SRI International

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 and launched more than 40 ventures with a total market capitalization that exceeds $20 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. Our ventures are funded by some of Silicon Valley’s top venture capital firms, such as Mayfield Fund, Morgenthaler Ventures, Menlo Ventures, and U.S. Venture Partners.

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

“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

Our Systematic Innovation Process

At SRI, innovation is a discipline refined over more than two decades, assuring 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 new company.

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 Ventures and Licenses

- Champion
- Productive Team
- Golden Nugget
- NABC* Quantitative Value Proposition
- Value Creation Forums
- Funding to develop the concept

- Market analysis
  - Space and opportunity
  - Business model and positioning
  - Investments needed
- Product concept
- Initial innovation plan
- Entrepreneur recruitment
- Seed funding

- External review
- Detailed innovation plan
- Strategic partners
- Identifying additional team members
- Developing reference customers
- Road show
- Seed funding

*SRI’s Process for Creating Ventures and Licenses

SRI’s Business Model

DRIVEN BY SRI’S FIVE DISCIPLINES OF INNOVATION®
“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
Former Managing Director
Mayfield Fund

SRI's Venture Portfolio

<table>
<thead>
<tr>
<th>Publicly Traded</th>
<th>Robotics</th>
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<tbody>
<tr>
<td><strong>INTUITIVE SURGICAL</strong></td>
<td><strong>GRABIT</strong></td>
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<tr>
<td>Surgical robotics</td>
<td>Electroadhesion for materials handling</td>
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<td><strong>NUANCE</strong></td>
<td><strong>Redwood Robotics</strong></td>
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<td>Speech recognition for customer service</td>
<td>Innovative robots for manufacturing/service*</td>
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<td><strong>Orchif</strong></td>
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<td>DNA testing services*</td>
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**Information Technology**

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<tr>
<td>Electronic signature solutions</td>
<td>Travel search and planning</td>
<td>Customer service tools*</td>
<td>Video-on-demand services**</td>
<td>Digital imaging system</td>
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<td><strong>PACKETHOP</strong></td>
<td><strong>S2C</strong></td>
<td><strong>Pyramidal Vision</strong></td>
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<td>Educational gaming platform</td>
<td>Wireless mesh networks*</td>
<td>Stay voltage detection services</td>
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<td><strong>SARIF</strong></td>
<td><strong>SENSAR</strong></td>
<td><strong>Siri</strong></td>
<td><strong>SocialKinetics</strong></td>
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<td>LCD technology*</td>
<td>Iris biometric identification*</td>
<td>Virtual personal assistant*</td>
<td>Enterprise social media technology*</td>
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<td><strong>teachscape</strong></td>
<td><strong>tempo</strong></td>
<td><strong>TOUT</strong></td>
<td><strong>trap</strong></td>
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<td>Technology for K-12 and higher education</td>
<td>Smart calendar for iPhone</td>
<td>Real-time web video streaming and sharing</td>
<td>Next-generation personalized web search tool and planning</td>
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<td><strong>nanoArts</strong></td>
<td><strong>Polaroid</strong></td>
<td><strong>Razer</strong></td>
<td><strong>Kodak</strong></td>
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<td><strong>PowerZyme</strong></td>
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<td>Electroactive polymers*</td>
<td>Metal print and plate manufacturing</td>
<td>Digital color printing applications*</td>
<td>Super-bright LED light engines*</td>
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<td><strong>Powerlight</strong></td>
<td><strong>Princeton Lightwave</strong></td>
<td><strong>SP</strong></td>
<td><strong>Power2time</strong></td>
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<td>Environmentally friendly light products</td>
<td>Optical network components</td>
<td>Anti-counterfeiting systems</td>
<td>Portable power systems**</td>
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**Bio/Medical**

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<th><strong>DELSYS</strong></th>
<th><strong>Intuity</strong></th>
<th><strong>LOCOS</strong></th>
<th><strong>SINGRE</strong></th>
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<tr>
<td>Drug dispensing system*</td>
<td>Glucose monitoring system</td>
<td>Drug discovery</td>
<td>Disposable hearing aid*</td>
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*S Acquired or merged  ** Dissolved
nVention: 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 nVention 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. They also support the business process with market knowledge, business opportunity analysis, industry and customer contacts, and recruitment of executive teams.

Although nVention 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 current list of nVention board members at www.sri.com/engage/ventures/nvention-advisory-board.

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About SRI International
SRI International is a nonprofit research and innovation center headquartered in Silicon Valley. Government and business clients worldwide come to SRI for pioneering solutions in biomedicai sciences and health, chemistry and materials, computing, education, economic development, energy, security and defense, robotics, sensing, and more. We provide research, laboratory and advisory services, technology development and licenses, deployable systems, products, and venture opportunities. Our innovations have created new industries and marketplace value, and lasting benefits to society.