Entrepreneurial Ecosystems

Biological Ecosystems:

Most Life As We Know It Requires:

- Oxygen
- Food
- Water

What are the building blocks of entrepreneurial ecosystems?
The Ideal Entrepreneurial Ecosystem

- Minds set on innovation
- A culture that understands failure as a pathway to success
- Collaboration
- Available Training/Role Models
- Available Finances
  - Matching skills to resources
Entrepreneurial Ecosystems

- Tendency is to copy Silicon Valley
  - Won’t consider local climate, History

- Programs don’t coordinate

- Overinvestment from the government in some countries!

“Polar bears in the desert”
Failure

- People have a natural Fear of Failure
- But Failure is an Essential Part of Innovation and Entrepreneurship
- “On the road to invention, failures are just problems that have yet to be solved.” Sir James Dyson
- “I have not failed. I’ve just found 10,000 ways that won't work.” Thomas Edison, inventor of the light bulb
- Vibrant Entrepreneurial Ecosystems Reduce the Cost of Failure
Money

• Many people think that “Lack of Startup or Growth Capital” is the biggest problem

• But Money Flows to Where Opportunity Exists…
  • So Focus on Creating Opportunity

• Governments can help Money Flow:
  • Pump Priming (seed funding)
  • Valve Opening (reducing barriers)
Incubators and Accelerators

• Incubators and Accelerators can help create an Entrepreneurial Ecosystems
• There are different models:
  
  • Cambridge Innovation Center: *Real Estate – For Profit*
  • Tech Stars or Y-Combinator: *Investor Targets – For Profit*
  • Pipeline: *Entrepreneurial Development – Peer Mentoring – Nonprofit*
  • MassChallenge: *Entrepreneur Development – Nonprofit*
  • MIT Enterprise Forum: *Worldwide Innovation Community - Nonprofit*
Incubators and Accelerators

**TechStars** ([techstars.com](http://techstars.com))
- Selective Admission – only 10 companies per program
- $18,000 investment for 5% of the company
- Offer of $100,000 convertible debt from group of venture capital firms
- Three month program with Intense Mentoring – Demo Day
- Average of $1m investment following the program

**Y-Combinator** ([ycombinator.com/](http://ycombinator.com/))
- Founded 2005 – Funded over 380 companies
- $11,000 per company + $3,000 per founder = 6-7% of the company
- Silicon Valley based
- Three month program – Demo Day
What Works

• Focus on Building Ecosystem — Don’t Just Copy Programs
  • How To Do It/Holistic approach
  • Networking and Support

• Capital For Startups and Growth Companies
  • Government Can Help

• Launch/Encourage Multiple Experiments

• Long Term Commitment
  • It takes a long time to be an overnight success
  • MIT — 150 years old but last 25 years have accelerated

• Government/Industry/Infrastructure
Buzz Companies in Mexico

ALTA VENTURES MEXICO®

500 MEXICO CITY

crowdfunder

conekta

diverza.

energryn™

convert

murally

semeantoja

capptalog

YAXI
How can we fill the Missing Middle?

Figure 1. The Human Gap
Early stage startups lack support from institutions and organizations.

Figure 2. Funding Gap for Startups
Early stage startups receive significantly less funding than companies in idea or growth stage.

- Private Equity Funds
- Angels and early stage investment funds
- Grants and Prizes
- Business Plan Competitions
- Angels and early stage investment funds
Opportunities in Mexico

• Low country debt, political stability
• Mexico City is the largest metropolitan area in the Western Hemisphere
• Government publically behind entrepreneurship
• Mexican universities are graduating 130,000 engineers every year
Opportunities

• In the last 10 years, the country’s tech industry has grown three times the global average.
• Mexico ranks 6th of World Bank’s Ease of Doing Business Rankings
• Mexican startups raised $459 million in 22 deals in 2011, compared to $211 million through 19 deals in 2010
Startup Challenges

- Culturally, emphasis is placed on safer education and career choices and discouraging risk-taking
- Low appetite for risk, lack of serial entrepreneurs
- Banks especially risk averse/Limited financing options
- Many rules, spotty enforcement
- Copycat pervasiveness (Low handing fruit & risk aversion)
With the combination of challenges and opportunity in the region, the entrepreneurial ecosystem demands support.

Our core beliefs are...
**Innovation**: We believe strongly in the power of innovation and technology as drivers of sustainable growth.

**Entrepreneurship**: Entrepreneurs transform innovation into enterprises that generate value and create jobs. GIST is designed with the individual in mind; supporting entrepreneurs and building entrepreneurial ecosystems.

**Global Partnerships**: We partner with like-minded organizations to leverage resources and networks to build capacity for greater impact.
• **Goal:** Strengthen entrepreneurship ecosystems in emerging markets to increase economic development

• **Objectives:** identify, coach, and provide access to resources for most promising entrepreneurs

• **Where we work:** the Middle East, Turkey, Asia, and Africa
1038 entrepreneurs trained

200K+ in the GIST FB network

$3M annual revenue by GIST Transformers

$21M funding raised by GIST Transformers

4 tech competitions

827 jobs created in past 12 months by GIST Transformers

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Partnerships
Recent GIST Alumni

- **Advantage**
  - Mobile rewards platform
  - UAE

- **exa.io**
  - Graphics Rendering Service
  - Bahrain

- **Votek**
  - Arabic speech recognition platform
  - Lebanon
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