



# **VC Partnering with IBM**

## **– Exit Target or Exit Path?!?**

*IBM Venture Capital Program*

*Anton Teodorescu  
Partner, IBM Venture Capital Group  
antont@us.ibm.com*

*IBM Venture Capital Group*

## Innovative Collaboration is Key to Mutual Success



*"More and more CEOs  
are adopting an  
innovation agenda."*

Sam Delmonico

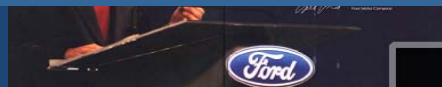


Leaders need to pay particular  
attention to:  
strengthening collaborative  
capabilities at the perimeters  
of their organizations

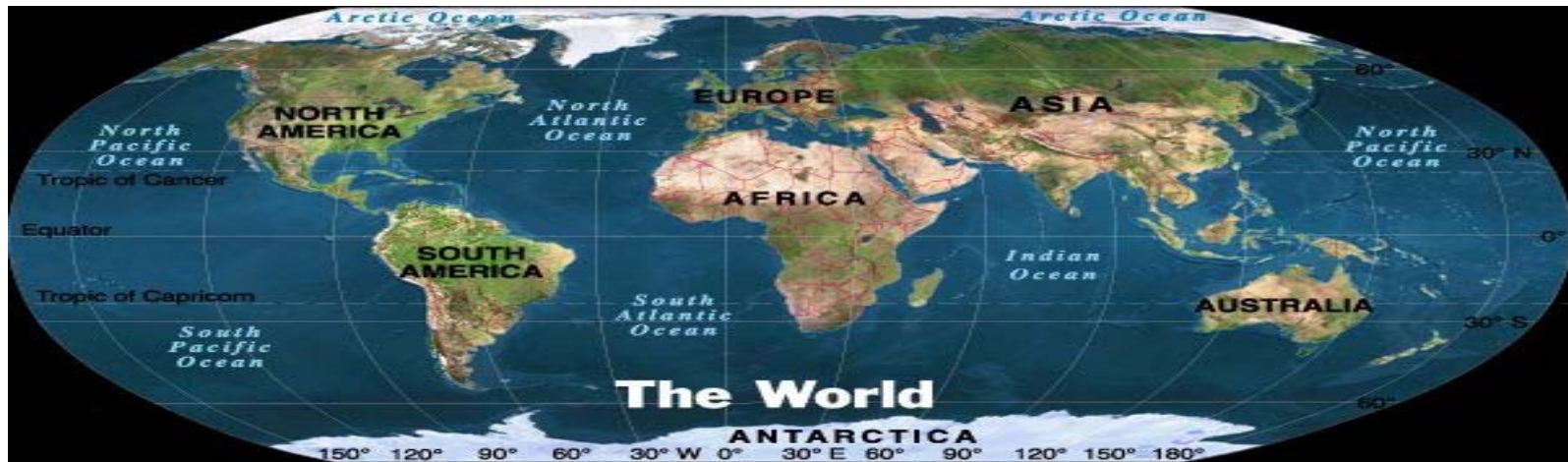


*"Electron  
Innovation"*

EE Times, Sept. 27, 2005



## Global Venture Capital Hotbeds 1H 2006



### •Bay Area

92 deals  
\$4.3B raised

### •New England

148 deals  
\$1.8B raised

### •Southern California

121 deals  
\$1.5B raised

### •New York

107 deals  
\$1.2B raised

### •Texas

67 deals  
\$593M raised



### •United Kingdom

125 deals  
\$822.7M raised

### •France

83 deals  
\$461.1M raised

### •Germany

54 deals  
\$311.8M raised

### •Sweden

46 deals  
\$155.4M raised

### •Denmark

18 deals  
\$167.8M raised



### •Israel

112 deals  
\$701M raised



### •Beijing

37 deals  
\$398.9M raised

### •Shanghai

29 deals  
\$179.9M raised

### •Shenzhen

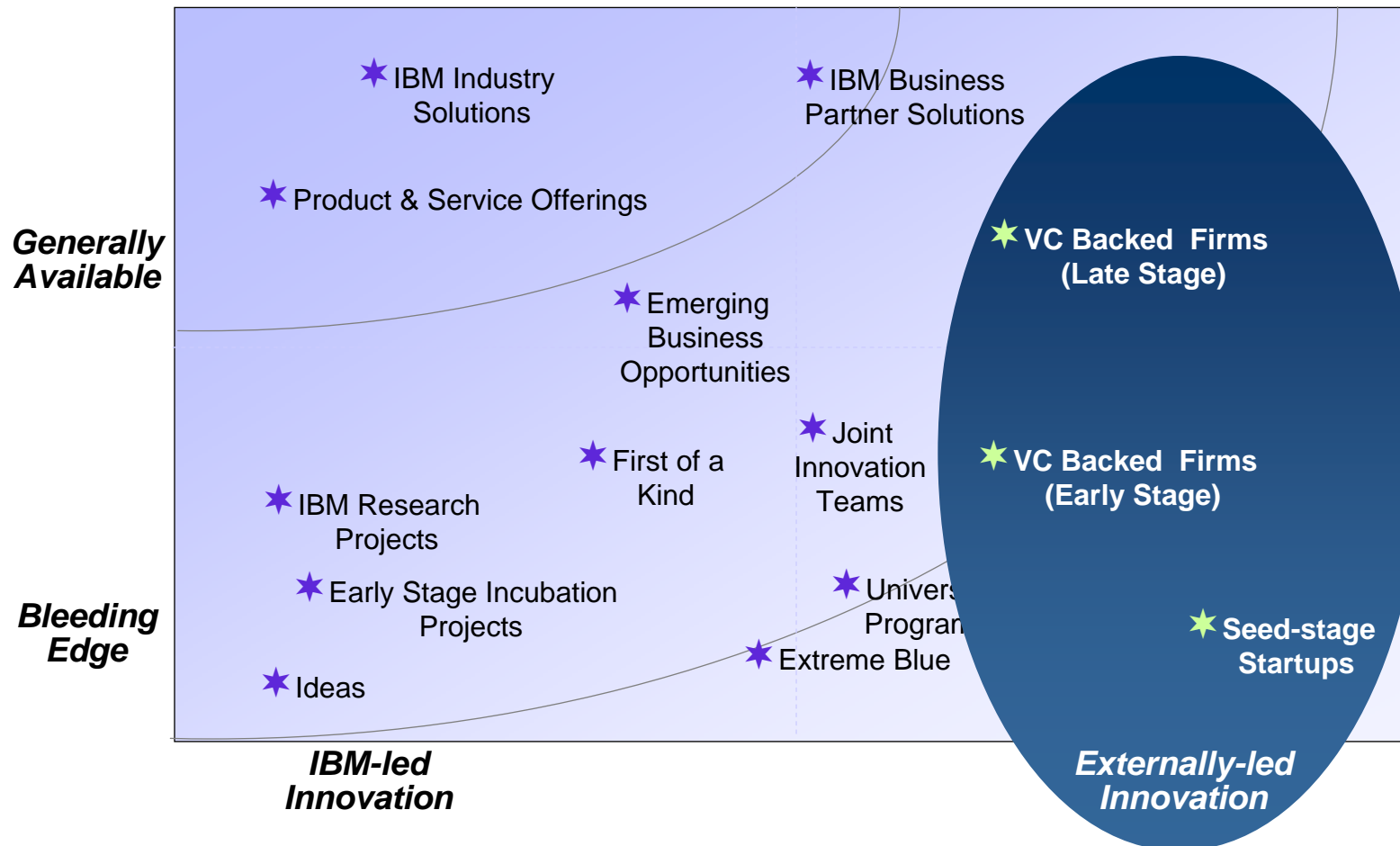
7 deals  
\$71.9M raised

### •Guangzhou

3 deals  
\$11.3M raised

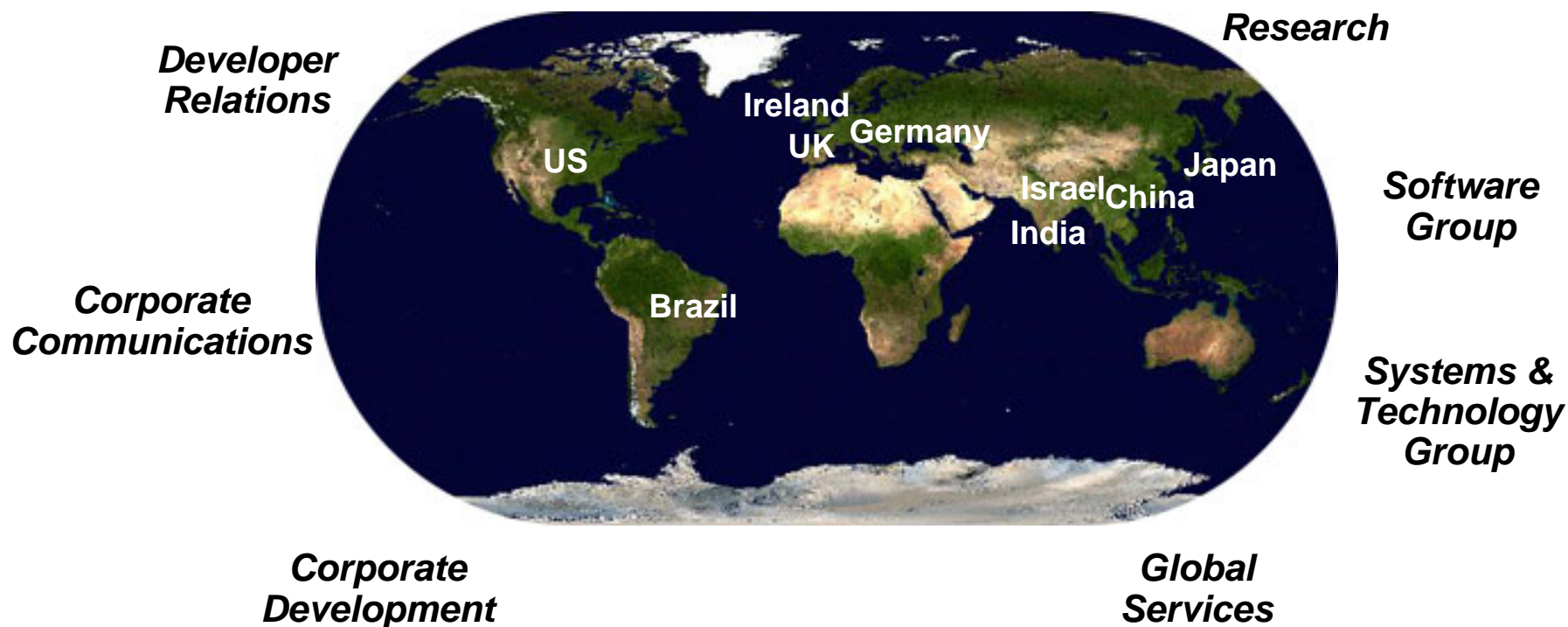
Source: E&Y 2006 VC Investment Insights

## IBM's Innovation is a spectrum of activities both internal and external, creating mutual opportunity



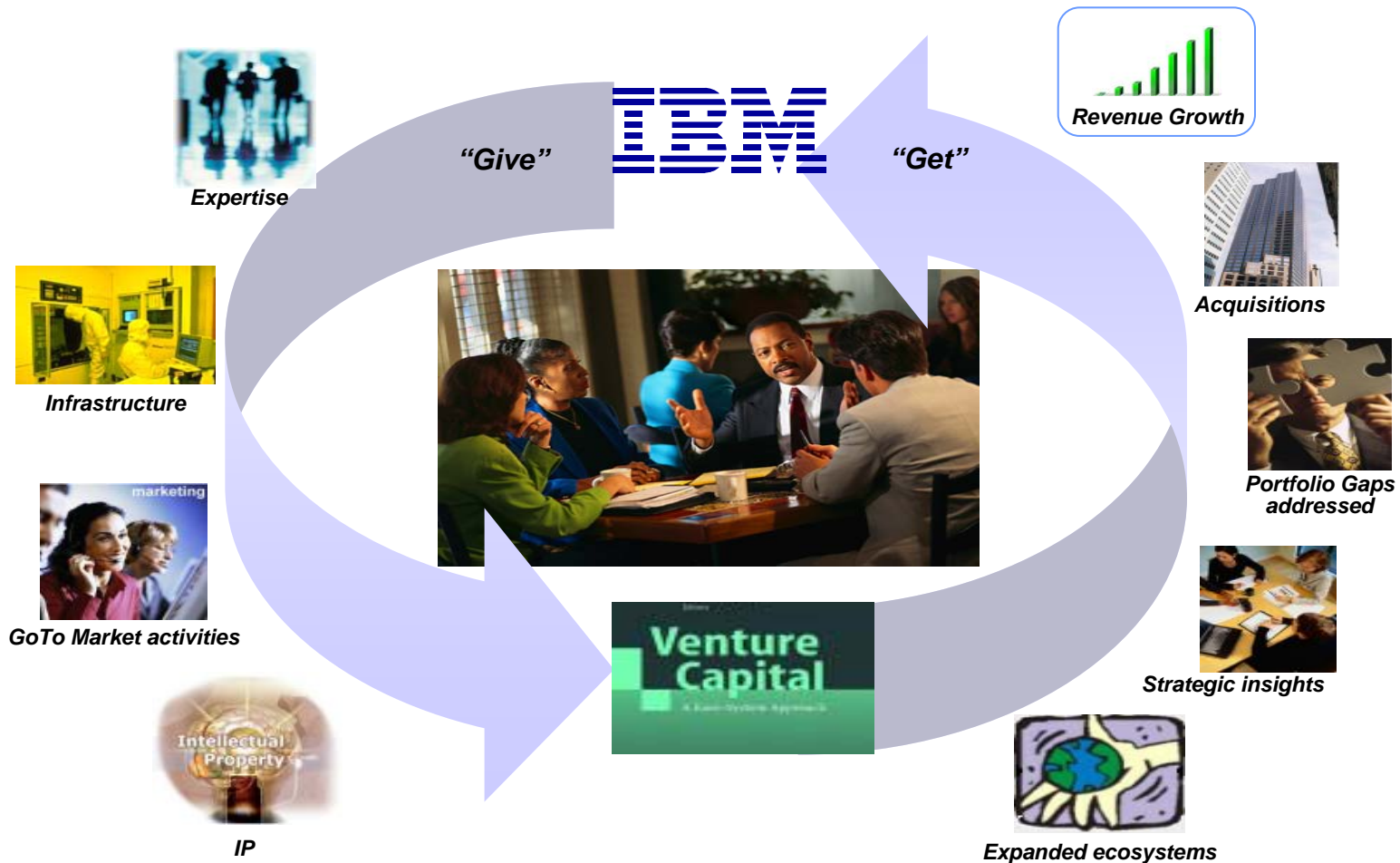
## IBM's Global Venture Capital Coverage Team

### *Corporate Strategy*

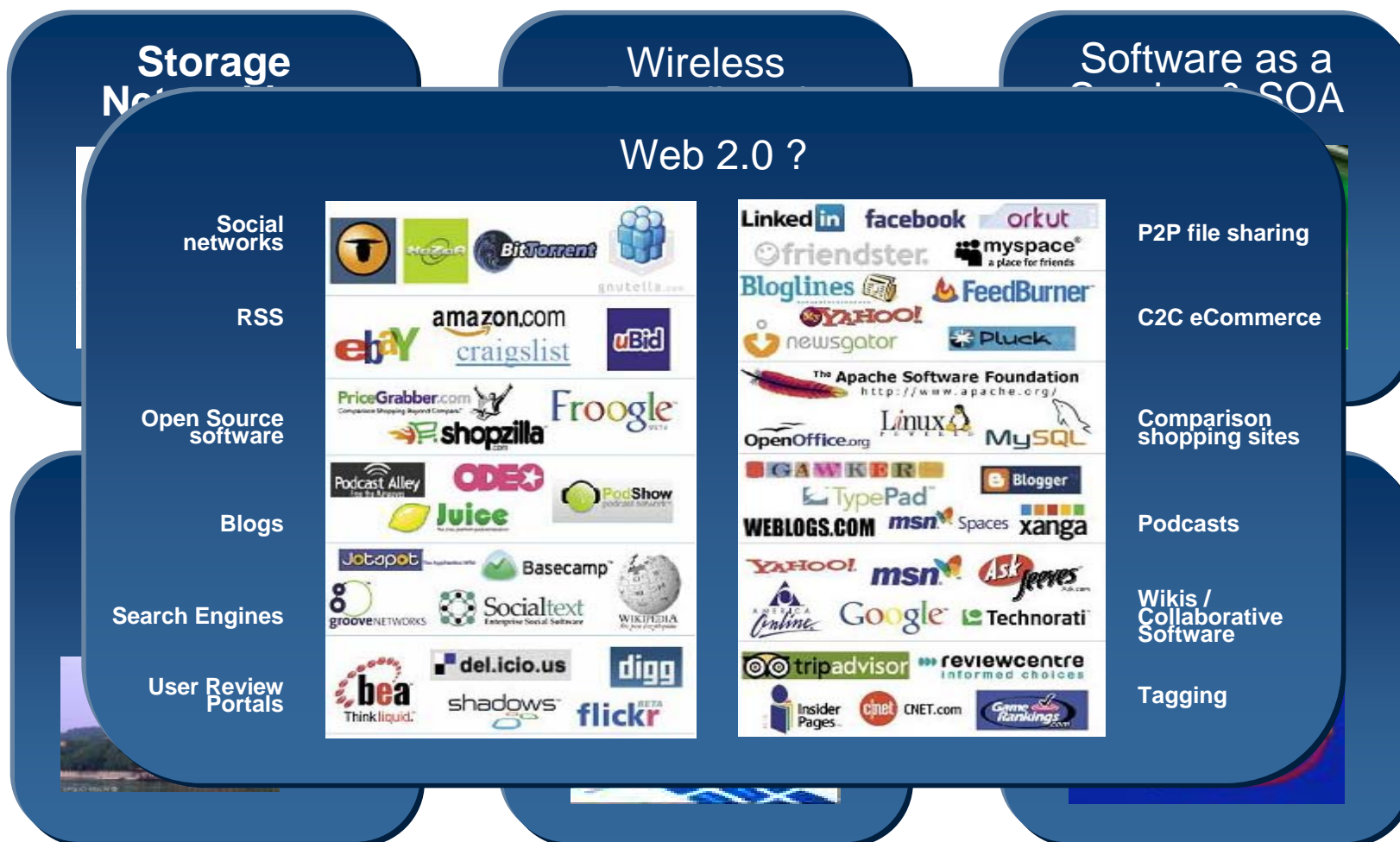




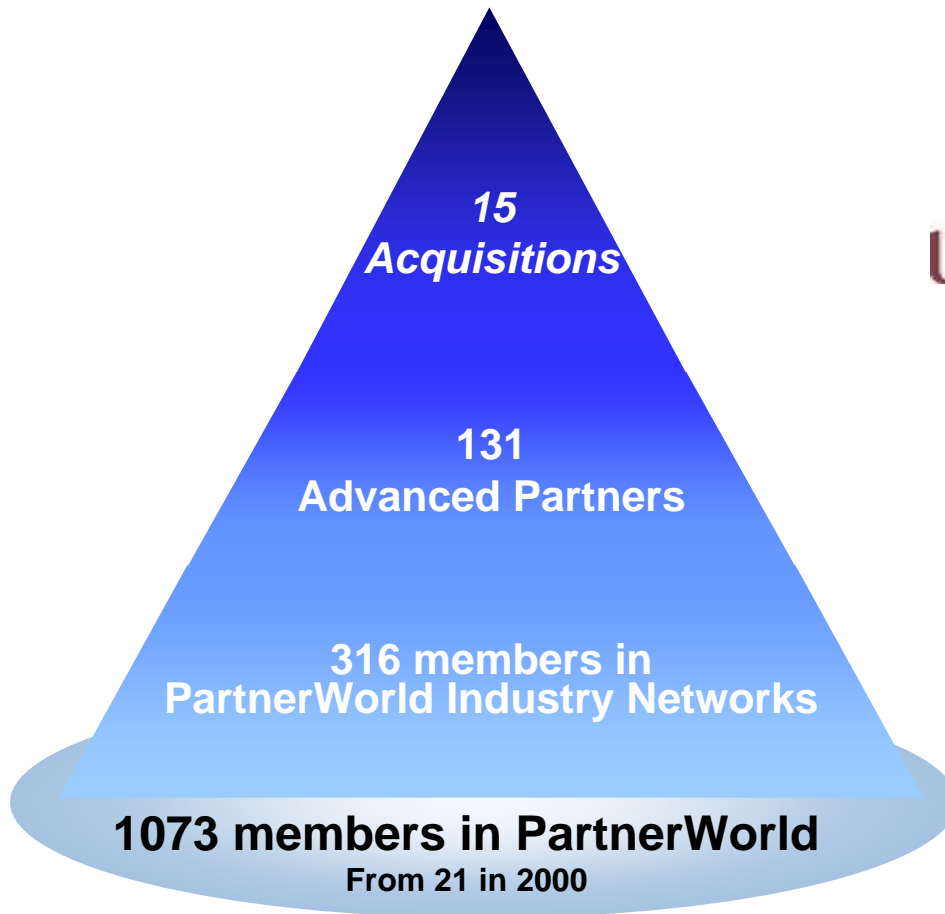
## VC Partnerships to Mutual Advantage: Identify, Leverage and Lead External Innovation



## Early VC Investment Insights Help Drive Our Strategy



## VCs are Helping Build IBM's Ecosystem, while Stronger Partners are Better Positioned for Successful Exits



***“By simply engaging a portfolio company through their PartnerWorld Program, IBM predisposes the company to want to work***



## Driving Platform Innovation toward Joint Opportunity:



**July 2005**  
Intent to form Blade.org  
9 Members

**Feb 2006**  
Formal launch New York  
40 members

**April 2006**  
First member meeting  
60 Members

**June 2006**  
Intel, OEMs, channel partners join  
77 Members – 30 venture backed



**blade.org™**



June 9, 2006

The New York Times

## Walden Invests \$100 Mln in IBM Blade Server Firms

*"IBM has taken a leadership role in the market with their forward-thinking design approach and collaborative approach to accelerate the market through an ecosystem of partners developing components and solutions for customers."*

*"IBM continues to create market and revenue opportunities for cutting-edge startups."*

Lip-Bu Tan, Founder & Chairman, Walden International



Lip-Bu Tan

## Ventures in Collaboration program

Ventures in Collaboration (VIC) program launched 4Q05, designed to accelerate collaboration, remove barriers and constraints to start ups, leverage IBM IP portfolio

Contract Terms & Conditions	
Stage 1 company: <\$10m	Stage 2 company: > \$10 <sup>+</sup> m
\$25K upfront, 1-time payment	1.0% royalty based on revenues
License is for 3 year term, renewable for US \$25k	License is for 5 year term, renewable



## What's Next: Strategy to Fuel Future Mutual Growth

- Expand global presence
- Venture in Collaboration IP Program
- Directly reaching entrepreneurs
- Industry focus partnership
- Increase collaboration with IBM Research



**IBM will continue to find new ways to collaborate with the Venture community, leveraging external innovation to build growth for the future**



