



Learning from the Best

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The Goals

- To learn entrepreneurship from the most successful companies:
 - Team
 - Idea/Product/Service
 - Market
 - Strategy/Business Model
- To transfer know-how onto your business plan



Apple *- a vision of user-friendly PC*

- Founders: Steve Jobs and Steve Wozniak, 1977
- Idea: a user-friendly PC
- Main Product: personal computer (followed by i-tunes, i-phone, i-pod...)
- Market Potential: enormous
- Starting Capital: \$ 1,300 (100 PC's with \$50 profit were sold)
- Capital Mike Markkula (Intel) and bank credit
- Curioza:
Marketing via ad company Regis MakKenna with "Byte into an Apple"
slogan
IPO in 1980, \$1.7 B (Founders: less than 20%), Nov 2007 \$ 150 B,
Nov 2008 \$ 73 B, Nov 2010 \$ 290 B



Apple – Lessons Learned

- Gain early practical experience and turn your hobby into business
- Build an excellent team covering all your business areas and the entire business sector
- Be continuously innovative!!!
- Share the ownership and success with your employees
- Is your market share stable and unique? Exploit proprietary pricing strategy.
- In case of shrinking market consider licensing and openness of your strategies
- Set or adapt to trends



Microsoft – *Marketing before Innovation*

- Founders: Bill Gates and Paul Allen, 1977
- Idea: operating system for PC's, later office products
- Main Product: software
- Market Potential: enormous, exceeding wildest expectations
- Starting Capital: own work and family
- Capital: \$50,000 to ensure a contract from IBM
- Remarks:

Starting with BASIC interpreter and lots of enthusiasm.

Buying QDOS (Quick and Dirty OS) from Tim Peterson and renaming it MS-DOS.

Over 40 IBM PC's copy-cat companies ensured a big market.

IPO in 1986, Nov 2007 \$ 322 B, Nov 2008 \$ 177 B,
Nov 2010 \$ 222 B

David Cutler (DEC) moved to MS and developed Windows 3.1.

In 1992 1 M copies were sold in two months (25 M in total),
1 M copies of Windows 95 were sold in four days.



Microsoft – Lessons Learned

- Always try to hire the best employees for specific strategic positions
- Look for products with the highest market potential (Gates saw OS and office suite potential)
- Strategic, full force marketing
- Avoid giving exclusive rights on your products or services
- There are no limits for software, so the question is what product and when („Time-to-market“)
- Deep technical knowledge over business knowledge in the end pays off, continue to be technology leader by R&D investments



Cisco - unknown giant of web technology

- Founders: Leonard Bossack and Sandy K. Lerner, 1984
- Idea: electronic communication
- Main Product: router
- Market Potential: enormous
- Starting Capital: personal savings
- Curiosa: „We network networks“ (Cisco's vision)
- IPO: 1990, in 2000 world's largest company with market cap of over \$ 600 B
- Market Cap Nov 2007 \$ 184 B, Nov 2008 \$ 90 B, Nov 2010 \$ 108 B



Cisco – Lessons Learned

- Be persistent, do not take no for an answer (75 rejections of a business plan)
- Consider outsourcing to minimize the risk and capital expenditures. Clever outsourcing also means speed and reliability.
- Focus on innovation. Be always abreast with latest developments and consider buying, adapting and licensing other people's technology to make your product the most competitive on the market.
- Focus on customer needs, then you might eliminate or minimize the marketing costs.



Germany's biggest success story

- Founders: Hans-Werner Hector, Dietmar Hopp, Hasso Plattner, Klaus E. Tschira, Claus Wellenreuther, 1972
- Idea: standardized business software
- Main Product: ERP Systems (Enterprise Resource Planning)
- Market Potential: enormous
- Starting Capital: personal savings
- IPO 1988, 2007 \$ 64 B, Nov 2008 \$ 37 B, Nov 2010 \$ 56 B
- Extracurricular Mission: support innovation through education, HPI at U. Potsdam



SAP – Lessons Learned

- Discover gaps in the market
- Focus your product on customer's need
- Establish services for customers
- Be a perfect partner for your customers
- Focus on customer loyalty, try to win customers' heart
- Flat hierarchy and a certain chaos are effective
- Avoid bureaucracy



Ebay –

Market Place for Private Traders

- Founders: Pierre Omidyar and Margaret C. Whitman, 1995
- Idea: Market Place for Private Traders
- Main Product: Consumer-to-Consumer-Online-Market Place
- Market Potential: enormous
- Starting Capital: personal savings and then VC's
- Market Cap Nov 2006-07 \$ 46 B, Nov 2008 \$ 15 B, Nov 2010 \$ 38 B
- Curiosa: many companies copied the concept in various countries and later were bought by Ebay; in Berlin Alando was founded in 1999 by Samwer brothers, 100 days later the company was bought for DM 30 M; downtime is very costly so reliability is of primary concern



Ebay – Lessons Learned

- „Me too“ principle: transfer successful business models to new markets
- Use advantages of new technology
- Create confidence and community
- Ikea-principle: let customers contribute
- Exploit the fact that one man`s junk can be another man`s treasure.



Amazon – from book mail order to online-superstore

- Founder: Jeff Bezos, 1995
- Idea: electronic shop system
- Main Product: sales portal (books at first)
- Market Potential: 30 million customers in 2001
- IPO 1997: Capital: \$ 6 B in total, Market Cap Nov 2007 \$ 33 B, Nov 2007 \$ 16 B, Nov 2010 \$ 80 B
- Curiosa: business plan written in the car on the trip to Seattle; extra lean operation (used furniture for offices)



Amazon – Lessons Learned

- Popularity leads to success
- Quick growth can be successful if you keep an eye on costs
- Logistics play essential role in e-commerce



Intershop – E-Commerce Platform from Jena

- Founder: Stephan Schambach, 1994
- Idea: development of e-commerce software
- Main Product: Enfinity
- IPO 1998, Market Cap € 12 B at the peak; meteoric success from €80 to less than € 1 (€ 0.76 Nov 27, 2006, about € 3.50 Nov 2007, € 1.20 Nov 2008, € 2.00 Nov 2010)
- Curiosa: necessity is a mother of invention; interesting origins as described by Stephan Schambach; he was entrepreneur of the year 2000, Jena headquarters



Intershop – Lessons Learned

- Striving for most ambitious goals can lead to unimagined achievements.
- Technology-oriented companies are especially vulnerable in terms of cyclical variations and willingness for investments.
- Costs for personnel will be high if expected growth is not achieved. Risk can be reduced by outsourcing.



- Founder: Paulus Neef, 1991
- Idea: Design of human-machine interfaces
- Main Product: no own product but design of digital applications by integrating other suppliers' components
- IPO 1995, about € 1 per share Nov 2007
- Curiosa: controlling growth is a challenge, especially if appetite grows even faster



Pixelpark – Lessons Learned

- Take care of scalability of your business model
- Keep essential core competences
- Sharing a deal is a double-edged sword