Corporate venturing ecosystems: Boosting your capability and efficiency

What do companies such as Disney, Samsung and Formula 1 have in mind when choosing between engaging directly with a startup or through an intermediary? How can the right intercessor be chosen? This study sheds some light, while debunking frequent myths.



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- **A corporate venturing enabler — an outside agent to connect established**

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companies with startups — can be a cost-effective catalyst to speed up innovation.

- **The corporate venturing ecosystem is getting increasingly crowded and so differentiation is key.**
- **Interviews with some 92 chief innovation officers shed light on what companies are looking for in enablers.**

Companies such as Disney, Samsung and Formula 1 are already working with startups. What do those firms have in mind when choosing between engaging directly with a startup or through an intermediary? How can the right intercessor be chosen?

With the dramatic growth in corporate venturing — the collaboration between companies and startups to source external innovation — established firms are progressively struggling to beat competitors in hunting and seducing the same top-tier entrepreneurs, fostering venturing processes and being more cost-effective.

Moreover, with the intensification of global market volatility, corporate venturing teams are under increasing pressure from corporate business units looking for stronger market predictions and new revenue streams ready to run at a higher speed and lower cost.

How are BNP Paribas, Volvo and Mastercard targeting some of those objectives while mitigating risk in the innovation process? One way that companies are choosing to do this is to complement their efforts with a corporate venturing enabler — an innovation agent, out of the corporate structure, that facilitates the collaboration with a startup. When should enablers be used? How can the right one be chosen?

Led by IESE's Josemaria Siota and Mª Julia Prats, in collaboration with Gellify's Diego Fernandez and Acciona's Telmo Perez, this study aims to shed some light on which enablers should be used, and when, while debunking some frequent myths regarding corporates and enablers.

As a corporate, do I work with startups directly or supported by an enabler? On average, the most frequent aspects that companies evaluate when making this first decision are: the startups' proximity to the company's core business (in 26% of the cases), internal capability to work with entrepreneurs (24%), access to curated opportunities (17%), cost of implementation (11%), and more. So, faced with this dilemma, chief innovation officers are asking themselves:

- Is the field I want to improve through corporate venturing part of my core business?

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- Do I have a skilled team in place and a proven process to work with entrepreneurs?
- Do I have access to a curated deal flow of opportunities in the field I want to improve?
- Which is more cost-effective?

As a corporate, how do I choose the best enabler? Once a company decides to go the enabler route, these are the most frequent aspects that companies evaluate, on average, when making this second decision: capabilities to work with entrepreneurs (in 38% of the cases), existing ecosystem of curated stakeholders to enhance the corporate-startup collaboration (15%), knowledge of the industry or the scouted technology (12%), existing personal trust and service tailoring (10%), to name a few. So, in this decision, innovation leaders ask themselves:

- Who has the most skilled team and proven process?
- Who has the most accessible, glocal and curated corporate venturing ecosystem?
- Who knows the search field best?
- Who cares most about the established company?

How does this affect corporates? Since corporations are increasingly working with startups and offering similar benefits to entrepreneurs, teaming up with enablers can improve their value proposition, thereby aggregating value. Moreover, enablers can reduce innovation costs when these costs are shared with others. Enablers can also increase deal-flow access and anticipation of opportunities.

However, enablers are not just consulting firms: the reality is far richer. Considering a wider scope of types may improve a corporate's selection. Other enablers include private accelerators, research centers, venture capital firms, business angel investors and embassies, to name a few. Furthermore, corporates can be an enabler for other corporations, tapping into a new revenue stream for their own corporate venturing team.

How does this affect enablers? A proven capability is the most frequent aspect considered when choosing between two enablers (in 38% of the cases). Enablers are advised to spend less time packaging their assets and more efforts in developing a skilled team with a proven method to serve the corporation: Why is the enabler's method better than others? How can it be proven?

Moreover, corporate venturing boundaries are disappearing. Now it is less clear who does what — as even a firm's corporate venturing team can be an enabler. In parallel, some

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activities (e.g., scouting startups) are becoming democratized. Thus, identify and protect what makes you unique as enabler, something difficult to replicate: your core resource or activity.

Methodology, very briefly

Complemented with previous studies, the report is based on 92 interviews with chief innovation officers — and those with related roles — located in Asia, North and South America, and Europe.

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