



MONITOR VENTURES

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Partnering for Global Networks

The Monitor Ventures Example

SPRIE Workshop
Stanford University
January 17, 2008

Agenda

Introduction to Monitor Ventures

Case Studies

- Case study 1: Pre-investment diligence
- Case study 2: Post-investment support

Summary

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Monitor Ventures

Monitor Venture Partners (MVP) is an early stage venture capital fund strategically partnered with the Monitor Group.

Began full scale operations in late 2005

Investment style:

- Lead or active follower, with board or observer role
- 10% to 20% initial ownership stake in company
- \$0.25M to \$1M initial investment; \$3M to \$6M over life of company.
- Syndication with other VCs and angel investors.

Focus is companies that are:

- **Early stage:** raising seed, Series-A or Series-B financing rounds
- **Commercializing** technology-driven products and services
- **Targeting markets** where strategic partner Monitor Group has expertise

Monitor Group

Global advisory and capital management firm.

Founded in early 1980s by Professor Michael Porter and Professor Mark Fuller of Harvard Business School.

Advisory Group focuses on:

- Strategy
- Marketing and Sales
- Innovation
- Human Assets

Clients include

- Corporations across all industry segments
- National and regional governments and related agencies
- Non-profits

Monitor Group – A Unique Strategic Partner

Advisory: Over 1300 professionals in 28 offices

Capital: Over \$2B in affiliated funds



Design and Management of Partnership is Critical

Partnership between Advisory and Capital groups is carefully designed

- Allow each business to be managed separately
- Avoid conflicts of interest
- Actively manage synergies

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Case Study Introduction

Venture Capital activity chain includes:

- Source deals
- Diligence on deals
- Post-investment governance and support
- Recruiting
- Business development assistance
- Manage exit

Partnering with a large organization can help in each of these areas.

Only two case studies here:

- Diligence
- Post-investment support

Case Study 1

Pre-investment diligence on advanced materials company pursuing automotive application.

Diligence required understanding:

- Supply/demand dynamics of specific precious metals industry
- Scale up of specialty chemical manufacturing processes
- Decision dynamics and economics of automotive suppliers
- Decision dynamics of automobile manufacturers
- Regulatory dynamics

MVP tapped in to Monitor's expertise and networks in each of these areas

- Analysis of substitute materials
- Experts knowledgeable in chemical manufacturing
- Interviews with suppliers and auto OEMs in several major geographies
- Analysis of past regulation and likely future regulation

Result: MVP felt the risk/reward ratio justified investing in the startup

Case Study 2

Post-investment support for telecommunications company

After seed round, before Series-A

Question about best product-market segment

Company's initial choice reflected market familiar to founders

MVP used Monitor's global networks to set up ~50 interviews for founders

- Across geography: US, Europe, Asia
- Across customer type: Enterprises, Carriers
- Across industry verticals: Manufacturing, Hospitals, Commercial

Result: Company re-focused on different product-market segment.

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Global networks of some large organizations can prove extremely helpful for certain kinds of venture capital investing.

Such networks can enhance all phases of venture capital activity

- Deal flow
- Diligence
- Post-investment advice
- Staffing
- Business development
- Exit

Partnerships can be structured between venture firms and large organizations that are “win-win”

- Require enlightened design
- Require active management

END