

The Big Technological Incubator

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The Big Technological Incubator

- One of the biggest incubators in practice in the last 25 years in Israel.
- Hundreds of startups, high success rate.
- Various areas - communication, Cellular, Network security and knowledge management.

- The core of my presentation will be :
 - Recreating the drives for this wave of innovations.
 - The conditions for success .

The background is a solid blue gradient. At the top, there is a wavy, undulating line that separates a lighter blue area from the darker blue area below. A thin, dashed white line follows the curve of the wavy line, adding a subtle graphic element.

The Way to Innovate

The Way to Innovate and Survive

- The unit has 2 outstanding privileges –
 - Choosing its people from among the best high school students and university graduates.
 - Recruits has to serve 4-6 years .
- ”white elephants “ - Along the years there was a painful “trial and error “process - that served coming generations .
 - These were ideas that were developed in seclusion and eventually could not be implemented:
 - Did not fit into the normal working practices.
 - A gap between lab results and the real world.
 - Benefits were minor compared to the resources required.
 - Run out of resources.
 - The borders between a lonely innovator and lunatic are blur.

The Role Play

- There was “something in Addition” – which is the key to success.
- There was a clear division of roles :
 - The innovation team.
 - The customer(market).
 - The managers that controlled both.
- People has learned that all parties involved has to work with a **common interest** in order to succeed.
 - the core teams build their “team spirit and loyalty” around the innovation they carry.
 - They reexamine constantly their product versus plans and versus the market.
 - if needed make organizational and technological courageous changes.

The Incubator at Work

- Inside the unit evolved a universe that resembles to large degree the first phases of a startup:
 - There were problems to solve, there were customers , fight for resources and time line to meet.

Only difference - They all were under the same management.
- Internal practices:
 - Working in multidisciplinary teams – engineers, programmers, operations.
 - Supporting organizational culture – accepting failures, promoting success.
 - Need to manage internal politics – competing teams and solutions.
- External - market-like environment:
 - Complex problems, Demanding and sophisticated customers.
 - Very clear priority list.
 - Strict timeline.

A healthy simulation of the real universe for success.

When leaving service people tried to second their military experience.

The Culture

- “the freedom to work and break bureaucratic barriers”.
- “The group that was responsible for creating the vision was the less innovative, and worked in a slow and methodological way”.
- “80% of the ideas were aborted, 20% were productive”.
- “Ideas were crystallized during sporadic and occasional discussions”.
- “Minded people, positive thinking, conformists”.
- “Competing teams”.

Personal Ambitions

- Once a tradition was created, the anticipation rises.
- Young recruits – starts as early as basic training - to look for innovations and potential team members.
- The basic drive is to take advantage of the military service and start their way as entrepreneurs.
- There is a television series “well fixed” running for the second season based on the success of ICQ in 1996 – sold for \$ 450M and made its founders rich – which is a model to follow.

The Result

- When left the service they tend to work in teams – Trust each other on all levels.
- Have a broad networking.
- Team are balanced.
- Persistence, patience.
- Capability to change.

My Take Away

- The team is not less important than the innovation.
- When roles are mixed the results are poor.
 - Innovators are not the best execution man.
 - innovators tend to fall in love with the innovation and overlook market demand and changes.
- The team has to be able to manage both internal politics and external – and has to have a lot of persistence.
- As metaphors to describe the process :
 - A race – time to market.
 - War Zone - competitive environment, friends and foes.
 - Rollercoaster – ups and down in the prospects and the mood.

The Market

Finding The Market

- Understanding and validating the market is mandatory for a startup:
 - Position the product.
 - Attach a price tag to the product.
 - Understand the Business Development options.
- There are several sources to gather information on the market:
 - Industry Analysts.
 - Financial Analysts.
 - Experts.
 - Industry Veterans.
 - competing technologies .
 - Competing companies.

The Market is Elusive

- Markets where information do not exist– the most known is the Internet:
 - Free applications with million of users (are they willing to pay?).
 - High market value (Bubble?).
 - No business model.
- Markets changes in short period of time – the Cellular has annexed several markets :
 - digital camera.
 - video camera.
 - Recorder.
 - PDA.
 - Navigator.
 - music player.

Who else made Mistakes

- Even market shapers make big mistakes:
 - Lucent/Chromatis - An innovation for a non-existing market - \$4.5 Billion.
 - Motorola/Irridium - An innovation that missed Time To Market - Over \$ 5Billion.
- Adjusting to the changing market - is a must:
 - it is not easy to differentiate between - “giving up , loosing direction” to - “lets **be relevant**, find new targets”.