

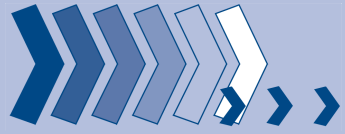
From Ideas to High-Tech Startups

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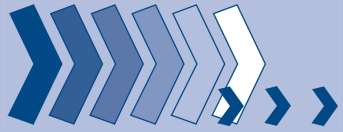
Contents

- What makes an entrepreneur? – 10 D's
- Ingredients for a successful new business – 10 F's
- Four big steps
- Ways to generate ideas
- Opportunity
- Business Models



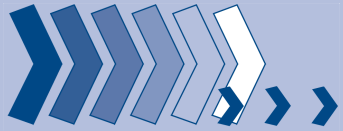
Four Big Steps - from Idea to a successful Business

- Ideas
- Opportunities
- Business Models
- Successful Companies



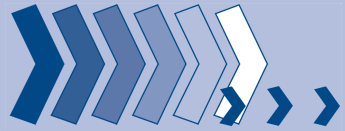
Entrepreneur and Entrepreneurship

- A creator/founder of a new company
- Creating a new company
(**also called:** Business Formation, New Business Development, and New Business Creation)
- but remember
 - 1 business in 10 will reach its 10th birthday.
 - Starting businesses is like starting love affairs (paraphrasing George Bernard Shaw)
 - "Any fool can start one, it takes a genius to end one successfully."



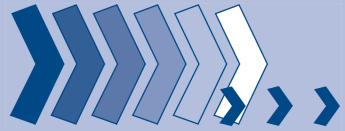
What makes an Entrepreneur?

- **Dream**
 - Entrepreneurs have a vision of what the future could be like for them and their business. And, more importantly, they have the ability to implement their dreams.
- **Decisiveness**
 - They don't procrastinate. They make decisions swiftly. Their swiftness is a key factor in their success.
- **Doers**
 - Once they decide on a course of action, they implement it as quickly as possible.
- **Determination**
 - They implement their ventures with total commitment. They seldom give up, even when confronted by obstacles that seem insurmountable.



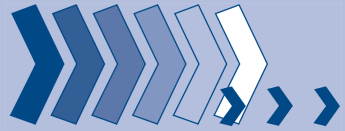
What makes an Entrepreneur?

- **Dedication**
 - They are totally dedicated to their business, sometimes at considerable cost to their relationships with their friends and families. They work tirelessly. Twelve-hour days, and seven-day work weeks are not uncommon when an entrepreneur is striving to get a business off the ground.
- **Devotion**
 - Entrepreneurs love what they do. It is that love that sustains them when the going gets tough. And it is love of their product or service that makes them so effective at selling it.



What makes an Entrepreneur?

- Details
 - It is said that the devil resides in the details. That is never more true than in starting and growing a business. The entrepreneur must be on top of the critical details.
- Destiny
 - They want to be in charge of their own destiny rather than dependent on an employer.



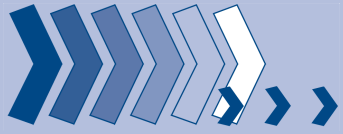
What makes an Entrepreneur?

- Dollars
 - Getting rich is not the prime motivator of entrepreneurs. Money is more a measure of their success. They assume that if they are successful they will be rewarded.
- Distribute
 - Entrepreneurs distribute the ownership of their business with key employees who are critical to the success of the business.



Ingredients for a successful new Business

- **Founders**
 - Every startup company must have a first-class entrepreneur.
- **Focused**
 - Entrepreneurial companies focus on niche markets. They specialize.
- **Fast**
 - They make decisions quickly and implement them swiftly.
- **Flexible**
 - They keep an open mind. They respond to change.
- **Forever-innovating**
 - They are tireless innovators.



Ingredients for a successful new Business

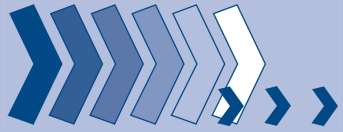
- Flat
 - Entrepreneurial organizations have as few layers of management as possible.
- Frugal
 - By keeping overhead low and productivity high, entrepreneurial organizations keep costs down.
- Friendly
 - Entrepreneurial companies are friendly to their customers, suppliers, and workers.
- Fun
 - It's fun to be associated with an entrepreneurial company.
- Fanatic
 - Completely devoted to the cause



“The solution of every problem creates
a new problem”

– J.W. Goethe

E.g., cell phones: pollution, electromog (on airplanes),
spam, battery life, noise, disturbance, annoyance (at
hospitals, in lines), etc.



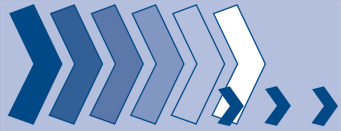
Ways to Generate Ideas: What If ...?

1. WHAT IF it were longer? or smaller? inside out, different material, color, thinner, lighter, shorter, etc.
2. Turn Problems into Profits (eco industry, new civilization headaches)
3. Visualize (mental pictures)
4. Identify Needs
5. Forced Connections (e. g., clock radio and wrist watch)
6. Keep a Record of Your Ideas ("Creativity File")
7. Cultivate Your Ideas
8. Be Receptive to Ideas
9. Stop Being Practical

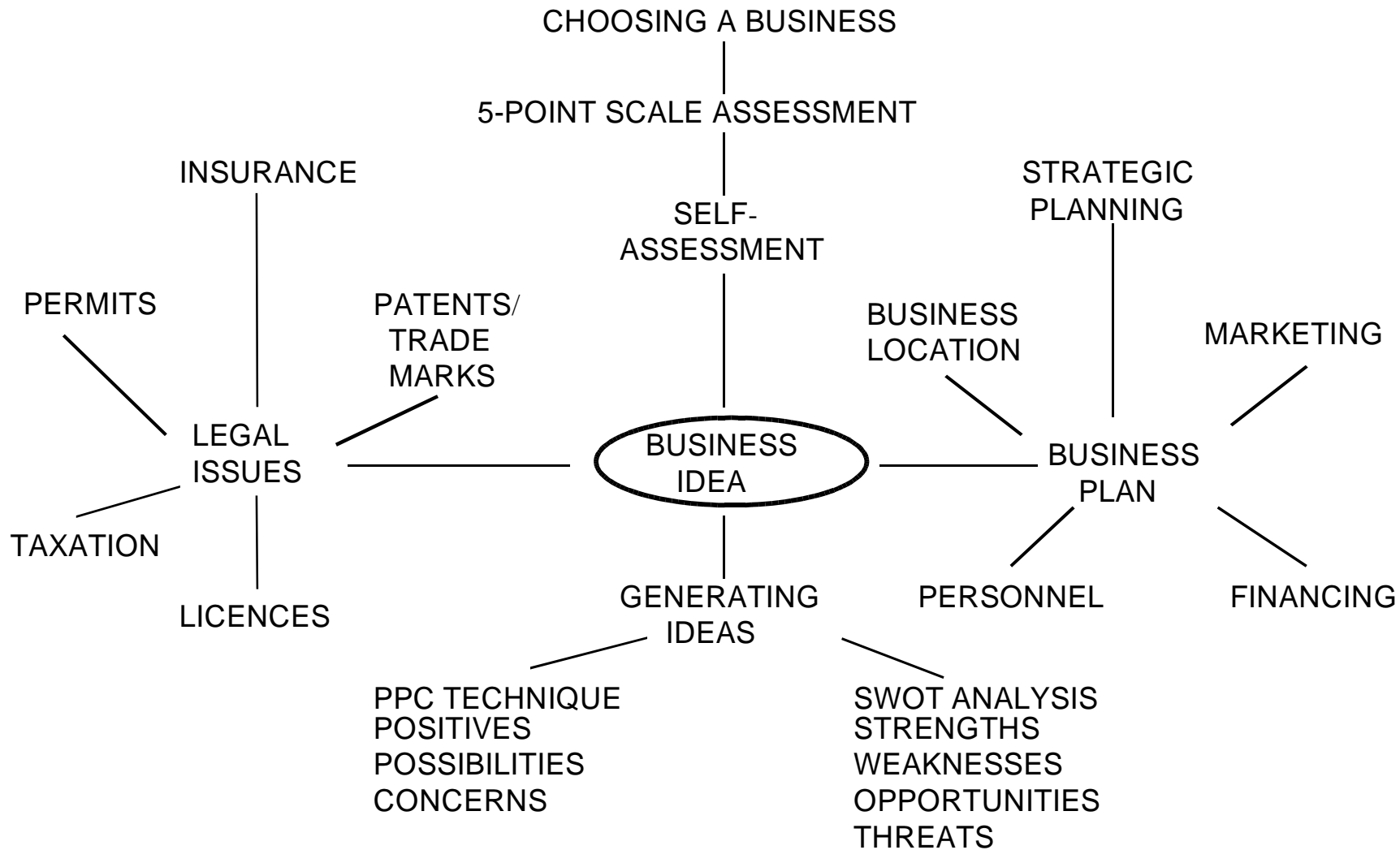


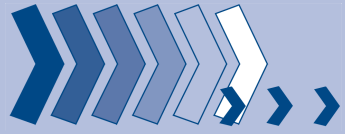
Ways to Generate Ideas: What If ...?

10. Try Something New
11. Be Progressive, Not Regressive
12. Brainstorming
13. Improve Existing Ideas
14. Brainwriting
15. Serendipity Technique ("By Chance")
16. Creative Unhappiness
17. Mind Mapping
18. Speak Up And Listen
19. Game Strategy Method (Chess, Jigsaw, etc.)
20. Join Business or Entrepreneurs Organizations



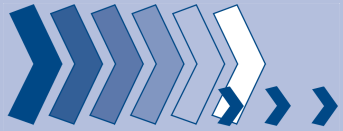
Mind Mapping





Four Big Steps - from Idea to a successful Business

- Ideas
- **Opportunities**
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Opportunity

- Types of startup firms:
 - 1) mom-and-pop business (marginal firm, life-style firm)
 - 2) high potential firm
 - 3) foundation firm
- 7 % of 7 million US companies grew over 20 % per year
- Over 1 % of 7 million (80,000) grew over 50 % per year
- Venture capital founded firms have a 60 % plus success rate



The Difference between Ideas and Opportunities

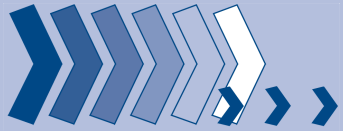
SKY IS THE LIMIT

IDEAS

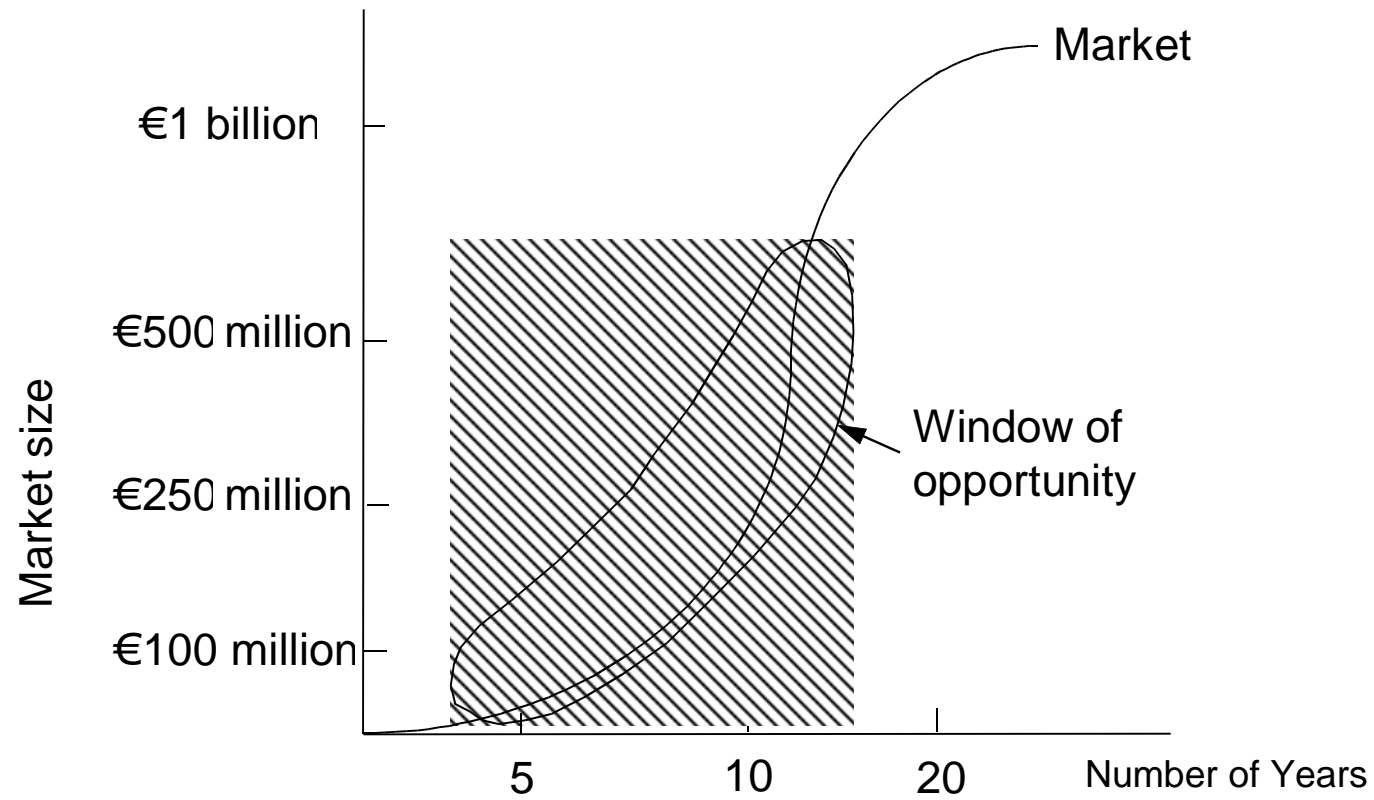
OPPORTUNITIES

GETTING REAL

- 1 - 3 % of ideas are considered opportunities by VC's.
- A good opportunity must be: attractive, durable, timely
- Lemons (losers) ripen in about 2 1/2 years.
- Pearls (winners) take seven to eight years.



The Window of Opportunity





Sales Volume of U.S. Companies

- 20% of businesses have sales over \$ 5M
- 10 % of businesses have sales over \$ 10M
- 1.25 % of businesses have sales over \$ 50M
- 0.67 % of businesses have sales over \$ 100 M

(U. S. government data for 2000)



One-year Survival Rates by Firm Size

Firm size (employees)	Survival percentage
0-9	77.8
10-19	85.5
20-99	95.3
100-249	95.2
250 and more	100.0



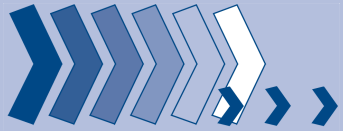
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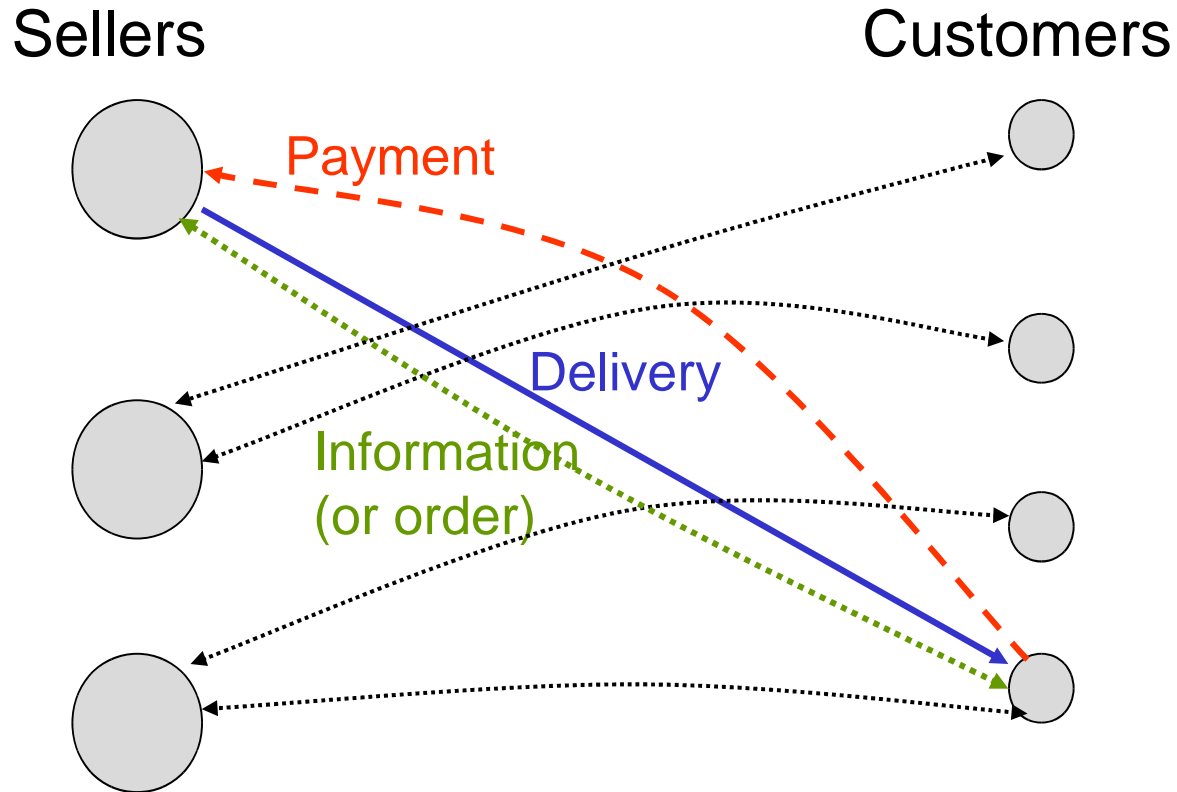


A Business Model

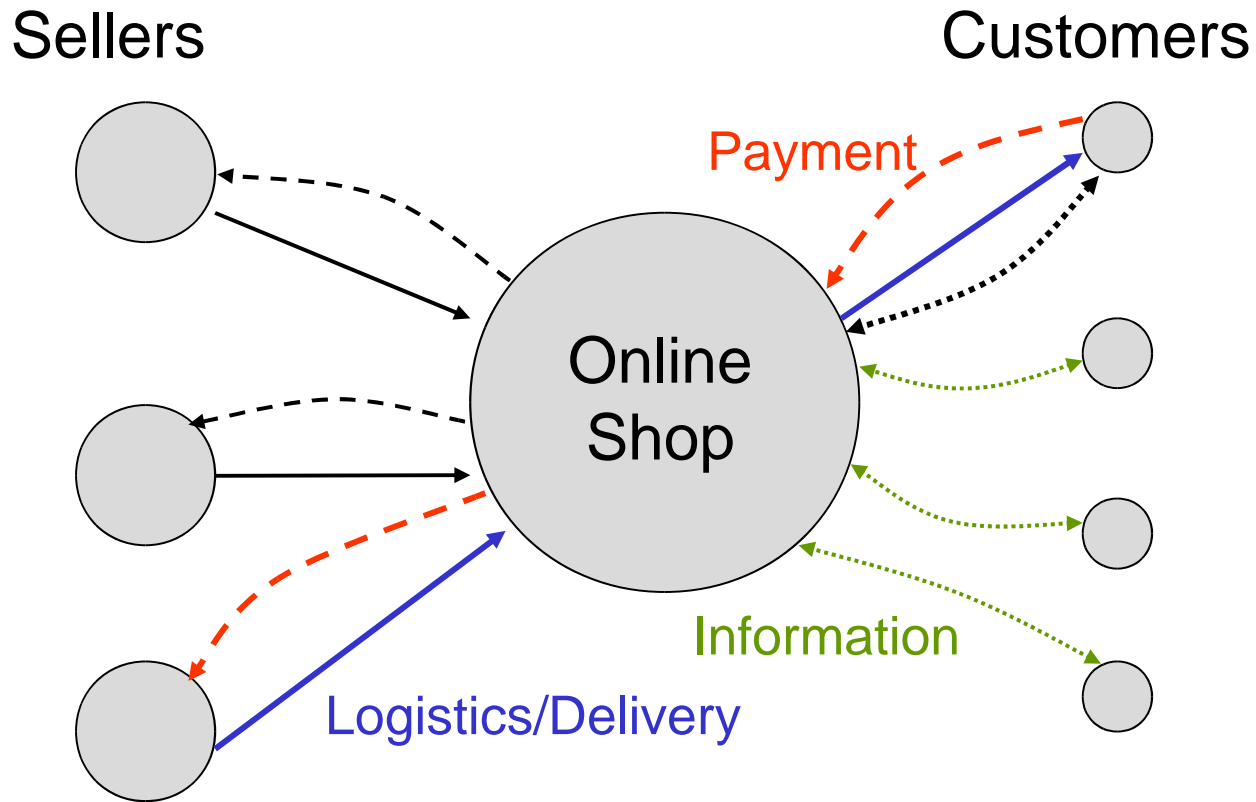
- A business model is an aggregation of relevant aspects of business activities in the form of a model which depicts flow of information, goods, services and payments.
- A business model is the method of doing business by which a company can support itself and even profit.
- A good business model describes how a company generates revenues and specifies where the company is positioned in the value chain.



Direct Contact



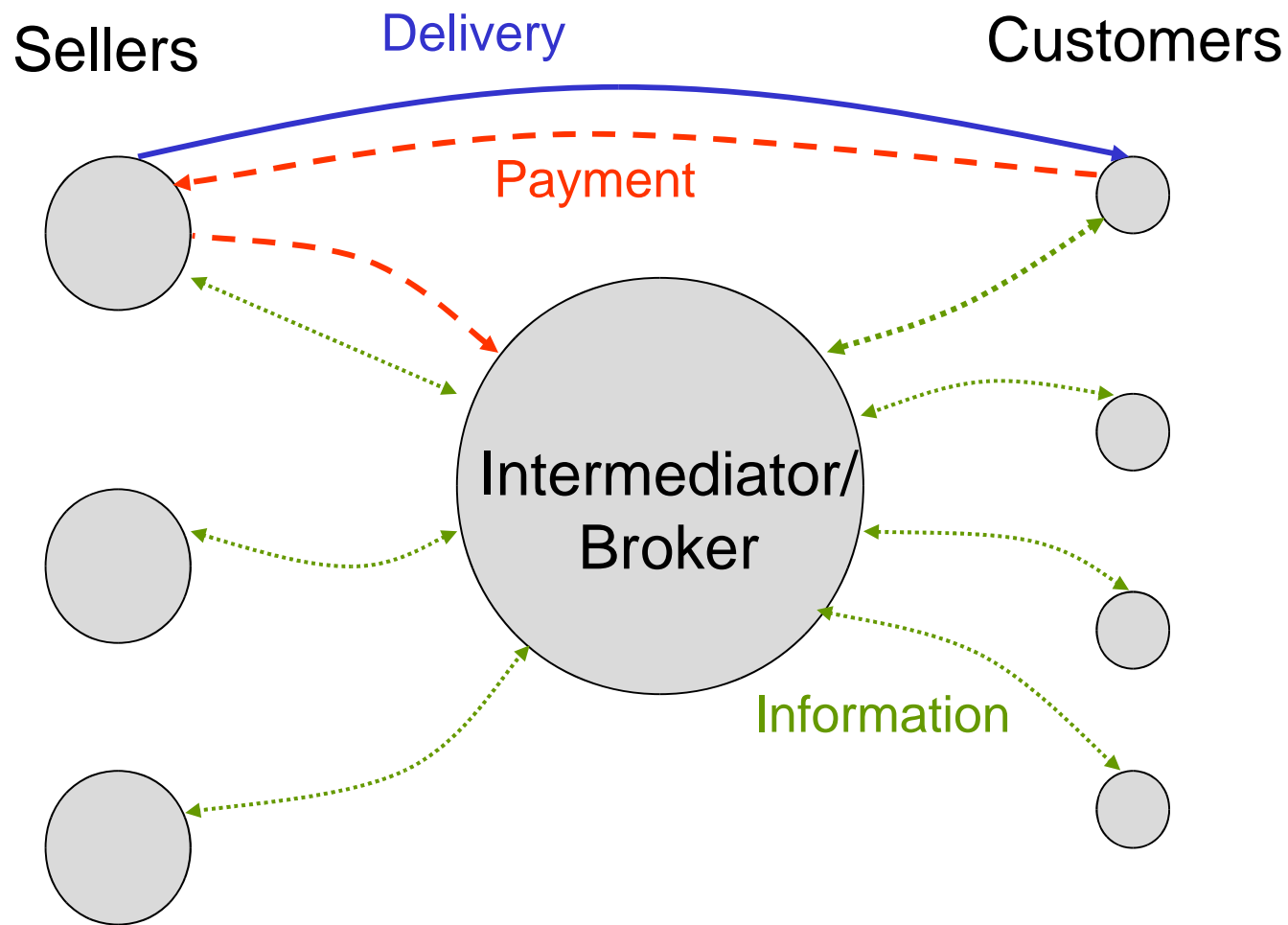
Examples: Dell (Computer), ICQ (Instant Messaging)

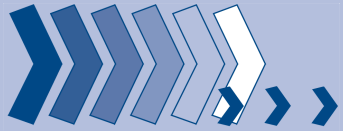


Examples: Amazon, Karstadt-Quelle

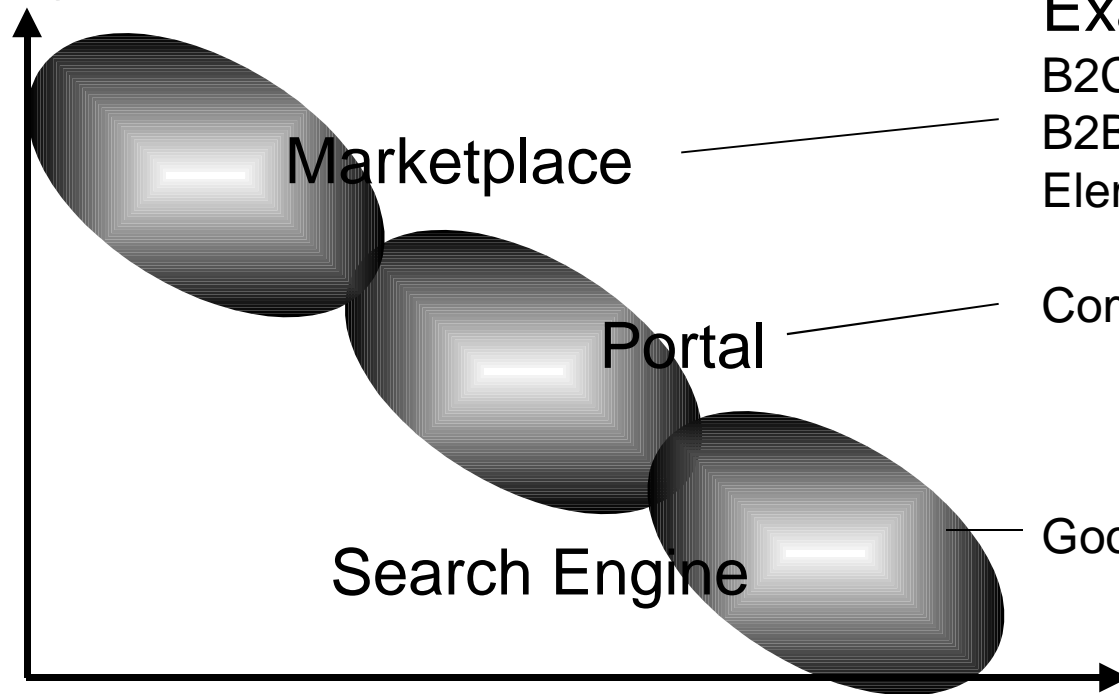


Brokerage Business Models





Level of
Integration



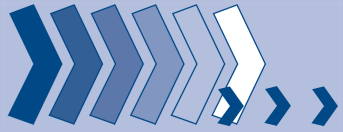
Examples:

B2C, C2C, P2P: eBay, Napster
B2B: Covisint (Automotive),
Elemica (Chemical Industry)

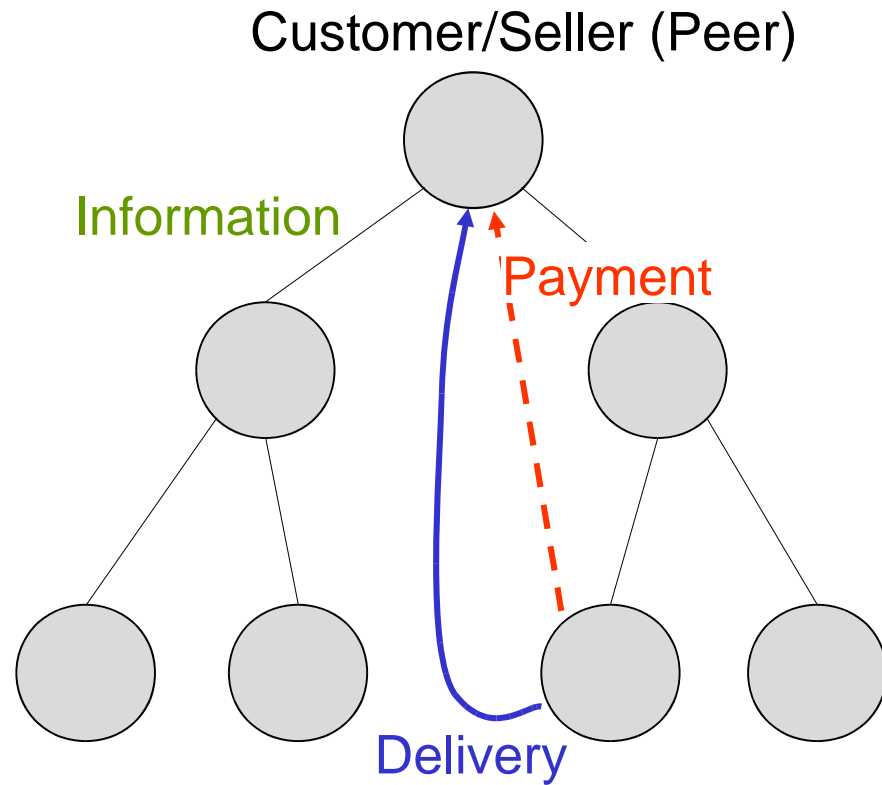
CompuServe, AOL, iMode

Google

Number of Participants



Decentralized Marketplace (Peer-to-Peer)

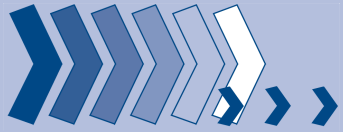


Examples: Morpheus, YouTube, Kazaa (P2P File Sharing)



Value Chain Examples

- Manufacturers/Technology Providers
- Service Providers
- Integrators
- Consultants
- Designers
- Advertisers
- Marketing Experts
- Financiers
- Analysts

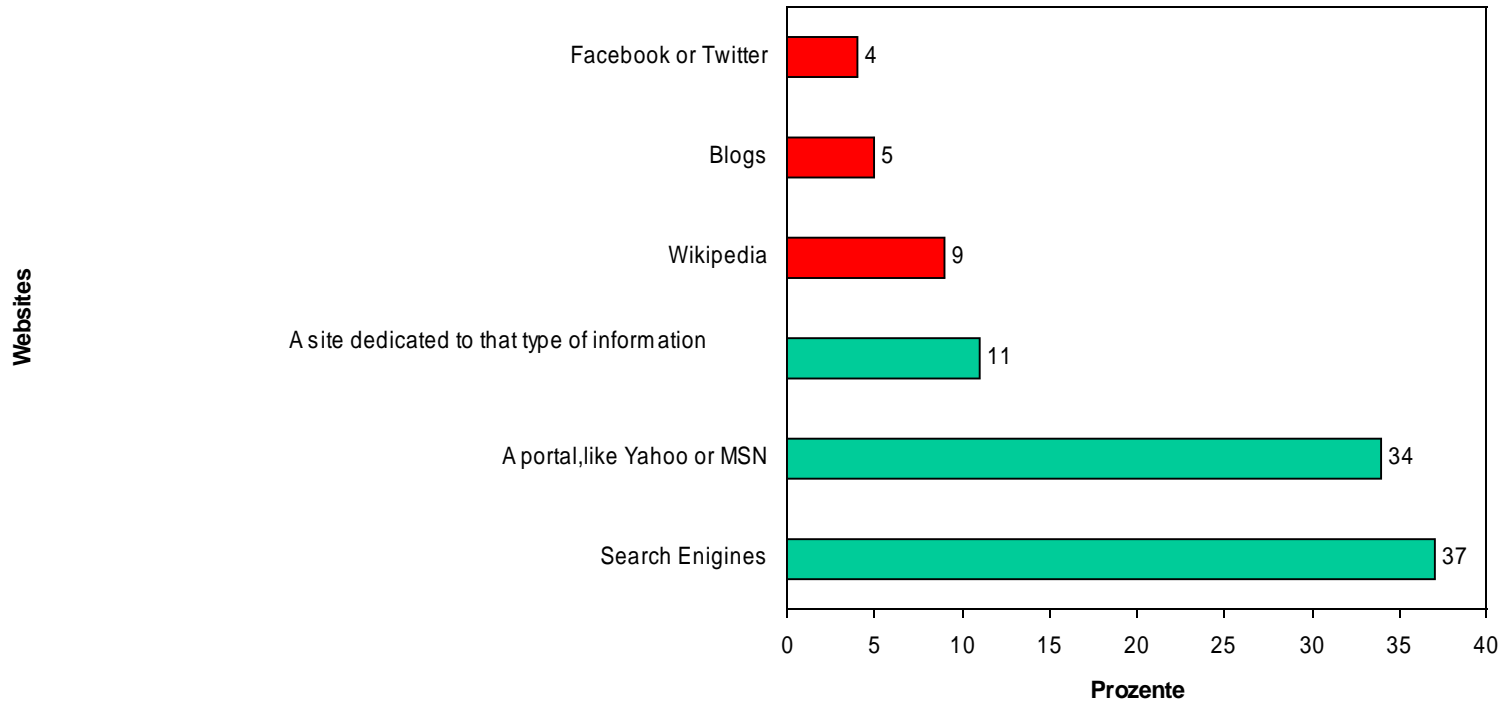


Top Ten Parent Companies in Internet (Nielsen NetRatings)

#Co. or Parent	Unique Audience May 2005	Time per Person
1 Microsoft	107,450,000	2:01:06
2 Yahoo!	97,499,000	3:00:30
3 Time Warner	96,911,000	5:24:41
4 Google	77,327,000	0:41:18
5 U. S. Government	53,881,000	0:26:34
6 eBay	53,416,000	2:07:10
7 InterActiveCorp	40,949,000	0:22:31
8 Amazon	38,694,000	0:22:12
9 RealNetworks	32,906,000	0:42:54
10 Walt Disney I. G.	32,332,000	0:33:14

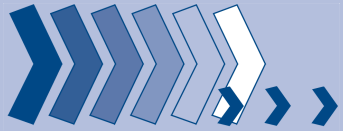


Type of Website for start your search



Social Media: The Next Great Gateway for Content Discovery?

- So are social networks the next portal or major search engine?
Now: Social Media have 18%



Spent on social media sites worldwide

Brand	Unique Audience (000)	Time Per Person (hh:mm:ss)
Google	149,673	1:53:21
Yahoo!	137,325	3:14:30
MSN/WindowsLive/Bing	114,844	2:03:08
Facebook	103,886	5:46:04
YouTube	94,580	1:17:20
Microsoft	94,024	0:44:52
AOL Media Network	92,574	2:36:17
Fox Interactive Media	72,831	2:04:42
Wikipedia	58,846	0:17:05
Apple	58,719	1:18:43

maximum time spent on Facebook in August

Source: Thomas Hutter, 2010



Top Ten Websites in Germany September 2007

#Co. or Parent	Unique Audience (in 1000's)	Reach in %	Time per Person
Google	26,606	76.77	00:43:29
Microsoft	20,362	58.75	00:59:19
eBay	18,304	52.81	02:03:46
T-Online	15,174	43.78	01:31:14
United Internet	15,063	43.46	01:09:16
Time Warner	13,564	39.14	03:10:42
Wikimedia Foundation	11,186	32.28	00:14:29
Bertelsmann	10,549	30.44	00:16:25
Amazon	10,104	29.15	00:15:14
Yahoo!	9,440	27.24	00:39:35



Top Ten Search Providers

Top 10 Search Providers for September 2007, Ranked by Searches (U.S.)

Provider	Searches (000)	Annual Growth	Share of Searches
1. Google Search	3,994,158	41.3%	54.0%
2. Yahoo! Search	1,443,244	9.3%	19.5%
3. MSN/Windows Live Search	890,685	71.5%	12.0%
4. AOL Search	444,493	24.0%	6.0%
5. Ask.com Search	158,969	4.5%	2.2%
6. My Web Search Search	61,911	N/A	0.8%
7. Comcast Search	38,926	N/A	0.5%
8. BellSouth Search	35,740	30.3%	0.5%
9. SBC Yellow Pages Search	29,424	42.6%	0.4%
10. My Way Search	26,750	-78.4%	0.4%

Source: Nielsen Online, MegaView Search



Top U.S. Search Providers

Rank	Provider	Searches (000)	Share of Searches
-	All Search	9,199,567	100.0%
1	Google Search	5,988,996	65.1%
2	MSN/Windows Live/Bing Search	1,274,184	13.9%
3	Yahoo! Search	1,208,774	13.1%
4	Ask.com Search	196,875	2.1%
5	AOL Search	179,895	2.0%

Source: Nielsen NetView, August 2010



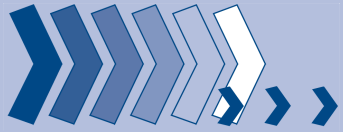
Top 10 Global Web Parent Companies

RANK	Parent	Unique Audience (000)	Active Reach %
1	Google	205,814,883	85.4%
2	Microsoft	180,098,857	73.9%
3	Facebook	118,840,955	59.1%
4	Yahoo!	100,511,198	54.3%
5	Wikimedia Foundation	95,426,342	35.8%
6	eBay	87,394,392	29.9%
7	InterActiveCorp	54,444,795	28.0%
8	Amazon	49,831,728	26.7%
9	Apple Computer	45,830,250	26.1%
10	AOL, Inc.	43,291,706	24.6%

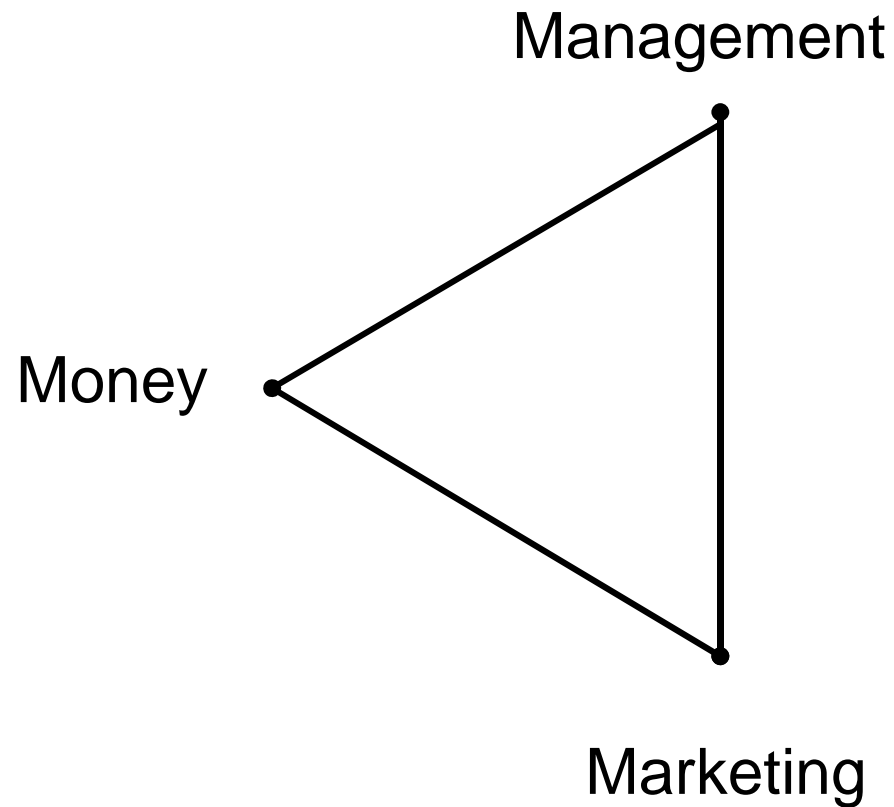
Source: Nielsen NetView, September 2010



- Blood, sweat and tears (sometimes with damage to family relationships)
- Technology creates risks but also opportunities (cannibalization of old by new, e.g., CD's "ate" LP's)
- "Fast ones will eat up the slow ones"
 - ✦ John Chambers, Cisco CEO
- Remember
 - one out of ten businesses may become a big success
 - three or four will survive for some time
 - one business in ten will reach its 10th birthday
 - starting businesses is like starting love affairs



3 M's of Entrepreneurship





Some Entrepreneurship Success Stories

- First company which achieved \$ 100 M sales in the first year:
Compaq Inc.
 - Initial Product: Portable PC's
- First company which achieved \$ 1 B sales in three years: Sun Microsystems Inc.
 - Initial Product: Workstations + Software
- First company which achieved \$ 4 B Value at Initial Public Offering:
Netscape Comm. Corp. (bought by AOL in 1999)
 - Initial Product: Browser
- Highest IPO ever: Google Inc. (over \$ 25B and then 33B on Aug.'04; \$ 140 B on Oct.'06, \$218 B Oct.'07, \$113 B Oct. '08)
 - Initial Product: Search Engine
- SAP, Intershop, YouTube, Apple, Microsoft, ebay, Cisco