VENTURE & INNOVATION

LESSONS FROM SILICON VALLEY

Pedram Mokrian
Stanford University
$128.5B in Global VC investments in 2015

Annual Global Financing Trends to VC-Backed Companies
2011 – 2015

Source: Venture Pulse, Q4'15, Global Analysis of Venture Funding, KPMG International and CB Insights (data provided by CB Insights) January 19th, 2016

#Q4VC

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Urbanization is the core Economic Driver
Which sector do you think is most likely to benefit from the Fourth Industrial Revolution?

- Healthcare: 45%
- Education: 11%
- Finance: 15%
- Infrastructure: 14%
- Energy: 15%

Source: The Economist Intelligence Unit Flash poll, January 2016
Historical Disruption of Retail

- **Department Stores**
  - First Disruption
  - 1900
  - 3 Times/Yearly
  - Margins: ~40%

- **Mail Order Catalogue**
  - Second Disruption
  - 1950
  - 4 Times/Yearly
  - Margins: ~30%

- **Big Box Retailers**
  - Third Disruption
  - 2000
  - 5 Times/Yearly
  - Margins: ~20%

- **E-Commerce**
  - Fourth Disruption
  - 2000
  - 25 Times/Yearly
  - Margins: ~5%

Source: Innosight LLC

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## A Tale of Three Retailers

<table>
<thead>
<tr>
<th></th>
<th>SEARS HOLDINGS</th>
<th>amazon.com</th>
<th>Etsy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market Value – Oct 2006</td>
<td>~$24B</td>
<td>~$12.5B</td>
<td>~$0</td>
</tr>
<tr>
<td>Market Value – Oct 2016</td>
<td>$1.2B</td>
<td>$400B</td>
<td>$1.7B</td>
</tr>
<tr>
<td>Difference</td>
<td>-20x (95% loss)</td>
<td>30x (3,000%)</td>
<td>∞</td>
</tr>
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Innovation in Hospitality

$25.5B
Market Value
(2015 Private)

$6.5B
Market Value

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Innovation in Transportation

$50B Market Value
Founded 1908

$32B Market Value
Founded 2003