

# #500CORPORATIONS: How do the World's Biggest Companies Deal with the Startup Revolution?



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Arnaud Bonzom

Serguei Netessine

# PREAMBLE

***Big corporations are slow, dumb dinosaurs waiting to be ‘disrupted’, but the reality is not so simple.***

Does this sound familiar? It’s pretty familiar thinking in startup circles.

I don’t buy it, though - here’s why.

Since you’re curious enough not to skip the preamble, let me reward you with some juicy backstory to this so-called report.

First off, it was never intended to be a ‘report’ as much as an exposé; a voyage of truth aimed at debunking myths, and opening the door to a new conversation.

Yes, the ‘dinosaur’ label is catchy, but it ignores the fact that these corporations sit on more cash reserves than most venture capitalists will ever have, and can deploy assets that could cause some serious disruption of their own. I mean, surely not every corporation is content to just sit on all that capital, watching the world go by?

Maybe there are just not enough stories of corporate + startup collaborations thundering through mainstream consciousness. Or perhaps corporations who are doing all the right things simply don’t want you to know about it. Funny how we hear stories of acquisitions which made the founders rich, and then the corporation eventually shut down the startup they bought - and we think “What idiots!”.

Are we missing the full picture?

I was consumed by the idea of delving into this with a different approach. To pair an ecosystem expert with academic firepower to cut through a dataset of the world’s 500 biggest public corporations, analyzing what they’ve been doing with startups, what successful stories exist and eventually come up with a guide of sorts to supplement the efforts of any corporation hoping to execute their own startup masterplan.

My hope is that by finding and sharing these stories, it will make success less elusive and easier to replicate. And be a small step in getting more corporate resources into the new global engine of innovation known as startups, in ways where everyone wins, especially corporations themselves.

Let this hope be yours to guide you through our humble #500CORPORATIONS ‘report’.

**Khailee Ng**  
*Managing Partner*  
500 Startups

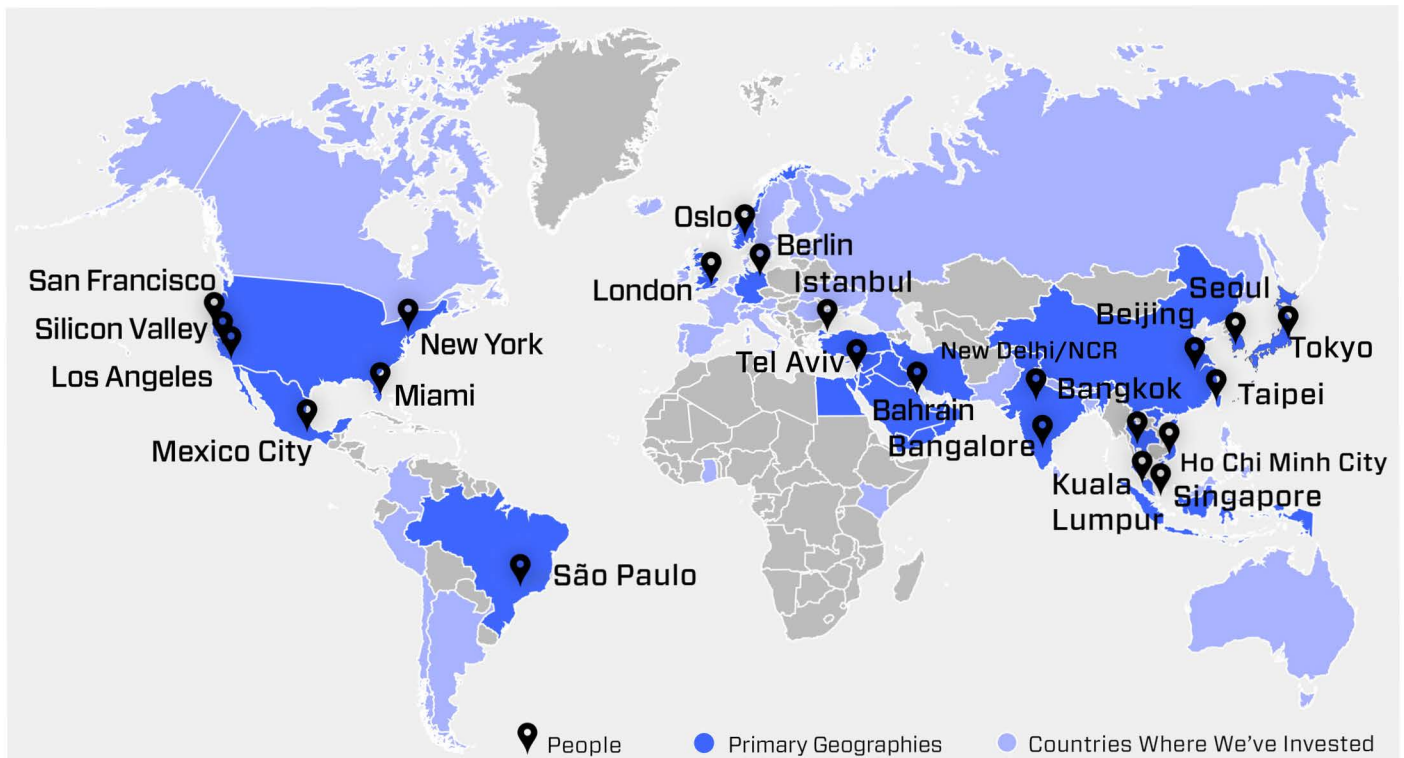


# BROUGHT TO YOU BY

**500**

500 Startups is a venture capital seed fund based in Silicon Valley. We have invested in a wide variety of technology startups all over the world, at the time of writing, 1400 startups in 50 countries since our inception in 2010. Our team of 100 people manage seed investments across the world, and speak over 20 languages. We run accelerator programs in San Francisco & Silicon Valley four times per year

emphasizing internet marketing and customer acquisition, lean startup practices and metrics, as well as distribution and marketing programs in multiple geographies. Our investment team includes serial entrepreneurs, investing pioneers and operators with experience at companies such as PayPal, Google, Facebook, YouTube, Yahoo, LinkedIn, Twitter, and Apple.



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With campuses in Europe (France), Asia (Singapore) and Abu Dhabi, INSEAD's business education and research spans three continents. Our 148 renowned Faculty members from 40 countries inspire more than 1,300 degree participants annually in our MBA, Executive MBA, specialised master's degrees (Master in Finance, Executive Master in Consulting and Coaching for Change) and PhD programmes. In addition, more than 9,500 executives participate in INSEAD's executive education programmes each year.

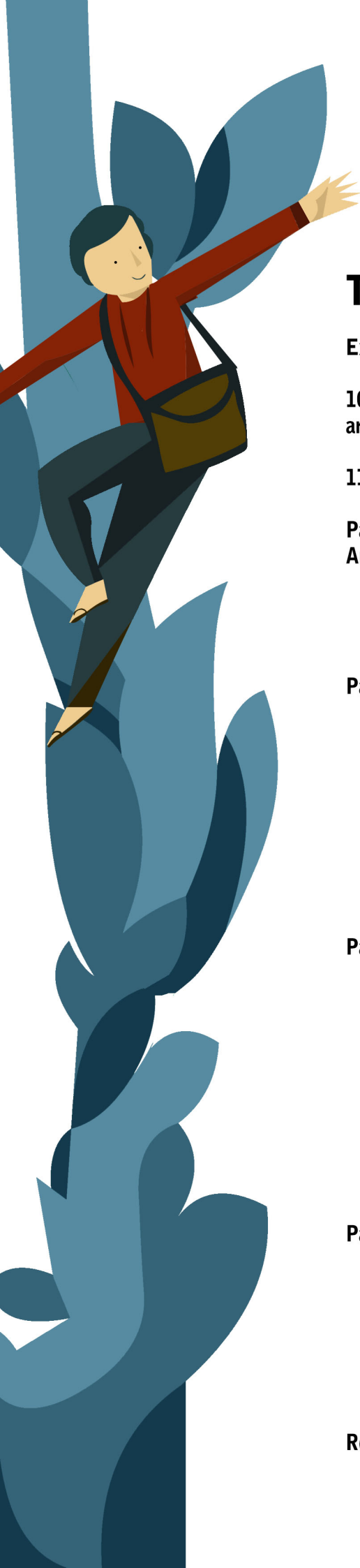
In addition to INSEAD's programmes on our three campuses, INSEAD participates in academic partnerships with the Wharton School of the University of Pennsylvania (Philadelphia & San Francisco); the Kellogg School of Management at Northwestern University near Chicago; the Johns Hopkins University/SAIS in Washington DC and the Teachers College at Columbia University in New

York. In Asia, INSEAD partners with School of Economics and Management at Tsinghua University in Beijing and China Europe International Business School (CEIBS) in Shanghai. INSEAD is a founding member in the multidisciplinary Sorbonne University created in 2012, and also partners with Fundação Dom Cabral in Brazil.

INSEAD became a pioneer of international business education with the graduation of the first MBA class on the Fontainebleau campus in Europe in 1960. In 2000, INSEAD opened its Asia campus in Singapore. And in 2007 the school began an association in the Middle East, officially opening the Abu Dhabi campus in 2010.

Around the world and over the decades, INSEAD continues to conduct cutting edge research and to innovate across all our programmes to provide business leaders with the knowledge and sensitivity to operate anywhere. These core values have enabled us to become truly "The Business School for the World."

More information about INSEAD can be found at [www.insead.edu](http://www.insead.edu).



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# EXECUTIVE SUMMARY

Almost all industries have been challenged by startups. Not only can technology companies be disrupted by a small team of engineers in a garage, nowadays it's happening to banks, car makers, logistics companies, FMCG and more. Yet corporations seem to be adapting slowly, or so it would seem. This report explores the extent to which that is true, and uncovers ways corporations can engage startups.

500 Startups and INSEAD partnered to get some answers by investigating the world's biggest public companies and their practices in terms of what we call Corporate Startup Engagement (CSE).

## WHO THE REPORT IS FOR:

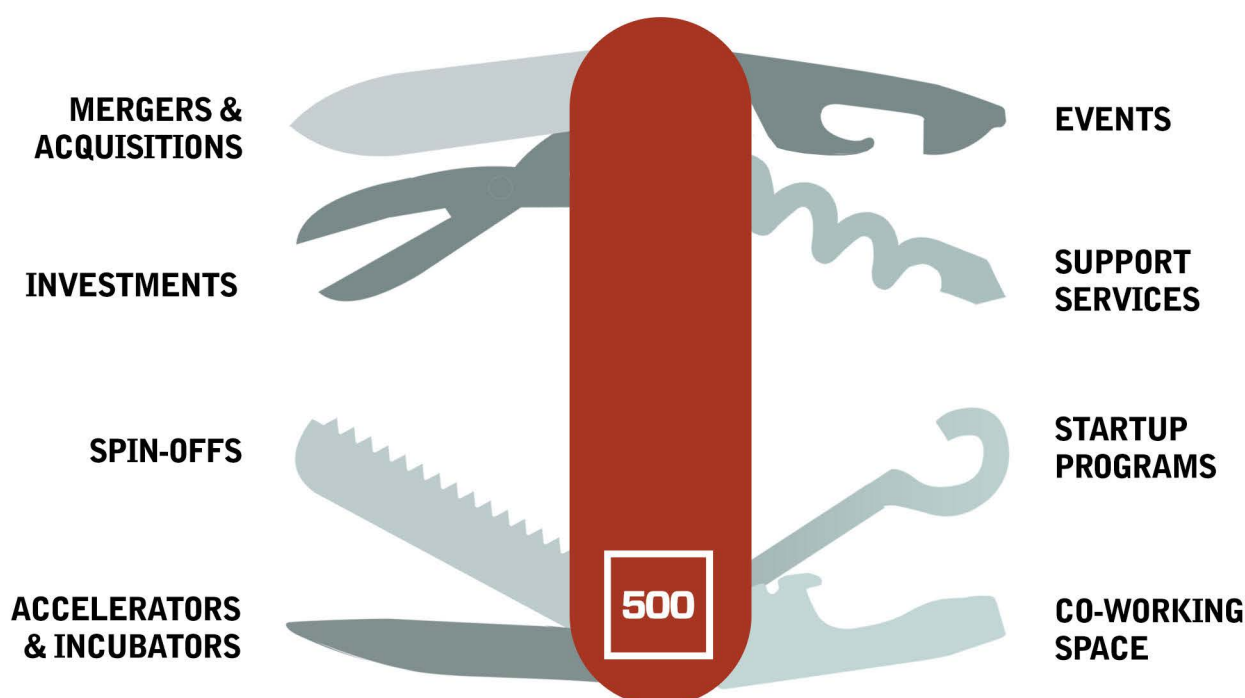
- Corporations exploring ways to engage with startups
- Corporations looking to benchmark their practices
- Individuals working in corporations who want to get buy in from colleagues to embark on a CSE program

## WHAT IT ISN'T FOR:

- How to setup an accelerator or a corporate venture arm
- A prescriptive guide for your corporation, every corporation has different attitudes and objectives
- Printing out many copies. Feel free to share the PDF, let's save some trees!

## THE SWISS ARMY KNIFE OF CORPORATE STARTUP ENGAGEMENT (CSE)

There's a pattern of 8 clear ways to engage with startups. We call it the Swiss Army Knife of Corporate Startup Engagement.



Corporate Venture Capital, followed by Startup Competitions and Accelerators & Incubators are the three preferred channels used by corporations to engage with startups.

# DIFFERENT OBJECTIVES REQUIRE DIFFERENT STARTUP ENGAGEMENT

CORPORATE OBJECTIVES						
	Innovation	Culture	New Markets	Platform	Solving Problems	
CORPORATE STARTUP ENGAGEMENT (CSE)	Events	Least recommended	Recommended	Least recommended	Recommended	Least recommended
	Support Services	Least recommended	Recommended	Least recommended	Recommended	Least recommended
	Startup Programs	Least recommended	Recommended	Recommended	Most recommended	Least recommended
	Co-working Space	Least recommended	Recommended	Least recommended	Recommended	Least recommended
	Accelerators & Incubators	Most recommended	Most recommended	Recommended	Recommended	Recommended
	Spin-offs	Most recommended	Least recommended	Recommended	Least recommended	Recommended
	Investments	Most recommended	Least recommended	Most recommended	Most recommended	Recommended
	Mergers & Acquisitions	Recommended	Recommended	Most recommended	Recommended	Most recommended

● Most recommended   
 ● Recommended   
 ● Least recommended

## FIVE RECOMMENDATIONS AS YOU DEEPEN YOUR ENGAGEMENT WITH STARTUPS

- 1 Talk to a pool of startups about their needs as part of your design process. It's easy to assume 'they would love this' when the bar for competitive offerings is getting higher.
- 2 There are many different ways to engage with startups. The key is to keep in mind your objectives, resources and time frame for expected results at all times.
- 3 You can start small, choosing one channel of engagement at a time and iterate fast based on the results and buy-in. However if you don't shoot for big enough wins from the get go, there may not be enough to show to get you more resources.
- 4 Whatever you choose to do, be prepared to work at the speed of startups. Don't keep them waiting on you. You don't want the engagement to backfire.
- 5 Select the right partners to share the knowledge and minimize risks. Doing it alone can be scary. Feel free to reach out to us if you want recommendations.



# 10 FACTS THAT REVEAL HOW THE WORLD'S BIGGEST PUBLIC CORPORATIONS ARE NOT AS CLUELESS AS YOU THINK

1

Traditional Venture Capital is no longer the only way to raise money for startups. [DocuSign](#) raised in the same round (Series E) exclusively from the following corporations: Salesforce, Google, Recruit, Mitsui & Co, BBVA, NTT Docomo, Telstra and MKI.

2

The majority (61.7%) of the Unicorns mentioned by the Wall-Street journal under [The Billion Dollar Startups Club](#) have raised from at least one corporate (not including investment firms and banks).

3

Corporations do not invest only in their own vertical: The online music streaming service Spotify raised money from Coca-Cola.

4

In-house R&D is giving way to collaboration with new ventures. 9 out of the 10 biggest R&D spenders worldwide are already working with startups.

5

Not only companies like Google, but some of the traditional corporate players have explicit ways to invest in startups on a large scale. Ping An Insurance Group has a venture arm: [Ping An Ventures](#).

6

When it comes to collaboration with startups, France (not USA) has the highest percentage of its top corporations engaging startups: 23 out of 25 top corporations are working with startups.

7

Investing in startups is not the only way to collaborate. ProSiebenSat.1 Media AG provides advertising time in return for revenues or equity shares through its venture arm ([Seven Ventures](#)).

8

Building accelerators, a popular way to help startups, is now done by "non-technological" corporations too. Diageo has an accelerator to create new spirits brands: [Distill Ventures](#).

9

Working alone with startups is not the only option: global corporations do it together as well. The [Ecomobility Ventures](#) investment fund has been created by 5 corporations (Air Liquide, Michelin, Orange, SNCF and Total).

10

68% of the top 100 companies from the Forbes Global 500 are engaging with startups.



# 11 NOTABLE EXAMPLES OF CORPORATE STARTUP ENGAGEMENT (CSE)

1

Sprint, R/GA, Kaplan, Microsoft, Disney, Barclays, Qualcomm and METRO have an accelerator powered by [Techstars](#).

2

Johnson & Johnson has a co-working space with research facility: [Jlabs](#).

3

Stripe (payments startup) raised money from [Visa](#) and [American Express](#).

4

Coca-Cola works with entrepreneurs via the [Coca-Cola Founders platform](#).

5

Startups are also backing startups. For example: Twilio has a venture arm: [TwilioFund](#).

6

Monsanto and Syngenta have a venture arm: [Monsanto Growth Ventures](#) & [Syngenta Ventures](#).

7

Bouygues Immobilier (real estate firm in France) has a venture arm: BIRD.

8

Selected investments from Softbank: Alibaba, Snapdeal, Tokopedia, GrabTaxi, Gilt Group, RenRen, Yahoo.

9

Selected investments from Salesforce: DocuSign, Box, Apptus, MongoDB, Evernote, Twilio.

10

Some of the oldest brands in the world have venture arms. LVMH has: [L Capital](#).

11

Even the CIA has a venture capital arm [In-Q-Tel](#), which invested in Facebook early on.



# PART 1

**Why do corporations  
engage with startups?  
And why do startups  
engage with corporations?**

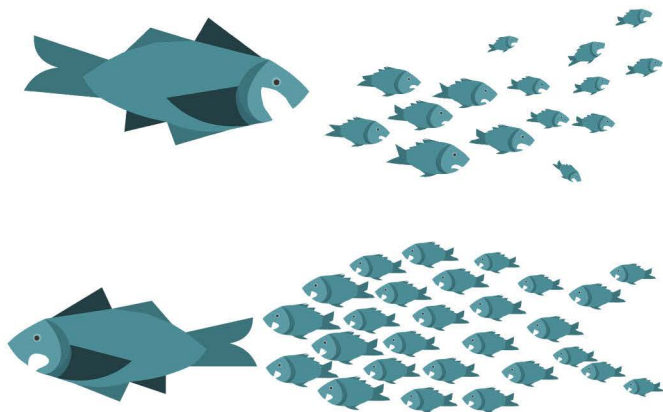
## PART 1

# 1. FORCES OF CHANGE (YOU'RE SCREWED IF YOU DON'T)

## a. "It's the fast fish which eats the slow fish"

*"In the new world, it is not the big fish which eats the small fish, it's the fast fish which eats the slow fish."*  
- Klaus Schwab, founder and executive chairman of World Economic Forum.

Several examples in the last few years illustrate the shorter time taken to build a large company. In terms of valuation five years after launch, Facebook's valuation was 15B USD (2004-2009). Over the same 5 years, Uber's valuation reached 40B USD (2009-2014). A second example is the time required from inception to reach 1B USD in revenue, Dell took 9 years (1984-1993), Office Depot took 5 years (1986-1991), and Groupon took only 2 (2008-2010)<sup>1</sup>. In short, the small fast fish can quickly become a big fish and eat you!



## b. "If you don't create the things that will kill your company, someone else will."

*When Apple launched the iPhone, it made the decision to cannibalize its iPod sales. As Facebook's Little Red Book records: "If you don't create the things that will kill Facebook, someone else will."*

### Sources

<sup>1</sup> Capital IQ, a Standard & Poor's business; Morgan Stanley; Thomson Reuters Fundamentals via FactSet Research Systems; Forbes

<sup>2</sup> Inc.; The New York Times

Three great cases are Kodak, Blockbuster and Borders Group<sup>2</sup>. All three used to dominate their respective industries. In 1975, Kodak invented digital photography. To avoid cannibalization with the main business (film), Kodak didn't really invest in it. A few years later, it was bankrupted by this new technology. In 2000, Blockbuster refused to buy Netflix for 50M USD. In 2010 Blockbuster filed for bankruptcy protection, and in 2015, Netflix's market cap is above 35B USD. In 2001, Borders Group outsourced its online book-selling to Amazon.com. In April 2011, e-books outsold print books at Amazon.com, and the same year Borders Group filed for bankruptcy protection.

PART 1

## 2. “WIN-WIN OUTCOMES”

Startups and corporations can interact in a complex web of relations. Both benefit from each other.



**Credibility**  
**Branding & PR**  
**Distribution**  
**Suppliers**  
**Funding**



**Speed of operation**  
**Innovative image**  
**Innovation**  
**Culture**

### 2.1 From Startup to Corporation

Startups can contribute to corporations by offering:

#### Speed of operation

Given the shorter period of time to reach break-even due to capital limitation, startups need to operate faster than large corporations to survive. Moreover, a condensed decision chain and methodologies like the lean startup approach (inspired by Toyota Lean Management) support a faster iteration. The need for speed is best summed up by a quote of Mark Parker, CEO of Nike: “One of my my fears is being this big, slow, constipated, bureaucratic company that’s happy with its success”. Working with startups can inspire a corporation to execute faster.

#### Innovative image

Large corporations, especially among the generations Y and Z, are perceived as less and less attractive. MBA candidates are increasingly interested in joining a startup or launching their own venture, despite the debts they often have to pay off. By actively engaging startups in a public way, corporations can enhance their brand image to this audience.

#### Innovation

Startups are like a corporate R&D department outsourced. This means corporations have to keep close tabs, and zoom in on relevant innovations before competitors do.

## PART 1

Startups innovate in different ways such as business model innovation like Airbnb and Uber which own no real estate or cars, or like Zappos with holacracy and self management<sup>3</sup>.

### Culture

“Done is better than perfect” and “Move fast and break things” are some examples of the culture at Facebook and other startups. For this reason, corporations like DBS Group are working with startups to change their internal culture which is usually risk-averse and KPI-driven.

## 2.2 From Corporation to Startup

Corporations can contribute back to startups by offering:

### Credibility

As a customer, especially for B2B startups, a large corporation offers a great validation of the startup’s business model and product(s)/service(s) to prospects and investors.

### Branding & PR

MNCs can leverage their relationships with large and small media outlets, especially consumer and advertising companies. Co-marketing is another form of effective partnership.

### Distribution

Companies like Coca-Cola offer one of the best ways to reach customers for a startup. Coca-Cola has more trucks on the road than the big three delivery service companies combined.

### Suppliers

Access to manufacturers can be very challenging for a startup that can’t reach the minimum order quantity. Coordinating orders with a large corporation, or having the corporation negotiate a favor from the manufacturer thanks to other orders, can help startups access top manufacturers.

### Funding

More and more startups rely on corporations to raise funds, in fact the majority (61.7%) of the unicorns<sup>4</sup> mentioned by the Wall-Street Journal under [The Billion Dollar Startups Club](#) have raised from at least one corporation (which doesn’t include investment firms like Goldman Sachs). Unicorns like [DocuSign](#) raised a round (Series E) exclusively from corporations - eight of them: Salesforce, Google, Recruit, Mitsui & Co, BBVA, NTT Docomo, Telstra and MKI.

<sup>3</sup> <http://www.zapposinsights.com/about/holacracy>

<sup>4</sup> Private startup companies with \$1 billion valuations, based on fundraising

## PART 1

### 3. SHORT-TERM AND LONG-TERM VALUE DRIVERS (YOU CAN WIN BIG)

Volkswagen, Samsung, Intel, Microsoft, Roche, Novartis, Johnson & Johnson, Google and Merck are among the 10 biggest R&D spenders worldwide and all of them are already working with startups. On one hand, R&D and M&A are great ways to create value for corporations. On the other, working with startups helps mitigate the risks and reduces the time to market compared to the R&D and it comes at a lower cost compared to M&A.

Positioned between R&D and M&A, Corporate Startup Engagement is becoming a great complement. Moreover it offers a large spectrum of possibilities to innovate and create value for stakeholders:

	<b>TIMING</b>	<b>RISK</b>	<b>COST</b>
<b>R&amp;D</b>	Long Term	High	High
<b>Corporate Startup Engagement (CSE)</b>	Medium Term	Average	Low
<b>M&amp;A</b>	Short Term	Low	High



## **PART 2**

**How do corporations do it?**

# CORPORATE STARTUP ENGAGEMENT (CSE)

## Mergers & Acquisitions

Acquisition of Startups

## Events

Conference  
Startup Competition  
Hackathon  
Sponsorship

## Investment

Microcredit  
Loans  
Debt  
Limited Partner  
Venture Capital Fund  
Private Equity

## Support Services

Legal  
Accounting  
Business  
Consulting  
Technical  
Marketing  
Mentors  
Customer Access  
Supplier Access  
Distributor Access  
Community

## Spin-offs

Independent Businesses with assets from the parent company

## Startup Programs

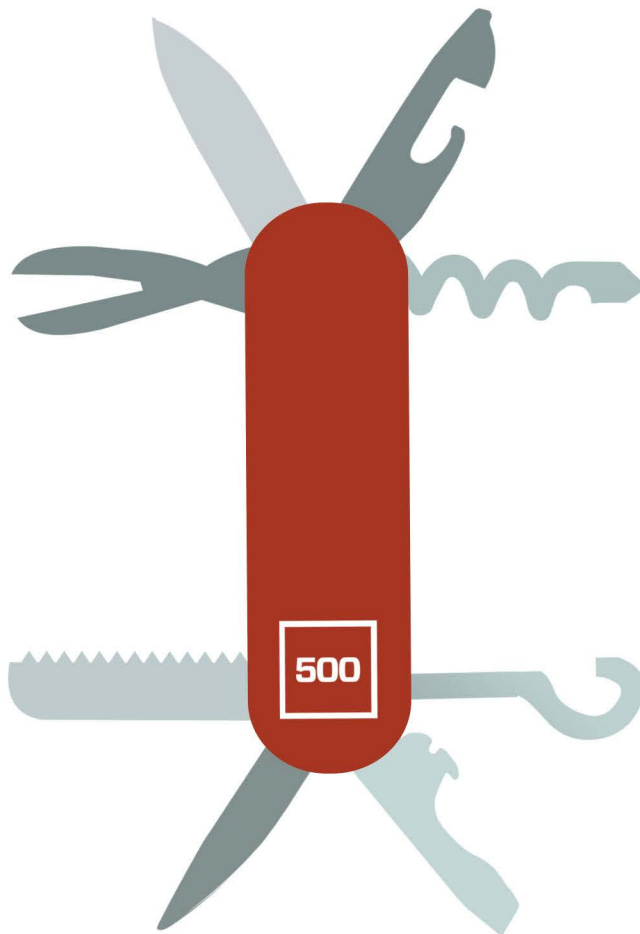
Free Products / Services produced by the corporate + Bundle of Support Services

## Accelerators & Incubators

Workspace  
+ Bundle of Support Services  
+ Investment

## Co-working Space

Workspace  
+ Bundle of Support Services





## PART 2

# 1. CORPORATE STARTUP ENGAGEMENT ECOSYSTEM (KNOWING WHO ELSE IS INVOLVED, DIFFERENT STAKEHOLDERS)

A wide range of solutions are available for corporations to engage with startups:

## EVENTS

These possibilities offer a great opportunity to engage with startups for a short period of time and at a limited cost, in a nutshell it's a good way to start the engagement with startups. There are at least four different channels to reach out to startups:

### Conference

To speak to prospects and/or customers.

### Hackathon

Where technical talent build during a limited time period (most of the time over the weekend) a product or service to solve a problem.

### Startup Competition

Similar to the hackathon but without a majority of hackers, mostly with business people pitching start-up ideas, usually for a prize.

### Sponsorship

For the one of the three previous events.

These are not mutually exclusive - a conference can be hosted at the same time as a hackathon or a startup competition.

## Event Examples

### Conference

AWS (Amazon) has several events like [AWSome Day](#) and [AWS Cloud Kata](#).



Source: AWS (Amazon)

### Hackathon

Paypal (ebay - not a Forbes Global 500) and Mastercard have worldwide hackathons called respectively [Battlehack](#) and [Masters of Code](#). Novartis, Unilever, Samsung and Cisco have their own Hackathons.



Source: Mastercard

### Startup Competition

Comcast, Philips and Pernod Ricard have their own competitions, respectively [Innovations for Entrepreneurs](#), [Philips Innovation Award](#) and [The Venture \(Chivas\)](#).



Source: Google / Startup Weekend

### Sponsorship

Facebook, Nespresso (Nestlé), Coca-Cola are sponsors of the [Web Summit](#). Google sponsors a startup competition: [Startup Weekend](#) all over the world. And Ford (General Motors), MasterCard and Walmart are sponsors of [Disrupt SF Hackathon](#). Accelerator and Venture Capital firms have partners like Softlayer (IBM) and [AWS \(Amazon\)](#).



Source: Web Summit

## PART 2

### SUPPORT SERVICES

Support services are generally corporate internal resources and capabilities offered to startups. Through support services, corporations are looking to provide - whenever possible - an unfair advantage to the startup.

#### SUPPORT SERVICES EXAMPLES

##### Legal

Y Combinator and 500 Startups (neither are Forbes Global 500) are offering free legal document templates for startups, respectively Safe and 500 KISS.

##### Accounting

KPMG (not Forbes Global 500) has a partnership with Xero (online accounting software) to strengthen relationship with SMEs.

##### Business

Shell, HSBC, HP offer online resources, respectively under Business Library, SMElearning and HP-Life-e-Learning.

Standard Chartered has a training toolkit enabling staff volunteers to deliver sessions on financial management to micro and small businesses.

Saint Gobain via the Saint-Gobain Entrepreneurship Foundation and National Commercial Bank with Alahli Entrepreneurs Program.

##### Technical

Google, AWS (Amazon) and SAP are offering technical services, respectively, via Experts, AWS Pop-up Lofts and SAP Startup Focus Program.



Source: AWS Pop-up Lofts

##### Consulting

Philips offers access to consultancy resources under Philips Innovation Services.

##### Marketing

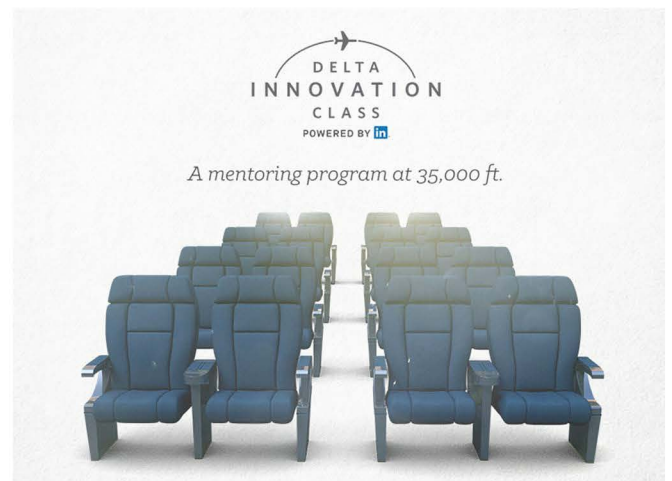
Unilever, Swiss Re, Macy's via respectively Unilever Foundry, Swiss Re Start Up Academy and The Workshop at Macy's.



Source: Workshop at Macy's

##### Mentors

Delta via Delta Innovation Class, Google via Experts and DBS via DBS BusinessClass.

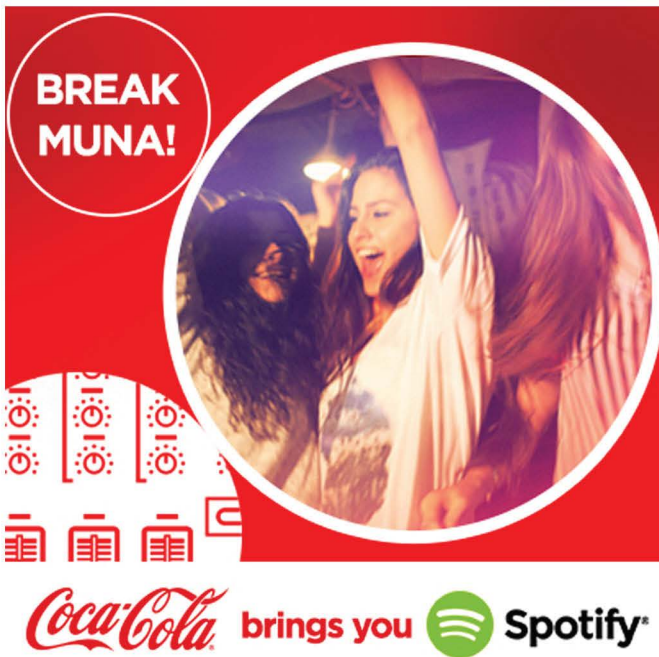


Source: Delta

**PART 2**

**Customer Access**

IBM and Microsoft have programs for customer access, respectively [Meet new clients](#) and [CAP](#) (Customer Access Program). Coca-Cola added Spotify branding to cans, allowing Spotify to reach massive customer base of Coca-Cola. American Airlines through [Innovators](#) shares the stories of startups and small businesses to customers while Turkish Airlines (not a Forbes Global 500) allows startups to [pitch to business class passengers](#) during flights.



Source: Coca-Cola

**Supplier Access**

Orange and BMW (via the accelerator [BMW Start-up Garage](#)) are providing access to their suppliers.

**Distributor Access**

Coca-Cola has more than [24 million customer outlets](#) around the world and has partnerships with the biggest regional and global retailers.

**Community**

Qualcomm (via the [Robotics Accelerator](#)) offers an access to Techstars' network of over 3,000 successful entrepreneurs, investors, mentors, and corporate partners.

**STARTUP PROGRAMS**

This is potentially one of the best ways to work at a very early stage with startups that could be a significant customer tomorrow, especially in industries where the churn rate is quite low. The idea is to help startups grow into significant business with the help of a corporate partner. A startup program is a package which includes support services and product(s) from the corporate for free (fees can be waived for few months or up to several years). For example, [Paypal](#) offers: free transaction volume up to 1.5 million USD (50,000 USD of PayPal fees waived for 18 months).

**STARTUP PROGRAM EXAMPLES**

**Startup Program**

AWS ([Activate](#)), Microsoft ([BizSpark](#)), BNP Paribas ([Offre Starter](#)), Enel ([Enel for Start-ups](#)), Google ([Google for entrepreneurs](#)) and Lloyds Bank ([Business Account for Start-ups](#)).



Source: Microsoft / BizSpark

**CO-WORKING SPACE**

Co-working space is a venue where startups are hosted by large corporations in order to facilitate interactions among them.

**CO-WORKING EXAMPLES**

**Co-Working Space**

America Movil ([Telmex](#)), Credit Agricole ([Le village](#)), Heineken ([Orange Grove](#)) and Bayer ([the Co-Laborator](#)).

## PART 2



Source: Credit Agricole / Le Village



Source: Bayer / The CoLaborator

## ACCELERATORS & INCUBATORS

Accelerators & Incubators provide opportunities for corporations to support a small group of startups during a relatively short period of time (most of the time between three and six months). Typically, corporations offer founding help, space and mentoring in exchange for equity. The first such program was launched 10 years ago by Y Combinator. Corporate accelerators represent a perilous strategy due to high cost and a very small sample of startups to work with.

### ACCELERATOR & INCUBATOR EXAMPLES

Accenture, Telenor, Mastercard, Volkswagen and Samsung have an accelerator, respectively: [Fintech Innovation Lab](#), [dtac Accelerate](#), [Start Path](#), [Volkswagen ERL Technology Accelerator](#) and [Samsung Accelerator](#).



Source: Samsung Accelerator



Source: dtac Accelerate

## SPIN-OFFS

### SPIN-OFF EXAMPLE

Cisco Systems has invested in and then bought several of them such as: [Insieme Networks](#). And IAC to spin-off several identities including [Match.com](#), [Tinder](#) and [OkCupid.com](#).

## INVESTMENT

The main goal of an investment is to own a stake in a fast growing-startup for strategic or financial reasons. A financial investment is often done with the goal of a financial return whereas a strategic investment is done most of the time for a supplier, customer or competitor with the main purpose of integration down the road. A strategic investment could also be done from the perspective of diversification. Such investments can be done through a variety of vehicles including:

## PART 2

### INVESTMENT EXAMPLES

#### Microcredit

Visa (with Kiva) and Itaú Unibanco Holding (Microinvest).

#### Loan

The Deutsche Bank ([Start-Up Fund](#)), Nordea ([Start-up loan](#)), CaixaBank ([MicroBank](#)), Maybank ([New Entrepreneur Fund](#)) and Allied Irish Banks ([Start-up Loan](#)).

#### Debt

DBS Group ([DBS Venture Debt](#)) and [United Overseas Bank](#) (with Temasek).

#### Limited Partner

Caterpillar, Nordea Bank, Bayer, Munich Re, Cisco Systems, Danone and Philips have invested in Venture Capital Fund.

#### Venture Capital Fund

Samsung ([Samsung Ventures](#)), Ping An Insurance Group ([Ping An Ventures](#)), Google ([Google Ventures](#)), BMW Group ([BMW iVentures](#)), Pfizer ([Pfizer Venture Investments](#)), Walt Disney ([Steamboat Ventures](#)), American Express ([American Express Ventures](#)), Saudi Basic Industries ([SABIC Ventures](#)), Caterpillar ([Caterpillar Ventures](#)), Iberdrola ([Iberdrola Ventures](#)), Alibaba (Several funds), Tencent Holdings (Tencent Industry Win-Win Fund), Cathay Financial ([Cathay Ventures](#)), Intel ([Intel Capital](#)), Telstra ([Telstra Ventures](#)), Nippon Telegraph & Tel ([NTT Docomo ventures](#)), Reliance Industries ([GenNext Ventures](#)).

#### Private Equity

Mitsubishi ([Marunouchi Capital](#)) and LVMH ([L Capital](#)) have private equity fund in addition to the Venture Capital Fund.

### MERGERS & ACQUISITIONS

Large cash reserves and opportunities in emerging

markets may drive the deal activity in the next few years. In the past few years, companies like Yahoo and Yello Mobile (not a Forbes Global 500) have been very aggressive in M&A. This category also includes acqui-hires whereby an acquisition is done to acquire the team instead of the product/service.

### M&A EXAMPLES

#### Merger & Acquisition

According to [Pitchbook](#) the top 10 buyers of IT companies since 2010 are: Google, Facebook, Yahoo, Oracle, IBM, Cisco, Twitter, Microsoft, Apple and Salesforce.com.

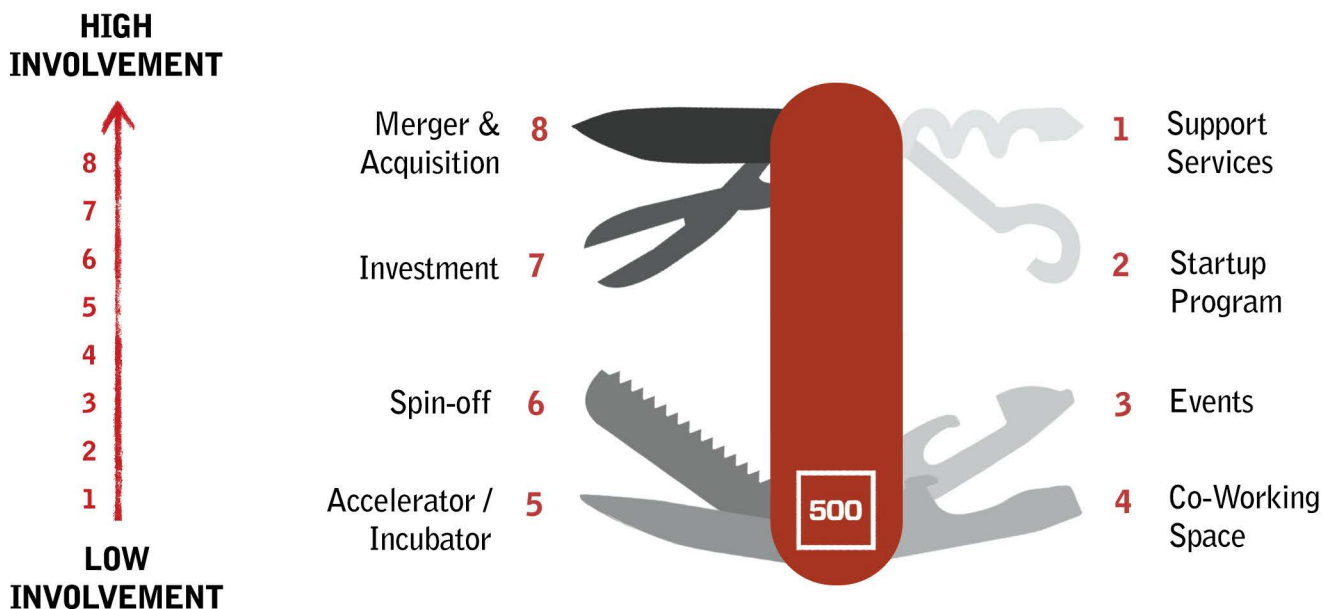
[CB Insights](#) has listed several non tech companies in the top tech acquirers ranking of 2014 which include: Publicis Groupe, Accenture, Walmart, WPP and Canon.

PART 2

## 2. CORPORATE STARTUP ENGAGEMENT FRAMEWORK (WHAT PEOPLE CAN DO)

### a. From Low to High Involvement

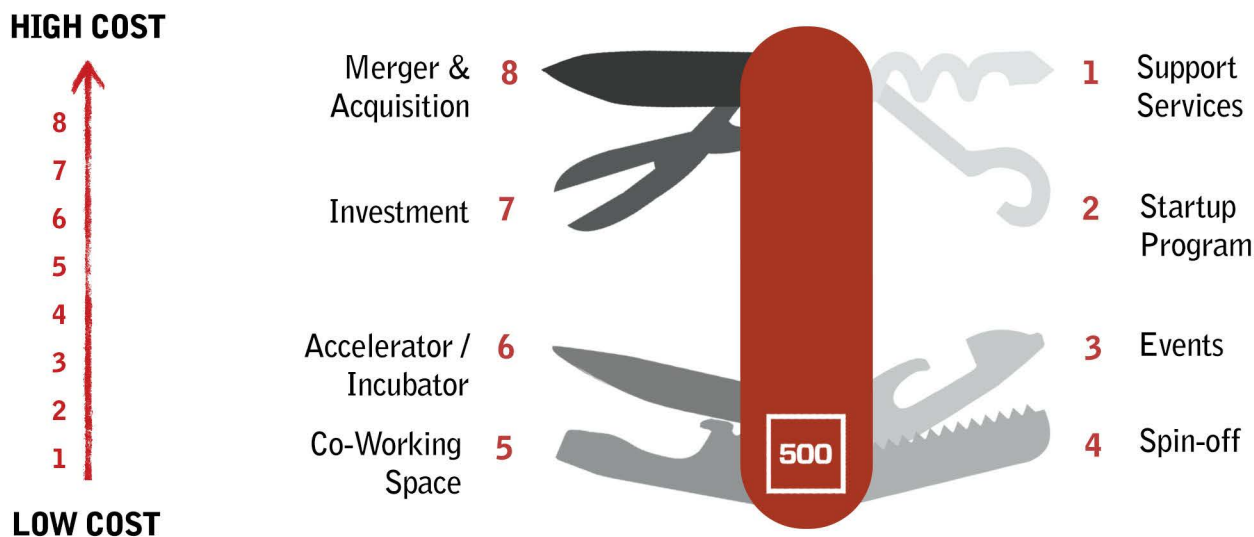
Each way to engage with startups requires a different involvement level in terms of time spent per startup:



Platform companies like Microsoft or AWS that are looking to build an entire ecosystem around them have been offering Support Services and Startup Programs to engage with startups. These bring them a wide reach and deep range of startups at minimum cost.

### b. Low Cost versus High Cost

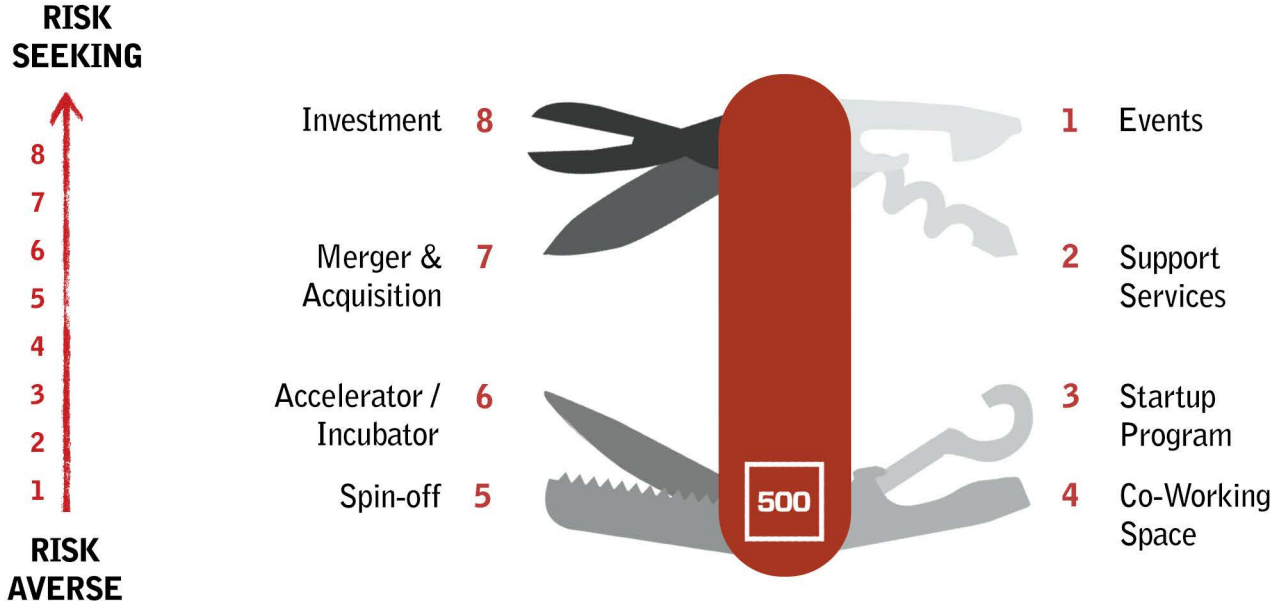
Support services are definitely the more scalable way to engage with startups at very low cost as they leverage existing, and sometimes unused assets.



**PART 2**

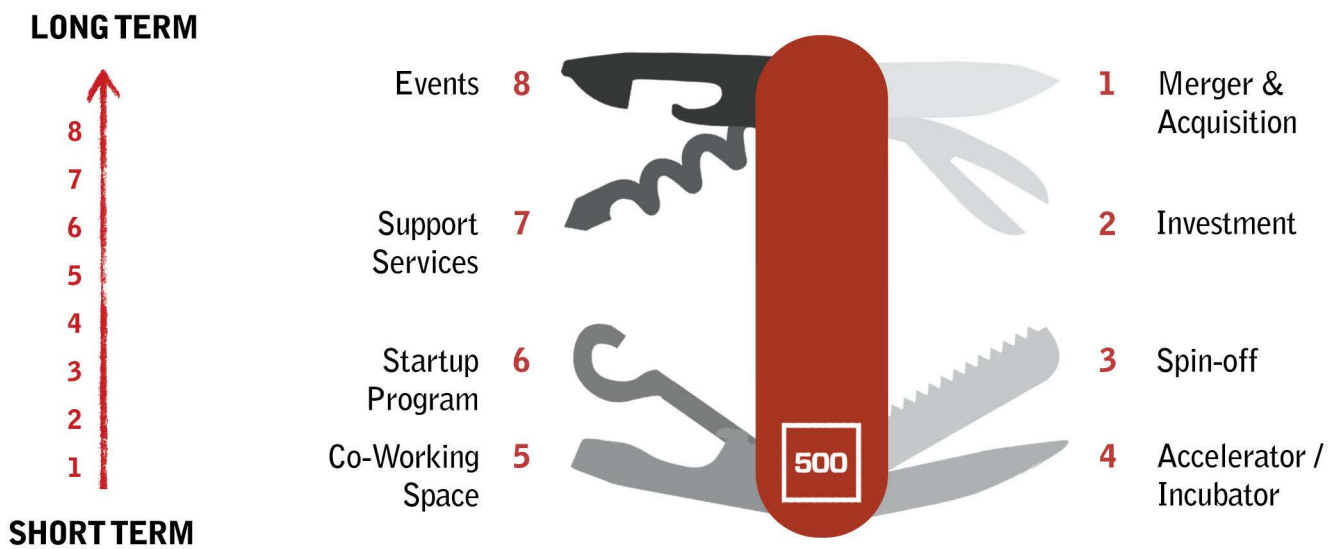
**c. Risk Averse versus Risk Seeking**

Each solutions covers a range of risks which need to match the culture of the corporation and its objectives regarding how it wants to engage with startups and the expected benefits in terms of results.



**b. Short Term versus Long Term Strategy**

Each strategy will require a different time frame to be successful. There is strong correlation between the stage of the startup, the cost of an investment or acquisition, and the time needed to evaluate the return.



# PART 3

WHO is doing  
WHAT and  
HOW?





# 1. CORPORATE PROFILES

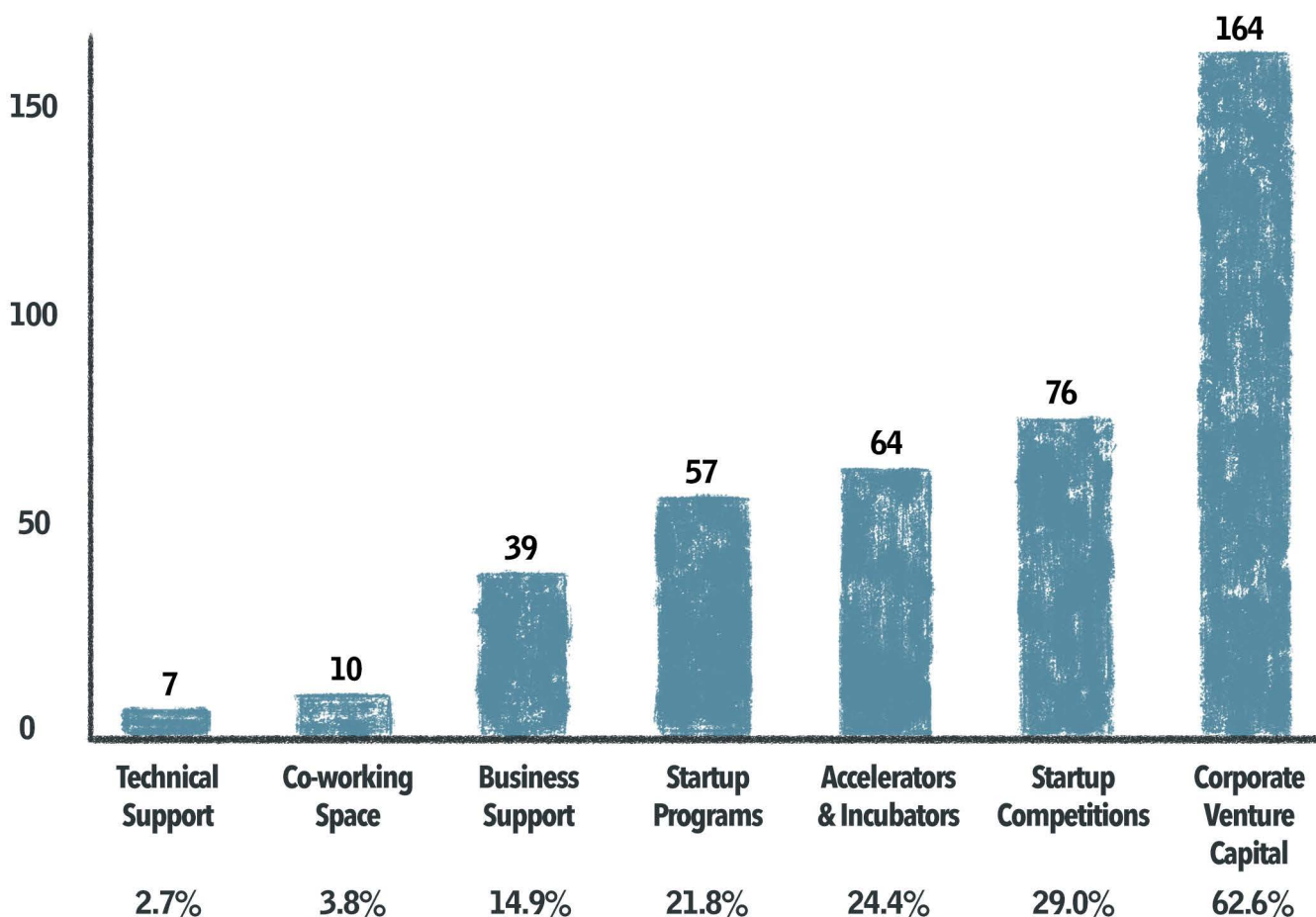
## 1.1 Overview of Forbes Global 500

A majority of the corporations are engaging with startups, 262 companies out of the 500 world's biggest public companies (our research is based on the 500 world's biggest public companies according to the [Forbes Global 2000](#) ranking) are working with startups in one way or another. That's 52.4%.

On average, each corporate working with startups is engaging them through 1.6 different channels. The most common is through Corporate Venture Capital in 62.6% of cases, following by startup competition (29.0%) and setting up accelerators & incubators (24.4%).

For this report we focus our research on seven different channels to engage startups:

- Technical Support
- Business Support
- Startup Programs
- Co-working space
- Accelerators & Incubators
- Startup Competitions
- Corporate Venture Capital



**PART 3**

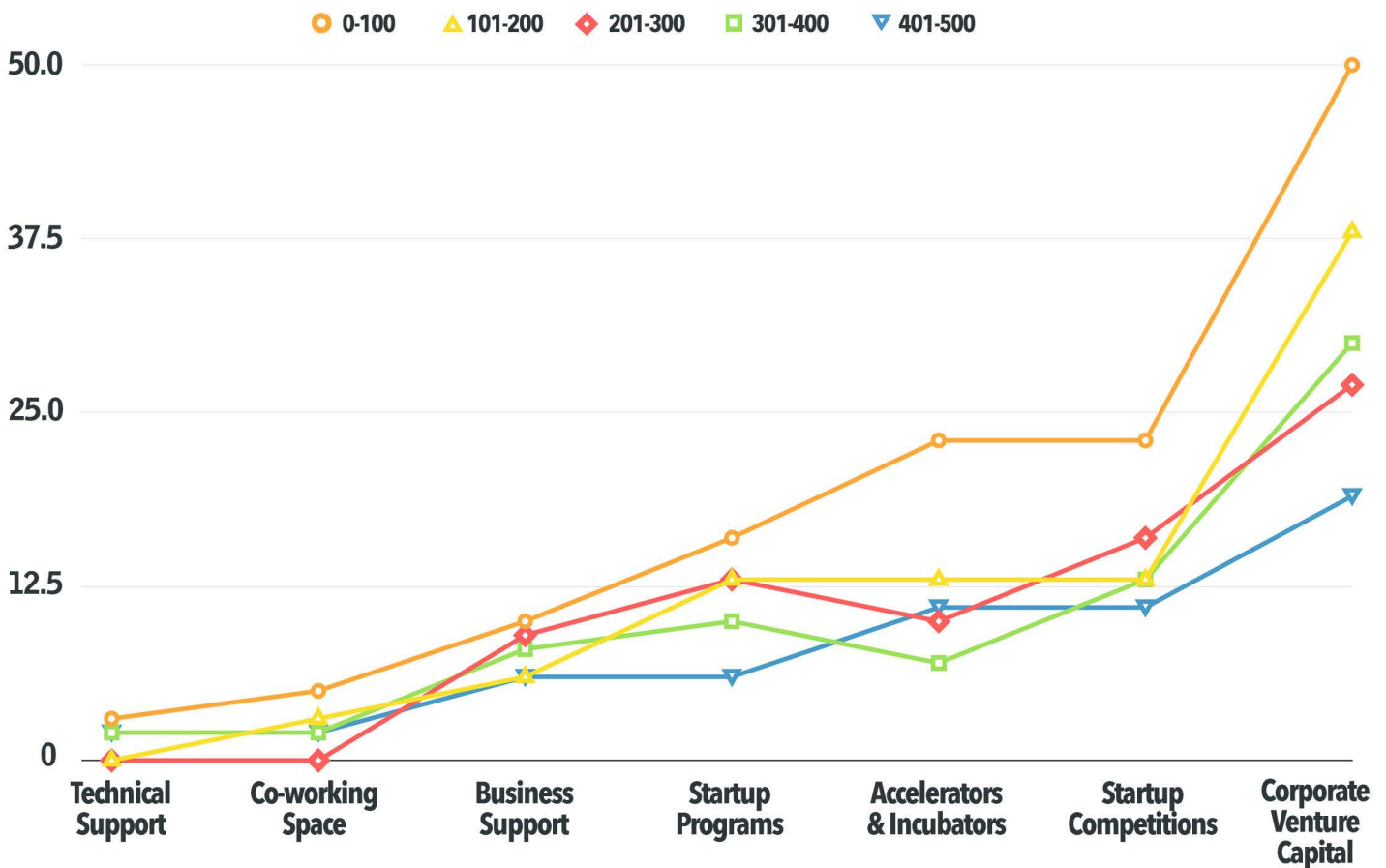
There is a strong correlation between the rank of the corporation and the engagement with startups. Indeed, the first 100 companies are working with startups twice as intensely (68% versus 32%) as the last 100 companies of the Forbes Global 500. There's a gradual decline as ranking decreases.

Corporate Venture Capital is the main channel by which corporations engage with startups. It's used by up to 73.5% for the 68 companies in the top 100 that conduct at least one activity with startups.

RANKING	ENGAGEMENT RATE*
001 - 100	68%
101 - 200	57%
201 - 300	56%
301 - 400	49%
401 - 500	32%

\*Engagement rate: corporations engaging startups through at least one channel

**CORPORATE STARTUP ENGAGEMENT BY CHANNELS AND RANKS**



**PART 3**

**1.2 Overview by Industry**

*If you are interested to learn more about your industry, feel free to reach out directly to us.*

We focus on industries where at least 10 companies are engaging with startups. Some industries are more focused on one channel, such as the corporate venture arm for the pharmaceuticals industry, whereas the telecommunication services industry has been using a wide range of channels to engage with startups.

Hereunder the top 5:

- 94.1% **Pharmaceuticals**  
16 out of 17
- 85.2% **Telecommunications Services**  
23 out of 27
- 68.8% **Regional Banks**  
33 out of 48
- 64.5% **Major Banks**  
20 out of 31
- 58.8% **Diversified Insurance**  
10 out of 17



**PHARMACEUTICALS**

17 companies and 8 countries represented in Forbes Global 500 (8 of them are from the USA).

*5 examples of companies engaging with startups: Eli Lilly & co, Novo Nordisk, Pfizer, Roche Holding and Novartis.*

Most of the pharmaceutical companies are engaging startups through corporate venture capital, 13 out of 17 have a venture arm. Four of them, Eli Lilly & co, Roche Holding, GlaxoSmithKline and Novo Nordisk, have several funds. Only two are offering startup competitions and one uses accelerators & incubators.



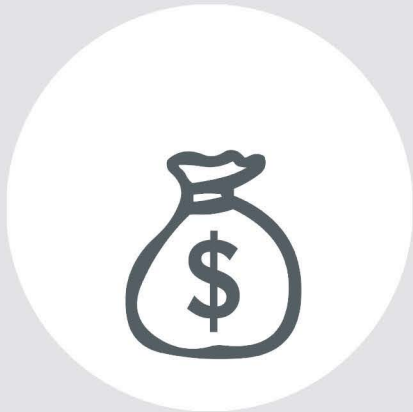
**TELECOMMUNICATIONS SERVICES**

27 companies and 19 countries represented in the Forbes Global 500.

*5 examples of companies engaging with startups: Softbank, SK Telekom, NTM Group, Telefonica, Telenor.*

A clear majority of these (19 out of 23) have a corporate venture arm and almost half of them (11) have an accelerators & incubators while 7 have organized startup competitions. Telecommunications companies are reaching out on average to startups via 2 different channels.

**PART 3**



**REGIONAL BANKS**

48 companies and 24 countries represented in Forbes Global 500 (11 of them are from China).

*5 examples of companies engaging with startups: Mitsubishi UFJ Financial, Itaú Unibanco Holding, UBS, BBVA-Banco Bilbao Vizcaya, State Bank of India.*

Startup programs are the most widely used way for regional banks to engage with startups, (19 out of 48), followed by corporate venture capital and startup competitions for 12 of them.



**MAJOR BANKS**

31 companies and 11 countries represented in the Forbes Global 500 (8 of them are from the USA).

*5 examples of companies engaging with startups: JPMorgan Chase, Wells Fargo, HSBC Holdings, Citigroup, Bank of America.*

Corporate venture capital and startup competitions are the two favorites ways to work with startups for 10 out of 20 major banks, followed by accelerators & incubators for 8 of them.



**DIVERSIFIED INSURANCE**

17 companies and 9 countries represented in Forbes Global 500.

*5 examples of companies engaging with startups: Allianz, AXA Group, Ping An Insurance Group, MetLife, Munich Re.*

Corporate venture arms is the channel used by 10 out of 17, followed by startup competitions (4 out of 17), and Startup Programs for 3 of them.

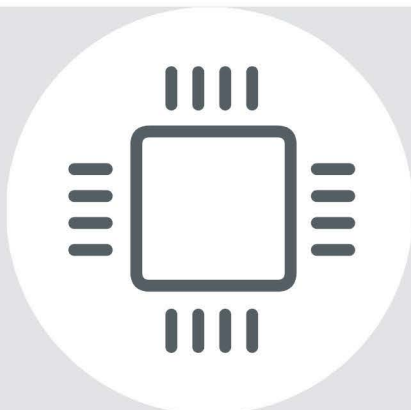
## PART 3

## Three other interesting industries:

100% **Semiconductors**  
7 out of 7

100% **Computer services**  
7 out of 7

87.5% **Beverages**  
7 out of 8



### SEMICONDUCTORS

7 companies and 4 countries represented in the Forbes Global 500 (4 of them are from the USA).

*5 examples of companies engaging with startups: Samsung Electronics, Intel, Qualcomm, Taiwan Semiconductor and SK Hynix.*

All of them have a corporate venture arm, 3 of them have accelerators & incubators and two are organizing startup competitions. Semiconductors companies are using 1.86 different channels to reach out to startups.



### COMPUTER SERVICES

7 companies and 4 countries represented in the Forbes Global 500 (4 of them are from the USA).

*5 examples of companies engaging with startups: Google, IBM, Facebook, Tencent Holdings and Yahoo.*

An investment arm is the favorite channel used by four corporations, followed by Startup Programs and startup competitions. both used by 3 corporations. The most interesting fact about this industry, despite a very small sample, is its very strong engagement, with the usage of 2.4 channels on average by each corporation.



### BEVERAGE

8 companies and 6 countries represented in the Forbes Global 500.

*5 examples of companies engaging with startups: Anheuser-Busch InBev, Coca-Cola, PepsiCo, SABMiller and Diageo.*

One of the rare industries to use mostly accelerators & incubators with 3 corporations doing so, followed by startup competitions, Startup Programs and business support with 2 corporations respectively. Obviously, the small sample for this industry does not allow us to make reliable conclusions.

**PART 3**

**1.2 Overview by Country**

*If you are interested to learn more about your country, feel free to reach out directly to us.*

We focus on countries where at least 10 corporations are engaging with startups. France is the country where almost every corporation on the Forbes Global 500 is engaging with startups, using on average 1.7 different channels to do it.

The top 5 countries are mostly European:

- 92.0% **France**  
23 out of 25
- 71.4% **Germany**  
15 out of 21
- 71.4% **Switzerland**  
10 out of 14
- 56.8% **Japan**  
25 out of 44
- 53.3% **United Kingdom**  
16 out of 30



**FRANCE**

25 companies and 19 industries represented in the Forbes Global 500.

*5 examples of companies engaging with startups: Orange, EADS, Credit Agricole, Renault, BNP Paribas.*

Almost every company in France has a program to engage with startups. The most popular ways to do so are through startup competitions (13), corporate venture capital (12) and incubators & accelerators (10). Except for the technical support, French companies are using all the other possibilities, utilizing 1.7 channels per corporate to engage with startups.



**GERMANY**

21 companies and 12 industries represented in Forbes Global 500.

*5 examples of companies engaging with startups: Volkswagen Group, SAP, Allianz, Siemens, Deutsche Telekom.*

Corporate venture capital is clearly the favorite option with 12 corporations, Incubators & Accelerators are used by six corporations whereas startups competitions and startups programs are used by two. German companies do not offer any technical or business support to engage with startups.

**PART 3**



**SWITZERLAND**

14 companies and 12 industries represented in the Forbes Global 500.

*5 examples of companies engaging with startups: Nestlé, UBS, ABB, Syngenta, Swisscom.*

Startup competitions and corporate venture capital with five corporations are the most used solutions to engage with startups, followed by Startup Programs offered by four corporations.



**JAPAN**

44 companies and 23 industries represented in the Forbes Global 500.

*5 examples of companies engaging with startups: Nippon Telegraph & Tel, Softbank, Nissan Motor, KDDI, Seven & I Holdings.*

Corporate venture capital is almost exclusively used, by 21 corporations, followed by incubators & accelerators with three corporations, and only one corporation using technical support, business support or co-working space. This is one of the reasons that explains why corporate venture capital participation in Japan is very important. Even 7 eleven (Seven & I Holdings) has a venture capital arm called 7-Ventures.



**UNITED KINGDOM**

30 companies and 19 industries represented in the Forbes Global 500.

*5 examples of companies engaging with startups: Vodafone, Standard Chartered, SABMiller, Diageo, WPP.*

Venture capital is used by seven corporations while business support is used by six of them and five use accelerators & incubators.

### PART 3

#### Two other interesting countries:

45.5% **USA**  
80 out of 176

23.8% **China**  
11 out of 47



**USA**



**China**

176 companies and 55 industries represented in the Forbes Global 500.

*5 examples of companies engaging with startups: Johnson & Johnson, Procter & Gamble, Google, Boeing, Dow Chemical.*

Despite the biggest cohort of companies, the percentage of corporations engaging with startups is below the average (52.4%) for the USA. The most used channel is the corporate venture capital for 53 companies, followed by startup competitions and accelerators & incubators with 26 and 16 companies respectively.

47 companies and 20 industries represented in the Forbes Global 500.

*5 examples of companies engaging with startups: Ping An Insurance Group, SAIC Motor, Alibaba, Tencent Holdings, Lenovo Group.*

Only 11 companies in China are working with startups, most through corporate venture capital with seven of them, followed by Startup Programs for four of them, and startup competitions for one. We acknowledge that our research is in English, while most of the content in China must be available in Chinese.



## PART 3

### 1.4 Overview by Engagements

*If you are interested to learn more about your industry, feel free to reach out directly to us.*

#### 1.4.1 - Technical Support:

##### With employees

Amazon, with the [AWS Pop-up Lofts](#) in the USA, is offering technical support without an appointment, as well as a technical workshop and one-day hackathon.

IBM is providing face to face [technical enablement and support](#) via office hours. They are also offering training sessions in over 40 centers worldwide.

##### With experts

Google has built a platform to unite over 250 [experts](#), from Technology to Marketing as well as UX/UI and Product Strategy.

#### 1.4.2 - Coworking Spaces:

Each company from the Forbes Global 500 that offers a coworking space is also engaging startups via several other channels. For example, all of them have a venture arm and two have an accelerator (Barclays and Microsoft).

##### Offices and laboratory equipment

Johnson & Johnson offers to host startups from diverse healthcare sectors including biotech, pharmaceuticals, medical devices, instrumentation and diagnostics in one of the four facilities (Bay Area, Boston, Houston and San Diego). Through [JLABS](#) they offer more than an office by providing access to a laboratory with a full range of equipment. Bayer with the [CoLaborator](#) is offering similar support to emerging life science companies.

##### Partnership

Singtel via Innov8 and a partnership with the National University of Singapore (NUS) Enterprise and Infocomm Investments have opened a [coworking space](#) in San Francisco to build a bridge between Singapore and the US technology ecosystems.

##### Real estate companies are also offering spaces

Mitsubishi Estate is also offering a coworking space in Japan via [EGG JAPAN](#). In addition to the space they provide a range of services: business development support, market development, financing, support matching and intellectual property strategy. They are also offering market entry support for overseas companies.

Swire Properties (not a Forbes Global 500) via blueprint in Hong Kong is providing a [coworking space](#) and also has an [accelerator](#).

##### A network of facilities with partners and with new spaces

Google offers a network of spaces via several [campuses](#) in six locations: Brazil, Israel, Poland, South Korea, Spain, United Kingdom. Each campus is offering a range of services: Co-working space, event space, device lab, classroom, accelerator, cafe. Google also provides financial support and resources to several co-working spaces such as [Fishburners](#) in Australia, The [Nest I/O](#) in Pakistan or [Numa](#) in France.

##### A network of facilities by leveraging existing infrastructure

Microsoft, via their [Microsoft Innovation Centers](#) leverages an international network to provide a space for startups in 33 countries (green dots): Armenia, Australia, Botswana, Brazil, Czech Republic, Belgium, China, Chile, Croatia, Cyprus, Greece, India, Indonesia, Japan, Jordan, Malta, Mexico,

## PART 3

Nepal, Pakistan, Poland, Romania, Russia, Spain, Switzerland, Tanzania, Thailand, Trinidad and Tobago, Tunisia, Turkey, USA, Vietnam, Singapore, and Slovenia.



Source: Microsoft

### 1.4.3 Business Support

This category includes marketing support, sales support, finance support or consulting. It's a great way for employees with high-level expertise to mentor startups and to open their networks.

#### Online content:

Royal Dutch Shell, HSBC Holdings, HP and RBS are offering online resources to support startups, respectively: [Business Library](#), [SMElearning](#), [HP LIFE Learning](#) initiative for entrepreneurs, [The Business Start-Up Course](#).

#### Mentoring by mentors:

Google and DBS group have built a platform to allow entrepreneurs to meet mentors, on [Google Experts](#) and [DBS BusinessClass](#) respectively.

#### Mentoring by employees:

Unilever, LVMH (Christian Dior) and Woolworths are offering programs for startups to be mentored by their employees, respectively: [The Unilever](#)

[Foundry](#), [Wstart](#) and [LVMH Rise](#) (a program for social entrepreneur).

### Targeting a specific demographic

Goldman Sachs Foundation, Duke Energy, Diageo and Posco have program to support women entrepreneurs, respectively [10,000 Women](#), [Emprendedoras del Sur](#) (Women Entrepreneurs of the South), [Plan W](#) and [Startup Support for Women from Multicultural Families](#). Diageo has a partnership with Udyogini and Posco with SESNET. Several other companies like Macy's, Garanti Bank and Aon are also targeting women and/or minorities with their respective programs: [The Workshop at Macy's](#), [Women Entrepreneur Support Package](#), [Entrepreneurs in Residence](#).

Empowering youth is another demographic targeted by corporations like NCB with the [Alahli entrepreneurs program](#). MasterCard is one of the partners of Network for Teaching Entrepreneurship (NFTE) with a goal to teach entrepreneurial skills to young people in at-risk communities.

### Partnership or sponsorship

Bank of America has a partnership with Vital Voices to develop the [Global Ambassadors Program](#) to empower emerging women leaders. BNP Paribas has sponsored a [program for 24 women leading international fast-growing businesses](#) in Europe, Asia and the USA to attend a program at Stanford Graduate School of Business.

### 1.4.4 Startup Program:

One of the oldest startup programs was launched by Microsoft France in 2005, under the name IDEES, and expanded worldwide under the [BizSpark](#) program in 2008.

Google, AWS (Amazon), IBM, SEB, Swisscom and

## PART 3

Banco do Brasil are offering the following startup programs, respectively, [Google for Entrepreneurs](#), [Activate](#), [IBM Global Entrepreneur Program](#), [Startup Package for new business](#), [Our Plus Package](#) and [Empreendedor Individual](#).

### Targeting a specific demographic

Itaú Unibanco Holding and Garanti Bank are targeting women through their respective entrepreneur programs. Maybank with the [New Entrepreneur Fund](#) is offering startup loan to wholly-owned Bumiputra (Malay ethnic group) enterprises.

### 1.4.5 Accelerators

#### Intrapreneurs and Entrepreneurs

An interesting model has been launched by Airbus Group with [BizLab](#), where entrepreneurs and intrapreneurs (employees) are working under the same roof. Mixing intrapreneurs with entrepreneurs is one way to have an impact on culture and to generate more internal innovations and spin-offs.

#### A pan-international network of accelerators

Telecommunications companies like Deutsche Telekom, Orange, Telefónica and Telstra are building pan-international networks of accelerators across the world. [Wayra](#) from Telefónica is offering the accelerator program in 11 countries, mostly hispanophone: Argentina, Brasil, Chile, Colombia, México, Perú, Venezuela, Germany, Ireland, Spain and United Kingdom. Telefonica is offering services for startups in China via [Open Future Partners](#) (China Unicom and Tsinghua Holdings Technology and Innovation). [Orange Fab](#) from Orange with 8 locations (France, Israel, Ivory Coast, Japan, Poland, South Korea, Taiwan, USA) has a partnership with [Hub:raum](#) from Deutsche Telekom with three locations (Germany, Poland and Israel) so as to be more attractive by offering an international network.

This trend is not exclusive to telecommunications companies, Microsoft and Coca-Cola are also offering accelerator programs in several countries. Seven countries for [Microsoft Ventures Accelerators](#): China, France, Germany, India, Israel, United Kingdom and USA. And 11 countries for [Coca-Cola Founders](#): Argentina, Australia, Brazil, China, Germany, Israel, Mexico, Singapore, United Kingdom, USA.

#### Partnership between companies for an accelerator

Intel, Cisco and Deutsche Telekom have teamed up to build an internet of things accelerator: [ChallengeUp IOT](#). As for corporate venture capital, vertical integration is a great alternative to split the cost and to provide more value to the startups.

#### Corporate accelerator run by a third party

Corporations are working with third parties like accelerators for turnkey solutions that include: curriculum, staffing, physical space, recruitment of startups, mentors and investors.

In the USA, two of the most active providers are [Plug & Play](#) which runs accelerator programs for: Volkswagen, Citi Group, (including non Forbes Global 500: Axel Springer, Singapore Press Holding, PwC). And [Techstars](#) with Microsoft, Walt Disney, Qualcomm, Barclays, Nike, (including non Forbes Global 500: Metro Group, Interpublic Group, Kaplan, Sprint, R/GA).

In France, [Paris&Co](#) Incubateurs runs accelerators for Air Liquide, Axa Group, GDF SUEZ, Renault, (including non Forbes Global 500: Alcatel Lucent, Amaury, COVEA, Diam International, Groupe SOS, JC Devaux, and SNCF). A second structure called [Institut Open Innovation](#) runs accelerators for Société Générale, Axa Group (including non Forbes Global 500: Signature, Groupe Up and Altran).

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In Hong Kong, Nest powers the accelerators of In-finity (Nissan Group), AIA Group and DBS Group.

Other providers of solutions include Microsoft Ven-tures (Reliance Industries), and Nestholma (Nordea Bank) and for non Forbes Global 500: Kyron (L Brands) and Frost Data Capital (Symantec).

#### 1.4.6 - Startup Competitions

##### Targeting a demographic

Chevron, RBC, L'Oréal Group, Bouygues Telecom and the Garanti Bank are targeting women with re-spectively the Chevron Award, the RBC Canadian Women Entrepreneur Awards, the L'Oréal USA's Women in Digital program, Woman Digital Entre-preneur awards ceremony and Turkey's Woman En-trepreneur Competition.

China Mobile, Microsoft, Unilever, Danone and Bank Mandiri are targeting youth with the Youth Entrepreneur and Career Project, Imagine Cup, The Unilever Sustainable Living Young Entrepreneurs Awards, Danone Young Social Entrepreneur 2015 and Mandiri Young Entrepreneur (WMM) and Mandiri Young Technopreneur (MYT).

##### Partnership

##### **Among corporations, government and associa-tions**

General Electric, The NFL, NIST and Under Armour have joined forces to launch the Head Health Challenges which includes three challenges:

##### Challenge 1:

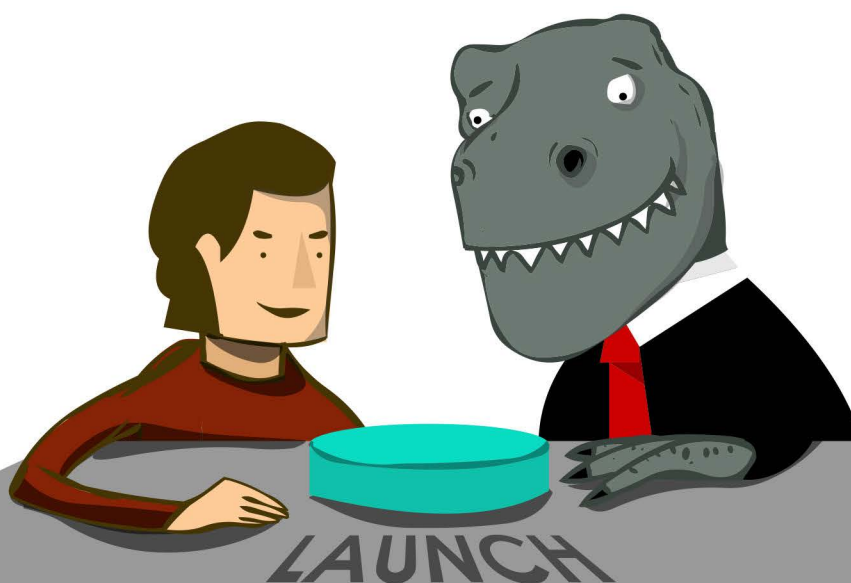
Methods for Diagnosis and Prognosis of Mild Trau-matic Brain Injuries (collaboration between the NFL and GE)

##### Challenge 2:

Innovative Approaches For Preventing and Identi-fying Brain Injuries (collaboration among the NFL, Under Armour and GE)

##### Challenge 3:

Advanced Materials for Impact Mitigation (collab-oration among the NFL, Under Armour, GE and NIST)



## PART 3

### Among corporations, Business Schools and associations

Cartier (Richemont) has launched the [Cartier Women's Initiative Awards](#) in partnership with the Women's Forum, McKinsey & Company and INSEAD Business School.

### Via Partnership with third parties

Google via Google for Entrepreneurs powered [Startup Weekend](#), a 54-hour event to launch start-ups. Microsoft through Microsoft Ventures is one of the main partners of the [Lean Startup Machine](#), one of the leading startup workshops.

### 1.4.7 - Corporate Venture Capital

Corporate Venture Capital (CVC) is the investment arm of a corporate to invest in startups. One of the oldest and most visible CVCs was launched in 1991 by Intel named [Intel Capital](#). Since then, more than 11.6B USD has been invested in over 1,447 companies in 57 countries.

The main CVC investments can be divided in two categories: strategic investment or financial investment. For example BASF prefers to do strategic investments by investing in startups which could deliver innovations to existing activities of BASF. Financial investments are done with the focus on financial returns.

### Partnership between companies to set up a fund

Multi-corporate venture capital firms are splitting the cost, and leveraging the sector expertises and networks of each corporation.

### Horizontal integration

[Energy Technology Ventures](#) is the joint venture of GE Capital, NRG Energy and ConocoPhillips.

[Aster Capital](#) has four sponsors Alstom, Schneider Electric, Solvay and the European Investment Fund. The group is a mix of corporations and an European Union Agency.

[Transamerica Ventures](#) is the corporate venture capital firm of Aegon and Transamerica, two of the world's top insurance, pension and asset management companies.

### Vertical Integration

[Iris Capital](#) is the joint venture between Orange, a telecommunications company, and Publicis, an advertising company.

[Ecomobility Ventures](#) has five partners from the public railway company, oil and gas as well as telecommunications, chemicals and Auto & Truck Parts: SNCF, Total, Orange, Air Liquide and Michelin.

### Conglomerates

Conglomerates like Samsung and Mitsubishi are leveraging the different identities of the mothership to involve them as a limited partner in a corporate venture capital fund:

Shareholders in [Samsung ventures](#) are exclusively Samsung subsidiaries:

- Samsung Electronics,
- Samsung SDI,
- Samsung Electro-Mechanics,
- Samsung Heavy Industries,
- Samsung Techwin,
- Samsung Securities.

Major shareholders of [Mitsubishi UFJ Capital Co., Ltd.](#) are a mix between subsidiaries of Mitsubishi and other corporations:

- Asahi Glass Company, Ltd.,
- Bank of Tokyo-Mitsubishi UFJ,
- Cedyne Financial Corporation,

## PART 3

- JX Holdings, Inc.,
- Kirin Holdings Company, Limited,
- Meiji Yasuda Life Insurance Company,
- Mitsubishi Chemical Corporation,
- Mitsubishi Corporation,
- Mitsubishi Electric Corporation,
- Mitsubishi Estate Company, Ltd.,
- Mitsubishi Gas Chemical Company, Inc.,
- Mitsubishi Heavy Industries, Ltd.,
- Mitsubishi Logistics Corporation
- Mitsubishi Materials Corporation,
- Mitsubishi UFJ Lease & Finance Company, Ltd.,
- Mitsubishi UFJ Securities Holdings Co.,Ltd.,
- Mitsubishi UFJ Trust and Banking Corporation,
- Nikon Corporation,
- SMBC Nikko Securities Inc.,
- The Mitsubishi UFJ Factors Limited, Sanshin Company, Ltd.,
- Tokio Marine & Nichido Fire Insurance Company, Ltd.

### Fund managed by a third party

Electranova Capital is independently managed by Idinvest Partners, a European mid-market private equity manager. Allianz Group and BpiFrance are the financial sponsors alongside EDF.

The fund manager of STC Ventures, the venture arm of Saudi Telecom Company, is Iris Capital Management.

### Joint venture with a third party

Ooredoo, Millicom International Cellular and MTN have formed a partnership with Rocket Internet:

- Asia Internet Holding is a joint venture between Rocket Internet and Ooredoo to build and fund e-commerce companies in Asia,
- Africa Internet Holding is a joint venture between Rocket Internet, MTN and Millicom

- International Cellular to develop startups in Africa,
- Middle East Internet Holding is a joint venture between Rocket Internet and MTN for the Middle East.

### Several funds

Multinationals typically need to cover multiple regions, several industries and different stages of investment. Based on this, we can observe several models, as mentioned hereunder.

### **Mix between own fund and partnering with other corporations**

General Electric, has 2 funds:

- GE Ventures, investing in the best ideas within Software, Healthcare, Energy and Advanced Manufacturing.
- Energy Technology Ventures, a joint venture between General Electric, NRG Energy and ConocoPhillips to invest in energy technology companies.

Alibaba has 3 funds:

- A fund to invest in the Taiwanese startup ecosystem,
- Alibaba Hong Kong Young Entrepreneurs Foundation called the Foundation to invest in Hong Kong,
- SAIC and Alibaba joint venture to invest in connected cars.

Total, has 2 funds:

- Total Energy Ventures to invest in renewable and alternative energies, oil and gas, energy efficiency, energy storage, waste recycling and recovery, greenhouse gas reduction, industrial water treatment and sustainable transportation.
- Ecomobility Ventures, a joint venture between Total, Orange, Air Liquide, SNCF and Michelin to invest in sustainable mobility.

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### Covering different regions via different funds

Softbank, has 2 funds:

- Softbank Capital has been closed recently to focus on later stage investments,
- [Softbank Ventures Korea](#) to invest in South Korea,
- [SoftBank China & India Holdings](#) to invest in China and India, a fund with a focus on Indonesia (SB ISAT Fund), and one fund with a focus on Philippines (Kaikaku fund).

### Covering from early stage to late stage

Novo, has 4 funds:

- [Exploratory pre-seed program](#), a stimulus fund established to accelerate commercialization of biomedical research findings and development of novel technologies within the life sciences,
- [Novo Seed](#), to invest in early-stage life science companies,
- [Novo Ventures](#), to do follow-up investments of Novo Seed portfolio companies and to invest in new companies,
- [Novo Large Investments](#), late-stage investment activities are targeted at well-established life science companies that have positive cash flow, strongly positioned products and attractive prospects.

Tata, has 5 funds:

- [Tata Capital Innovations Fund](#), seeks to invest in early/growth stage companies. Deal sizes USD 4-10 million,
- [Tata Capital Special Situations Fund - Trust](#), invests in medium size companies. Deal sizes more than USD 10 million,
- [Tata Capital Growth Fund](#), focuses on growth and expansion stages. Deal sizes USD 15-25 million,
- [Tata Opportunities Fund](#), a stage and sector agnostic fund. Deals size USD 50-200 million,
- [Tata Capital Healthcare Fund](#), focuses on

Healthcare and Life Sciences. Deal sizes USD 5-12 million.

### Targeting a specific demographic

Intel Capital has launched [Intel Capital Diversity Fund](#) to invest in women and minority tech entrepreneurship.

## 2. SPOTLIGHT - HOW DO CORPORATIONS ENGAGE WITH STARTUPS?

### 2.1 Technology Spotlight (*Microsoft*)

Created in:	1975
Headcount:	117,354
Net Income:	12.19B USD
Headquarters:	USA
Net Revenue:	93.58B USD
R&D investment:	12.5B USD

As one of the original technology platform companies, Microsoft's success is tied to their partners and ISVs (Independent Software Vendors) that build software leveraging Microsoft's technology. This is why it's strategic for them to build a third-party application ecosystem by engaging with students, developers and startups. To work with this broad community, Microsoft has a dedicated division called Developer Experience (DX) which numbers more than 1,500 people worldwide.

Given this scope, Microsoft has particular challenges when engaging with startups. The company needs to engage a large audience of startups with a wide spectrum of needs from diverse ecosystems. Startup in Palo Alto vs. Estonia vs. China do not have the same needs. Similar to a SaaS company vs. an analytics company vs. a mobile app company.

To engage with the ecosystem, in 2005 Microsoft has launched one of the first Startup Programs in France under the name IDEES and expanded worldwide under the BizSpark program in November 2008.

Today, Microsoft has a comprehensive set of global programs designed to engage with developers at every stage of their evolution - from student, to startup, to ISV:

#### 1. ENGAGING WITH STUDENTS:

**Imagine Access** provides free software including developer and designer tools for students and academic institutions.

**Imagine Cup** is a global student technology competition for students between the ages 6 and 18 which was launched in 2003 and which registers participation of 375,000 students per year.



Source: Microsoft / Imagine Cup

#### 2. ENGAGING WITH DEVELOPERS IN EMERGING MARKETS:

**Microsoft Innovation Centers (MIC)** act as co-working spaces by providing a venue and resources such as skills training, mentoring and Microsoft tools. 118 venues in 33 countries hosting entrepreneurs, including 46 MICs in India, 12 in Brazil, and seven in Russia whereas Microsoft has only one MIC in the USA.

**BizSpark** is a three-year startup program run by



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Microsoft. To be eligible, a startup (a new technology company or an independent software vendor) must be in business for less than five years and with less than 1M USD in annual revenue. The key benefits of the programs are: 1) an access to free software and tools such as Visual Studio, Office 365 or Azure cloud services (USD 750 per month of free credit), 2) a community of startups and technical advisors, 3) support from Microsoft and BizSpark Network Partners. On top of the BizSpark program, Microsoft has launched BizSpark Plus, which offers up to 120,000 USD of Azure credits to qualified startups involved with over 200 of the world's top accelerators. Since the inception of BizSpark, more than 100,000 startups have become part of the program and 41,186 of them in 151 countries are currently listed by Microsoft. The majority of them are based in six countries, USA (12,444), United Kingdom (2,284), India (1,880), Brazil (1,823), Russia (1,482) and Australia (1,473).

Customers Access Program is designed to give high-potential startups access to Microsoft's top global accounts. Through the program, startups are able to take advantage of Microsoft's relationship with Fortune 100 companies.

Microsoft Ventures Accelerators is a network of Microsoft-run accelerators located in seven startup ecosystem globally (Bangalore, Beijing, Berlin, London, Paris, Seattle, Tel Aviv). Offering a 3-6 month program. They have graduated 410 startups to date with 79% receiving follow-on funding at a collective average of 3.7M USD a year after graduation. 24 startups have been acquired to date, including one by Microsoft.



Source: Microsoft

Microsoft Ventures Accelerator in Seattle is powered by Techstars. In India, Microsoft ventures is powering an accelerator for Reliance Industries (Oil & Gas Operations).

Microsoft Ventures Alumni Program is a program for the alumni of the accelerators which allows the retention of resources, networks and prospects.

### 3. ENGAGING VIA SPONSORSHIP

Sponsorships is another way leveraged by Microsoft to engage with startups, to name just a few sponsored activities: Lean Startup Machine (Venue Sponsor), Events like the Web Summit, Accelerators & Incubators (Y Combinator, Techstars, Founder Institute). For example, Microsoft has an exclusive partnership with Y Combinator to offer 500,000 USD of Azure hosting credit.

### 4. ENGAGING THE AFRICAN ECOSYSTEM:

Microsoft 4afrika has three pillars: world-class training to help Africans develop skills for entrepreneurship via initiatives like Afrika Academy; access to technology like cloud services and smart devices and innovation by Africans for Africa. Last but not least, Microsoft is planning to launch a portal to empower North African women.

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2.2 Telecom Spotlight (*Orange*)

Created in:	1988
Headcount:	156,000
Net Income:	1.06B USD
Headquarters:	France
Net Revenue:	44.94B USD
R&D investment:	0.84B USD

Orange, one of the largest telecom operator, is actively engaging with startups to develop innovative solutions quickly, close to the needs of the customers and in real time.

Today, the main challenge for Orange is the weakening of the economic model by the over-the-top services (OTT), the decline of the average revenue per user (ARPU) and the new competitors like GAFAM (Google, Apple, Facebook, Amazon) which are entering the market by offering connectivity via balloon-powered internet access (Google) or via solar-powered Internet drones (Facebook).

By engaging with startups as early as possible, Orange gains time to detect tomorrow's trends, to inoculate these innovations and practices into the DNA of Orange. Two of the main success stories have been through the participation in a music platform Deezer where it is a minority shareholder, and owning 100% of Dailymotion, a video platform. A music platform such as Deezer with the premium service is one of the tools used by telecom companies to reduce the churn rate and to increase the ARPU.

## 1. ENGAGING THE STUDENTS COMMUNITY

**Orange Tunisia Developers' Program** supports young talents who develop their own mobile applications. Three years after the launch, 2,800 students have been trained and 50 applications have been created.

**The Humanitech challenge** is a competition for students in the humanitarian and digital sectors.

## 2. ENGAGING WITH STARTUPS

Startups like Smiirl and Prizm have been supported by Orange with an access to suppliers which is strategically important for hardware startups.

**Orange Fab** is the accelerator program of Orange, hosting between 4 and 7 startups per country and per batch, with eight locations, USA (2013), France (2013), Poland (2014), Tokyo (2014), Taipei (2014), Israel (2014), Jordan (2015) (partnership with Oasis 500) and Ivory Coast (2014). Since its inception, 105 startups have received during three months, support, space and in some countries investments from Orange. Moreover, Orange Fab is offering an international network strengthened by a partnership with Deutsche Telekom (hub:raum), Telefónica (Telefónica Open Future) and Singtel (Singtel Innov8) to bridge ecosystems across Europe, Latin America, Southeast Asia and the Middle East.



Source: Orange Fab

**Orange Digital Ventures** is the latest vehicle of investment launched by Orange with EUR 20M for its first year, mostly to do early stage investments between EUR 1M and EUR 3M.

**Iris Capital** is a joint venture between Orange and Publicis. The fund was launched in 2012 and is managed by Iris Capital Management. It has EUR 300M under management to invest in digital startups.

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**Ecomobility Ventures** is a fund launched by the alliance of Orange, SNCF, Air Liquide, Michelin and Total to invest in sustainable mobility, with a focus on four key areas: transportation services, innovative information technologies, connected vehicles and mobility solutions, as well as intelligent infrastructures. Ecomobility Ventures has EUR 30M under management.

**Robolution Capital** is dedicated to robotics with EUR 80M under management. This fund is managed by Orkos Capital SAS and has, as limited partners, several corporations and institutions such as Orange, AG2R LA MONDIALE, EDF, Thales, the European Investment Bank, Bpifrance, and individual investors.

**Innovacom** launched in 1988 invests in early stage startups in applied digital technology in four areas: telecommunications, smart energy and smart homes, health and well-being, transport and smart cities. Innovacom is an independent capital risk company funded by corporations including Orange, Alcatel-Lucent, Groupe Seb and Soitec.

### 3. ENGAGING VIA PARTNERSHIPS

In emerging countries, Orange has created partnerships with local accelerators: CTIC incubator in Dakar, Senegal, Ebène incubator on the island of Mauritius and CIPMEN incubator in Niamey, Niger.

In France, Orange is a partner of several innovative spaces like NUMA Paris, Nantes and Rennes Digital Canteens.

### 4. ENGAGING VIA SPONSORSHIP

Orange is one of the main sponsors of [Hello Startup](#) (radio show), [Hello Tomorrow Challenge](#) (startup competition) and [Futur en Seine digital festival](#).



Source: Hello Tomorrow Challenge

## 5. ENGAGING IN SOCIAL ENTREPRENEURSHIP

**The Orange Prize for Social Entrepreneurship** in Africa rewards entrepreneurs who offer products and services that respond to local needs in various fields such as health, agriculture, education, energy, industry or commerce.

## 6. ENGAGING IN EMERGING MARKETS

**Data for Development challenge** in Ivory Coast in 2012 and Senegal in 2014, are the challenges to contribute to development and improve the living conditions of the local populations.

## 7. ENGAGING VIA EMPLOYEES

Orange is supporting employees with the business creation assistance scheme. Since the launch of the spin-off scheme, 70+ companies have been founded creating more than 350 jobs. Success stories include startups like Semsoft and Predisys.

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**2.3 Bank Spotlight (DBS)**

<b>Created in:</b>	<b>1968</b>
<b>Headcount:</b>	<b>21,000</b>
<b>Net Income:</b>	<b>2.89B USD</b>
<b>Headquarters:</b>	<b>Singapore</b>
<b>Net Revenue:</b>	<b>6.87B USD</b>
<b>R&amp;D investment:</b>	<b>n/a</b>

DBS’s innovation efforts today are anchored around three big ideas: an increased focus on digitization to further enhance efficiency, making the customer experience more interactive and intuitive, analytics and the use of Big Data, both structured and unstructured.

To address the increasing pace of change and disruption facing the banking industry, DBS knows that it needs the entire bank to embrace innovation. This implies a culture transformation and engaging startups in creating a more robust FinTech ecosystem. The focus of DBS is to evolve the culture, not necessarily to obtain a product of a startup.

In order to drive a more innovative and digital mindset, DBS supplemented its talent development programme with three-day hacking challenges, where staff are paired with startups to build mobile solutions addressing banking challenges. In 2015, around 800 employees were exposed to startups through various programmes including hackathons and accelerators. DBS is also experimenting with ways to improve its customer journey, such as reducing inconveniences such as card retention at its ATMs.

To engage with startups, over the last four years, DBS has launched the following programs:

**1. ENGAGING WITH STARTUPS**

**Entrepreneur’s account for startups.** To be eligible, a startup needs to be incorporated in Singapore, owned by individuals and to be a new business incorporated within the last six months. The benefits of the Entrepreneur’s account are a waiver of fees for the first three months for the minimum average balance per month and no fall-below fee. A 50% discount for the MSIG Bizshield Insurance, one year free subscription for PayDay! SaaS cloud payroll solution, and several discounts on a mobile plan in partnership with StartHub.

**DBS HotSpot Pre-accelerator** is a 3-month program designed for digital startups, social enterprises and DBS intrapreneur to grow concepts into prototypes. It aims to cultivate entrepreneurship and intrapreneurship in Singapore through experimentation, mentorship and entrepreneurship awards of SGD 25,000 each, without taking equity from the startups.



Source: DBS HotSpot Pre-accelerator

**DBS Accelerator** is a 3-month program powered by NEST in Hong-Kong. The first program will host eight fintech startups that will receive mentoring but not funding.



Source: DBS Accelerator

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**DBS Venture Debt Financing** is accessible to startups backed by DBS partner venture capitalists. Today, startups in Singapore primarily rely on venture capital to fund their operations. By offering a dedicated venture debt solution to tech start-ups which are at the growth stage of their business life cycles, DBS is making available an alternative source of capital for these firms to tap into, with little or no dilution of their equity. Tech start-ups can use DBS venture debt for working capital, fixed assets acquisition and even project financing.

**DBS BusinessClass** a mobile app launched for SMEs in late 2014. Through DBS BusinessClass, entrepreneurs can consult and connect with industry experts, investors and fellow entrepreneurs. DBS BusinessClass members can also access news and articles on topics pertinent to starting and running their businesses and attend exclusive networking events.



Source: DBS BusinessClass

## 2. VIA PARTNERSHIP

Micro Loan, DBS has a partnership with SPRING Singapore (governmental agency) to provide an easier access to funding for local SMEs.

DBS is one of the local sponsors of **Startupbootcamp Fintech** in Singapore, a leading European accelerator focused on financial innovation, which has graduated its first batch of 10 startups in Singapore on July 2015. 30 dedicated DBS staff provided mentorship to the startups throughout the program.

**DBS-NUS Social Venture Challenge Asia** is an Asia-wide social entrepreneurship competition organised by NUS and DBS Foundation. It aims to identify and support new social ventures that have the potential to generate positive, scalable and sustainable social impact in the region.



# **PART 4**

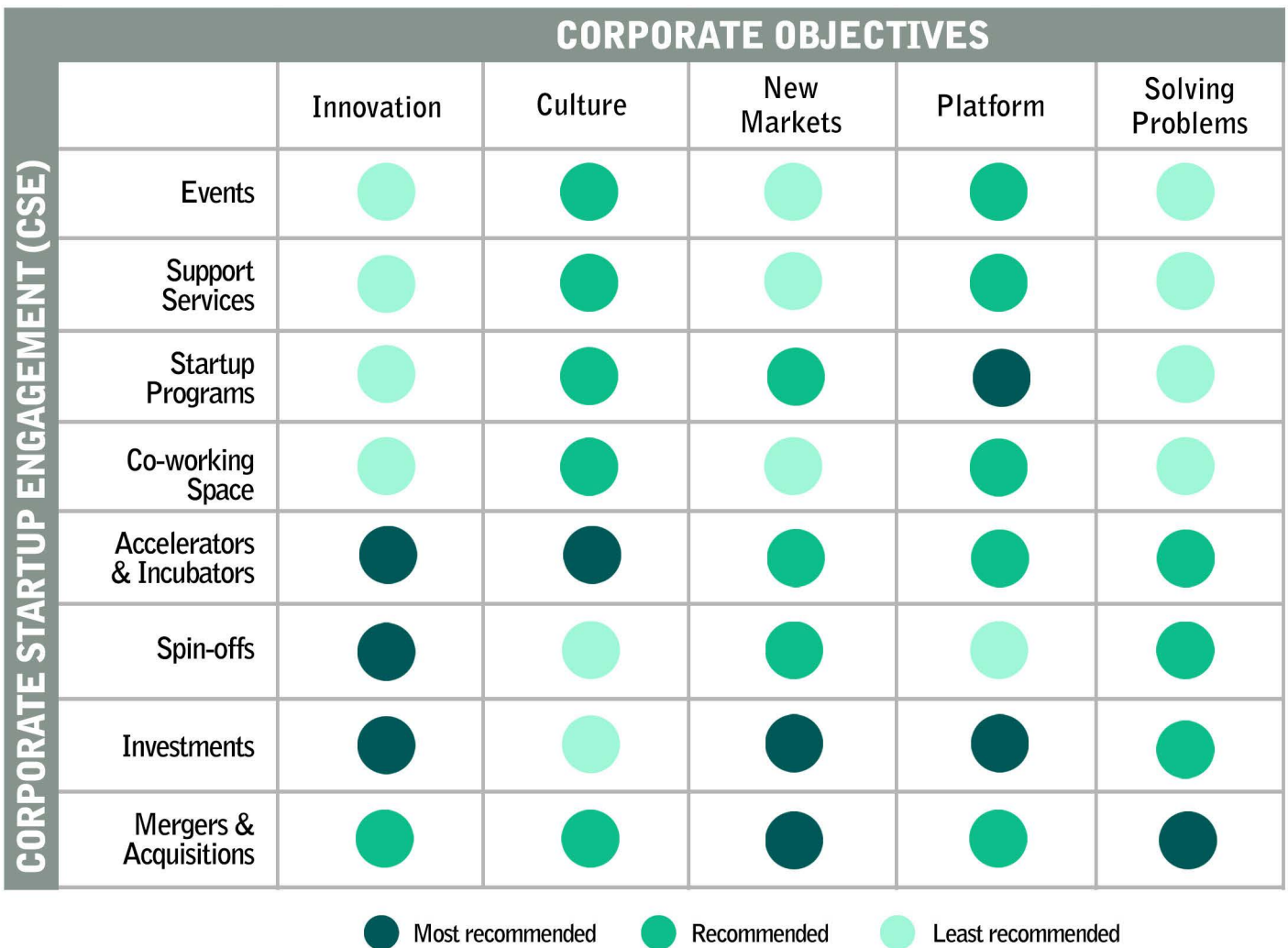
**What's Next?**

PART 4

# 1. Corporate Startup Engagement should evolve in 3 phases (LPO)

STEPS	DESCRIPTION	500 INITIATIVES
<b>Learn</b>	Research, Events	<u>Accelerator</u> , Demo Day, <u>Geeks on a Plane</u>
<b>Partner</b>	Support Services, Startup Programs, Co-Working Spaces, Spin-offs, Accelerators & Incubators	<u>Accelerator</u>
<b>Own</b>	Investments, Mergers & Acquisitions	<u>PreMoney</u> , <u>Venture Capital Unlocked</u> , <u>Invest</u> , <u>M&amp;A</u>

# 2. Different objectives require different startup engagement



## PART 4

## 3. Five recommendations as you deepen your engagement with Startups

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- 1 Talk to a pool of startups about their needs as part of your design process. It's easy to assume 'they would love this' when the bar for competitive offerings is getting higher.
- 2 There are many different ways to engage with startups. The key is to keep in mind your objectives, resources and time frame for expected results at all times.
- 3 You can start small, choosing one channel of engagement at a time and iterate fast based on the results and buy-in. However if you don't shoot for big enough wins from the get go, there may not be enough to show to get you more resources.
- 4 Whatever you choose to do, be prepared to work at the speed of startups. Don't keep them waiting on you. You don't want the engagement to backfire.
- 5 Select the right partners to share the knowledge and minimize risks. Doing it alone can be scary. Feel free to reach out to us if you want recommendations.

## 4. Recommended Readings

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### BCG

[Corporate Venture Capital Avoid the Risk, Miss the Rewards](#)

### Bloomberg

[The inside story of how - and why - Goldman Sachs became a tech-investing powerhouse](#)

### Business Insider

[Why Cisco Has Showered These Three Men With Billions Of Dollars](#)

### CB Insights

[Corporate Venture Capital Term Sheet Survey](#)

### CB Insights

[Inside the Minds of Corporate Venture Capitalists](#)

### Global Corporate Venturing

[The World of Corporate Venturing 2015](#)

### HBR

[Corporate Venturing](#)

### McKinsey

[Demystifying the hackathon](#)

### TechCrunch

[Corporate Accelerators Are An Oxymoron](#)



## About the Authors

**Arnaud Bonzom** is Director of Corporate Innovation at 500 Startups. You can contact him by email at [arnaud@500startups.com](mailto:arnaud@500startups.com).

**Serguei Netessine** is the Timken Chaired Professor of Global Technology and Innovation at INSEAD and the Research Director of the INSEAD-Wharton alliance. You can contact him by email at [serguei.netessine@insead.edu](mailto:serguei.netessine@insead.edu).

Please direct questions and comments about this report via email to: [arnaud@500startups.com](mailto:arnaud@500startups.com).

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# Research Methodology

Our research is based on the 500 world's biggest public companies according to the [Forbes Global 2000](#) ranking and on interviews with industry participants. This sample includes companies in 37 countries and 69 industries.

For each of the 500 world's biggest public companies, we have screened their corporate website, the latest publication of their annual report and we run searches by using keywords in Google to identify their engagement with the startup ecosystem. With the information collected, we have built a comprehensive database which is the basis for our report.

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