
*The Spirit of Invention, Innovation and
High Tech Entrepreneurship:
What's Hot and What's Not*

**Presentation to the
SMA Entrepreneurship Session**

**05 August 2004
Cambridge, Massachusetts**

Kenneth P. Morse, Senior Lecturer
and Managing Director
MIT Entrepreneurship Center



One Amherst Street, Room E40-196
phone: +1-617-253-8653
e-mail: kenmorse@mit.edu

Cambridge, MA 02142-1352 USA
fax: +1-617-253-8633
<http://entrepreneurship.mit.edu>

© 2004 Massachusetts Institute of Technology

1

Desired Outcomes of this Discussion

1. Begin a productive, and hopefully stimulating, dialogue about high tech start-ups and MIT's commitment to technology innovation and entrepreneurship.
2. Provide an opportunity for serious, MIT-style interactions, Q&A, and networking.



© 2004 Massachusetts Institute of Technology

2

The Current Climate: B2B = Back to Basics

- ▶ Entrepreneurs need to have outstanding
 - Team
 - Technology
 - Value Proposition
 - Market
 - Customers
- ▶ Applies to VCs as well...
 - Europe
 - Canada
 - USA



© 2004 Massachusetts Institute of Technology

3

“Blue” Money from Company Builders

- ▶ Selecting Your VC Partner: Yesterday & Today
 - Seek True, Value Added, “Blue” Money
 - Operating Experience
 - Rolodex/Network
 - Awesome Portfolio (in your space)
 - Cool Limiteds (in your space)
 - Deep pockets/guts to stay the course
 - Realistic Expectations
 - Time to Market
 - Revenue Growth
 - Valuations



© 2004 Massachusetts Institute of Technology

4

The Way it Always Was

- ▶ The superficial VC gamblers are dying or dead.
- ▶ A line of bull + .ppt is not enough. DAD >> MBBB.
- ▶ The number of MIT spin-offs and \$50K teams is steadily increasing.
- ▶ Serious entrepreneurs, business angels, and VCs are quietly and carefully moving forward.

This is a great time to be starting a company:

- ▶ Expectations and time horizons are realistic.
- ▶ Recruiting top talent is easier.
- ▶ Office space is available, at more reasonable prices.
- ▶ Unprofessional competition and their VCs have retreated to the sidelines. "Creative destruction" is a good thing.



© 2004 Massachusetts Institute of Technology

5

The Entrepreneur: A Special Species?

- ▶ **What does the successful high tech entrepreneur look like?**
 1. Integrity
 2. Leadership
 3. Impatient; bias toward action (with analysis).
 4. Quick clockspeed
 5. Modest ego. Seeks and accepts coaching. Recognizes, and hires to overcome weaknesses.
 6. Willing to be different, but knows it (not oblivious).
 7. Pragmatic; willing to compromise (in order to move forward).
 8. Rejoices in others' victories (no petty jealousy).
 9. Driven to solve a valuable problem for customers (not driven by money or technology).
 10. Able to attract world class talent.

Net:

pH of Stomach = 1-2 σ > average

** With special thanks to
Flagship Ventures*



© 2004 Massachusetts Institute of Technology

6

Our Message to Entrepreneurs: Building Your Company

- ▶ Need an “A” Team – “3K” experience
- ▶ Need Serious Technology – sustainable advantage
 - Solve an important, valuable problem...
 - For clients who have money...
 - Who want to pay well...
 - With a short sales cycle...
 - And will buy more, soon...

**YOUR VALUE PROPOSITION MUST BE COMPELLING,
QUANTIFIABLE, PROVEABLE, REFERENCEABLE, AND
EASILY EXPLAINABLE...**



© 2004 Massachusetts Institute of Technology

7

Business Plan Suggestions (1/2)

- ▶ Executive Summary:
 - Name your first ten customers.
 - Be brief.
- ▶ Business Plan:
 - Be optimistic, but realistic.
 - Know your competition's numbers.
 - Be brief.
- ▶ Advisors:
 - Get good people with gray hair (or no hair) involved early.
 - Understand that investors will call them.
- ▶ Focus on how and why prospective customers will buy from you, and pay you money.
- ▶ Focus on milestones (more than calendar dates).
 - Avoid government-run “incubators” if they shield you from the cruel crucible of the marketplace



© 2004 Massachusetts Institute of Technology

8

Business Plan Suggestions (2/2)

- ▶ Plan how to build your company without any outside investment (bootstrap). Then, maybe, you are ready to speak to VCs.
- ▶ Most entrepreneurship judges focus on
 - Customer needs
 - Value proposition
 - Sustainability
 - Team
- ▶ Your investors should bring you both customers and management talent (Akamai case).
- ▶ Realize that business plan competitions are an educational process. It does not particularly matter if you win.*

**It does not matter "that you won or lost, but how you played the game." - Grantland Rice*



© 2004 Massachusetts Institute of Technology

9

Financing Case Study: Akamai (1/3)

- ▶ Akamai – A leading provider of outsourced e-business infrastructure services and software.
- ▶ Founded by MIT students and faculty, in response to businesses' need to speed up access to their web sites, for content and transactions.



© 2004 Massachusetts Institute of Technology

10

Financing Case Study: Akamai* (2/3)

1. \$50K finalist, not winner (1998)
2. “Value-add, not valuation” philosophy of funding
3. Financing brings:
 - Credibility
 - Customer/partner introductions
 - Management expertise
 - Faster growth
 - Cash
4. First round: angel investors
 - First customers
 - Network deployment

** Special thanks to Jonathan Seelig, Co-Founder, and frequent guest lecturer at MIT Sloan School*



© 2004 Massachusetts Institute of Technology

11

Financing Case Study: Akamai* (3/3)

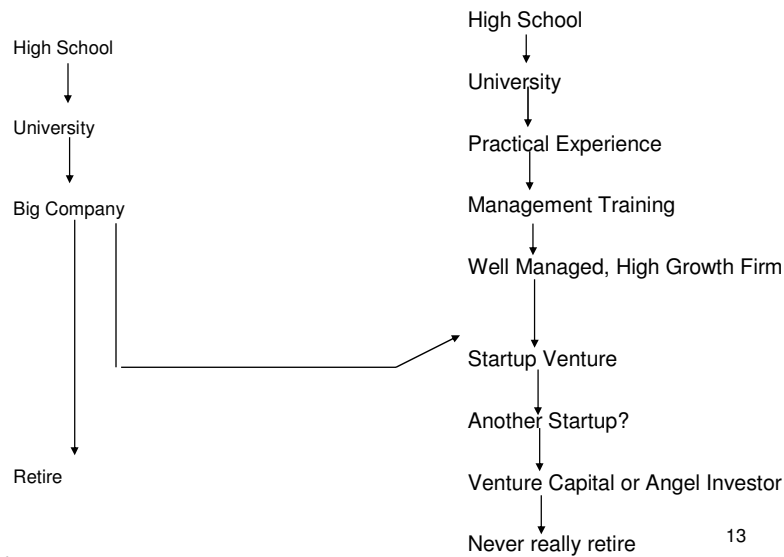
5. Second round: VCs
 - Build operations & management
 - Battery Ventures & Polaris
6. Third round:
 - Broadband & International
 - Baker Communications
7. Fourth round:
 - Industry leadership, standards, & cachet
 - Apple, Cisco, Microsoft
8. IPO:
 - Serious company
 - “Currency” for growth + acquisitions



© 2004 Massachusetts Institute of Technology

12

Traditional vs. Entrepreneurial Career Paths



Bringing University IP to Market

"It never works well with big companies. They focus their energy on showing why the new technology won't work. I always prefer to start a new company: it will deliver total focus, energy, passion, and commitment."

Professor Robert Langer, Langer Lab
Kenneth J. Germeshausen Professor of Chemical and Biomedical Engineering
Keynote Speaker, MIT Venture Capital Conference (07 December 2002)

Critical Success Factors in Entrepreneurship

1. Believe that Startup Ventures can Succeed:
 - Parent(s) who are entrepreneurs
 - Early contact with successful entrepreneurs
 - Exposure to success stories and case studies.
2. Gain practical, real world experience before, during and after university studies.
3. Be willing to be Unusual/Unconventional.
4. Agree to Embrace Risk, and possibly failure.
5. Want to leave a large Company.
6. Live in a society that sees the above as normal, not a strange exception.
7. Entrepreneurs ask themselves: "What do we really want to do?"
 - We want to make a world class product whatever it is.
 - We want to have fun doing it.
 - We want to get involved in a business area or business segment that is at its ground floor and in its infancy.



© 2004 Massachusetts Institute of Technology

15

Mission Statement of the MIT Entrepreneurship Center:

To train and develop leaders who will make high tech ventures successful

"I want you to be the premier global center for entrepreneurship, and to be recognized as such."

"We must not only be the best. We must also serve as a model for others and ensure that, together, we all make a significant global impact in this vital field."



MIT President Charles M. Vest,
July 1996



© 2004 Massachusetts Institute of Technology

16

Entrepreneurship at MIT Today

- ▶ Is like a mosaic of shiny pieces
- ▶ Each initiative is exciting by itself. Assembled together, the picture is even brighter, and more interesting...



© 2004 Massachusetts Institute of Technology

17

Why Focus on High Tech?

- ▶ Continuous creation of new, technology-based enterprises enables great leaps forward.
- ▶ Rising living standards underpin democracy.
- ▶ At MIT, we believe our distinctive competence is forging innovations in Science, Engineering, & Management to achieve revolutions, not evolution.



© 2004 Massachusetts Institute of Technology

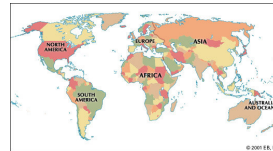
18

To Compete Successfully...

“MIT startups must attack global markets.”

To teach global high tech entrepreneurship effectively, we need a network of partners:

- ▶ **University of Cambridge (UK)**
 - The Cambridge Network
 - Cambridge Enterprise
- ▶ **The Higher Colleges of Technology**
 - 11 campuses throughout UAE
- ▶ **Taiwan, Ireland (pending)**
- ▶ **A few others**



© 2004 Massachusetts Institute of Technology

19

The Problem We are Working to Solve:

- ▶ There is a **shortage of excellent entrepreneurs** who can make start up ventures very successful.
- ▶ MIT Engineers and Scientists are generally aware that **teamwork is essential**:
 - 80-95% of “purely technical” spin-offs fail, while,
 - 80-95% of MIT teams which combine marketing, business, and technical skills succeed.
- ▶ Talented Managers need both **training and real world experience** so they know markets, know people, and are well known/respected:
 - undergraduate science/engineering combined with practical experience in successful companies, and,
 - management training, including entrepreneurship, followed by repeated sales and marketing successes in substantial companies.



© 2004 Massachusetts Institute of Technology

20

Working Definitions of Entrepreneurship

“Participation in the formation, development, and growth of a new enterprise.”

Ed Roberts

“The pursuit of opportunity beyond the resources currently controlled.”

Howard Stevenson

“The only problems worth solving are the impossible ones.”

Ed Land

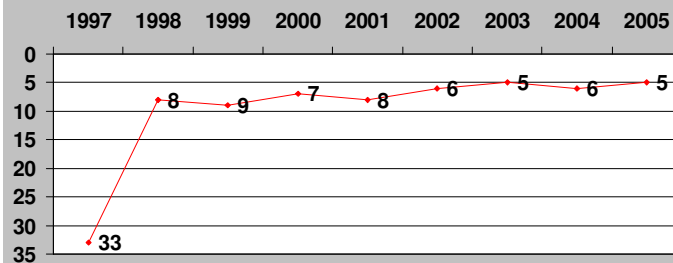


© 2004 Massachusetts Institute of Technology

21

US News & World Report Rating of US Entrepreneurship Centers

MIT Entrepreneurship Center Rankings
1997 - 2005



We like the trend; we are not yet satisfied.



© 2004 Massachusetts Institute of Technology

22

Here's What We're Doing About It:

- ▶ Building on our MIT Connections across Campus
- ▶ Recruiting More and Better Faculty
- ▶ Recruiting Top Students
- ▶ Raising Expectations
 - More Work
 - Better Content
 - Tougher Grades
- ▶ Dialogue with the Pollsters
 - Technology Enterprises vs. Fast Food Stores
 - Stock Options Have Value
- ▶ Building a Global Network



© 2004 Massachusetts Institute of Technology

23

Can Entrepreneurship Be Taught?

- ▶ Doing vs. Teaching:
 - Pél  and Babe Ruth each had a coach.
- ▶ Mental Framework to Carry Into Entrepreneurial Situations:
 - "You CAN do it, too."
- ▶ Mistakes to be Avoided:
 - e.g. Running out of Cash.



© 2004 Massachusetts Institute of Technology

24

Examples of what CAN be taught (1)

(especially valuable for engineers, scientists, and business people)

- ▶ Teamwork creates value and success:
Lone wolves build perpetually small companies.
- ▶ Appreciation and mutual respect for different types of people guarantees better company performance:
 - Excellent sales people are essential
 - (not lower life forms).
- ▶ Customers need to feel they have a relationship with your firm before they will buy from you.



© 2004 Massachusetts Institute of Technology

25

Examples of what CAN be taught (2)

- ▶ Business Basics: CFIMITYM
 - Profit vs. cash flow
 - Risk is higher when you're growing fast.
- ▶ How to Write a Business Plan
 - Need to know how, but...
 - Recognize that VCs don't read them
- ▶ Selling Products vs. Creating Businesses
 - The difference between cash and wealth



© 2004 Massachusetts Institute of Technology

26

Examples of what CAN be taught (3)

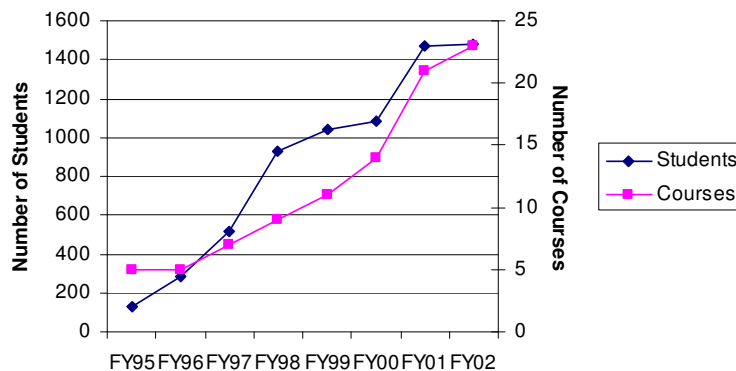
- ▶ Creative Thinking:
 - Generate alternatives
 - Challenge assumptions
 - Sacred cows = hamburger
- ▶ Failure is Acceptable in North America
 - No such thing as winners and losers
 - More like: winners and learners
 - This positive attitude is a U.S. national asset; Germany & Japan may be different.*
- ▶ Academicians and Engineers:
 - Successful commercialization of your invention is the most effective way to diffuse your innovation.
 - Don't be embarrassed to make money.



© 2004 Massachusetts Institute of Technology

27

The Demand for Our Academic Program is Growing and Deepening



These numbers reflect room size constraints; demand is greater.



© 2004 Massachusetts Institute of Technology

28

The Academic Program is synchronized to the rhythm of the MIT\$50K Entrepreneurship Competition

Autumn	IAP (January)	Spring
15.389 Global Entrepreneurship Lab: Richard Locke, Shari Loessberg <i>Fall H2 - Spring H1. (12 units)</i>	15.975 Nuts and Bolts of Business Plans Joe Hadzima (3 units)	15.390 New Enterprises – 2 Sections Howard Anderson, Jonathan Fleming (9 units)
15.390 New Enterprises – 2 Sections: Howard Anderson, Noubar Afeyan (9 units)	15.976 Starting and Building a Successful High Tech Venture Mike Grandinetti (3 units)	15.394 Designing and Leading the Entrepreneurial Organization Diane Burton (9 Units)
15.391 Early Stage Capital Shari Loessberg (6 units)	Entrepreneurship Development Program (EDP) <i>An intense one-week executive education course for entrepreneurs from around the world.</i>	15.398 Entrepreneurs in High Technology: IT, Energy, Biotechnology Howard Anderson, Peter Bell, Ken Zolot (9 units)
15.393 Technology and Entrepreneurial Strategy: Fiona Murray (9 units)		15.399 Entrepreneurship Lab Barbara Bund, Ken Morse, John Preston (12 units)
15.396 Technology Sales and Sales Management: Howard Anderson, Peter Bell, Ken Morse (6 units)		15.431 Entrepreneurial Finance. 2 Sections Antoinette Schoar (9 units)
15.399 Entrepreneurship Lab: Barbara Bund, Ken Morse, John Preston (12 units)		
15.835 Entrepreneurial Marketing Jin Gyo Kim (9 units)		
15.968 Building a Biomedical Business Fiona Murray (9 units)		
15.xyz Social Entrepreneurship Andrew Wolk (6 units)		



\$50K Autumn
 November
 \$1K Entries due

\$50K IAP
 February
 \$50K Executive Summaries due

\$50K Spring
 May
 \$50K Full Entries due

Our ranks have grown (1/4)



Noubar Afeyan
 Senior Lecturer



Gracie Alcid
 Program Coordinator
 MIT Entrepreneurship Center



Howard Anderson
 Senior Lecturer



Robert Ayan
 Program Manager
 MIT Entrepreneurship Center



Peter Bell
 Senior Lecturer



Barbara Bund
 Senior Lecturer



Diane Burton
 Michael M. Koerner
 Career Development
 Assistant Professor of MTIE



Todd Dagres
 Senior Lecturer



Our ranks have grown (2/4)



Alexander d'Arbeloff
Entrepreneur
-in-Residence



Audrey Dobek-Bell
Administrative
Assistant



Steven D. Eppinger
GM Leaders for Manufacturing
Professor of Management



Melanie Etchison
Web/ Database
Communications



Jonathan Fleming
Senior Lecturer



Pat Fuligni
Administrative
Assistant



Mike Grandinetti
Senior Lecturer



Joseph Hadzima, Jr.
Senior Lecturer



© 2004 Massachusetts Institute of Technology

31

Our ranks have grown (3/4)



Simon Johnson
Associate Professor
of Entrepreneurship



Jin Gyo Kim
Assistant Professor



Peter Kurzina
Senior Lecturer



Richard Locke
Alvin J. Siteman Associate
Professor of Management,
Political Science,
and Entrepreneurship



Shari Loessberg
Senior Lecturer



© 2004 Massachusetts Institute of Technology

32

Our ranks have grown (4/4)



Ken Morse
Senior Lecturer
Managing Director
MIT Entrepreneurship Center



Fiona Murray
Michael M. Koerner
Career Development
Assistant Professor of MTIE



Drazen Prelec
Associate Professor of
Management Science



John Preston
Senior Lecturer



Antoinette Schoar
Assistant Professor
of Finance



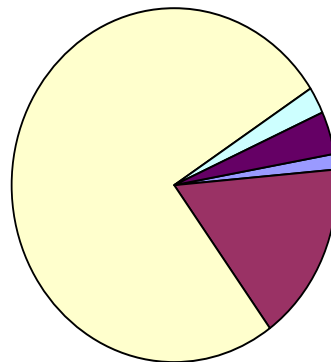
Ken Zolot
Visiting
Entrepreneur



© 2004 Massachusetts Institute of Technology

33

Entrepreneurship Course Enrollment, By Discipline



- Science 1%
- Eng 16%
- Business 76%
- Arts, Architecture & Urban Planning 2%
- Law, Economics & Political Science 4%



© 2004 Massachusetts Institute of Technology

34

E-Lab Course #15.399

Barbara Bund, Ken Morse & John Preston, Senior Lecturers

- ▶ MIT graduate students in Science, Engineering, and Management work about one day each week with high tech start-up companies to:

“Solve a Problem that is

Keeping the CEO Awake at Night”

- ▶ Tremendous Interest
 - 1995-1996: 8 students and 4 host companies
 - 1996-1997: 43 students and 53 host companies
 - 1997-1998: 138 students and 152 host companies
 - 1998-1999: 170 students and 170 host companies
 - 1999-2000: 200 students and 180 host companies
 - 2000-2001: 120 students and 34 host companies
- ▶ High Company and Student Satisfaction
 - Company Evaluation: *“Working with the E-lab team was one of the best managerial decisions we made.... We are on the verge of raising \$10.0 million, and we could not have accomplished this so quickly or efficiently without their help.”*
 - Student Evaluation: *“We put into practice all we learned at MIT Sloan and profoundly changed the direction and future of a local company. I'm proud of that, and proud that Sloan provided the opportunity for me to do this.”*
- ▶ Global E-Lab Course began in Fall 2000, with 38 students and 14 host companies located in Argentina, Brazil, Mexico, Norway, France, Turkey, Hong Kong, and Japan

35



© 2004 Massachusetts Institute of Technology

The MIT EDP

MIT Entrepreneurship Development Program
24-28 January 2005

A one-week program tailored to the needs of future entrepreneurs, university entrepreneurship faculty and staff, and economic development professionals

- ▶ Participants learn from:
 - “Live case studies” of successful MIT entrepreneurs;
 - Our faculty and the MIT entrepreneurial spirit; and
 - Route 128 venture capitalists, lawyers, and institutional investors.
- ▶ In 1999, 25 participants came from Taiwan, Ireland, Cambridge (UK), Germany, Thailand, France, & US.
- ▶ In 2000, 65+ persons came from 10+ countries.
- ▶ In 2001, 95+ persons came from 16+ countries.
- ▶ In 2002, 70 persons from 13 countries.
- ▶ In 2003, 93 persons from 9 countries.
- ▶ In 2004, 140 persons....

36



© 2004 Massachusetts Institute of Technology

Student Organizations: MIT\$50K



MIT \$50K
Entrepreneurship Competition
Finals on Wednesday, 12 May 2004.

- ▶ Designed to encourage students and researchers in the MIT community to act on their talent, ideas, and energy to create tomorrow's leading firms.
- ▶ Business Plans are judged by a panel of experienced entrepreneurs, venture capitalists, and legal and accounting professionals.

"Not all business-plan competitions on university campuses are equal... [the MIT \$50K] is more equal than all the others."
- Inc. Magazine, March 1998



© 2004 Massachusetts Institute of Technology

37

Student Organizations: MIT\$50K



Tomorrow's Leading Firms

- ▶ In its fourteen-year history, the MIT \$50K has created:
 - 60 firms and over 1800 jobs
 - \$175 Million in Venture Capital invested
 - Aggregate market capitalization has ranged from \$2.2 – \$20 Billion
- ▶ Teambuilding + Mentors + Education + Networking + Capital
- ▶ Entrants include MIT graduate and undergraduate students, as well as faculty.
- ▶ Students from every MIT School and 27 Departments participate (Teams which include MBA students are consistently the strongest entries....)



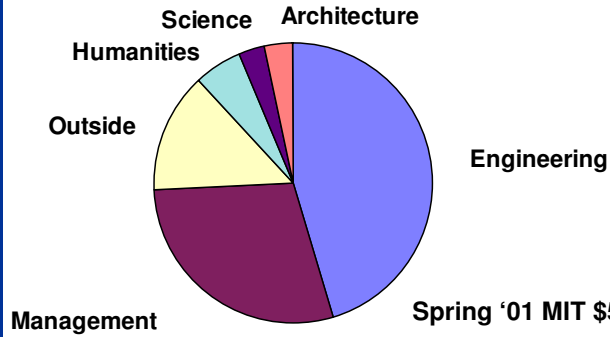
© 2004 Massachusetts Institute of Technology

38

Student Organizations: MIT\$50K



Every MIT School participates in the MIT \$50K Competition



Spring '01 MIT \$50K: 135 Entrants
 Spring '02 MIT \$50K: 110 Entrants
 Spring '03 MIT \$50K: 118 Entrants
 Spring '04 MIT \$50K: 127 Entrants

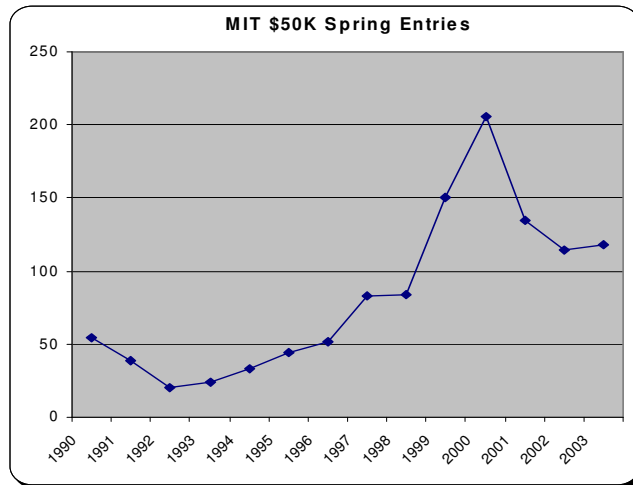


© 2004 Massachusetts Institute of Technology

Student Organizations: MIT\$50K



MIT \$50K enthusiasm is not affected by market performance...



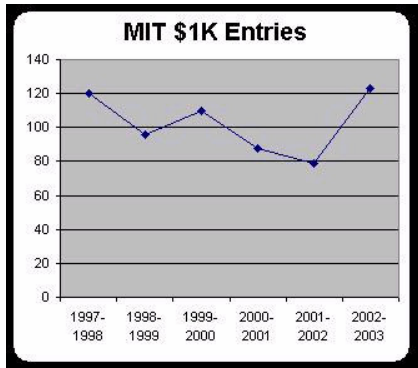
© 2004 Massachusetts Institute of Technology



A Big Year for the MIT \$1K

Setting Records in Fall 2002 for Warm-up

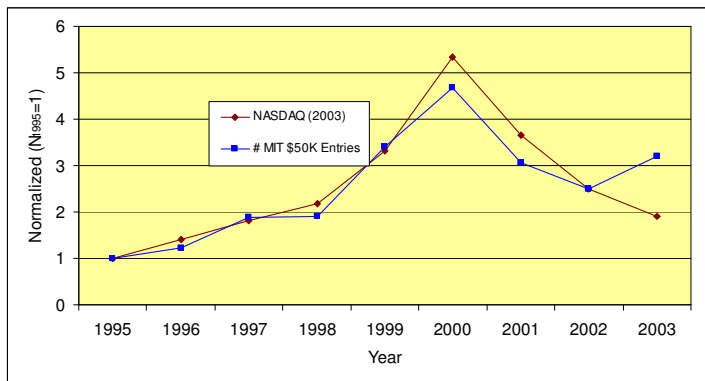
- The most MIT \$1K entries ever seen
- Quality remains high



125 Entries
 58% Increase
Top Categories:
 18% Infotech
 17% Biotech
 15% Soc/Dev/Env
 14% Services



Student Organizations: MIT\$50K



Student Organizations: MIT\$50K



A Few Success Stories...



- Rapid Internet Content Delivery
- NASDAQ: AKAM
- Market Cap of \$3.6B



- Software to improve Internet Searching
- 1998 Co-Winner
- \$29M Funding
- Sold to AskJeeves for \$507 million in 2000



- Internet business solutions delivery
- NASDAQ: CBIS



- Next generation customer support software
- 1996 \$50K Winner
- Acquired by Cisco for \$325M in 1999



- Devices to transcribe writing to computer
- 1997 \$50K Runner-Up
- \$13M Funding
- Product Launched



- New Signal Processing Semiconductors
- 1995 \$50K Participant
- Over \$10M Funding
- Acquired by Broadcom for \$1.19B in 2000



- Distributed Computing
- 2000 MIT \$50K Runner up
- Funded by Kleiner Perkins and Common Angels

43



© 2004 Massachusetts Institute of Technology

Student Organizations: MIT\$50K Global Startup Workshop



▶ A Workshop for Organizers of Business Plan Competitions

<http://50k.mit.edu/gsw/current/>

- ▶ Learn from experts from around the world
- ▶ Topics include: Judging, Fund Raising, Recruiting Participants, Teambuilding, Marketing, Events, Information Technology, Infrastructure
- ▶ Learn from each other

**Cambridge, UK
March, 2004**

- 1998 Boston: 50 organizers from 10 U.S. and European business plan competitions
- 1999 Singapore: 150 participants; 10 countries in Asia and Europe
- 2000 Spain: >100 participants; 11 countries on 6 continents
- 2001 Australia: >100 participants; 39 organizations in 19 countries
- 2002 Italy: >100 participants; 42 organizations; 23 countries



© 2004 Massachusetts Institute of Technology

44



Student Organizations: MIT\$50K

2003 MIT \$50K Finalists

- ▶ SmartCells (Winner \$30K)
 - Bio-nanotechnology platform company for stimuli-responsive drug delivery. The first product, SmartInsulin, targets the \$120 billion diabetes market.
- ▶ Neurobionics (Runner Up \$10K)
 - Medical device company with a platform therapeutic neuromodulation technology addressing several major markets in the growing neurological disease industry.
- ▶ Brontes Technologies (Runner Up \$10K)
 - Brontes' patented technology offers a low-cost, accurate, real-time 3D imaging module that can transform any 2D imaging device (camera, microscope, endoscope, etc.) into a 3D imaging device.
- ▶ Finalists: Agrivida, Alsys, Hepatometrix, MolySym, Granular Ink



Student Organizations: MIT\$50K

2004 MIT \$50K Finalists

- ▶ Active Joint Brace (Winner \$30K)
 - electromechanical orthotic device that increases functional independence by working in tandem with existing muscles. It is a portable, low-cost, non-invasive device that helps an individual perform activities of daily living and can allow self-therapy.
- ▶ Hyperscore (Runner Up \$10K)
 - software that allows the user to compose music by drawing lines and shapes of various colors across a computer screen, unlocking musical creativity without needing years of training.
- ▶ LiquidPiston (Runner Up \$10K)
 - combustion engine that doubles fuel efficiency and reduces nitrogen oxide (NOx) emissions by 90%, using patent pending LiquidPiston™ technology.
- ▶ Finalists: Active Spectrum, Advanced Diamond Solutions, Inc., LumArray, MicroLaser



Student Organizations: MIT VCPE Club



01 December 2001

<http://www.mitvcpi.com>

Over 200 participants came from throughout the MIT entrepreneurship community, including:

- ▶ Keynote Speakers:
 - Robert Metcalfe, Venture Partner, Polaris Ventures
 - Richard Testa, Co-Founder and Chairman, Testa, Hurwitz & Thibeault
 - Thomas J. Colatosti, President and CEO, Viisage
- ▶ MIT Students and Entrepreneurs-to-Be
- ▶ Boston-Area University Students
- ▶ 59 Venture Capitalists
- ▶ MIT Alumni and Successful Entrepreneurs
- ▶ Entrepreneurial Professional Services Organizations



© 2004 Massachusetts Institute of Technology

47

Student Organizations: MIT VCPE Club



07 December 2002

<http://www.mitvcpi.com>

- ▶ Keynote Speakers:
 - Geoffrey Moore, Mohr Davidow Ventures; Author of *Crossing the Chasm* and *Inside the Tornado*
 - Professor Robert S. Langer, Jr. MIT Langer Lab
Chairman of FDA's Science Board and Winner of the Charles Stark Draper Prize
- ▶ Over 40 partner-level VCs
- ▶ Panels and tracks: Trends in European VC, Seed Investing, Biotechnology, Nanotechnology, Security, Corporate VC, Private Equity, GP/LP Issues, New Venture Models, etc.
- ▶ MIT Students, Alumni, and Entrepreneurs



© 2004 Massachusetts Institute of Technology

48

Student Organizations: MIT VCPE Club



06 December 2003

<http://www.mitvcpi.com>

- ▶ Keynote Speakers:
 - George F. Colony, Chairman of the Board and Chief Executive Officer, Forrester Research
 - Dr. Phillip A. Sharp, Nobel Laureate, Director of the McGovern Institute for Brain Research, Co-Founder, Biogen, Inc. and Alnylam Pharmaceuticals
- ▶ Over 40 partner-level VCs
- ▶ Tracks: Evolution of Demand, Enterprise Concerns, Communications Value Chain, Innovation Showcase
- ▶ Panels: Biotech, Media Convergence, Clean Energy, Security, GP/LP Issues, Opportunities & Challenges in India & China, etc.
- ▶ MIT Students, Alumni, and Entrepreneurs
- ▶ This year's conference: 04 December 2004

49



© 2004 Massachusetts Institute of Technology

Student Organizations: Sloan Entrepreneurs



Mission:

- ▶ To foster entrepreneurship at Sloan and help students identify the best entrepreneurial learning activities and opportunities
- ▶ To promote entrepreneurial networking events within Sloan, the greater MIT community, other local MBA programs, and established Boston organizations

50



© 2004 Massachusetts Institute of Technology

Student Organizations: Sloan Entrepreneurs



- ▶ The Entrepreneur's Handbook – available to club members at Sloan ClubFest
- ▶ Speakers – we bring in entrepreneurs to discuss their challenges, successes and failures
- ▶ Events – we help organize and promote local entrepreneurship seminars
- ▶ IdeaExchange – brainstorm with business school students and engineers about emerging technologies
- ▶ Muddy Charles events – join us over a drink or two to talk about our new business ideas
- ▶ Recipient of 2003 Patrick J. McGovern Entrepreneurship Award



© 2004 Massachusetts Institute of Technology

51

Tech Link



- ▶ **History:** Started in 1999 as a joint venture between the MIT Sloan Senate and the MIT Graduate Student Council.
- ▶ **Mission:** Provide opportunities for social interaction across school and departmental lines for the purpose of personal and professional development.
- ▶ **Major Events:**
 - ▶ Lab Tours
 - ▶ LeaderLink
 - ▶ JazzLink
 - ▶ InfiniteLink



© 2004 Massachusetts Institute of Technology

52

MIT Entrepreneurship Society (1)

Mission:

- ▶ To establish an entrepreneurial support network among MIT students and recent alumni/alumnae
- ▶ To promote productive interaction with MIT faculty, staff, students, other alumni/alumnae, and MIT-related new ventures
- ▶ To establish a stream of funds and other intellectual and material contributions to ensure MIT's continued excellence in education and research



© 2004 Massachusetts Institute of Technology

53

MIT Entrepreneurship Society (2)

Examples of the MIT E-Society Network at Work



Direct Hit Technologies, Inc.

<http://www.DirectHit.com>

- ▶ Fall 1997: Gary Culliss, at Harvard Law School, teams up with Steven Yang '98 EE to enter the MIT \$50K Entrepreneurship Competition.
- ▶ Mike Cassidy '86 AA, winner of the MIT \$50K with Stylus Innovations in 1991, joins the student team as a mentor, then as CEO.
- ▶ May 1998: Direct Hit wins the MIT \$50K.
- ▶ Mike, Gary, and Steven close \$1.1 million in venture capital financing the day after winning the \$50K. They donate the prize money to the other \$50K finalists.
- ▶ By May 1999 AOL, Lycos, HotBot, Microsoft, ICQ, and ZDNet are Direct Hit's customers.
- ▶ January 2000: AskJeeves acquires Direct Hit for \$507 million.



© 2004 Massachusetts Institute of Technology

54

MIT Entrepreneurship Society (3)

Examples of the MIT E-Society Network at Work



NBX Corporation <http://www.nbxcorp.com>

- ▶ Alex Laats '88 PH working at the MIT Technology Licensing Office meets two MIT undergraduates, Pehr Anderson '98 EE and Chris Gadda '98 EE at a MIT \$50K seminar on intellectual property.
- ▶ July 1996: They found NBX Corp as PowerVoice.
- ▶ MIT invests in the company, and brings along Morgenthaler Ventures. (David Morgenthaler, '40 ME)
- ▶ March 1999: 3Com acquires NBX for \$90 million.
- ▶ Bob Metcalfe EE '68/MG '69 founded 3Com with a group of fellow MIT alumni. (After many years as a pundit at International Data Group, founded by Patrick McGovern, Jr. '59 BO, Bob is now a Partner at Polaris Ventures).



© 2004 Massachusetts Institute of Technology

55

MIT Enterprise Forum



- ▶ **What:** A volunteer, non-profit organization, part of the MIT Alumni Association with chapters worldwide
- ▶ **Mission:** Promote and strengthen the process of starting and growing innovative and technology-oriented companies
- ▶ **How:** Provide programs that educate, inform, and support the entrepreneurial community
- ▶ **Events:**
 - ▶ Start-up Clinics
 - ▶ 10-250 Presentations
 - ▶ Fall & Spring Workshops
 - ▶ Periodic Broadcasts
 - ▶ Chapter networking events
 - ▶ Web.mit.edu/entforum/



© 2004 Massachusetts Institute of Technology

56

Venture Mentoring Services (VMS)

- ▶ **History:** Developed under the auspices of the Provost's Office, VMS is one of several MIT support and educational programs for entrepreneurs.
- ▶ **Mission:** VMS believes that a fledgling business is far more likely to thrive when an idea, a good business plan, and the entrepreneurs are matched with proven skills and experience.
- ▶ **How:** Through active support of entrepreneurship at MIT, VMS supports MIT startup teams and strengthens MIT's role as a leader in innovation, and broadens MIT's base of potential financial support.

Deshpande Center

- ▶ Aims to bridge the "Innovation Gap"
- ▶ **Mission:** Improve the innovation process and ensure that good ideas become a reality by:
 - ▶ Promoting the earliest stages of technology development with flexible funding.
 - ▶ Connecting MIT's inventors with investors and the business community (particularly in New England) via symposia, education, and other benefits.
 - ▶ Tying MIT's technological research into market needs.

**We have a lot more to do, but...
we have come a long way since the
first entrepreneurship course was
launched at MIT in 1961:**

15.921 *New Enterprises (A)*

Prereq.: 15.412, 15.501

Year: G (1)

2-0-7

Organization and management of technically based companies. Financing of new enterprises through private, corporate and public capital sources. The role of government and the impact of Federal R and D on corporate growth. Trends in science and technology in terms of business opportunities. Preparation of cases by study of the operations of local companies and detailed development of plans for launching of new business ventures. (*Enrollment limited to 15 students: admission by permission of instructor.*)

R. S. Morse

