

The Media Platform for High-Tech Entrepreneurs, Investors & Advisors



The Chilli – the vital ingredient in an
entrepreneur's recipe for success

www.TheChilli.com

Agenda

- Introduction to The Chilli
- Terminology & Definitions
- Chilli Perspective of Innovation
- Spinouts Case Study
- 3 Waves of Innovative HTSU
- How far does your Vision go?
- HTSU Characteristics
- Conclusions



Mission

- Improve communications gap between
 - Entrepreneurs/founders
 - Executives
 - Laboratories
 - Investors
 - Intermediaries
 - Advisors

-www.thechilli.com (Community)

-www.thechilliRED.com (Premium Content)

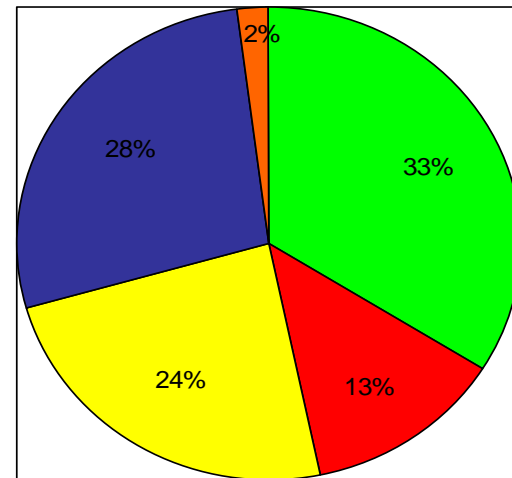
-chilliVents

-Consultancy Services

Delivery

- Online at www.thechilli.com
- Monthly newsletter
- Live at networking events, panel & conference sessions.

18,000-READERS PROFILE



Introduction to The Chilli

- Demystifying the whole start up process
 - Written by experienced entreps, been there, done that.

- Use role models
 - Robin Saxby
 - Simon Davidmann
 - Richard Farley

- Case studies
 - Artimi, picoChip, Mirics etc

- Benchmark & definitions

Terminology

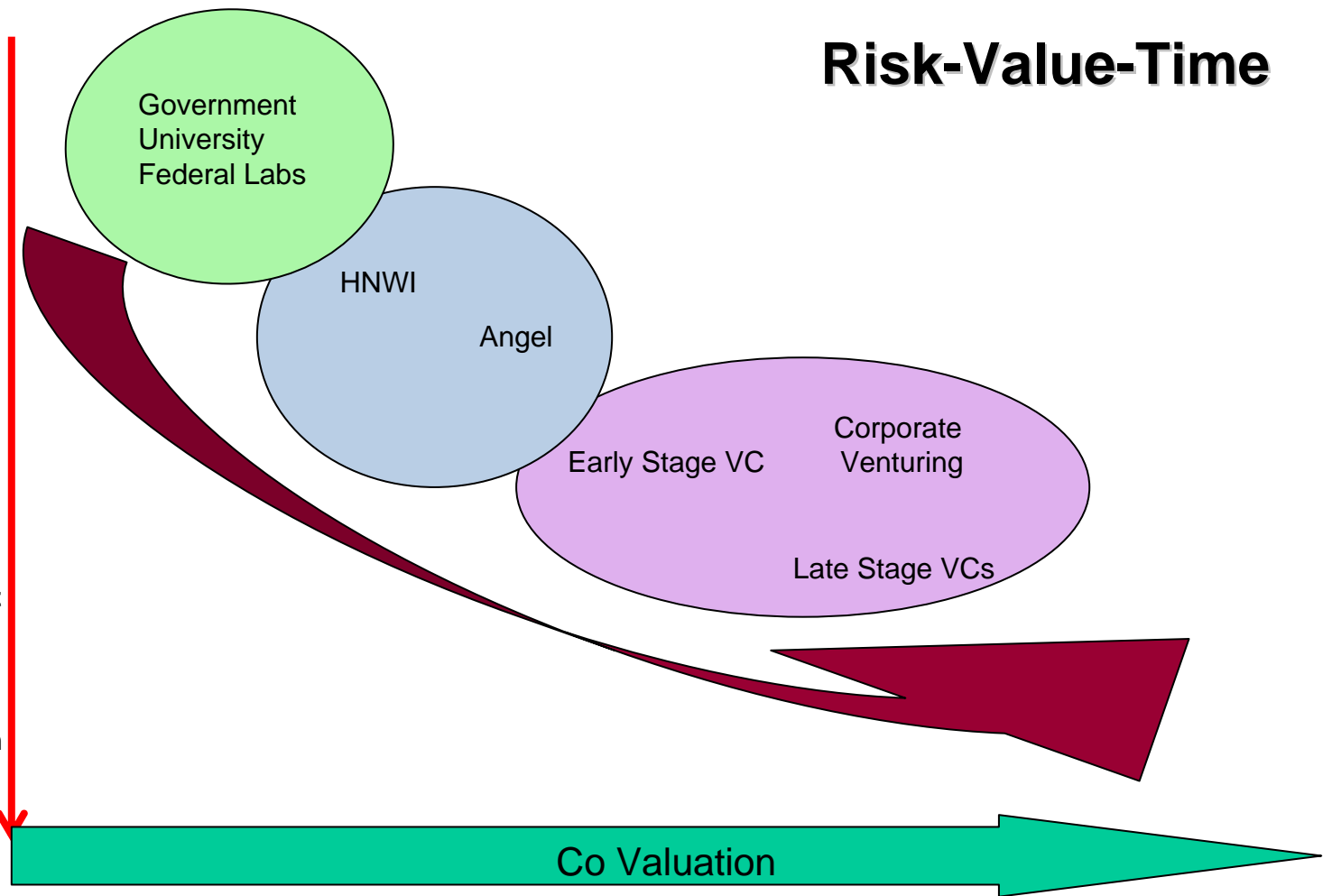
- USO University Spin Outs
 - CSO Corporate Spin Outs
 - LSO Public Laboratory Spin Outs
-
- HTSU High Tech Start Up
 - SaMBiDS Sales-Marketing-Business Development-Customer Service
-
- HNWI High Net Worth Individual
 - Angel Individual investor with domain expertise
 - S1-S3 Seed level Companies
 - R1-R3 VC funding Rounds
 - IRR Internal Rate of Return %



RISKS

Risk-Value-Time

Science Project
 White Paper
 Patent
 Model/Demo
 Technology
 Product
 Market adoption



S1 S2 S3 R1 R2 R3 Pre-Exit

USO1 USO2 USO3 USO4

Definitions

Name Association Test

- Browsers
- Blackberry
- Bluetooth
- WiFi
- Search
- VoIP
- IPTV

IBM, Microsoft Labs, Xerox, Ericsson? OR ?

Netscape, RIM, CSR, Google, Skype, UTube -----

What is Innovation?

“Innovation is the successful exploitation of inventions, new technology utilizing people, processes, capital and markets”

22%-Strategic Innovators- Persistent Long term R & D Effort

30%-Sporadic Innovators- Only when forced by competition

27%-Adaptive Innovators- Utilize other’s innovation in own product

21%-Tactical Innovators- Take advantage to change biz model –new market

INNOVATION < = >

No of Patents, No Of Graduates, Amount of R & D, Knowledge repository

Innovation and Startups- Interchangeable

- Schumpeter's "*creative destruction*"
- Marconi, Ferranti, Plessey - dead as a parrot?
- Large companies need big markets to justify risks
- Established Coprates - Technology & legacy

Replaced by newcomers:

- Amino, ANT, CSR, Skype, all <10 yrs old
- Most new innovations are HTSU or HTSU-related
- New co's have no legacy or budget turf wars
- Share a great desire to prove a new idea or concept

Two Models for Spinouts - Hard & Soft

Hard spinout

- The old Fairchild 'classic' model
- Bureaucratic, slow, legacy protection, oil tanker
- Great labs & technology - Palo Alto
- No or little innovation
- Intel, AMD, Signetics, National Semi, +100 in Si Valley

Soft spinout

- Cambridge Consultant Ltd (CCL) model
- Great labs – lots of feasibility studies - technology repository
- Contract R & D brings engineers in contact with customers
- Culture to positively support spinouts
- Provide incubation, seed capital, take equity
- CSR, Cyan Tech, Alphamosaic, Xaar, Inca

Cambridge Silicon Radio – A Model for Innovation (1)

- Took risks from conventional approach
- Mixed RF and digital on same chip
- 3rd or 4th in the race
- Siemens, Ericsson, Motorola (Digiansware)
- Customer-funded project, Lab spin-out CCL'98
- Persevered against WiFi onslaught in US
- Ignored negative press comments
- Marshalled limited internal resources
- Got mind share with blue chip supply chain-TSMC

CSR – A Model for Innovation (2)

- Raised \$80m venture fund over 6 yrs
- Hit revenue of \$4.5m in 2nd Year
- Est. rev. of \$800m '06, profit >\$100m
- IPO in 2004
- 60% of Bluetooth market (3rd bite is sweeter)
- On the way to \$1 billion - with multi products
- Most successful UK semi company
- Valuation of > \$2b

1st Wave: Pre-Bubble

Company	Domain	Status
CSR	Bluetooth	IPO'ed 60% BT Share WiFi - VoIP
Wolfson Micro	Audio ICs	MP3- major share
Alphamosaic	Mobile Multimedia	Acquired by Broadcom
Amino	Set Top Boxes IPTV	IPO'ed
Bookham	Optical Comms	survived .COM & consolidated 4 Cos

2nd Wave: Post-Bubble

- Built-In Adaptability

Company	1st Application	2nd Application
picoChip	3G basestation	WiMAX
Artimi	UWB	Wireless USB
Phyworks	10Gbit Telecoms	Enterprise and FTTx
Antenova	Customized Antenna	Wi-Fi, GPS, mobile
Sarantel	3D-GPS Antenna	Low radiation multi freq-embedded
MED	Organic LEDs	Small viewfinder display
Plastic Logic	Printed Plastic Logic	Low speed electronics

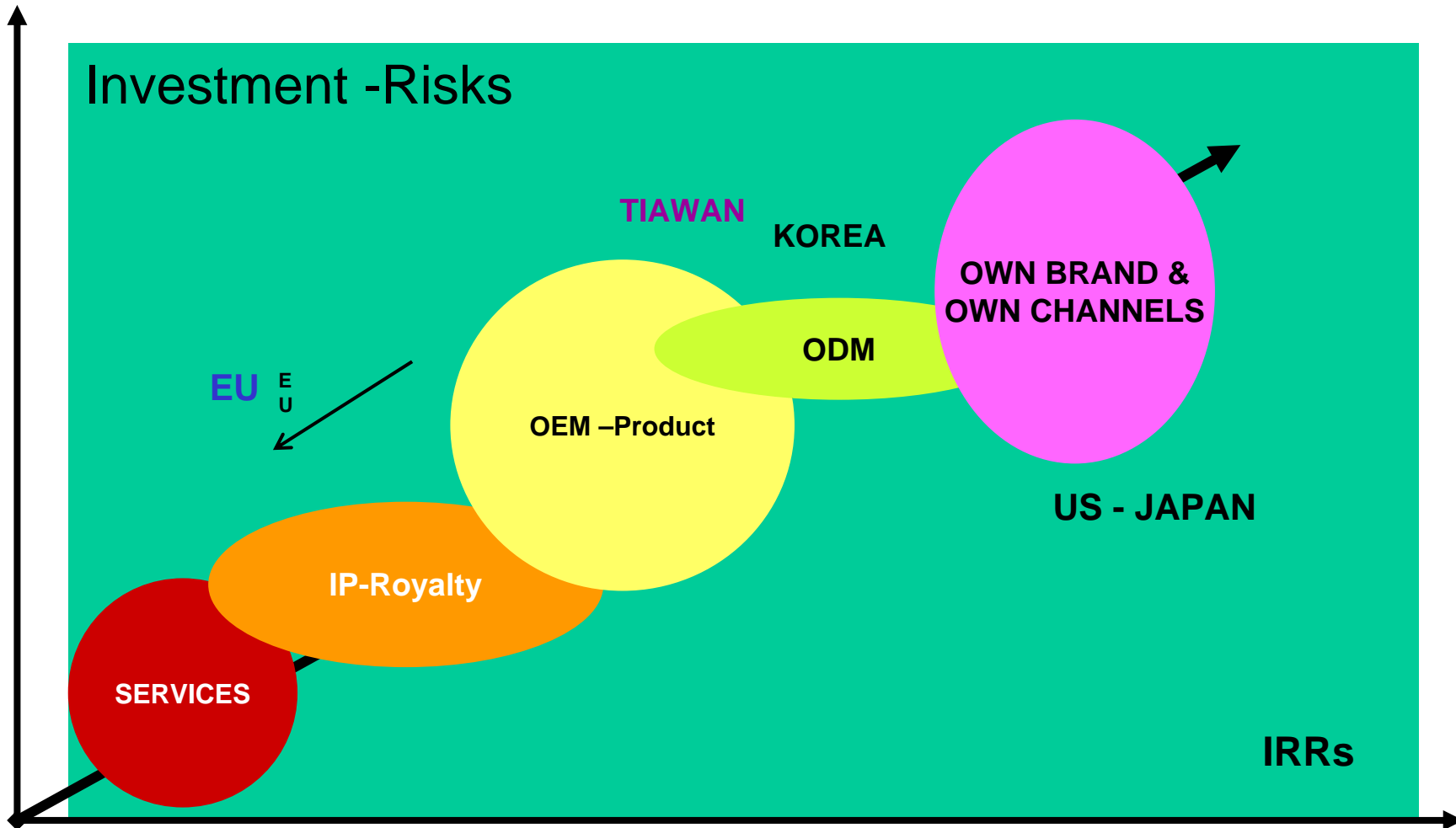
3rd Wave: Global Co's Breed Global Startups

Company	Sector	Product
Mirics	Mobile TV	Multi Standard Mobile TV Tuner
Ultralis*	Wireless Video	>3m-Wireless HD > 1G Bits/s
Solar*	Disruptive Solar Cell	X10 < manufacture costs

- Architect in Newcastle-UK –Silicon plant
 - Labs Florida, VC from Si Valley
- Future Start Ups; Global Architect & Implementation Team
 - IP from EU-US-India-China, design in India or China. VCs UK-US-ROW

*Stealth Mode

How far does your Vision go?



Food for Thought

- Indian cost arbitrage disappears from 2010 - 2020
 - R & D base increase due to # of MNC & local Cos
 - Skill shortage - skills upgrade
 - Leading edge work- Reduce Staff attrition rates
- Create & own IP and/or buy 3rd party IP
 - Push for higher margin-value products
 - Create “Market Pull” from domestic demand
 - Thus “Create own standards- eco system”

Can you adopt? HTSU Characteristics

- Small/focused team & goals
- Work with limited resources
- Hard work, faith in vision
- Ahead of standard setting
- Nimble, respond quickly
- Passionate about technology
- Avoid budget turf wars
- Work around obstacles, skeptics, doom mongers
- Thick-skinned
- Conviction & Confidence in its people
- Persevere against all odds

Conclusion? Legacy Cos are innovators but
HTSU are “drivers of Innovation”

HTSU

- Driver behind Si Valley
- US Economy
- EU future Growth- HTSU
- Most High Value Job Creations
- Levels playing field

HTSU

- Use new biz models
- Cstmr Delivery Models
- Adaptable Organization
- Passion for Innovation

Embrace the “innovation” and HTSU culture

OR

*End up being another Marconi, Plessey, Ferranti, DEC, Sperry-
Univac.....*



India Chilli Research & Network

- Available for One to One sessions
- 1st three weeks of December
- Bangalore
- Chennai
- Hyderabad

- Contact bipin@thechilli.com
- IET Office

The Chilli Value Test™



The Chilli – the vital ingredient in an entrepreneur's recipe for success
Case Studies, Role Models, Trade Secrets,
inspiration , humour and get connected to
other entrepreneurs

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