



# The Future of Innovation

## Lessons from the Venture Ecosystem

**Bill Reichert**

**Pegasus Tech Ventures**

[www.pegasustechventures.com](http://www.pegasustechventures.com)

# **Top Ten Lessons For Innovators, Investors, and Corporate Leaders**



# Investing in Innovation

*Lesson #1: It's not about Invention*

## **Old Way:**

- Focus on Invention

## **New Way:**

- Focus on Innovation



# World Changing Inventions Since 1945

**Artificial Intelligence**      **Cell phone**      **GPS**  
**Photovoltaics**      **SMS**      **Microprocessor**  
**Antibiotics**      **Jet travel**      **Credit cards**      **Space flight**  
**Television**      **Digital wireless**      **Lithium ion battery**  
**Agricultural revolution**      **Atomic energy**  
**SmartPhone**      **WiFi**      **Transistor**      **Medical scanners**  
**Just-in-time Manufacturing**      **LED lighting**  
**Internet / WorldWideWeb**      **Genetic engineering**  
**Container ships**      **Biopharma**      **Venture Capital**

# Investing in Innovation

What did these companies invent?



# Investing in Innovation


Lesson:

Innovation is more profitable than Invention

# Investing in Innovation

What is Innovation?

“Innovation is the novel commercialization  
of ideas, new or old”

A decorative graphic consisting of several curved, overlapping lines in shades of blue and white, located on the right side of the slide.

# Investing in Innovation

## *Lesson #2: Corporate R&D*

### **Old Way:**

- Protected internal R&D

### **New Way:**

- Global Open Innovation



# Investing in Innovation



"Open Innovation" Pioneer

# Investing in Innovation

## *Lesson #3: Corporate culture*

### **Old Way:**

- Cultivate consensus

### **New Way:**

- Cultivate diverse thinking



# Cultivating Diverse Thinking . . .



## A Parable:

- The Optimist,  
the Pessimist,  
and the Engineer

# Investing in Innovation

Secret of High-Performing Teams:

Tapping Creative Conflict . . .

. . . “Disagree, then Commit”

# Investing in Innovation

## *Lesson #4: Leadership*

### **Old Way:**

- Leaders hire followers

### **New Way:**

- Leaders hire leaders



# Leadership . . .

What makes a good leader?



# Leadership . . .

## A good leader:

- ▶ Sets goals
- ▶ Listens
- ▶ Makes decisions
- ▶ Projects confidence
- ▶ Has integrity
- ▶ Shows humility
- ▶ Delegates
- ▶ Instills urgency
- ▶ Is resilient
- ▶ Gives credit . . .



# Investing in Innovation

## *Lesson #5: First Mover Advantage*

### **Old Way:**

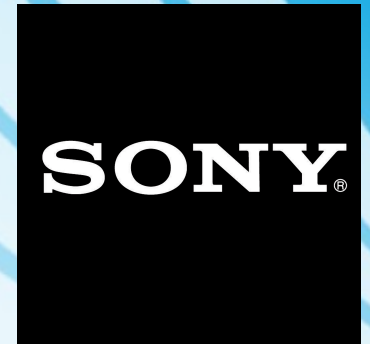
- The First Mover has an advantage

### **New Way:**

- The First Mover has a disadvantage

## First Mover Disadvantage . . .

Which of these companies was a First Mover?



Lesson: Most great companies are not First Movers, they are Fast Followers

# Investing in Innovation

## *Lesson #6: Competitive strategy*

### **Old Way:**

- We win, you lose

### **New Way:**

- We win, you win  
... “Collaborative Model”



# Models of Collaboration

- 
- Standards
  - Marketing
  - Platform

# Investing in Innovation

## *Lesson #7: Attitude toward failure*

### **Old Way:**

- Failure is not an option

### **New Way:**

- Failure is a necessity



Failure is a necessity . . .

*If you take a shot  
you may miss, but ...  
“You miss 100% of the shots  
you don’t take”*



Failure is a necessity . . .

*. . . and sometimes failure  
is the best way to learn*





SpaceX Test Launch  
January 2020

Failure is a necessity . . .



Celebrating Failure

# Investing in Innovation

## *Lesson #8: Profit strategy*

### **Old Way:**

- Drive down costs

### **New Way:**

- Drive up value



# Cost Mindset vs. Value Mindset . . .

**Cost Mindset:**

*“Cheaper Nokia  
phone”*

**Value Mindset:**

*“Expensive Apple  
iPhone”*

Lesson: Design for Abundance

# Investing in Innovation

## *Lesson #9: Role of ecosystem stakeholders*

### **Old Way:**

- Government drives innovation ecosystem

### **New Way:**

- Industry drives innovation ecosystem

# Investing in Innovation

## *Lesson #10: Role of technology in innovation*

### **Old Way:**

- Technology drives innovation:  
Product-centric

### **New Way:**

- People drive innovation:  
Customer-centric

# People Drive Innovation . . .

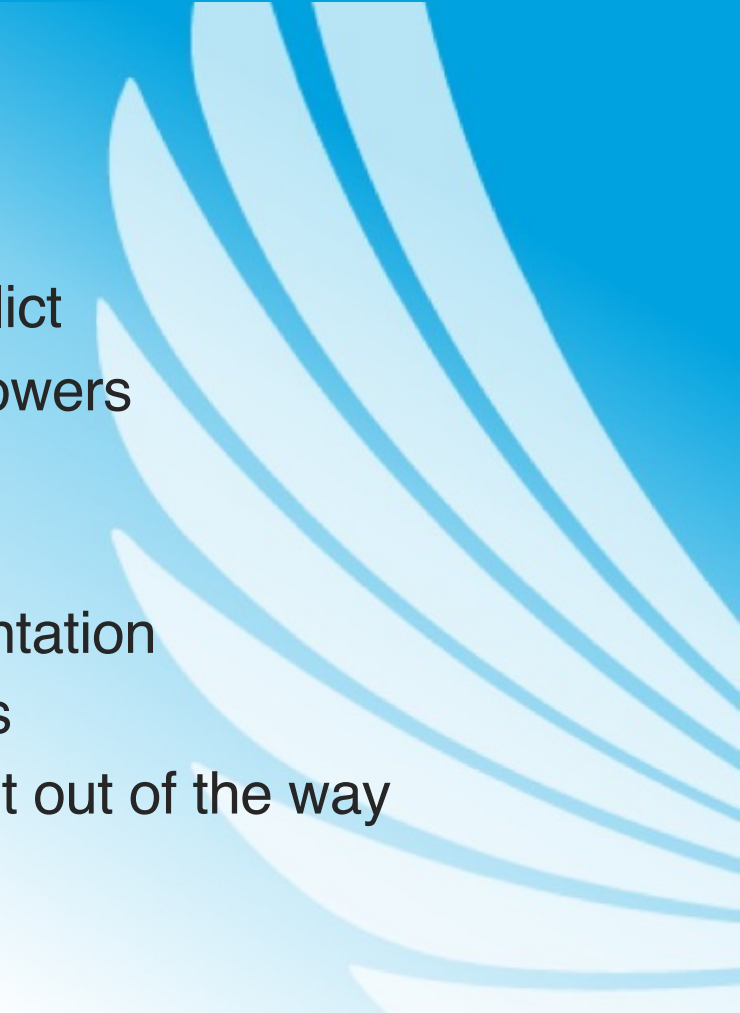
What products do these companies sell?



## People Drive Innovation . . .

*“Customers don’t buy products . . .  
 . . . they buy benefits”*

# The New Innovation Paradigm:

1. Focus on innovation, not on invention
  2. Invest in Open Innovation
  3. Embrace diverse teams, tap creative conflict
  4. Build a team of leaders, not a team of followers
  5. Be a fast follower
  6. Win through collaboration
  7. Don't punish failure, encourage experimentation
  8. Focus on adding value, not reducing costs
  9. Industry drives innovation; get government out of the way
  10. People drive success, not technology
- 
- A decorative graphic on the right side of the slide, consisting of several curved, overlapping lines in shades of blue and white, creating a sense of movement and flow.

# PEGASUS TECH VENTURES

Bill Reichert

[bill@pegasusventures.com](mailto:bill@pegasusventures.com)

@billreichert

