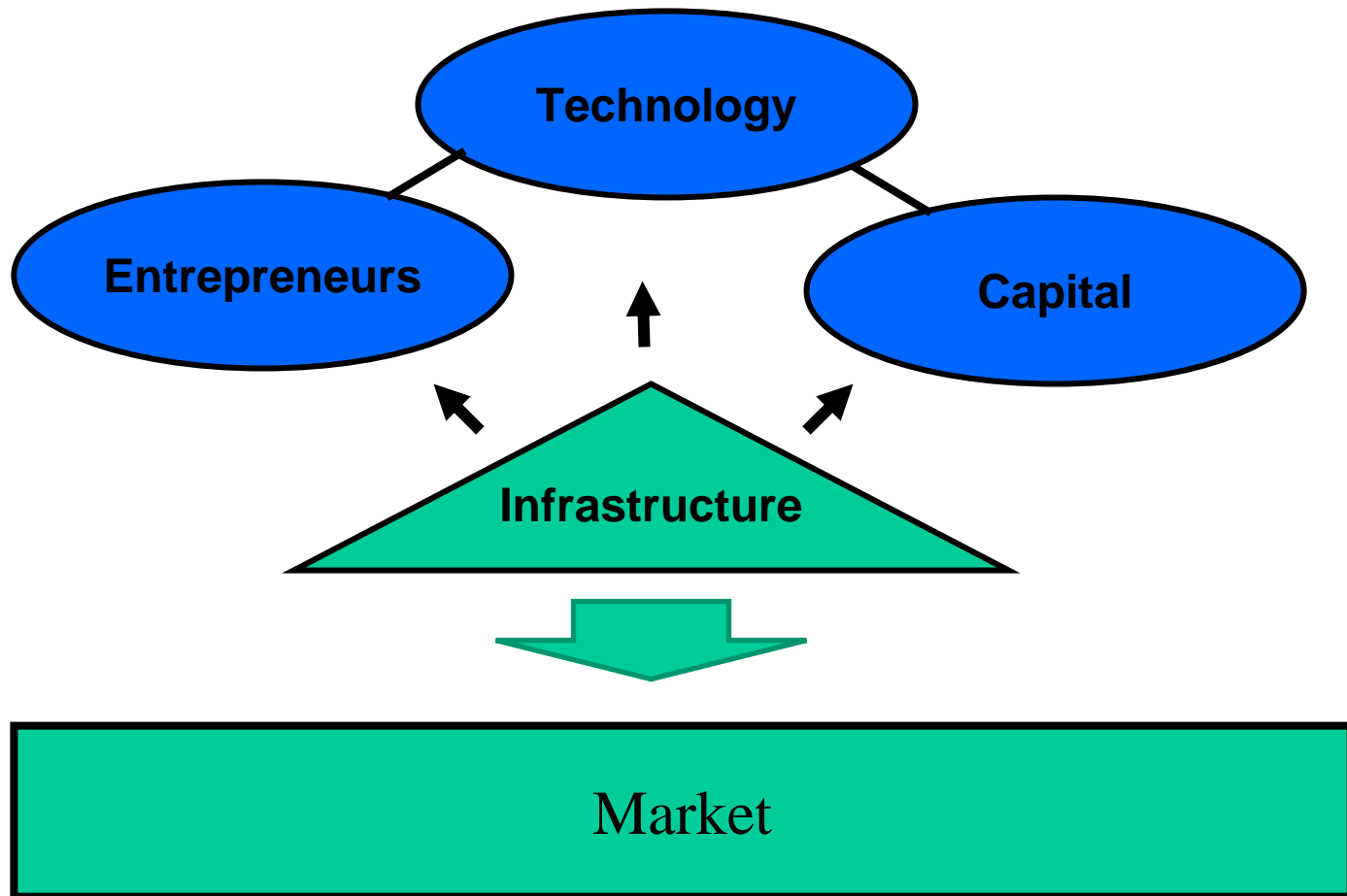


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15.369 Corporate Entrepreneurship: Strategies for Technology-Based New Business Development
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Components of Innovation Ecosystems



Structure of Innovation Capital

Large Corporations: \$10.5B

Venture Capital: \$25.5B

Angels: \$24.6B

Federal Government: \$ 8.0B

State and Regional:

Universities: ?

Foundations:

Capital trends

- **Venture Capital**
 - Average size of funds continues to increase
 - Investments focused on later stages
 - Preferred size of investments: \$3MM-\$5MM
 - Slow re-appearance of early stage funds
- **Large Companies**
 - R&D investments have kept pace with revenues
 - Research money has been re-directed to short-term
 - Focus on sourcing technology from the outside
 - Emergence of other sources of external investment
 - Corporate VC
 - University funds
- **Angels**
 - Re-emergence from the “post-bubble” phase
 - Investing in groups

Capital trends (continued)

- **Federal Government**
 - **Significant growth over the last few years is slowing down**
 - **Most funds for NIH and DOD**
- **Other**
 - **States/regions establishing economic development funds**
 - **MA: Mass Tech Transfer Center**
 - **Universities and teaching hospitals establishing entrepreneurship funds and aggressive licensing efforts**
 - **Venture capital: University of MA, Amherst, Partners**
 - **Early stage: MIT– Deshpande Center**
 - **Non profit foundations accelerating investments**
 - **Gates Foundation**

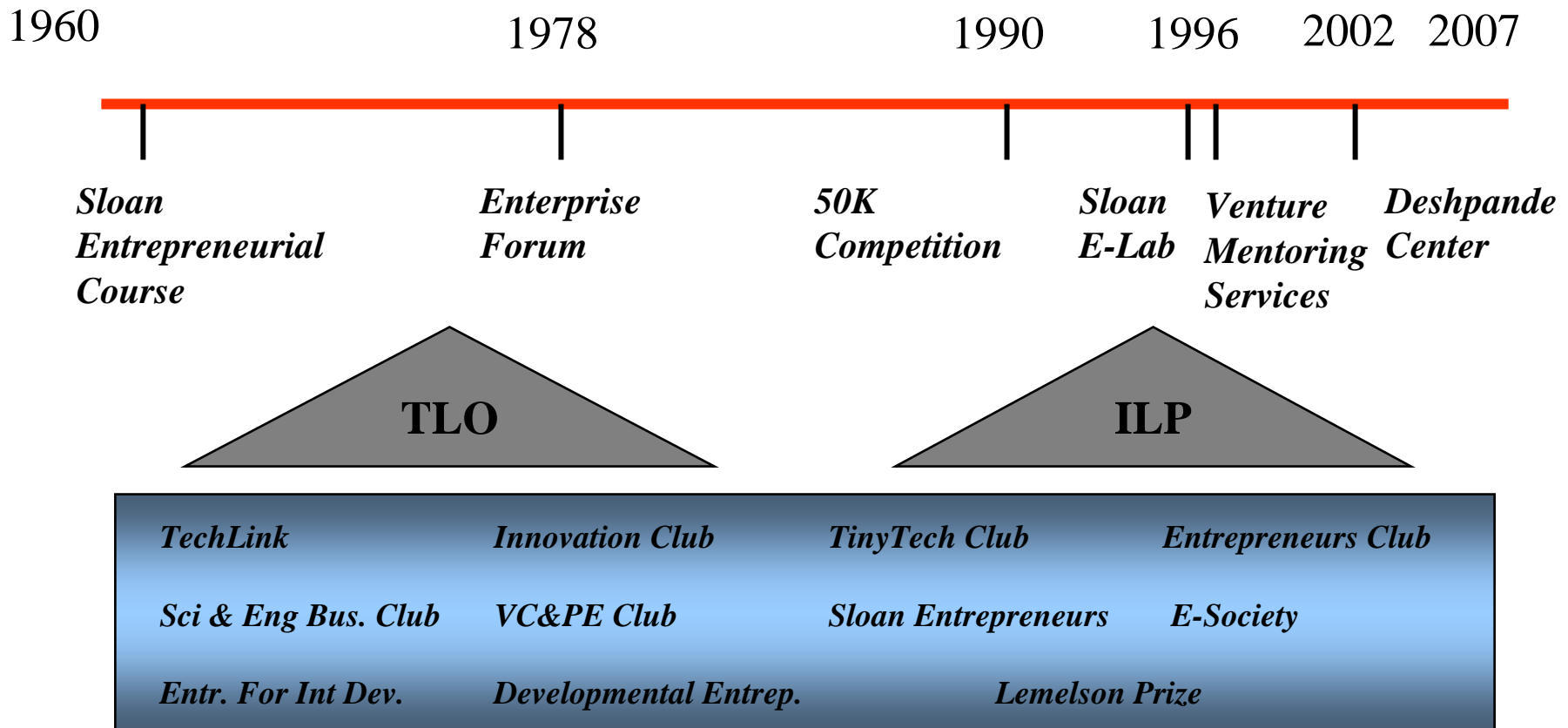
Entrepreneurial and infrastructure trends

- **Entrepreneurial culture expanding globally beyond Boston and Silicon Valley**
 - **Local efforts in various parts of the country**
 - **Educational programs at Universities**
 - **Global communications**
- **Infrastructure often ignored**
 - **Key role of law, accounting, regulatory, banking groups**
- **Market access is key**

Technology Trends

- **Universities and teaching hospitals emerging as the key incubators for invention**
 - **Emphasis on entrepreneurship and licensing**
- **The role of small companies is growing rapidly**
 - **Allocation of Federal funds**
 - **New type of Joint Venture– small with large**
- **Corporate R&D laboratories have diminished in importance**
- **The impact of mid size companies is not well understood**
- **Federal Labs are still struggling with spin-out and licensing issues**
- **Other groups, such as Battelle/Draper/Foster Miller are also accelerating spin-out and licensing activities**

MIT Entrepreneurial Ecosystem



Selected Statistics

100K Competition

85 start-ups/ market cap greater than \$10B/2,500 jobs
\$600MM in VC investments

Deshpande Center

64 projects/\$7MM in grants/11 spin-outs/132 employees
\$88MM from outside investments/12 VC firms