Open Innovation

Corporate-venturing success cases tackling the most common challenges

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Contents

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* The list is just a small selection of the external experts who have taken part in the study. They shared their personal insights and not those of their corporations.

Executive summary

How are companies tackling the toughest challenges in their corporate venturing units? Based on 121 interviews with firms' chief innovation officers and those in related roles in the United States, Europe and Asia, the study sets out 22 cases whose protagonists describe the barriers they faced, how they were solving them (in detail), and what results their company had obtained after applying the chosen remedy.

Corporate venturing—the collaborative framework between established corporations and innovative start-ups—has been emerging at speed (with a 42% increase between 2010 and 2015 in some cases) through many mechanisms such as venture clients, venture builders, scouting missions, challenges prizes, and corporate accelerators.

Executives in charge of innovation still demand principles and best practices to improve their corporate venturing strategies and their implementation because of the novelty of the opportunities and the lack of relevant experience. These professionals still face numerous difficulties when it comes to (a) changing the traditional mind-set of their executive committees, (b) fixing a lack of collaboration between corporate venturing units and business lines, and (c) reengineering corporate processes that are blocking the integration of value generated by corporate venturing units.

Some of the barriers faced by the companies were:

- A lack of differentiation from competitors in geographic areas where many players were trying the same to attract the best start-ups
- Slow corporate venturing processes in tightly regulated industries
- Existing conflicts of interest among the parent company's CEO, the CVC unit director and the entrepreneur
- A low level of collaboration between corporate venturing units and business units
- Tight budget constraints for innovation
- Problems in balancing the creation of innovation and the adoption of the value generated

Although corporate venturing units' maturity varies between sectors, most of the best practices described are applicable in other industries to increase the performance of the process. This study has gathered cases from telecommunications, energy, food processing, banking, technology, insurance, machinery, health care and infrastructure and from companies such as Intel, SAP, Siemens and Telefónica.

For example, the study describes:

- How Siemens adopted more than 10 new products by considering universities and research centers as possible sources of start-ups
- How SAP increased the number of early adopters of its new platform to more than 1,500 - thanks to its corporate accelerator
- How Intel increased demand for its own products by investing in start-ups whose solutions required the use of those products
- How Adidas solved a product challenge through a founder coming from university
- How a company in the consumer packaging sector was able to amplify the corporate venturing funnel of opportunities and increased its success ratio by 300% by implementing agile methodologies in the corporate venturing process
- How a bank was able to integrate more value (generated by the corporate venturing unit) into the parent company by using a buffer unit that connected the innovations generated to the business units

The list of suggestions includes best practices such as:

- Evangelizing the executive committee though a sponsor on the committee
- Sharing the costs of proofs of concept among corporate, business and innovation units
- Becoming like a trend detector for your business units: areas of disruption and growth
- Sourcing your start-up's pipeline not only from industry but also from universities and research institutions
- Implementing agile methodologies in your corporate venturing processes

1. Success cases: Tackling the challenges of scaling each mechanism

1.1 CHALLENGES WHEN SCALING EACH MECHANISM

Olivia* has just been appointed the new director of her company's corporate venturing unit. Her appointment is due to her considerable experience and incredible track record of succeeding in new corporate ventures. However, she is close to retirement and is looking to leave a good impression in one of her final professional endeavors. She has no incentive to take big risks.

The company's chief innovation officer has established that Olivia has experience of reviewing dozens of projects, some with unique, long-term growth potential. However, all were rejected based on different criteria.[1]

Now, the CIO is reconsidering his recruitment decision. He realizes that corporate venturing opportunities may mean different things to different people, given their different self-interest.

This real-life example shows the complexity of implementing a corporate venturing strategy, where there are many factors affecting the planned route. Previous studies[1,2] by some of the authors found several triggers for unsuccessful collaboration between established companies and innovative start-ups.

These triggers are usually the main challenges in the implementation of a company's corporate venturing strategy. These bottlenecks or barriers are: the executive committee, the business lines' directors and the internal processes.

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* The authors have changed her name for reasons of confidentiality.

The first barrier is when a **company's executive committee** has a traditional mind-set and looks only to traditional key performance indicators (KPIs), timings and ways of evaluating opportunities, missing some long-term views of growth opportunities.[2]

The second bottleneck is when **business lines' directors** either fail to understand or do not want to get involved in innovation activities (or with the innovation unit) because of a survival mentality,[3] internal politics, a lack of communication, or the lack of a strategic fit.[1]

Finally, **corporate processes** sometimes block (or complicate) the integration of the value generated in the corporate venturing units.[4,5] These procedures generate many weaknesses: a lack of organizational agility (the difficulty of aligning the time frame of fast-moving start-ups with corporate departments), risk avoidance, short-term financial returns (how the parent firm measures the innovation-enhancing value of the corporate venturing unit, balancing strategic and financial objectives), or the traditional valuation of growth opportunities (or start-ups).

Some recent literature has provided insights into who the most successful players may be, showing the industry's icebergs (i.e., those that end happily).[6] However, very few case studies share (a) the specific challenges faced by the company, (b) a detailed application of best practices without the common buzzwords, clichés and generic procedures, and (c) changes in the company's results after it has applied the suggested best practice, justifying and validating the practice's quality.

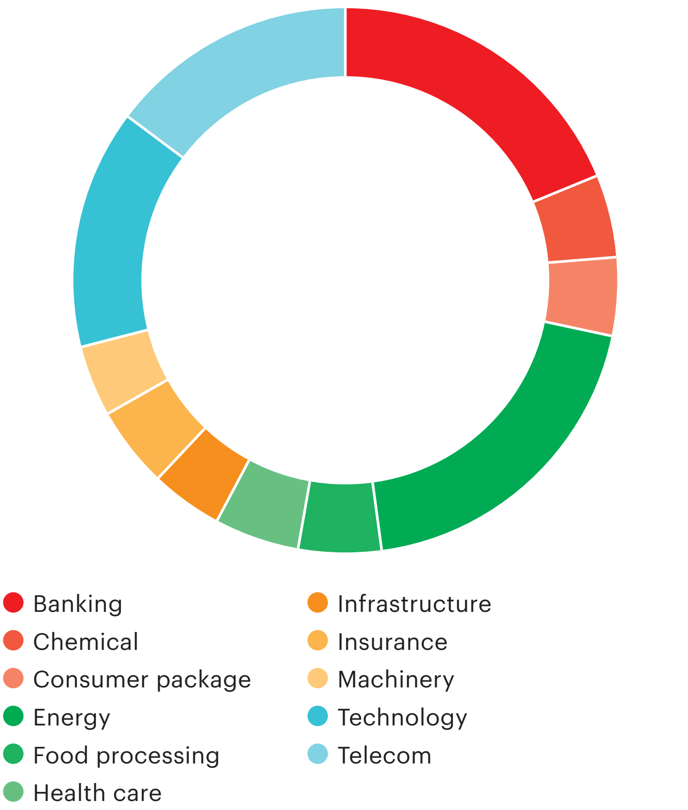
1.2 SUCCESS CASES WITH CHALLENGES, BEST PRACTICES AND RESULTS

Focusing on the core identified challenges, this study has identified some of the most common best practices applied by firms that have implemented corporate venturing mechanisms effectively.

It includes 22 cases from telecommunications, energy, food processing, banking, technology, insurance, machinery, health care, sports and infrastructure. These are classified in three sizes. (See Figure 1 and 2.)

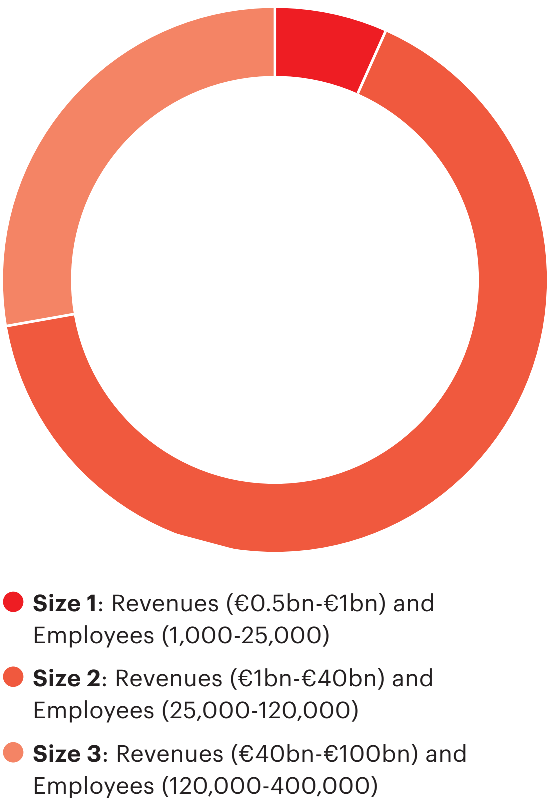
The cases include practices such as sharing the costs of proofs of concept (POCs) among corporate, business and innovation units; complementing the sourcing of start-ups with the leveraging of universities' and research institutions' spin-offs; and designing a buffer unit to integrate the value generated in corporate venturing units. (See Figure 3.)

Figure 1. Distribution of industries of the described cases



Source. Prepared by the authors.

Figure 2. Distribution of sizes of the described cases



Source. Prepared by the authors.

Figure 3. Summary of cases

Case	Name	Sector	Size	Mechanism	Challenge	Best practice	Results
1	TelecoRadar*	Telecom	3	Scouting mission	Tracking international opportunities	Building an outpost abroad	Portfolio with more opportunities
2	GoWind*	Energy	2	Scouting mission	Business units turn down innovation unit proposals	Sharing the costs of POCs among corporate, business and innovation units	Greater impact of innovation
3	GreenEnergy*	Energy	2	Hackathon	Finding a balance between distance and integration	Obtaining the buy-in of the parent company's executive committee	Increase in integrated value and the testing speed
4	FoodPro*	Food processing	2	Hackathon	Traditional company's principles difficult to change (KPIs, timings and budget)	Evangelizing business lines through an executive committee sponsor and in the executive committee through external experts	Increased agility of the company and the buy-in of the CEO
5	Telefónica	Telecom	2	Challenge prize	A lot of competition for quality start-ups	Partnership with other corporations to launch a joint challenge	Increased number of start-ups applying for the company's programs
6	Siemens	Technology	3	Challenge prize	Unsolved difficult problems	Sourcing the start-up's pipeline not only from the industry but also from universities and research institutions	Running 72 projects, resulting in 13 new products or entire product lines
7	MediaGrow*	Media	2	Corporate accelerator	Lack of experience of accelerating start-ups	Outsourcing the start-up acceleration process to an external partner	More participants attracted to the corporate accelerator
8	SAP	Technology	2	Corporate accelerator	Increasing the number of new product's early adopters	Creating a corporate accelerator whose start-ups use company's products	Early adopters of the new platform rose from 10 to more than 1,500 in two years
9	FutureCars*	Machinery	2	CVC	Business units were not interested in collaborating with the corporate venturing unit	Becoming like a trend detector for the company's business units	Business units appreciated the insights facilitated by the corporate venturing unit and were more open to collaborating
10	SkyBuildings*	Infrastructure	3	CVC	Conflict of interest between start-ups and the company over incentive schemes	Designing MECE processes and being transparent	Conflicts of interest avoided and results improved
11	Intel	Technology	2	CVC	Increasing the company's revenue	Investing to enable indirect revenues	Increased demand for the company's products
12	AgilePayments*	Banking	2	Venture builder	High security and regulated environments	Creating dedicated low-risk testing environments	Increase in speed of 300% and saving €300,000 per POC
13	FinPay*	Banking	2	Venture builder	Integrating a new CEO into a start-up that the company wants to incubate internally	Involving both the new entrepreneur and a company experts in the ideation process	Increasing innovation speed by 130% and saving approximately €150,000 per year
14	GasEnergy*	Energy	1	Corporate incubator	A cultural barrier against innovation	Engaging with the company's employees little by little	Increase in speed and saving €300,000 per POC
15	ChemicalPartner*	Chemical	2	Corporate incubator	A lot of competition for quality start-ups	Partnership with other corporations to launch a joint incubator	Increased number of start-ups applying for the company's programs
16	Adidas	Clothing	2	Strategic partnerships	Difficulty to tailor products	Sourcing the start-up's entrepreneurs from scientists in universities	Adopting a new product
17	EasyPackage*	Consumer package	3	Strategic partnership	Bottleneck at the end of the pipeline of opportunities	Implementing agile methodologies in the corporate venturing process	Amplifying the funnel and increasing the success ratio by 300%
18	HealthVC*	Health care	2	Strategic partnership	Sometimes venture capitalists are unwilling to collaborate with the CVC unit	Being transparent, building trust and find how to provide more value	Increasing the number of joint investments with venture capitalists
19	DataWater*	Energy	2	Venture client	Difficulty in accessing data because of the company's owners	Engaging with data owners from the beginning	Increasing the access speed by 50%
20	InsurYou*	Insurance	1	Venture client	Tight internal budget for corporate venturing	Leveraging the corporate infrastructure and selling internally	Almost eliminating management costs
21	TopPay*	Banking	2	Acquisition	Traditional model of start-up valuation	Convincing the C-level executives to opt for a more strategic valuation model	Improving the long-term potential of the institution
22	Bank4You*	Banking	1	Acquisition	Limited integration of external value into the parent company	Leveraging a buffer unit	Maximizing the value generated by the innovations

Source: Prepared by the authors

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1.2.1 **TelecoRadar:** Tracking opportunities outside the headquarters

CASE 1

Sector Telecommunications
Employees 120,000–400,000
Revenues €40bn–€100bn

Scouting mission

TelecoRadar* was unable to benefit from foreign innovation ecosystems. By building outposts in different regions, it increased the pipeline of potential opportunities.

Challenge faced: Tracking international opportunities.

- The corporate vengturing team could not identify start-ups developed abroad. Therefore, it was not able to pursue them.

Solution applied: Building an outpost abroad.

- Building an outpost abroad, choosing a location with a strong innovation ecosystem in the company's search field.
- Identifying regions with a high density of universities specializing in the company's field, especially those that produce talent interested in solving the same or similar challenges.
- Building smaller teams of one to three people and considering three to eight regions to target.
- Making sure that the company's scouting team nurtures opportunities not only for business units (providing them with market insights, collaboration opportunities and an external network) but also for others corporate venturing teams (such as CVC).
- Giving the unit the appropriate level of autonomy (e.g., reporting cycles and KPIs) to improve how the value generated is integrated into the parent company

Results achieved: Portfolio with more opportunities.

- There was an improvement in the number of opportunities and entrepreneurs eager to tackle the challenges the company was facing.

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1.2.2 **GoWind:** Enhancing collaboration between corporate venturing units and business units

CASE 2

Sector Energy
Employees 25,000–120,000
Revenues €1bn–€40bn

Scouting mission

GoWind* found it difficult to involve its business units in its corporate venturing activities. By giving them decision-making power and having them share some of the costs, the company increased the activities' impact, and more initiatives have been launched since.

Challenge faced: Business units turn down innovation unit proposals.

- Business units generally had the final say on the implementation of innovative solutions. However, when they were not sufficiently aware of the innovation unit's motivations and its work, they tend to turn down any solutions proposed.
- In this company, budgets for innovation at a national level were not well distributed.
- The company was not interested in spending time on innovation or in working with the corporate venturing team.

Solution applied: Sharing the costs of POCs among corporate, business and innovation units.

- Having the internal proofs of concept (POCs) paid (one-third each) by the parent company, the corporate venturing unit and the country or division unit.
- Including a bonus for innovations introduced into the business units. Otherwise, the business units' managers will not take care of innovative initiatives.
- Outsourcing the POCs to countries where the cost of technical labor is lower, such as Brazil or India.
- Being flexible with human resources practices. If you are too rigid, it will be hard to attract the right talent.
- Complementing the team and budget of the company's corporate venturing unit with the resources of the business units. Business units do not have to provide a large amount of funding but just enough to ensure they are involved in the initiative.
- Getting business units acquainted with the new project early on by involving them in decision making.
- You could include two project managers, one from the corporate venturing unit and one from the business unit, on the decision-making committee.
- Making it the responsibility of the business units to organize collaborations with start-ups.
- Using the corporate venturing unit as a matchmaker between start-ups and business units. One way would be to create a technology road show in which start-ups give presentations to business units.

Results achieved: Greater impact of innovation.

- The company increased the innovation efforts of the business units. If someone allocates resources (either funds or talent) into a project, they will help ensure the success of the initiative.
- More business units were involved with corporate venturing units and were better informed about current projects.
- After positive results were achieved, collaborating business units became the envy of the organization. They became the new innovation evangelizers.

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1.2.3 **GreenEnergy:** Being the "€1 million toy" of the CEO

CASE 3

Sector	Energy
Employees	25,000–120,000
Revenues	€1bn–€40bn

Hackathon

GreenEnergy* had difficulties balancing distance and alignment between the parent company and the venturing unit. Gaining trust at the C level[e] of the company accelerated decision-making processes and enabled the innovation unit to become more agile.

Challenge faced: Finding a balance between distance and integration.

- The corporate venturing unit had little impact on the organization despite its high productivity rate.
- It was very autonomous, a consequence of the physical distance from the parent company.
- The team launching the hackathon felt like it was the €1 million toy of the CEO. Yet, it was not strategically and culturally integrated into the organization.

Solution applied: Obtaining the buy-in of the parent company's executive committee.

- If you want not only to maintain the independence of the corporate venturing unit but also to increase its alignment with the parent company, you should win the organization's trust by proving you do not need stringent corporate supervision in order to achieve profitable or worthy results. Therefore, be cost-effective and seek financial sustainability.
- Defining what your current project's medium-term impact will be. Being committed to objectives that can maximize the impact on the company's organization.
- Including someone from the C level** in the corporate venturing unit to get internal traction and secure bureaucratic approval.
- Being active and do not waiting for others to do things.

Results achieved: Increase in integrated value and the testing speed.

- The buy-in of the CEO facilitated the strategic integration of the corporate venturing unit's value, while accelerating the decision-making and testing processes.

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** The C level comprises the top executives or highest-level corporate positions.

1.2.4 **FoodPro:** An executive committee with a traditional mind-set, KPIs and expected timings

CASE 4

Sector Food
Employees 25,000–120,000
Revenues €1bn–€40bn

Hackathon

FoodPro* was not adaptable enough to industry changes. By enhancing innovation internally through the right executive committee sponsor, the company was able to adopt agile principles and get the CEO involved.

Challenge faced: A traditional company's principles were difficult to change (KPIs, timings and budget).
- Some corporate venturing initiatives expired because they failed to generate any short-term return on investment (ROI).
- The company used to "failing big," meaning it was using large budgets and long-term planning to validate new products and services.
- Decision makers failed to understand the reasoning behind start-up methodologies (e.g., MVP, lean and agile).
- There were continuous misalignments between the company's executive committee and the company's innovation unit regarding the expectations of product completeness.
- There was no budget for innovation.

Solution applied: Evangelizing business lines through an executive committee sponsor, and the executive committee through external experts.
- With no ally on the company's executive committee, company's bottom-up innovation initiatives have a high chance of failing. Therefore, you should identify the right internal partner, keep that partner updated and share the value of your initiatives.
- The internal sponsor should be on the executive committee, be a bit disruptive, have influence on topics related to innovation, and understand how to explain those aspects (to the CEO and company) when you are not in the room.
- Keeping this individual up-to-date on the overall strategy and objectives of the internal evangelization every two weeks.
- Understanding the KPIs of the other executive committee members and assess how the new methodologies are going to help them. Let the data talk—making your point based on data may include using client preferences (with metrics of their behavior such as preferred products or features).
- It is helpful to convince the executive committee to host a two-day workshop, in collaboration with the innovation unit alongside other managers, immersing them in the world of new technology and innovation methodologies.
- The workshop needs to be held outside the parent company's headquarters, if there is any suspicion that the internal mind-set might not be one of innovation.
- Using success stories rather than complex metrics systems to secure the support of top management and to demonstrate long-term value creation.

Results achieved: Increased agility of the company and the buy-in of the CEO.
- The company reduced the time required to deploy corporate venturing projects.
- The CEO now supports the new innovation principles and seeks to convince other decision makers.
- Following the workshops, the executive committee members became more open-minded about the need to adjust KPIs and timings when dealing with start-ups.

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1.2.5 **Telefónica:** Difficult differentiation to attract top-tier start-ups

CASE 5

Sector Telecommunications
Employees 120,000–400,000
Revenues €40bn–€100bn

Challenge prize

Telefónica tackled a business environment for attracting start-ups that was challenging because of other companies' increasing using of corporate venturing mechanisms, which meant start-ups had more companies from which to choose. By partnering with companies in other sectors, Telefónica increased the attractiveness of its program and the potential number of participants.

Challenge faced: A lot of competition for quality start-ups.

- Corporate venturing is an emerging trend. More and more companies are using these mechanisms, making it more difficult to differentiate the value proposition to attract start-ups.

Solution applied: Partnership with other corporations to launch a joint challenge.

- Partnering with other corporate noncompetitors (usually from other sectors) to launch a contest aimed at solving a common challenge. In this case, Telefónica partnered with the corporates Seat (automotive), Naturgy (energy), CaixaBank (banking) and Agbar (water),
- Although the partners were from different sectors, they identified shared challenges to solve (e.g., payment gateways and client management).
- Since the five partners were combining their efforts, they were able to increase the value proposition offered to the start-up (more branding, more resources, technical knowledge from more industries, more distribution channels, etc.).

Results achieved: A more attractive corporate venturing program.

- Telefónica made start-ups have a greater desire to work on its challenges.
- The company made its voice louder in the innovation ecosystem.

From left, Jordi Nicolau Aymar, executive director of global customer experience at CaixaBank; Antoni Puente, director of innovation and quality at Naturgy; Maria Monzó, director of innovation at Aigües de Barcelona (part of the Agbar group); Kim Faura, director of Telefónica in Catalonia; Christian Stein, general manager of communications and institutional relations at SEAT

Source: Telefónica.

1.2.6 **Siemens:** Spotting problems difficult to solve internally

CASE 6

Sector	Technology	
Employees	120,000–400,000	Challenge prize
Revenues	€40bn–€100bn	

Siemens was looking to find solutions for long-standing problems. By considering universities and research institutions as a possible source of start-ups, it managed to commercialize 13 new products.[4] *

Challenge faced: Finding solutions for unsolved difficult problems.
- The company was struggling to find existing start-ups that were solving specific market or internal challenges.
- Some of the company's corporate venturing mechanisms (such as CVC) were selecting only 1.3% of the start-ups screened.

Solution applied: Sourcing start-ups not only from industry but also from universities and research institutions.
- Taking advantage of the growing entrepreneurial activity and the interesting technologies coming out of universities and research institutions. Considering the emerging importance of those entities when launching your challenge prizes. This alone can lead to start-ups being sourced from a wider pool.
- Combining your corporate venturing and technology transfer mechanisms. In this case, Siemens Corporate Technology's innovative venture unit has specialists working in three departments: Technology-to-Business, Siemens Novel Businesses and Siemens Technology Accelerator.
- If you eventually sign an agreement to work with an entrepreneur, once the challenge prize has been awarded, remember to cover activities, milestones, intellectual property (IP) handling, up-front finance and the future exploitation of the joint development. In this case, nonequity partnership terms are usually applied to start-ups.
- Targeting late-stage spin-offs with a developed technology-readiness level. These sometimes require less cash than seed spin-offs and may give you results sooner.

Results achieved: Running 72 projects, resulting in 13 new products or entire product lines.
- The company screens 1,200 potential projects per year. It evaluates 80 in detail and starts a project with 16 or so.
- The Siemens Technology-to-Business Center in Berkeley, California, ran more than 70 projects since 1999, resulting in more than a dozen new products or entire product lines.

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* The information in this example comes only from the literature cited and the authors' analysis. It does not refer to anything said by the external experts consulted.

1.2.7 **MediaGrow:** Lack of experience accelerating start-ups

CASE 7

Sector Media
Employees 25,000–120,000
Revenues €1bn–€40bn

Corporate accelerator

MediaGrow* felt it lacked the knowledge and practical experience to accelerate start-ups internally. Initially it outsourced the program to an external partner, leading to a rise in the number of start-ups applying to its program while the company learned from its partner's work.

Challenge faced: Lack of experience of accelerating start-ups.
- The company wanted to launch a corporate accelerator to identify and attract more start-ups and prepare them for the investment stage. However, this was not the company's business model and it did not have the relevant experience.

Solution applied: Outsourcing the start-up acceleration process to an external partner.
- Partnering with TechStars to launch a four-week acceleration program to prepare 10 start-ups per year.
- The independent partner was able to generate a tailored pipeline of opportunities, mentoring the participants and improving perceptions of the parent company's brand so the firm could attract start-ups in the future.

Results achieved: More participants were attracted to the corporate accelerator.
- The company increased the number of start-ups applying to its other corporate venturing mechanisms (such as challenge prizes).
- It gained knowledge and skills related to running an start-up accelerator.

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1.2.8 **SAP:** Few early adopters for a new product

CASE 8

Sector	Software
Employees	25,000–120,000
Revenues	€1bn–€40bn

Corporate accelerator

SAP wanted to secure more users for its new software product, HANA. By creating a corporate accelerator in which start-ups used the product for their innovative solutions, the company increased the number of users exponentially while proving the efficiency of the product to the wider public.[7]

Challenge faced: Increasing the number of a new product's early adopters.

- The company needed to expand the number of users of the recently released product HANA.
- SAP was looking for ways of getting start-ups to adopt, engage with and market its product, at the same time.

Solution applied: Creating a corporate accelerator whose start-ups use company's products.

- Launching a start-up program helped prove two points: the readiness of the company's new technology and its commitment to be a platform provider.
- The company made sure the corporate accelerator had dedicated teams to take care of organizing outreach events and prototyping workshops to maximize both the value provided to the start-ups and the value integrated in the parent company.
- It also had teams that helped with technology issues during the deployment of POCs and that identified potential customers among the company's existing customer base.

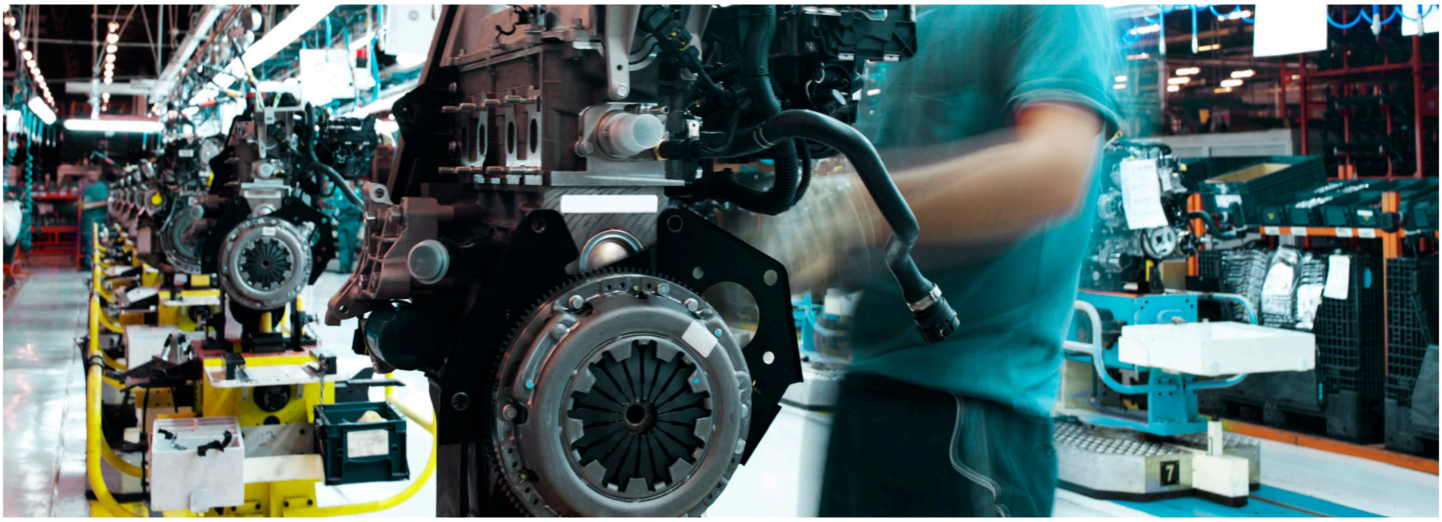
Results achieved: More than 1,500 adopters of the new platform were secured in two years.[7,8]

- While only 10 start-ups participated in the first round of the accelerator program, two years later there were more than 1,500.

Source: SAP. Video: https://goo.gl/PFsdmt

1.2.9 **FutureCars:** Business units that are not interested in innovation

CASE 9



Sector Machinery
Employees 25,000–120,000
Revenues €1bn–€40bn

Corporate venture capital

The corporate venturing unit of FutureCars* was trying to get the company's business units involved in innovation activities. By acting as a detector of market trends, it got the company's business units to become more supportive and willing to collaborate.

Challenge faced: Business units were not interested in collaborating with the corporate venturing unit.
- The corporate venturing unit (in this case, the CVC) was having trouble getting the business lines to collaborate because they were not interested in what the unit was doing.
- In this company, managers in business lines didn't understand the value or the strategic fit of the new innovations generated by the CVC team.

Solution applied: Becoming like a trend detector for the company's business units.
- The CVC unit acted as a detector of market trends to spot challenges (which the business lines internally do not know), seek solutions (externally), and identify growth opportunities for the company.
- For this process, the CVC unit was closely connected to the scouting unit, which had mapped the internal challenges the parent company was facing, so the CVC unit was able to align the search fields with the challenges.

Results achieved: Business units appreciated the insights facilitated by the corporate venturing unit and were more open to collaborating.
- Business lines did not have to spend so much time on researching data and market trends. They were relying more in the CVC team.
- The information business lines were getting improved in quality and had shorter update cycles. So, they had available more accurate and updated information through the venturing unit.
- Business units were more open to collaborating with the corporate venturing team.

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* The authors take our partners' confidentiality seriously. While names have been changed, the results are real.

1.2.10 **SkyBuildings:** Conflicts of interest among the company's CEO, the entrepreneur and the CVC manager

CASE 10

Sector	Infrastructure
Employees	120,000–400,000
Revenues	€40bn–€100bn

Corporate venture capital

SkyeBuildings* was experiencing conflicts of interest with start-ups involved in its CVC activities. By designing MECE and transparent processes, it reduced those barriers triggered by twin agendas.

Challenge faced: Conflict of interest between start-ups and the company over incentive schemes.

- When the parent company becomes interested in buying a start-up, a conflict of interest may arise because the CEO wants to buy cheap, the start-up wants to sell expensive and the CVC director is in the middle.
- The KPIs of the unit's manager can be biased toward the start-up (high valuation) or toward the corporation (low valuation).
- CVC directors cannot be on higher salaries than the parent company's CEO. Since CVC directors usually do not gain a percentage of the start-up's selling price, they may have higher fixed salaries. However, the CEO constraint blocks excessively high salaries.

Solution applied: Designing mutually exclusive and collectively exhaustive (MECE) processes and being transparent.**

- A scheme of fixed incentives was used to give the CVC director greater independence, cutting back on the CVC director's incentives regarding the start-up valuation.
- Her salary was raised enough so she would not move to an independent venture capital firm, where salaries are higher.
- A MECE process was designed so there could be independent KPIs to avoid conflicts of interest and specialize functions across teams.
- There were two main processes: (a) identifying, attracting and collaborating with the start-up, and (b) evaluating and acquiring the company (negotiating the price and the leading the integration). The company had to be sure that the team managing (a) was different from the one managing (b). For instance, (a) could be managed by the CVC team, and (b) by the M&A unit.
- It was ensured that the M&A team did not value the start-ups using the traditional valuation method used by companies (e.g., cash-flow discounting) but through an appropriate valuation for start-ups. Otherwise, the company would have turned down opportunities with great growth potential.
- The CVC unit not only worked on investing in start-ups but also on getting them to collaborate with the parent company, providing information about the portfolio to the business units while preserving the start-ups' confidentiality.
- The KPIs of the CVC unit were aligned with the objectives and expectations of the executive committee. In such cases, the committee must decide whether to deploy a pure financial fund (e.g., the case of some banks), a pure strategic fund (e.g., to nurture the company with new business models) or a mixed fund (e.g., focusing 80% in field search or incremental innovation and 20% in experimental search or disruptive innovation).
- The same CVC manager should be kept for at least six or seven years in such cases to avoid short-term strategies.

Results achieved: Conflicts of interest were avoided and the results improved.

- The identification of and collaboration with better start-ups were maximized.
- Conflicts of interest were reduced in the valuation and integration stages.

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** In this study, MECE principles as applied to organizational design involve having someone in charge of each initiative (so everything is tracked and monitored) but no more than one person (to avoid delays in decision making).

1.2.11 Intel:
Increasing the company's income through indirect sales

CASE 11

Sector Semiconductors
Employees 25,000–120,000
Revenues €40bn–€100bn

Corporate venture capital

Intel was looking for ways to increase its revenue. Through its CVC unit, it started investing in start-ups whose solutions required the use of its own products, a strategy that led to higher financial returns.[9]

Challenge faced: Increasing the company's revenue.
- The company was looking for new ways to increase its revenue in response to changes in the business environment and the competition it faced.

Solution applied: Investing to enable indirect revenues.
- Investing in hundreds of start-ups whose solutions included the use of the company's microprocessor products. The start-ups worked in areas related to video, audio, graphics, hardware and software that required powerful Intel Pentium chips.
- Since the focus of the CVC unit was not to nurture innovation but increase revenue, the fund did not need to coordinate its operations closely with the start-ups in which it invested.

Results achieved: Increased demand for the company's products.
- The company received high financial returns, which made its investments (more than 800 in the previous decade) more affordable over time.

Source: Global Corporate Venturing. Video: https://youtu.be/xt49VCjW_g4?t=31

1.2.12 **AgilePayments:** Venturing in highly regulated environments

CASE 12

Sector Banking
Employees 25,000–120,000
Revenues €1bn–€40bn

Venture builder

AgilePayments* was struggling to develop new technologies and to implement solutions because of the high security levels characterizing the financial sector. Creating low-risk internal environments was key to enabling faster and more cost-effective results.

Challenge faced: High security and regulated environments.
- Integrating new processes and solutions within financial institutions was generally very complicated because there were many security barriers.
- Technological development processes were very long.
- Corporate venturing units could not take their business teams away from their daily work, especially when technologies were at an early stage.

Solution applied: Creating dedicated low-risk internal environments.
- Building a dedicated venturing team for this purpose.
- Facilitating testing servers and environments for developing POCs, emulating the institution's movements.

Results achieved: Increase in speed of 300% and saving €300,000 per POC.
- The process is now more agile, with the time required for a POC falling from 12 to three months.
- The number of POCs increased, as now the company can try more.
- Risks were reduced. The cost of a POC was also reduced by €300,000.
- Employees were not taken away from their day-to-day tasks anymore.
- The dedicated innovation team is currently well established, having been active for five years.

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1.2.13 **FinPay:** Integrating a new CEO into a start-up

CASE 14

Sector Banking
Employees 25,000–120,000
Revenues €1bn–€40bn

Venture builder

The corporate incubator of FinPay* was working with a promising start-up, which had to integrate a new CEO. By having a company expert and the new CEO involved from the beginning of the process, the speed of innovation increased, and building costs fell.

Challenge faced: Integrating a new CEO into a start-up the company wants to incubate internally.
- Usually, newly appointed CEOs of start-ups like their new start-ups but want to change major aspects.
- In this case, the new executive wanted to almost rebuild the start-up.

Solution applied: Involving both the new entrepreneur and company experts in the ideation process.
- Sitting the new CEO (external entrepreneur) down with an employee (internal expert) for the ideation process. Ensuring that they are aligned and buy into the new venture.

Results achieved: Increasing innovation speed and saving approximately €150,000 per year.
- A new company was launched with an expert in cryptography.
- The average time span from building a technology product to sending the start-up to the executive committee was cut from nine months to just six months.
- The company saved more than €150,000 per year by implementing these kinds of initiatives.

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1.2.14 **GasEnergy:** Strong cultural barriers against innovation

CASE 13

Sector Energy
Employees 1,000–25,000
Revenues €0.5bn–€1bn

Corporate incubator

The corporate venturing unit of GasEnergy* was not well perceived by other units, so it was sometimes rejected. By raising awareness about its activities and directly engaging with employees, the company now welcomes their innovation efforts.

Challenge faced: A cultural barrier against innovation.
- There was a barrier against change: a consequence of a lack of information about the innovation activities happening in the company and of years of doing things in the same way.

Solution applied: Engaging with the company's employees little by little.
- Launching an intrapreneurship program, including talks, workshops with external experts, and a place to show the results of the program's participants.
- Launching a crowdfunding program, giving employees the chance to invest in the start-ups in which they have been involved as mentors or supporters.

Results achieved: Internal fundraising worth €320,000.
- The innovation unit raised €320,000 in funds among employees.
- The company is now curious and open about the innovative solutions developed by the corporate venturing team.

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1.2.15 **ChemicalPartner:** Reduced deal flow of opportunities

CASE 15

Sector Chemical
Employees 25,000–120,000
Revenues €1bn–€40bn

Corporate incubator

ChemicalPartner* was finding it increasingly difficult to find the right start-ups for its corporate venturing mechanisms. By partnering with other companies, it increased the attractiveness of its corporate incubator and the number of high-potential participants.

Challenge faced: A lot of competition for quality start-ups.

- Corporate venturing is an emerging trend. Since more and more companies are doing it, the competition for start-ups has increased. Therefore, sometimes it is difficult to attract good ones.

Solution applied: Partnership with other corporations to launch a joint incubator.

- Partnering with other, noncompetitor companies (usually from other sectors) to launch a challenge prize first of all, followed by a call to a corporate incubator program.
- As more resources and established brands were in the value proposition, the designed program looked more attractive to start-ups.

Results achieved: Increase in the number of start-ups applying for the company's programs.

- The company increased the number of start-ups applying for its corporate incubators.

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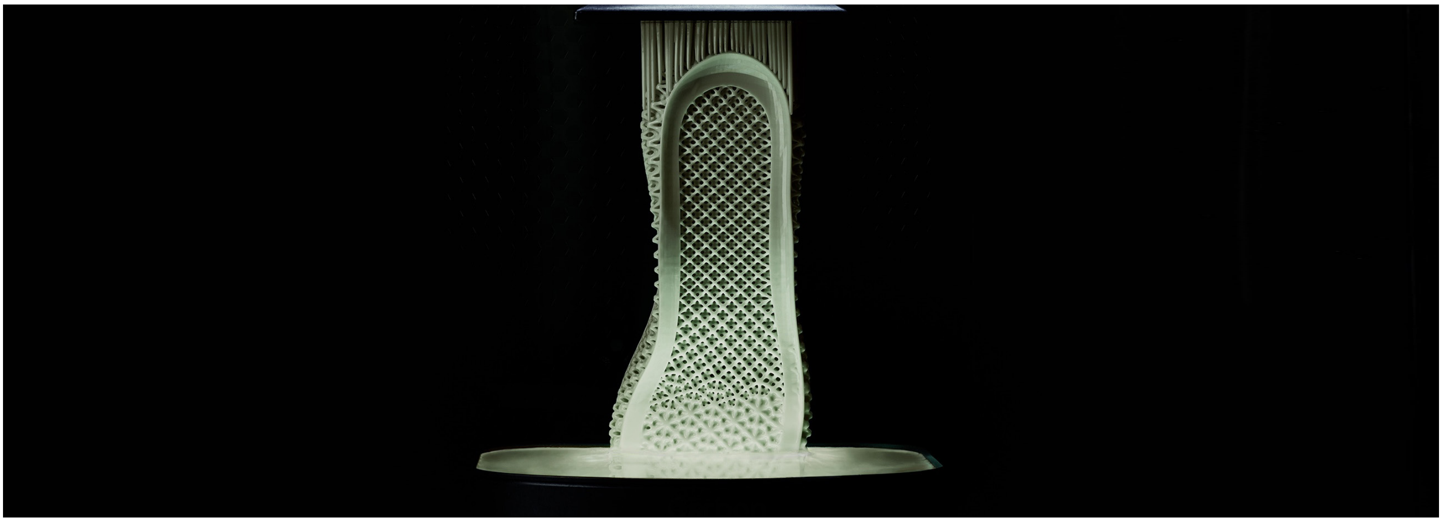
1.2.16 **Adidas:** Difficulty to tailor products

CASE 16



Sector	Clothing
Employees	25,000–120,000
Revenues	€1bn–€40bn

Strategic partnership

Adidas was looking ways of tailoring sneakers. By partnering with a start-up founded by a university professor, the company was able to design a new feature for its products.

Challenge faced: Difficulty to tailor products.

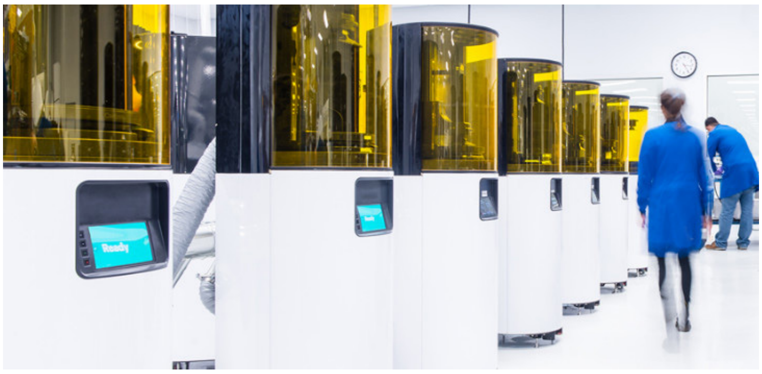
- The company was looking new techniques or methods to tailor sneakers to each customer.
- There was not easy to scale any of the proposed solutions.

Solution applied: Sourcing the start-up's entrepreneurs from scientists in universities.

- The firm started to track the market of 3D printing.
- It found a professor of chemistry at the University of North Carolina at Chapel Hill. His name is Joseph DeSimone.
- This professor is the founder of the start-up Carbon, which is a Silicon Valley based company working at the intersection of hardware, software, and molecular science to deliver digital 3D manufacturing through a technology.
- Adidas knew that to perform at their best, athletes need different points of density throughout their midsole. For instance, a runner may need a firm toe spot and softer heel. Together, Adidas and Carbon, created the Futurecraft 4D, in which the buyer can tailor the midsole.

Results achieved: Adopting a new product.

- The company has introduced this feature to its sneakers.



Source: Carbon.

Source: Adidas. Video: https://goo.gl/uoTsYk

1.2.17 **EasyPackage:** Bottlenecks at the opportunity funnel

CASE 17

Sector	Consumer packaging
Employees	120,000–400,000
Revenues	€40bn–€100bn

Strategic partnership

EasyPackage* could not increase the number of strategic opportunities going through its pipeline. By implementing agile methodologies, the company tripled the number of opportunities that it was able to manage and its success rate.

Challenge faced: Bottleneck at the end of the pipeline of opportunities.
- Each member of the team of strategic partnerships was able to manage (on average) only a certain number of partnerships per year.
- It was difficult to increase the funnel of strategic opportunities (in this case, number of agreements closed with a generated POC) because of this bottleneck.
- Many partners found the opportunity unattractive and declined the invitation to collaborate because the timings were too long during the negotiation process of the collaboration,

Solution applied: Implementing agile methodologies in the corporate venturing process.
- Agile methodologies, including so-called sprints, were applied to the execution of the mechanism. (See more details, in our previous studies, on how to become an agile organization.)[1]

Results achieved: Amplifying the funnel and increasing the success ratio by 300%.
- The method reduced the time taken to identify and attract the opportunity. Overall it increased speed while reduced risks.
- The company became more attractive to potential partners because it was able to close a partnership in less time (e.g., time to answer the partner with a proposal, time span of the cycles of each iteration of the proposal.)
- The company went from managing one to three opportunities per person, per year.
- The company also improved the success ratio of its projects from one to three in five attempted opportunities, so it tripled its success rate.
- Now the company is trying to scale the process internally across other teams and departments.

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1.2.18 **HealthVC:** VCs unwilling to collaborate with CVC units

CASE 18

Sector Health care
Employees 25,000–120,000
Revenues €1bn–€40bn

Strategic partnership

Health4L* was finding it hard to get VCs to collaborate with its CVC unit. By being transparent about twin agendas and KPIs, the company increased the number of joint collaborations.

Challenge faced: Sometimes venture capitalists are unwilling to collaborate with the CVC unit.

- If your KPIs are related to the parent company's objectives, your investment agenda and timings may be related to the executive committee's agenda. For this reason, some external VCs refer not to work with CVC units.
- Another challenge involves the twin agenda of the corporation. The company is not only looking for financial returns (as are most VCs) but also following a strategic company plan.
- If the company's strategic plan changes, the interest in the start-up in which it previously invested will also change. So, the entrepreneur may have a CVC in a capitalization table that has its own agenda and therefore has less interest in those of the start-up. However, the parent company does not want to sell its participation (i.e., shares) because of the risk of a competitor buying the value it has created.
- Another challenge involves timing. While a company usually invests long-term to create value, a VC has 10 years on average to invest and gather returns.
- Finally, some CVC units use the right of first refusal. In venture capital deals, this right is a term-sheet provision that permits existing investors in a company to agree or refuse to purchase equity shares offered by the company, before third parties have access to the deal.

Solution applied: Being transparent, building trust and finding ways to provide more value.

- Considering VCs as partners is useful, especially in the first steps of the corporate venturing journey of a corporation, because they usually have networks of deal flow and ways to sense the market of start-ups.
- Showing your real interests and those of your company, both short-term and long-term.
- Explaining what your expectations are in terms of timing.
- VCs can gain unique technical knowledge and a distribution network from CVC units for the start-ups in which they have invested.
- Leveraging the unique aspects your company can offer to add value to the start-up: expertise, access to market and data, internationalization, etc.

Results achieved: Increasing the number of joint investments with VCs.

- The company built strategic partnerships with major VCs in its search field.

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1.2.19 **DataWater:** Lack of trust by data owners

CASE 19

Sector Energy
Employees 25,000–120,000
Revenues €1bn–€40bn

Venture client

The corporate venturing collaborations of DataWater* were constantly slowed down by restrictions on entrepreneurs accessing the parent company's data. By engaging with data owners from the beginning of the collaborations, the access speed increased by 50%.

Challenge faced: Difficulty in accessing to data because of the company's owners.

- It was difficult to provide entrepreneurs with access to company data because the data owners were very reluctant to do so, being protective of the data they generated or were in charge of.

Solution applied: Engaging with data owners from the beginning.

- Involving the data owners from the first minute of the project, explaining to them why it is necessary to share data.

Results achieved: Increasing the access speed by 50%.

- Data can now be used by new start-up collaborations.
- The time required to launch a similar initiative and to get access to data has been reduced by at least 50%.

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1.2.20 **InsurYou:** Tight budget for innovation

CASE 20

Sector	Insurance
Employees	1,000–25,000
Revenues	€0.5bn–€1bn

Venture client

The corporate venturing unit of InsurYou* was tackling the challenge of implementing innovation on a very tight budget. By taking advantage of the company's internal resources, the unit managed to save on management costs.

Challenge faced: Tight internal budget for corporate venturing.
- The company's corporate venturing unit was given a very tight budget for innovation.

Solution applied: Leveraging corporate resources and selling internally.
- There are many corporate venturing mechanisms that can leverage some of the institution's resources, such as venture clients, corporate incubators and corporate accelerators.
- Mapping all the internal resources available and identifying which of them could be offered to the entrepreneurs chosen for the program.
- Once the venturing team have achieved the first results with the mechanism and the team has some metrics, show them to the executive committee, with the message: "We are getting results. Imagine how much more we can do if we are given more."

Results achieved: Almost eliminating management costs.
- Most of the resources offered by the corporate venturing unit were available via the structure of the parent company. For this reason, the unit was able to reduce its management costs to almost zero (apart from salaries).
- The unit invested the budget and talent in areas that were not covered by the parent company.

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1.2.21 **FinPay:** Valuing start-ups using the traditional model

CASE 21

Sector Banking
Employees 25,000–120,000
Revenues €1bn–€40bn

Acquisition

The traditional model used by FinPay* to evaluate start-ups was preventing it from taking full advantage of the acquisition opportunities in the fintech industry. By convincing the C level executives about the advantages of a less financial and more strategic start-up evaluation process, the company increased its long-term growth potential.

Challenge faced: Traditional model of start-up valuation.

- M&A departments generally value start-ups using the traditional model. This model is not the right one for start-ups. While start-ups are characterized by a lot of uncertainty, they may have greater future potential.

Solution applied: Convincing the C-level executives to opt for a more strategic valuation model.

- Opting for a valuation model that is more strategic than financial, avoiding failing to buy viable start-ups and thus not losing high-growth long-term opportunities.
- Securing the approval of the C-level executives (including the CEO, the CIO, and the M&A team) by showing them that, in this field, it is better to think in terms of more strategic KPIs rather than financially and short-term.

Results achieved: Improving the long-term potential of the institution.

- To an increased extent, the company considered and acquired high-growth-potential start-ups, which sometimes entailed a greater risk.

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1.2.22 **BankEasy:** Barriers integrating external value into the parent company

CASE 22

Sector Banking
Employees 1,000–25,000
Revenues €0.5bn–€1bn

Acquisition

BankEasy* could not integrate its innovative solutions into the parent company. Using a buffer unit - connecting the parent company and the external innovation -, the company incresaed the value integrated in the parent company.

Challenge faced: Integrating external value into the parent company.

- The company was experiencing problems when it tried to integrate solutions that had been developed externally, through an acquisition or an excubator.

Solution applied: Leveraging a buffer unit.

- Creating a buffer between the innovation unit and the parent company.
- It is separated from the external opportunity, giving it some independence to integrate the opportunity without the internal biases of the start-up.
- The buffer unit should incorporate a team specializing in the following:
  1. Getting internal approvals: incorporating someone who has been in the company for many years (more than 15), knows all the "unwritten rules" of the institution, is well connected with the company's influencers (those official and not official), and has solid relationships with the top management.
  2. Identifying key value areas from external opportunities: introducing someone, to the team, with the technical knowldge required to identify value from high growth opportunies.
  3. Integrating business, technology and knowledge into the corporation: having someone who understands the company's internal processes, and knows how to incorporate new products, business models, knowledge and processes.
  4. Ensuring a kind experience for the entreprenerus: someone (maybe from human resources) who understands the different cultures of an start-up and a corporation. This person will ensure the start-up an easy experience throughout the process.

Results achieved: Maximizing the value generated by the innovations.

- The company is now more committed to and involved in the integration process.
- External innovation units are integrating more disruptive results.

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1.3 CONSEQUENCES: *WHAT NOW?*

How can these success stories help company's chief innovation officers to (a) change an executive committee that has a traditional mind-set, (b) fix a lack of collaboration between corporate venturing units and business lines, and (c) reengineer corporate processes that are blocking the integration of value generated by corporate venturing units?

Executive committee:

1. Gain the buy-in of the executive committee by letting the results speak for themselves:
Prove that you do not need stringent corporate supervision in order to achieve profitable or worthy results. Therefore, be cost-effective and seek financial sustainability. Be committed to objectives that can maximize the impact within your organization. Include someone from the C level in your unit to get internal traction and get bureaucratic approval. Be proactive and do not wait for others to do things.

2. Evangelize the executive committee though a sponsor on the committee:
Identify the right internal partner, keep that person updated and share the value of your initiatives. Your internal sponsor should be on the executive committee, be a bit disruptive, have influence on topics related to innovation, and understand how to explain those aspects (to the CEO) when you are not in the room. Understand the KPIs of the other executive committee members and assess how these new methodologies are going to help them.

3. Enhance innovation on the executive committee through external experts:
Some companies are using two- or three-day workshops with corporate venturing units and business lines to arm themselves with new technologies and innovative methodologies. If there is a lot of skepticism about innovation, consider holding the workshop outside the parent company's headquarters. Combine data with success stories to demonstrate long-term value creation.

Business lines:

4. Share the costs of proofs of concept among corporate, business and innovation units:
Complement the team and budget of your corporate venturing unit with the business units' resources. Business units do not have to provide very large budgets but just enough to ensure they are involved in your initiative. Get business units acquainted with your project early on by involving them in decision making and by getting them to share some of the initiative's cost. You could include two project managers on the decision-making committee: one manager from the innovation unit and one from the business unit.

5. Become like a trend detector for your business units:
Act as a detector of market trends to spot challenges (which the business areas internally do not know), seek solutions (externally), and identify growth opportunities. For this process, stay connected with the scouting mission team, which may already have mapped the internal challenges at the parent company, so the other corporate venturing teams can be aligned with the search fields of those challenges.

6. Involve business lines from the beginning of the project (e.g., data owners and technicians):
Involve data owners from the first minute of the project, explaining to them why it is necessary to share data. This will help you provide data to entrepreneurs at the speed required, by ensuring that data owners who are protective of the data they are in charge of or have generated drop their extreme reluctance to share the data.

Processes:

7. Source your start-up's pipeline not only from industry but also from universities and research institutions:
Take advantage of the growing entrepreneurial activity and the interesting technologies coming out of universities and research institutions. Consider the emerging importance of those entities when launching your challenge prizes. Combine your corporate venturing and technology transfer mechanisms. Target late-stage spin-offs with a developed technology-readiness level. These sometimes require less cash and may give you results sooner.

8. Implement agile methodologies in your corporate venturing processes:
Apply agile methodologies (such as sprints) throughout the three stages of the corporate venturing cycle (identification, collaboration and integration). These principles usually increase the speed of execution.

9. Partner with other corporations to launch joint mechanisms (e.g., challenge prizes and corporate accelerators):
The value proposition for the start-up is more attractive in these circumstances because it will receive more resources and will be connected to more established brands. To align with other corporations, identify common challenges.

10. Design mutually exclusive and collectively exhaustive (MECE) processes for your corporate venturing unit:
Ensure that each task and project has a leader (but no more than one). This person will be accountable for getting things done. As a result, the decision-making process will be easier and faster, without complex bureaucratic approvals and conflicts of interest.

Appendixes

1. Research methodology

This study was carried out to answer the question of how are companies solving the most common challenges applying corporate venturing? To achieve this objective, the authors used several sources. Initially, they reviewed the literature on the topic. Then, they conducted fieldwork consisting of interviews with 121 chief innovation officers and people in related roles in the United States, Europe and Asia: 63 with a formal protocol (167 questions) and 58 with an informal protocol. Then, they led an exhaustive analysis of the corporate venturing units of 26 companies.

An interview protocol was developed, and the interviews were recorded. The interviews consisted of both open and closed questions. Afterward, the answers were classified and analyzed twice.

Later, the authors twice carried out a codification of the interviews and the quantitative analysis of the answers. Then independent experts reviewed the rigor of the process and the quality of the results obtained.

The authors acknowledge that, given the complexity of the phenomena, a larger sample may increase the understanding of this important practice, especially in those industries for which historical data were scarce. However, the sample group was selected using the practice of looking for representation to increase that understanding.

Further research in forthcoming white papers will be welcome to provide guidance on additional questions such as how to develop external corporate venturing ecosystems, how to select and seduce the top performing partners on corporate venturing, and more.

2. Mechanisms available for corporate venturing

Scouting mission
A scouting mission is a mission undertaken by professionals from an industry in which a company is interested. The professionals are tasked with holding meetings with start-ups, inventors or university researchers. They look for interesting innovations that are aligned with the company's strategy. Companies gain insights and valuable information from leading innovation hubs around the world. Start-ups are exposed to potential financing opportunities and business deals.

Company objective: Gaining insight into leading innovations..

Hackathon
A hackathon is a focused, intense workshop in which software developers collaborate, either individually or in teams, to find technological solutions to a corporate innovation challenge within a restricted time. Start-ups solve specific technical problems for companies or produce a particular piece of code in a short period of time and, in return, they get access to new segments, markets and financing opportunities.

Company objective: Finding technological solutions to a corporate challenge.

Sharing resources
Sharing resources is the simplest form of collaboration between corporations and start-ups. It allows companies to improve corporate branding, attract and keep talent, and gain visibility. Meanwhile, start-ups get access to cost-effective or free corporate resources, increase their visibility and are able to network with other similar ventures.

Company objective: Getting closer to the ecosystem to understand its composition and needs.

Challenge prize
A challenge prize is an open competition that focuses on a specific issue. It gives innovators an incentive to provide new solutions based on new opportunities and technological trends to foster internal learning. Companies get to adopt external opportunities, improve corporate branding and gain visibility, while start-ups get access to new segments, markets and financing opportunities.

Company objective: Obtaining new solutions based on new technological trends.

Corporate accelerator
A corporate accelerator is a program that provides intensive short or medium-term support to cohorts of rapid-growth start-ups via mentoring, training, physical working space and company-specific resources. These resources can include money invested in a start-up, normally in exchange for a variable share of equity. Through corporate accelerators, firms and start-ups get benefits similar to those of a corporate incubator.

Company objective: Supporting start-ups with a structured program.

Corporate venture capital
In the case of corporate venture capital, corporations target equity investment at start-ups that are of strategic interest beyond a purely financial return. Companies become more diversified and get access to products, services and technology, while start-ups get access to financial resources, know-how and advice from experienced corporations.

Company objective: Fast-tracking access to innovations, strengthening internal research, or accessing new distribution channels.

Venture builder (or excubator, if outsourced)
Corporations aim to fast-track the growth of start-ups through a

combination of several tools (mainly corporate incubators and corporate accelerators). In practice, a venture builder functions as such for a company. While start-ups develop tailor-made prototypes to solve a problem for a corporation, entrepreneurs gain access to facilities, expertise and technical support, including skilled mentorship, which increases their chances of getting access to funding.

Company objective: Getting an MVP outside the regular structure (through an external venture builder).

Corporate incubator
A corporate incubator is a program in which entrepreneurs are provided with a set of value-added mentoring services (centralized legal or marketing support) and working spaces to build viable opportunities and business models ready to go to market, in exchange for a share of equity. Corporations get a cost-effective and outsourced R&D function, while start-ups get access to facilities, expertise and technical support.

Company objective: Providing viability to promising innovation and its commercialization.

Strategic partnership
A strategic partnership is an alliance between corporations and start-ups to enable them to define, develop and pilot innovative solutions together. It allows both sides to build a relationship and synergies.

Company objective: Defining, developing and piloting innovative solutions with an existing company.

Venture client (or client accelerator)
A venture client involves a specific type of strategic partnership and a highly integrated tool that companies can use to purchase the first unit of a start-up's product, service or technology when the start-up is not yet mature enough to become a client. While corporations get access to start-ups with a ready MVP, start-ups get revenue and a consolidated company as their client.

Company objective: Offering a client relationship to insource external innovation.

Acquisition
Acquisitions involve the purchase of start-ups by companies to access the start-ups' commercially ready products, complementary technology or capabilities that solve specific business problems or to enter new markets. The buyer benefits from the acquisition of talent, skills and knowledge, while the start-up receives monetary rewards and a reputational advantage.[u]

Company objective: Accessing commercially ready products, complementary technology or capabilities.

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(f) Note that this mechanism does not include the acquisition of large corporations. In those cases, these units usually move the opportunity to another department, such as that in charge of mergers and acquisitions.

3. Acknowledgments

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