



Stanford eCorner

Returns and Liquidity

Lisa Lambert, *Intel Capital*

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Video URL: <http://ecorner.stanford.edu/videos/2449>Returns-and-Liquidity>

Intel Capital VP Lisa Lambert discusses a sea change in the investment community as of Spring, 2010. While VC's were formerly more attracted to solely investing in start-ups, she states that her firm has grown more stage-agnostic. Quick returns more often hinge on later-stage enterprises than on business concepts fresh out of the gate. In addition, she reports that Intel Capital has very few plans for acquisition of these firms, estimating that the company takes over less than one percent of those they financially back.



Transcript

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.