

MARK LONG

The "X" Factor

Will You Miss the Next Home Run?

Insights for VCs

super!lab

9020 Activity Road Suite D
San Diego, CA 92126
619-696-3222
mark@mysuperlab.com
www.mysuperlab.com

SKYPE CHARLES S
INTUIT FIRST SOLA
LINKSYS YOUTUBE
SEZMI FLIP VIDEO
MINUTECLINIC
HULU ENERNOC
LINKEDIN FACEBO
KINDLE ALIBABA
K¹², INC. QLIKTEC
SALESFORCE.COM
SKYPE CHARLES
SCHWAB INTUIT
LINKSYS YOUTUBE
MINUTECLINIC FI
SOLAR HULU ENE
LINKEDIN FACEBO
KINDLE ALIBABA
K¹², INC. QLIKTEC
SALESFORCE.COM
SEZMI LINKEDIN
CHARLES SCHWA
INTUIT LINKSYS
YOUTUBE MINUTE

"It's not what you look at – it's what you see."

Henry David Thoreau

The X factor is a framework of new venture investment circumstances in plain view but unseen by most VC's, entrepreneurs and advisors. These special circumstances have, more by "accident" than "by design," driven some great high growth ventures. Some examples are Charles Schwabb, Intuit, Linksys, Skype, SalesForce.com and K¹², Inc. This X factor – these special circumstances are sitting in most VC's 99 Pile – the 99 out of 100 business plans not funded. This report will show the VC how to sift through its 99 Pile and how to shape and shepherd these diamonds in-the-rough. And these diamonds are worth searching for since they offer the VC its best risk/reward investment model. Here are some high point benefits of these diamonds:

- **High risk scientific/technological breakthroughs are not required.**
- **Low capital requirements. (\$1M for product development & \$2-5M for go-to-market costs.)**
- **Fast to cash flow within 18-24 months.**
- **11X to 34X ROI (on the original \$1 million investment) through sale or IPO within seven years on revenues of only \$50 million.**
- **6X increase on the odds for long term sustainable success over other new venture investment models.**

This VC investment model is called Disruptive Innovation. This model was introduced by Dr. Clayton Christensen in his seminal 1997 book *The Innovators Dilemma*.⁽¹⁾ Later this model was packaged under another name - *Blue Ocean Strategy*.⁽²⁾ Dr. Christensen's original research, which concentrated on the hard-disk drive industry, found that start-ups increased their odds of success six fold when Disruptive Innovation theory drove their core strategy. Christensen's continued research points out, among other things, that half of all U.S. companies that have the highest market value when they break through a billion in revenue have disruptive products. He has also noted that fully a third of the 175 companies on Fortune's Global 2005 list not on the 1994 list had their roots in disruption. Recently, one Fortune 25

