The Future of Innovation
Lessons from the Venture Ecosystem

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Top Ten Lessons
For Innovators, Investors, and Corporate Leaders
Investing in Innovation

Lesson #1: It’s not about Invention

Old Way:
• Focus on Invention

New Way:
• Focus on Innovation
World Changing Inventions Since 1945

- Artificial Intelligence
- Photovoltaics
- Jet travel
- Internet / World Wide Web
- Antibiotics
- Television
- Agricultural revolution
- Smart Phone
- Digital wireless
- WiFi
- Transistor
- Just-in-time Manufacturing
- Internet / World Wide Web
- Credit cards
- Cell phone
- Microprocessor
- SMS
- Space flight
- Lithium ion battery
- LED lighting
- Atomic energy
- Medical scanners
- Genetic engineering
- Container ships
- Biopharma
- Venture Capital
- GPS
- Artificial Intelligence
- Biopharma
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What did these companies invent?
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Lesson:

Innovation is more profitable than Invention
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What is Innovation?

“Innovation is the novel commercialization of ideas, new or old”
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Lesson #2: Corporate R&D

Old Way:
• Protected internal R&D

New Way:
• Global Open Innovation
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"Open Innovation" Pioneer
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Lesson #3: Corporate culture

Old Way:
• Cultivate consensus

New Way:
• Cultivate diverse thinking
Cultivating Diverse Thinking . . .

A Parable:

- The Optimist, the Pessimist, and the Engineer
Innovating in Innovation

Secret of High-Performing Teams:

- Tapping Creative Conflict

- “Disagree, then Commit”
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Lesson #4: Leadership

Old Way:
• Leaders hire followers

New Way:
• Leaders hire leaders
Leadership . . .

What makes a good leader?
Leadership . . .

A good leader:

- Sets goals
- Listens
- Makes decisions
- Projects confidence
- Has integrity
- Shows humility
- Delegates
- Instills urgency
- Is resilient
- Gives credit . . .
Lesson #5: First Mover Advantage

Old Way:
• The First Mover has an advantage

New Way:
• The First Mover has a disadvantage
First Mover Disadvantage . . .

Which of these companies was a First Mover?

Lesson: Most great companies are not First Movers, they are Fast Followers
Lesson #6: Competitive strategy

Old Way:
• We win, you lose

New Way:
• We win, you win
  . . . “Collaborative Model”
Models of Collaboration

- Standards
- Marketing
- Platform
Lesson #7: Attitude toward failure

Old Way:
• Failure is not an option

New Way:
• Failure is a necessity
Failure is a necessity . . .

*If you take a shot you may miss, but ...*

“So you miss 100% of the shots you don’t take”
Failure is a necessity . . .

. . . and sometimes failure is the best way to learn
Failure is a necessity . . .

Celebrating Failure
Lesson #8: Profit strategy

Old Way:
• Drive down costs

New Way:
• Drive up value
Cost Mindset vs. Value Mindset...

Cost Mindset:

“Cheaper Nokia phone”

Value Mindset:

“Expensive Apple iPhone”

Lesson: Design for Abundance
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Lesson #9: Role of ecosystem stakeholders

Old Way:
• Government drives innovation ecosystem

New Way:
• Industry drives innovation ecosystem
Lesson #10: Role of technology in innovation

Old Way:
• Technology drives innovation: Product-centric

New Way:
• People drive innovation: Customer-centric
People Drive Innovation . . .

What products do these companies sell?

airbnb

UBER
People Drive Innovation . . .

“Customers don’t buy products . . . they buy benefits”
The New Innovation Paradigm:

1. Focus on innovation, not on invention
2. Invest in Open Innovation
3. Embrace diverse teams, tap creative conflict
4. Build a team of leaders, not a team of followers
5. Be a fast follower
6. Win through collaboration
7. Don’t punish failure, encourage experimentation
8. Focus on adding value, not reducing costs
9. Industry drives innovation; get government out of the way
10. People drive success, not technology
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