Major Differences Between Interne and Biomedical Opportunities

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http://ecorner.stanford.edu/authorMaterialInfo.html?mid=997

http://e145.stanford.edu/session7

How Big of a Team?

Larger teams tend to do better

For class, teams of 3-4 are expected

Teams can get too big (slows decision-making, problems of not everyone contributing)

http://ecorner.stanford.edu/authorMaterialInfo.html?mid=1706

Where to Find Them?

Sources:

- Standard (University)
- VC's/Angel Investors
- Professors
- Professional Network
- Recently cashed-out entrepreneurs in your industry

Who to Look For?

http://techcrunch.com/2010/05/25/lean-ve-far-startups-the-dlsmpt-debate/

How do you design experiments?

- Consider the ordering
- Lowest cost, quickest way to verify/falsify the hypothesis
- Could be to build the website and show it to people
- Could be to buy Google adwords
- Could be to ask for money

Spencer Tall

- Managing Director, Allegis Capital
- General Partner & Co-Founder, APV Technology Partners
- Co-Founder Asia Pacific Ventures
- 14 Years Venture Capital Experience
- Former Operating Executive (Asia and US)
- serves on the boards of Allegiance, EMN8, IMVU, Solera Networks and Symplified.
- investments include Epiphany (EPNY), Web TV (acquired by MSFT), and One Touch Systems (acquired by Hughes Satellite).
- Mr. Tall was a co-founder and General Partner with APV Technology Partners for three funds over 10 years.
- Prior to APV, Mr. Tall, fluent in Japanese, oversaw U.S. sales operations for Marubun Corporation, a Japan-based billion dollar components trading company.
- Bachelor of Science degree in Political Science and Japanese from BYU.

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Event history analysis: effect of founding team on IPO

Hazard ratio and standard errors•

	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7
Firm size	1.00	1.00	1.00	1.00	1.00	1.00	1.00
	(.00)	(.00)	(.00)	(.00)	(.00)	(.00)	(.00)
Medical-related	1.85**	1.74**	1.93***	2.16***	1.99***	1.93**	1.91***
industry	(.55)	(.53)	(.57)	(.66)	(.62)	(.55)	(.56)
IPOs in industry	1.14***	1.14***	1.14***	1.14***	1.15***	1.14***	1.14***
	(.03)	(.03)	(.03)	(.03)	(.03)	(.03)	(.03)
Venture capital	5.26***	5.37***	5.78***	5.05***	5.88***	5.25***	5.29***
	(2.16)	(2.19)	(2.51)	(2.08)	(2.56)	(2.17)	(2.19)
Average number of prior	1.55***	1.54***	1.54***	1.58***	1.55***	1.53***	1.61***
positions for team	(.21)	(.21)	(.20)	(.22)	(.21)	(.21)	(.22)
Founding team size	1.08**	1.10**	1.08**	1.08**	1.12**	1.07*	1.04
	(.05)	(.06)	(.05)	(.05)	(.06)	(.05)	(.06)
Functional diversity		0.83			.61**		
of prior experience		(.23)			(.18)		
Prior start-up experience			1.39**		1.45**		
			(.20)		(.25)		
Prior senior management				1.42**	1.43**		
experience				(.25)	(.23)		
Diverse prior affiliations						1.04	
						(.05)	
Overlapping prior affiliations							1.98*
							(.92)
Wald chi-square	104.65	104.20	103.20	96.09	92.92	108.79	106.86
degrees of freedom)	(6)	(7)	(7)	(7)	(9)	(7)	(7)

***$p<.01$; **$p<.05$; *$p<.10$; •analysis of 11851 spells for 149 firms and 83 events.

Event history analysis: effect of founding team on venture capital financing

Hazard ratio and standard errors•

	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7
Firm size	1.01**	1.01***	1.01**	1.01**	1.01**	1.01**	1.01**
	(.00)	(.00)	(.00)	(.00)	(.00)	(.00)	(.00)
Medical-related industry	1.50*	1.63*	1.44*	1.68**	1.64**	1.50*	1.50*
	(.38)	(.41)	(.37)	(.42)	(.41)	(.38)	(.38)
Industry level VC financing	1.00	1.00	1.00	1.00	1.00	1.00	1.00
	(.00)	(.00)	(.00)	(.00)	(.00)	(.00)	(.00)
Average number of prior positions for team	1.16**	1.16**	1.19**	1.12*	1.18**	1.16**	1.16**
	(.08)	(.08)	(.08)	(.09)	(.09)	(.09)	(.09)
Founding team size	1.06*	1.03	1.06*	1.05	1.03	1.06	1.06
	(.05)	(.05)	(.05)	(.05)	(.05)	(.06)	(.06)
Functional diversity of prior experience		1.37*			1.35		
		(.31)			(.34)		
Prior start-up experience			0.86		.75**		
			(.12)		(.11)		
Prior senior management experience				1.34**	1.33**		
				(.21)	(.22)		
Diverse prior affiliations						1.01	
						(.05)	
Overlapping prior affiliations							1.00
							(.52)
Wald chi-square (degrees of freedom)	13.74	15.85	16.24	19.73	27.50	13.76	13.89
	(5)	(6)	(6)	(6)	(8)	(6)	(6)

One-tailed tests: ***$p<.01$; **$p<.05$; *$p<.10$; •analysis of 5471 spells for 149 firms and 115 events.

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Where to Find Them?

Sources:

- Stanford (University)
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- Professors

Who to Look For?

- Startup experience (in your industry)
- Same vision/passion
- Skills that complement and match the venture strategy/industry
- Someone who you work well with
- Creative visionary & Operations

User Base
Registrations (Customers who completed the registration process during the month)
Activations (Customers who had activity 5 to 10 days after they registered). Measures only customers that registered during that month
Activation/Registrations %
Retained 30+ Days
Retained 30+/ Total Actives %
Retained 90+ Days
Retained 90+/Total Actives %
Paying Customers (How many customers made $ purchases that month)
Paying/Activations + Retained 30+)

Financials
Revenue
Contribution Margin
Cash
Burn Rate
Months of cash left

Customer Acquisition
Cost Per Acquisition Paid
Cost Per Acquisition Net
Advertising Expenses
Viral Acquisition Ratio

Web Metrics
Total Unique Visitors
Total Page Views
Total Visits
PV/visit

http://techcrunch.com/2010/05/25/lean-vs-fat-startups-the-disrupt-debate/

- Startup experience (in your industry)
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VARIABLES	All (3-1)	All (3-2)	All (3-3)
Diverse team		2.199***	
		(0.496)	
Technically focused team			0.954
			(0.168)
Innovator x diverse		0.550***	
		(0.076)	
Innovator x tech focused			1.430**
			(0.205)
Innovator	1.683***	1.353***	1.071
	(0.263)	(0.114)	(0.081)
Recession	1.125	1.727***	1.677***
	(0.082)	(0.270)	(0.261)
Master's degree	0.818	0.859	0.803*
	(0.105)	(0.111)	(0.104)
Doctorate degree	1.025	1.034	1.034
	(0.175)	(0.184)	(0.178)
Experienced entrep	1.681***	1.625***	1.729***

VARIABLES	Competitive (4-1)	Cooperative (4-2)	Competitive (4-3)	Cooperative (4-4)	Competitive (4-5)	Cooperative (4-6)
Diverse team			1.781**	0.718		
			(0.478)	(0.177)		
Technically focused team					0.835	1.537**
					(0.232)	(0.330)
Innovator	1.337	1.171	1.537***	0.922	1.614***	0.838
	(0.347)	(0.254)	(0.192)	(0.105)	(0.202)	(0.107)
Recession	1.176	1.386***	0.594*	2.338***	0.556**	2.001***
	(0.157)	(0.142)	(0.177)	(0.605)	(0.164)	(0.496)
Master's degree	0.662*	1.072	0.907	0.713*	0.919	0.764
	(0.152)	(0.204)	(0.208)	(0.139)	(0.209)	(0.154)
Doctorate degree	0.494**	1.052	0.575	2.105***	0.566	2.140***
	(0.143)	(0.243)	(0.201)	(0.570)	(0.197)	(0.586)
Experienced entrep	2.241***	1.117	1.886***	1.427*	1.810**	1.256
	(0.482)	(0.206)	(0.461)	(0.293)	(0.443)	(0.276)
Age founded	0.987	0.996	1.000	1.002	1.002	0.994
	(0.009)	(0.009)	(0.010)	(0.011)	(0.011)	(0.011)
Firm age	1.008	1.088***	1.003	1.064***	1.004	1.000
	(0.012)	(0.010)	(0.013)	(0.013)	(0.013)	(0.011)
Ext. funding	1.188**	1.429***	1.130	3.160***	1.156	2.530***

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Where to Find Them?

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- Professional Network
- Recently cashed-out entrepreneurs in your industry

In some ways, listening to customers is obvious advice, but...

"If I had asked people what they wanted, they would have said faster horses." - attributed to Henry Ford

Apple/Steve Jobs

Radical new products (i.e., the computer)

Several notions mixed up together:

Rapid iteration
Lean / raise minimal funding
Don't spend frivolously
Hypothesis testing

Sources:

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