

URL: <https://stvp.stanford.edu/blog/videos/investing-for-market-strategy-and-capital-entire-talk>

Lisa Lambert, Vice President at Intel Capital, speaks at length on the experience of working for a mammoth, corporate-backed strategic venture capital firm. She unpacks the challenges of the post-recession VC world, and speaks at length about the industry at large. In addition, Lambert discusses critical issues of work/life balance and the conundrum of personal choices faced when climbing the corporate ladder.



Transcript

It is my sincere pleasure to welcome Lisa Lambert here.. She is a partner at the venture capital firm Intel Capital.. And to get things started, since we're going to do a little bit of an interview today, maybe you could set the stage by telling us a little bit about Intel Capital.. Intel Capital, absolutely.. How many have heard of Intel Capital? So, everybody's heard of Intel, but the capital division is a little more of a secret I suppose.. But we are not unlike most traditional VCs.. The primary difference is that we're a strategic investor.. So, as we're investing to make a financial return, like traditional venture capital firms, we also need to generate strategic value for Intel.. I've got a couple of slides that you can refer to, if I can get them to move.. Maybe not..

That's OK.. So, the main difference is if you look at Intel Capital, we like to invest in areas that help us essentially sell silicon, whether that's into consumer market segments or enterprise market segments, or mobile market segments.. So, traditional VCs typically only invest to make a financial return.. We'll pass on a great financial deal to do a deal that's going to produce strategic value, so that's an important criteria for us.. Great.. So, what is the relationship between Intel and Intel Capital? I mean, is this - are these completely separate companies or how do you work together? It's actually a division of Intel.. So, we're a business unit just like any of the other P&Ls.. We're responsible for producing a profit, hopefully not generating a loss.. We haven't done that for quite a while, so that's a good thing, despite the difficulties that VC has had in general, as an industry.. And we work with the operating businesses, as you would expect..

We have within Intel Capital, a president that runs the group.. Within that, we have managing directors like myself, who are responsible for P&Ls.. So, we're responsible for supporting the different product groups.. So, we've got myself that covers the Software and Services Group.. We've got somebody else that covers the Mobility Group.. Another person that covers the Digital Enterprise Group, the Data Center Group, and we invest in partnership and "on behalf of." So, we're eyes and ears for the company, but we're also privy to the strategic roadmaps of those divisions, and we're supposed to be investing in companies that support sales of silicon into any of those market segments.. So, how big is the group? How many people are there? We're currently about 250 people, which is a pretty big venture capital organization.. You guys probably know most of the firms are, you know, eight to 15 partners.. We have seven managing directors who are responsible for these technology domains, the P&Ls.. And then we have four geographic managing directors..

And within those groups, we have investment managers, typically a team somewhere between five and ten investment professionals, so about a hundred worldwide.. And then we also have support organizations, so we have our own business development organization.. We have our own marketing and PR organization.. We have portfolio management.. We have the mergers and acquisitions group, and yeah, we're responsible for, not only equity investing, but we're responsible for making strategic acquisitions on behalf of Intel.. So, maybe you can tell us about some of the few examples of the type of investments you've made to give us a little bit more color commentary on what type of things you're interested in.. Absolutely.. So, some of the bigger names, companies like VMware.. You guys all know VMware, the virtualization machine company? That was an investments that I actually led.. It was a \$218.5-million deal..

All of our deals aren't that big, but we do a number of them that are very big.. And we also invest into the company called Clearwire, which is a WiMAX infrastructure company.. We put a billion dollars in that over the period of about two to three years.. But the typical investment for us, probably average is something on the lines of \$8 to \$10 million, initial, and then

there are the investments that are follow-on investments over the life of the company.. So it brings up the question of, how different are you from a traditional venture capital firm? I mean, if we go down to Sand Hill Road and ask them similar questions, how different will their answers be? I mean, these numbers - the size of these investments are incredible relative to what I think of when I think of a traditional venture capital firm.. That's probably one of the major differences.. I would categorize in really in two categories; the type of deal that we do because we're strategic-focused.. Often times, the deals that we do are larger to create a bigger impact.. There are also always accompanied with a business agreement, some commercial agreement - how we're going to use the technology, how we'll work with the technology to tune or optimize it on Intel platform.. So, that's a major difference..

We're "stage agnostic" so a lot of VCs these days are "stage agnostic." I think, many of them started out at early stage, but early stage is a little bit out of favor because capital requirements and a lack of liquidity have inhibited a lot of firms from doing very, very early.. It just takes a long time to go from startup idea to a liquidity event.. During the boom days, this is an aside.. During the boom days, it was like 2.6 years to get liquidity.. And today, the latest average from NVCA, the National Venture Capital Association is 8.7 years.. So, you're investing over the long haul, better to get a later-stage company where you can make a quick return so that would be one of the major differences.. So, speaking of returns - I'm sorry - speaking of returns and liquidity, what percentage of the companies that you invest in do you - does Intel end up acquiring? It's a pretty small number.. Our objective for equity is to produce strategic impact to help us sell more silicon into new geographic markets, to help us enter new markets, whether it's entering in the embedded space or entering a smartphone space, both areas that we haven't done a lot in historically.. So, we typically don't invest to acquire.. I'd say it's probably less than 1% of the deals that we do that we actually acquire..

So, I think how - when you - I love this idea of investing to sell more silicon somewhere in the world, but you can go pretty far up the pipeline there.. I mean, I can imagine saying, "Well, gee, we're educating all these students in this room and all the people are listening, and those people are going to go all buy computers." So, do you invest in education, because the more educated people are, the more technology they're going to use? As a - as a sector within ICAB, not so much.. How about just helping for an investment? She's trying to get some Stanford money.. I can tell.. She's always selling.. That's good.. I like it.. Not so much.. We do, of course, we work with the universities because there are brilliant students like yourselves that generally leave this institution go run companies.. So, we do invest our time and our resource to sponsor events and such but when it comes to equity investing, we're purely investing in technology..

OK.. So, let's say a group of students in the room here came and was going to give a pitch to you.. What would be the key things that you would be evaluating? You've got I'm sure a little - set a metrics, a little dashboard in front of you that you're looking at all key criteria.. What's on your dashboard? Sure.. The first thing is, did you bring money or gifts - things to butter up the investor? I'm kidding.. Basic things, things that you would expect.. You guys are all smart.. You've been looking at business plans and probably writing your own business plans.. We're looking for - is the team credible? Do you have a track record? Have you ever done this before? If you're a student, obviously maybe not the track record.. It certainly didn't matter in Zuckerberg's case with the Facebook startup..

But do you have some experience and knowledge on how to build a company, how to take a company to market? That's number one.. Number two: Is the idea credible? Is it a real product? Is it solving a real problem? Is the market significant enough that you can build a business that's going to be attractive in the long term? And then the technology: Is it unique? Is it differentiated? Does it do something that existing technology does not do? Do you have patent protection? Do you have intellectual property that is sell-able? So, those would be the top three things that we'd look for.. Great.. Now, would you typically invest alongside other venture capitalists? I mean, is this - typically, that's the model is that there are these groups of VCs who invest together.. Do you that as well? We do.. We do and we started off.. Intel Company was born back in 1990s.. We've been doing this for quite some time.. I joined the group in 1999.. So, I've been doing this for over a decade now; it's amazing how time flies..

But - what was the question? Are you investing alongside other VCs? Oh, yeah, the syndication thing, yeah, I'm getting that.. All right.. So, yes, we do.. We started off doing only syndication, so we literally would not invest independent of a partner.. And we typically only invested with what we call "tier one" venture capital firms.. So, we only did follow-on investments when there was a lead.. Today, we've opened it up a bit.. So, we are leading our own investments.. We've got a number of deals that we've done by ourselves.. But we've also just recently launched the program called our Investment Syndicate Program where we've signed up almost two dozens now venture capital firms that we've done a lot of deals with, we have a history with, a track record with, and we are then offering them proprietary, if you will, deal flow..

We've got a hundred investment professionals globally.. We see companies in every geography.. We've done investments in 47 different countries on every continent.. So, we're sharing the deal flow with our investment syndicate partners, and it helps us in that we've got ready money that's available to co-invest with us.. It helps them because they don't have the reach that we do.. So, we get them deal flow that they wouldn't normally have access to.. So, one of the things that, when we hear from other VCs, they talk about smart money.. They talk about the fact that they're going to be sitting down next to you and helping you out and going through their Rolodex and making contacts.. Is that the sort of thing you do? I mean, how involved do you get with these companies that you're investing in? Very involved.. I think most VCs think we're dumb money because we're corporation, but in reality we're not..

Don't tell them I said that.. I promise.. But we do a lot to help.. In fact, that's one of things that we focused on in the past four or five years especially.. There are so many venture capital firms in the world now.. I mean, I think there's some consolidation going on.. I've got some great slides to show you to that point, but for some reason we're not - we're not projecting.. We bring a number of things.. I'll give you a couple of the things that we bring.. One thing we do annually is what we call the Intel Capital of CEO Summit..

And this is a forum where we bring our 400 portfolio companies together for matchmaking, not only with themselves, amongst themselves, but we invite about 200 industry executives.. And these are C-level people in various industries -- oil and gas, manufacturing, hi-tech, et cetera.. The objective there is to create a forum for them to make pitches, essentially, to these prospective customers and prospective partners.. So, that's one major event.. We do a smaller version of that, about 75 to 80 times a year called Intel Capital Technology Days.. And these are specifically customer forums where we have our business development organization.. They have access to Intel customers and user customers like Shell, like IBM, et cetera - name your Fortune 1000 company.. And they're interested in finding what's happening in technology.. They don't have an external R&D department, right.. They don't have anybody that's out purveying, surveying technology companies..

So, what we do is we bring the technology innovators together with these Fortune 1000 companies.. They select the categories they're interested in whether it's cloud computing, or mobile software, or software as a service.. They select the categories and then they select the companies in our portfolio that are aligned with those categories.. And we literally do a full day where those companies, the CEOs from those companies, pitch to C-level decision makers around technology, strategic partnership.. They pitch their ideas, their wares and in many cases, we get proof of concepts; we get closed sales.. So, what this does for the portfolio companies significantly reduces the sale cycle.. I mean, for them to get in with a Disney and to close a deal literally, or at least the concept of a deal in a day, it's just unheard of.. It may take months for these companies to close deals.. So, that's a forum that we create.. We've got - in addition to that, we've got advisory boards..

We've got what we call acquisition ITDs where we have companies approaching the point of liquidity, we line up, you know, prospective buyers because we've got relationships with all the major ISVs.. So, those are some of the things that we do.. It's unprecedented because we've got, as they say, this very large organization.. We've got resources in every geography.. So even if they want to enter a new market, if they're launching their business from the U.S.. and want to start to making the roads into other developed regions like Western Europe, for example.. We've got a team of people that already have relationships in those areas that can help open doors for them.. So, I think, if you compare it, it's super smart money in a corporate and maybe less smart money in the venture firm.. Interesting.. So, I know you're a very, very busy person because even just trying to get a phone call scheduled takes weeks and weeks..

So, what's your typical day like? I mean, what are you doing? Are you spending most of your time listening to pitches? Are you spending your time helping companies? Are you talking with your colleagues? What's happening in all day long? Yeah, it's just meetings.. It's one meeting after another.. I've got 70 companies in my sector.. Intel Capital has about 400 companies in the overall portfolio, 70 of those are software and services.. I personally sit on six boards.. I've got a staff of about seven investment professionals, plus we work of course, with the geographic investment teams.. So, if there's a software deal in Ukraine then it's co-owned with my group.. So, we have a lot of responsibility, not just for the U.S.. or North America, but globally.. So, I do everywhere from company meetings with prospects to portfolio company reviews where we're trying to make deeper connections in the business unit for them, or we're trying to introduce them with another portfolio company, or we're trying to help them sell a product, so we're meeting with those folks..

I do a lot of internal meetings because we're a strategic organization.. We need to be involved in all the strategic processes of the divisions.. So, if there's a corporate strategic discussion around Atom and MiGo and the Mobile execution platform, then I need to be in that meeting.. So, we do a lot of strategic reviews with our business unit counterparts and then the traditional management staff.. So, I've got a staff and they're doing deals.. And I need to review their deals and provide coaching and management support for what they do.. How many deals do you do a year in your group? In my group, last year was a bit of an odd year.. We actually did 20 - about 20 investments, but the vast majority of those were follow-on deals.. So, these were investments in our existing portfolio.. Typically, we do 12 to 14 new investments a year in my sector and somewhere between 10 and 14 follow-on investments..

So, 2009 was a very, very difficult year for venture capital.. Probably a good year in that it's shaking out the industry a bit.. It's a bit bloated.. If you look at some of the slides I have here, there's huge capital overhang, right? You went from the boom days.. We went from the '80s where capital inflows were relatively small.. It was a pretty small industry.. And then, you got the peak during the bubble and then, you've got a flat to slightly up and then back down again in 2009, fund raising environment in the recent past.. So, there are a tremendous number of VCs.. Consolidation is actually good.. The correction is actually good..

But it definitely has made the deal flow dynamic a bit different than in the past.. So, I'm curious.. All of these deals have to be negotiated, right? What are the kind of terms that are the most challenging to negotiate in these deals? I mean, this is something that's always the big black box, I know, when I think of going in, and pitching, and negotiating a deal is to figure out what are the terms that people really should be thinking about.. Yeah.. Valuation is always the biggest issue.. People want high prices for their companies, right? If you think about it, these are entrepreneurs who have blood, sweat, and tears, time,

and they expect to get a premium for their companies.. And in the environment like the one we have right now, premiums are rare.. So, valuation is always the first obstacle.. If you can get through valuation, then it's really the other financial terms.. So, for example, participation..

Participation is, basically, a term that says, "You're going to participate in the event of an M&A, you're going to participate above what your liquidation preference allows you to participate." So, it just means you get more money, right, and that more money comes from somebody.. Generally, it comes from the other investors in the management team.. So, that's an area that most companies don't want (Thank you, perfect).. Most companies don't want participation so you have to negotiate that.. And then, there are - oh, god.. And then, there are all of the protective provisions.. So, these are things like, how much control do you have over the company? Control regarding a budget, regarding strategic changes in direction, regarding decisions on sells, acquisition, debt, et cetera.. So, those are all explicitly stated in the protective provisions.. You have to negotiate each line item.. And so, depending upon how much control you want over the company, those can be more difficult to get..

Do you find that negotiating with a seasoned entrepreneurial team is very different than negotiating with someone who's coming at it the first time? I think yes and no.. The first timers are generally really paranoid so it's hard to even get them at the table.. The more seasoned entrepreneurs - those aren't necessarily more difficult negotiations.. You might think they were because they - these people know how to negotiate a term sheet.. They understand the language.. They've done this before.. But they also, I think, in my experience, they have a better perspective on real value.. And some of the novices fight for things they really shouldn't be fighting for.. And the senior and more mature teams tend to understand the value that we bring as a company to them as a portfolio company.. And they're willing to negotiate on things like participation and whether we have a revenue ratchet or whether we have a protective provision around debt..

So, it actually - you would think that you could get away with a lot more from a novice.. Uh-huh.. And I - we typically find that those are a little more difficult negotiations than.... Because they want to negotiate every single point and they.... Every single point.. Even the things that might not be as important.. That's right.. They assume that you're out to take it to them.. Imagine that.. So, let's say - I want to switch gears a little bit here..

And as we switch gears, I want the folks in the audience to think about questions you might have because we're going to leave a bunch of time at the end, for you guys to ask your questions.. So, keep your questions coming later.. When you were a student, could you imagine that you would be sitting in this seat here, doing this? I mean, is this what you envisioned for your career? I wish I could say "Yeah" and I thought it all out and knew this is where I would end up.. But I absolutely had no idea that I would be doing this.. So, what did you do? What was your background? Tell us your story.. Yeah, I started as a software developer.. So, I have my Bachelor of Science from Penn State (Nittany Lions, go Penn State!) in information systems.. So, I was a software developer right out of college, really went into that, not thinking that I was going into that.. I mean, I started off as a pre-law student and then I took a couple of business law classes, and I said, "There's no way in the world." I hope we don't have any pre-laws in here, but the minutia, the amount of detail, volumes and volumes of case law was absolutely insane.. So, I got out of that and got into programming..

It was more gratifying.. You get a response fairly quickly to a program that you've written, and to me, that made more sense.. So, I did that.. I started off as a software developer.. I worked back in my hometown when I'm at Toledo.. I'm from Ohio and I wanted to go back home to be with family.. So, I joined a big company there and started off in IT.. I was a software developer.. And then, I got an itching for something more.. I thought I'd be a general manager..

Once I got over the law thing, I thought "Okay, I'll just go run a big company.. That sounds good.. I'll run a big a company." So, I started a business rotation.. I talked my management into putting me on a rotation where I'd get experience in a number of functional areas.. So, what started off in sales and then I did a marketing stint, and then I did strategic planning stint, and then I did a new business.. We're launching a new business at the company.. And I worked on the product marketing team for that.. So, I thought that's perfect, right? It's giving me new experience as an operator, a functional area expertise.. Now, all I need is an MBA.. So, I went with Harvard and got my MBA, and thought I would go in and do General Management..

And I knew I wanted to get back in hi-tech.. I never really worked in a hi-tech industry.. I worked for Owens Corning, which is an industrial and consumer technology company, building materials company.. And I knew I wanted to work in the hi-tech field.. So, interviewing with a number of hi-tech companies, I got a number of offers.. I decided to go to Intel because it was a great platform, right at the heart of Silicon Valley, big brand, big name, lots of access to many opportunities.. And I worked initially as a product marketing engineer, which essentially was tactical marketing translation, right? I worked on the enterprise side of the business.. So, I put together, basically, marketing materials that would be used by our end-user customers through our channel, which at that time was OVM so Dell, HP, Compaq at that time.. And I did that for about a year, and I got promoted to Product Marketing Manager.. So, I was managing a bunch of product marketing engineers and did that for about another year, and realized that this wasn't it either..

I didn't really want to do technical marketing and product marketing.. So, I went looking around Intel and Intel is a great company.. I love Intel.. But it's a silicon company.. So, the products didn't change a whole lot.. The market segments change.. So, you could work on the enterprise at desktop or you could work on the enterprise side of server, or on the enterprise side of mobile, or the consumer side in mobile.. But it was basically the same idea, the same process, same product.. And I didn't

want to do that again.. So, it was either find another place in Intel that I could work or leave Intel..

And I was seriously considering leaving Intel when I stumbled on what was then called corporate business development.. We were later - changed the name to Intel Capital.. And it was so different than anything at Intel Capital.. We spent 80% of our time working outside of the company, working with entrepreneurs.. It was the most dynamic, and interesting, and innovative, creative job that I had imagined.. And it was the perfect application of my skills.. I mean, I had a technical degree of software developer and, I've got all those business experience working in these different operational areas.. I've got the MBA to go with it.. And I was ready to go and make investments.. So, that's how I stumbled upon it..

And it was through a lot of work and some favor along the way with opportunities to do these rotations and really good timing because in the late '90s, you all know the dot-com Internet era was born.. And that's when I started investing.. Very cool.. Now, I'm curious, a company like Intel has to be really innovative.. I mean, they're constantly pushing the envelope in terms of technology.. And it's a very competitive market.. How does a company that big - I mean, maybe you can give us a little bit of an insight from all your experience there - really, does it? And if so, how does it do maintain this level of innovation inside such a big company? It's difficult.. I mean, as you get older as a company and as an individual, probably, your mindset about change diminishes somehow.. You're less creative.. You're less willing to experiment..

You've got more at stake, more at risk if you fail.. So, it's been a difficult task for Intel.. Fortunately, they had some great founders, and great early CEOs in the current generation of CEO and executive staff is quite good.. They continue to push the envelope.. They continue to challenge their assumptions and not be complacent.. And so, I think that's a part of the culture of innovation.. You need to have that.. startups have that.. Entrepreneurs get that intuitively and even smaller companies that are maybe public but aren't \$40 billion in revenue like Intel is.. They are able to harness that creative energy..

And they continue to bring in new people with new ideas.. And that's the culture that you foster if you want to be an innovator.. And I think Intel has done a pretty good job at that.. We've reinvented ourselves more than once.. And I suspect we'll continue to do that.. I mean Atom is a great example.. Atom is our netbook microarchitecture.. And we're going to be selling that into smartphones and we're probably going to be selling that into embedded devices as well.. So, Intel, moving out of the traditional PC domain and server domain, where we've gotten our name, into some new market segments; consumer electronics, the works.. So, that's a part of it..

We all know that if you're going to take some calculated risks, you're going to have some failures, and I'm wondering, did you have any failures along the way in your career? Absolutely.. Is anything you want to share with us? Nothing I want to share with you.. I mean, really, it sounds like the story.. This is a positive interview.. The story you told us sounds like this wonderful path of just opportunity, opportunity, opportunity.. I mean, was there any - and we all know that, usually, the path doesn't look so clear and clean.. Any stumbles along the way? Absolutely.. I mean, I think failure is as much a part of success as success is.. In fact, it's probably a more important part.. Abraham Lincoln said, "It's not whether you fail that concerns me, it's whether you're content with the failure." So, expect that you're going to fail..

I mean, don't be pessimistic and depressed about it, but expect that along the way, you're going to make mistakes.. And I certainly have made my fair share.. I think a couple of things that I probably underestimated when I was in college -- the whole work/life balance thing.. I mean, you guys don't really think much about it now I mean because it's just unlimited time and unlimited energy is what you have right now.. I mean, you're living on adrenaline, right - adrenaline and candy or junk food.. Not all of us.. But when you get to become my age, which you don't need to know but when you're over 25.... You mean like 27? Yeah.. Yeah.. Things change..

And managing all of your interests in a way that keeps you healthy and happy is really, really difficult.. I mean, there are so many things you have to say no to.. That's the word that you - you really want to get practice with while you're in college, just because you're not going to be able to everything that you want to.. There's not enough time of the day.. There's not enough bandwidth that you have to do all the things that you want.. So find a way to balance your spiritual life, your recreational life, your professional life, your family life, all the things that matter to you.. The sooner you get practiced with that, the better, because you're going to have to make some really difficult decisions and tradeoffs as you mature in your career.. And I guarantee you that will be one of the things that you struggle with the most.. And I don't know that I can give you advice on how you prepare for that now.. But just begin to think about your universe as being limited..

It's not unlimited.. You don't have an unlimited time.. You don't have an unlimited budget.. You don't have unlimited resource.. It feels that way when you're 19 or 20, but you really don't have that so start making good decisions, time management, budget, et cetera.. Those things will help you.. So, how often do you reassess this? I mean I know some people who are, like, fire and forget missiles.. They start getting on a path, and five years later, ten years later, they'll look up and just go, "Oh, my gosh.. How did I get here?" And other people are reassessing their lives every ten minutes.. What's your drum beat for reassessing your life? Yeah..

It's a good question.. I think over my career at Intel, I generally have taken two-year increments.. I think about myself in a job for a couple of years.. If I'm still enjoying it in those two years, then I'll sign up for a couple more years.. And you're doing introspection and evaluation along the way, but it's a two-year decision point for me.. And that's worked out pretty well.. I

mean, it wasn't studied and preconceived notion.. It just came to me that I'll do a job for two years.. If at the end of those two years, I'm not satisfied.... I'll take my first couple of years at Intel..

It was a two-year assignment.. It was a product marketing engineer, and then product marketing management.. And I was out after that because it wasn't satisfying to me.. So that cadence, that pace has worked for me.. You need to find a pace that works for you because invariably what happens, again, this whole work/life balance thing, as you get older in your career, you mature in your career.. In some cases, it will become easier to just stay in something that you're not happy with just because it's less disruptive.. You don't have to deal with change and complexity.. And you really don't ever want to be that way.. If you're not doing what fires you up, what turns you on, what gets you excited and motivated to get up everyday, if you're not doing that, quit it, just stop because you will spend the rest of your life doing something that you don't like.. And you'll end up resenting it..

And you have no one to blame but yourself because you've decided not to make a change because it was inconvenient.. So have a pace, have a cadence, have an evaluation process.. Don't obsess about it.. It's not a ten-minute, every ten-minute thing.. But you should have a set period of time where you just really look back and say, "Is this where I expected that I would be?" And if it's not, is it where I want to be? Am I happy here? Do I enjoy this? Am I satisfied? Do I get gratification out of it? Do I have the life and the quality of life that - I said it in early age that I wanted to achieve.. You should be asking those questions.. I love the energy, the spark in you when you answer this question! So, I wonder, what makes you want to get up in the morning? What is it that - obviously you the way you talk you really love what you're doing.. What is it about what you're doing that really fires you up? It's essentially - for the women in the audience.. It's like you got a really big pocketbook with a lot of money in it and you can go shop everyday.. It's a no brainer..

OK, come on it's a no brainer.. So, we've got this resource, 16 billion in cash from Intel, which is not pocket change.. And we get to work with the most innovative and interesting creative minds in the world, not just in the Valley; in the world.. It's the most dynamic job, in that one day I'm focused on cloud companies, the next day I'm focused on mobile companies, the next day I'm focused on software and service, and the next day I'm focused on clean tech software.. I mean, it's so dynamic that the technology acumen and the business acumen that you need to develop to be able to do that efficiently is tremendous.. And so, it keeps you on your toes.. It keeps you sharp.. It keeps me studying.. It keeps me reading.. It keeps me talking to companies and talking to smart people..

I network with those people because I'm learning from them.. So if you like dynamic, if you like change, if you like innovation, if you want to be a thought leader Allah, the reason that we're here today, the thought leader class, then it's a great place for you because that essentially what we do.. And we get to go and invest Intel's money.... Right.. ...in ideas and in concepts that we believe in.. And even more gratifying is that we get to see the end result of it.. We get to invest when it's an idea and we get to see an exit as in the case of JBoss, one of my companies, or in the case of DATAlegro, another one of my companies, or MySQL, another one of my companies.. We get to see from start to finish a company, a team, a product, mature and develop and really meet the needs of its customer base.. It's so gratifying, very gratifying, so that gets me excited.. I love my job and you should love your job..

Don't do anything you don't love because I know too many people they are just miserable in their work and it's because they've resigned themselves to "I got a family now.. I got a mortgage.. I don't have very many options.. I need a job." And at some point, they stopped having goals.. At some point, they stop having dreams.. So, find out what you like and it's not going to be - I can guarantee you it won't be a direct course, and it absolutely won't be what you'd expect it to be now.. But find it and then stay with it and continue to evaluate what you like about it and make a change if you're not satisfied.. What a terrific answer.. So, my last question before I open it up is when you were sitting in school, when you were - even at Harvard Business School or when you were in college at Penn State, what do you wish someone had told you? Or what do you wish you had learned that later ended up being really valuable? Or do you just have to learn these things by the seat of your pants in the work force? Yeah and I reflect on it because it's a difficult question.. There are so many things..

Did you take enough math and science courses? Did you make connections with people, particularly in the MBA domain when you're a little more mature in your career? Did you make the right connections? Are you networking enough? Do you have balance in your life? Those are things, when I reflect back on my life, those are the things that I wish maybe I'd spent a little more time on or I got a little more coaching on.. And take advantage of the network that you have.. A lot of people think that you're going to have one mentor in your life or one person that's really a significant contributor to your development maturity.. The reality is, it's a composite of probably hundreds of people over the timeline of your career.. Don't underestimate that and make sure you're proactive about asking questions.. Continuous learning, it sounds cliché and it sounds kind of trite but it's really true.. You want to learn from the people that you're around.. You want to learn from your teammates.. You want to learn from your classmates.. You want to learn from the professors..

Just be inquisitive.. Be hungry.. And I think - had somebody really emphasized that -- I think I'm naturally inquisitive but I think if somebody really emphasizes that early, I probably would have a broader experience and maybe even a broader acumen across the number of different domains that I do now.. And I'm doing that proactively now, but over the course of my life, the contacts that I could have made, the people that I could have met, the knowledge that I could have acquired.. I think that would have been invaluable.. So take advantage of the time that you have now.. Again, it's that time management,

budgeting your time.. Make sure you make time for social networking, for developing mentor relationships, and for continuous learning.. Terrific.. Okay..

So, what about some questions from the audience? Great.. Yeah.. You mentioned having done a billion deal in the past with Clearwire, I was just curious if you had taken a look at Palm and what your thoughts were on the recent deal with HP? I personally did not evaluate Palm as an investment opportunity, but we obviously know them quite well.. I think the acquisition-to-be was surprising.. Surprising in that, did they really haven't made a foray into smartphones at all; not surprising in that they clearly see the marketers growing.. I mean, just to give you some data, the number of smart phones shipments this year is 210 - 250 million.. That's going to be 400 million by 2012 and a billion by 2013.. So, they're looking at that market and they're saying, "We don't have a play." And if it's going to be as big as it is, not only does it, perhaps, give us a play in smartphones but it could also give us a play in embedded if they get into the silicon business.. Now, they can sell silicon into embedded devices, which is expected to be a 28-billion dollar market, 28-billion device market by 2020.. So, it's surprising in that it's a departure from their current strategy, but not surprising if you think about the mobile opportunity..

We personally didn't invest in Palm, obviously.. But we have invested in some device makers like REM was one of our investments, not in my area but somebody else.. Another question? Yes.. So, since you are a strategic corporate investor, is there ever concern from a company that you're investing in that maybe there are misaligned incentives, and how do you manage that? Concern from whose perspective? You have - you're obviously trying to sell more silicon and meet deals that are beneficial to Intel itself.. And I'm curious if maybe there's some who are speaking to that are worried that they have interest that might be different from yours.. And if that was the case, how you manage something like that? Yes, at times it is.. It's rare that we invest in somebody that we might compete with.. But we still haven't had a CNTS, a "coda not to sue" agreement that we do ask companies that are close to us or maybe in a business that we expect to be in, we do get that signature before we invest in that company.. In the software domain, the conflict is more rare.. You probably would be surprised, though, that from a headcount basis, Intel is the largest software - the 8th largest software company in the world, in terms of headcount..

We have that many software engineers, software developers within our company.. But that said, from the business standpoint, we don't have a lot of software business-ship.. We've got a river, we got havoc, we got a few other assets.. So, the conflict is generally not there.. When it is there, we make sure we have a CNTS and we make sure there's clear understanding as to what we're going to do with companies and the commercial agreements, or the business agreements so that there is no conflict.. And if there is an expectation to this, equity investment is really a phased acquisition; we make that known upfront as well because in some cases we will do that.. It's less that 1% of our deals most likely, but we've done literally thousands of deals over the years.. It does happen from time to time.. Just being very clear about expectations upfront and managing the communication process, generally, not too much of an issue.. Yeah..

What do you think is the difference in value add between a VC firm like Intel Capital versus a traditional VC firm, especially when you two are investing on the same deal? What do you think you guys bring differently to the table? Yeah.. Every deal is different but I mentioned a couple of things that we do.. I didn't - probably the biggest and most obvious thing is just scale, right? I mean, scale in terms of our resource and reach - we bring engineering; we bring marketing; we go to market; we bring channels; we bring business development relationships, customer relationships.. I talked about ITDs and CEO summit.. So, we've got huge scale which really just is unmatched.. There isn't another investor, strategic or otherwise, that competes with us on that level.. And so capital is engrained in the culture of Intel Corporation.. And so, we really do believe strategically about the deals that we do.. Many corporates don't.. They're investing for financial reasons or there is a much looser alignment with the strategic or operating businesses..

So scale, real company building, not just capital.. Or we're helping to close deals.. We're helping to make introductions to partners.. We're helping to really build the company.. We sit on the board just like all the other venture capital firms.. Often times, we're observers - classified as observers rather than directors because of the fiduciary risk.. I mean if there's a lawsuit and Intel's the director, we've got the deepest pockets and we're probably going to get sued.. So, we typically don't do the director thing but we add all the value that a director would, right? We're helping with recruiting.. We're helping with the operations.. We're there and very hands-on with the company..

And again, if it's a deal that's a purely technology deal like VMware for example, or Clearwire, those are two examples.. Micron is another good example.. Where we already had a strategic relationship with them.. We were already doing a boat-load of things with them strategically.. We can add a lot more value, right, if that's the case because we've already got pretty significant relationships, and it's not really not just about capital in those cases.. Great.. Another question? There's been a lot of discussion going around about the relative profitability of VCs as an asset class relative to other things, and that it's flatlined in the past ten years without the bubble being in there.. Just curious on your thoughts of the industry as a whole.. Yeah, it's in trouble.. It really is in trouble..

I just want to repeat it because it wasn't able to hear it on the podcast.. The question is, basically, what's your attitude towards VC in general? What's the - what's your prognosis? Yeah.. The industry in general is in trouble.. There's a huge amount of capital access, a severe lack of liquidity.. Things are improving now but the past couple of years have been pretty bad.. And we had some improvement post the bubble bursting in 9/11.. But still we're well off the height of our industry in the '90s.. So as an asset class, I think they'll continue to be consolidation.. I think LPs will continue to look for other areas.. I think

the thing that VC does bring that other asset classes don't is that innovative element..

You're going to get the next big idea.. You're going to get the next Facebook.. You're going to get the next Microsoft.. And you're probably going to get it in a lot of different geographic markets.. So, there's still a value proposition for it.. We haven't seen the industry really shake out in that as an asset class is.. It's decreasing as the percentage of the portfolio of the typical LP.. It's still about what it has been, but the industry itself is shrinking, which I think is good for it and hopefully will produce better returns as there are more or fewer rather, topics competing for the number of deals that are out there.. Right now, there's just too much money chasing too few deals so.... Yup..

Which - here? We'll go up here and then we'll move to the other side.. Did you ever run into the issue of you're selling a portfolio company and people are like, if it's a tech company and it's so great, why would Intel want to be selling? Because you do cite the strategic reason why you want to bring them in-house.. I guess you can cite the fact that use your contract this is only paying on 1% of its units.. Yeah.. It's rare that we - we certainly don't - we don't publicize it if we're doing a private sell on the company.. Is that what you're referring too? If you were to try to sell it to another VC firm or some other exit, the potential investor would say, "What does Intel know about this that I don't? These are tech gurus.... " Yeah.. That's generally the case where private sell, though.. So, if there's a liquidity event then everybody's out, right? If there's an IPO then in most cases venture capital firms and IPO's sell with the IPO.. They either sell with the IPO or they sell post lock-up period, which typically is six months, so that's not abnormal..

It doesn't mean a lack of faith, really is what the industry does, in the case of an IPO.. In the case of an M&A, likewise.. It's an M&A so they're going to be bought by another company, and we're all going to get liquid.. Though in the case of a private sell, I think that would be most relevant to your question.. We do on occasion - we don't publicize it - but we do in occasion sell our equity state to other venture capital firms.. And we do it for a number of reasons.. In some cases, we have a very high percentage of the company.. We just want to get some liquidity because of our current stake.. In some cases, we've perhaps gone a different direction strategically within the business.. And so, from a technology standpoint, it's orphaned, if you will, or it doesn't have an owner or a business owner within the company..

And so it doesn't make sense for us to maintain our positions because we're so focused on strategic value.. So, we'll sell to other VCs in those cases.. And in some cases, it may be a situation where we think there's no financial or strategic upside, and so we'll get liquid just because we don't think there's a return for us.. But those are generally private sales of our shares.. We don't publicize that and those are some of the reasons why we might do it.. In the other liquidity cases, everybody gets liquid, so we don't look strange in those cases.. Yes.. So to what extent does - do the investments you make as Intel affect on your personal contribution as your personal job? And does this create stress whenever you're making investment? Oh, heck, yeah.. I think the question is, is there a personal upside for being...? Or downside, yes.. Or downside? Yes..

The answer is yes.. There is.. We're like VCs in that we are compensated based upon the financial and strategic return of our investments.. So, if you have a really bad couple of years and you got a bunch of companies that end up going under, you'll probably going to go under, too.. Because there's - we're measured on internal rate of return, or compensated on internal rate of return.. And we're compensated on strategic value.. So, did we achieve the things that we set out to, in our company business agreements or commercial agreements with the portfolio companies? If we miss on any of those three vectors, we pay for it.. We get ranked and rated based upon our IRR and based upon the strategic impact of the deals that we do.. So, yeah, there definitely is implication.. It doesn't mean you don't make mistakes here and there..

And I've had my share.. I dodged that whole mistake question earlier.. I guess a couple of mistakes will just be a couple of bad deals that I did early in my career.. You're really eager and zealous and you want to close an investment and I closed a couple of crappy deals, no doubt.. And so, those went belly up but you develop skills, know-how, experience, and you don't make those same mistakes going forward, but there definitely is a consequence.. Let me just build on that because we know that the ratios of successes in VC firms are not very high.. How does Intel Capital compare to that? Do you find that there's a higher success rate because you've really focused on the deals you do, and your level of expertise or the stage in which you invest? Or is it really equivalent to other VC firms? The industry for VC is typically 25% IRR, 3X return on investment.. That's the typical profile what you look for.. We would be aligned with that method.. We're as interested in the strategic return, so there are some instances where we do a deal like Clearwire, which hasn't produced financial return that we would have liked or expected..

But we still view that as a strategic success story, so a little different in that regard.. But, again, 25% of 3X is pretty much what we manage ourselves to and we have to deliver on that consistently.. But I'm curious, what's the ratio between how important financial success versus strategic success? I mean, if something's a big strategic success but a financial bust, is that still considered a big success? I'm curious how you weight the two? Yeah.. But, we are a P&L so we are accountable for producing profits with our operating business.. So, you don't want a bunch of those great strategic deals that turned out to be financial bust.. So, we're thinking about that as we're evaluating which is why we're again comped and ranked on our financial performance.. But they're probably is more leeway for us than there would be a traditional venture firm because we have the strategic component, more consideration, less reprimand perhaps, if it turns out to be a great strategic deal even though it didn't produce the three-to-five X return.. Cool.. Another question.. Yes, back there? Do you consider Intel investment less riskier compared to other VCs, considering the fact that your investments are not synergy agnostic first of all,

and then you have a great amount of inside information before, probably investing on those potential strategic partners or vendors? Or this is based on the needs of your business, to try the investment that you're making..

Do you consider less riskier and the amount of grounds that Intel is receiving, probably? Less risky? I don't know.. There's some degree it is mostly because we have so many resources that we can bring the better to help the company.. And obviously if we're investing in later-stage companies, there's going to be less risky inherently.. But there are a lot of VCs that focus on growth equity or private equity stage companies.. But we bring so much to bear.. The company building, strategic, these commercial agreements - these are all revenue-generating opportunities for the company.. So we do mitigate some of that risk because we have Intel Corporation behind it and not just Intel but our ecosystem or partners and fellow travelers.. But that said, venture is still a pretty risky business and you can mitigate some of the risk by having a lot of resources that you can put on the companies.. But you're not going to mitigate all of it.. And every deal that we do we're at risk of losing that capital unless one, the market materialize, the team executes, and we're able to do our part on the commercial side..

And in some cases that doesn't happen.. So it's less risky to some degree, to answer your question directly, but it's venture.. And venture capital is just that.. It's an adventure and you could win or you could lose really badly.. Great.. So, on that note, I'm going to call it...yes? There's one more question.. I want to make sure for those people that don't leave that they can leave but let's - Maya, do you have a question? Sure.. I just had a question - just have you followed up a little bit more on the work/life balance and being a woman in a very male dominated software or hi-tech industry.. Yeah.. I still haven't figured it out to be honest with you..

I work a lot.. I have an understanding husband.. We haven't had children for that reason.. I'm pregnant.. So we're about to have a child.. I'm breaking the news here.. Congratulations! But I'm also 40 and those are, again, trade-offs.. As a woman, you really need to understand what your priorities are because - I'm sorry guys - but for women, you should be thinking about kids and whether you want them, in your 20s and in your 30s and not when you're in my age.. But it - if you have those priorities, you can lay them out and really hold yourself accountable to them.. It's manageable..

It's just - what happens is you get so caught up in whatever it is that you're doing.. If you really like to work; I'm very work-oriented.. So I kind of erred on the side of planning more about my career rather than planning my personal life, or planning my married life, or whether I want to have a family.. And I'm saying, you need to think about those things very early on.. Just understand what you really care about, and what are your priorities? And then make sure you allocate some time the things that you care about.. For me, it was just work.. It was work and athletics.. I was an athlete, college athlete, so I always stayed in shape and I always worked a lot.. And those other areas really were neglected.. If you don't want that to happen, then identify the top three to five things that are really, really important to you and make sure at an early age you start acknowledging all of those areas by spending time developing all of those areas..

Because, I can tell you, you all are Stanford students, you're all very type-A perhaps, very eager who want to achieve and want to succeed.. Your propensity for that will drive you toward a career at the neglect of some of these other things.. And when you're 40 and you realize you don't have a family and you don't have a social life, it really hurts.. There's not a lot you can do about it because you're the vice president of the company and there's been a lot of options for you.. So, just think about it early, plan it, prioritize, and give time and attention to those things.. Thank you so much for sharing that.. And congratulations! Thank you...