

# The Digital World of Today and Tomorrow

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

**EDITORS' NOTE** Jim Robinson also serves as a director of OnDeck Capital, and sits on the private boards of a number of portfolio companies, including Avant Credit, Chain, CoverHound, K2 Intelligence, and NerdWallet. Additionally, he serves as President of J. D. Robinson, Inc. He 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,



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where he sat on the board from 1979 to 2008. Previously, Robinson held several executive positions within American Express, was a general partner with White, Weld & Co., and served as Assistant to the Chairman and President of Morgan Guaranty Trust Company. He also served from 1975 to 2015 as a director of The Coca-Cola Company. He is the 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 holds 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 has worked alongside talented management teams and has helped to build industry-leading companies. The firm now manages \$1.5 billion in assets dedicated to investment in early-stage technology companies. RRE's investment professionals focus on rapidly growing markets in the information technology, software, communications, and financial services industries, and back entrepreneurs and management teams that possess industry knowledge, discipline, and vision.

## How has RRE been positioned over the past 20 years to observe the economic changes that are taking place?

Since founding RRE over 20 years ago, my partners and I have had ringside seats to the growth and development of New York's tech and innovation culture.

We've watched changes in the tech landscape as investors in companies like OnDeck and Wisdom Tree, in BuzzFeed and Business Insider, and in the Skimm. These are companies that target discrete audiences and package information in a way previously unavailable to consumers.

We're also a major participant in Bitcoin and the Block Chain, which is another example of technology that can be both disruptive and dynamic in enhancing the reach and productivity of existing companies.

The worlds of digital commerce and targeting discrete audiences through ad tech are also fascinating to observe, as is the world of alternate lenders, like Avant Credit, a Chicago-based company that makes formulaic loans to individuals underserved by banks.

We are uniquely well-positioned to observe changes in the technology space because we spend our days meeting with entrepreneurs and we make our money by understanding current market conditions, having an educated opinion, and making decisions based on what the future might bring.

## Do financial companies need to focus as much on technology as they do on business?

The strength of traditional financial businesses is not going away, but many companies are now facing the reality that they will have to change their own business models in order to remain relevant in a rapidly changing world.

For the large commercial banks, for example, the question has become, "What is the value add of a lot of branch offices?" It used to be that it was personalization at the local level, but now there is even greater personalization through direct links to ubiquitous smart mobile devices. Banks that embrace changing customer behaviors will be winners in the future. The companies that will be left behind are those in denial about the world in which they now are forced to do business.

## Is New York City business-friendly and should more be done to ensure it remains a global leader?

It's clear that New York is one of the premier places in the world for the best talent that one can get anywhere. New York City has a deep talent base of engineers, bankers, advertising, communications, and media people. NYC is where five of the seven biggest industries in the country are headquartered, and where a lot of the customers are, so it's where the building blocks are.

But New York City must work to continue to be competitive. It must remain able to attract the best talent and keep it here. That means the city has to be a safe place to live and work, and it must have schools that are capable of providing the best education available.

The city must also be business-ready; this means less red tape and restrictions that discourage business from starting here or remaining here. In NYC and elsewhere, we all face the burden of costly overhead born in the era of overregulation from Washington.

## Are growth sectors or management more important when you look at opportunities for next-generation companies?

When push comes to shove, it's about the management team and their passion: Do they have a sense of the marketplace? Are they focused? Can they execute?

Of course, not all of that is neatly buttoned up. We make bets on the individual and on the idea. Top entrepreneurs have the ability to build successful businesses even when to do so requires changing direction or pivoting away from an original idea. We bet on ideas knowing that they might need to be scrapped or recreated, and we bet on people we trust to make tough choices and build great companies in a constantly changing world.

## Is it possible for large institutions to remain entrepreneurial once they've grown past a certain size and scale?

Sure it's possible, but it's hard. Big companies have to make sure they don't become so bureaucratized that decision-making, accountability, innovation and risk technology are stifled. Naturally, big companies struggle with this, but so do smaller companies. Both need to guard against the arrogance of success. There can be a temptation to say, "We're on top of the world, we don't need to change what we're doing." Nothing is more dangerous to a company's success than this type of sentiment.

## Do large NYC companies take any leadership role in embracing the high level of venture investing and tech start-ups in the greater Metropolitan area?

They do, indeed. One example is the FinTech Innovation Lab, created by the Partnership Fund for New York City and Accenture in 2010. This is a 12-week mentoring program designed to enhance FinTech innovation and drive high-tech job growth in New York City by connecting start-ups with decision-makers at some of the world's leading financial institutions.

Innovation doesn't happen solely in a boardroom, solely in a community workspace, or solely anywhere else. The more entrepreneurs and investors, government officials and innovators, start-ups and large companies alike can work together, the faster technology will advance and the more each and every member of our community will benefit. ●