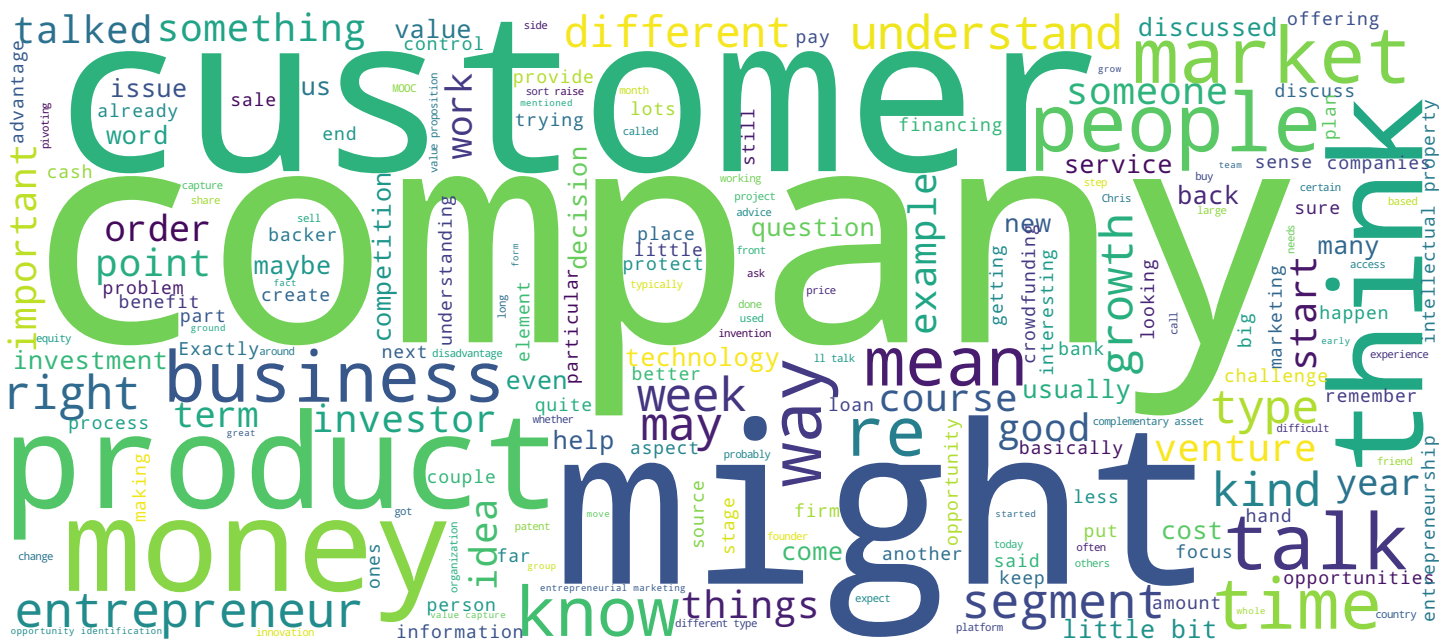


# Value capture - profiting from your innovation



EPFL

## Introduction to Value Capture

Launching New Ventures: Entrepreneurship & Strategy for Technology-Driven Startups

Prof. Chris Tucci and Prof. Marc Gruber

♪ (music plays) ♪ So, we're on week five of the course on value capture and growth.

Notes

Summary



0m 00s

# Introduction & what we've covered so far

## Week 2

- Identifying and evaluating business opportunities

## Week 3

- Entrepreneurial Marketing



## Week 4

- Financial considerations
- How much money do you need?
- Navigating the funding universe
- Seed & expansion financing
- Crowdfunding
- Managing cash

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And this is actually the final week! So, congratulations to making it so far. It's only a few more segments, then you're done with the whole MOOC. As we said, you're going to focus on the most essential elements, and by now you've seen that we actually focus only on the essential elements. - Thanks for staying with us so far. - Thanks for staying with us. And, so far what we have covered is, in week 2, opportunity identification. You know, the first baby steps that you do as an entrepreneur: Identify an opportunity, looking at how valuable it might be. The second point was, in week 3, that we looked at entrepreneurial marketing, which is, like, getting the first sales, getting a healthy company, getting your company off the ground. And then week 4, we talked about finance. Right; so with the raising and managing money, we talked a lot about the different types of investors. We talked about how much money you'd need, making financial projections, looking for cash, keeping your cash management. And, how to set up your crowdfunding. But—exactly, and you know, all of this is nice, - but you need to capture also the value, - Yeah. because if you do not capture the value of what you're creating, well, someone else is capturing the value. So, in other words, you're working for someone else.

Notes

Summary



## 5.1 Protecting your idea



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So in this segment, we're going to talk about value capture, which actually means, well, there are some provisions, some strategies you can apply so that the value actually accrues to you, and not to someone else. And that's what you have deserved because so far you have worked hard on this MOOC. So one way of capturing value, or at least one of the beginning ways of capturing value is to protect your idea. So in 5.1, what we're going to do is think about intellectual property, how it works, why do we have it, why do different countries have different rules about it, and what does it mean? So how can you protect your idea using different forms of intellectual property? Exactly. And you might have different ideas, so not every idea is right for a patent. But there are other ways, and we going to talk about that. Right, we'll go through all those.

Notes

Summary



1m 45s





So copyrights are just one way of protecting your idea, and trying to make sure that you can capture the value inherent in your technological innovation. There are others, and in segment 5.2, we talk about these other ways. It might be that you have complex production processes that other people cannot observe, or complex product that is not ready to be copied so easily by other actors, by your competition. And then there are still other elements that you might want to consider. Right, I mean, there's also the issue of controlling key assets. You know, for example, if you need something to commercialize your technology, and you have it in competitive supply. In other words, you have a choice among people who can do that for you, then of course you're, generally speaking, going to make more money from your invention. Or it could be that there's only a small number of companies that control what you need to do to commercialize. Maybe you're one of the key holders of one of those assets. If you're not, you're probably going to have to pay for it, that's the point. So there is some strategic analysis that has to go into understanding, well, how can you benefit the most by cooperating with different types of people and firms out there.

Notes

Summary

0m 03s



## 5.2 Making money from your innovation...

### ...by stopping people from copying you, if possible

- Via intellectual property protection
- Via complexity
- Via process innovations that they can't see



### ...by controlling key assets, if possible

- If what you need to commercialize is in competitive supply
- Or if you already are among the small number of companies controlling complementary assets (for example, distribution network)

### ...or by moving on quickly!

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And even if it doesn't work out for you in that sense, you can still make money by moving on quickly. So we're going to discuss all of these different aspects during that segment.

Notes

Summary



3m 37s

## 5.3 Legal considerations



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So in terms of value capture, you shouldn't only think about your product and the strategic assets, etc. You also should think about the legal considerations more generally. So in 5.3, we talk about more broadly about legal considerations, - such as— - Product liability. For example, what do you do if your product can injure people-- Exactly. whether they're using it correctly or incorrectly? Or the kinds of corporate structure that you might want to have to limit your own personal liability, so that you're not sued if something happens in the course of you doing business. So more generally, we'll talk also about engaging a lawyer, and what are the sort of issues you need to talk about with your attorney. We understand that you, as an entrepreneur, you want to create things, create something cool and new, - so this might not sound too exciting— - Hahaha! but please listen to this segment because we've seen companies fail on that front. They did everything else right, but on that front, on the legal front, they lost out. So in that sense, they were dying because they couldn't protect themselves legally.

Notes

Summary



3m 46s



## 5.4 Pivoting and growth

### “Pivoting”

- Modifying some aspect of your business model
- When you might want to consider changing course
- Difficulties of pivoting



### Growth

- Stages of growth
- Scaling
- Manager vs. founder focus
- Challenges / crises of growth

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So the last segment in 5 is 5.4: Pivoting and Growth. Now in order to capture value, you may need to change what you're doing, or you may need to grow bigger. So we're going to talk a lot about both of these things. First we'll talk about pivoting. In other words, modifying some aspect of your business model to take advantage of a new opportunity, or to shift what you're doing, because what you're doing so far hasn't worked out perfectly. And that actually links to what we discussed in the second week when we talked about opportunities and the multiple opportunities you might see, because that means if you have a Plan B, another opportunity in place, that's a well-made ground, a prepared ground for pivoting your venture to. Perfect! And then, we will also talk about growth. We'll talk about growth strategies for getting you off the ground, and we'll talk about the very happy problems that you might have when you get to be bigger, because there you need to make a kind of a shift toward a more managerially oriented company. - You might have to delegate your-- - Delegate more. You need to give up a little bit of control. And those are very nice things that happen to you when your company is growing rapidly, so we will discuss also challenges of growth.

Notes

Summary



4m 47s





Launching new ventures

So week 5 is really about extracting the value from your innovations. So if you think about it, it's really like having the crown jewel - in place to pick it and say-- - Ta dah! "Hey! I'm not only creating something new, "I'm already benefiting from it. And create value for myself!" Right; so, stay with us for week 5.

Notes

Summary



5m 55s