Media attention to entrepreneurship
Argentina	50.3	63.5	21.3	21.0	74.3	67.1	61.7
Brazil	48.1	57.9	33.2	26.5	78.0	79.0	81.1
Chile	65.0	65.6	22.1	38.3	87.4	71.2	45.7
China	36.2	42.3	32.0	26.9	70.0	76.9	77.0
Colombia	68.2	65.1	27.7	41.3	88.6	75.9	66.7
Israel	35.2	41.6	46.0	14.1	61.3	73.0	56.3
Mexico	55.6	64.6	33.4	22.3	69.4	62.8	54.0
Peru	71.4	76.5	34.0	39.6	82.0	76.8	81.2
South Korea	13.0	29.0	32.5	10.1	67.6	71.3	61.4
United States	34.8	59.5	26.7	7.7	65.4	75.9	67.8

Source: Adapted from The Global Entrepreneurship Monitor GEM, Reporte Nacional de Chile, 2010, www.gemconsortium.org, last viewed 3/15/2012.

Exhibit 5 Venture Capital Investing as Percentage of GDP, 2010



Source: Adapted from Josh Lerner, *Boulevard of Broken Dreams: Why Public Efforts to Boost Entrepreneurship and Venture Capital Have Failed –and What to do About it*, Princeton University Press.

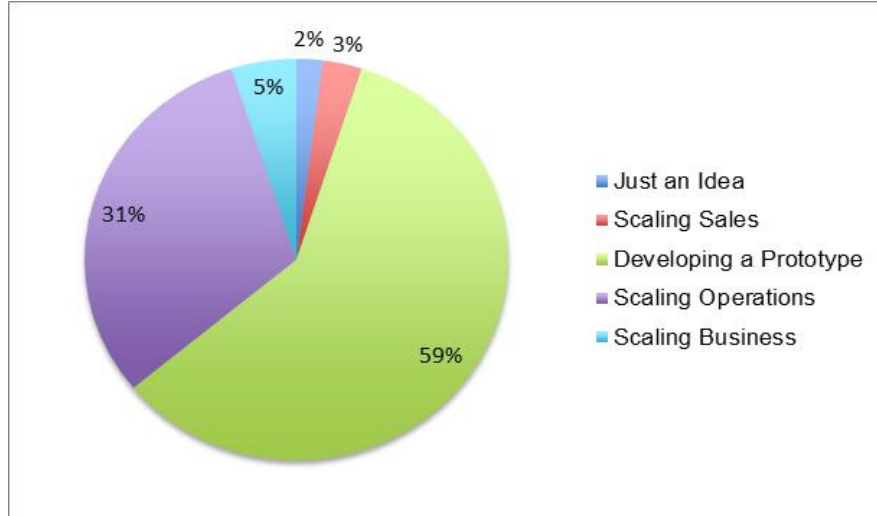
Exhibit 6 Photographs of Start-Up Chile Events and Participants



Source: Company documents.

Exhibit 7 Selected Measures of Program Participants and Performance, as of April 2012

Stage of Development of Participants' Projects at Time of Application (All Waves)



Industries of Start-Up Chile Entrepreneurs

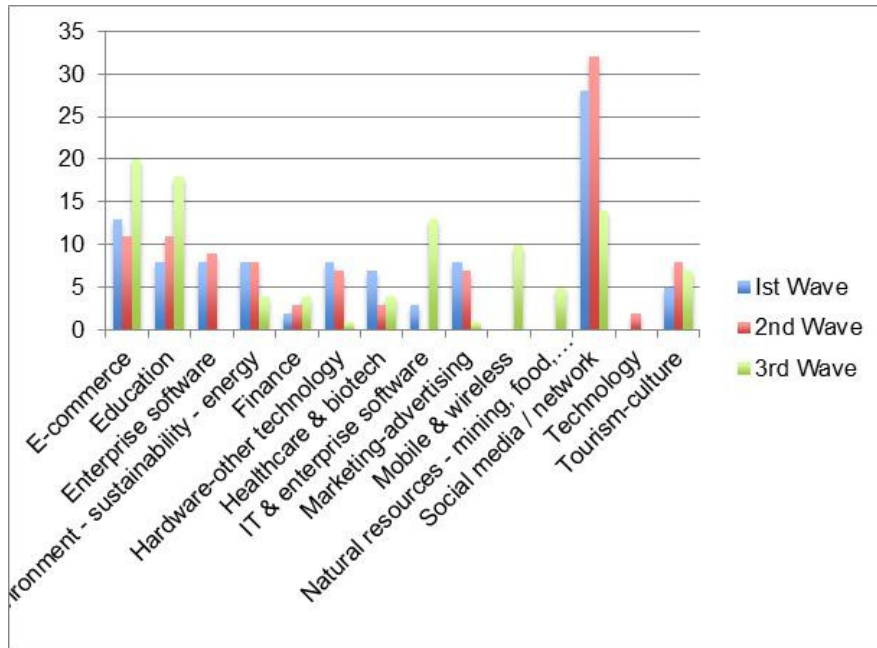
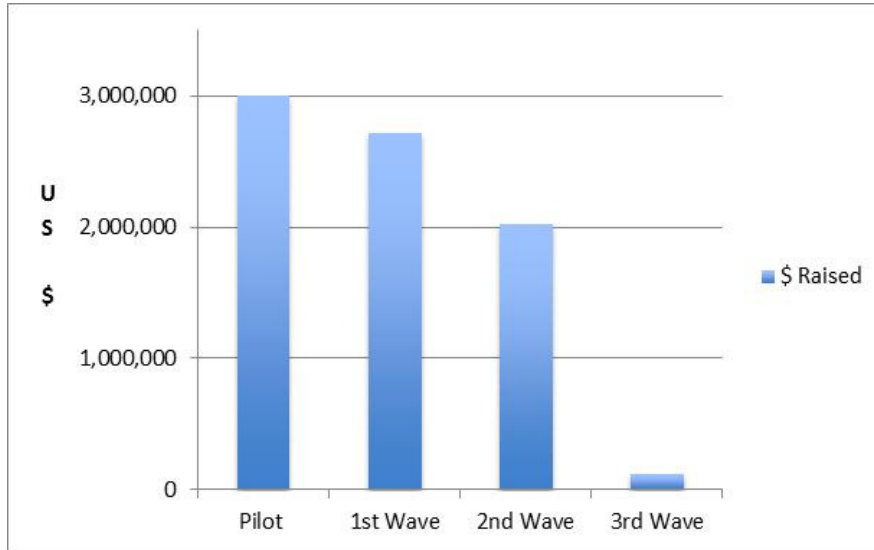


Exhibit 7 Selected Measures of Program Participants and Performance, as of April 2012 (continued)*Start-Up Chile Project Metrics: Startup Nationalities (All Waves)*

Country	Total
Argentina	19
Australia	4
Belgium	1
Bolivia	3
Brazil	12
Canada	19
Chile	52
China	1
Colombia	2
Czech Republic	1
Denmark	3
Ecuador	4
Estonia	3
Finland	3
France	5
Germany	8
Hungary	1
India	15
Ireland	3
Israel	4
Italy	2
Malaysia	1
Mexico	4
Netherlands	2
New Zealand	2
Norway	1
Peru	1
Poland	1
Portugal	7
Romania	3
Russia	1
Singapore	3
Slovakia	1
Slovenia	1
Spain	8
Sri Lanka	1
Sweden	1
Switzerland	1
Turkey	1
United Kingdom	10
United States	103
Uruguay	2
Venezuela	1
Zimbabwe	1
Total	322

Exhibit 7 Selected Measures of Program Participants and Performance, as of April 2012 (continued)

Amount of Funds Raised by Start-Up Chile Entrepreneurs During and After the Program



Source of Funds Raised by Start-Up Chile Entrepreneurs During and After the Program

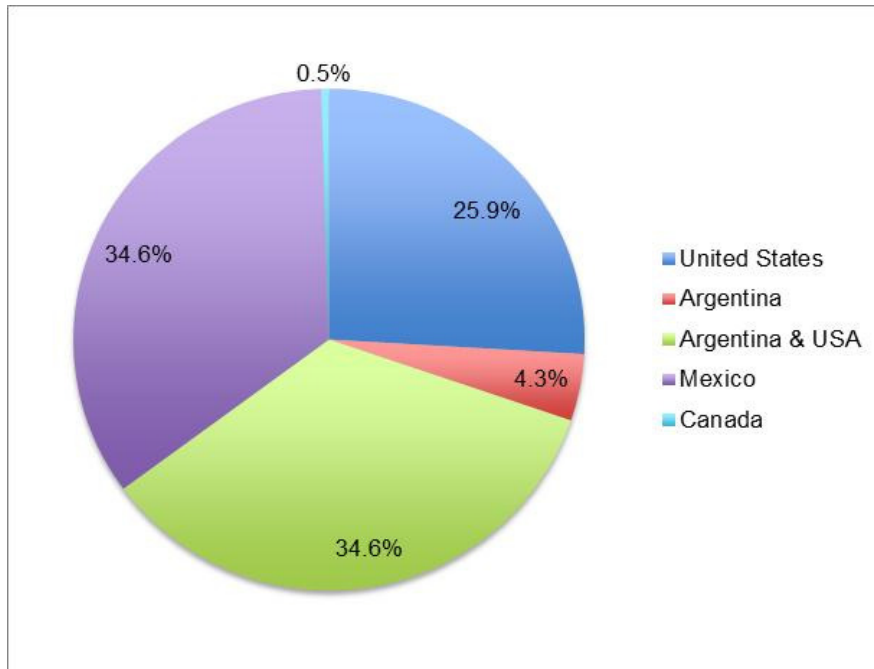
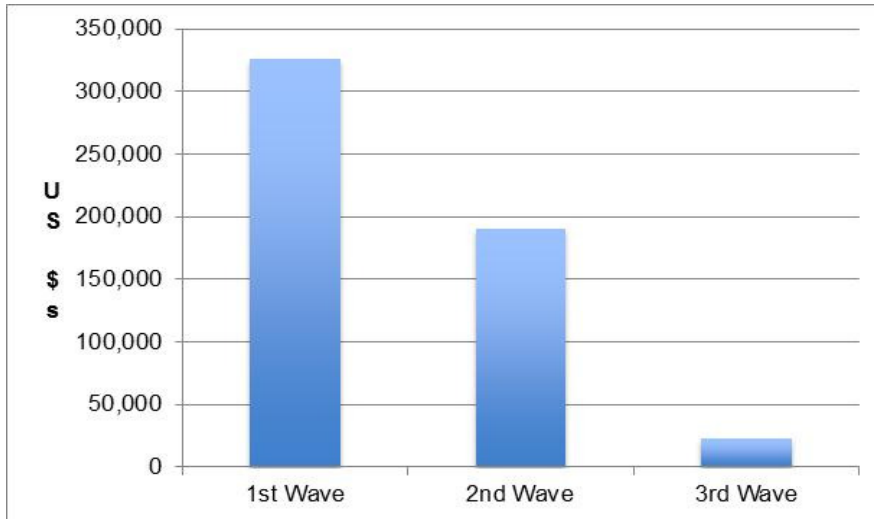


Exhibit 7 Selected Measures of Program Participants and Performance, as of April 2012 (continued)

Cumulative Revenues by Start-Up Chile Entrepreneurs Prior to and After the Program



Cumulative Hiring by Start-Up Chile Firms Prior to and After the Program (Waves 1-3; Excluding Pilot)

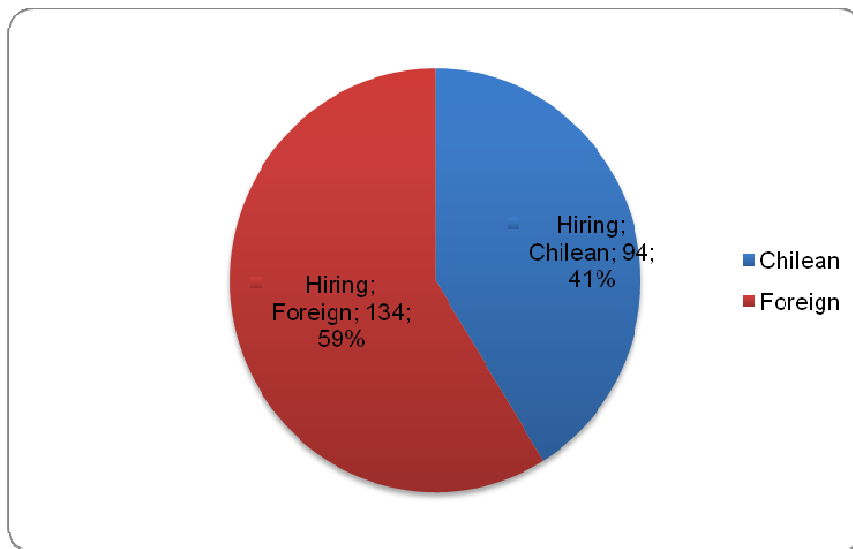
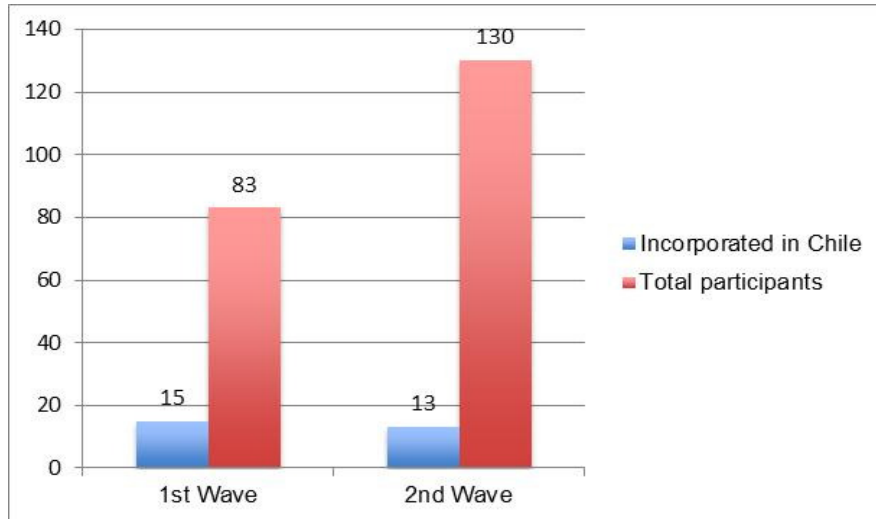


Exhibit 7 Selected Measures of Program Participants and Performance, as of April 2012 (continued)

Share of Projects Incorporated in Chile



Source: Company documents.

Exhibit 8 Start-Up Chile's Advisory Board Members and Key Staff*Board of Advisors*

Chuck Holloway | Director of the Center for Entrepreneurial Studies and Professor Emeritus at the Stanford Graduate School of Business. A leader in the study and teaching of entrepreneurship, supply networks, and technology management. Author of *Decision-Making Under Uncertainty: Models and Choices*, co-editor of *The Perpetual Enterprise Machine--Seven Keys to Corporate Renewal Through Successful Product and Process Development*. Served as a board member for more than 10 start-up companies.



Kathy Eisenhardt | Co-Director, Stanford Technology Ventures Program, and the Stanford W. Ascherman M.D. Professor at Stanford University. Work centers on strategy and organization, especially in technology-based companies and high-velocity industries. Co-author of *Competing on the Edge: Strategy as Structured Chaos*, which received the George R. Terry award for outstanding contribution to management thinking and was named one of the top 10 business and investing books by Amazon.com



Tina Seelig | Executive Director, Stanford Technology Ventures Program, responsible for the management, operations, and dissemination efforts of the program. Also Co-Director of the Mayfield Fellows Program. Teaches a course on creativity, innovation, and entrepreneurship in the department of Management Science & Engineering, and within the Hasso Plattner Institute of Design at Stanford. Has written 16 popular science books and educational games.



Marcela Perez de Alonso | Executive Vice President, Human Resources, Hewlett-Packard Company, until her 2011 retirement. At HP, was responsible for coordinating HP's 150,000 employees worldwide. From 1999 until she joined HP in January 2004, was Division Head of Citigroup North Latin America Consumer Bank, in charge of the retail business operations of Citigroup in Central and South America.



Vivek Wadhwa | Researcher, Professor, Columnist, Entrepreneur. Vice President of Academics and Innovation at Singularity University; Fellow, Arthur & Toni Rembe Rock Center for Corporate Governance, Stanford University; Director of Research at the Center for Entrepreneurship and Research Commercialization at the Pratt School of Engineering, Duke University; distinguished visiting scholar, Halle Institute of Global Learning, Emory University; and senior research associate, Labor and Worklife Program, Harvard Law School. Advisor to several start-up companies and a columnist for the *Washington Post* and *Bloomberg BusinessWeek*.



Michael Leatherbee | Secretary-General, Board of Advisors, Start-Up Chile. Assistant Professor of Technological Entrepreneurship at Universidad Católica de Chile. One of three founders of Yx Wireless, a hardware design and manufacturing company that earned multiple innovation awards. Served as board member of several companies and non-profits. Currently pursuing a PhD in Strategy, Technology and Entrepreneurship at Stanford University.



Nicolás Shea | Founder of Start-Up Chile. Also Founder of eClass (2004), Little Lions Nursery Schools (2004), Jóvenes al Servicio de Chile (2000), and Cumplo, a P2P lending platform for Latin America (2011). Holds and Founding President of ASECH (Chilean Association of Entrepreneurs). M.Sc. in management from the Stanford Graduate School of Business (Sloan Fellow), a M.Sc. in Education from Columbia University and a B.A. in business and economics from the Catholic University of Chile.



Agustín Huneeus

Was partner and general manager of Concha y Toro, the largest vineyard in Chile. Founded the Quintessa Estate vineyard in Napa Valley and Casablanca Valley Vineyard Veramonte (first vineyard in Chile with the concept of tourism Napa Valley style). His wines won awards both in California and in Chile and was awarded the "Orden de Caballero" by the Chilean President Sebastián Piñera. Owns Rutherford, Quintessa, Flowers and Prisoners wineries in Napa Valley, California.

Selected Team Members



Horacio Melo | Executive Director @hora8

As a commercial engineer, I worked for Latin American Airlines as a Marketing Manager. I'm devoted to contribute whatever is needed to turn Chile into a developed country. I strongly believe that entrepreneurship and innovation are key tools to achieve this goal. I enjoy soccer and outdoor/extreme sports in my spare time.



Felipe 'Yeti' Costabal | Marketing @elrebobinador

Journalist and Master in Management of Business Communications in Navarra University, Spain. I worked in TV shows, movies, documentary, multimedia projects, radio, news websites and as the guy who says the numbers in the Bingo. Number one fan of everyone who tried to make the world a better place to live. Mi misión here: Find creative solutions to hard problems and make the program and the Start-Up Chile entrepreneurs look really cool everywhere. Just call me Yeti.



Carolina Rossi | Alliance @carorossi

Chilean/Italian journalist and communications strategist with a life history in Brazil. I did a one-year specialization in the management of cultural and ambient heritage at Univeritá Roma Tre/PUC. Before SUP I worked at the Italian Chamber of Commerce and international affairs at *Diario Financiero*. My focus at Start-up Chile is to create alliances for a cultural exchange (RVA, Meetups, national networks). Loves soccer and snowboarding.



Sebastian Vidal | Operations @vidalsebastian1

Commercial engineer with experience in sales and operational departments, I'm also fan of business metrics and market research. As the Operations Manager at Start-Up Chile, my goal is no less than to find the first 1 billion dollar company that will kick-off entrepreneurship in Chile. With the support of the amazing operations team that I have the joy to lead, we'll provide you the technical help you need to establish your business in Chile.



Catalina Boetsch | Culture + Group Experience @cataboetsch

As a psychologist with a background in human resources, I've been a part of Start-Up Chile since the pilot generation, focused on developing the best possible (WOW) culture for Start-Up Chile participants--starting from their 1st acceptance letter, including landing, and their experience during the program as a whole. I'm interested in promoting innovation through autonomy, creativity, and mastery. If you need a new sports buddy, you can count on me.

Source: Company documents.