



Berkman

The Berkman Center for Internet & Society
at Harvard University

New Models in Venture Finance for Innovation

November 19-20, 2009

Schwab Residential Center, Graduate School of Business, Stanford University

Co-organized by the [Berkman Center for Internet & Society's Law Lab](#) and the [Gruter Institute for Law & Behavioral Research](#), with generous support from the [Ewing Marion Kauffman Foundation](#)

Overview

Although technological advances have shaped, evolved, and in some cases transformed many industries, the legal and financial frameworks for the financing of entrepreneurial ventures have remained relatively untouched. But this may soon change. New types of digital organization and new forms of competition are challenging the 'old ways of doing business,' and suggest an important transition point in the formation and financing of entrepreneurial ventures. Social technologies, peer to peer networks, and the ability of people to form their own groups rapidly online, to advance their own ideas, and to coalesce around common interests, are challenging traditional approaches to venture finance, and may catalyze the creation of new financial and legal mechanisms for doing business.

Are new kinds of social technologies—from reputation systems and online dispute resolution mechanisms to digital forms of organization and operation—changing the dynamics of venture formation and financing? Could a form of *crowdsourced capitalism* emerge from Web 2.0 technologies offering greater transparency, accountability, learning and innovation? Is there an opportunity to rethink the equation between talent, effort, and capital as information asymmetries rebalance and reliable reputation metrics emerge? Will a new kind of "*Money Ball*" come to entrepreneurial financing as risks become more transparently priced and transaction costs are commoditized?¹ Will the old guard still be ascendant or will they be displaced or simply realigned?

This invitational workshop brings together traditional and non-traditional players from the entrepreneurial, legal, finance, and academic communities to explore the future of entrepreneurial innovation. In the process, we will consider new ways that evolvable legal frameworks, member networks, and digital mechanisms—through contracting, auctions, reputation systems, governance models, dispute resolution, transparency, and

¹ *Moneyball: The Art of Winning an Unfair Game* by Michael M. Lewis.
http://en.wikipedia.org/wiki/Moneyball:_The_Art_of_Winning_an_Unfair_Game

connectivity—support new approaches to the industry. We will map the current state of play regarding new venture finance models, discuss their role in shaping innovation, law, and institutional design, and consider what the future might hold.

About the Law Lab

The Berkman Law Lab is a multidisciplinary research initiative focused on investigating the forces—evolutionary, social, psychological, neurological, and economic—that shape law and social norms as they enable cooperation, governance, and entrepreneurial innovation. Our research, supported by empirical analysis and a network of partners and affiliates, seeks to deepen the understanding of Net-based structures and norms, including enhanced trust, transparency, and cooperation. Current research efforts include a deep interest in understanding evaluating, and developing digital models that can catalyze and support entrepreneurial activities.

A Note on Format:

This is an invitation-only event. The sessions will be run as working conversations. Each meeting will engage in focused conversation, with an eye towards deepening our dialogue and determining actionable next steps. Where panels are used, they will be aimed at starting the discussion, and not at limiting it. In the final plenary session, we will identify and summarize key themes and areas for future research.

We are committed to genuine interactivity throughout the event. Attendees bring important (and diverse) knowledge, expertise and experience to the topic areas, and we hope to encourage active engagement from all participants.

Agenda

Thursday, November 19th

DAY 1:

Location: *Vidalakis East Room, Schwab Residential Center*

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| 8:00-8:30 AM | Breakfast |
| 8:30 – 9:00 AM | Introduction and Overview
<i>John Clippinger, Co-Director, Law Lab, Berkman Center for Internet & Society</i>
<i>Oliver Goodenough, Co-Director, Law Lab, Berkman Center for Internet & Society</i> |
| 9-10:15 AM | On the State of Venture Financing: Challenges to the Old and Opportunities for New
<u>Moderator:</u> <ul style="list-style-type: none">• <i>John Clippinger</i>
<u>Participants:</u> <ul style="list-style-type: none">• <i>Paul Kedrosky, Senior Fellow, Kauffman Foundation</i>• <i>Bill Coleman, BEA Founder</i>• <i>Steve Jurvetson, Draper, Fisher, Jurvetson</i> |
| 10:15 - 11:00 AM | Coffee Break and Tech Demo |
| 11 -12:30 PM | Simplifying Legal and Financing Agreements
<u>Moderator:</u> <ul style="list-style-type: none">• <i>Oliver Goodenough</i>
<u>Participants:</u> <ul style="list-style-type: none">• <i>Harvey Anderson, Mozilla</i>• <i>Monika Cheney, Gruter Institute</i>• <i>Tom Klein, Greenberg Traurig LLP</i>• <i>Matthew Reed, SEC</i> |
| 12 :30-2:00 PM | Lunch |

2:00-3:30 PM

**New Approaches to Forming and Financing
Entrepreneurial Ventures**

Moderator:

- *Gary Bolles, Microcast*

Participants:

- *Michael Kleeman University of California, San Diego*
- *Yokum Taku, Wilson Sonsini*
- *Brad Zlotnick, Center for Conservation Biology*
- *Julius Akinyemi, Entrepreneur in Residence, MIT
Media Lab*
- *Anula Jayasuriya, Evolve India Life Science Fund*

3:30 – 4:00

Coffee Break

4:00- 4:45

Wrap Up: Key Questions and Emerging Themes

*John Clippinger, Co-Director, Law Lab, Berkman Center
for Internet & Society*

*Urs Gasser, Executive Director, Berkman Center for
Internet & Society*

*Oliver Goodenough, Co-Director, Law Lab, Berkman
Center for Internet & Society*

EVENING

Thursday, November 19th

Invitational Drinks and Dinner

5:30-9:30 PM

Speaker: *Susan Woodward, Sand Hill Econometrics*

Location: *Sycamore Room, Rosewood Sand Hill Hotel*

Agenda

Friday, November 20th.

DAY 2

8:00-8:30 AM

Breakfast

8:30 – 8:45 AM

Brief Introduction

*John Clippinger, Co-Director, Law Lab, Berkman Center
for Internet & Society*

*Oliver Goodenough, Co-Director, Law Lab, Berkman
Center for Internet & Society*

8:45 – 10 AM

**Rationalizing Due Diligence, Disclosure and Dispute
Resolution**

Moderator: *Urs Gasser, Co-Principal Investigator, Law
Lab, Berkman Center for Internet & Society*

Participants:

- *Susan Woodward, Sand Hill Econometrics*
- *Vivek Mehra, August Capital*
- *Matthew Reed, SEC*

10 - 10:15 AM

Coffee Break

10:15 – 11:30 AM

**Mechanisms for Entrepreneurial Networks:
Reputation, Credit Assignment, Dispute Resolution,
Pricing and Auction**

Moderator:

- *John Clippinger*

Participants:

- *Peyman Faratin, MIT*
- *Marshall Van Alstyne, BU*
- *Vaugh Tan, HBS/ FAS*

11:30 AM – 12:00 PM

**Roundup and Next Steps: Developing a Use Case for
Entrepreneurial Innovation**

John Clippinger

Optional Lunch, off-site

List of Participants

Julius Akinyemi, *MIT Media Lab*
Harvey Anderson, *Mozilla*
Gary Bolles, *Microcast*
Monika Cheney, *The Gruter Institute*
John Clippinger, *The Law Lab, Berkman Center for Internet & Society*
Bill Coleman, *founder BEA*
Peyman Faratin, *entrepreneur, formerly of MIT*
Rob Faris, *Berkman Center for Internet & Society*
Alex Fishman, *Palantir*
Urs Gasser, *The Law Lab, Berkman Center for Internet & Society*
Oliver Goodenough, *The Law Lab, Berkman Center for Internet & Society*
Anula Jayasuriya, *Evolve India Life Science Fund*
Steve Jurvetson, *Draper Fisher Jurvetson*
Paul Kedrosky, *The Ewing Marion Kauffman Foundation*
Michael Kleeman, *University of California, San Diego*
Tom Klein, *Greenberg Traurig LLP*
Vivek Mehra, *August Capital*
Matthew Reed, *SEC*
Dane Stangler, *The Ewing Marion Kauffman Foundation*
Yoichiro ('Yokum') Taku, *Wilson Sonsini*
Vaugh Tan, *Harvard University*
Marshall Van Alstyne, *Boston University*
Susan Woodward, *Sand Hill Econometrics*
Brad Zlotnick, *Center for Conservation Biology*