



Early Stage Success Strategies

22 November 2005

Sean Licata
sean@trivaris.com

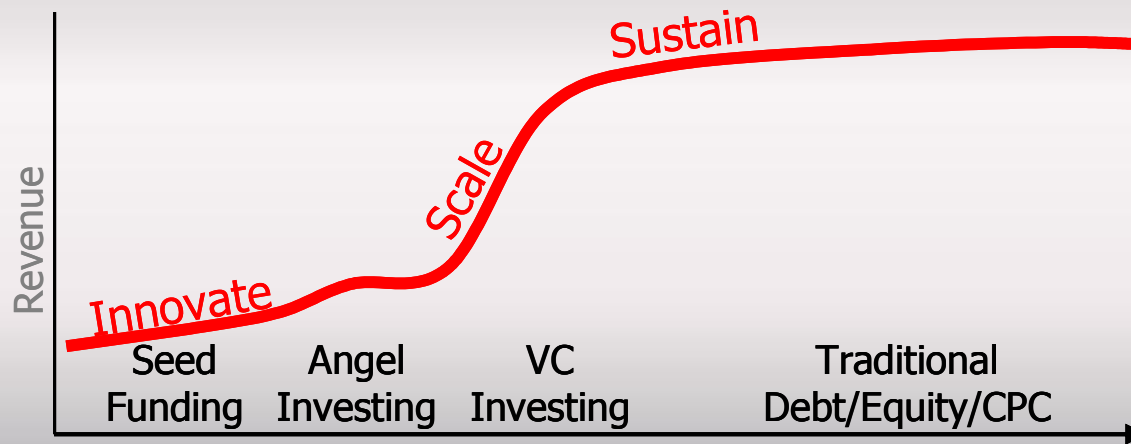
Who Are We?

- Trivaris develops and invests in early-stage opportunities
- Trivaris team members have successful operational backgrounds
- Trivaris focuses on support for strategy and execution
 - Build repeatable operational processes for commercializing products
 - Leverage across portfolio companies

Start With Some Definitions ...

- **Innovation:** converting ideas into new products and/or services
- **Commercialization:** developing a viable business model
- **Mainstream growth:** scaling the business model into profitability and market share

Start With Some Definitions ...



- **Innovation:** converting ideas into new products and/or services
- **Commercialization:** developing a viable business model
- **Mainstream growth:** scaling the business model into profitability and market share

Commercialization: developing a viable business model

- Traditional evaluation applies established-market rules to early-stage companies
- Investment criteria often forces nascent innovators to forecast the 'unknowable' ...
 - Document your revenue and cash flow forecasts for next three years
 - Estimate your market share growth for the next 5 years
 - Does your team have the necessary skills
 - Etc.,

Is Commercialization A Process or Black Box?

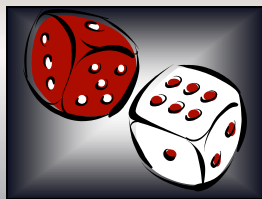
Black Box

An unknown and often unknowable mechanism, process, or system which is judged solely by observing its inputs and outputs

Approaches To Commercializing Innovations

Black Box Approach

- Commercialization is unpredictable
- If you want more throughput (portfolio value), place more bets
- It is a black box so play the odds!



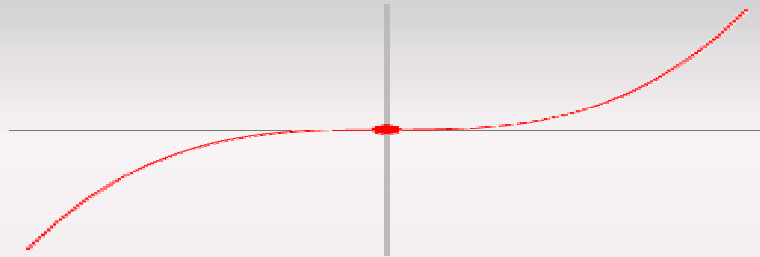
Process Approach

- Commercialization is a predictable process
- If you want more throughput (portfolio value), improve the process yield
- It is a process so manage it!



Early-stage operational support significantly improves new companies chances for success

How do New Companies Succeed?



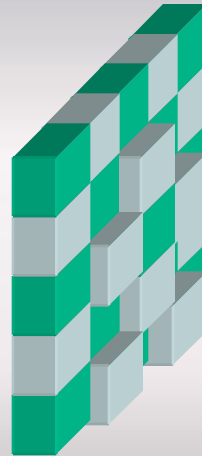
*Create and exploit
an "inflection point"*

- Build a product which offers new and unique value
- Structure the business
 - So that incumbent firms can't compete, and
 - Customers are drawn to the new product's value

Disruptive
innovation

Disruptive
strategy

How do New Companies Fail?



- Offering a product which is not radically different
- Prematurely Competing head-on with the incumbent
 - An established competitor has the resources to win
- Failing to sufficiently grow cash flow

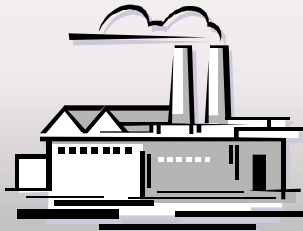
Sustaining innovation

Sustaining strategy

Failure to execute

Channel Development

- Disruptive products are often difficult to sell through traditional channels



Existing channels may not have infrastructure to leverage new value from disruptive products

Disruptive products may threaten channel profit

Customers must perceive new value

Channel partners like to move upmarket not downmarket



Our Approach To Innovation

- Commercialization is a critical step
 - **Identify**: High potential innovations
 - **Strategy**: Develop profitable, scalable and sustainable business strategies
 - **Execute**: Provide operational assistance to the entrepreneur



Thank-you

Sean Licata
sean@trivaris.com
www.trivaris.com