GlassDollar

Impact of
Venture Clienting

The first quantitive study on
Corporate-Startup partnering.

Volume I

Max Planck Institute for Innovation and Competition

ESCP Business School

EBS Universität

TUM

University of St.Gallen

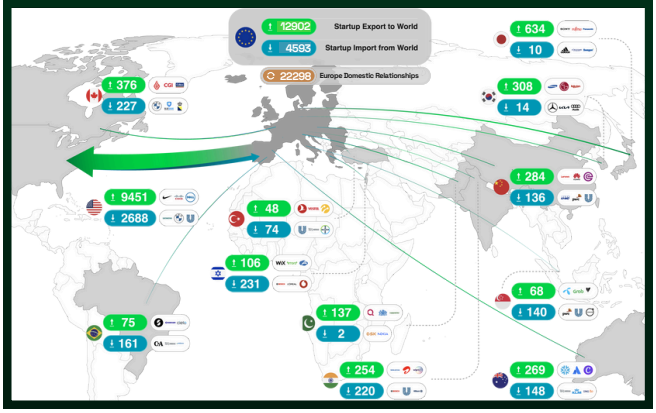
High-Tech Gründerfonds

Executive Summary

Venture Clienting describes the act of rapidly identifying and testing startup solutions for business unit challenges.

The study data is based on publicly listed reference customers on startup websites.

Understanding 66,424 corporate <> startup relationships



Most active startup partners

		Annual Average VC leveraged (% of R&D Expense)
SIEMENS	453	35.6%
DAIMLER	361	11.1%
BMW	328	23.2%
SAMSUNG	319	42.6%
BOSCH	299	35%
VOLKSWAGEN	273	12.5%
Unilever	251	133.3%
L'ORÉAL	238	111.1%
accenture	230	11%

Venture Clienting creates tangible two-sided impact:

Impact estimation

	Corporations	Startups
	4.3B Estimated impact for German corporations [€]	0.6B Estimated Revenue for German startups [€]
SIEMENS	410M	70M
Unilever	210M	30M
L'ORÉAL	230M	40M
	GlassDollar impact estimation [€]	GlassDollar startup cost (Revenue) estimation [€]

Estimation by GlassDollar. Detailed calculations on page 41.

Drivers for more

- From interviews with mature Venture Clienting units, we know there are challenges allowing to run at least 10x Proof-of-Concepts
- Professionalization of Venture Clienting driving cost per PoC down further
- Government can catalyze this process through economic policy (e.g. subsidising PoCs for eligible startups)

Outlook

- Opportunity for more academic research
- Governments can apply Corporate learnings and engage in Venture Clienting too

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A word from...

Former federal ministers rarely enter the startup world after leaving politics. We joined GlassDollar as angels because we had previously supported its mission during our time in the Ministry of Economic Affairs from 2013 to 2017.

Germany, an industrialized nation, boasts numerous global market leaders, including approximately 1700 "hidden champions" among smaller companies. Many of Germany's major companies have their roots in family businesses, such as Henschel, Voith, Vaillant, Mercedes Benz, Siemens, Henkel, Oetker, Bahlsen, B. Braun, Bayer, Boehringer, Merck, and many more.

These companies, like all others, must adapt to the impact of digitization on their operations. The inevitability of digitalization applies universally across all industries. Different regions and countries worldwide have distinct industrial traditions, entrepreneurial cultures, and varying approaches to data protection, workers' rights, and economic policy.

While the USA and China developed large platforms, Europe and Germany have adopted an industry-centric approach, with Germany holding a 20% industrial share in 2021, compared to about 16% in the rest of Europe. Preserving industrial jobs is a priority, but adapting to digital transformation is essential.

Integrating software into hardware and creating new offerings is necessary, even though disruption is not a typical feature of German industry, which has historically focused on tangible products, real innovation, and value creation.

Recognizing the urgency of industry transformation in the face of rapid digital change, we raised public awareness of Industry 4.0 during the 18th legislative period. We directed attention to the Industry 4.0 platform, engaging companies, unions, associations, and academia.

The establishment of Mittelstand 4.0 Competence Centers in Germany provided valuable support to medium-sized enterprises and crafts businesses, introducing them to the benefits of digitization through practical examples and information events.

Our efforts successfully highlighted the impact of digitization, especially Industry 4.0, on industry and medium-sized businesses.

However, a crucial question remains:

Are we too focused on process changes and neglecting new ideas?



> Are we too focused on process changes and neglecting new ideas?

Can established companies, with decades of experience improving their industrial products, envision replacing them with digital applications, embracing the disruptive nature of digitization and shifting to digital business models?

To address this challenge, we initiated Startup Nights at the Ministry of Economics in 2014. Collaborating with startups is vital for transforming the German industry, and GlassDollar's business model aligns perfectly with this objective.

Regardless of the political party leading the Ministry of Economics, our collective goal is to enhance Germany's global competitiveness.

Achieving this goal requires a modern infrastructure, a robust industry, innovative startups, and international cooperation. To succeed in the digital transformation, we must think globally, learn from one another, and courageously confront change.

This study represents the first quantitative analysis ever conducted on the state of corporate-startup partnerships. We are excited for these first insights that lay the foundation for a further, data-driven understanding of the dynamics that are so important for strengthening the innovative capabilities of our economy.



Brigitte Zypries

Brigitte Zypries, who served as the Federal Minister of Justice from October 2002 to September 2009, was appointed as the Federal Minister for Economic Affairs and Energy in January 2017 within the Grand Coalition. Prior to this role, she held the position of Parliamentary State Secretary in the same ministry. Known for her advocacy, Zypries is an active supporter of the startup ecosystem and female founders.



Sigmar Gabriel

Sigmar Gabriel served as the Federal Minister for the Environment, Nature Conservation, and Nuclear Safety from 2005 to 2009. He held the position of Federal Minister for Economic Affairs and Energy from 2013 to 2017, followed by serving as the Federal Minister for Foreign Affairs from 2017 to 2018. Today, Sigmar Gabriel actively supports startups, for example as an angel investor.

Foreword: Fabian Dudek (GlassDollar)

The First Quantitative Study to Acknowledge the Early Customer



Fabian Dudek
Co-Founder & CEO @GlassDollar

Big and small working together - that is nothing new, is it? It has existed since the inception of the corporation in 1347.

Why, then, are innovation professionals now coining terms like 'Venture Clienting,' 'Startup Partnering,' and 'Collaboration'? Why do we need to talk now about corporations and startups working together?

The simple answer: because it is by collaborating with startups that corporations can afford the inevitable mistakes of innovation.

We inevitably make mistakes when creating anything new.

Corporations do not like mistakes; they are expensive. Startups, on the other hand, are designed to learn from mistakes effectively in terms of cost and time.

With emerging challenges such as global warming, changing consumer expectations, and resource constraints - just to name a few - the demand for innovation (or change) in corporations is increasing. Small companies, or startups, offer this innovation.

The number of startups founded each year is growing; last year, about 1.3 million new companies were founded, supported by $285 billion in venture capital.

However, with millions of new startup products out there, how do corporations know which ones they need? The answer lies in a structured testing approach.

This study sheds light on the best practices of corporations by adding the missing quantification of the phenomenon at scale, to inspire further academic research and economic policy.

I thank all partners and co-authors for their contributions and am excited for the academic, political and direct implications for corporations and startups of this study. The study was released in January 2024.

Academia: Are you interested in using the data set?

Please reach out to academia@glassdollar.com.

The Team



FABIAN DUDEK

Co-Founder & CEO @ GlassDollar

Serial Entrepreneur and founder of GlassDollar. Backed by leading investors like HTGF and APX, developed the leading software solution dedicated for Venture Clienting and paired it with a strong team of experts for delivery.



GUILHERME GONÇALVES

Venture Consultant @ GlassDollar

Consulting corporate clients like Volkswagen, LG and BSH in setting up, implementing and scaling their Venture Clienting operations and communications.



ISMAËL ZIGHED

Data Scientist @ GlassDollar

Data scientist and tech, science & research enthusiast, my focus is turning data into impactful insights, making it speak for real-world change.



JASMIN WEBER

Research Coordinator @ GlassDollar

As a data enthusiast, I am focused on using data for sustainability and intrigued by the potential of corporate-startup partnerships to drive innovation collaboratively.

GlassDollar

Helps corporations to rapidly identify and integrate cutting-edge startup solutions for business unit challenges.

Our Supporters

The organizations mentioned herein have played a crucial role in supporting the development of this research study. Our sincere thanks go out to them.

MAX PLANCK INSTITUTE FOR INNOVATION AND COMPETITION

The Max Planck Institute for Innovation and Competition is a Munich, Germany, based research institute, which is part of the Max Planck Society for the Advancement of Science, which manages 84 institutes and research institutions.

EBS UNIVERSITY

EBS Universität is one of the leading private business universities in Germany, with campuses in Wiesbaden and Oestrich-Winkel. Under the university's roof, we educate the leaders of tomorrow in three schools - EBS Law School, EBS Business School and EBS Executive School.

ESCP BUSINESS SCHOOL

ESCP Business School is a French business school and grande école founded in Paris and based across Europe with campuses in Paris, Berlin, London, Madrid, Turin, and Warsaw. Established in 1819, it is considered the world's oldest business school.

TECHNICAL UNIVERSITY MUNICH

At TUM, talents from all over the world come together to inspire each other, learn from one another and create innovations together. Our mission? As one of Europe's most outstanding universities in research and innovation, we find solutions to the most important scientific and social challenges of our time.

UNIVERSITY OF ST. GALLEN

The University of St. Gallen (HSG) is an elite research university located in St. Gallen, Switzerland, that specialises in business administration, economics, law, international affairs, and computer science.[2] It was established in 1898. It consistently ranks as one of the best business schools in Europe.

PETER BORCHERS

With expertise in digital matters, he advises CxOs and has assisted numerous firms in establishing, operating, and reviewing their Corporate Startup Programs. Peter founded and led 'hub:raum,' the global startup incubator for Deutsche Telekom, and served as the CEO of Allianz X, where he built and led the global Corporate Venture Fund and Company Builder ($500 million budget).

CHRISTIAN HÜTTENHEIN

Christian founded and led Bosch Industry Consulting, a process and technology consulting boutique for digital transformation in manufacturing and logistics. From 2019 to 2023, he worked at Bosch Ventures ($1B assets under management), serving as Venture Partner and Co-Founder of Open Bosch.

Chapter I

About Startup Partnering

A Collection of Expert Articles

Corporate Venturing Toolbox



Peter Borchers

Affiliate Professor @ ESCP
& Founder @ pbo.vc

What Research Says...



Prof. Dr. Theresa Treffers

Professor for Entrepreneurship
@ Seeburg Castle University,
Research Group Leader @ TUM

A Startup's Point of View



Suraj Rai

Senior Product Manager
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Collaborating with Startups as a Means to Achieve Competitive Advantage

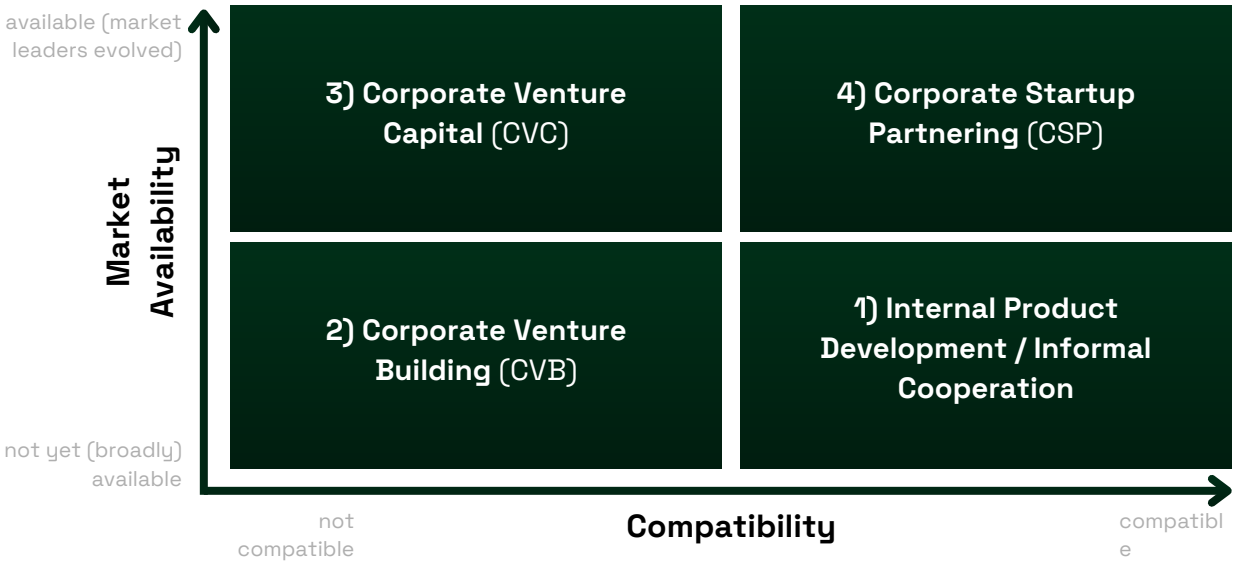
To keep up with the ever-faster spinning pace of innovation, established companies - regardless of whether they are medium-sized enterprises or large corporations - need to develop themselves further. The need to do so in a targeted and substantial manner. Three core competencies are important to be sustainable and successful in the future:

- They need to adapt their established product portfolio and underlying business models to the new customer needs.
- They must acquire the ability not only to recognize future-oriented business areas but also to develop them consistently and in timely fashion.
- They need to trim their organization for agility and speed to remain adaptable in the long term.

Startups - at least the successful ones - are traditionally good in all these disciplines. Thus, cooperating with them can become part of the solution for established companies.

Indeed, over the last decade, structured collaboration with startups has increasingly been used by some of the most innovative companies as a means to generate further strategic competitive advantage. Some of the companies at the forefront of this movement are Deutsche Telekom, BMW, and Lufthansa. They keep using it to benefit from the innovative power and market proximity of the best founders and their companies.

There are many different forms of collaboration. Which of these ultimately makes sense, and to what extent, depends on the respective conditions. Successful collaboration can only succeed if the necessary interfaces are built in such a way that they can efficiently provide the complex translation service between the different worlds and cultures of established companies and agile startups.



Source: P. Borchers adapted based on a model by C. Vogt and P. Borchers

Four Basic Forms of Cooperation



Informal Cooperation

Many companies approach the topic by **putting out feelers** in the direction of the startup world **without institutionalizing a collaboration** in the first place. For example, individual employees participate in events, the company becomes a sponsor of a startup event, or the company contacts startups on a non-binding and sporadic basis.

This is predominantly about inspiration, learning, and, at best, sharing experiences.



Corporate Venture Building

Corporate Venture Building (CVB) includes initiatives that attempt to **develop new promising business areas from the ground up**. As this often demands domain experience in a new field as well as a set of entrepreneurial skill profiles that are usually not broadly available in well established companies, this tends to be done with the external support of either a specialized service provider or individual entrepreneurs from outside the company. To increase time-to-market and the overall likelihood of success, projects are often freed from part of the bureaucratic corset of the parent company.

The aim here is to emulate the framework conditions of a startup as closely as possible. To this end, such projects are often spun off as independent limited liability companies, but typically remain fully or majority owned by the parent company, while the external entrepreneurs acquired receive a share of the profits, sometimes also in the form of shares.

The aim here is to build up a promising new line of business.



Corporate Venture Capital

Corporate Venture Capital (CVC) is a discipline that has existed in the USA since the 1970s. In Germany, the first significant CVCs were initiated about 20 years ago. In this case, corporate **investors acquire a minority share in a growth company** often in the single-digit or lower double-digit percentage range.

The hope is to gain good insight into the development of the company and the relevant market and / or technology. At the same time, investors often vie for the opportunity to acquire a larger stake of the startup if it develops in a strategically beneficial way or realize a significant increase in value of the shares, for example in the course of an IPO.



Corporate Startup Partnering / Venture Clienting

In contrast to CVC, Corporate Startup Partnering (CSP) or Venture Clienting focuses on **intensive, active collaboration between startup and corporation**. In turn, two general alternatives can be distinguished: Variant A is a productivity or efficiency orientation. Variant B is a product or growth orientation. Another way to view it is to say that variant A is rather transactional, while variant B tends to be more transformational for the parties involved.

A. **Productivity, efficiency**: In this case, startups or their services are essentially used to optimize the established company's own operations, i.e., to increase productivity. One example would be the use of a new technology that helps reduce scrap during a production process. Another example would be using a software in the HR department that helps to achieve a more efficient way of processing applications. Yet another example could be the implementation of a highly innovative AI-based solution for hyper personalizing every customer touch point of an insurance company. By exploiting such optimization potential in all areas of operations, competitive advantages can be achieved step by step. Here, startups are more like suppliers and the partnership is essentially a supply/service relationship. Accordingly, most of the startups have already outgrown the infancy phase.

B. **Product innovation, growth**: In this area, the focus is more on increasing the attractiveness or performance of the company's own products. This can then be offered at a higher price, for example, or via upgrades of the quality of the company's own offering compared to inferior competitor products. One example would be the integration of machine vision in a robotic lawn mower, so that it no longer needs to rely on the laborious laying of a wire around the mowing area.

The technology and the implementation of computer vision will not typically be at the core of the competencies of a manufacturer for lawn mowers. Such differentiating product components can often be found more quickly and in better quality on the market, more often at startups, compared to if they were developed in-house. Here, too, the startup is a supplier, but to achieve the goal there tends to be more intensive exchange and collaboration, for example by working together on product development or integration.

Of course, both variants also apply to a possible partnership in the context of a CVC investment as well as in Venture Building.

Which instrument(s) to choose?

Which combination of the above instruments ultimately is the right one, and to what extent, depends on a number of conditions and must be assessed on a case-by-case basis. To help companies choose the right strategy, they may **refer to the matrix above** and the underlying decision tree.

The decision criteria include the nature of the company's own processes, its business models and the mindset towards innovation as well as collaboration. It asks whether these are compatible with those of the startups found on the market (axis *Compatibility*).

The other axis is the prevalence of a technology or of an innovative business model in the market (*Market Availability*).

Corporate Venture Building (CVB) makes particular sense if no promising cluster of startups has emerged yet around a technology or a business model, but one is confident in its successful implementation and market placement.

CVC, i.e. risk hedging, is more likely to be used when promising startups have already begun to establish themselves on the market, and their growth can have a strong positive or negative influence on the company's own business in the medium term.

Often, their processes and business models will be too small or incompatible with the corporation's, and therefore not suitable for short-term partnering.

Venture Clienting or **Startup Partnering** (CSP) makes sense particularly when the processes, business models, and cultures are similar or build on each other - and when the technology is already available in the market.

Startup Partnering / Venture Clienting is a great start

For many companies, Venture Clienting or Corporate Startup Partnering (CSP) in all its varieties is a great way to start into collaborating with startups, allowing them to tap into the innovation power and market proximity of leading startups. Compared with Venture Capital (CVB) and Venture Building CVB), partnering with startups not only allows for a relatively quick and inexpensive start but typically also yields tangible results early.

Establishing a successful partnering unit requires creating an efficient interface between internal and external operations. This will ensure that corporate units can accurately identify innovation opportunities, that the partnering unit can easily link to appropriate startups, and furthermore, that the cooperation process can run smoothly and efficiently.



Peter Borchers

Affiliate Professor @ ESCP Business School, Managing Partner @ pbo.vc

With deep expertise in digital matters, Peter Borchers advises CxOs and has assisted numerous firms in establishing, operating, and reviewing their Corporate Startup Programs. Peter founded and led „hub:raum", the global startup incubator for Deutsche Telekom, and served as the CEO of Allianz X, where he built and led the global Corporate Venture Fund and Company Builder with a $500 million budget.

> It can be the best of times, and with the right effort, it can be avoided from becoming the worst of times.

Collaborating With Corporations - A Startup's Point of View

The potential of Venture Clienting, on the one hand, is full of opportunity; it allows startups to receive direct feedback, resources, and support for their projects. On the other hand, it also contains risks, with potential for a startup to lose its way in bureaucracy or, worse, fail to meet expectations. This article shares perspectives as an startup's experience in this way of operating and optimising for better outcomes.

At **Humanising Autonomy**, we have partnered with a number of corporations to develop new valuable technologies using our computer vision and behaviour AI models. We focus on creating software that enables better human and machine interactions, starting from the road user ecosystem. Through our experience we have learned firsthand about the benefits and risks to mitigate.

First, **let's explore why a startup would be interested in collaborating with corporations.** The list could be expansive but for most the opportunity to use the organization's skill sets, resources and product to create something valuable will be a big draw.

For the startup in particular they might gain:

- *Access to capital and resources*: From cash to other resources like data and infrastructure Venture Clienting can provide startups with the access needed to quickly grow and build.

- *Market validation*: Working with a client can help validate features, strategy and approach with direct feedback from potential customers. Additionally, having a named partner can help bolster future investment rounds.

- *Exit opportunities*: In some cases they can also lead to exit opportunities, such as being acquired by the corporate or forming a joint venture.

There are many more individual benefits to list however of the categories, it's far more likely that **access to resources and validation will be the key outcomes** we, as startups, are most interested in striving for.

It is also important to recognise that as the smaller, and hopefully more nimbler startup, we aim to offer additional benefits to the partner in return on top of the core technology. Ranging from exposure to technology innovation, to reducing investment risk and increasing speed to market, these vary and all depend on the unique circumstance of the partner.

Of course, like all relationships, this isn't without its own sets of challenges.

It is fair to say that these types of partnerships have large means to become misaligned.

The interests of the startup and the corporation can, at times, **be fundamentally different from each other**. Where one might be looking for immediate high growth, another might be looking for incremental innovation. These positions might also change between the parties throughout the course of the partnership.

So, it is important to find and hold to the common ground that benefits both parties. This touches on the **risks associated** with these endeavours, which we categorise as:

- Failure to bridge and understand the cultural differences: Culture's are unique to a team, organization and even between the partners. Not recognising and accommodating the differences between the two can lead towards friction.

- Failure to understand the experiment: There is no guarantee for the partnership to develop into a successful one. Building expectations without evidence will create disappointment for either party. For the startup in particular, investing great resources without success can be fatal due to the opportunity cost.

Startups have to weigh the potential benefits of the partnership against the potential risks, including the need to accommodate the needs of the corporation and the missed opportunities to work on other things or with other organizations.

From our perspective, we have learned that we can **increase the likelihood of success through better communication** to generate greater alignment, offering flexibility by understanding the needs of our partner's stakeholders and generating the results required to win confidence.

We see better outcomes when both partners have done their research, a clear agreement is reached and there is clear motivation from both parties to make the partnership work. Ultimately in these collaborations we are successful when we make our partners and even their stakeholders successful.

- Failure in building on the successful outcomes: If a partnership does go smoothly being aligned on the next steps in utilizing the value created, to build towards a tangible outcome is required. Otherwise the efforts used from all can be wasted. Again, the opportunity cost of this has the potential to become fatal for a startup that gives too much without a distinct outcome.



Suraj Rai

Senior Product Manager @ Humanising Autonomy

We build ethical computer vision software that detects, interprets, and predicts human behavior. Our software powers automated decisions in automotive ADAS systems and dashcams, enabling safee, more efficient and more pleasant interactions.

... Why Corporations Should Consider Collaborating With Startups

Corporations can benefit from collaborating with startups for a number of reasons. First and foremost, **radical and complex innovations are developed through collaborations with external partners** [1].

Corporations can also leverage the disruptive innovation power of startups to accelerate their innovation cycles or make processes more efficient and cost-effective through innovative techniques.

Startups in the high-tech sector are particularly important for corporations because they represent an essential source of technological innovations [2].

Corporations can also benefit from startups through the way of working in startups showing established companies new and agile organizational approaches. Those often face a risk for increased inertia and path-dependency but working with startups can open the corporations' work culture and broaden their horizons [3].

In general, **research finds that collaboration with startups is positively associated with firms' business transformation** [4].

However – just like startups – corporations have to evaluate the benefits of collaborations against their costs. Hence, corporations are advised to better understand and evaluate their capabilities and based on their various capabilities build a portfolio of different startup collaboration initiatives in order to manage a more holistic transformation of their business [3].

[1] Tether, B. S. (2002). Who co-operates for innovation, and why: an empirical analysis. Research policy, 31(6), 947-967.
[2] Kohler, T. (2016). Corporate accelerators: Building bridges between corporations and startups. Business Horizons, 59(3), 347-357.
[3] Steiber, A., & Alänge, S. (2021). Corporate-startup collaboration: effects on large firms' business transformation. European Journal of Innovation Management, 24(2), 235-257.
[4] Steiber, A., Alänge, S., & Corvello, V. (2021). Evaluating corporate-startup co-creation: A critical review of the literature. International Journal of Innovation Management, 25(07), 2150073.

... When Startups Should Think About Collaborating With Corporations

Startups often seek resources to survive and progress but also face risks when partnering with established players.

The benefits of startups collaborating with corporations are clear, spanning from **reduced development costs and market risks**, thanks to access to knowledge and resources, to early engagement with the corporation's market and customers for **valuable feedback on product-market fit**, and leveraging the established company's brand, customer base, and distribution channels.

However, there are also risks to collaboration with corporations for startups such as resource misuse or expropriation.

Research suggests that collaborations with established players can be beneficial for startups if they **engage in a strategy of relational pluralism**, creating diverse and deep ties with partners [5]. This approach grants legitimacy but becomes less effective if the startup becomes overly reliant on a few partners or gains redundant resources.

The benefits of collaboration must outweigh the costs of dependence and redundancy.

Corporations particularly turn to high-tech startups for strategic collaborations to gain the knowledge and capabilities required for new technological product development.

While such collaborations can be beneficial for high-tech startups, **hastily formed collaborations may risk the startup's proprietary knowledge and competitive position**. High-tech startups may thus struggle to effectively select and contract partners due to limited resources and experience.

Empirical research shows that startups should not only evaluate the availability of experience and resources for entering a collaboration but also their degree of specialization in technological capabilities. In particular, high-tech startups should carefully **align their technological capabilities with the goals of the collaboration** [6].

[5] Knoben, J., & Bakker, R. M. (2019). The guppy and the whale: Relational pluralism and startups' expropriation dilemma in partnership formation. Journal of Business Venturing, 34(1), 103-121.
[6] Haeussler, C., Patzelt, H., & Zahra, S. A. (2012). Strategic alliances and product development in high technology new firms: The moderating effect of technological capabilities. Journal of business venturing, 27(2), 217-233.

... Success Factors for Corporate-Startup Collaborations

Collaboration between corporations and startups can be highly beneficial if risks are effectively mitigated and a suitable match is found. A good match entails not only the **contribution of** complementary and available **resources** by both the established player and the startup but also the **alignment of their strategic goals** for the collaboration.

Grasping the nuances behind why corporations and startups collaborate can prevent counterproductive partnerships that impede performance and threaten survival.

For corporate managers and entrepreneurs, this implies a **critical need to transparently evaluate the strategic goals of both parties** in detail, if they can achieve these goals together better than alone, and how each of them will contribute to goal achievement. If corporation and startup match in their strategic alignment, resources and competences, this will be the basis for a successful collaboration, i.e., a joint value creation process [7].

While the fit in objective characteristics between established company and startup may be comparably easy to determine if made explicitly transparent, **determining the fit in soft factors** can be a bit more challenging, if not made explicit. Crucial soft factors to consider when seeking to enter a collaboration are if both companies match in their interorganizational trust, uncertainty tolerance, and communication.

Trust is based on benevolence, competence, and integrity and if these principles guide the behaviour of corporations and startups they can alleviate concerns about opportunistic behaviour [8].

Uncertainty tolerance describes the way complex situations are handled and how decisions are made given incomplete information [9].

Communication deals with how corporations and startups communicate on a regular basis and how they decide in conflicting situations [10]. If corporations and startups match in their soft factors, this additionally increases the likelihood of a successful collaboration on top of their fit in objective characteristics.

[7] Kohler, T. (2016). Corporate accelerators: Building bridges between corporations and startups. Business Horizons, 59(3), 347–357.
[8] Gulati, R., & Nickerson, J. A. (2008). Interorganizational Trust, Governance Choice, and Exchange Performance. Organization Science, 19(5), 688–708.
[9] Furnham, A., & Marks, J. (2013). Tolerance of ambiguity: A review of the recent literature. Psychology, 4(09), 717-728.
[10] de Wit, F. R., Jehn, K. A., & Scheepers, D. (2013). Task conflict, information processing, and decision-making: The damaging effect of relationship conflict. Organizational Behavior and Human Decision Processes, 122(2), 177-189.

What Research Says About...

... Which Questions Should Corporations and Startups Answer to Ensure a Successful Collaboration?

- Do we have a **systematic process** to find and enter a collaboration?
- What are the **goals** of this collaboration and do they align?
- What are **barriers** of this collaboration and have both parties an interest in removing them?
- Which factors determine the success of this collaboration and do they align?
- What is the level of **interorganizational trust** and does it align?
- What is the level of **uncertainty tolerance** and does it align?
- What is the **communication** and conflict style and does it align?
- Which formal **collaboration agreement** (e.g., cross-selling vs research and development projects) is suitable to achieve the collaborations' goals?



Prof. Dr.Theresa Treffers

Professor for entrepreneurship @ Seeburg Castle University, Research group leader @ TUM

Theresa's research focuses on the prediction of startup success based on the team, on diversity, equality, and inclusion in startups and corporates, and on the transformation of work, collaboration, and leadership through digitalization and AI.

Chapter II

A Quantitative View

Analysing 66,424 Corporate<>Startup Relationships

> This is the first time that we can take a comprehensive view of collaborations between European startups and established companies.

Prof. Dietmar Harhoff Ph.D., Managing Director, Max-Planck-Institute for Innovation und Competition



Motivation & Objective

Empirical studies on Corporate-Startup Partnering (CSP) **are scarce**, largely due to the terms' recent emergence about a decade ago [11] [12]. While its concept, operations, and cost dynamics are now better understood, its level of adoption remains elusive.

The sparse evidence available tends to **sideline CSPs against other Corporate Venture activities** like Venture Capital, underscored by the few dedicated Partnering Units that receive attention from the innovation ecosystem.

However, the hypothesis posited here challenges this prevailing assumption, proposing that **Corporate Startup Partnering might exert a far more significant impact on the innovation ecosystem** or even the broader market equation **than previously acknowledged**.

If validated, this hypothesis carries substantial implications for both corporate entities and policy makers, potentially prompting a re-evaluation of their existing strategies aimed at nurturing innovation.

This is exactly why GlassDollar decided to invest months of work into collecting and analyzing this data set:

we believe that the role of startups' corporate partners and, in particular, early customers in innovation ecosystems is far from being understood, let alone acknowledged.

With this large scale quantitative analysis, we aim to shed light on the level of adoption of Corporate Startup Partnering.

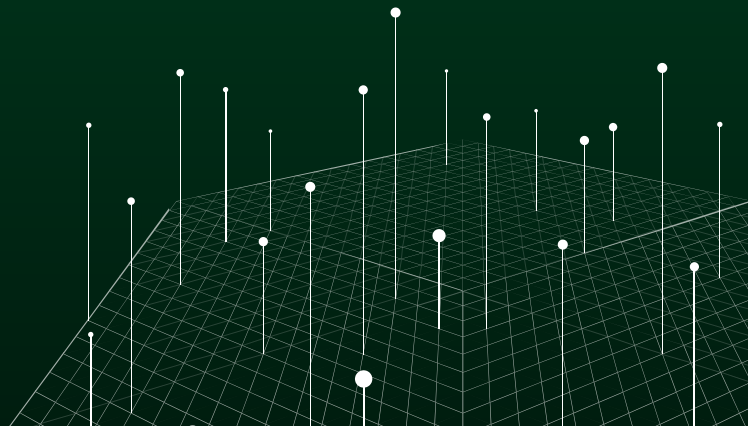
However, the data presented in this study is only the basis for further research to be conducted. That is why we will keep working with the data and extending it. There are already so many ideas for further analysis on the list for the STUDY next year!

For academia: Are you interested in using the data set?

Please reach out to academia@glassdollar.com.

[11] Mais, B., Weiss, L., and Kanbach, D. (2023). Performing open innovation through strategic Venture Clienting: A guiding principles framework.
[12] Gimmy, G. (2021). What is a venture client company, and what is a good one?

What Does The Data Look Like?



The data set consists of 19,401 startups, each of which is associated with a subset of the 18,801 corporations identified worldwide, varying in size and structure. In total, 66,424 individual corporate-startup relationships were identified and analysed for this study.

Data time frame: from **2013** to **January 2024**
The quantified relationships capture a momentary glimpse. The acquisition approach restricts our ability to determine a) the essence of these relationships and b) their currency. For an in-depth understanding of the data collection process, please refer to the Appendix.

66,424

Corporation <> Startup relationships

19,401

Startups

18,801

Corporations

How Was The Data Acquired?

Disclaimer: *it is imperative to acknowledge the various sources of bias that could potentially impact the statistical attributes of the data set. A detailed outline can be found in the Appendix.*

While venture capital fundings are often disclosed, transactions or relationships between corporations and startups are not. This is why a specific data set on which corporations purchase from which startups doesn't exist. Nevertheless, **reality can be approximated by gathering data on startups' referenced customers**.

To compile a data set on corporate-startup relationships, it is assumed that much of this data is available online; startups often feature logos of their corporate customers on their digital platforms to enhance visibility and success. While not all logos signify customer ties, their display most likely indicates supplier-customer connections due to strict corporate logo usage rules.

It is crucial to acknowledge that **the actual number of relationships may be significantly underestimated** in this study, potentially by a factor of 3 to 5. This discrepancy primarily arises because a large portion of relevant data remains undisclosed to the public.

Two distinct approaches were employed to gather the relationship data:

- *Internal database*: to this day, GlassDollar has sourced several thousand startups for customer requests, including data on referenced customers. This information is readily available internally.

- *Website Scraping*: startups usually display the logos of their (reference) customers on their website. 80k+ startups' websites were scraped to create a data set which would map all corporate customers of a respective startup.

Definitions

What is a startup?
There is no standard definition of what a startup is, making it impossible to capture the entire set of existing startups. To gauge the coverage of startups in our data set, a comparison with an aggregate of all existing information, like startup databases, is the only way to assess coverage.

Therefore, this study relies on the definition of the database Crunchbase, which classifies a company as a startup if it received Venture Capital investment and is projected to grow exponentially. This definition was further detailed by including only companies founded in 2013 or after.

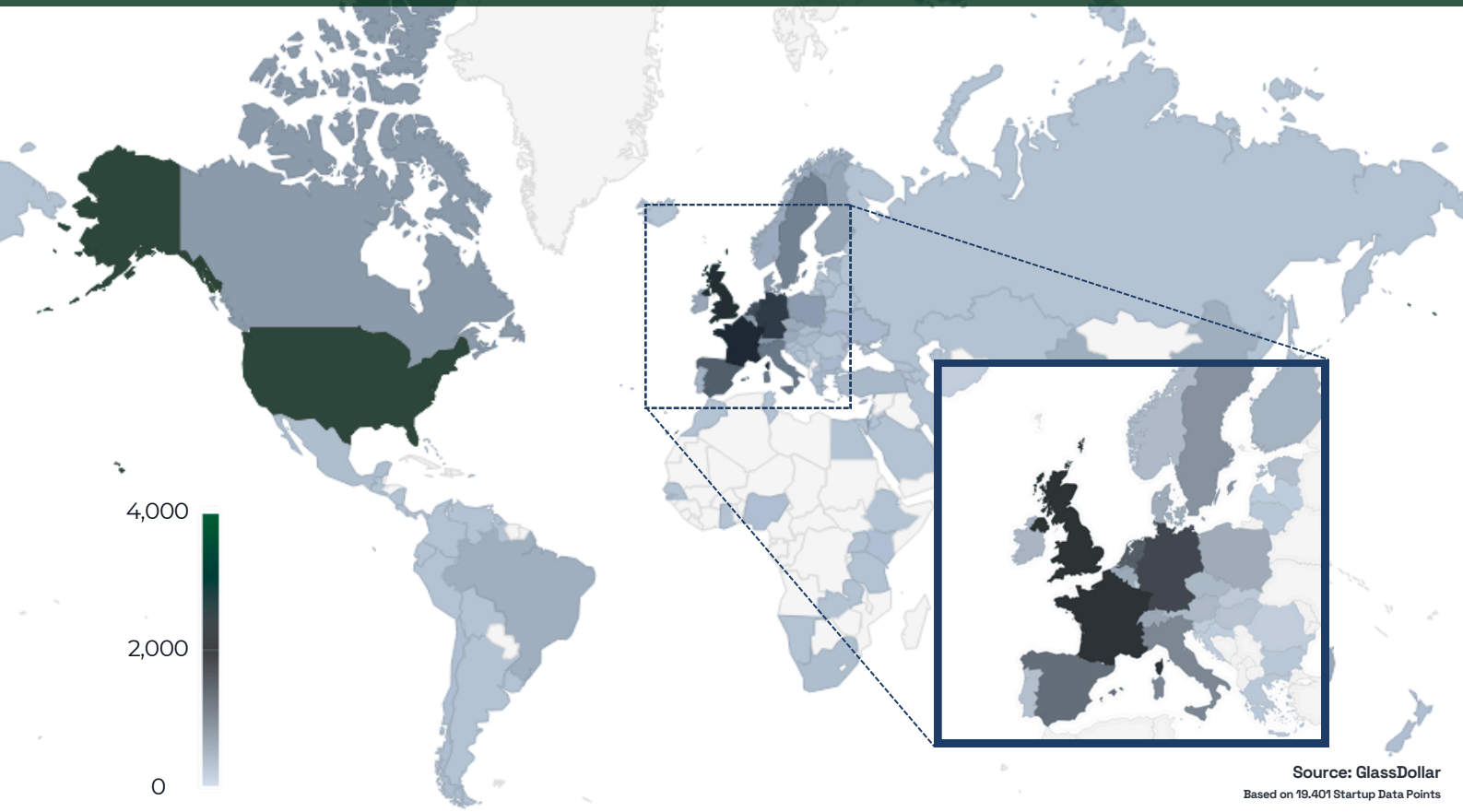
Geographic coverage
Please note that for this study, the terms "Europe" and "European" refer to the countries that are part of the European Economic Area (EEA) as of October 2023, including Switzerland and Great Britain.

Although Switzerland is neither an EU nor EEA member, it is part of the single market. Due to the countries economic connection to its surrounding, it is included in this analysis.

Despite its withdrawal from the European Union (Brexit), Great Britain is encompassed as well. This was decided due to Great Britain's significant historical economic ties with Europe, which have had a relevant impact on the country. These influences are supposed to be captured in the analysis.

Global Startup Data Coverage

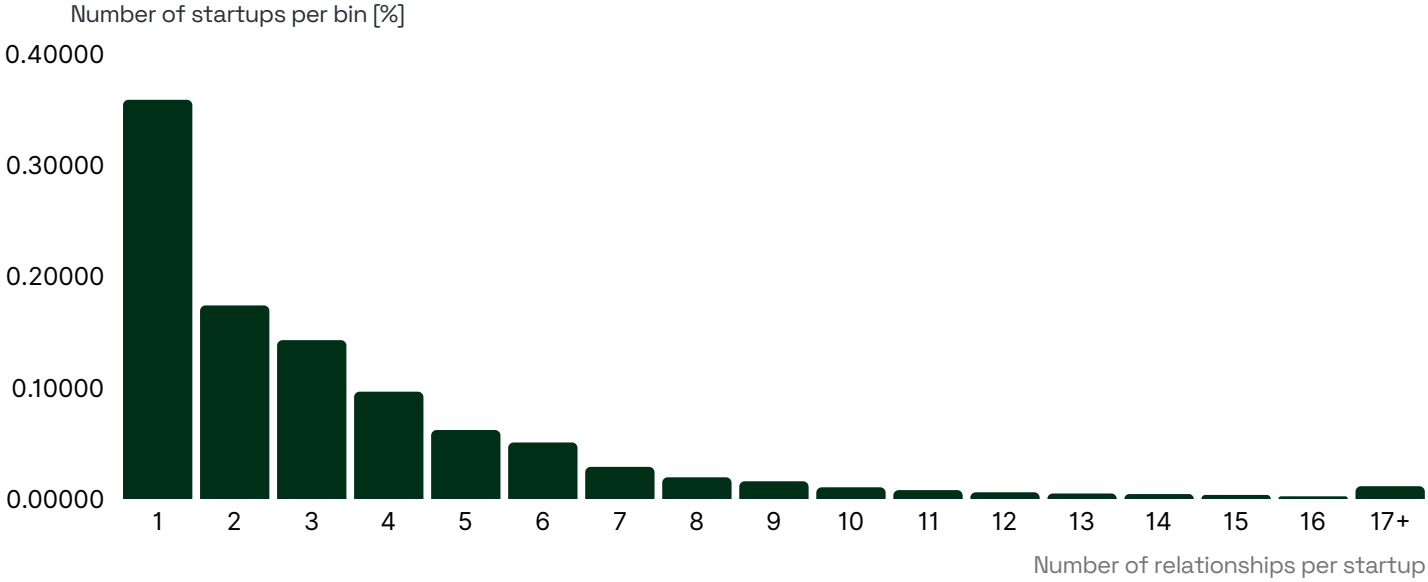
Top 5 3.861 2.543 1.843 1.485 1.180



Source: GlassDollar
Based on 19,401 Startup Data Points

We can confidently claim global coverage, and completeness for Europe (websites of all European startups were scraped).

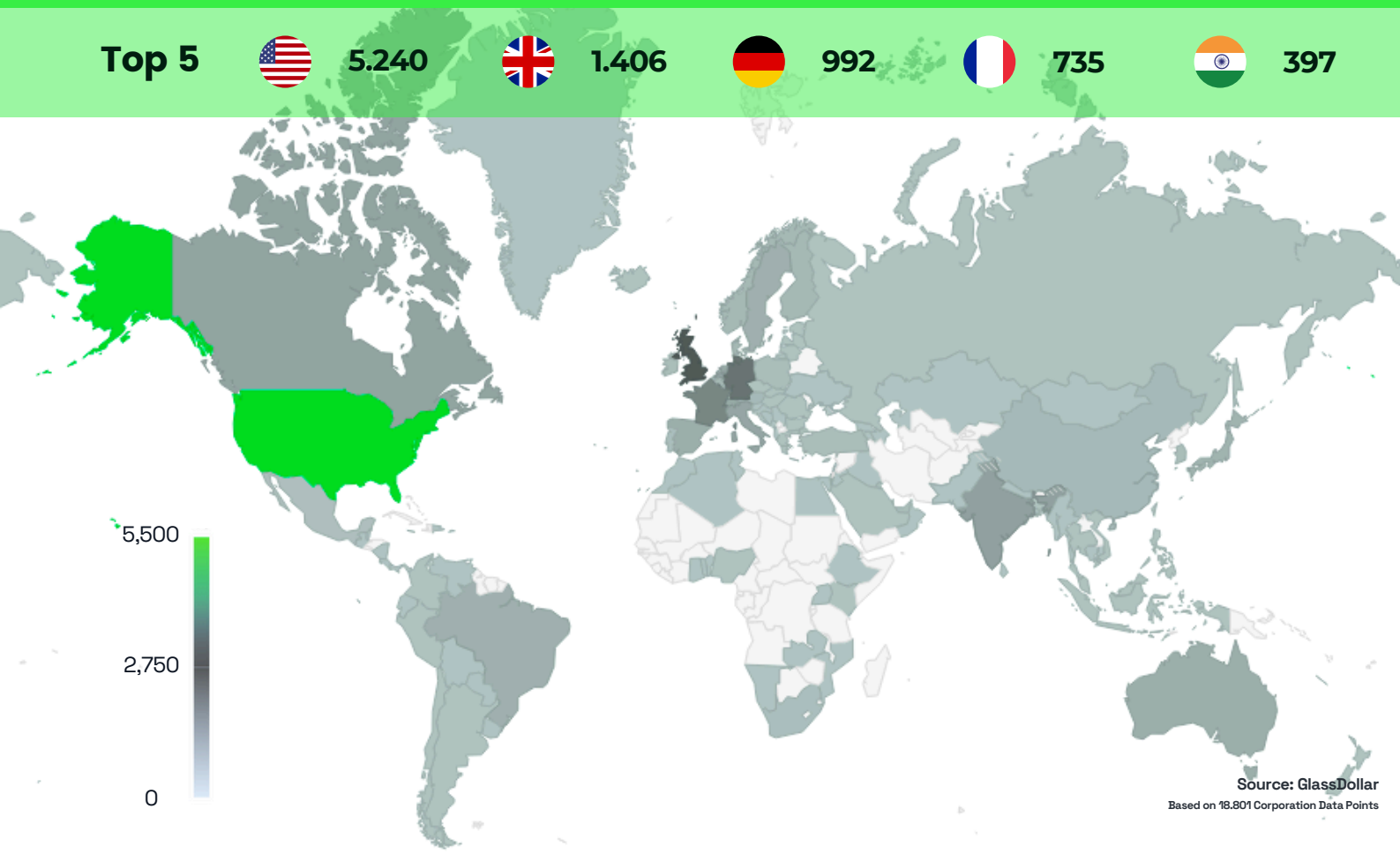
Distribution of relationships with corporations
for European startups



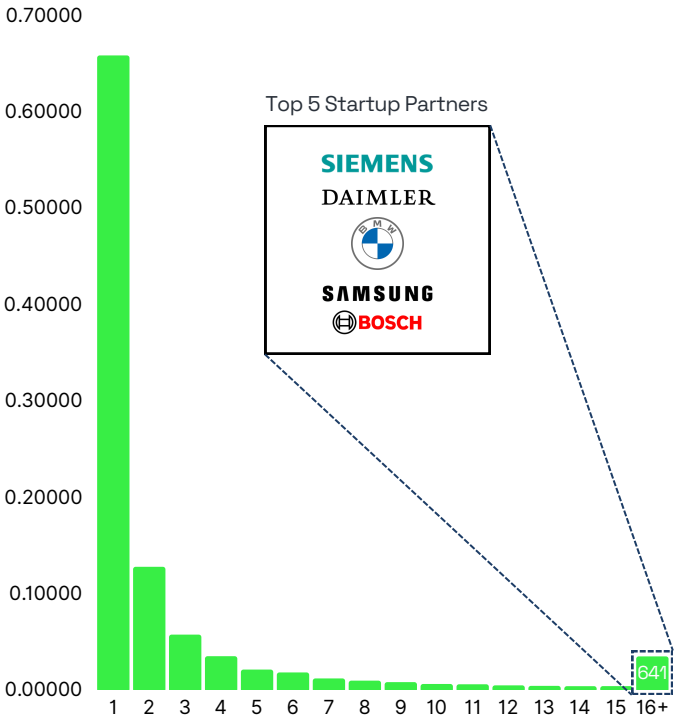
Geo Distribution of Corporations

Number of tracked corporations per country

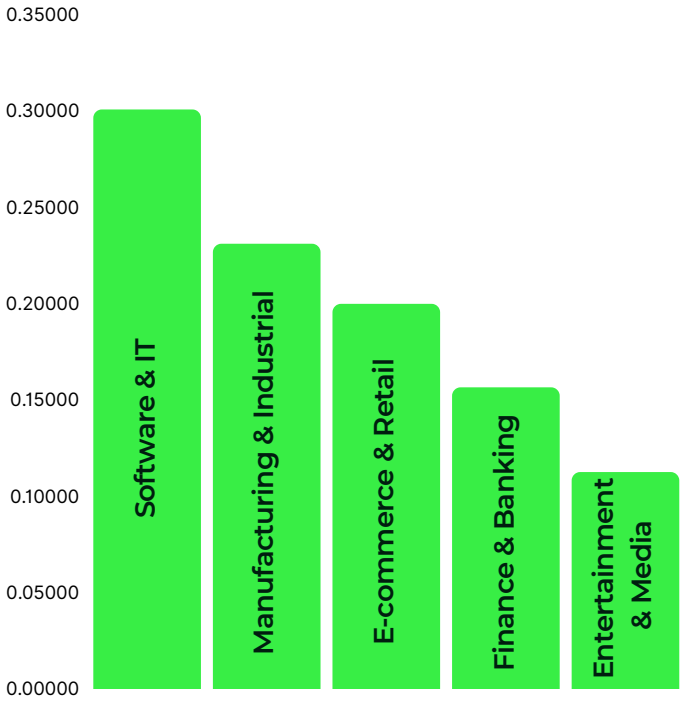
Top 5 5.240 1.406 992 735 397



Distribution of corporations by number of startup relationships



Corporation <> startup relationships per industry



Chapter II

Subchapter 1

Relationship Data Analysis

The following chapter dives deep into the analysis of 66,424 corporate-startup relationship data points:

- **Ranking of the most active startup customers**
- **Import / export (for countries) flows**
- **Import + Funding leveraged (for corporations) flows**



Celebrating the Most Active Startup Partners

Top 10 ranking by the sum of all startup partnerships per company



Disclaimer: The data presented here has full coverage for European startups, while startups registered outside of Europe are not covered to a full extent. Consequently, the ranking shows the most active partners of European startups.

11 to 50 ranking by the sum of all startup partnerships per company

11.	L'ORÉAL	238	
12.	ACCENTURE	230	
13.	AIRBUS	211	
14.	CISCO	197	
15.	AXA	194	
16.	PHILIPS	188	
17.	NESTLÉ	187	
18.	PWC	185	
19.	ENGIE	184	
20.	MICROSOFT	178	
21.	AUDI	175	
22.	BAYER	174	
23.	UBER	165	
24.	KPMG	162	
25.	TOYOTA	161	
26.	DELL	160	
27.	ADIDAS	159	
28.	COCA COLA	157	
29.	EY	155	
30.	CARREFOUR	154	
31.	WALMART	151	
32.	IKEA	145	
33.	HP	144	
34.	MCDONALDS	141	
35.	DECATHLON	136	
36.	SHELL	134	
37.	NETFLIX	133	
38.	SAP	130	
39.	LENOVO	128	
40	VODAFONE	128	
41.	DANONE	127	
42.	PORSCHE	124	
43.	FORD	122	
44.	CREDIT AGRICOLE	122	
45.	SCHNEIDER ELECTRIC	121	
46.	ROCHE	120	
47.	GOOGLE	117	
48.	ORANGE	116	
49.	SANTANDER	116	
50.	ABB	112	

Want to know where you rank and which startup relationships we found?

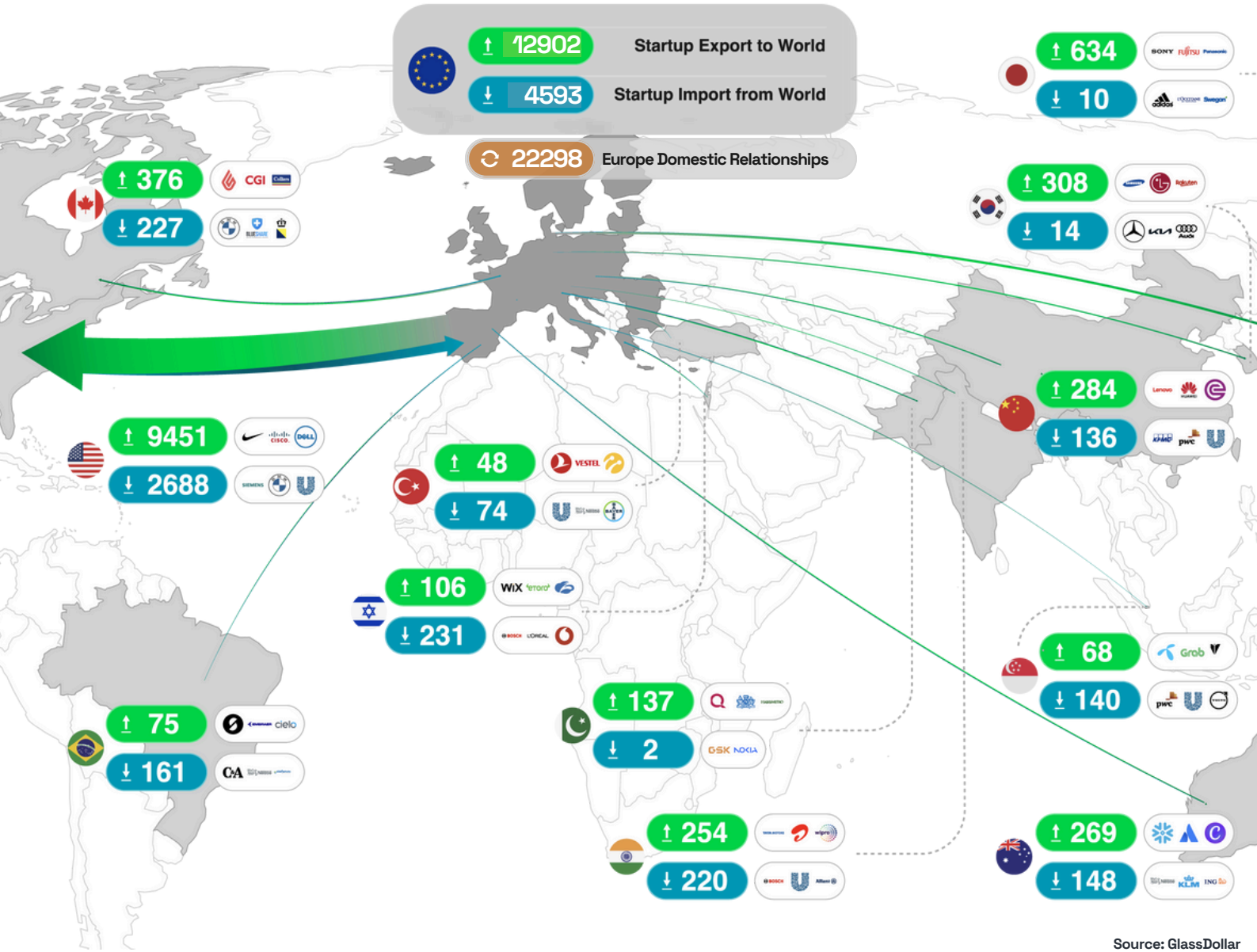
Reach out to guilherme@glassdollar.com.

Mapping Corporate-Startup Relationships - Europe <> World

Celebrating the most active partners of European startups

Top 3 Startup Partners

SIEMENS 453 | DAIMLER 361 | 328



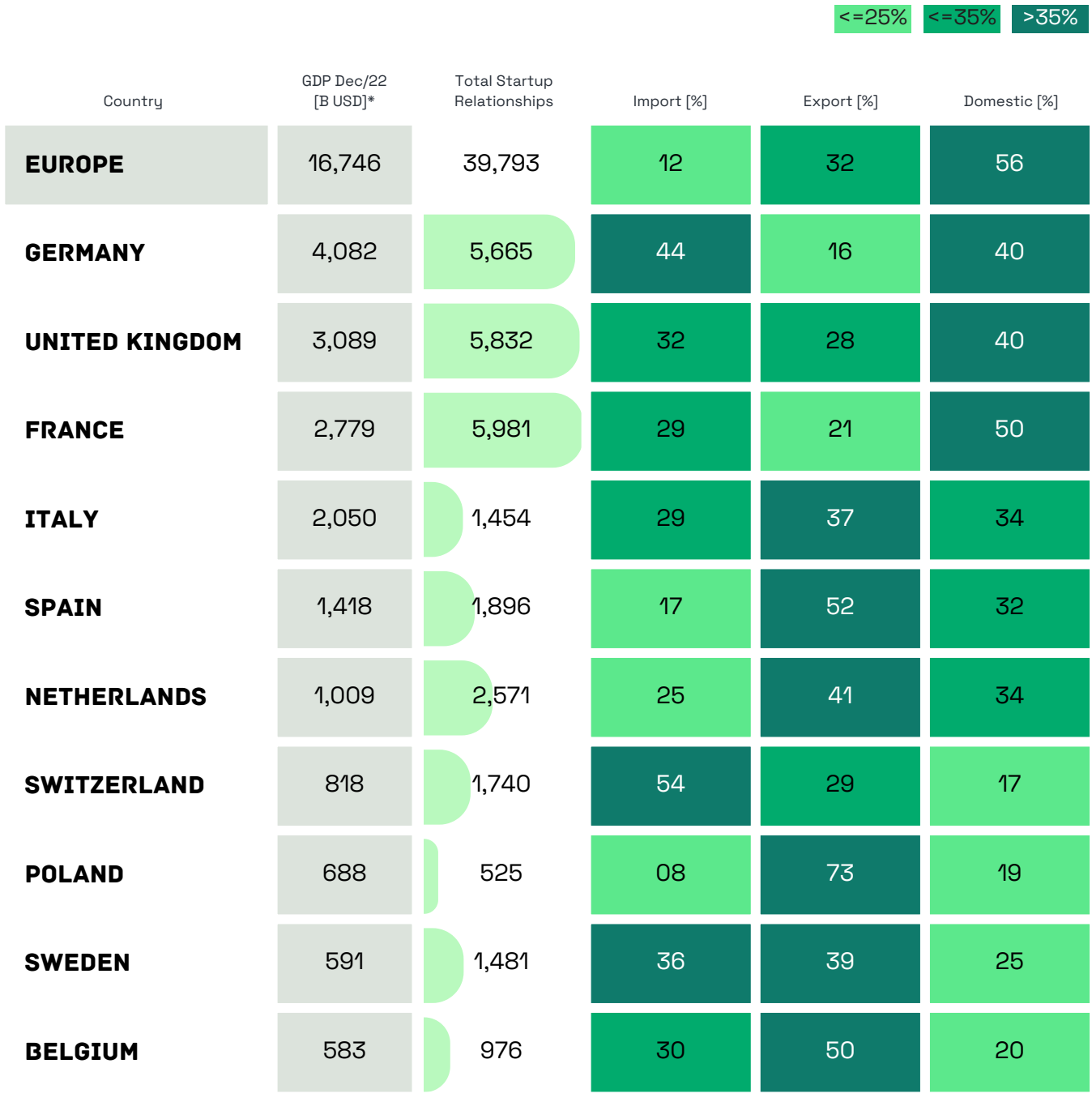
Source: GlassDollar

Based on 66.424 Relationship Data Points

Note: Taking into account global dataset.
Domestic relationship: a relationship between a corporation and a startup from the same country
Imports: a partnership between a corporation from the focal country and a foreign startup
Exports: a partnership between a startup from the focal country and a foreign corporations

Larger Economies Rely More on Domestic Relationships

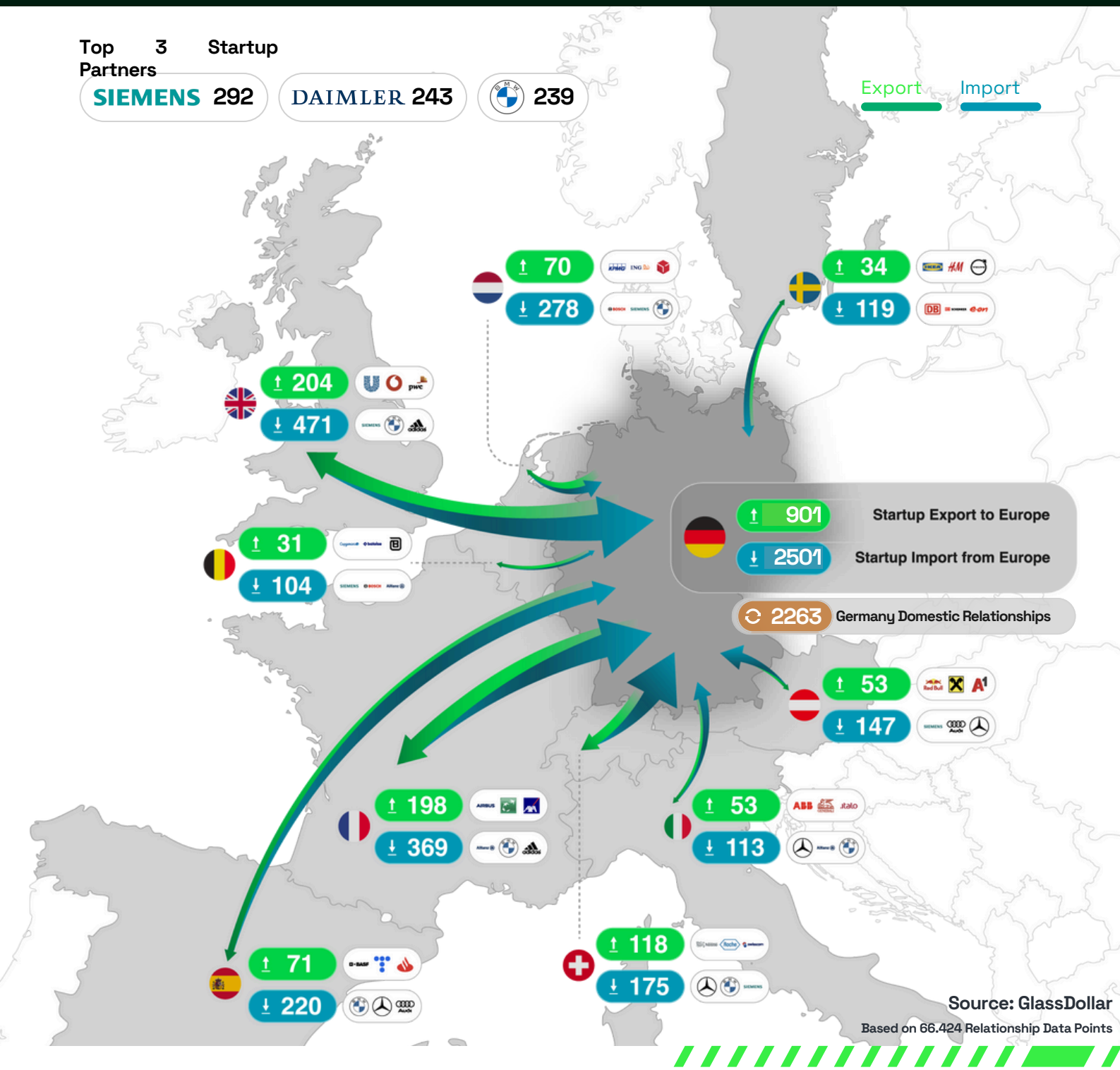
Comparison of European-level import, export, and domestic relationships shares across Europe's top 10 GDP countries



* https://tradingeconomics.com/country-list/gdp?continent=europe, data as of Dec / 22

Germany <> Europe Corporate-Startup Relationships

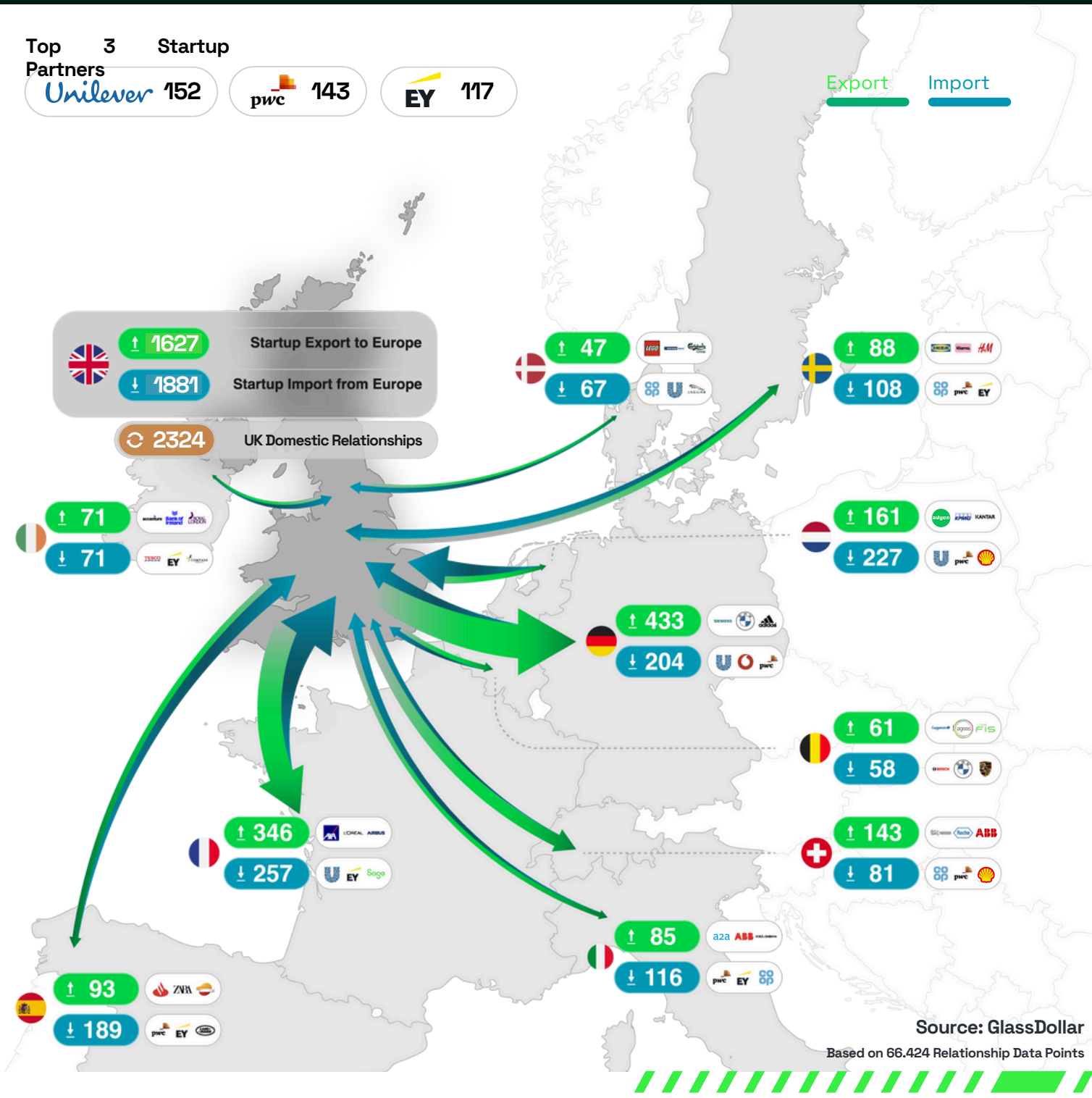
Celebrating the most active startup partners



Note: Data is taking into account Europe only.
Domestic relationship: a relationship between a corporation and a startup from the same country
Imports: a partnership between a corporation from the focal country and a foreign startup
Exports: a partnership between a startup from the focal country and a foreign corporations

United Kingdom <> Europe Corporate-Startup Relationships

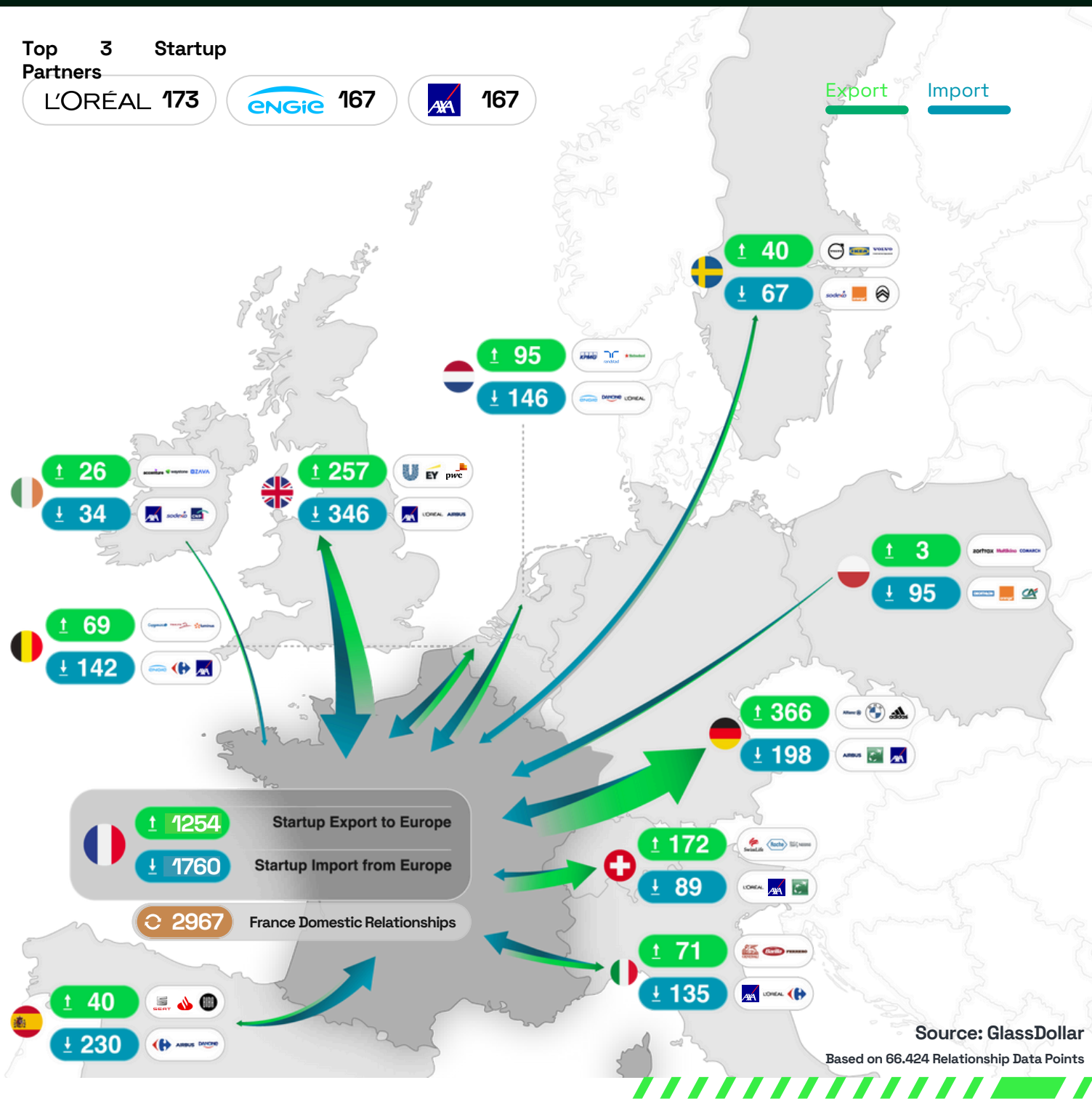
Celebrating the most active startup partners



Note: Data is taking into account Europe only.
Domestic relationship: a relationship between a corporation and a startup from the same country
Imports: a partnership between a corporation from the focal country and a foreign startup
Exports: a partnership between a startup from the focal country and a foreign corporations

France <> Europe Corporate-Startup Relationships

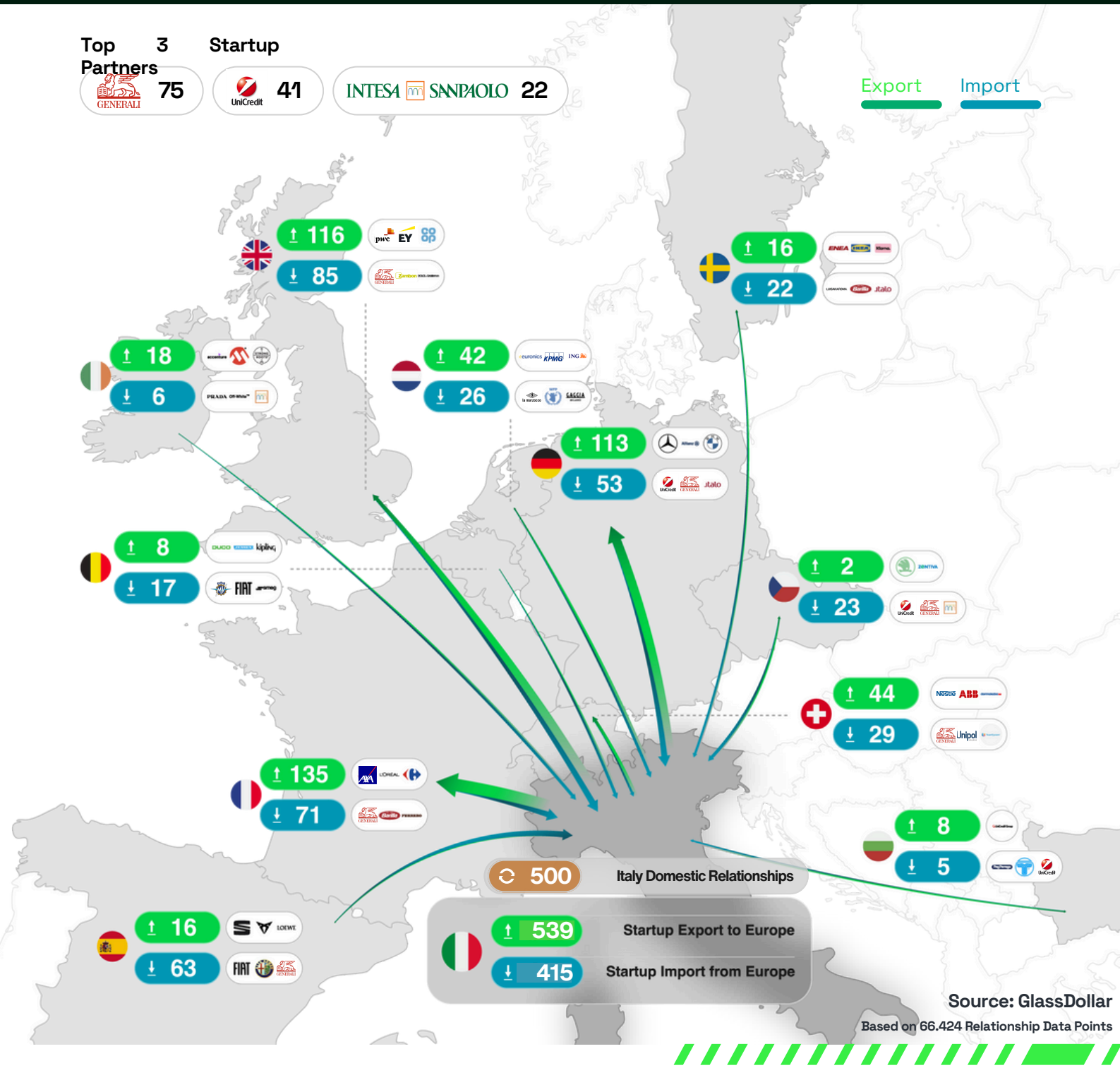
Celebrating the most active startup partners



Note: Data is taking into account Europe only.
Domestic relationship: a relationship between a corporation and a startup from the same country
Imports: a partnership between a corporation from the focal country and a foreign startup
Exports: a partnership between a startup from the focal country and a foreign corporations

Italy <> Europe Corporate-Startup Relationships

Celebrating the most active startup partners



Note: Data is taking into account Europe only.
Domestic relationship: a relationship between a corporation and a startup from the same country
Imports: a partnership between a corporation from the focal country and a foreign startup
Exports: a partnership between a startup from the focal country and a foreign corporations

Utilizing Investments of Others

How Startup Partnering Can Provide a 'Free Rider' Opportunity

In today's fast-paced world, the phrase 'R&D unit' is no longer exclusive to large corporations with extensive resources. Startups have become innovation power-houses which, small as they are, can develop and iterate ideas quickly. These days, this innovation capability is exposed to a strong network of supporters:

Germany serves as a remarkable case study in this context, boasting a flourishing startup ecosystem supported by various stakeholders like (corporate) venture capital firms, angel investors, and public supporters such as the High-Tech Gründerfonds (HTGF) and de:hub initiative.

In such a supportive environment, how can corporations most effectively harness the power of startups? One intriguing approach is through startup partnering.

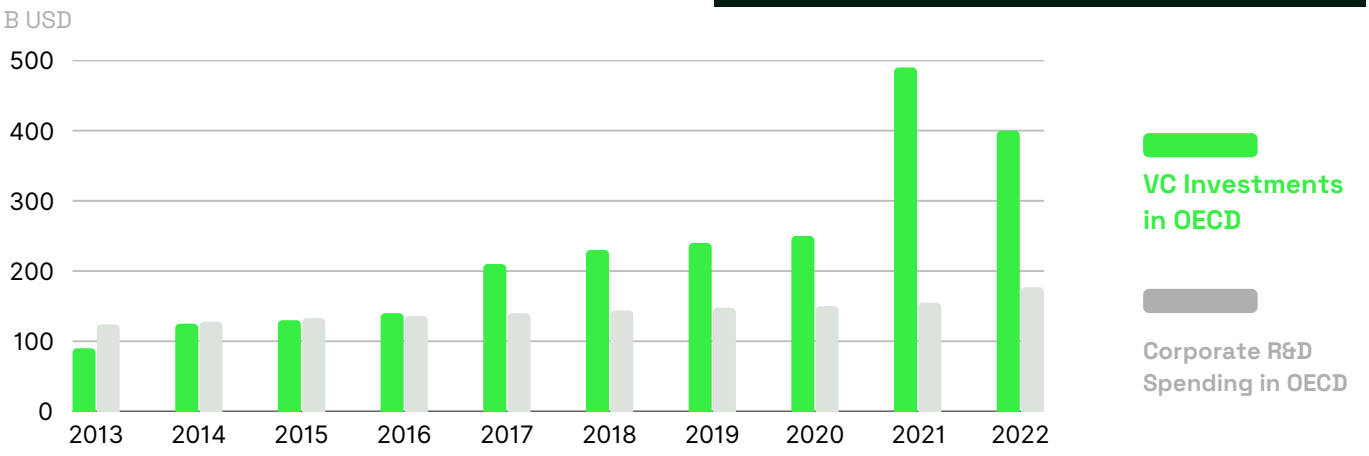
In essence, startup partnering allows corporations to become "free riders" by leveraging the R&D efforts undertaken by startups without making a direct financial investment. In short: **why purchase Apple stock when you can buy the iPhone directly?** If the goal is to acquire a specific solution or technology, then buying the product directly offers a more straightforward path to that end.



Dr. Alex von Frankenberg

Managing Director @ HTGF

Before taking the position as managing director at HTGF in October 2005, Alex worked for a company builder, IT startup as head of sales and IT and strategy consultancy. Alex holds an MBA from the University of Texas at Austin and a PhD about the establishment of de-facto technology standards from the University of Mannheim.



Source: Organization for Economic Co-operation and Development (OECD), Nagji & Tuff, Pitchbook

It is not to say that startup partnering is better than venture capital. The opposite is true: our startups need a strong support system to continue flourishing. It is a way to further leverage those efforts undertaken while simultaneously further strengthening the stakeholders involved.

Leveraged VC Through Startup Partnering Is Significant Compared to R&D

- 'Average VC Leveraged per Year' is calculated by dividing the 'Total VC Leveraged' by 10, since the study focuses on companies founded in 2013 or later.
- The figures represent a minimum estimate as most startups have not disclosed funding amounts, and the number of relationships is likely underestimated due to undisclosed partnerships, as indicated in our Exploratory Data Analysis.

<=15% <=30% >30%

	Number of Global Startup Partnerships	R&D Expense 2018 [B USD]	Total VC Leveraged [B USD]	Average VC Leveraged per Year [B UDS]	Annual Average VC leveraged [% of R&D Expense]
SIEMENS	**453**	5.9	20.7	2.1	35.6%
DAIMLER	**361**	9	15.6	1.6	11.1%
BMW	**328**	6.9	16.2	1.6	23.2%
SAMSUNG	319	14.8	62.8	6.3	42.6%
BOSCH	299	6	21	2.1	35%
VOLKSWAGEN	273	13.6	16.5	1.7	12.5%
Unilever	251	0.9	11.5	1.2	133.3%
L'ORÉAL	238	0.9	9.9	1	111.1%
accenture	230	0.7	5.5	0.6	11%
AIRBUS	211	3.3	10	1	30.3%

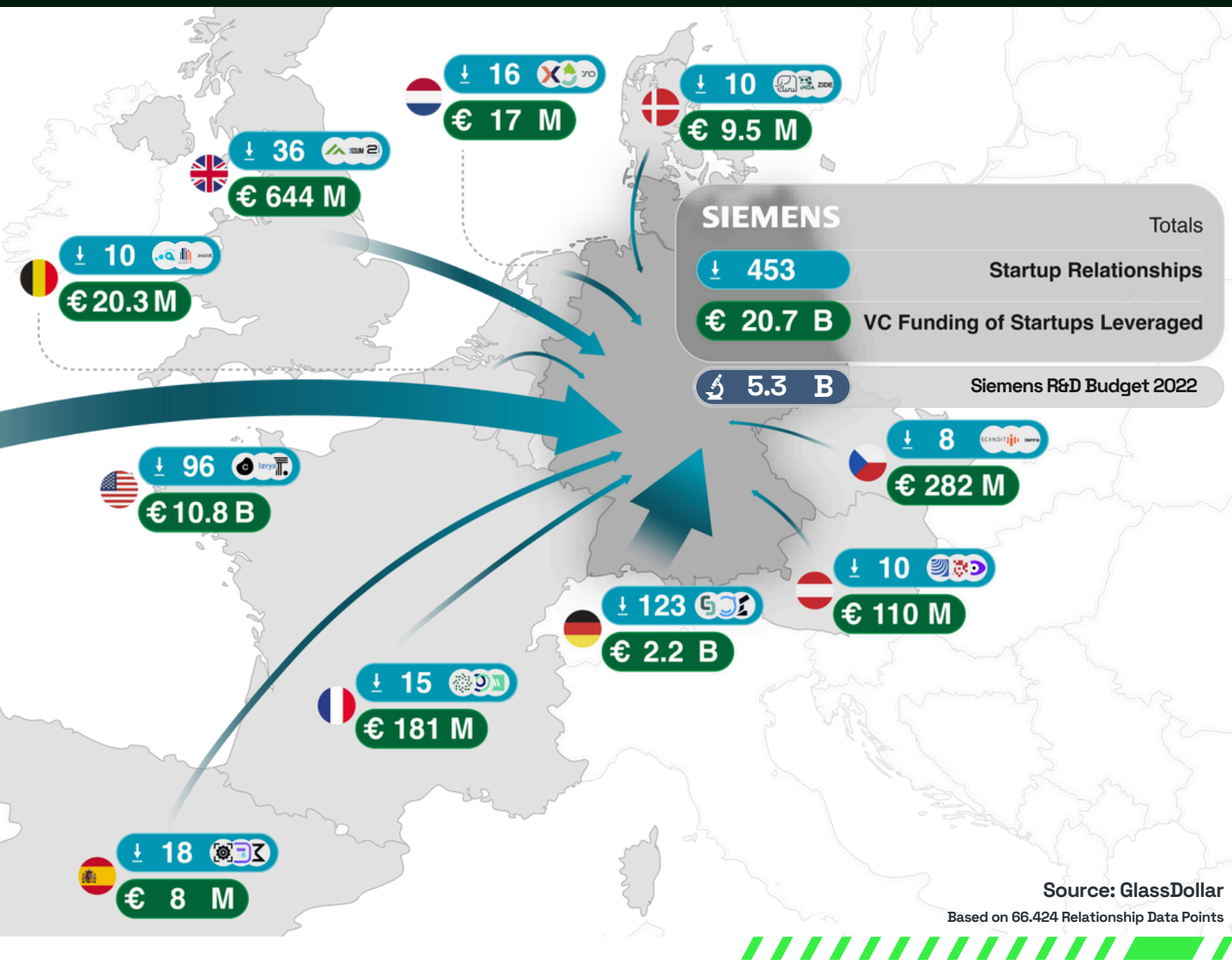
Siemens AG
Startup Relationships

Visualizing Startup Relationships of Corporate Country Leaders

Strategic partnerships with startups enable firms to access venture capital to complement R&D budgets, boosting innovation finance.

To illustrate this, three country leaders were selected based on their number of startup relationships. Compared to their peers, these companies engage more internationally and collaborate with startups that raised higher amounts of venture capital.

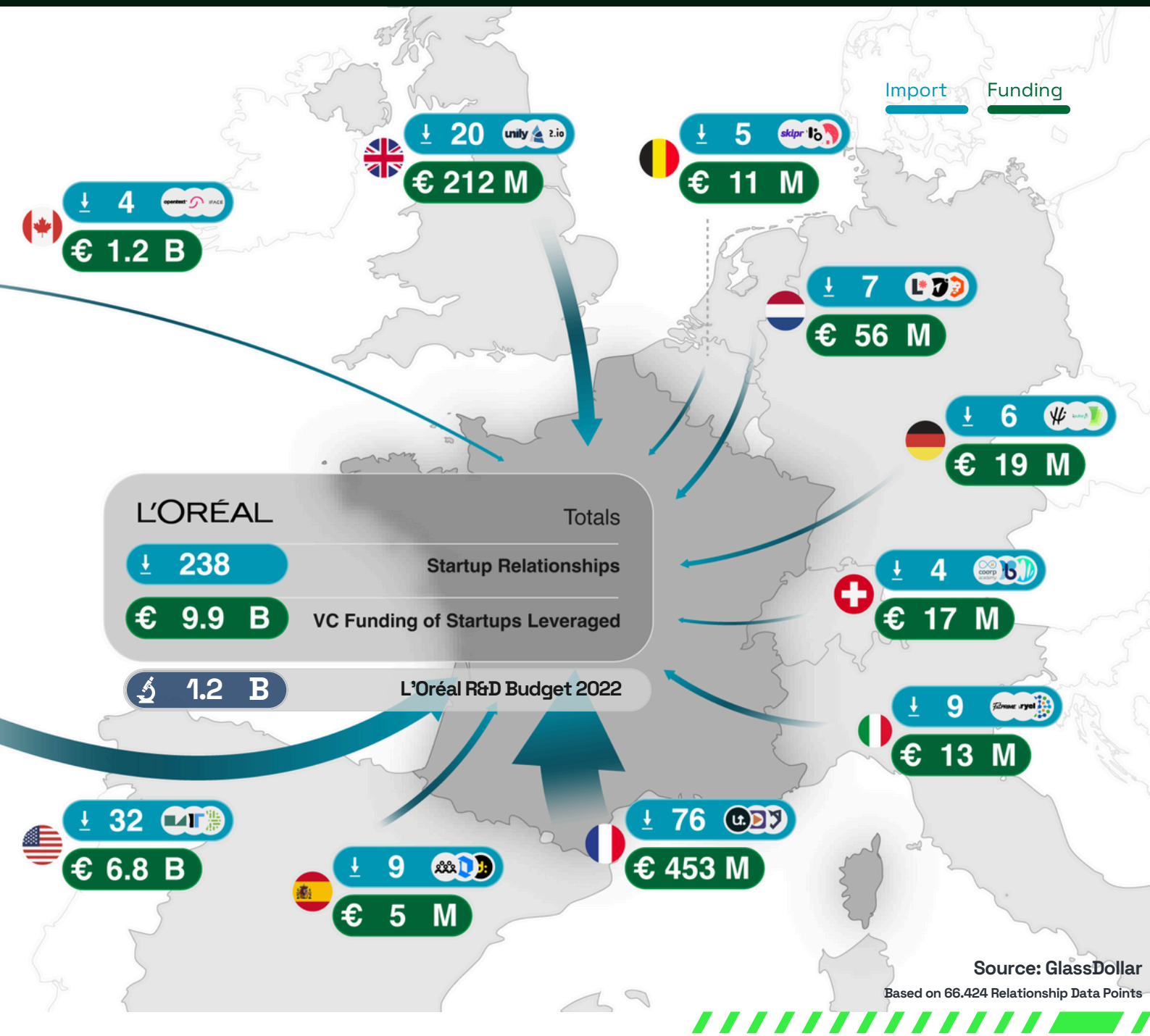
Note: Public data only. Actual partnerships are likely **+5x**, since only a fraction is public.



Relationship datapoints: Based on public data in customer reference sections, case studies, press releases etc.
R&D Budget: Orbis & Statista
Imports: a partnership between a corporation from the focal country and a foreign startup

L'Oréal S.A.
Startup Relationships

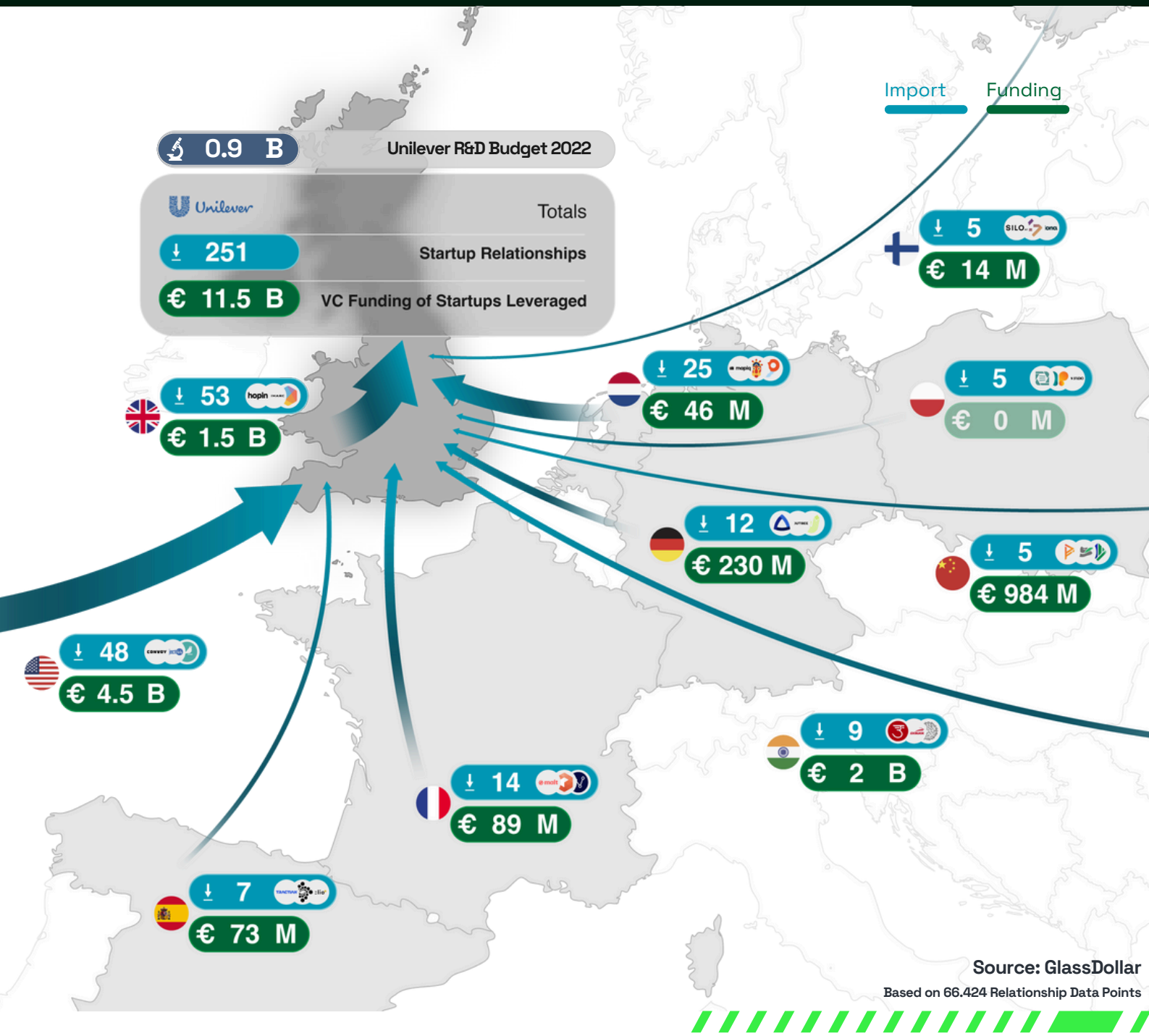
Visualizing Startup Relationships of Corporate Country Leaders



Relationship datapoints: Based on public data in customer reference sections, case studies, press releases etc.
R&D Budget: Orbis & Statista
Imports: a partnership between a corporation from the focal country and a foreign startup

Unilever PLC
Startup Relationships

Visualizing Startup Relationships of Corporate Country Leaders



Relationship datapoints: Based on public data in customer reference sections, case studies, press releases etc.
R&D Budget: Orbis & Statista
Imports: a partnership between a corporation from the focal country and a foreign startup

Chapter II

Subchapter 2

Outlook

What you have seen until now covers **only a small proportion** of what one could do with the acquired data. This chapter covers further directions of research that will be explored going forward:

1. Quantifying the Size and Impact of Startup Relationships with Corporations
2. Collaborations as Indicator for Startup Success
3. Trend Topic Deep Dives: AI, Sustainability, Robotics
4. Advanced Data Collection Approaches

Quantifying the Size and Impact of Startup Relationships with Corporations (1 / 2)

Startup partnering achieves dual objectives: boosting the economy immediately (innovation / resilience) and over time, by giving startups access to early customers for traction and enhancing corporate.

Corporations

- tangible cost savings and revenue gains
- more innovation & options

Startups

- customer traction / revenue
- access to customer insights

The data acquired for this study facilitates an initial exploration into quantifying the economic impact of partnerships between corporations and startups by assessing the financial benefits and costs associated with so-called Proof of Concepts (PoCs) and follow-on transactions.

Assumptions (based on 1000+ Proof of Concepts (PoCs))

20k	250k	2M	50%	100k
Startup PoC Revenue [EUR]	Average long-term Revenue [EUR]	Average Business Impact per PoC [EUR]	Average Adoption Rate	Average Total Cost per PoC [EUR]*

Corporation: Average Net Business Impact per Startup Relationship

2M (Average Business Impact per PoC [EUR]) x 50% (Average Adoption Rate) - 100k (Average Total Cost per PoC [EUR]*) = €900k (Average Net Business Impact per Startup Relationship)

Startup: Average Revenue per Corporation Relationship

20k (Startup PoC Revenue [EUR]) + 50% (Average Adoption Rate) x 250k (Average long-term Revenue [EUR]) = €145k (Average Revenue per Corporation Relationship)

*Average Total Cost per PoC includes all associated cost (both PoC-related cost and costs incurred by operating a Venture Clienting unit).

Quantifying the Size and Impact of Startup Relationships with Corporations (2 / 2)

Exemplary calculations for Germany, France, the UK, and EU

Disclaimer: The subsequent calculation is not intended as an exact figure but rather a rough estimate. These numbers derive from the analysis of over 1000+ Proof of Concepts (PoC) supported by GlassDollar, gathering benchmark data from prominent Venture Clienting units.

Domestic relationship: a relationship between a corporation and a startup from the same country
Imports: a partnership between a corporation from the focal country and a foreign startup
Exports: a partnership between a startup from the focal country and a foreign corporations

		Corporations			Startups		
		Domestic Relationships & Import	Est. Impact Created [B EUR]	GDP* / Revenue** [B EUR]	Domestic Relationships & Export	Est. Revenue Generated [B EUR]	Venture Capital*** [B EUR]
	Germany	4,764	**4.29**	4,082	3,164	**0.46**	8.2
SIEMENS	Siemens	453	0.41	77.8	-	0.07	20.7
	UK	4,205	**3.78**	3,089	3,951	**0.57**	21.3
Unilever	Unilever	238	0.21	59.6	-	0.03	11.5
	France	4,727	**4.25**	2,779	4,221	**0.61**	9.2
L'ORÉAL	L'Oréal	251	0.23	41.18	-	0.04	9.9
	Europe	26,891	**24.2**	**16.7**	35,200	**5.1**	**52**

* https://tradingeconomics.com/country-list/gdp?continent=europe, data as of Dec / 22
** respective annual statements for 2023
*** country-level: "UK innovation – forward look for 2024", HSBC & Dealroom // company-level: "Impact of Venture Clienting 2023", GlassDollar
**** "European Venture In 2023 Halved From Peak, But Was Still Above Pre-Pandemic Funding", Crunchbase (Jan 9th, 2024)

The Number of Corporate Partners Is an Indicator of a Startups' Success.

Max Planck Institute for Innovation and Competition

Based on the data set presented in this study, a preliminary assessment conducted by the Max Planck Institute for Innovation and Competition provided promising insights.

Combining the GlassDollar data with investment and startup-level information, the researchers drew a first picture of the relationship between nascent ventures' clienting activities with established corporates and subsequent startup performance.

These insights give rise to exploring the implications of early-stage startup collaborations with established corporates:

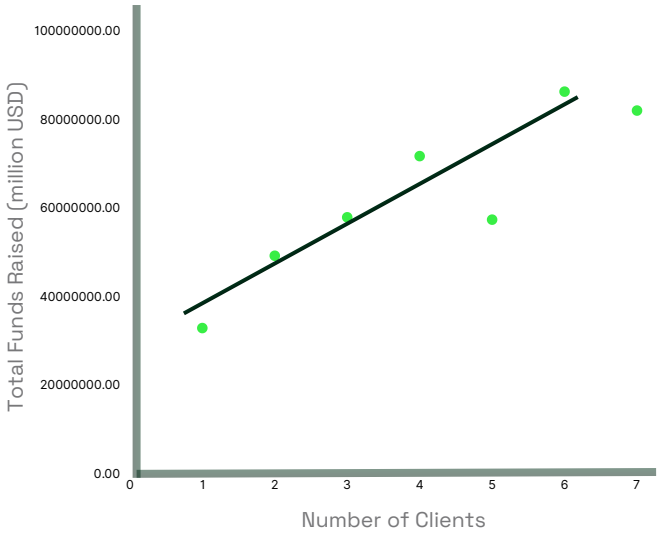


Exhibit 1: Total Funds raised, controlled for age of the startup

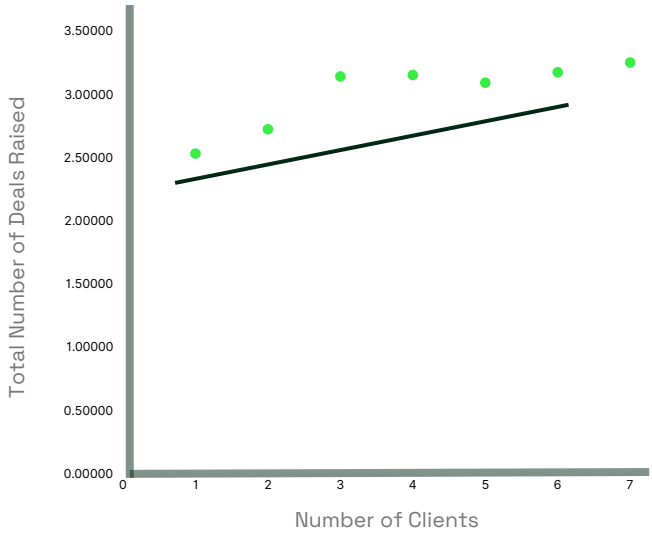


Exhibit 2: Total Number of Deals, controlled for the age of the startup

The probability of securing VC investment or being acquired within the first ten years after founding is significantly higher for startups with Venture Clienting relations compared to the average startup listed in Crunchbase.

Moreover, as depicted in exhibit 1 and 2 respectively, the number of listed clients positively relates to the overall investment amounts collected and the number of deals raised by respective startups, controlling for the founding-year cohort of the startups.

Dr. David Heller

Senior Research Fellow @MPI

Working at the Max Planck Institute for Innovation and Competition, David specializes in the intersection of innovation economics and corporate finance, with a focus on areas such as entrepreneurial finance, intellectual property rights, and innovation and science policy.



Daehyun Kim, PhD

Senior Research Fellow @MPI

Dan's expertise lies in the realm of the role of technology for entrepreneurial finance, with a specific focus on understanding Corporate Venture Capital, the surge of automation technology, and digital platforms.

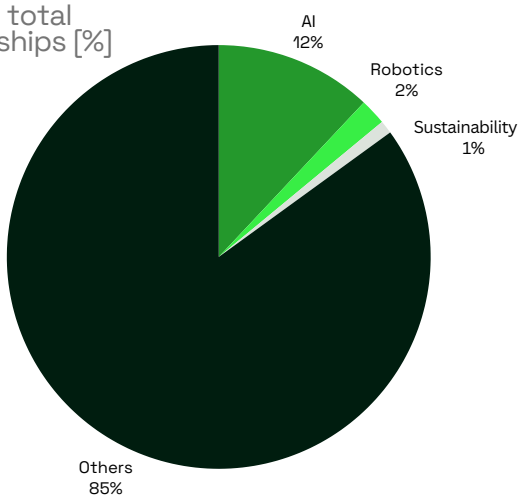


Trend Topic Deep Dives

AI, Sustainability & Robotics

- **Artificial Intelligence** could contribute over $2 trillion to the global economy by 2030, highlighting its significant economic impact [13].
- **Sustainability**, influenced by global policies and regulations, is steering corporations towards ESG compliance, marking a shift towards a sustainable economy [14].
- **Robotics**, with a market projected to grow tenfold by 2030, offers promising industrial productivity and energy efficiency improvements [15].

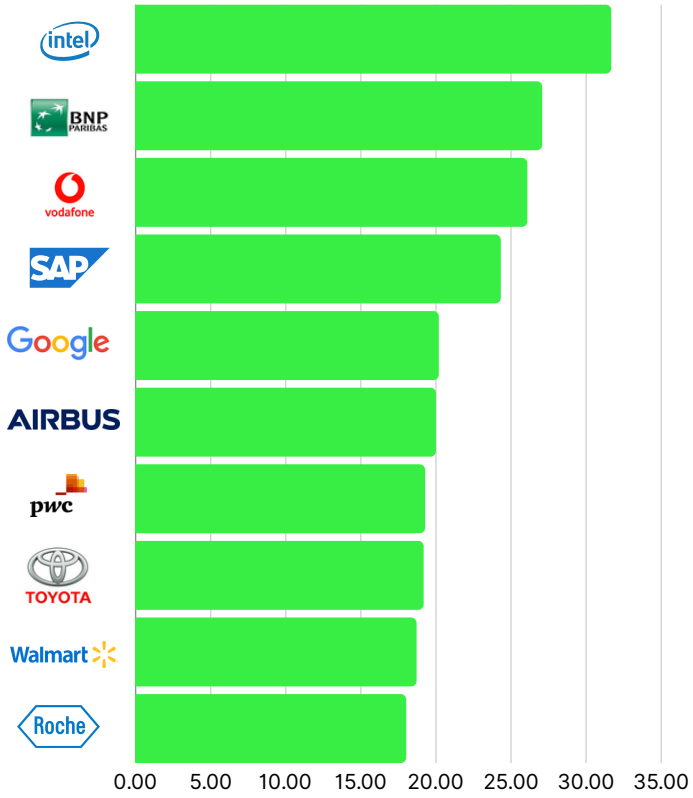
Share in total relationships [%]



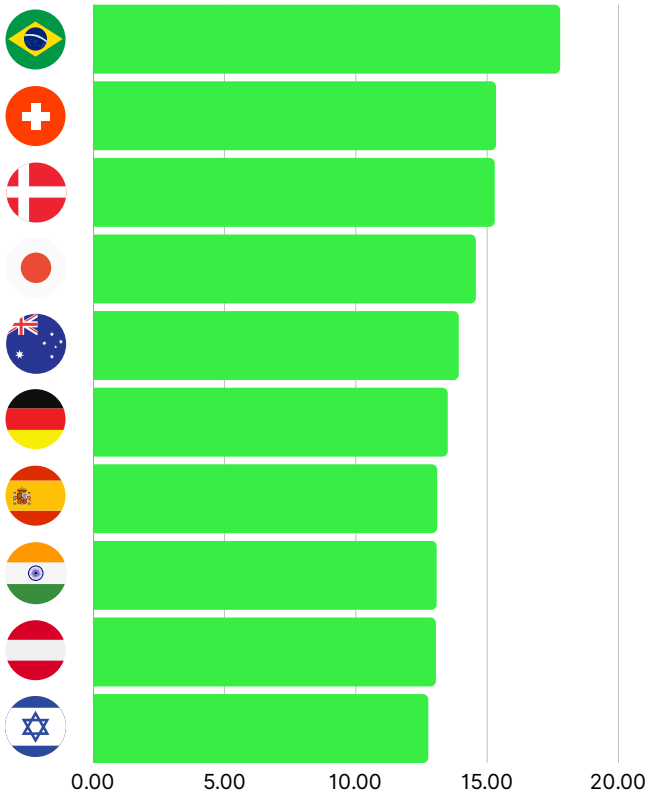
Who is most interested in AI?

Share of AI solutions leveraged (controlled for the portfolio of a company / country)

Share of AI-related startup relationships [%] by corporation



Share of AI solutions used by corporations from that country [%]

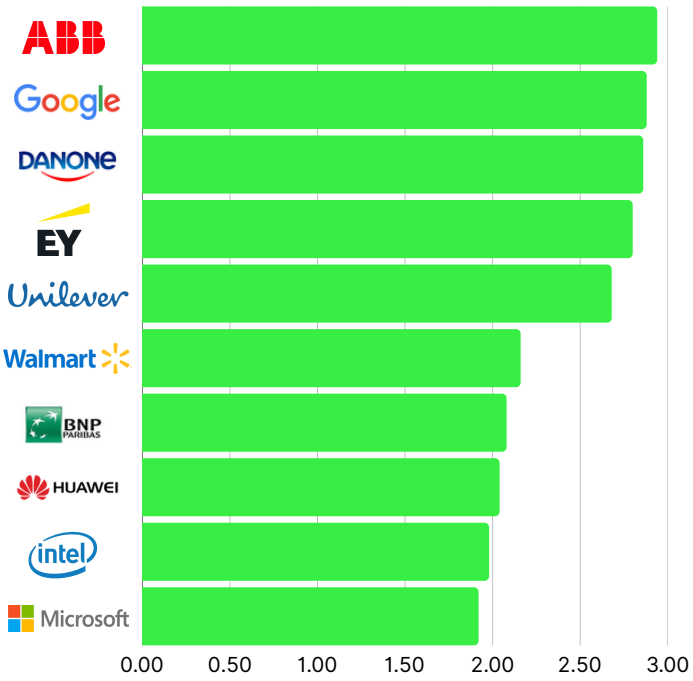


[13] Statista (2023). Global AI Market Size 2021-2030.
[14] S&P Global (2023). Tracking ESG Regulation.
[15] BCG (2021). Robotics outlook 2030: How intelligence and mobility will shape the future.

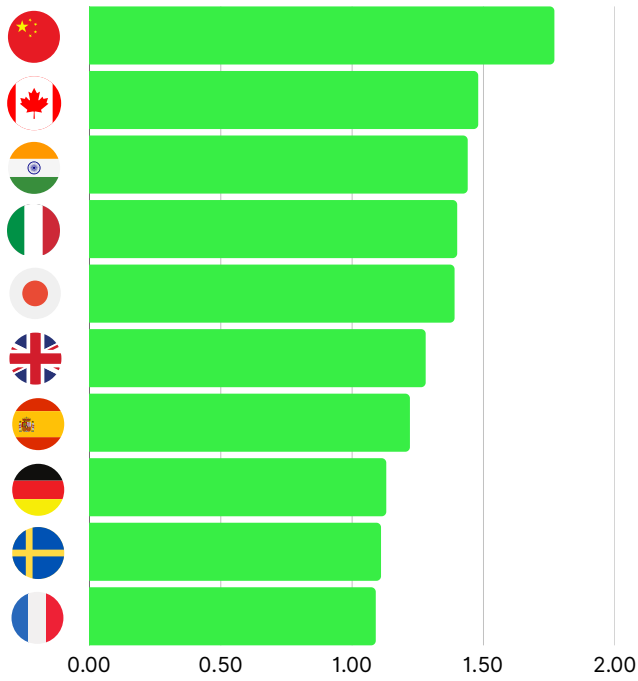
Who is most interested in sustainability?

Share of sustainability solutions leveraged (controlled for the portfolio of a company / country)

Share of sustainability-related startup relationships [%] by corporation



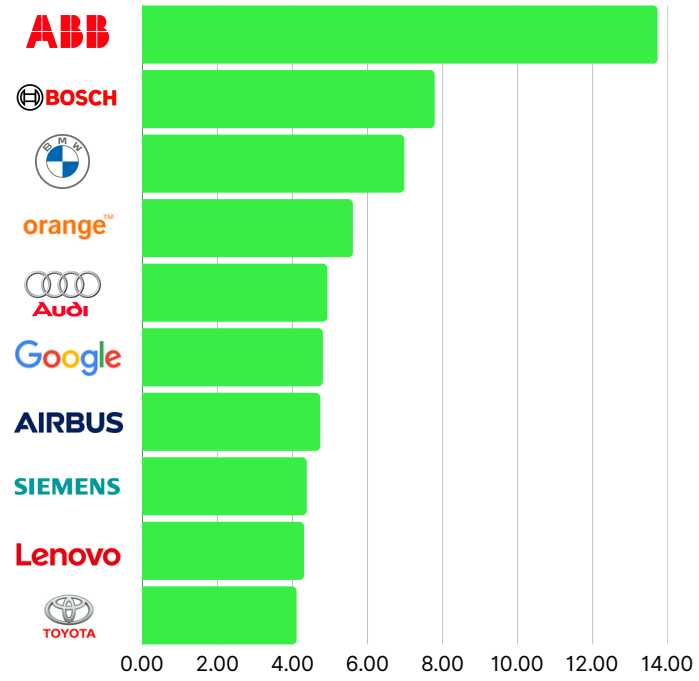
Share of sustainability solutions used by corporations from that country [%]



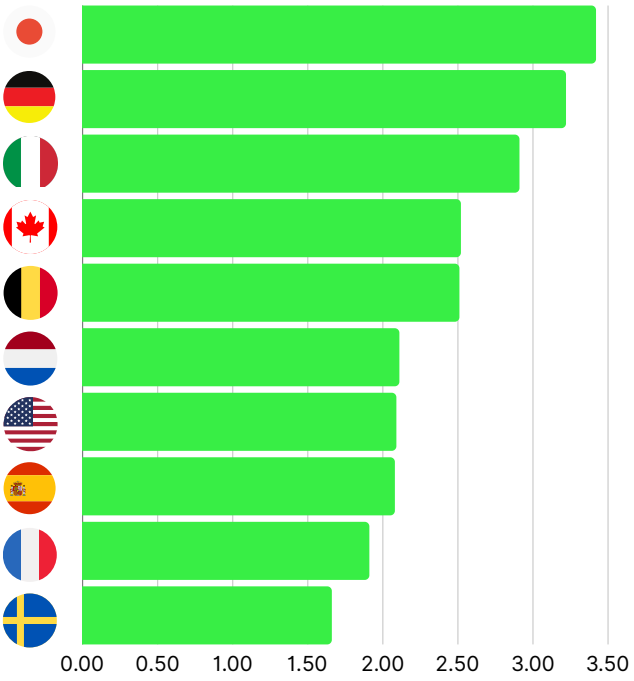
Who is most interested in robotics?

Share of robotics solutions leveraged (controlled for the portfolio of a company / country)

Share of robotics-related startup relationships [%] by corporation



Share of robotics solutions used by corporations from that country [%]



And much more...

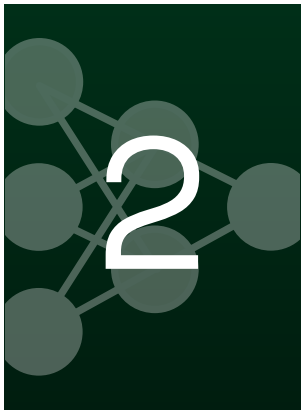
This study, akin to most analytical endeavors, is not exempt from certain limitations despite the diligent efforts of the authors to mitigate such constraints. However, there are inherent complexities in real-world scenarios that pose challenges to a fully exhaustive analysis.

Going forward, one needs to gather more data to conduct more comprehensive and detailed analyses, uncovering deeper insights into the corporate<>startup landscape. Potential directions include exploring



Industry Deep Dives

To understand the dynamics between corporations and startups better, industry-specific analyses in sectors like insurance and automotive are essential. This helps identify active startup partners, their key technology interests, and each industry's share of the ecosystem. Comparing insights across sectors provides a comprehensive view of how relationships vary by industry.



Relationship Classification

Incorporating case studies into the analysis acts as a quality indicator for understanding corporate-startup relationships, providing a deeper and more granular insight into the dynamics of these interactions. This approach would enhance the comprehension of the nature and quality of these partnerships.



Time Series Data

The current data set represents a snapshot in time, while relationships continually evolve. Implementing regular scraping campaigns on the websites already scraped would allow for the collection of time-stamped data points, introducing a dynamic dimension to the analysis. This time-based perspective will provide insights into how relationships evolve over time, a critical aspect of understanding this dynamic ecosystem.

Expert opinion: Philipp Willigmann

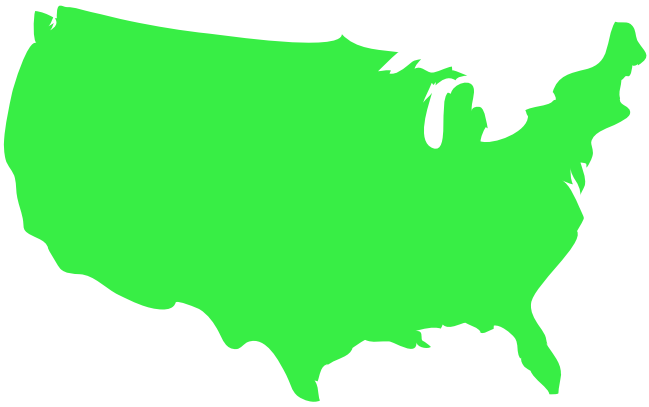
US vs. Europe
Navigating the Cultural Tapestry of Venture Clienting

In the realm of corporate innovation, Venture Clienting has emerged as a potent strategy, reshaping how established corporations engage with startups to drive growth.

However, the dynamics of Venture Clienting differ significantly on either side of the Atlantic and there are even different shapes within them, owing to the interplay of cultural, economic, and regulatory factors. This article delves into the nuances of Venture Clienting, examining how the United States and Europe each harness this strategy, and whether one approach holds an edge over the other.

Venture Clienting in the United States: Embracing Audacity

The United States, a hotbed of innovation and a testament to the spirit of entrepreneurship, **embraces Venture Clienting with a sense of audacious ambition**. According to a report by the National Venture Capital Association, venture capital investment in the United States reached a staggering $240.9 billion in 2022 [16], fueling the rapid growth of startups across diverse industries. American corporations, driven by a risk-taking culture and access to abundant venture capital, actively seek out startups as suppliers to leverage cutting-edge technologies and disrupt existing markets. The Silicon Valley ethos of fail-fast, iterate-often underscores Venture Clienting, enabling corporations to



adapt quickly to evolving market landscapes. The main differences between the US and the EU is that American corporations are often working with startups also outside a central Venture Clienting group. This might be because there is **more willingness to take risk**. Nevertheless, corporations that have a unit dedicated to startup partnering make sure to strongly tie that unit to the overall strategy (similar to Europe).

One example to highlight is **PepsiCo Labs**, which has been around for a while, focusing on four major challenges PepsiCo is trying to tackle [17]. While many business areas were already working with startups, they decided to put PepsiCo Labs in place as a strategic unit with the clear strategic objective to reduce the mistakes typically made when working with startups. Essentially, PepsiCo Labs professionalized the approach many already embraced. With the mission “THINK BIG. BUILD BIGGER” they are working with startups in very structured processes to tackle some of the biggest problems. Using the “scout”, “pilot” and “scale” approach they have already launched over 100 pilots.

B/S/H/
START/UP
KITCHEN

To bring this to life, let's highlight BSH Startup Kitchen, serving as the **global matchmaker between cutting-edge startup solutions and the innovation needs of BSH Home Appliances Group**. This Venture Clienting unit focuses on a good integration with internal structures of the corporation, while maintaining a close connection to the external ecosystem to provide access and insights to trends. Losing touch with the "outside" world bears significant risk to put a pure focus on internal challenges, and consequently missing out on the latest or upcoming solutions that have the potential to boost value. Simultaneously, however, they place a strong emphasis on meticulously evaluating the compatibility of startups with BSH's objectives, ensuring that partnerships are not only innovative but also enduring and aligned with the company's long-term goals.

Conclusion

A Harmonious Symphony of Innovation

As Venture Clienting continues to evolve, innovation knows no borders. The boldness of the American approach resonates alongside the measured European pragmatism. By embracing the best of both worlds, corporations can create a harmonious rhythm that orchestrates innovation, propelling industries forward and enriching economies on both sides of the Atlantic.

In the end, it is not a matter of which approach is superior, but rather how
the fusion of cultural diversity, strategic audacity, and meticulous planning
can elevate Venture Clienting to new heights. As the transatlantic dialogue continues, it is through collaborative efforts that the true power of Venture Clienting will be harnessed, shaping the future of business innovation worldwide.



Philipp Willigmann

Vice President, Corporate Strategy & Ventures @ Vontier

Seasoned innovation and growth executive with over 18 years of experience helping Fortune 500 and startup organizations become industry leaders and positive disruptors. Philipp is the VP of Corporate Strategy & Ventures at a global tech company, specializing in smart mobility and infrastructure. He also advises sustainability-focused VC firms in the US, Europe, and LatAm.

[16] https://nvca.org/wp-content/uploads/2023/03/NVCA-2023-Yearbook_FINALFINAL.pdf, page 13 „US VC Deal Activity"
[17] https://www.labs.pepsico.com/about

Expert opinion: Teodora Georgieva, Sabine Wiesmüller, Eileen Wong (Start2 Group)

Asia vs. Europe
Singapore's Pioneering Innovation Landscape

Singapore has ascended as the digital epicentre of Asia, magnetizing leading technology firms and cementing its reputation as a nucleus for innovation and entrepreneurship. As we delve into the landscape of corporate venturing in Singapore, buoyed by significant governmental support, consider the following questions:

How does Singapore create an attractive environment for foreign business leaders with its infrastructure, talent development, and financial initiatives?

In what ways does Singapore demonstrate the potential of cross-border ventures to harness regional advantages, discover unique technologies, and gain insights into innovative business models?

How do Singapore's strategic location and strong bilateral relations with Germany pave the way for alliances that promise enduring benefits for all parties involved?

Singapore is Asia's digital capital, the gateway to the world's fastest-growing digital economies. With its exceptional digital infrastructure, a robust talent pool, and a well-established regulatory landscape, it has attracted 80 of the world's top 100 technology firms. Singapore's digital economy is projected to surpass a gross merchandise value (GMV) of $80 billion by the year 2030.

The initiation of Singapore's Smart Nation vision in late 2014 marked a significant milestone. It aimed to leverage technology and data to address tangible issues, thereby positively impacting people's lives throughout society.

Despite its modest size, Singapore offers an impressive array of opportunities for collaboration, boasting 4,200 headquarters (the highest in the Asia-Pacific Region) and hosting over 3,000 startups.

Close to 80

Number of corporate ventures launched in Singapore, a majority of which were established sind 2018

Figure accurate as at 30 June 2022

#1

Highest concentration globally of Venture Capital investments per GDP

Source: World Intellectual Property Organization, Global Innovation Index 2020

#1

Location globally to access talent

Source: Global Talent Competitiveness Index 2019, Insead



#1

Business hub in Asia

Source: Ranking of top Asian locations for regional headquarters of top 100 technology MNCs in forbes 2017 Global 2000

Top 10

Globally in terms of startup ecosystem

Source: The Global Startup Ecosystem Index 2021

The Surge of Corporate Venturing in Singapore

Corporate venturing in Singapore is experiencing a surge in activity. Since 2018, more than 80 ventures have been launched, with some of the globe's most reputable corporations embarking on their innovation journeys:

- *Continental Co-Pace:* A dedicated startup organization in Singapore to push innovation in the mobility sector in the APAC region
- *Shell StartUp*: A global innovation program for early to growth-stage energy startups looking to develop their capabilities and power business growth within the smart, clean energy landscape.
- *Bosch*: Instituted an intrapreneur accelerator program and incubator for Southeast Asia, headquartered in Singapore.
- *ENGIE*: Pioneered a dedicated venture-building arm laser-focused on nurturing zero-carbon startups.

Government Platforms enabling Venture Clienting

To support Corporate Venturing, the Singaporean government has taken the lead through agencies like the Economic Development Board (EDB) and the Infocomm Media Development Authority (IMDA). EDB's New Ventures initiative champions the **Corporate Venture Launchpad** (CVL) program, and with CVL 2.0, they have committed an additional S$20 million to nurture early-stage ventures.

CVL 2.0 has a specific focus on established corporates, regional family businesses, and high-growth companies, aiming to expedite the development of new ventures.



The objective is to create fresh growth opportunities and revenue streams by offering corporates financial incentives, facilitating access to top talent, creating secure and innovative environment for deploying new solutions, and delivering strategic advisory support to scale innovation activities.

This platform is bolstered by appointed venture studios that provide the necessary infrastructure and resources.

Key features of CVL 2.0 include

- Pre- and post-sprint support for companies to progress the venture concept to a "build and launch" phase.
- In-depth validation of venture concept(s).
- 50% co-funding to companies for qualifying costs (up to S$500,000) of each concept validation sprint.
- Support from EDB also includes participation as a sprint board advisory member.

Notable successes born from CVL 2.0

Open Innovation Network (OIN)

Established by Enterprise Singapore and the Infocomm Media Development Authority (IMDA), OIN is a centralized gateway to Singapore's dynamic open innovation ecosystem.

A case in point is LexaTexer, a German startup, which secured a collaboration with the BSI Innovation Lab thanks to an Innovation Call challenge orchestrated by the platform. Underscoring OIN's global appeal and impact, notable German corporations such as Siemens, Volkswagen Group, and SAP have ventured into open innovation projects within the region.

Pharma Innovation Programme Singapore (PIPS)

PIPS, an industry-led platform, strategically converges public sector research capabilities with the domain expertise of the pharmaceutical industry. Its goal is to enhance productivity and operational efficiency within Singapore's pharmaceutical sector by leveraging novel manufacturing technologies and data analytics.

FinTech Sandbox

The Sandbox offers a structured and dynamic environment for Singapore-based entities, with clear parameters such as customer types and transaction value limits.

Participants can innovate without the immediate burden of full regulatory compliance throughout the sandbox duration. Companies within the Sandbox can assess the feasibility of new fintech products using real funds and clients, exploring alternative routes to obtaining licensing.

Climate Impact X (CIX)

The global marketplace and auction house for trusted carbon credits was jointly established by DBS Bank, Singapore Exchange, Standard Chartered, and Temasek.

CIX's vision is to facilitate practical climate mitigation action by collaborating with innovative partners and fostering ecosystems that support the use of trusted carbon credits. It is a venture born out of Singapore's efforts to position itself as a hub for carbon-related services and nature-based solutions.

How does Singapore...

... create an attractive environment for foreign business leaders?

Financial Incentives

The Singaporean government extends an array of incentives such as grants, tax breaks, and funding schemes to invigorate research and development endeavors. Notable programs in this regard include the Research Incentive Scheme for Companies (RISC) and the Productivity and Innovation Credit (PIC) scheme.

A pivotal facet of Singapore's 2023 Budget is the Enterprise Innovation Scheme (EIS). It is designed to support businesses in the city-state as they nurture innovative capabilities and develop cutting-edge products. Additionally, EIS provides financial support for companies engaging in research and development, technology adoption, and innovation-related activities. It also offers tax incentives to incentivize businesses actively participating in these initiatives.

Supporting Infrastructure

Innovation Hubs: Notable centers like JTC LaunchPad serve as collaborative arenas for startups, corporations, and government agencies.

Education and Talent Development: Singapore places substantial emphasis on cultivating talent in STEM fields, with institutions like the National University of Singapore (NUS) actively contributing to research and innovation.

Open Data Initiatives: The government has initiated several programs to democratize access to data, fostering the development of data-driven solutions and innovations.

... leverage the potential of cross-border corporate ventures?

Cross-border corporate venturing in Singapore has become increasingly prominent in recent years, showcasing the country's commitment to fostering international collaboration and innovation. One noteworthy example of such cross-border initiatives is the Scaler8 Open Innovation, a Global Innovation Alliance (GIA) program supported by German Entrepreneurship Asia, Enterprise Singapore, and EDB (Economic Development Board). This initiative aims to facilitate efficient collaboration between Singaporean startups and German corporations. It expedites innovation, reduces risk, and offers cost-effective solutions to address high-priority challenges.

Bilateral ties built to last

Singapore's strategic location and deep-rooted ties with Germany have culminated in the "Joint Declaration: Partners for a Resilient and Sustainable Future". This partnership bolsters the growth of German startups in Singapore via the German Accelerator Programme and the Singaporean-German Chamber of Industry and Commerce (SGC). Simultaneously, Singaporean startups benefit from expanded opportunities in Germany through the Scaler8 programme, backed by Enterprise Singapore (ESG) and the Economic Development Board (EDB). Both nations are thus mutually invested in nurturing entrepreneurial expansion and innovation.

> When it comes to digital innovation, I think Asia, and especially Singapore, has been among the top of the world for years.
>
> - Michael Grysczyk, Director Digital & Disruptive Business at Meraxis Group

In conclusion, Singapore's commitment to corporate venturing initiatives signals a deep understanding of the dynamic international business landscape. This emphasis on fostering cross-border innovation, especially in collaboration with international companies, particularly Germany, underscores its strategic, forward-thinking vision and reflects its dedication to redefining global business paradigms.

These corporate ventures transcend traditional business ties. They lay the groundwork for new opportunities in job creation, technological advancements, and economic revitalization in both nations. By synergizing the innovative capabilities and market potential of both Singapore and Germany, these joint ventures are pioneering a brighter, more prosperous future. This future is marked not just by mutual growth, but also by a shared vision of collective wisdom, mutual trust, and sustainable success.

For German companies considering Venture Clienting, there's a unique opportunity here. engaging with foreign startups, especially those from innovative hubs like Singapore, can introduce novel technologies, diverse perspectives, and agile methodologies that might be distinct from the local ecosystem.

While local startups offer the advantage of cultural and market familiarity, collaborating with foreign startups can foster a global outlook, promoting creativity and challenging established norms.

Such international partnerships can help German firms tap into markets beyond their borders, reduce innovation lead time, and bring a fresh approach to problem-solving.



Teodora Georgieva

Program Director @ Start2 Group

An adept startup advisor specializing in innovation management and technology commercialization across Southeast Asia and Europe. She co-authored a book offering entrepreneurs decision-making frameworks for early-stage ventures. Before her role at German Entrepreneurship Asia, Teodora led accelerator programs in Singapore and founded a company bridging corporates with startups, fostering valuable partnerships.



Sabine Wiesmüller, PhD

Director AI (Europe) @ Start2 Group, MD @ BIC

With a background in international business, focusing on compliance and intercultural management, she brings extensive experience from management consultancy. She holds a doctorate in business ethics and AI governance, earned through collaboration between the Wittenberg Center for Global Ethics and Zeppelin University, where she remains active in research and teaching.



Eileen Wong

Head of Marketing @ Start2 Group

With over ten years of experience in integrated marketing communications, she directs marketing campaigns across ten key Asian jurisdictions and manages a regional team. Eileen has developed marketing strategies enhancing brand visibility and supporting growth in multiple companies. She co-founded an e-commerce startup, earning nominations for the Young Entrepreneur Award and the Shell LiveWIRE Awards.

Chapter III

Venture Clienting

Professionalizing Corporate-Startup Co-creation

> Venture Clienting is the corporate rocket fuel for innovation, propelling companies beyond the boundaries of tradition. It's not just collaboration; it is the warp speed alliance where startups inject agility into corporate DNA and redefine what is possible together by allowing for the lean testing of new technologies.
>
> - **Christian Lindener**, Co-Managing Partner EMEA, Mach49



Expert opinion: Prof. Dr. Tobias Gutmann (EBS University) & Christian Hüttenhein (Corporate Advisor)

Venture Clienting vs. Venture Partnering

Navigating the Corporate-Startup Collaboration Landscape

In the dynamic arena of modern business, established corporations and emerging startups are finding common ground like never before. While these big players bring the power of resources and market presence, startups add agility and fresh perspectives to the mix. But diving into such collaborations isn't a one-size-fits-all affair. There's an art to choosing the right approach.

Two primary models have emerged at the forefront of this collaborative landscape: Venture Clienting and Venture Partnering. Each offers its own blend of strategy and results to meet different business objectives.



Venture Clienting

is akin to a strategic marketplace.

Here, corporations identify, purchase, and integrate solutions from startups. It's transactional, swift, and focuses on immediate value. Think of it as shopping for the best tech solutions that startups have to offer, bringing them in-house to drive strategic benefits.



Venture Partnering

is more of a dance, a deep collaboration where corporations and startups come together to co-create.

This isn't about quick purchases; it's about building together, combining the strengths of both entities to craft something new and potentially groundbreaking.

To better understand the nuances between these models, let's look at a side-by-side comparison that shows the extremes in black and white. In reality, however, there is a continuous gray scale, with organizations sometimes adopting a mix of both approaches.

	Venture Clienting	Venture Partnering
Innovation Approach	Transactional	Transformational
Definition	Companies that buy, use, and adopt startup technologies to obtain a strategic benefit	Collaborative partnerships where corporations and startups co-create and develop solutions together
Objective	Rapid adoption of startup technologies for strategic advantage	Co-creation of impactful solutions where both corporate and startup bring value-add
Corporate Innovation Focus	Rather for process innovation and indirect functions, improving corporate internal performance	Rather for product innovation and business model innovation, new business revenue generating functions
Duration of pilot	Short-term up to 6 months	Mid- to long-term development up to 3 years
Engagement Depth	Purchase and adoption of technology	Deep collaboration and joint development
Risk Profile	Diversified across many tech adoptions	Concentrated on select startups
Resource Commitment	Varies, but generally minimal per startup pilot	Significant per startup pilot
Value Proposition	Immediate strategic benefit with potential million-dollar impact per adoption	Potential for transformative impact in the long run through joint value creation
Relationship Dynamics	Vendor-client, strategic adoption	Strategic partners with intertwined goals
Feedback Loop	Limited, focused on tech adoption	Continuous, iterative, and developmental
Customization	Adopts existing technologies	Co-develops tailored solutions
Financial Involement	Purchase-based, potential for further investments	Often involves equity, shared revenue, or joint ventures
Knowledge Transfer	Focused on technology specifications and adoption, no IP transfer within the pilot	Extensive mutual learning and shared expertise, IP creation to be legally defined
Legal Involvement	Initial Venture Clienting process setup in alignment with corporate legal department necessary, involvement after pilot	Intensive specific involvement of legal advice during all steps of partnership
Strategic Alignment	Alignment on technology adoption for strategic benefit	Deep alignment on shared vision, goals, and co-creation objectives
Exit Strategy	Termination of tech adoption or contract	Complex due to intertwined interests and shared developments
Innovation Speed	Fast adoption of multiple technologies	Deliberate, focused on deep integration and co-development
Scalability	Scalability of adopted technologies	Joint effort required for scaling co-developed solutions
Cultural Integration	Minimal, focused on technology adoption	Significant; deep alignment of values, goals, and culture
Ownership of IP	Typically remains with startup, unless negotiated	Jointly owned, co-developed, or negotiated
Inclusivity vs. Exclusivity	Inclusive, embracing multiple startups and technologies	Exclusive, focusing on select startups and deep collaboration

Venture Clienting
The Transactional Approach



At its core, Venture Clienting is about efficiency and immediacy. Corporations, in their quest to stay competitive, often need to rapidly integrate new technologies or solutions. Startups, with their nimbleness and innovation-centric ethos, often have just the right solution on the shelf. By adopting startup technologies, corporations can swiftly gain a competitive edge, be it through enhanced customer experiences, optimized operations, or tapping into entirely new markets. It's about leveraging external innovation for internal gains.

ROSSUM

Open Bosch Award Winner 2021

In a significant move towards digitizing traditional business operations, global giant Bosch partnered with a startup named Rossum. The collaboration aimed at creating a seamless system for the automated processing of email-based orders. Consider businesses that lacked modern digital interfaces like the Electronic Data Interchange (EDI). With Bosch and Rossum's solution, these businesses could easily integrate with large corporations' electronic order processing systems without incurring any additional costs. This innovation significantly reduced the need for paperwork, thereby diminishing chances of human errors that are typical when transferring order data manually. The bedrock of this solution was Rossum's AI-driven platform designed originally for invoice processing. However, in collaboration with Bosch, the system was further refined to manage substantial volumes of inbound orders. Tomáš Gogár, the CEO of Rossum, emphasized the adaptability of their solution, stating, "In our open innovation project with Bosch, we showcased the adaptability of our platform in automating a broad spectrum of inter-organizational processes."

Poka

Open Bosch Award Winner 2020

Bosch awarded Poka Inc. and Bosch Power Tools with the distinguished "Open Bosch Award" in recognition of their exemplary startup collaboration. Originating from Canada, Poka Inc. developed an innovative mobile application specifically designed for factory workers. This application is a game-changer, granting workers the ability to engage in ongoing learning, address challenges on-the-spot, and disseminate knowledge in real-time, all while operating on the production floor. This integration of technology and knowledge-sharing showcases the power of collaboration between established corporations and agile startups.

Venture Partnering
The Transformational Approach

Venture Partnering is less about buying and more about building together. It's a commitment to mutual growth, where both the corporate and the startup pool their strengths to co-create solutions that neither could achieve alone. The essence here is synergy. The startup brings innovation, agility, and a fresh perspective, while the corporation offers scale, market knowledge, and resources. Together, they aim to create solutions with a transformative impact.

SUN MOBILITY

Open Bosch Award Winner 2022

Bosch entered into an innovative Venture Partnering with Sun Mobility, a startup with a transformative approach to electric mobility. This collaboration epitomizes the fusion of Bosch's established industry expertise with Sun Mobility's revolutionary product ideas, setting a benchmark for transformational product innovation. Sun Mobility's groundbreaking technical solution revolves around creating a universal network of interoperable energy infrastructure. Their primary objective is to boost the widespread acceptance and usage of electric vehicles (EVs). By innovating a model that detaches batteries from the vehicles and promotes quick battery swapping, Sun Mobility tackles the main challenges faced by the electric vehicle market: the steep initial costs, the fear of limited range, and prolonged charging durations. Their pioneering 'Pay-as-you-go' digital system offers a user-friendly method to 'refuel' EVs, promoting a faster uptake of electric mobility among consumers. Moreover, by teaming up with vehicle manufacturers, battery technology providers, fleet operators, oil companies, and even cities, Sun Mobility ensures that their solution seamlessly integrates into the larger ecosystem, accelerating the transition to mass electric vehicle adoption. In partnership with Bosch, this venture holds the promise of redefining the electric mobility landscape, blending traditional industry expertise with innovative startup agility.

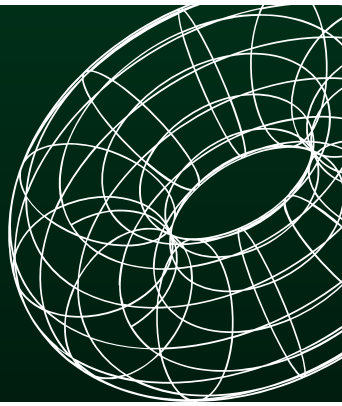
atlatec

Open Bosch Award 2021 winner and after pilots even M&A case Atlatec

In the realm of automated driving, a groundbreaking collaboration emerged between the established corporate powerhouse, Bosch, and the innovative startup, Atlatec. Recognized and celebrated for their collaborative efforts, Atlatec has carved a niche for itself as one of the globe's leading entities in crafting high-resolution digital maps specifically tailored for driver assistance and automated driving. The journey of their collaborative innovation commenced with a pilot project in 2019. The project not only successfully validated Atlatec's technology but also paved the way for a significant move – the acquisition of Atlatec by Bosch. This strategic acquisition enabled Bosch to diversify and strengthen its offerings in the automated driving sector. By bringing Atlatec into its fold, Bosch now stands as a one-stop solution, offering comprehensive modules for automated driving, thus showcasing the transformative potential when startups and corporates synergize their strengths.

Choosing The Right Approach

Hybrid Approaches: Navigating the Middle Ground
The lines between Venture Clienting and Venture Partnering aren't always clear-cut. Many corporations find value in blending the two, crafting a tailored collaboration strategy that offers both agility and depth. This hybrid approach ensures strategic flexibility, allowing companies to tap into immediate tech solutions while also investing in long-term, transformative partnerships. It's about optimizing resources, balancing risks, and fostering a corporate culture that values both rapid adoption and deep innovation. By navigating this middle ground, corporations position themselves to continuously learn, adapt, and harness the full spectrum of startup innovation, aligning with both their present challenges and future aspirations.



Navigating the corporate-startup collaboration landscape requires more than just understanding the mechanics of each approach. It's about recognizing the inherent potential and aligning it with the corporation's strategic vision.

- **Strategic Objectives:** Venture Clienting offers the allure of immediate gains. It's about plugging into the startup ecosystem to address current challenges or opportunities. On the other hand, Venture Partnering is a play for the future, a commitment to co-creating solutions that could redefine industries or even spawn entirely new ones.
- **Potential for Impact:** While Venture Clienting can lead to rapid enhancements in processes, customer experiences, or product offerings, its impact is often incremental. Venture Partnering, with its emphasis on co-creation, holds the promise of transformative change, potentially unlocking unprecedented value for both parties.
- **Risk and Reward:** Diversifying bets across multiple startups, as in Venture Clienting, can mitigate risks. However, the rewards, though significant, might be limited to the scope of the adopted solution. Venture Partnering, while riskier due to deeper engagement, offers the tantalizing possibility of groundbreaking innovations and market-defining solutions.
- **Resource Commitment and Return on Investment:** Venture Clienting, with its transactional nature, might demand less in terms of time and effort, promising quicker returns. Venture Partnering, while resource-intensive, holds the potential for exponential returns, especially if the co-created solution captures significant market share or defines a new market altogether.
- **Cultural and Strategic Alignment:** Venture Clienting requires alignment primarily at the solution level. In contrast, Venture Partnering demands a deeper meshing of corporate and startup cultures, strategies, and visions. This alignment, while challenging, can lead to solutions that are truly greater than the sum of their parts.

Prof. Dr. Tobias Gutmann

Assistant Professor @ EBS Business School

Tobias specializes in the intersection of strategic innovation management, technology management, and entrepreneurship. He co-leads the Institute for Technology, Innovation & Customer Centricity (TICC) and directs the Siemens Product Innovation Lab. With a background in Electrical Engineering, Information Technology, and International Management, Tobias earned his Ph.D. from HHL Leipzig Graduate School of Management. He was a visiting scholar at the Copenhagen Business School and UC Berkeley.



Christian Hüttenhein

Advisor for Corporate Startup Readiness

Since 2009, Christian has assumed various business development roles at Bosch. In 2016, he founded and led Bosch Industry Consulting, a process and technology consulting boutique for digital transformation in manufacturing and logistics. From 2019, he worked at Bosch Ventures (VC firm with $1B assets under management), serving as Venture Partner and Co-Founder of Open Bosch, the Group's Venture Clienting unit. Besides his corporate roles, he founded several startups and sold his third startup in 2022.



Complementing the Quantitative Analysis

Survey Methodology

The preceding analysis has unveiled that Corporate-Startup Partnering is significantly more entrenched than previously believed. Within this realm, Venture Clienting emerges as a specialized form of Corporate-Startup Partnering, exhibiting a notable trend towards increasing professionalization.

The subsequent analysis draws insights from survey responses obtained from Innovation and Strategy professionals of 43 corporations with Venture Clienting units or activities.

GlassDollar

Impact of **Venture Clienting Study 2023**

Based on the analysis of 43 corporations

DISTRIBUTION OF RESPONDENTS

49%
of respondents



Starter Units

< 5 PoCs

24%
of respondents



Growing Units

6 to 14 PoCs

27%
of respondents



Pro Units

> 15 PoCs

Expert opinion: Gleb Tritus

Best Practices of Venture Clienting

Every year or so, a new trendy term enters the corporate innovation theatre: whether accelerators, company builders or corporate venture capital funds - many supposed sources of innovation and digitization drive have been hailed as the "new black" by evangelists, strategy consultancies and early adopters.

In many cases, the only thing that has remained is a reality check that it is not so simple after all and that the industry-agnostic "one-size-fits-all" rarely exists. Often, only inflated press releases in the archives of the respective company websites bear witness to those explorative, but rather inconsequential times.

This reluctance is unfounded: Venture Clienting is a comparatively low-threshold, tried-and-tested, and resource-efficient innovation vehicle. It was already practised among established corporations in Europe, North America, and Asia more than 15 years ago and far before that, referred to simply as commercial and / or strategic partnerships with "young digital companies" or "startups". In the German-speaking world in particular, all wars were fought in this regard: from shallow, forced marriages aimed at pure PR to deeply integrated partnerships that advanced to commercially viable case studies.

Looking at a vast set of good and bad experiences, decision-makers who deal with

Venture Clienting is an adaptable innovation vehicle for corporations in times of economic downturn

Venture Clienting is such a hot-selling variation of the transformation claviature. But in view of the sobering experiences with the mentioned vehicles, established companies are still relatively cautious in their dealings with this "new kid on the startup block" – the expectations associated with such measures were too excessive and the innovation budgets are too limited in the currently cooling global economy.

the topic of digital transformation and, in particular, the systematic interaction with the startup ecosystem, **cannot ignore Venture Clienting anymore**. At the latest, the recent interest rate hikes, the associated devaluation of the technology sector, and the omnipresent consumer uncertainty give reason to take a closer look – Venture Clienting has what it takes to become the ”white knight” of the crisis-ridden innovation activities of corporations.

#1 Flexibility: So test who binds himself

Today, there are many good reasons for institutionalised interaction with the startup ecosystem that can withstand the mentioned criticism. Depending on the industry, it's mostly about tapping into trends, technologies and talent, impulses for one's own transformation story and, more and more often, concrete bottom-line impact.

For this, three basic directions are widely established in corporate innovation:

- Company Building (also Venture Building or Incubation): own development of startups.
- Corporate Venture Capital (including accelerators as a form of early-stage venture capital): strategic investment in already existing startups.
- Partnerships (Venture Clienting): strategic and/or commercial collaboration with existing startups.

Compared to Company Building and Corporate Venture Capital, **Venture Clienting has the advantage of being scalable in instalments**. Corporation and startup first check in a clearly defined, lived practice whether they fit together in terms of content, culture and ultimately also in economical ambitions. Only then can a deepening take place, for example through jointly developed services or equity participation.

In this sequential approach, the collaboration is initially allowed to grow rather non-binding. The creative wiggle room for course corrections remains great while stakeholder expectations can be managed more result-oriented on both sides. **If such a partnership goes according to plan**, it can lead to a deeper commercial anchoring, an equity investment, or ultimately the acquisition of the startup. The internal justification of such measures is more grounded than with purely opportunistic shots without a KPI and milestone foundation.

Well-designed partnerships can be scaled if they are successful, but can also be shut down if they do not work out. The path dependency of other innovation vehicles such as CVC is naturally higher and sometimes associated with hard lock-ins.

#2 Market coverage: The exploratory power of Venture Clienting

For sustainable, credible interaction with the startup ecosystem, you first have to describe and learn to understand it from your own industry perspective. This includes dealing with relevant startups right on your own doorstep, but also open-minded exploration to the left and right of it - after all, digitization is driving the convergence of industries, technologies, and talents into unprecedented spheres, which makes a clear delineation of activity enormously difficult. In addition, one should simply not nip good old-fashioned serendipity in the bud from the start by setting the search fields too narrowly.

The relevant set of technology and startup verticals is usually clearly defined from an M&A, CVC or Company Building perspective and linked to the overarching corporate strategy. **Venture Clienting** - due to its less-binding-nature as well as the comparatively low resource input - **is much better suited as an explorative tool in comparison**. After all, a low-key-partnership can be set up quickly even with a startup that is quite far away from the respective industry. It is not uncommon for this to yield valuable impulses, perspectives on people and markets, and also new business that could not be distilled from a conventional, rather limited and risk-averse strategic view.

The Time Is Now

Especially now, in times of economic drifts and uncertainties, there are numerous good reasons for Venture Clienting activities in the corporate environment. And it is certainly not ”new wine in old bottles”: the learning curve with regard to corporate-startup partnerships has increased considerably on both sides, resulting in more realistic expectations and faster, more substantial results.

Misguided constellations with unclear goals and unfulfilled hopes are still a reality, of course. But already from the initiation of such, both sides can systematically derive relevant intellectual ROI with a comparatively low time and capital allocation.

In the end, the versatile upward compatibility of Venture Clienting is probably its greatest strategic advantage: there are no limits to well-functioning corporate-startup partnerships - equity participation, outright acquisitions, or dedicated, jointly developed solutions can be a realistic outcome after years of mutual convergence. And in many cases, these have been justified with tangible results from a preceding Venture Clienting phase.

#3 Capital efficiency: Steep learning curve for little money

The "testing the waters " nature of Venture Clienting has always made sense. In the current times of trimmed budgets and declining investment climate, it decides more than ever about the go and no-go of corporate innovation endeavours. Even economically robust companies no longer want to buy a pig in a poke just to maintain communicative appearances of the innovation theatre. Instead, the demand for economic substance and a well-founded compatibility between corporations and startups is growing.

Venture Clienting – if thought out and staffed right – is usually more time- and capital-efficient than other innovation vehicles, often combined in multimodal "innovation labs" and "digital hubs" with considerable overhead.

An initial proof of concept (PoC) can be set up quickly as deep integrations in booking systems and APIs are usually not yet necessary at this stage. And if necessary, data can simply be exchanged manually for the first test runs to get an indicative feel for the processes. The knowledge gained from such early experiments can be substantial and put expensive consulting projects in the shade. Because of the mentioned scalability of modern Venture Clienting setups, what works can be turned up successively. In contrast, what doesn't convert is to be discontinued to conserve time, capital and goodwill budgets on both sides.

#4 Timing: Corporations and startups have learned to close ranks

Just a few years ago, collaboration between corporations and startups was considered a gimmick for the former and a waste of resources for the latter – especially when it came to early-stage startups. corporations in this context have been strongly generalised as risk-averse, slow and bureaucratic.

Such lame ducks still exist today, of course, just as there are many startups that are incapable of cooperation with established businesses. But the truth is also that **many corporations have significantly stepped up their game with regard to the tech ecosystem**.

Today, one can find former founders and other startup personnel in the startup-oriented units and departments of established companies. In many cases, they look back on a broad track record of Venture Clienting cases, investments and incubations. There are also increasingly well-documented APIs and dedicated test products and markets through which Venture Clienting constellations can run. Long story short: times have changed since you last checked in on Venture Clienting, if you did at all.

Accordingly, **the willingness to partner is currently higher than ever before**, both on the corporate and startup side. The ongoing cooling of the VC climate is doing the rest: startups are again encouraged to generate revenues as early as possible and to close financially stable accounts with strong retention. This makes going to established companies not only attractive, but in many segments inevitable.

#5 Cultural spillover: The journey is the destination

The initiation of a Venture Clienting partnership is already an exploratory roller coaster: landscaping, selection, definition of the first POC, and finally the scaling of a partnership result in learnings that can make up a substantial intellectual ROI, especially on the corporate side. One thing is to continually preach the importance of digital transformation – the other is to **demonstrate it with living examples**. What may be common practice for innovation units or the IT department is often uncharted territory for the others involved.

No matter what the outcome of the respective partnership is at the end of the day, the sheer engagement with its opportunities, requirements and risks is immensely valuable for the individual "can do" spirit and the collective transformation readiness of a company. And **it is not a one-way street**: even startups – especially those that sell B2B SaaS solutions to established companies – have recognized the value of co-development with corporations. In the course of this, they can calibrate their approach, communication and ultimately the actual service in a practical manner. It is therefore not surprising that the once maligned corporate-startup partnerships have now become en vogue.



Gleb Tritus

Serial Entrepreneur and Business Angel focused on B2B Software-As-A-Service

After leading the digital innovation unit of Lufthansa Group in Europe and Asia for six years, he advises companies such as Porsche, HHLA Hamburger Hafen & Logistik and Deutsche Bahn on innovation activities such as Company Building, Venture Capital and Venture Clienting. He serves on several boards, among others of the German Startup Association.

Building the Leading Venture Clienting Unit in the Home Appliance Industry

Giving a Taste of BSH Startup Kitchen

Since starting its operations, more than 100 projects have been supported with an overall adoption rate of ~40% and a multi-million business impact created. BSH Startup Kitchen covers challenges across the full value chain of BSH Home Appliances Group.

In an era of ever-evolving consumer demands and technological advancements, no single company can monopolize innovation. This is particularly true for industries which are very close to consumers' every day's needs – like the home appliance industry.

To tap into the pool of external talent, fresh ideas, and emerging technologies from startups and partners, BSH Home Appliances Group – one of the leading manufacturer of home appliances – established a dedicated Venture Clienting unit under the name of BSH Startup Kitchen.

BSH Startup Kitchen has been designed to embrace innovation through strategic partnerships with startups with a dedicated Venture Clienting approach. The unit fosters collaboration, reduces R&D costs, and speeds up product development cycles.

Moreover, it ensures that BSH stays competitive by continuously adapting to changing market dynamics and consumer preferences. In essence, BSH Startup Kitchen is one of the key pillar to drive open innovation as the lifeblood that keeps the whole firm dynamic, relevant, and forward-thinking.

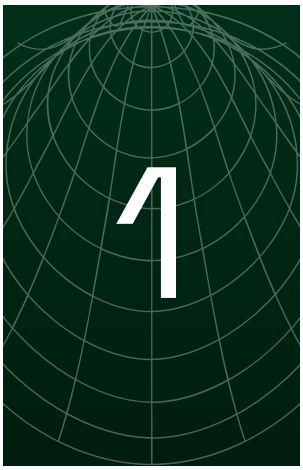
Being established in 2018, BSH Startup Kitchen is currently in its fifth year of operations – which has been a journey of constant scaling and optimization. The goal for BSH Startup Kitchen has always been to make startup partnering as easy and smooth as possible – both for startups and BSH business teams. In its core, BSH Startup Kitchen defines itself as a service unit within the organization that supports innovation efforts at quality and speed.

100+

pilots supported
since 2018

The Key Pillars of BSH Startup Kitchen's Operations

While the success of the Venture Clienting model is a result of many dimensions and efforts on all ends, the following three aspects are crucial pillars for success:



and Process

The key principle for a Venture Clienting unit to perform is the alignment and the coordination within the larger corporate framework. The unit is the key entry gate for startups when they want to engage with a corporate. This can be an overwhelming experience especially for early stage startups. Consequently, it is key to have a clear understanding of the corporate ORGANIZATION and its formal and informal rules. Hence, the unit needs to setup tailor-made PROCESSES that ensure a smooth onboarding and engagement between the corporate and the startups. The development of this "process suite" was one of the key foundation for the successful scaling of the overall operations.



Network and Ecosystem

A Venture Clienting unit can only perform if it manages to activate and leverage both an internal and external network and ecosystem. In the INTERNAL NETWORK it is key to activate key decision-makers both on top management and operational level. This ensures access to the most pressing challenges of the organization that can then be supported and processed. The role of the EXTERNAL ECOSYSTEM is to provide access and insights to trending topics. If the external ecosystem is not activated there is a significant risk that the company takes a pure focus on its internal challenges, but might be missing out on the latest or upcoming solutions that can boost value "outside-the-box".

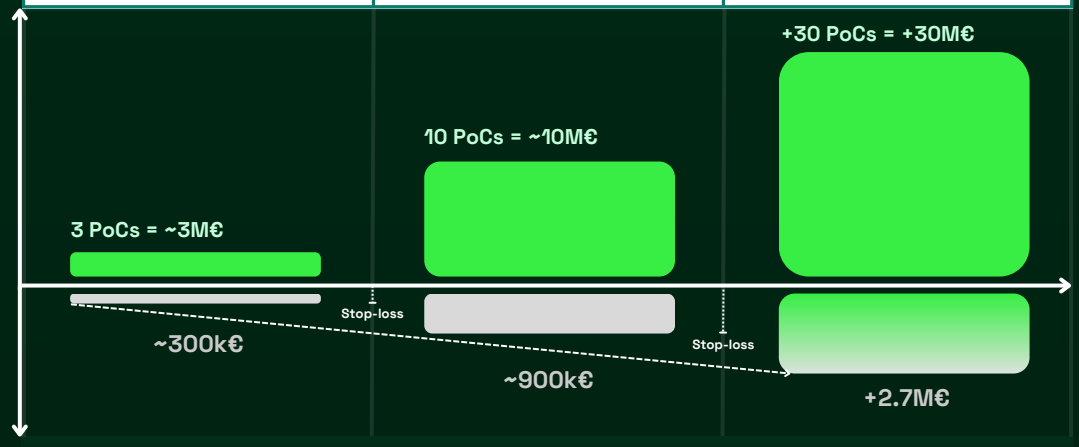


Focus on Impact

The Venture Client approach has the beauty that – if done right – it is one of the most effective and attractive corporate venturing vehicles: With low and limited financial expenditure the model opens up a strong growth and value potential. From its very beginning BSH Startup Kitchen put a lot effort on TRANSPARENCY of its operational progress and impact. Following the principle you can only manage what you measure it is in every unit's own interest to keep track of its progress and performance and share openly with its key stakeholders.

MATURITY LEVELS IN VENTURE CLIENTING

	Starter Units 49% of respondents	Growing Units 24% of respondents	Pro Units 27% of respondents
# of PoCs per Year	< 5 PoCs	6 to 14 PoCs	> 15 PoCs
Budget available for Operations per Year	No dedicated budget < 150k€	Limited Budget 150k€ - 1M€	Dedicated Budget >1M€
Clear mandate	✓	✓	✓
Team size	1-3	2-8	3-20+
Impact reporting	None	Simple	Systematic



PoC Costs include Cost of Startup Solutions, Cost of Internal Team and Service Provider (Project Managamenet, Tooling, Sourcing, etc);

In evaluating maturity, beyond the number of Proof of Concepts (PoCs), factors like budget, mandate, team size, and reporting mechanisms emerge as patterns. With maturity, budgets and team sizes increase to support more PoCs. These are connected to stronger management mandate and improved reporting practices, facilitating the acquisition of additional resources and further mandate reinforcement.

Team composition varies significantly, we see positions ranging from part-time ambassadors in Business Units to dedicated in-house teams or outsourced PoC Project Management Offices. Procurement, IT, Compliance, Security etc. resources were not taken into account.

The operating model of BSH Startup Kitchen



To give a flavour of some of the topics BSH Startup Kitchen has been cooking over the past years, let's discuss two examples.

#1 Inspekto: Improving quality with Innovation

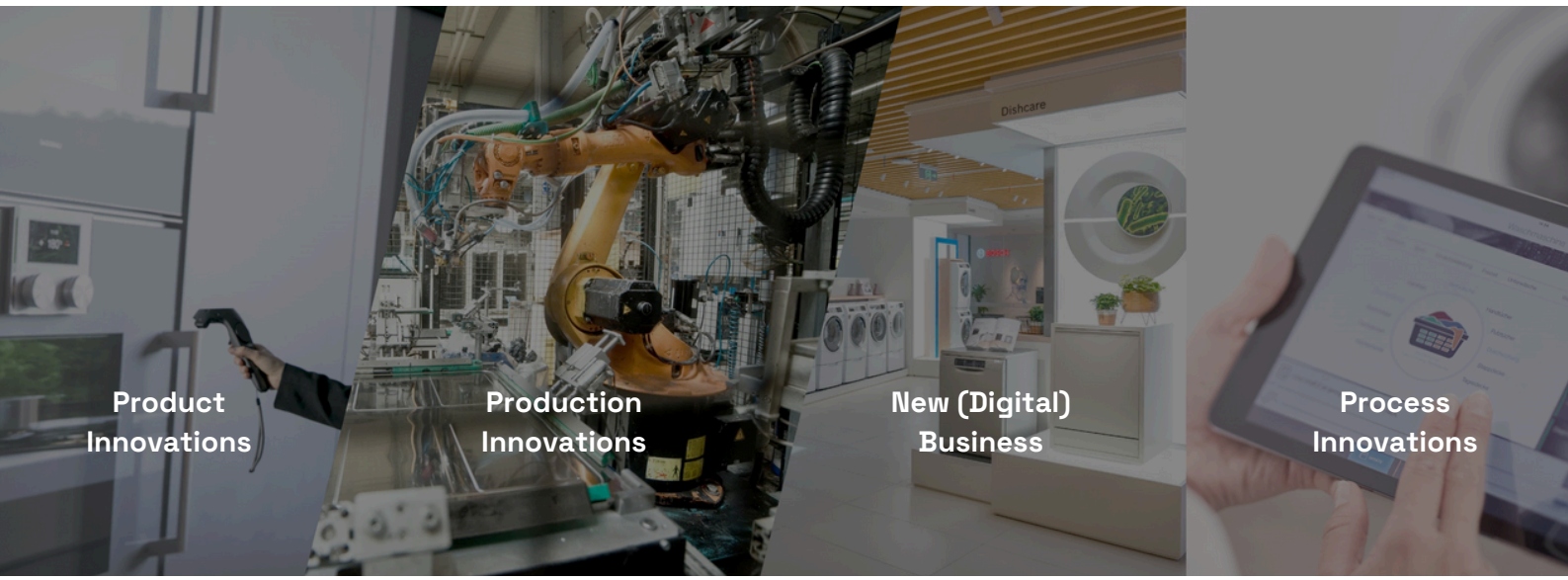
Quality assurance and quality control are pivotal processes in manufacturing, saving time, reducing costs, and ensuring product quality. These processes prevent costly errors, even in the early stages of production, where mistakes can lead to rework and excess inventory. Managing numerous deliverables in large-scale manufacturing presents challenges, requiring frequent inspections to align batch sizes and reduce waste. However, human errors in these inspections can result in significant scrap-related costs.

Together with BSH manufacturing experts the BSH Startup Kitchen team sought innovative solutions to expedite the detection of aesthetic defects in components. Their search led them to Inspekto, a machine vision system known for automating quality control via a self-learning, camera technology. BSH's Startup Kitchen aided in testing and integrating Inspekto into one of BSH factories.

The innovation process involved identifying success indicators, assessing business relevance, and evaluating technical feasibility and cost reduction. Inspekto's advantages included autonomy, "AI at edge" cameras for security and privacy, and minimal sample requirements.

Implementing Inspekto led to substantial material waste reduction, exceeding expectations in multiple use cases. Its adaptability across BSH plants and use cases sparked business interest, with the system deployed in over seven locations, improving quality and reducing waste.

BSH Startup Kitchen covers challenges across the full value chain of BSH Home Appliances Group



#2 Miro: next level collaboration

In 2020, the world transitioned to digital collaboration as physical meetings became impossible. Co-workers turned to online tools and virtual spaces, but achieving the same engagement and creativity in digital collaboration remained a challenge.

In collaboration with key users from the Consumer Experience department, BSH Startup Kitchen launched the search for a real-time collaboration tool. The team initiated a pilot project with Miro, known for its user-friendly interface. Over a 2 months pilot period, agile planning sessions and brainstorming meetings were conducted on Miro to gauge its effectiveness.

Results were impressive. Over 80% of users reported increased productivity, reduced project completion times, and high recommendations for Miro adoption. The tool saved an average of 4 hours per week for regular meeting participants and eliminated the need for frequent travel. By 2023, Miro had become a core tool for digital collaboration at BSH, with every second person using it daily.



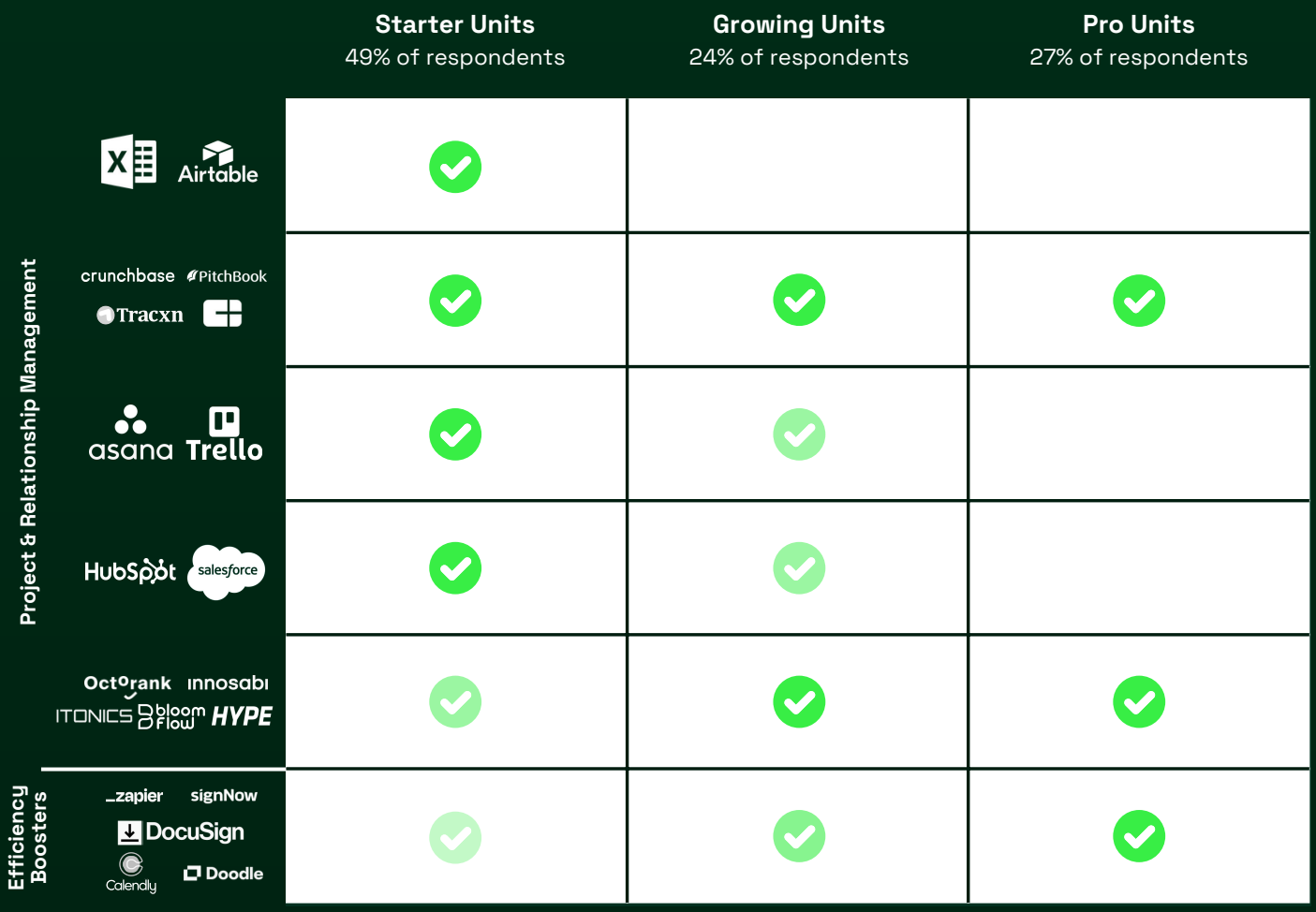
Lars Rössler

Head of Corporate Venturing @ BSH Startup Kitchen

Expert in the in the realms of Corporate Venturing and Corporate Strategy with over 14 years of expertise. Proven track record in creating value and optimizing returns through adept management of corporate venturing and strategic endeavors, underpinned by delivering tangible business impact.

Based on the analysis of +40 corporations

TOOLS USED IN VENTURE CLIENTING



Note: **GlassDollar** was intentionally omitted from the list to maintain neutrality, however, **provides an end-to-end Operating System for Venture Clienting**.

Starter Units (49%)

The starter unit can run a handful of Proof of Concepts (PoCs) without requiring specialized tools. Methodology is much more important at that stage. As the unit expands, managing a multitude of projects over a 3-9 month timeframe becomes increasingly challenging, leading to a complexity that surpasses the capacity to maintain a comprehensive overview. Recognizing this growth hurdle, the implementation of dedicated tools becomes imperative for operational efficiency.

Growing Units (24%)

In its initial stages, the growing unit efficiently manages tasks and Proof of Concepts (PoCs) using versatile, agnostic tools. This approach remains effective for a considerable period, allowing the unit to handle operations smoothly. However, as the project count expands beyond 20-30, the increasing complexity necessitates a transition to more specialized tools. These advanced tools not only enhance project management capabilities but also introduce features like stakeholder engagement and enabling collaboration across multiple teams.

Pro Units (27%)

Agnostic tools are no longer sufficient to manage the complexities of a diverse portfolio consisting of 25+ projects. Note that means assessing at least 100 challenges. Dedicated innovation software and more precisely Venture Clienting software emerges as a critical requirement. Promising the ability to scale projects, via systematic stakeholder engagement, sourcing and streamlined project management.

Startups Must Mitigate or Even Eliminate a Pain in the Organization

Seven years ago, DB Schenker implemented a centralized startup management team, dedicated to embarking on the adventurous journey of Venture Clienting. We have garnered invaluable insights, particularly about the cultural divergence between startups and corporations. While startups are often likened to agile speedboats and corporations to lumbering tankers, this metaphor underscores a crucial reality: corporate decision-making cycles can imperil a startup's financial runway, yet if the collaboration has started there are almost unlimited scaling opportunities.

The majority startups worry about a lengthy decision-making process, which ultimately might result in the startup running out of cash. This means that the perception of time is very different between startups and corporations. Ultimately, if a corporation wants to purchase from a startup, **processes need to be fast and efficient**, without long feedback loops through several levels of hierarchy.

At DB Schenker, there is a fully established target operating model for the Venture Clienting unit in place. This entails the mission statement, value proposition for the core organization and startup ecosystem, the underlying structure including the governance model, a well-established and running process as well as implemented tools, OKRs, KPIs and clear skill set combined with competences and mandate to foster collaboration with startups.

Since 2015, DB Schenker, a global transportation and logistics provider, has collected a database of over 4000 startups, of which more than 1250 have undergone evaluation in collaboration with our four business units air and ocean freight, land transport and contract logistics and the respective functional units.

We have orchestrated 130+ global pilots and integrated 45+ startup solutions into our standard operations, serving business units across 50 countries on all continents. In late 2023, we launched our dedicated branch for our global startup activities 'STARTup terminal' to further strengthen our positioning as partner of choice for corporate -startup collaborations.

130+

Global pilots orchestrated

since 2015

Behind the Scenes

The Target Operating Model of STARTup terminal

This network is not only crucial to validate or reject novel solutions from startups but even more important when it comes to the execution of the pilot and long-term ownership of the supplier relationship. Maintaining this network is an **ongoing task** due to staff changes, shifting priorities, and evolving organizational structures. We believe our new brand startup terminal will help to position and encourage continued commitment from our internal network.

1. Push vs Pull

In the **push approach**, startups are integrated into the organization based on their perceived relevance and innovation. Here, the focus is not necessarily on immediate business needs, but rather on potential, market presence, and innovation. This is often the strategy for early-stage partnerships and allows corporations to potentially be first movers in adopting new technologies. However, this exploratory method comes with risks like timeline delays and over-promises from startups.

In contrast, the **pull approach** is more strategic and aims to solve specific, identified pain points within the corporation. This method involves a thorough evaluation of business needs and then scouting for startups that can provide the exact solution required. It is generally more focused and mitigates risks by closely aligning startup solutions with corporate needs. The pull approach ensures scalability by being directed towards a clear target. It is often backed by various functional units within the corporation, making it a sustainable long-term strategy.

2. Dense network of innovation enthusiast

We understand ourselves as the entry gate for the startups responsible for finding the right 'terminal' aka contact person in the different business and functional units across various regions. It is a must to have committed and open-minded contact persons across all relevant operational activities. To further enable knowledge transfer and create synergies across business units and regions we have implemented an innovation platform from itonics.

3. Running governance model

Our governance model ensures cross-business unit commitment regarding resource allocation and budgeting. This is particularly important when it comes to scaling startup solutions. Therefore, we only initiate pilots after receiving the GO from our **global innovation board** - it is with this commitment that we ensure the alignment of our projects with the overall strategy. This approach, in turn, allows us to further pursue topics post pilot in a scaling phase, minimizing the risk of tumbling over lack of commitment of resources.

4. Measurable KPIs

Measuring success and impact of the innovation department has been a key challenge for practitioners and academia since the very beginning. Yet, we at DB Schenker are happy to face this challenge and take the opportunity to demonstrate the impact of our work (next to open innovation calls, innovation ambassadors and internal pain point challenges). **Having clear operational and financial key performance indicators helps us to focus** on the topics that provide the biggest impact for the entire organization by letting go of what's too complex, holds too little potential or is too far away from our strategic goals.

Based on the analysis of +40 corporations

KPI & IMPACT MEASUREMENT

Universal recognition of need to measure impact - however only systematically done once growing.

		Starter Units 49% of respondents	Growing Units 24% of respondents	Pro Units 27% of respondents
Activity	# Startups Sourced	✓		
	# PoCs / Year	✓ < 5 PoCs	✓ 6 to 15 PoCs	✓ > 15
	# Adoptions	✓	✓	✓
Impact	Impact	✓ Qualitative	✓	✓ Quantitative
Funnel	Share of Activated Business Units	✓ (10%)	✓ (30%)	✓ (50%)
	Cost per PoC	✓ 100k€	✓ 90k€	✓ 75k€
	Push / Pull	90% / 10%	70% / 30%	50% / 50%
	Time to PoC	✓ 2-5 months	✓ 2-3 months	✓ 4-8 weeks
	Time to PO	✓ Months	✓ Weeks	✓ Days

CONTEXT

Take it step by step...

- The cost associated with measuring Key Performance Indicators (KPIs) poses a significant consideration, particularly for beginners who may have limited resources. Consequently, those in the early stages tend to measure fewer KPIs focusing on # PoCs & adoptions.
- However, as Venture Clienting activities mature, there is a universal recognition of the importance of tracking impact, leading to a shift in focus towards proper and comprehensive measurement of KPIs. This transition is crucial for a more nuanced understanding of project & unit performance and informed decision-making.

1

Strategic Fields & Pains

Our playing field is gated by validated, committed business pain points. Together we identify use cases in the core business services and processes that (might) have further potential to be automated or digitalized. We also monitor industry trends, discerning which we can influence and which we simply need to understand.

2

Startup Sourcing

One of our efficiency drivers is a diligent pre-filtering based on specific knock-out criteria such as technology-readiness and industry focus; our Venture Clienting unit acts as "startup bouncer". These criteria are updated regularly and aim to identify startups that can function effectively in our complex, real-world business environment. Therefore, **DB Schenker uses a pull approach**, actively scouting for startups that solve our validated business problems.

3

Startup Evaluation

After identifying promising startups, we facilitate introductory calls to explore potential use cases. The ultimate goal is to agree on a pilot project, complete with KPIs, terms conditions, and responsible contact persons. This is the make or break: in this step, the base work for the desired pilot is done. Sometimes the startup is not ready, and sometimes we are not ready. **We like to see rejection as protection.**

4

Pilot Steering

The pilot process is broken down into the phases "preparation" and "execution". It is vital for us to support pilot preparation with administrative and methodological guidance. By setting up a pilot canvas, we facilitate pilot execution and ensure initialization of the next steps. **The goal is to have all pre-defined and aligned KPIs flagged green**, to ensure extending the contracts post-pilot and to find scaling opportunities.

5

Startup Portfolio Management

Successfully piloted solutions can only be scaled if their (long-term) value is demonstrated to and understood by all stakeholders. To **build trust and raise awareness**, business partners and startups founders get to pitch the solution to other relevant stakeholders in new business fields and regions. To understand the impact of our work for DB Schenker, we also monitor, track and analyze the impact of the previous pilots and scaled solutions. It all remains a learning journey, for DB Schenker, for startups, and for us personally.



Ronja Stoffregen

Head of Global Startup Management @ STARTup terminal, DB Schenker

Ronja is a doctoral candidate at WHU-Otto Beisheim School of Management with a research focus on the business model on young ventures. She is a passionate venture mentor and advisory board member. Ronja is an external lecturer at leading European business schools.

Expert opinion: Jens Hofmeister, Harsh Shah (Capgemini Invent)

Why Venture Clienting Requires Strategy, Openness, and a Championing Culture

Innovation in the corporate realm has long been a coveted, yet challenging endeavor. Amidst an array of methods like incubators, joint ventures, and innovation labs, **one approach stands out**: Venture Clienting.

Open Innovation, a framework for integrating external expertise into organizational innovation strategies, emphasizes the importance of collective intelligence outside of company boundaries. Within this ecosystem, startups have emerged as crucial entities due to their agility, technological advancements, and role in pioneering industry shifts.

Collaborating with startups not only brings fresh ideas but also boosts innovation pace and addresses technological hurdles. Research indicates that such collaborations enhance innovation speed by 55% and resolve new technological challenges in 58% of instances [18].

Navigating Innovation: Strategy Leads, Venture Clienting Follows

In the expansive corporate innovation sphere, strategy should always be the precursor to action. Venture Clienting, a cog in open innovation, becomes more potent when anchored in strategic thought. This section emphasizes strategy's importance and Venture Clienting's alignment with it.

1. Importance of Strategic Vision

At the heart of every successful innovation endeavor is a clear and well-articulated strategic vision. It acts as the North Star, guiding companies through the tumultuous seas of market uncertainties, technological disruptions, and shifting consumer preferences.

Historically, companies that have stood the test of time are those that had a clear strategic vision underpinning their innovation activities. For example, Apple's commitment to "Think Different" was not just a catchy tagline; it embodied a strategy that led them to explore uncharted territories, from personal computers to smartphones.

2. Understanding the Landscape

Before diving into any innovation mechanism, including Venture Clienting, companies must have a grasp on the broader landscape. This encompasses recognizing pivotal market trends, gauging competitive pressures, and pinpointing emerging consumer behaviors.

3. Internal Capability Assessment

Even the best external innovation methods falter if internal capabilities don't align. Companies need to introspect:

- Do we have the infrastructure to collaborate with a startup?
- Is our workforce prepared to integrate novel solutions seamlessly?

4. Venture Clienting in a strategic context

Venture Clienting is not a mere transactional engagement; it's a strategic choice. When a corporation becomes a startup's 'first client', it's making a calculated decision based on how this partnership aligns with its larger goals and vision. This method's true value emerges when it seamlessly fits into the broader strategic canvas of the company. For instance, leading companies like the Volkswagen Group have reaped substantial benefits from Venture Clienting by meticulously ensuring that their engagements align with their long-term objectives, be it sustainability or digitization.

At its heart, the debate is not just 'Make' or 'Buy'. It is about transitioning from a control-focused mindset to one valuing access. Venture Clienting offers corporations not just control, but also swift access to innovation and market agility.

The Interplay of Strategy, Culture, and Leadership in Innovation

Innovation is more than a few ideas; it intertwines with a company's culture and leadership. Venture Clienting, while a powerful innovation tool, relies on these dynamics and demands deep mindset shifts for success.

#1

The Imperative of Top-Down Mandates

Innovation's success leans on C-level engagement and leadership's pivotal role.

- Strategic Leadership Role: Innovation ties closely to the direction set by top executives. When leadership champions innovation, it amplifies its value across the organization.
- Resource Allocation: C-suite engagement often leads to optimal resource distribution, ensuring innovation projects thrive.
- Decision Speed: Engaged leadership can accelerate decisions, reducing bureaucratic delays and maintaining momentum in innovative projects.

#2

Fostering Synergies: When Startup Agility Merges with Corporate Precision

Venture Clienting combines two contrasting worlds: the agility of startups and the precision of established corporations. The pivot-ready nature of startups, guided by the 'fail fast, learn faster' ethos, contrasts sharply with the risk-averse, process-driven nature of traditional corporations. These differences, unaddressed, can create cultural rifts, limiting collaboration and innovation. This cultural divergence is evident in decision-making.

Startups focus on rapid experimentation and swift iterative cycles, while corporations engage in lengthy deliberations, valuing stability and precision. The challenge is to harmonize these worlds: maintaining corporate structure while adopting startup agility. It's not just about understanding startup culture but integrating it.

For Venture Clienting to succeed, corporations must adapt, blending rather than overhauling their core culture. The aim is an environment receptive to external innovations and agile in operations. As Peter Drucker stated, "The best way to predict the future is to create it." For corporations, this means fostering a culture open to external innovation, emphasizing collaboration and continuous learning, to ensure agility and precision coexist.

#3 Strategy Versus Culture – The Eternal Tug of War

While strategy is key, an organization's culture defines the effectiveness of its execution.

- Resistance to Change: Humans inherently resist change. If culture opposes, even strong strategies may falter.
- Echo Chambers: Deep-rooted organizational silos can stifle disruptive innovation by perpetuating existing beliefs.
- Culture's Collective Belief: A culture inclined towards innovation aids strategies resonating with such beliefs. The saying, "culture eats strategy for breakfast," reflects the profound impact of collective psychology.

Navigating the Complexities of Adoption

Venture Clienting isn't without its challenges, especially during the 'Adopt', 'Run', and 'Scale' phases. Global corporations must address:

- *Integrating Diverse Technologies Across BUs*: demands a robust technical feasibility analysis.
- *Skill and Capability Gaps*: upskilling becomes indispensable here.
- *Uncertain Financial Flow*: clear financial mapping ensures economic viability.
- *Operational Resistance*: stakeholder engagement and change management can address this.
- *Ensuring Global Standardization*: a blend of centralized oversight with decentralized execution is key.
- *Scalability Concerns*: continuous monitoring and iterative improvements ensure long-term viability.

The successful adoption and scaling of startup solutions hinge on corporate readiness. This isn't just about technological compatibility but also about fostering a culture that encourages innovation, blurs departmental silos, empowers employees, and values experimentation.



Venture Clienting offers a fresh approach that could reshape corporate perspectives on innovation. Looking forward, Venture Clienting emphasizes that innovation goes beyond just adopting solutions - it is about aligning them with corporate goals, embracing external partnerships, and fostering an environment that champions progress.

Jens Hofmeister

Vice President Innovation & Strategy @ Capgemini Invent / frog design

Jens has been working in innovation for 20+ years. His expertise lies in strategic and open innovation across multiple industries. With building his own ventures and scaling startups, he is seasoned in scaling ventures globally. He loves to approach topics with creativity, customer focus and challenge the status quo.



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[18] Capgemini Research Institute (2023): The power of open minds: how open innovation offers benefits for all

Expert opinion: Teodora Georgieva, Sabine Wiesmüller, Eileen Wong (Start2 Group)

How Can Corporations Become "Startup Ready"?

- Well-defined Venture Clienting goals
- Clear internal communication and operational model set-up
- Understanding the internal corporate resources and constraints
- Venture Client profile definition
- Choosing the right Venture Clienting model

While the reasons behind the growing interest in startup-corporate collaboration are evident, the results often end up being 'very dissatisfying or somewhat dissatisfying'.

This was revealed in a 2019 study by BCG involving 187 corporates and 86 startups in Germany, Austria, and Switzerland, where 45% of corporates and 55% of startups expressed dissatisfaction with their startup-corporate partnerships.

The lack of clear communication and understanding, particularly regarding the partnership scope with actionable outcomes, significantly contributes to unsatisfactory collaborations.

There is no one-size-fits-all approach that works equally well for all companies or under all circumstances. Corporate clienting initiatives are unlikely to be sustainable without aligning company goals with the venture collaboration model, establishing an adequate organizational structure, and understanding the processes and challenges related to corporate clienting, especially when it comes to startup engagement.

Well-defined Goals

The success of corporate venturing initiatives relies significantly on the clarity and alignment of company goals and objectives. The goals may involve the development of novel products or services for existing or new markets, positioning the company as an innovator, addressing business challenges, or engaging in collaborative innovation.

Different goals will require varying degrees of involvement from internal stakeholders, financial and infrastructure resources, and other types of partners and corporate venture formats.

Internal stakeholder management and buy-in are crucial aspects of corporate clienting. It's essential to gain support and commitment from key individuals within the organization for the success of venturing initiatives.

Startups, for example, **frequently face challenges in assessing the potential of collaboration models and prioritizing them**, considering factors like time, commitment, and budget. Providing a long-term partnership vision can enhance its attractiveness to potential partners.

To increase the chances of success of corporate clienting, it is advisable to consider the following key factors: **Clear Objectives** and **Strategic Alignment**.

#1 Clear communication and collaboration model set-up

Defining success parameters becomes essential in evaluating the effectiveness and impact of the Venture Clienting initiative, providing a clear roadmap for progress and achievement.

Venture Clienting initiatives require establishing a realistic, actionable, measurable process framework that includes key performance indicators (KPIs) and development milestones. There is a need for proper alignment of resources and responsibilities to ensure a smooth execution of the collaboration.

#2 Understanding the internal corporate resources and constraints

Understanding the internal resources and constraints is an important step towards successful corporate venturing. It ensures that the corporate is aware of its internal capacity, capabilities, and limitations in terms of financial and non-financial resources.

This awareness facilitates informed decision-making regarding in-house development and the supporting activities with external resources. It also aids in effective collaboration with partners, as the corporate can communicate its expectations clearly and provide the necessary support.

Let's look at a case study on the adoption of AI and are corporates ready to implement AI

When planning to adopt AI technologies to priorly defined pain points, a few conditions need to be met to ensure the success of this transformational process:



Initially, **the company should analyse whether to build AI solutions in-house, buy them, or opt for a mixed approach**, where solutions for some use cases are bought, and others are developed in-house.

Usually, in-house development is advisable if the AI use cases are company-specific and if the company's strategic plan is to build in-house AI knowledge. However, **internal resources and teams must be set in place** to dedicate their time to this development process. Purchasing AI solutions is advisable if the use cases the company has identified are rather generic and if the necessary company data is limited or fragmented.

Further, suppose the company data is not unique enough to allow for a competitive advantage gained from a very specifically trained AI solution. In that case, it might be the best course of action to buy a standardized solution to keep costs low while still reaping efficiency gains.

As for the development and adoption strategy, **there are various options to choose from**: A company can either build the resources to develop AI internally, buy a standardized solution from big players in the market, such as, e.g. Google, or collaborate with startups. When partnering with a startup as a venture client, traditional companies can either opt to become a shareholder and, thereby, have the startup develop a suitable (personalized) solution for them or become a customer.

Other important areas that the corporate needs to consider before shaping the venture collaboration scope include:

Top Management Support

Is the top management providing full support to these new initiatives, even taking an active role?

Securing the endorsement of top management is crucial for the success of new initiatives, especially those involving a substantial integration component. This ensures a seamless communication and collaboration flow throughout the process.

Level of Risk

Is the corporation open to accepting a high level of risk?

Engaging in certain forms of collaboration, especially involving innovative technologies or startups in the early stages of development, poses higher risks. Recognizing and understanding this level of risk is essential for defining the venture partner profile and determining the scope of collaboration.
This also underscores the necessity of navigating the established procurement process for the corporation to engage with less established partners who may not meet standard requirements.

Level of Integration

How willing is an established company to share knowledge, especially key know-how?

Openness to sharing knowledge is crucial when entering stronger partnerships with startups. The level of integration required should be considered as well.
Addressing technology compatibility and integration requirements early in the collaboration discussions is advisable. Waiting until a later stage in the collaboration, when partners have already invested time and resources, can pose challenges.

Level of Freedom

How much freedom is the corporate willing to give the venture client?

The extent of freedom a corporate is willing to grant is a consideration. Generally, startups in a growth stage may be less inclined to engage in exclusive partnerships. If exclusivity is pursued, it should come with substantial long-term growth opportunities for the startup.

Internal and Third-party resources

What additional resources can the corporate provide?

Access to branding through co-branding solutions, an established customer base, and distribution channels, as well as engineering support and financial investment, add value for startups when assessing a potential opportunity.



Teodora Georgieva

Program Director @ Start2 Group

An adept startup advisor specializing in innovation management and technology commercialization across Southeast Asia and Europe. She co-authored a book offering entrepreneurs decision-making frameworks for early-stage ventures. Before her role at German Entrepreneurship Asia, Teodora led accelerator programs in Singapore and founded a company bridging corporates with startups, fostering valuable partnerships.



Sabine Wiesmüller, PhD

Director AI (Europe) @ Start2 Group, MD @ BIC

With a background in international business, focusing on compliance and intercultural management, she brings extensive experience from management consultancy. She holds a doctorate in business ethics and AI governance, earned through collaboration between the Wittenberg Center for Global Ethics and Zeppelin University, where she remains active in research and teaching.



Eileen Wong

Head of Marketing @ Start2 Group

With over ten years of experience in integrated marketing communications, she directs marketing campaigns across ten key Asian jurisdictions and manages a regional team. Eileen has developed marketing strategies enhancing brand visibility and supporting growth in multiple companies. She co-founded an e-commerce startup, earning nominations for the Young Entrepreneur Award and the Shell LiveWIRE Awards.

Best practice case study: Christina Lang &
Nicolai Heinzelmann (IST), Philipp Pilat (PwC)

Collective Venture Clienting

How Mittelstand Companies Can Join Forces to Implement Startup Collaboration

In the past, primarily large companies leveraged the benefits of working with startups [19]. Mittelstand companies, however, often face challenges in implementing startup collaborations due to limited resources, management capacity, and experience regarding startup collaboration [20]. But recently, **more Mittelstand companies are entering the game**, having learned from the activities of the large companies and using approaches that better suit their specific requirements.

One promising approach is the **Collective Venture Clienting program**. Therefore, multiple Mittelstand companies join forces and organize their resources, competencies, and needs in a network. This enables, for example, the acquisition of funds to hire external expertise for implementing specific Venture Clienting actions, such as startup scouting and business modeling. Additionally, this joint use can lead to various synergies between all participating corporations and startups.

To gain insights into this novel Mittelstand-adapted Venture Clienting approach, we conducted an interview-based study of the first two batches of the North Hessen Accelerate (NHA) program. The following describes this case and its special characteristics, including design aspects, key learnings, and implementation tips.

Case Example:
North Hessen Accelerate e.V.

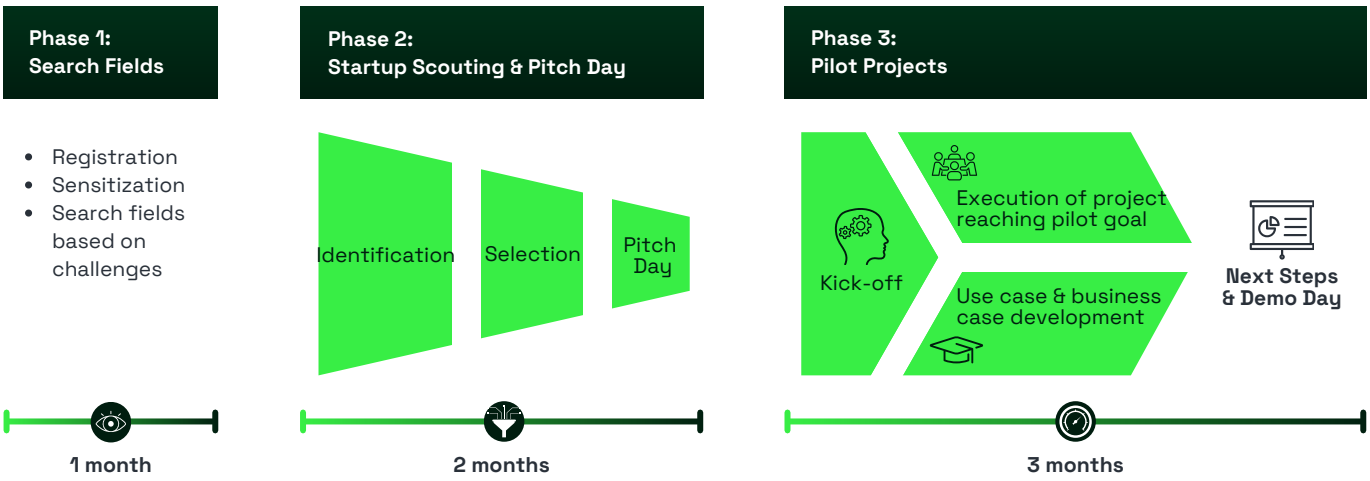
NHA was initiated by five corporations, three startups, two innovation centers and several innovation veterans from the German region North Hessen.

The goal of the North Hessen Accelerate e.V. is to establish an open platform that effectively connects Mittelstand companies with inter-/ national startups and facilitates the realization of digital innovations.

Corporations define and bring in specific problems from their domain, which are then matched with startups that can provide innovative solutions. To facilitate this, the platform offers a collaboration program, which is supported by a pool of experts across a diverse network, as well as several events.

The NHA program is implemented with the support of a professional facilitator (PwC Germany) and organized in yearly batches which, over the course of six months, go through three main phases:

1. Search fields
2. Startup Scouting & Pitch Day
3. Pilot Projects



The NHA program is implemented with the support of a professional facilitator (PwC Germany). It is organized in yearly batches, each running for six months and including three main phases:
(1) Registration of corporates and definition of search fields based on the respective corporate problems; (2) Scouting and matching of corporates' problems with suitable startups; (3) Accelerated development of joint pilot projects to create a proof-of-concept and business case to validate whether the startups' solution actually solves the corporates' problems and it is wished to move forward with the partnership.

The program is accompanied by three public events: kick-off, mid-term for preliminary status and demo day for the final pitch and marketplace of the joint pilot projects. The idea is that after the program, the corporates either buy and implement the solution of the startups, continue the joint projects to develop it further, or end the projects. In the following, we highlight special design aspects of the NHA program.

Mittelstand-adequate program: The program of the NHA is customized for Mittelstand companies that usually have yet to gain experience with startup collaboration activities. The batches, for example, start not only with a call for submission of current problems, but also targeted workshops and coaching sessions in which the corporations work with the facilitator to define their problems properly. The close support for the corporates continues throughout the entire program with workshops, regular coaching sessions, and inputs about entrepreneurial innovation creation, such as prototyping and business modeling. The NHA also organizes events and helps the corporates fund the pilot projects.

One facilitator for all key activities: All central activities of the program and services for the collaboration, such as organizing the program, scouting startups, and supporting the joint development through workshops and team coaching, are executed by the same facilitator. This "full service" approach streamlines the program's workflow, minimizes coordination efforts, and ensures its effective and efficient execution.

Independent organizational structure: The NHA as an association (e.V.) is an independent legal entity open to additional corporates and startups to become members. The funding is set up in a manner where membership fees are allocated to finance the organization of the program and its pilot projects. Additionally, this legal entity enables fundraising with third parties, including public funding at the local, regional, and European levels.

Active ecosystem: In pursuit of establishing a vibrant innovation and startup ecosystem for the region, specific community-building

actions are implemented to facilitate knowledge transfer and networking. Thus, the NHA regularly hosts public events to which the whole ecosystem in terms of all program participants, other company employees, and interested external guests are invited. Corporates benefit from access to new technologies, the innovation network, and image gain as an innovative partner. Startups benefit from a broader reach to potential customers, with some startups finding additional customers.

The Value Created

At the development level, the participants have executed nine projects to save resources or create new services, products, or other market opportunities. One example is the joint development of a pilot between Viessmann, who faced time-consuming roof measurements for their photovoltaic systems, and the startup Vypno, who had a satellite image recognition technology, which allows measuring roofs in seconds [21].

At the collaboration level, the participating corporates and startups established new partnerships and quickly reached collaborations on eye-level. These social connections were not limited to the project teams but further extended throughout all participants. Subsequently, an ecosystem with a solid social network has emerged, uniting many regional Mittelstand companies, startups, and associated experts. By participating in such an ecosystem, corporates strengthened their image as innovative companies. They made diverse learnings, including how startup collaboration can work successfully, that startups are extremely professional partners, and that new solutions can be quickly assessed and implemented. As one interviewee posited, practicing the precise articulation of problem statements will serve as a blueprint for future internal challenges. Startups benefited from the direct customer feedback and the accelerated creation of a new business case for their solution.

Lessons Learned

Clearly communicate the Venture Clienting approach: Already during the promotion of the program, it needs a clear communication of the Venture Clienting approach. Specifying what problems are suitable for Venture Clienting, how the program works, and what are potential outcomes creates a solid basis for all further steps and sets the right expectations. This is especially important for an association as it depends on the satisfaction of its current and future members.

One program, one approach: When designing a Venture Clienting program, it is important to determine how narrowly its approach to corporate-startup collaboration should be implemented. If, for example, the program allows projects that require more intense co-development, this will interfere with the Venture Clienting approach as co-development requires a different program design (duration, startup maturity, intensity of support, amount of funding, etc.). So, it should be avoided running clienting and co-development simultaneously in one program.

Full-service for Mittelstand: Given the missing experience with startup collaboration, Mittelstand companies not only need adequate preparation and support during the workshops and pilot projects but also help with commercial and legal issues through templates of specific contracts. This will reduce the uncertainty and risks and, thus, ensure a quicker and easier start for collaboration with startups.

Key Insights

Investigating the NHA shed light on the design and lessons learned for Venture Clienting in the Mittelstand context. With its interorganizational and publicly funded program, the NHA provides easy access to a fully supported startup collaboration program. Thereby, it enables smaller, less experienced companies to learn about startup collaboration and benefit from this new path to innovation. The learning experience of Mittelstand companies is particularly noteworthy. While participating in well-guided workshops and collaborating intensively with startups, they gain a lot of new knowledge and competencies about topics such as problem-solution-fit, trend insights, collaboration formats, and general startup mindset. Therefore, the professionally curated program helps shorten the learning curve for corporate-startup collaboration.

To conclude, the NHA showcases that being together is better than being alone. Supported by the organizational structure of an association, which signals commitment and consistency to other partners and startups, the NHA creates a sustainable ecosystem for innovation, with many different parties benefiting from it. We hope these insights help further Mittelstand companies to make use of corporate-startup collaborations. Let's join forces and develop innovations collectively.



Christina Lang

Researcher @ Institute for Strategic Innovation & Transformation, University of Applied Sciences (HTWG) Konstanz

Christina focuses on goal setting for strategically steering corporate entrepreneurship units. By supporting Mittelstand companies to establish entrepreneurial innovation management, she has gained in-depth knowledge of the specifications of the Mittelstand and the design of corporate startup activities.



Nicolai Heinzelmann

Researcher @ Institute for Strategic Innovation & Transformation, University of Applied Sciences (HTWG) Konstanz

Nicolai focuses on the strategic coordination of corporate entrepreneurship units to increase their use through synergistic collaboration. He gained entrepreneurship expertise as a startup coach at HTWG and UC Berkeley and by consulting various established companies in their strategic transformation.



Philipp Pilat

Venture Clienting Lead @ PwC Germany

Philipp is a strategy consultant and an entrepreneur. Over the past six years, Philipp and his team at PwC have orchestrated 84 projects between startups and corporates, of which more than 80% entered a long-term relationship. Meanwhile, he founded a company that has been on the market for five years now and through this successful experience was able to gain insights from another perspective.

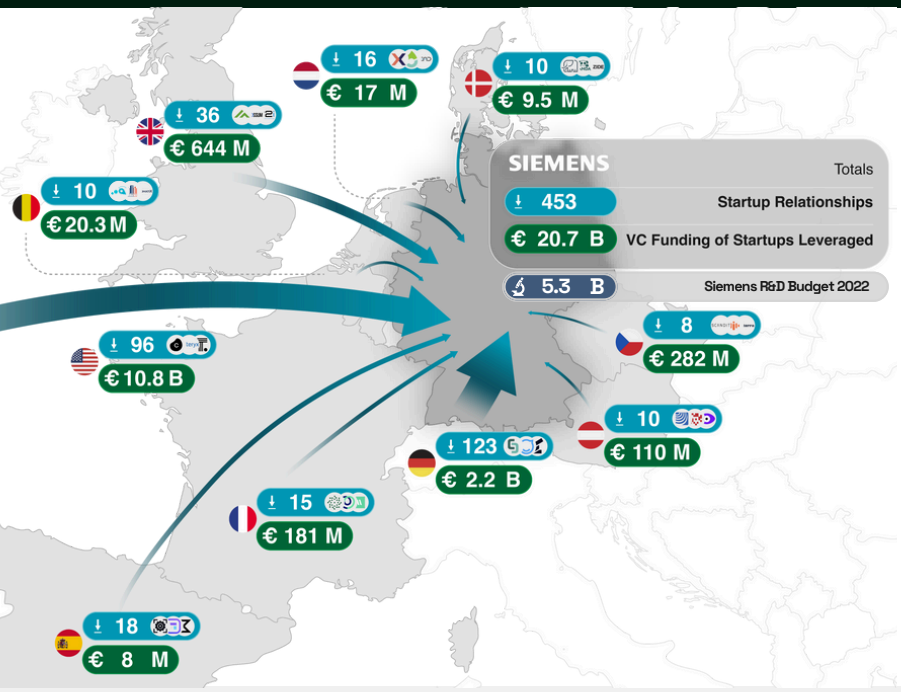
[19] Brunswicker, S., Chesbrough, H. (2018). The Adoption of Open Innovation in Large Firms: Practices, Measures, and Risks A survey of large firms examines how firms approach open innovation strategically and manage knowledge flows at the project level. Research-Technology Management. 61(1). 35–45.

[20] Davis, P. E., Bendickson, J. S. (2021). Strategic antecedents of innovation: Variance between small and large firms. Journal of Small Business Management. 59(1). 47–72.

[21] NHA e.V. (2023). Im Innovations-Ökosystem von Nordhessen – NHA e.V. NHA-ev.de

Conclusion

Venture Clienting and it's impact is quantifiable



Impact estimation

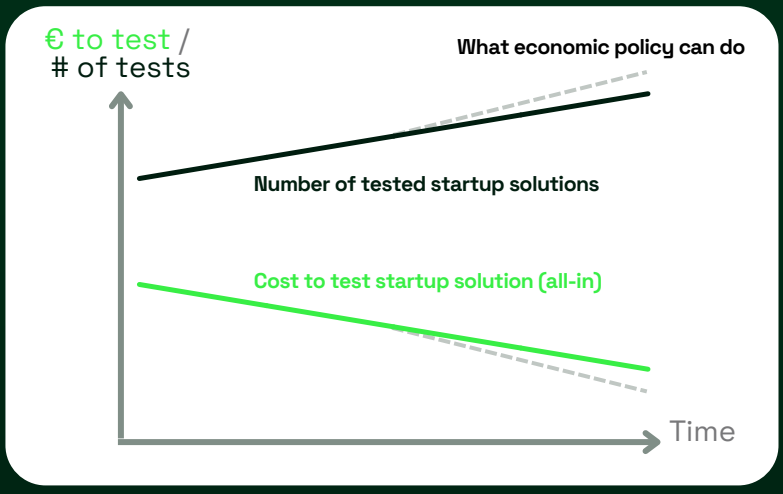
	Corporations	Startups
	4.3B Estimated impact for German corporations [€]	**0.6B** Estimated Revenue for German startups [€]
SIEMENS	410M	70M
Unilever	210M	30M
L'ORÉAL	230M	40M
	GlassDollar impact estimation [€]	GlassDollar startup cost (Revenue) estimation [€]

Based on public relationships only! These numbers are likely **+5x** higher. Siemens AG, as a leading startup partner, was chosen as an example.

Estimation by GlassDollar. Detailed calculations on **page 41**.

Drivers for more

- From interviews with mature Venture Clienting units, we know there are challenges allowing to run at least **10x** Proof-of-Concepts.
- Professionalization of Venture Clienting driving down cost per PoC
- Government can catalyze this process through economic politics (e.g. subsidising PoCs for eligible startups)



Outlook

- This analysis is just a teaser showing what is possible - we invite more academic research
- AI will further drive Venture Clienting professionalization reducing PoC costs
- Geographic barriers will continue to fall (e.g. AR & VR) driving startup partnering
- Government can learn from Corporations and employ Venture Clienting for digitization and beyond

Thank you for your support!



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NHA NorthHessen Accelerate
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Appendix

Methodology explained

You would like to incorporate this data set into your research? Reach out to academia@glassdollar.com.

Research Design

To quantitatively study the level of adoption of Venture Clienting in Europe, it is necessary to collect data on such transactional relationships between startups and corporations.

Definitions

Please note that for this study, the terms "Europe" and "European" refer to the countries that are part of the European Economic Area (EEA) as of October 2023, including Switzerland and Great Britain.

The European Union (EU) consists of Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, and Sweden.

The EEA extends beyond the EU by including Iceland, Liechtenstein, and Norway.

Although Switzerland is neither an EU nor EEA member, it is part of the single market. Due to the countries economic connection to its surrounding, it is included in this analysis.

Despite its withdrawal from the European Union (Brexit), Great Britain is encompassed as well. This was decided due to Great Britain's significant historical economic ties with Europe, which have had a relevant impact on the country. These influences are supposed to be captured in the analysis.

So far, no database exists that contains information on which corporations have purchased from which startups. Other than for Venture Capital investments, client relationships do not have to be disclosed as they, conceptually, do not differ from standard procurement processes, which are not subject to any need for public disclosure.

Additionally, corporations might have an interest in withholding such information to maintain a competitive edge out of concern that revealing collaborations may expose strategic directions.

Assumptions

To compile a data set detailing customer-supplier relationships between startups and corporate entities, this study relies on an important assumption: a substantial portion of this information is accessible online, dispersed across various sources. This can be concluded from the tendency of startups to publicize their referenced customers on online as a means to signal maturity and success by augmenting visibility and prestige.

It is reasonable to further assume that the display of corporations' logos predominantly denote supplier-customer or Venture Clienting relationships. This can be derived based on corporations' strict regulations on the utilization of their logos by third parties. Consequently, startups exhibiting such logos on their online platforms are obliged to get the corporations' permission to avoid legal consequences.

Drawing from the insights of Venture Clienting experts at GlassDollar, it is plausible to further derive that such permissions are, in the

majority of the cases, only granted to startups the corporation engages with in significant relationship, usually by customer association.

While this may not hold true for all logos exhibited on startups' websites, it is a fair assumption to make for the majority of the data points obtained for this study.

Furthermore, the likelihood of such relationships being of a strategic nature is deemed minimal. As elaborated, strategic partnerships are often linked to the strategic direction of a corporation, an information that corporations typically treat with confidentiality. Therefore, strategic partnerships are probably not displayed on startups' platforms via logos.

Two distinct approaches will be employed to gather the relationship data:

- *Internal database*: to this day, GlassDollar has sourced several thousand startups for customer requests, including data on referenced customers. This information is readily available internally.

- *Website Scraping*: Startups usually display the logos of their (reference) customers on their website. Hence, the approach is to scrape the logos of all European startups' websites to create a data set which would map all corporate customers of a respective startup.

Subsequently, the collected relationship data will be enriched with additional information regarding the respective parties to enhance the understanding of the characteristics of the adoption of Venture Clienting across Europe. While the specifics will be elaborated in the following chapter, potential data points of interest include country of origin, employee count, industry, financial data, among others.

It is vital to acknowledge the exploratory nature of this study, as, to the best of the authors knowledge, there exists no previous attempt to create such a comprehensive data set.

Web scraping is a potent tool for acquiring unstructured data available on the internet. Nonetheless, it dependents on having a set of startup website URLs available to input into the scraper. Aligning with the research question's scope for this study, URLs of European startups were selected for the input data set. This data set was procured by leveraging the startup database provided by *Crunchbase*.

Image Classification

The algorithm employs the Google Cloud Vision API to scrape information about referenced customers from various websites. The Google Vision API, also known as Google Cloud Vision API, is a tool developed by Google that allows developers to understand and analyze the content of images using machine learning models encapsulated in an easy-to-use REST API.

The process begins by selecting a predefined set of websites to scrape from the Crunchbase database. For each website specified, the algorithm extracts all available images from the web pages.

These images are then pre-processed and converted to PNG format, especially if they were in a SVG format. SVG, or Scalable Vector Graphics, is a popular XML-based file format used for describing two-dimensional vector graphics.

Unlike raster image formats like JPEG or PNG, SVG images are not composed of pixels. Instead, they define shapes and paths using mathematical equations and coordinates. This vector-based approach allows SVG images to be scaled to any size without loss of quality, making them ideal for logos, icons, and illustrations on websites and in print.

Bias Discussion

The finalized data set was enriched to include meta-data on both startup and corporations with the objective of being able to examine the factors influencing the level of adoption of Venture Clienting.

However, before diving into the analysis, it is important to acknowledge the various sources of bias that could potentially impact the statistical attributes of the data set.

This data set presents several limiting factors:

- In the process of web scraping, a selection of startups was made to retrieve their logos and referenced customers. This selection was configured by filters specifying the location to be within the EEA, Great Britain or Switzerland, and that the founding year is 2013 or later. These filters were applied to roughly half of the collected data points and clearly result in a bias regarding the founding year.

- Startups do not disclose the complete set of their customers and will most of the time, display a cherry-picked selection thus offering a curated sample favoring prestigious relationships and preventing us from reaching any sort of exhaustivity.

- While relationships continually evolve, the data set represents a snapshot in time. The lack of information on the nature of these relationships results in treating relationships the same, that are in fact not: for instance new pilot relationships vs long-standed solidly implemented relationships.

- The accuracy of logo recognition by Google Vision's API engine depends on the level of training the engine received. The more trained, the higher the chance for correct recognition of that logo. Since the selection is based on classifier certainty threshold, this impacts the collection with a bias favoring companies with bigger digital presence as niche companies will tend to see their logo classified with a poorer classification score. This was partially compensated for by manually classifying logos between a range of 0.8 and 0.9. However, since a manual approach is not scalable, logos with a certainty of less than 0.8 are ignored, although they might represent a true customer relationship.

- Referenced customers are, for the most part, fetched by detecting their logos on startups web-pages. The approach applied for this study is not able to distinguish, to this day, a logo referring to a customer or any other kind of relationship. For instance, re-directions to social media pages might would end up in the final data set. To avoid this, a filtering layer was added to remove all these correctly identified but irrelevant logos, such as social media, media, payment methods like Visa or Mastercard, etc… In the best case scenario, some real customer-supplier relationships between the startup and companies like, for instance, Facebook, Twitter or Amazon were removed. In the more likely scenario, the list of excluded companies was not extensive enough which results in adding noise to the data set.

GlassDollar