

Fostering Entrepreneurial Ventures

An Interview with James D. Robinson III,
General Partner and Co-Founder, RRE Ventures

EDITORS' NOTE Jim Robinson also serves as a board director at On Deck Capital, Business Insider, PrimeRevenue, and K2 Intelligence, all private companies. Robinson was Chairman and Chief Executive Officer of American Express Company from 1977 to 1993 and Non-Executive Chairman of Bristol-Myers Squibb from 2005 to 2008. Prior to this, he held several executive positions within American Express. He was an investment banking General Partner with White, Weld & Co., and served as Assistant to the Chairman and



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President of Morgan Guaranty Trust Company. He is also a director of The Coca-Cola Company. Robinson is Honorary Chairman of Memorial Sloan-Kettering Cancer Center; an Honorary Trustee of The Brookings Institution; and Chairman Emeritus of the Partnership for New York City and the World Travel & Tourism Council. Robinson has an M.B.A. from Harvard Business School and a B.S. from Georgia Institute of Technology.

COMPANY BRIEF Since its founding in 1994, RRE Ventures (rre.com) has been helping talented management teams build industry-leading companies. Today, they manage over \$1 billion in assets dedicated to investing in private information technology companies. They focus on rapidly growing markets in the software, communications, and financial services industries, and back entrepreneurs and management teams that possess industry knowledge, vision, passion, and discipline to create meaningful, successful companies.

Has true economic recovery taken place and is it sustainable?

It remains in the same state, which is slow growth. You can call it recovery, and some jobs are being created, but we're not seeing growth at the level we need.

What needs to be done to spur the economy?

We have to get a White House and Congress that understands what it takes to create certainty in the economy, which is to get on with tax and immigration reform, and stop messing around with a lot of tangential things. We have to get the regulators out of the hair of the banks so bankers can do the jobs they're supposed to be doing.

Right now, the regulators are primarily looking at their mission as being prosecutorial rather than overseeing a significant financial system that has been tethered down by everything from

Sarbanes-Oxley to the regulatory environment that has come forth since.

How critical is it that we keep entrepreneurship at the forefront for job growth?

It is as critical, if not more critical, than it has ever been. Technology is moving with such pace that new industries are being created every day, and new opportunities exist for entrepreneurs to build new products and companies.

The spirit in America has always been one of optimism and innovation.

We have to be careful that we don't

stamp that out with bureaucratic procedures at the state and local level, much less through excessive regulation at the federal level. Companies need access to capital and need an environment where they can operate without ridiculous extremes.

Many states and cities are recognizing this, and are already taking initiatives to make it easier to do business there. They're focused on trying to encourage new start-up entrepreneurial modules around the country.

Remember, despite its many flaws, Wall Streets' money and capital markets are one of the greatest assets in the world; where capital is mobilized and made available across many sectors, real growth flows.

As you seek out opportunities, do you focus more on the industry, the product, or the management team? How do you prioritize?

Priority number one is management – if they have a proven record or not; if they seem to have a keen focus and passion for what they're trying to do, and if they have a business model that sounds like it will work. We also ask ourselves about competition and how big the addressable market can be.

The latter, you often don't know, because to this day, Twitter is trying to figure out what its business model should be to monetize what they're doing.

Often, you are presented with a scenario where the need to drive market share gains and presence requires giving the software away free and then building up such credibility, within the millennial category, for instance, that it can drive resources or other kinds of loyalty revenue.

Is your focus specifically on technology and technology-based companies?

Yes. We try to take more of the market risk rather than a technology risk but we have participated in some things that are high-tech rich. A fine example of this is the Bitcoin ecosystem. We

are convinced that it will succeed in some form because of the power of the Blockchain. All the pieces are being built by different entrepreneurs, each deciding which part of the elephant they can handle best. We are looking at a lot of those types of early-stage opportunities, but we're looking holistically because there are multiple pieces of the puzzle that need to be built and we want to participate in a variety of those.

Has cybersecurity been a focus for you?

Yes. We have had a good experience in the past with various security plays. The focus today is more elevated because of the horsepower of big data and pattern recognition, and the capacity to find access points into a computer system or network.

There are both a defensive and, from a government standpoint, an offensive consideration of crime as a growth business. When the hackers are not just individuals but governments, it becomes a strategic weapon as well. We spend time understanding what is going on in this area and seeking out unique approaches that can add value to reducing the risk by spotting vulnerabilities, uncovering them, and walling them off.

What advantages does New York City offer to tech companies?

The reason New York is important is that the focus is shifting somewhat from Silicon Valley. New York is where the bigger customers are – you have five of the biggest industries in the U.S. headquartered or operating here in a major way, and the new game is to be closer to the customer. The talent that is here, from finance to accounting to media to technology, is growing dramatically. The big guys like Google and Facebook have important activities here, and the city is attracting more high-talent engineers as a result.

Looking ahead, the advent of Cornell Technion, the New York Genome Center, and Silicon Alley downtown, as well as Memorial Sloan-Kettering's new facilities on 73rd Street, will extend the footprint of the whole system of high-powered scientists, engineers, and technical experts, all over the greater New York area.

Are you surprised at how close the business relationship is among leaders in New York?

I've been involved with the Partnership for New York City since the mid-70s. The job they have done, thanks to Kathy Wylde's leadership and the support of the members, is incredible. You cannot maintain viability in New York without the business community's participation – large companies and small ones. ●