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Pursuing Opportunity and Prosperity conference

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# Building Australian high-tech businesses:

## The evangelizing entrepreneur and the hard-nosed investor



**Agilent Technologies**

# Key messages

- **High-technology businesses = Australian economic growth vs. overseas competition**
- **Nine out of ten high-tech businesses will fail**
- **Hard-nosed investor + evangelizing entrepreneur = portfolio success**
  - **No “soft” funding**
- **Publicizing Australian high-technology businesses activity brings entrepreneurs home**

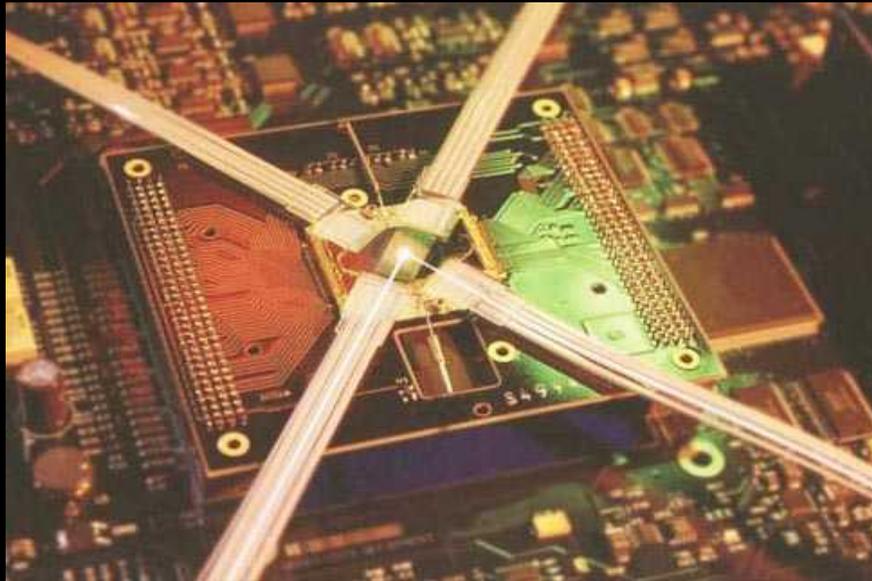


# High-tech businesses: benefits to Australia

- **Exploit Australian inventiveness**
- **High technology = weapon to attack fortified hill**
- **High-technology businesses = Australian economic growth vs. overseas competition**

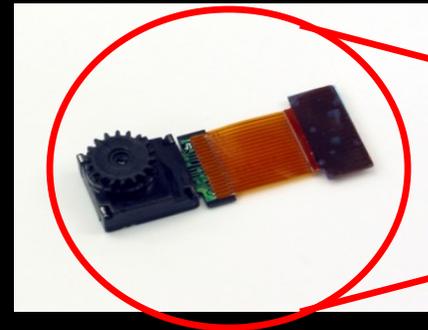


# Advanced technologies at Agilent



## “Champagne” optical switch

- Advanced technology: switching light with bubbles

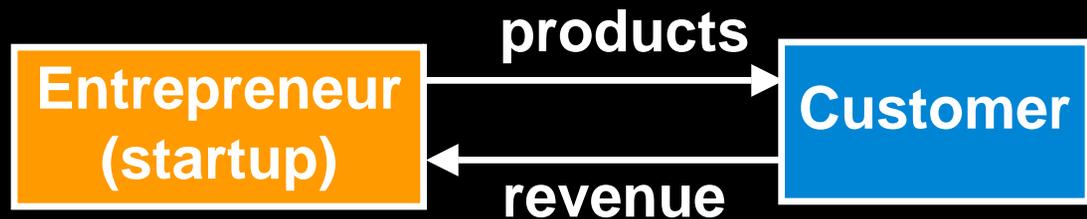


## Camera module

- Advanced technology: low-cost, low-power, miniature camera



# Creating new high-technology businesses



- **Challenge: finding a niche**
- **Additional advanced technology challenges:**
  - Product has never been made before
  - Incumbent (competing) technology is mature
- **Nine out of ten high-technology businesses will fail**
  - *But one success = successful portfolio*



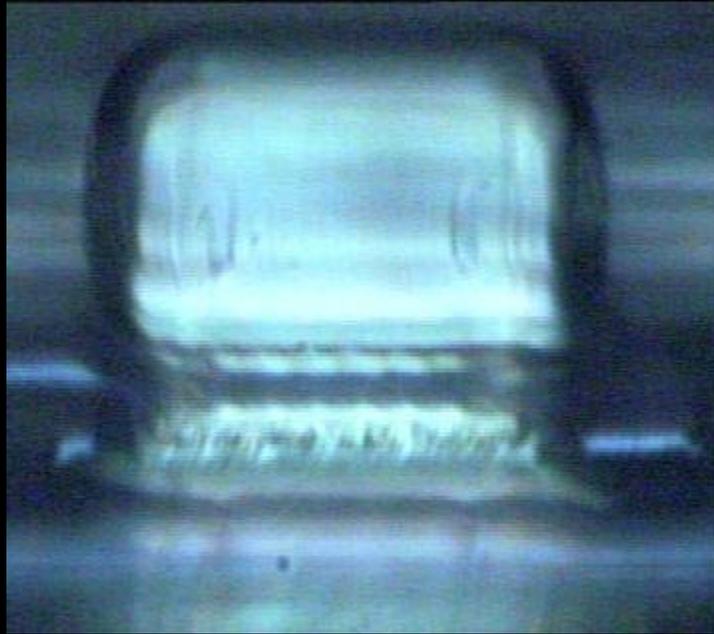
# The venture-funded startup model



- **Hard-nosed investor + evangelizing entrepreneur = portfolio success**
- **Hard-nosed investor – motivated by required return:**
  - **Nurtures promising startups**
  - **Kills failing startups early – recycles scarce entrepreneurs**
- **No place for “soft” funding**

# Startup portfolio management at Agilent

Agilent's hard-nosed investors nurtured Champagne startup with technical experts ...



*Bubble (~1/20 mm long)  
used to switch light in  
Champagne optical switch*

... but killed Champagne when Telecomms Gold Rush ended. Resources to camera startup.

**Result: healthy portfolio.**



# Encouraging Australian high-technology entrepreneurs

- **Australian high-technology entrepreneurs:**
  - **Seek business experience overseas**
  - **Want to live in Australia ...**
  - **... but believe there is no high-technology startup activity here**
- **Publicizing Australian high-technology startup activity will bring Australian entrepreneurs home**

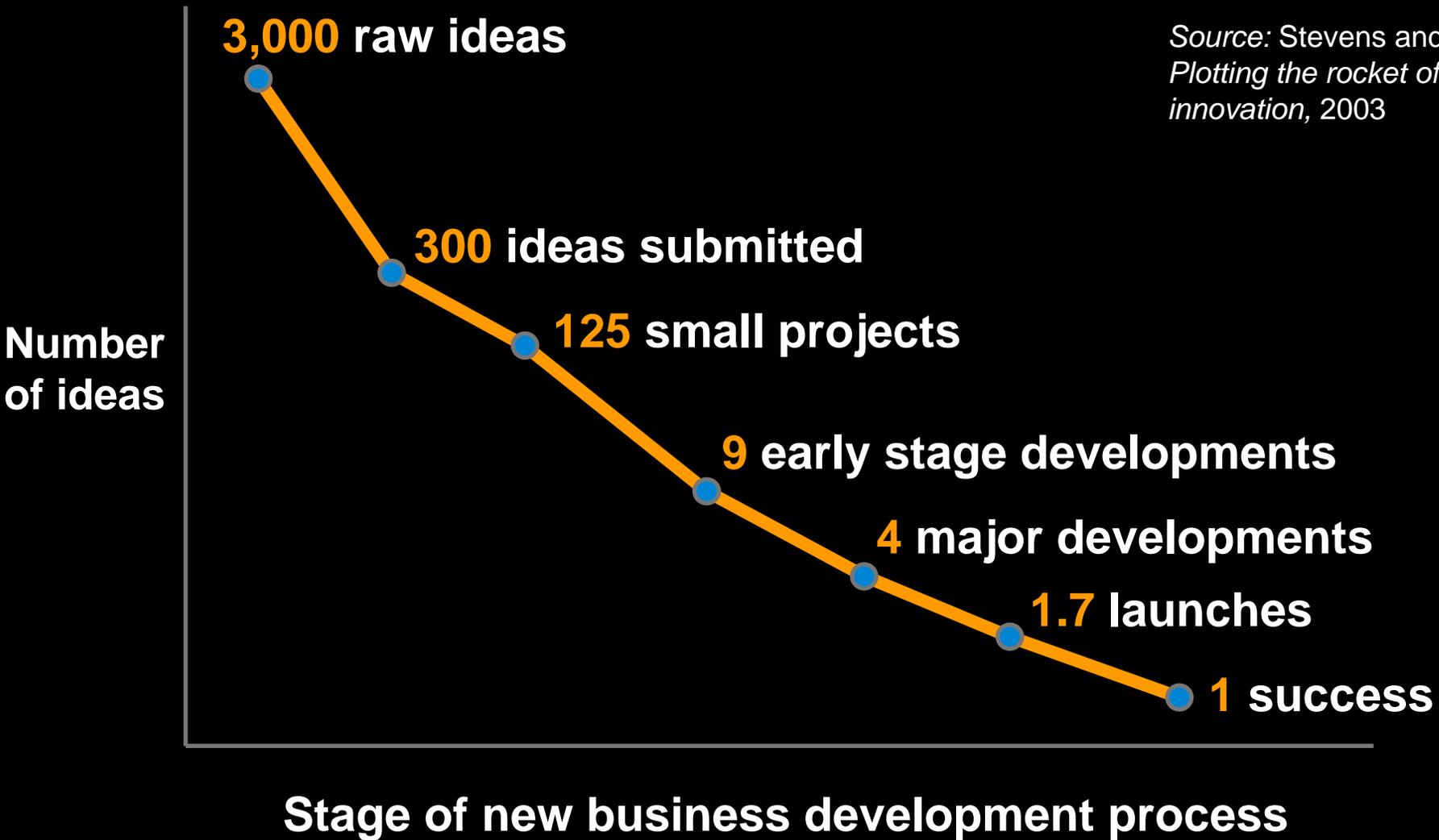


# Recommendations

- 1. Keep encouraging high-technology startups**
  - Australian economic growth vs. overseas competition
- 2. Expect that 90% of high-technology startups will fail**
- 3. No “soft” funding for high-technology startups**
  - Hard-nosed investor efficiently uses scarce entrepreneurs
- 4. Publicize Australian high-technology business activity – to bring Australian entrepreneurs home**



# Universal industrial success curve



Source: Stevens and Burley  
*Plotting the rocket of radical innovation*, 2003