

## Ventures and Licenses: Moving Our Technology into the Marketplace

*BusinessWeek* dubbed SRI International “Spin-Off City”— an innovation engine that creates new ventures and licenses capitalizing on breakthrough technology developed at SRI. An independent research institute founded by Stanford University in the heart of Silicon Valley, SRI has created highly successful ventures. SRI and our subsidiary, Sarnoff Corporation, have launched more than 40 ventures with a total market capitalization that exceeds \$15 billion.

In addition, we have developed hundreds of high-value licenses: every day, people around the world use innovative products that SRI pioneered, including the computer mouse, the Internet, and HDTV.

SRI licensees range from large corporations to mid-size firms and small start-ups that are spearheading new technologies and products. Our licenses are in the growing areas of cleantech, infotech, biotech, and advanced materials.

Three of our ventures are now public companies, and many others have been acquired. The publicly traded companies are Intuitive Surgical (Nasdaq: ISRG), Nuance Communications (Nasdaq: NUAN), and Orchid Cellmark (Nasdaq: ORCH). Our ventures are

funded by some of Silicon Valley’s top venture firms, such as Mayfield Fund, Morgenthaler Ventures, Menlo Ventures, and U.S. Venture Partners.

**“SRI has become the best organization in the world in taking its technology and creating businesses... they have developed an excellent process for going from technology, to products, to markets, that fits well with what venture capitalists want to see.”**

—*David Ladd*

*Managing Director, Mayfield Fund*

SRI’s stock in trade is innovation. We bring new technology to market, discover new scientific principles, develop innovative approaches, and design new products for clients.



### **Our Systematic Innovation Process**

At SRI, innovation is a discipline refined over the last two decades, ensuring repeatable success in our R&D and in commercializing our technology.

Our approach to creating ventures and licenses is a leading model for the nonprofit research sector. Rather than *pushing* our technology advances into markets, we meet important market needs with SRI-developed technology solutions.

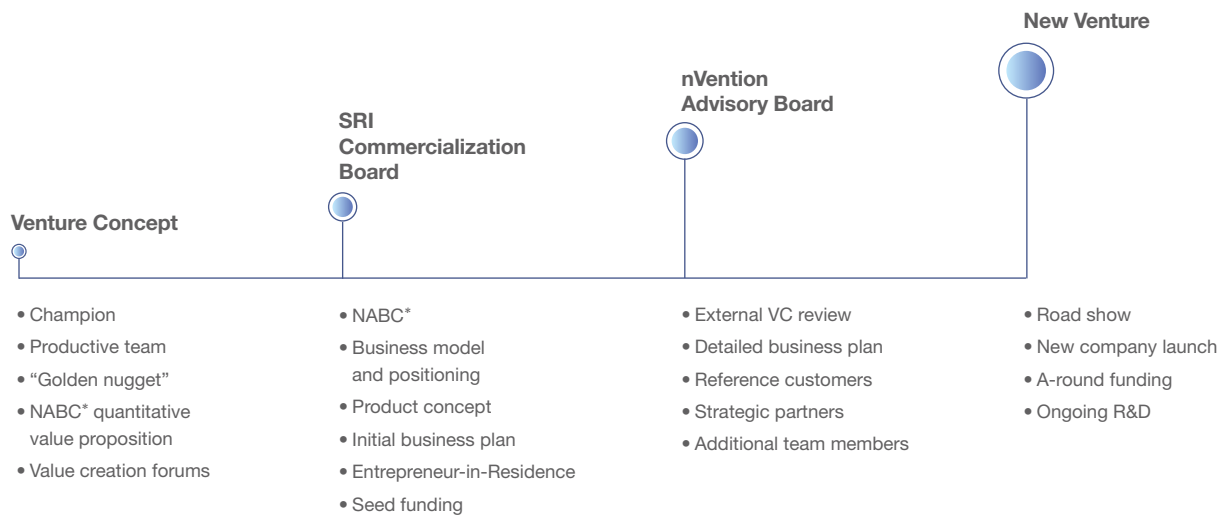
SRI’s process to create a venture or license (illustrated on the next page) includes identifying a disruptive market opportunity and important need, developing a “golden nugget” solution that has a sustainable competitive differentiation, and creating a business plan that brings the value proposition to life.

In the case of ventures, we recruit an entrepreneur-in-residence, assemble the entrepreneurial team, assist in obtaining venture investment, and launch the venture.

For licenses, SRI advances opportunities beyond patents. We often develop the technology into a prototype or product, identify customers, and even begin the revenue stream.

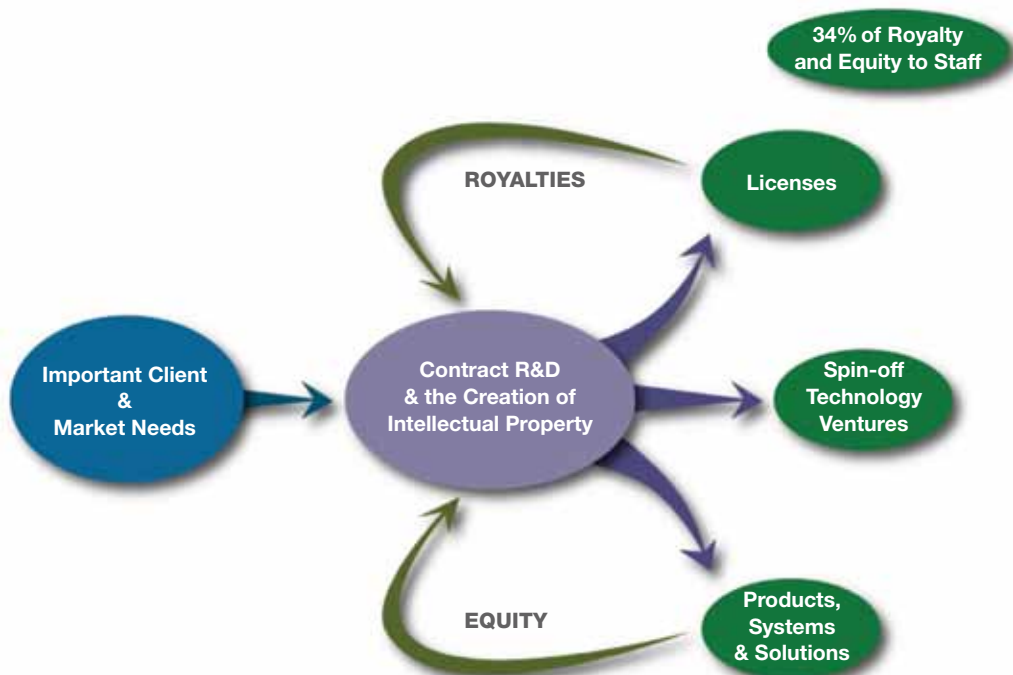


## SRI's Process for Creating New Ventures



\*NABC: Need, Approach, Benefits per Cost, Competition

## SRI's Business Model





SRI's electroadhesive wall-climbing robot

Robotic arms in a modular surgical platform



“SRI is a world-class innovation center, creating industry-leading ventures that continue to change the world. Their disciplined innovation process for creating ventures is unparalleled. They are an outstanding partner, and we are proud to work with them. Our doors are always open to SRI.”

— Gary Morgenthaler  
 Managing Director  
 Morgenthaler Ventures



SRI spin-off Siri, Inc., acquired by Apple, offers a virtual personal assistant for smart phones that automates routine tasks based on voice input for more intelligent web interaction.

## SRI's Venture Portfolio

### Publicly Traded



Surgical robotics



Speech recognition for customer service



DNA testing services\*

### Information Technology



Digital TV equipment\*



Wireless mesh networks



Video-on-demand services\*\*



Customer service tools\*



Iris biometric identification\*



Video enhancement systems



Virtual personal assistant\*



LCD technology\*



Electronic and digital signature solutions



Digital TV technologies\*



Flat-panel displays\*



Secure content distribution\*



Online health management



Panoramic image editing software\*

### Advanced Materials



Electroactive polymers\*



Digital color printing applications\*



Metal print and plate\* manufacturing



Super-bright LED light engines\*



Portable power systems\*\*



Optical network components



Anti-counterfeiting systems



Environmentally friendly light products

### Bio/Medical



Drug dispensing system\*



Drug discovery



Glucose monitoring system



Disposable hearing aid\*

\*Acquired or merged \*\* Dissolved



## **nVenture: A Strategic Partnership with Leading VCs**

As part of the venture creation process, SRI works closely with the venture community to benefit from its financing and company-nurturing skills.

SRI's nVenture Advisory Board comprises seasoned venture capitalists from premier firms. They provide strategic advice in technology areas such as information technology, advanced materials, power and energy, nanotechnology, and medical devices; and they support the business process with market knowledge, business opportunity analysis, industry and customer contacts, and recruitment of executive teams.

Although nVenture board members have no preferred investment rights, they benefit from exposure to advanced technology in SRI laboratories and from a first look at new venture concepts. Board members have frequently invested in our spin-offs.

View the list of nVenture board members at [www.sri.com/about/nventure.html](http://www.sri.com/about/nventure.html).

## **Contact Us**

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## **About SRI International**

Silicon Valley-based SRI International is one of the world's leading independent research and technology development organizations. SRI, which was founded by Stanford University as Stanford Research Institute in 1946 and became independent in 1970, has been meeting the strategic needs of clients and partners for more than 60 years. The nonprofit institute performs sponsored research and development for government agencies, businesses, and foundations. SRI also licenses its technologies, forms strategic alliances, and creates spin-off companies.

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