

Software Entrepreneurism in Korea

SoftExpo 2000, Seoul

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Aldo Ventures, Inc.

www.aldo.com/papers



Aldo Ventures – Twenty Years in Silicon Valley

- Independent consultants to software companies
 - Market & competitive analysis, product positioning
 - Strategy: business development, finance, technology
- Advisors to software investors and startups
- Directors of a six-year, Sloan Foundation study of the global software industry at Stanford's Graduate School of Business



Stanford Computer Industry Project

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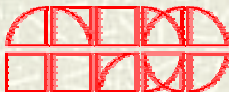
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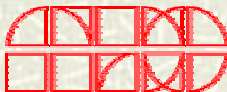
SCIP's Software Study 1993-1999

- Analysis of the Japanese software industry
- Improving US government data collection
- Software project management study
- Globalization of the software industry
 - The search for talent to meet rising global demand
- Skills & education of software professionals
- Comparison of national software industries and software entrepreneurism
 - US, Japan, India, Israel, Ireland, Taiwan and Korea
- Implications of early-stage, “R&D” acquisitions



Policy Issues Specific to Software Entrepreneurism

- Strategic use of national SW resources
- Talent
- New business creation
- The habitat
- Domestic market for advanced software
- Global strategies in emerging markets



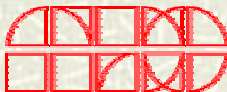
Today's Topic

Ten Keys to ~~Success~~ **Failure**
as a Software Entrepreneur



Ten Keys to Failure as a Software Entrepreneur

1. Start a software company



Software Teams Produce Wealth in Many Ways

Total
Software
Capacity



Software products and “titles” publishing

SW embedded in products of all sorts

Strategic applications in traditional firms

Consulting services to business & gov’t

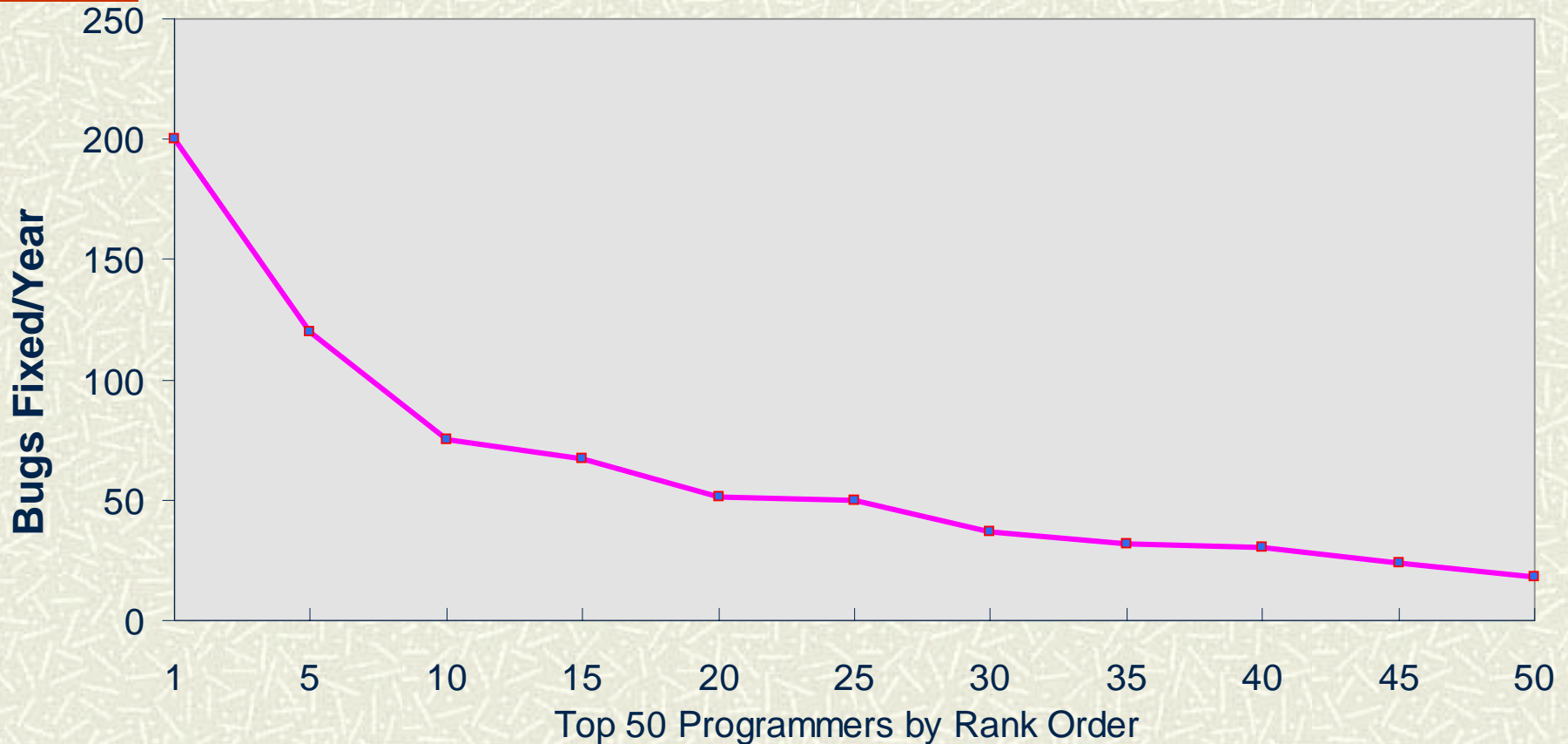
New, software-enabled businesses

Technology licensing & R&D acquisitions

Services to software publishers



Software Talent is Expensive – The Best are Different From the Rest



“Not All Programmers Are Created Equal,” G. Edward Bryan, IEEE, 1994



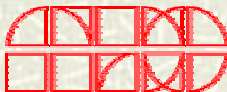
Demand for Talented Software People Has Outstripped Supply

- Good software people are born that way – software involves talent as well as skill.
- The shortage is not local to Silicon Valley or the US – it is global and the supply of talent grows slowly.
- The shortage is not specific to “hot” technologies.
- The shortage is not limited to high-tech, and will not abate with economic cycles.
- No forthcoming technology will suddenly make software easy to create. In fact, new tools will likely make the best people relatively more valuable.



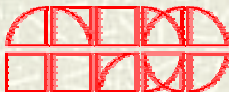
Ten Keys to Failure as a Software Entrepreneur

1. Start a software company
2. Be too greedy



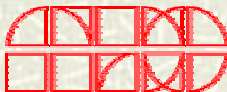
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3. Not be greedy enough



Why Startups Are Important in the Software Industry

- Innovation, risk
 - Diversified approach, many failures
- Speed, responding to rapid change
- Flexibility: technology, platforms, partners
- Cooperation with competitors
- Co-invention with customers
- Giving innovators a bigger piece of the pie



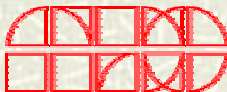
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3. Not be greedy enough
4. Be too visionary



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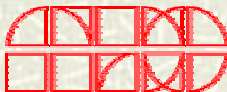
Software Entrepreneurial Vision

- For the software entrepreneur, the product idea lies in a personal understanding of a complex, evolving space of technical and business possibilities.
- But her success lies in her passion about it.

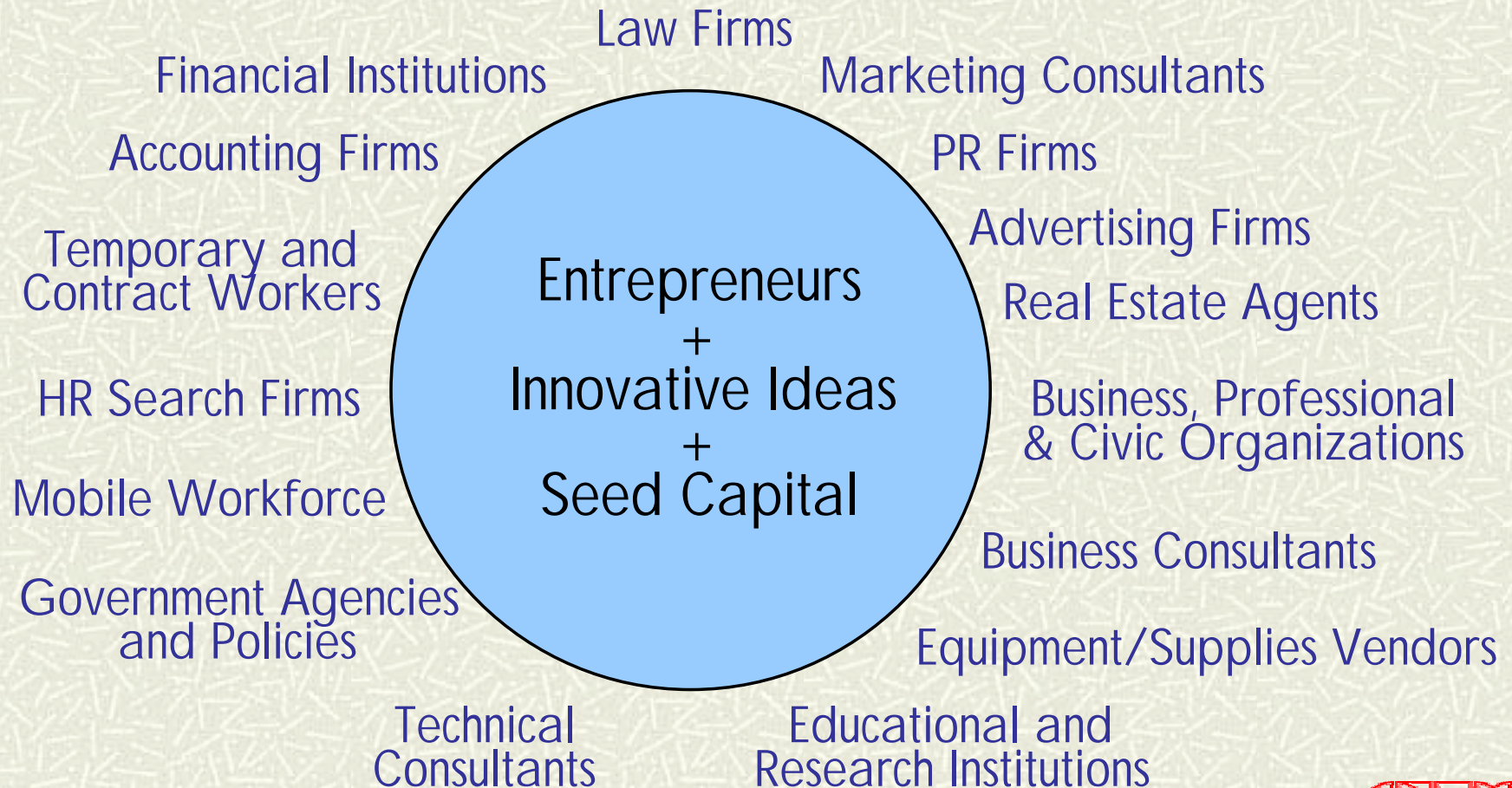


Ten Keys to Failure as a Software Entrepreneur

1. Start a software company
2. Be too greedy
3. Not be greedy enough
4. Be too visionary
5. Not be visionary enough
6. Do it all yourself

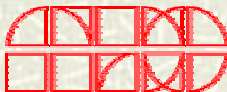


Silicon Valley: A Specialized Habitat for High-Tech Startups



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7. Hire a marketing person when the product is ready



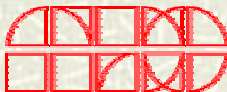
Software Marketing is Different

- In software, marketing not just a question of how to sell what you have built...
- It's whether you can build something that lots of people will buy.
- Sometimes the original software idea is only tangentially related to the eventual product offering or business model.



Software Marketing is Different

- Global markets
 - Defined by platforms, not geography
- Product plasticity
 - No manufacturing phase to “finalize” design
- Product complexity – “whole product”
- Market complexity and flux
 - Interactions with platform, tools, standards
 - Partner with platform and services vendors
- Customer relations and product life cycle



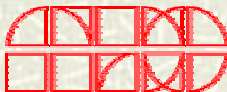
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8. Be the boss



Management is a Real Skill

- Management is a skill you may have to hire.
- Hiring is the first management skill you must learn. Find a teacher.
- Then hire someone who can do the rest of the hiring.



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8. Be the boss
9. Disappoint a customer



Domestic Demand for Advanced Business Systems is Important

- Software services to business and government is an important segment in itself
- Prestigious customers give credibility to startups and legitimacy to entrepreneurs
- Local customers give better feedback
 - Features, marketing, competitors
 - Enterprise publishers need state-of-the-art beta sites that can co-invent new features
 - May filter firms, before larger investments
- Acquisition as an additional exit strategy
- Advanced projects are a good training ground for new entrepreneurs



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8. Be the boss
9. Disappoint a customer
10. Quit after your first business fails

