# MS&AD Ventures

## - Building long term value –

Jon Soberg & Tak Sato
MS&AD Ventures Inc.
September, 2019

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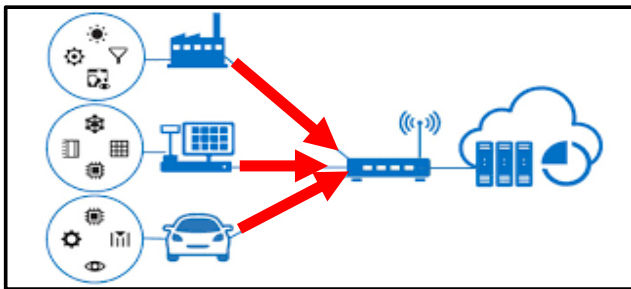## Self Introduction



Mr. Jon Soberg

Mr. Tak Sato

NORTHWESTERN UNIVERSITY

Wharton UNIVERSITY of PENNSYLVANIA

WELCOME TO WINDOM

SFC KEIO UNIVERSITY

Forbes

BLUMBERG CAPITAL

RUGBY

CHUO GRADUATE SCHOOL OF STRATEGIC MANAGEMENT

Chola MS GENERAL INSURANCE

# Silicon Valley:The basis of the concept may change

Data from device to Cloud
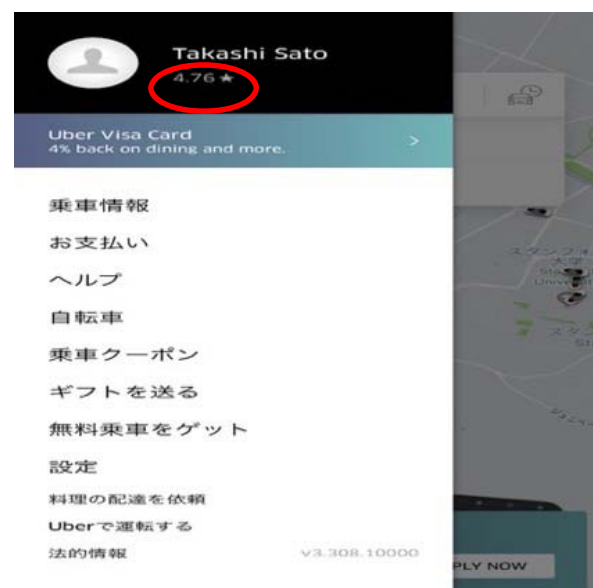
Data from Cloud to device



**Essence of IoT:**
- The value of things can increase overnight because of the data. (physical goods usually depreciate in value over time)
- **Data transmission,** instantaneous change and long term value rather than data reception and collection

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# Silicon Valley: Driving Sharing and Data Economy

**UBER**

**Driver Scoring**

**User Scoring**



**Essence of Sharing Economy :**
**Mutual Evaluation System** = Simple Data Collection
⇒ High Value of Scoring System

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Free pitch events are held in the neighborhood every day.
→ People start new businesses every day by solving problems and issues (Pain Points) with new technologies and business models.
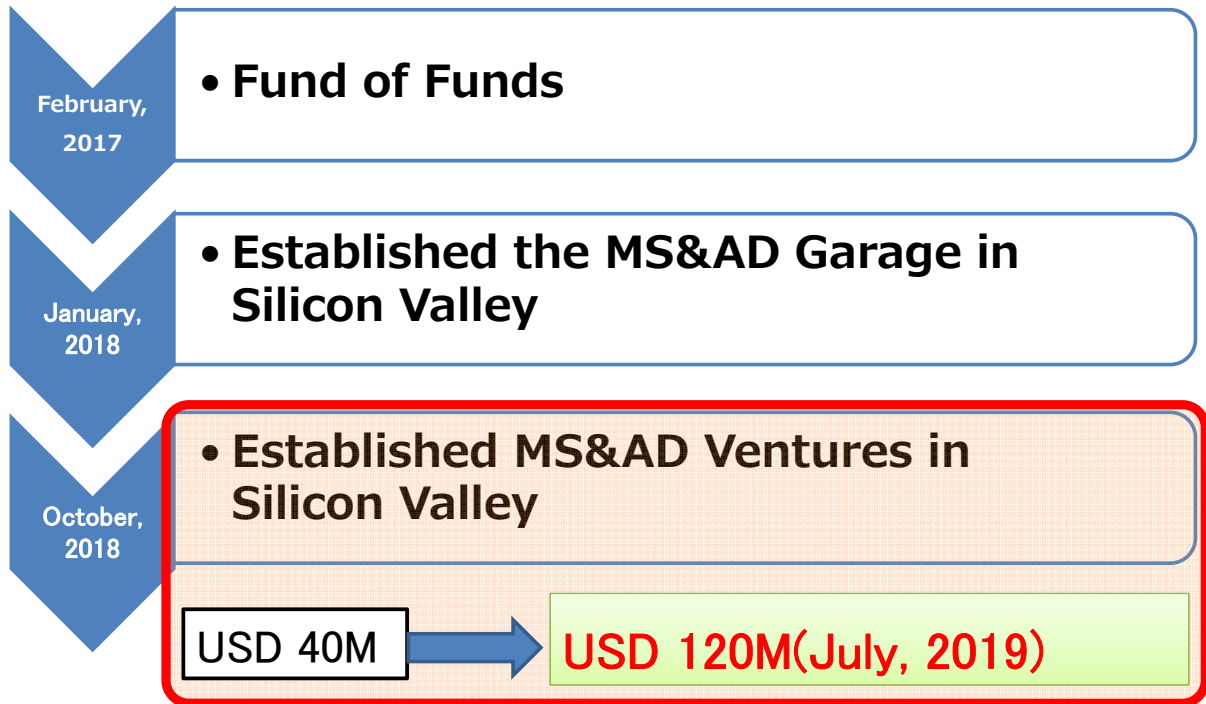Many people work on new business ideas at home after work.

**Coffee Shops are always spirited and busy.**
**→The Ecosystem has constant exchanging of ideas back and forth between Startups and Venture Capitalists**
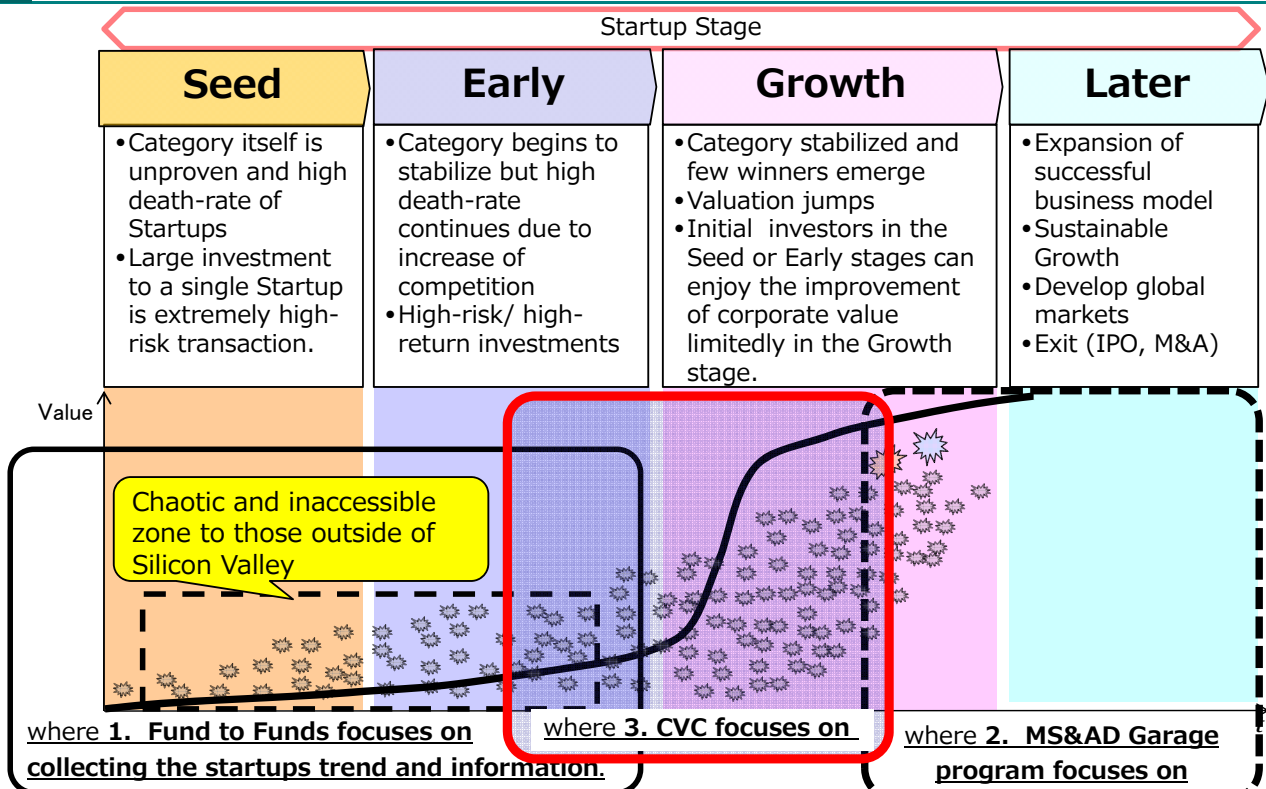


Silicon Valley is a special world where limited Venture Capitalists have access to the world's know-how on success and failure, human networks, and cutting-edge trends, all of which come together in relationships and financing.

→**The world's largest Laboratory for innovation**

# MS&AD is making strong moves to be part of the innovative revolution

| February, 2017 | • **Fund of Funds** |
| January, 2018 | • **Established the MS&AD Garage in Silicon Valley** |
| October, 2018 | • **Established MS&AD Ventures in Silicon Valley**<br><br>USD 40M → **USD 120M(July, 2019)** |

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# The strategy for Silicon Valley by MS&AD

Startup Stage

| Seed | Early | Growth | Later |
|------|-------|--------|-------|
| • Category itself is unproven and high death-rate of Startups<br>• Large investment to a single Startup is extremely high-risk transaction. | • Category begins to stabilize but high death-rate continues due to increase of competition<br>• High-risk/ high-return investments | • Category stabilized and few winners emerge<br>• Valuation jumps<br>• Initial investors in the Seed or Early stages can enjoy the improvement of corporate value limitedly in the Growth stage. | • Expansion of successful business model<br>• Sustainable Growth<br>• Develop global markets<br>• Exit (IPO, M&A) |

Value

Chaotic and inaccessible zone to those outside of Silicon Valley

where **1. Fund to Funds focuses on collecting the startups trend and information**.

where **3. CVC focuses on**

where **2. MS&AD Garage program focuses on**

## Why do we need to invest? Why CVC?

**Advancing with you**
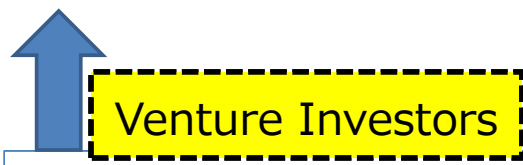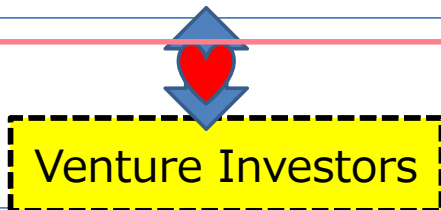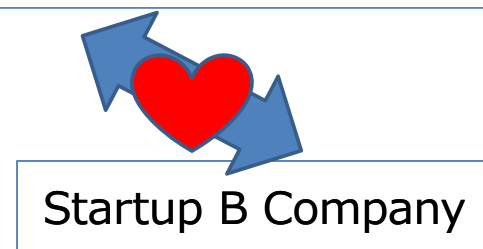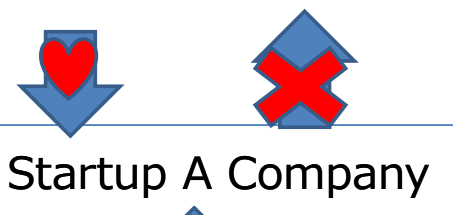**MS&AD**
**MS&AD VENTURES**

**Major startups don't need funding from large companies.**
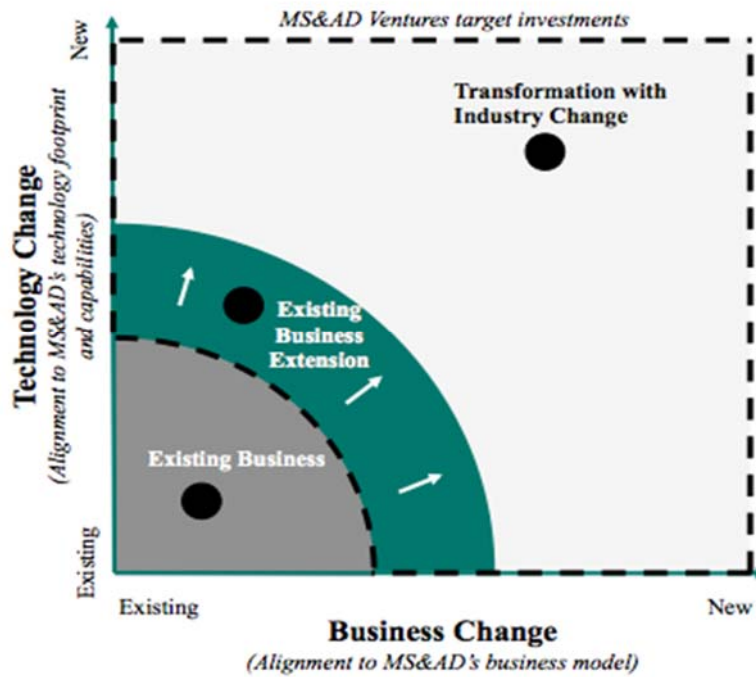**(Funds are easily collected from any venture capital fund)**

✓ Gaining access to the strong startups:
   Without any strong investor in the community, even the first
   appointment cannot be made with any major Startup.

✓ To have "Skin in the game"(shows the commitment of the
   common destiny )

✓ Ability to move quickly when there are good opportunities:
   Time consuming for decision making for large companies to
   invest by their head office.

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## What is the Inner Circle??

**Advancing with you**
**MS&AD**
**MS&AD VENTURES**

**Activities in Silicon Valley before investment stage.**

Pain Points (issues to be solved) should be clarified / approach Startups



Startup A Company

Startup B Company

Venture Investors

Venture Investors

- Intel Capital (Lead Investor)

- Sequoia Capital (Lead)

– VC Y

VC Y

– VC Z

**Inner Circle**

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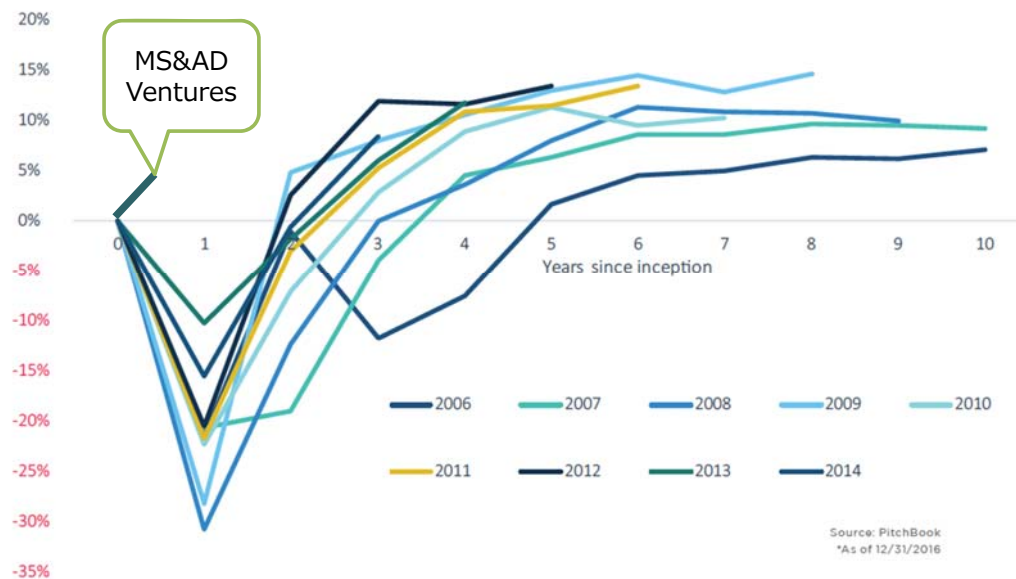
## MS&AD Ventures focuses on future transformations

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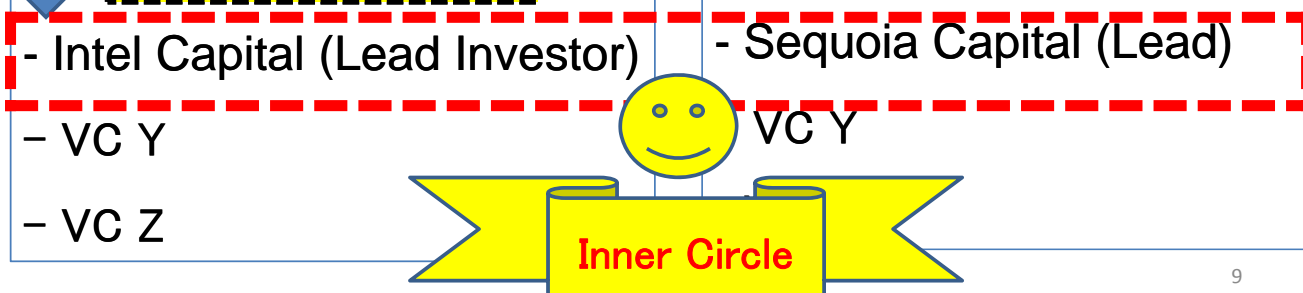
## Our financial performance is ahead of most funds at this early point

The chart shows a study of J-curve IRR for private equity funds over 10 years by Pitchbook

# Our portfolio looks like a next generation insurance company

**Cyber Security:**
- averon
- dathena
- VDOO
- Clearedin
- LUCIDEUS

**Data & AI:**
**IoT, Climate, Mobility, etc.**
- SKYCATCH
- node
- Owl (Owl Car Camera Inside & Outside Video Samples)
- JUPITER
- GEOSITE

**New Business Models**
- FINLEAP — THE FINTECH ENTREPRENEURS
- WorldCover
- Qunomedical
- Spottide

**Automation & Operational Efficiency:**
- SKOPENOW
- i2x
- TAIGER

**InsurTech /New Infrastructure:**
- ELEMENT
- socotra
- Akinova
- rubrik

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## LUCIDEUS : Enterprise-Wide Cyber Risk Measurement and Mitigation Platform

| Founded | 2012 | Total Funding | $11M |
|---|---|---|---|
| **Location** | Palo Alto, CA New Delhi, India | **Co-Investors** | - John Chambers (former CEO Cisco) <br> - Rajeev Misra (CEO Softbank Investment Advisors) |
| **Founders** | Saket Modi (CEO), Vidit Baxi, Rahul Tyagi | | |

SAFE
Security Assessment Framework for Enterprises

**SAFE SCORE**
AI and ML driven quantification of Cyber Risk of an Enterprise

| **Thesis** | · One of the global leaders in cyber security assessment and scoring <br> · Estimate items to be improved and specific actions in descending order of score improvement effect. Clarify costs and include guidance to improve actions. |
|---|---|
| **People** | John Chambers (former CEO of Cisco) personally led Series A and holds a board position alongside MS&AD Ventures |
| **Customers / Partners** | 10% of the GDP of India is already protected by Lucideus |
| **Awards** | · 2019 "Entrepreneur of the Year" by Entrepreneur magazine <br> · Modi has been selected as one of the top 30 under 30 entrepreneurs in the world by Fortune magazine and Forbes magazine. |

# Jupiter Intelligence : AI-based Climate Risk Prediction

| Founded | 2017 | Total Funding | $43.25M |
|---|---|---|---|
| Location | Silicon Valley | Co-Investors | -QBE<br>-Data Collective<br>-Ignition Partners |
| Founders | Rich Sorkin (CEO), Josh Hacker, Eric Wun | | |

**Predicting Risk in a Changing Climate:**
Jupiter's AI and Scientific Models
Deliver Unrivaled Accuracy
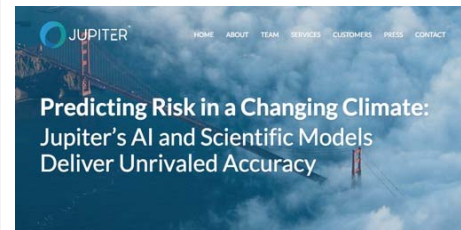
| Thesis | • Most advanced and accurate climate risk modeling solution<br>• The services that have been released are "Flood disaster prediction model" and "Abnormal temperature disaster prediction model" |
|---|---|
| Team and Strength | Nobel Prize winners in weather research and 70 world-renowned Ocean weather analysis model used in the country ("Princeton Ocean Model ") is enrolled. |
| Customers / Partners | NASA, New York City, Miami, many companies |
| Notable Facts | Uses more data than any competitors to get accuracy to 1 square meter |

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# Bitsight : A cyber evaluation company that does not require information from customers

| Founded | 2011 | Total Funding | $145M |
|---|---|---|---|
| Location | - Boston and North Carolina<br>- Lisbon<br>- London | Co-Investors | - Menlo Ventures（USA）<br>- SingTel Innov8 (Singapore)<br>- Comcast Ventures (USA) |
| Founders | Tom Turner CEO, Stefan Boyer CTO | | |

**BITSIGHT**
The Standard in SECURITY RATINGS

| Thesis | • Pioneer company of scoring the defense level for cyber security.<br>• Cyber risk scoring possible without a questionnaire |
|---|---|
| Strength | • More than **80 billion** security events (virus infections, etc.) are monitored in a day.<br>• Discover deviation from the industry average score and the event of decline in score. |
| Customers / Partners | • More than **170,000** companies have been rated. **125** of Fortune 500 companies are customers.<br>• **7 of the world's top 10** cyber insurance companies use the company's Security Rating.<br>• Selected as **25 Unicorn candidates** for Forbes magazine.<br>• Main customers are **all 4 major audit firms**, **4 of the 5 major investment banks** |

# Bitsight

## Identify and conduct scoring for cyber accidents without customer self-report including the date and time

> Overall evaluation is displayed with a maximum of 900 points
>   ① Rating
>   ② Evaluation category
>   ③ Past ratings
>   ④ Average value in the same industry

> Rating is an absolute rating of 900 points, high score = high cyber defense power
>   ① Grade
>   ② Overall position
>   ③ Number of target companies
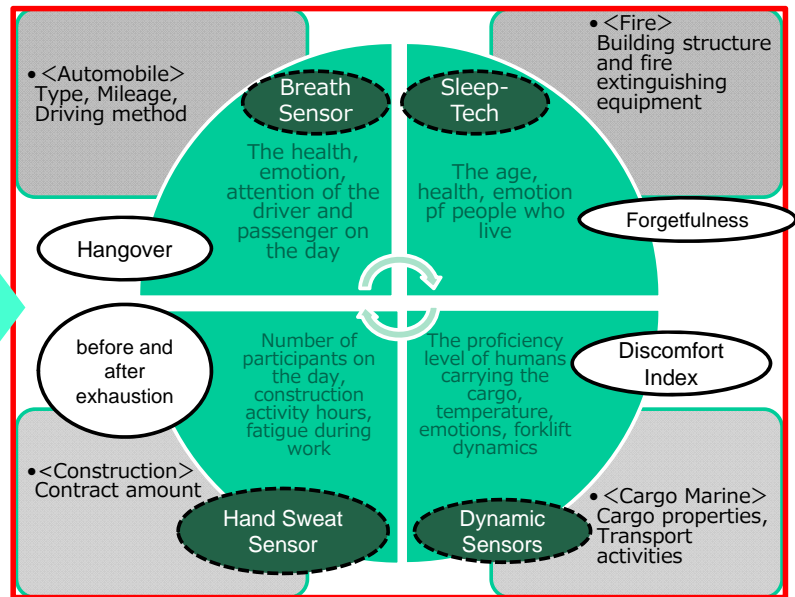
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# Disruptive Movement: SME Marketing (Distribution)

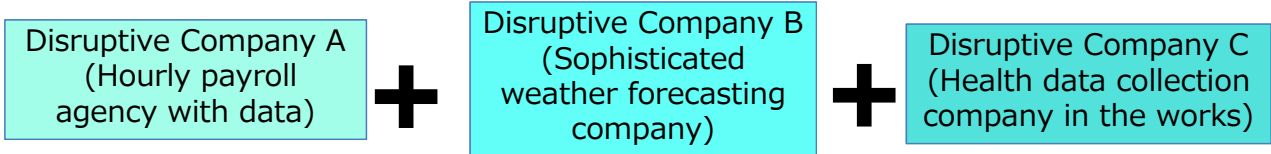| Touch Point | Traditional sales channels | Worrisome movements in Europe and the United States | Relationship with insurance events |
|---|---|---|---|
| Entrepreneurship and Business Start | Introductions from banks and acquaintances | · Company domain registration<br>· Company and Challenger Bank | · (Face-to-face or not Pc from the beginning) The best fire, liability insurance for the UI.<br>· No basic company information is required to enter (the company information on the left is linked). |
| Business expansion period | Introduction from logistics companies and trading companies | · Cloud Company<br>· EcRegister to open a store | · Subdivision-linked cyber insurance according to the contents of the cloud contract |
| Gig Economy | Payroll Company (payroll agency) | Hourly units Digital Payroll And Tax Filing Company | · Workers' compensation insurance according to the contents of hourly work |

# The Future of Insurance

Present: Insurance is mono-centric
(1Times of Static Data)
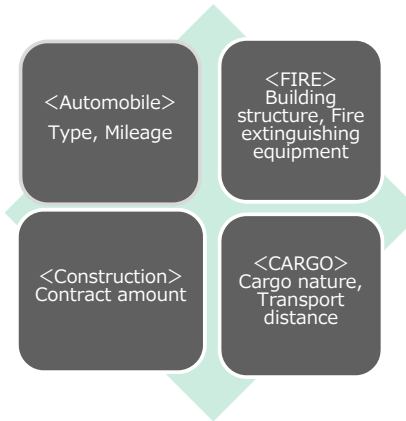
Future: To the human center ("data that was not able to be taken before" can now be collected easily)

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# Disruptive example combines data from multiple Startups

Disruptive Company A
(Hourly payroll agency with data)

**+**

Disruptive Company B
(Sophisticated weather forecasting company)

**+**

Disruptive Company C
(Health data collection company in the works)

**<Inimitable business model using data base>**
To the labor accident insurance and the loss prevention proposal according to the weather conditions (high temperature/rain), worker's fatigue condition, and the working time zone (midday/midnight).

"A risk-tech company that combines data and analysis from multiple Startups, rather than a single service, to provide a completely new service using data at its core."

Thank you