

**CORPORATE
INNOVATION**

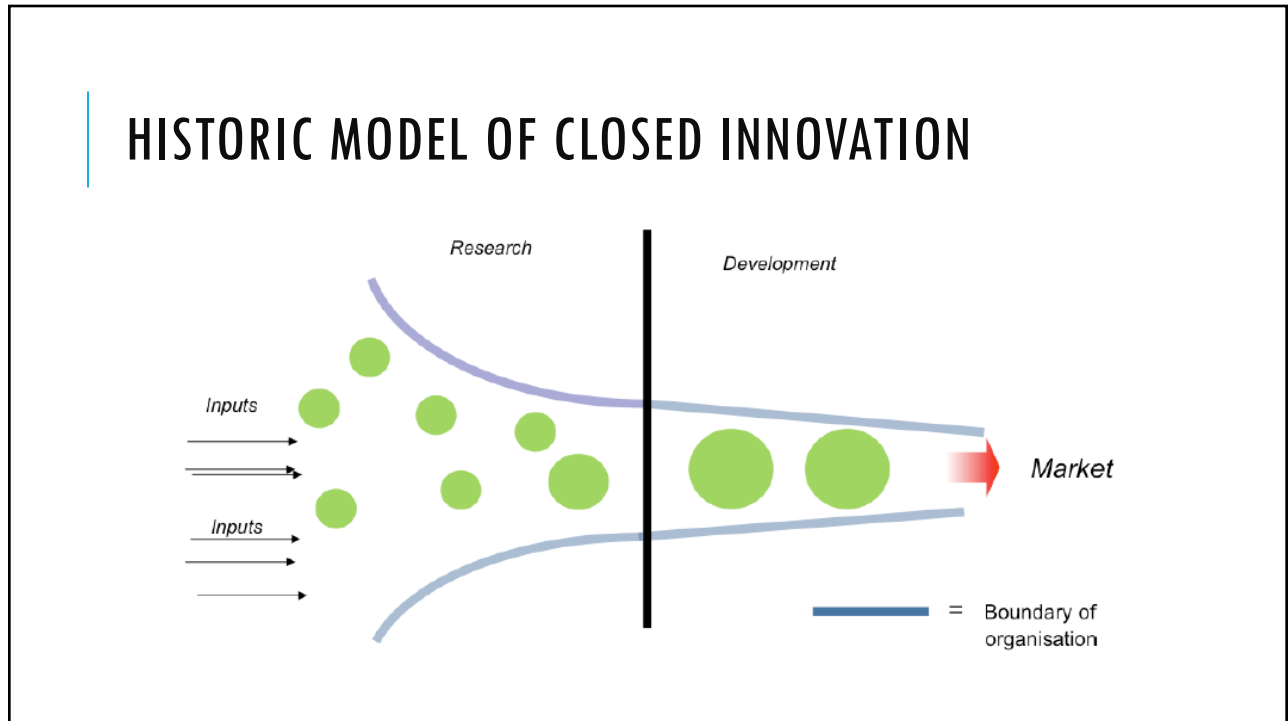
Rick Rasmussen
Industry Fellow &
Member of Faculty
UC Berkeley

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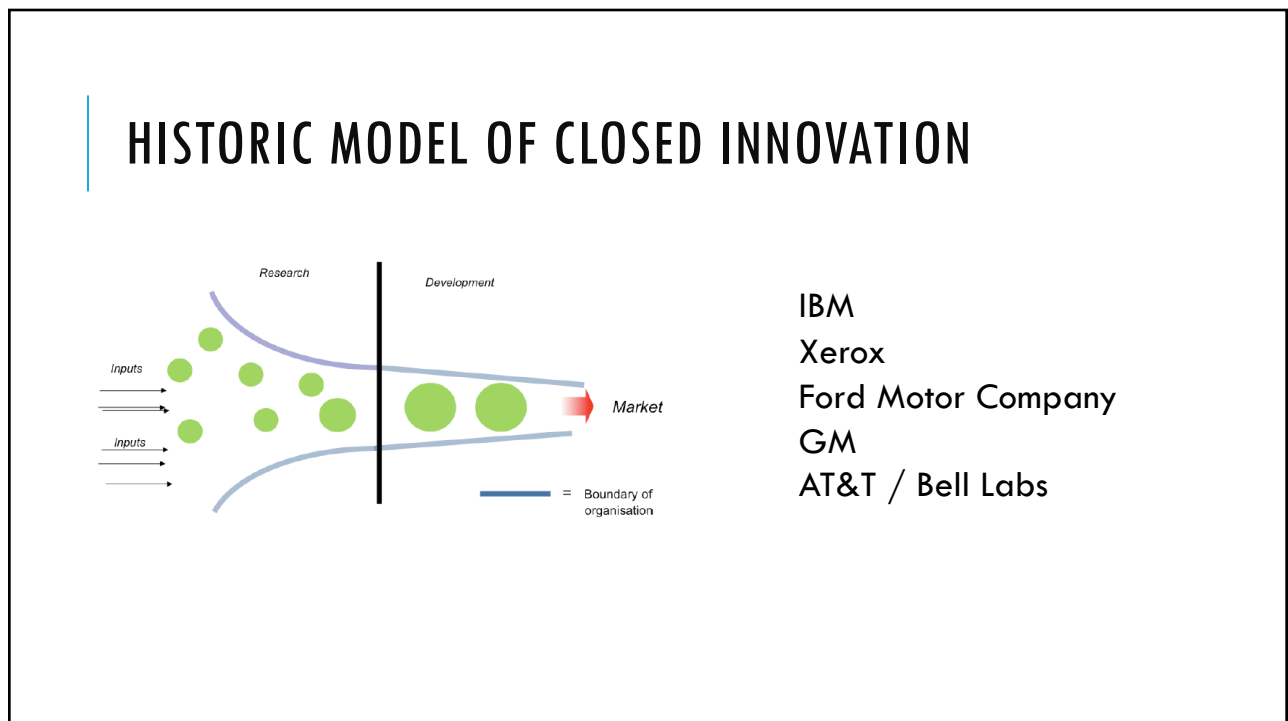
1

**WHAT IS
OPEN INNOVATION?**

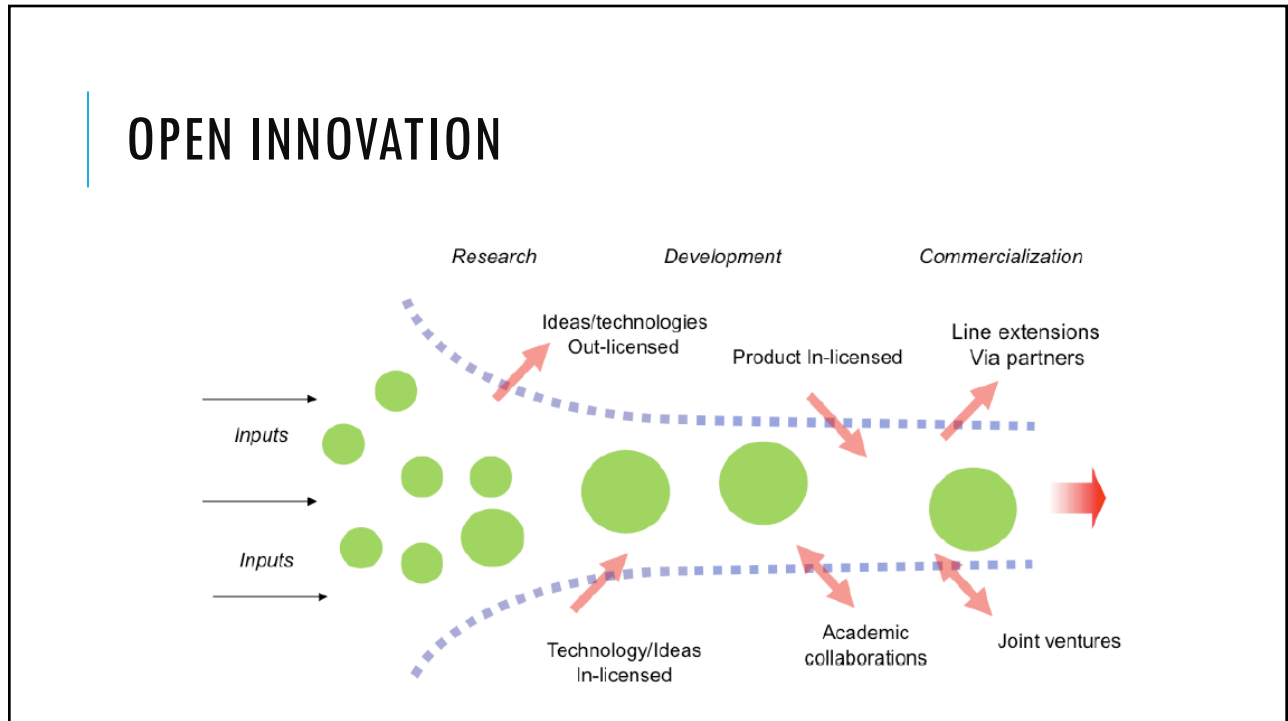
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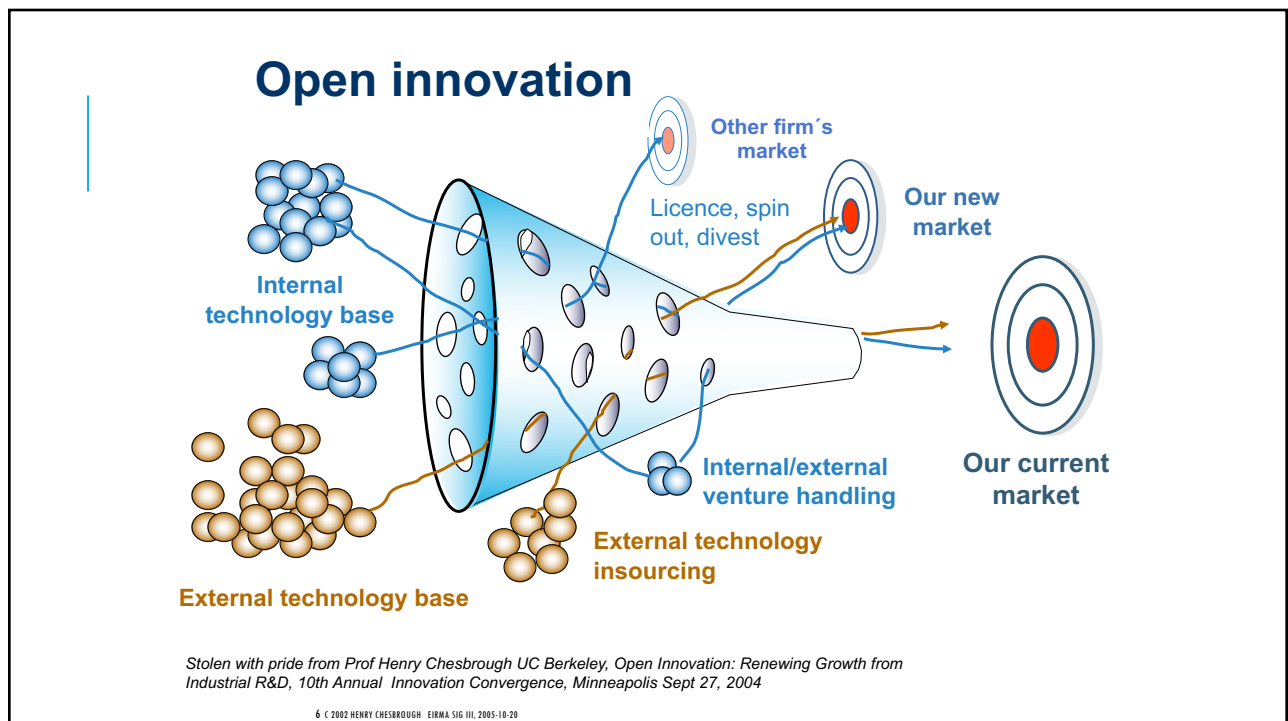
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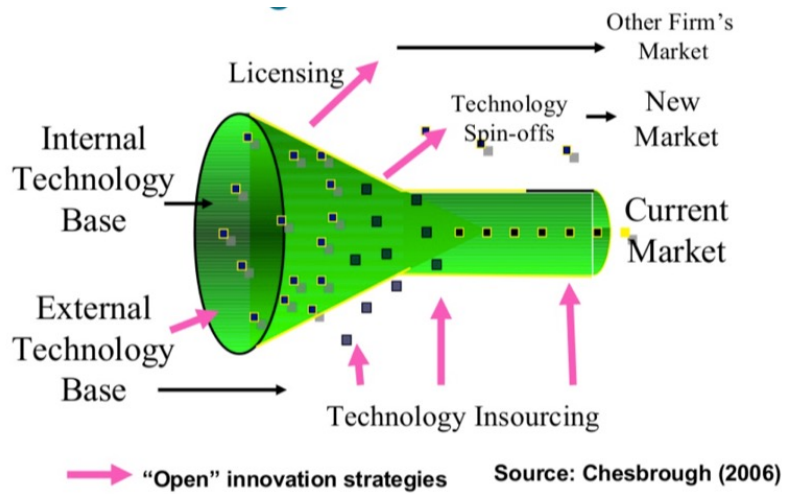


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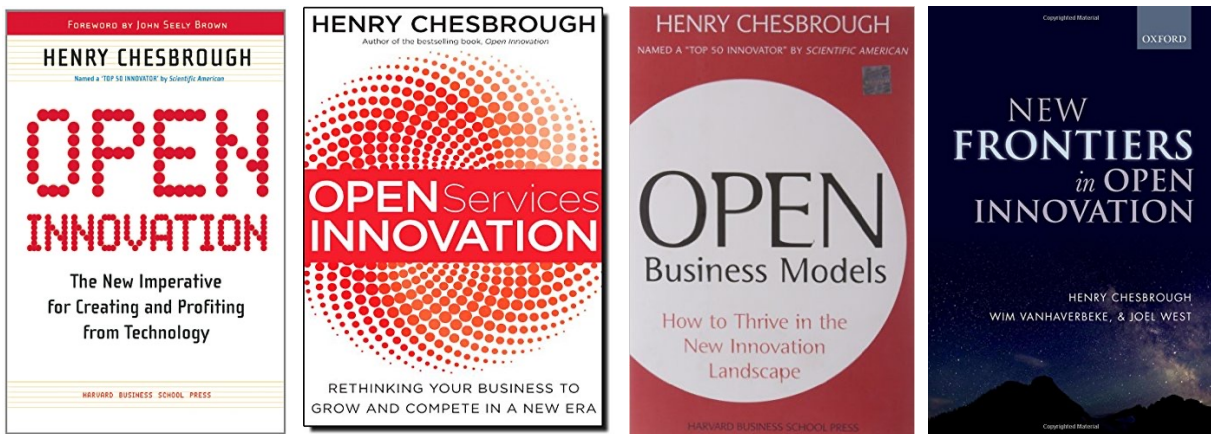


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THE CHESBROUGH FUNNEL



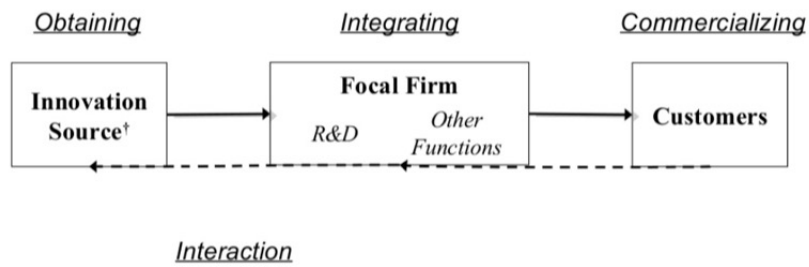
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INBOUND OPEN INNOVATION

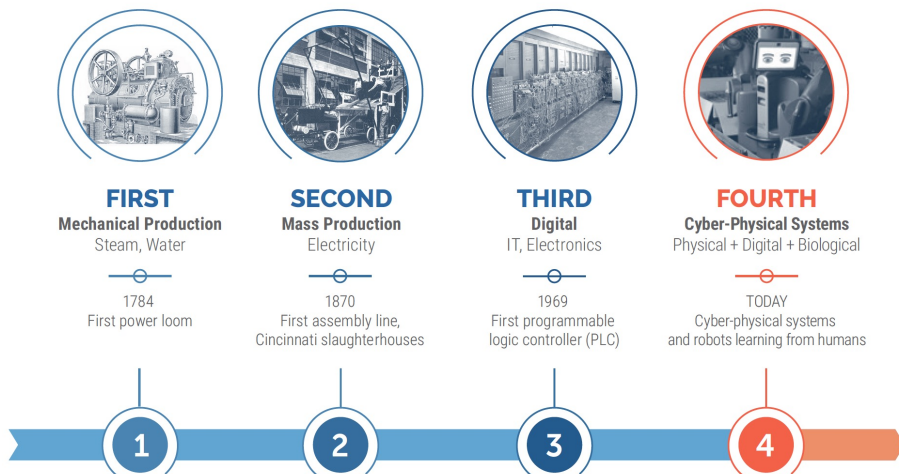
4 Stage Process Model



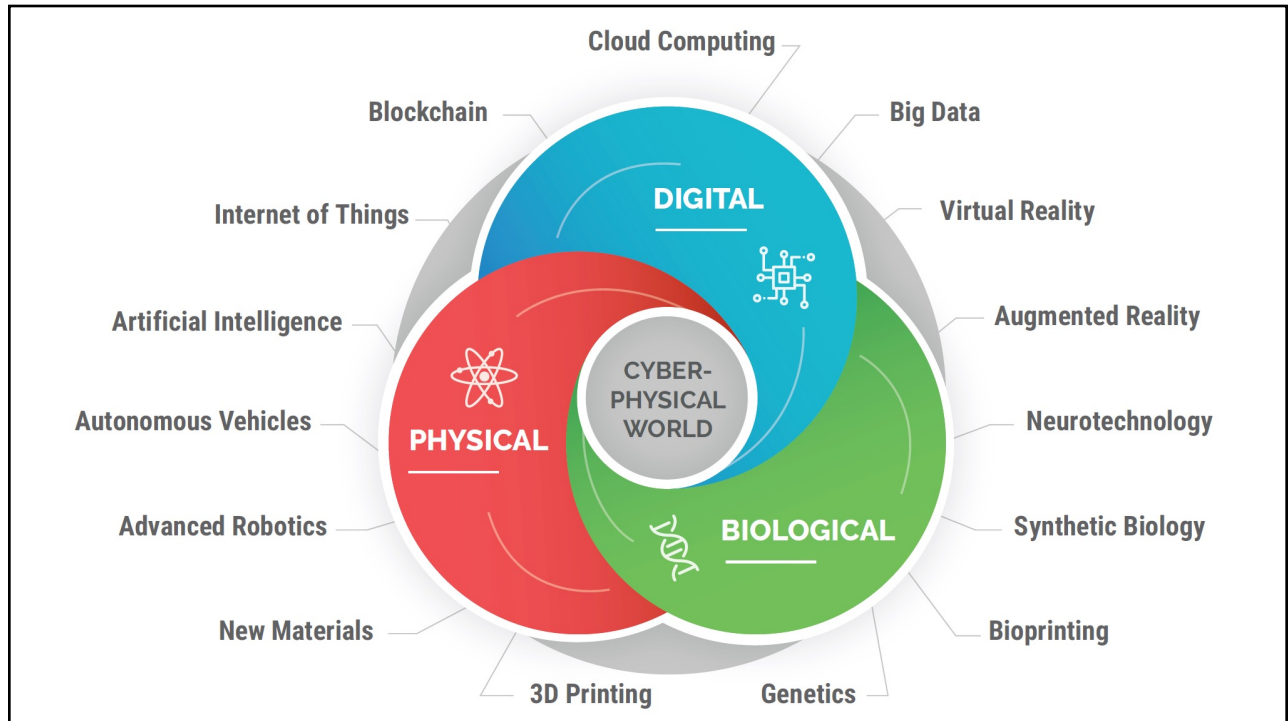
† Sources may include suppliers, rivals, complementors and customers.

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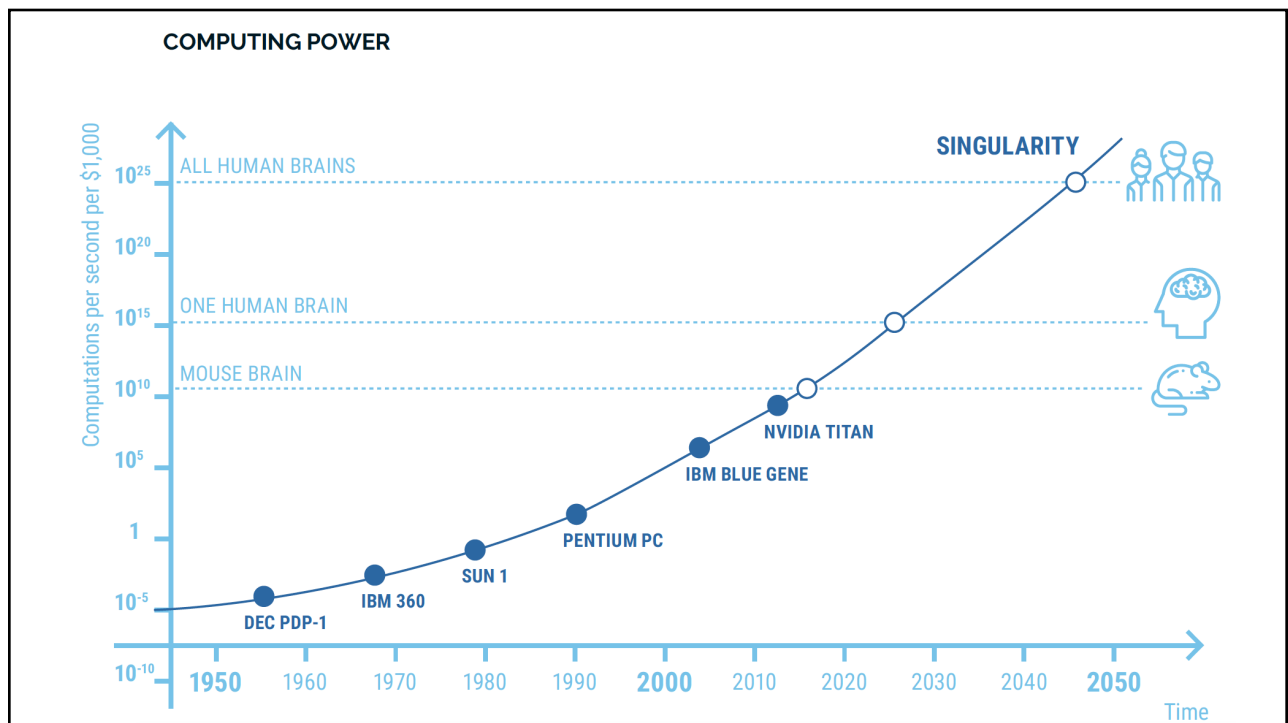
INDUSTRIAL REVOLUTIONS



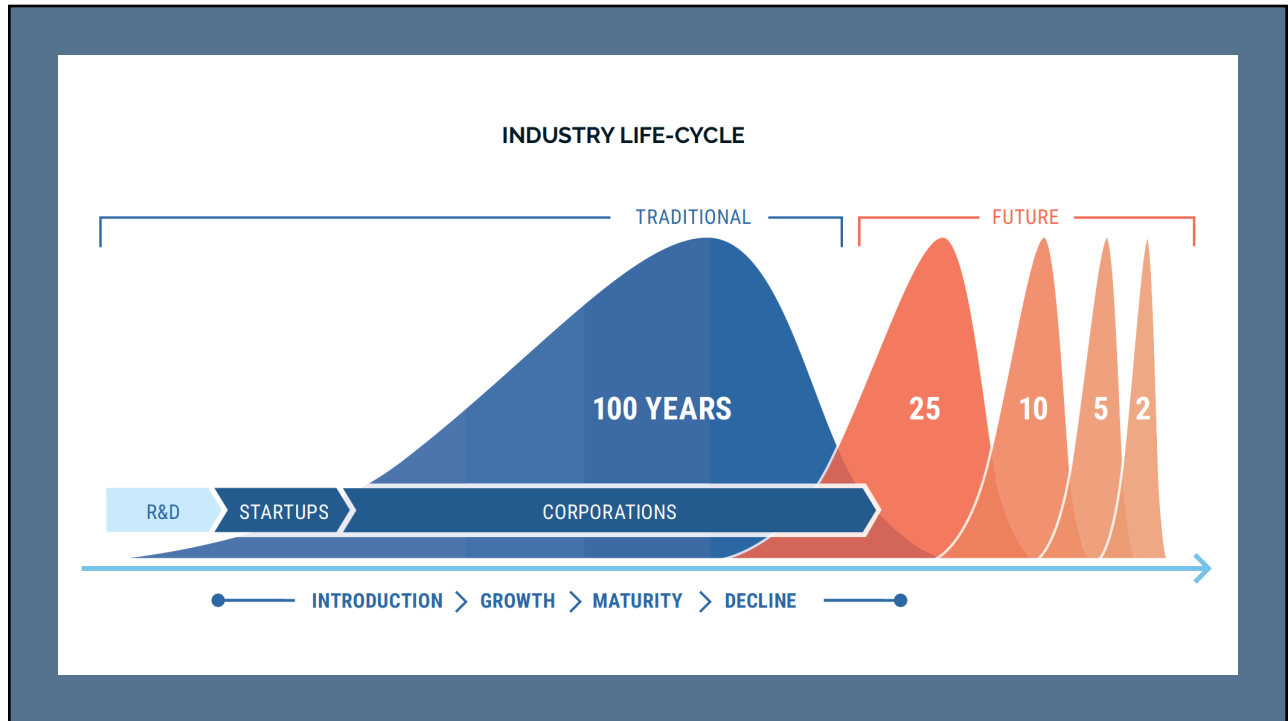
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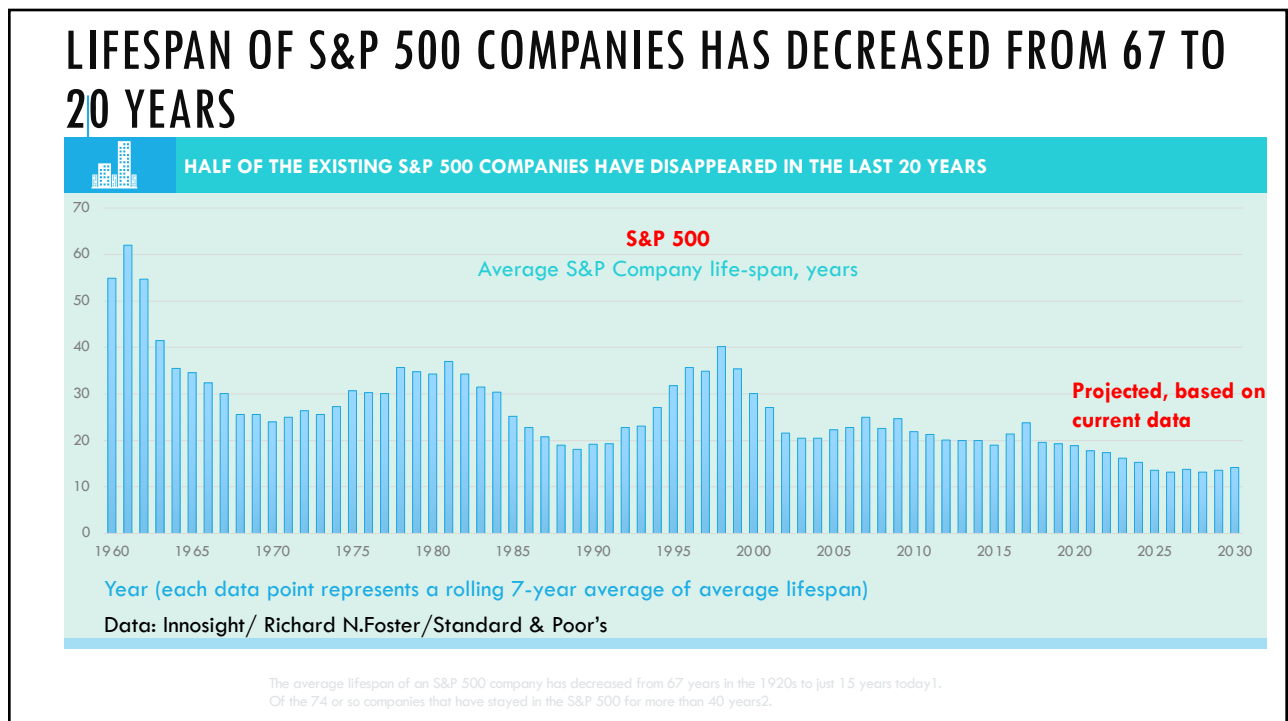
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SILICON VALLEY DISRUPTS ITSELF



LEADERS OF SILICON VALLEY, 2000 – 2017



15

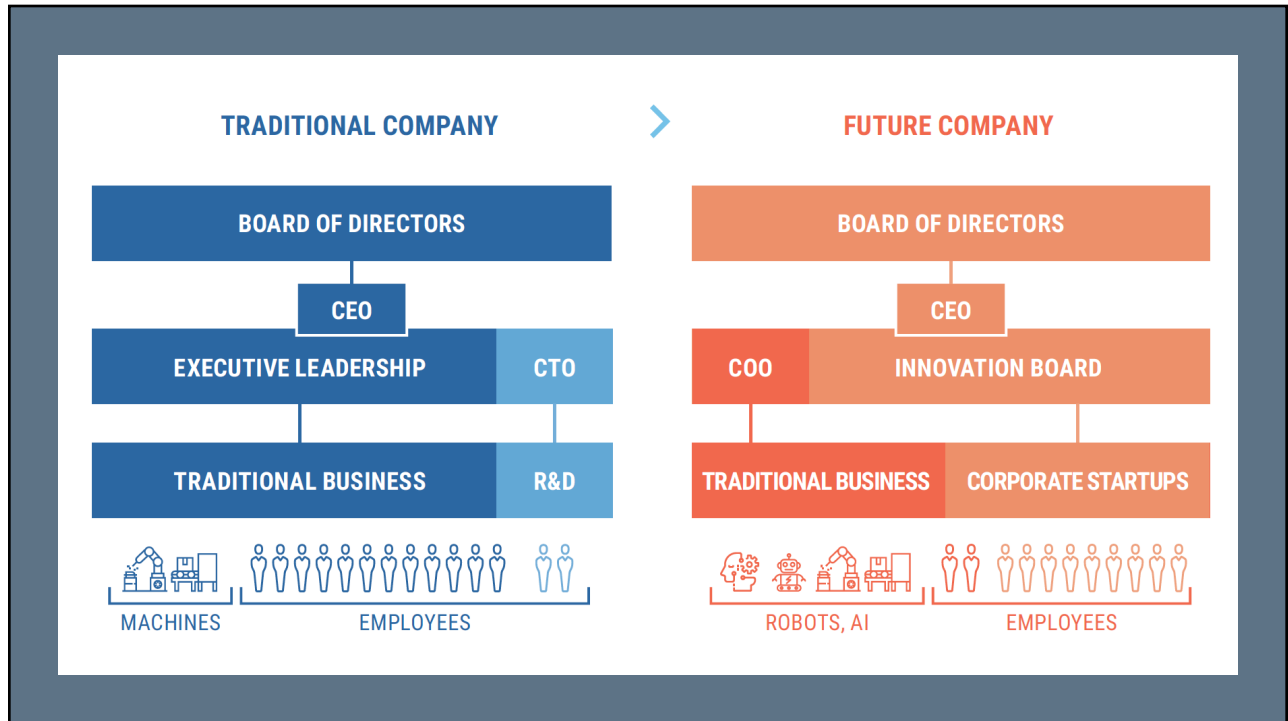
SILICON VALLEY DISRUPTS ITSELF



LEADERS OF SILICON VALLEY, 2000 – 2017



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**IN 10 YEARS, IT IS PREDICTED THAT
40% OF FORTUNE 500 COMPANIES
WILL NO LONGER EXIST.**

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EXponential ORGANIZATIONS
Why new organizations are ten times better, faster, and cheaper than yours (and what to do about it)
SALIM ISMAIL
with MICHAEL S. MALONE and YURI VAN GEEST
FOREWORD and AFTERWORD by PETER H. DIAMANDIS
A SINGULARITY UNIVERSITY BOOK

ANDRES OPPENHEIMER
INNOVATE OR DIE!
How to Reinvent Yourself and Thrive in the *INNOVATION* Age
DEBATE

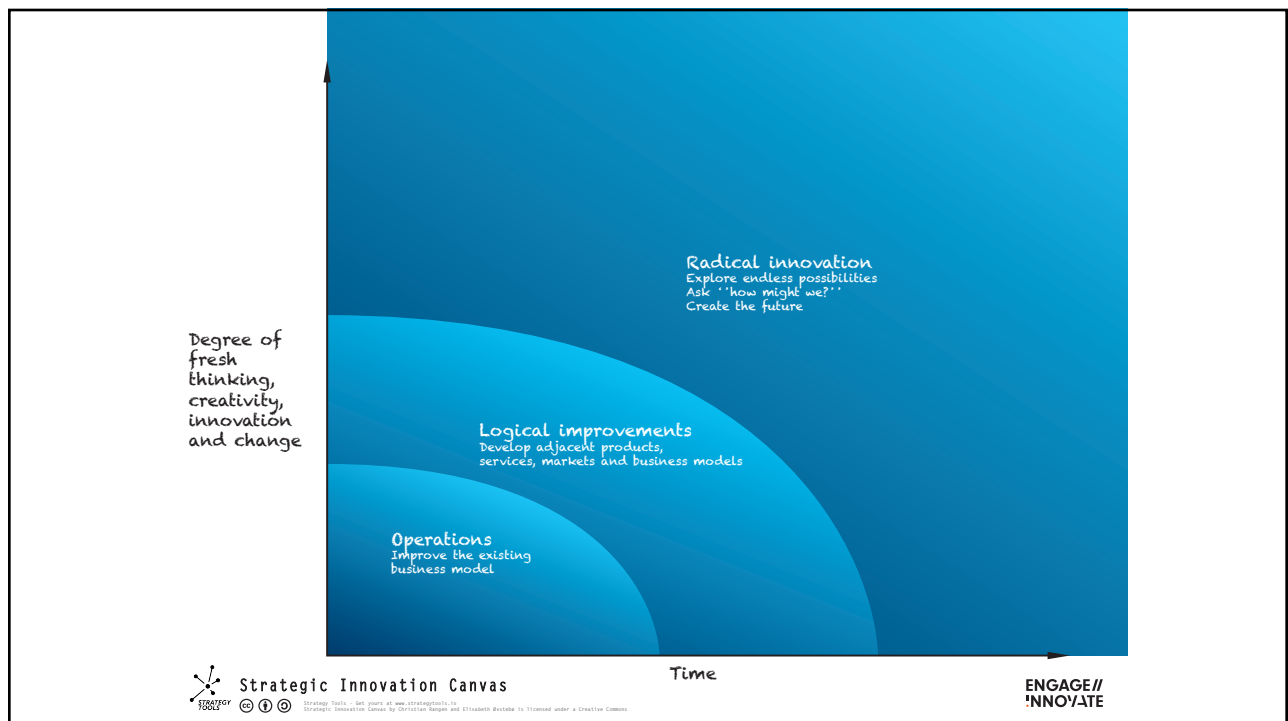
EXPLOSIVE GROWTH
A FEW THINGS I LEARNED WHILE GROWING TO 100 MILLION USERS -AND LOSING 578 MILLION
CLIFF LERNER

"Concise, actionable and insightful" Daniel H. Pink
DISRUPTIVE TECHNOLOGIES
UNDERSTAND
EVALUATE
RESPOND
PAUL ARMSTRONG

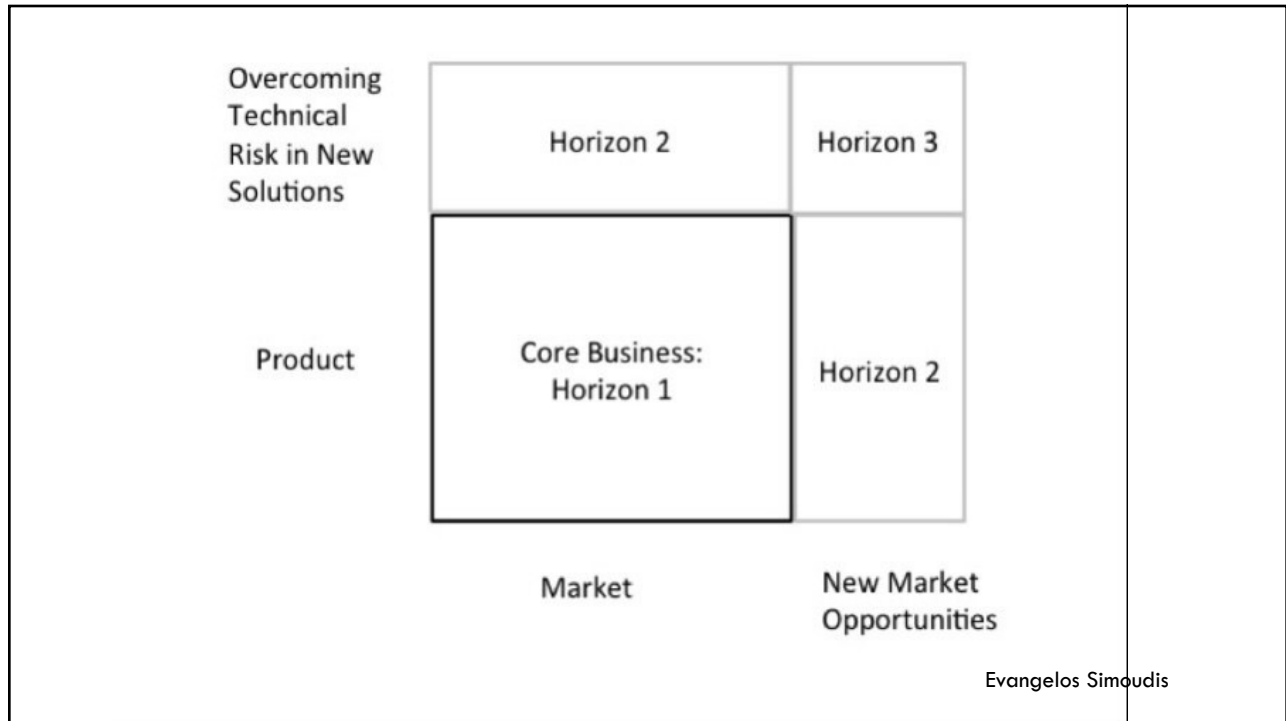
EVIDENCE EVERYWHERE

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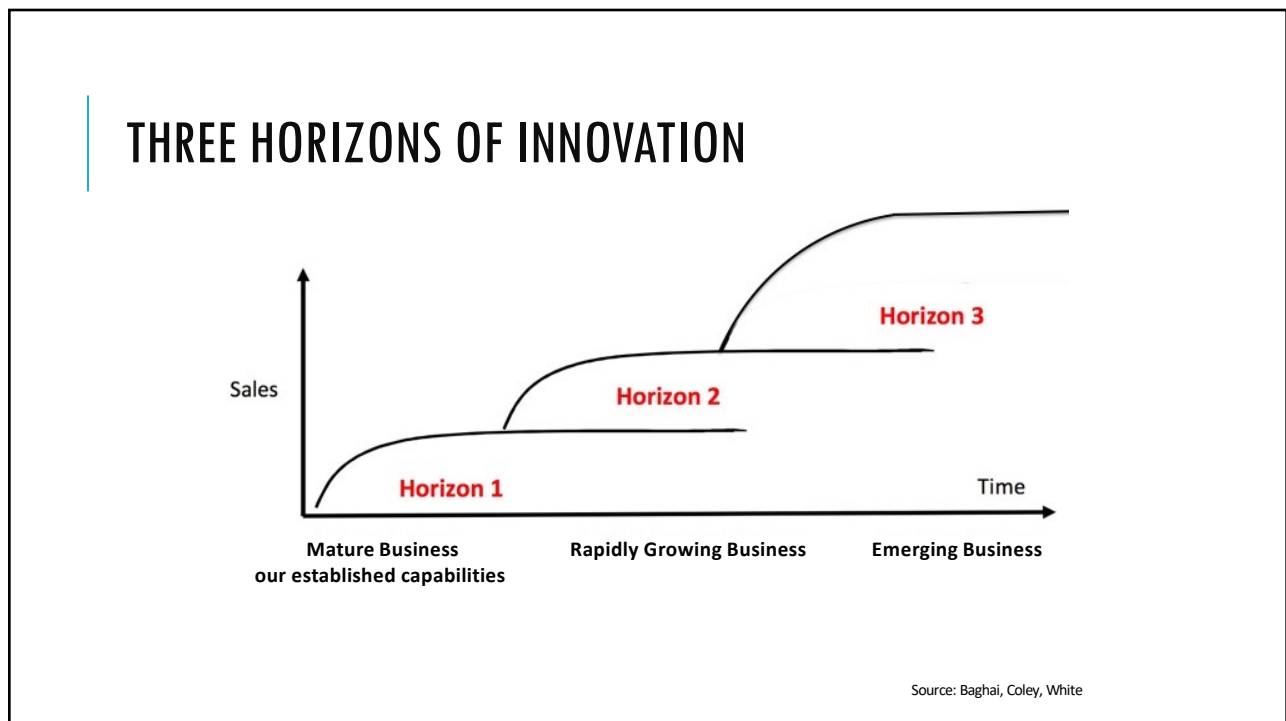
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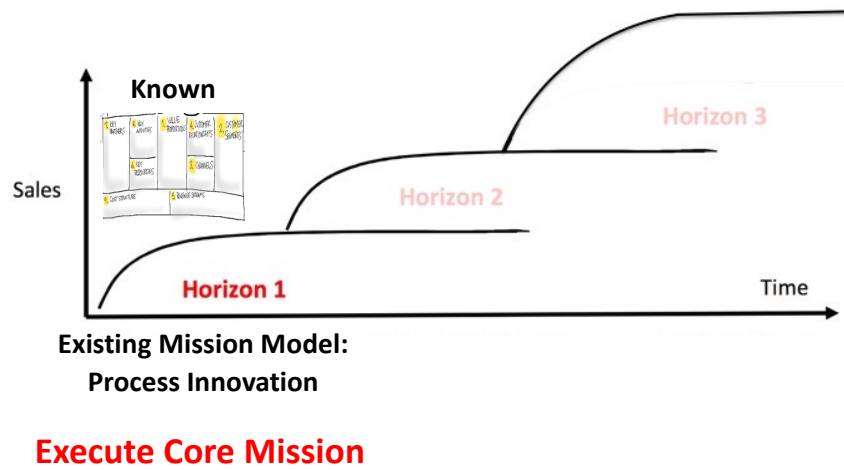


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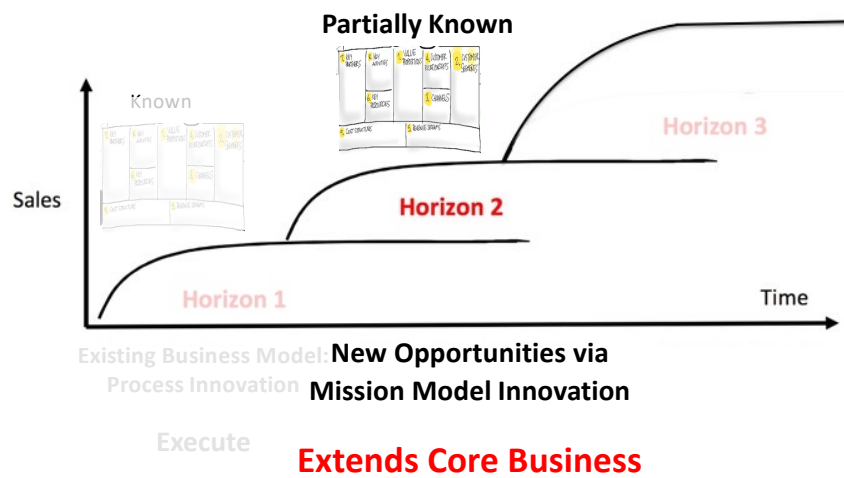
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THREE HORIZONS OF INNOVATION

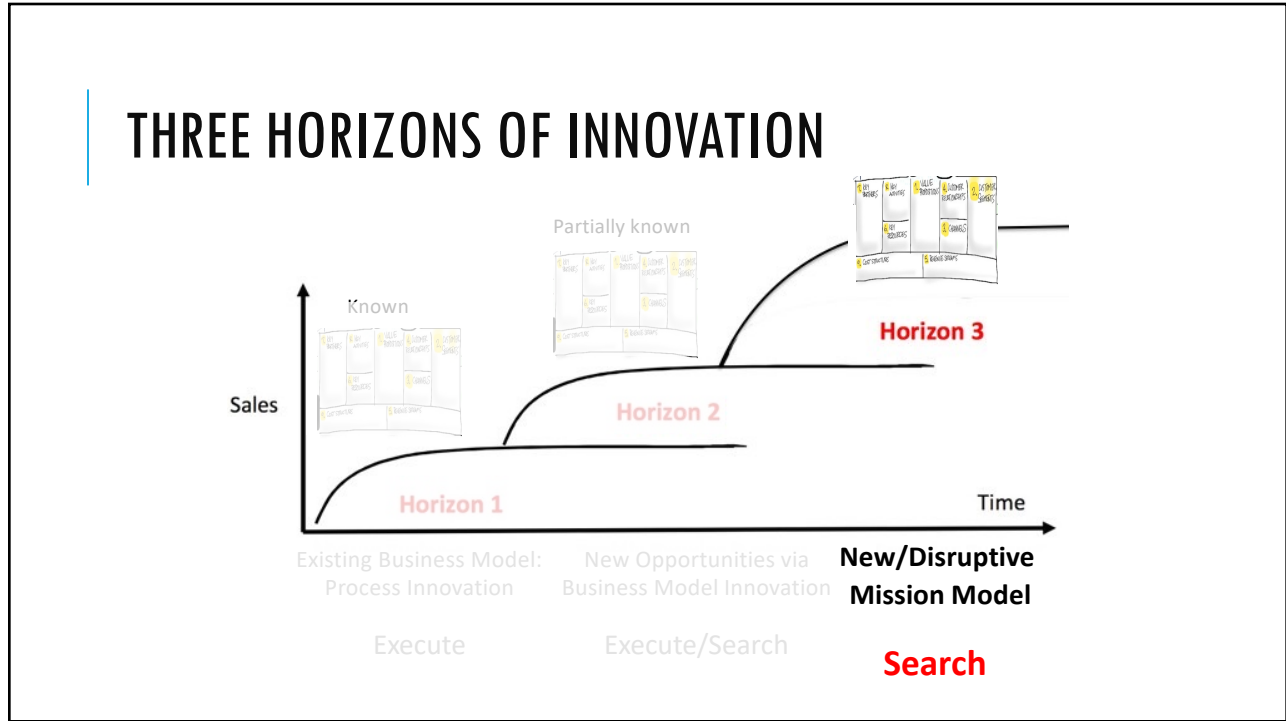


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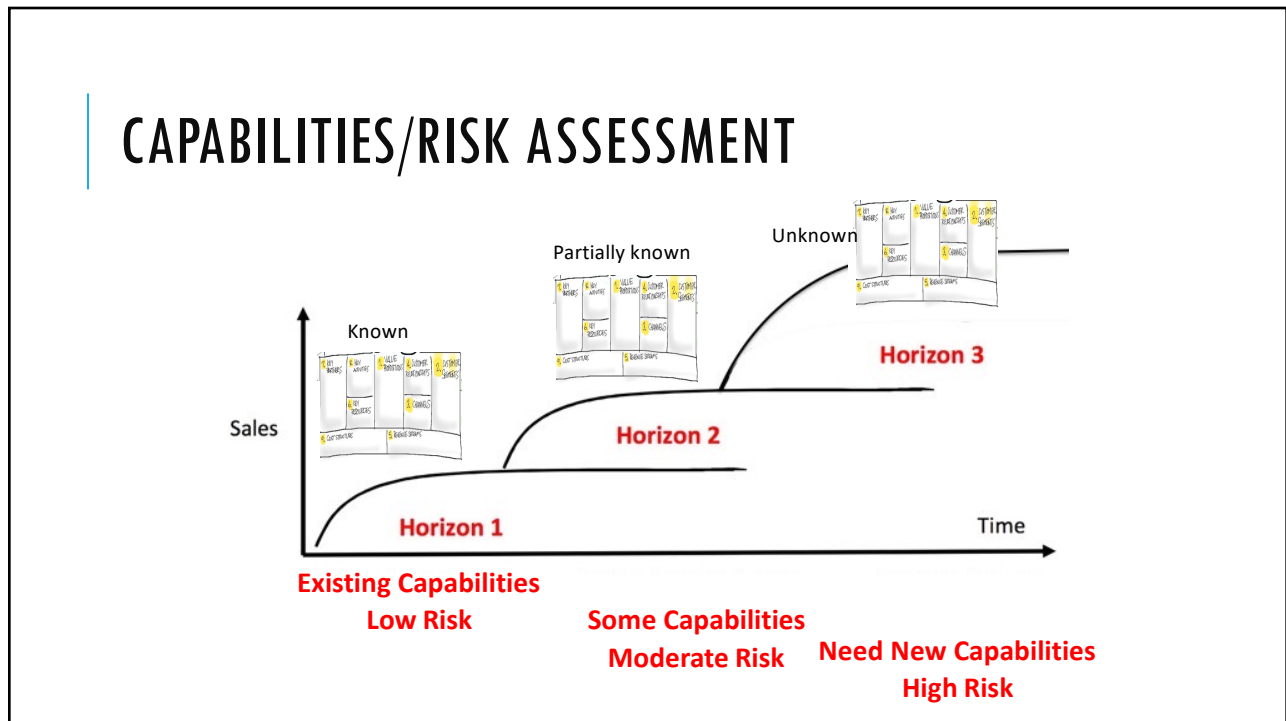
THREE HORIZONS OF INNOVATION



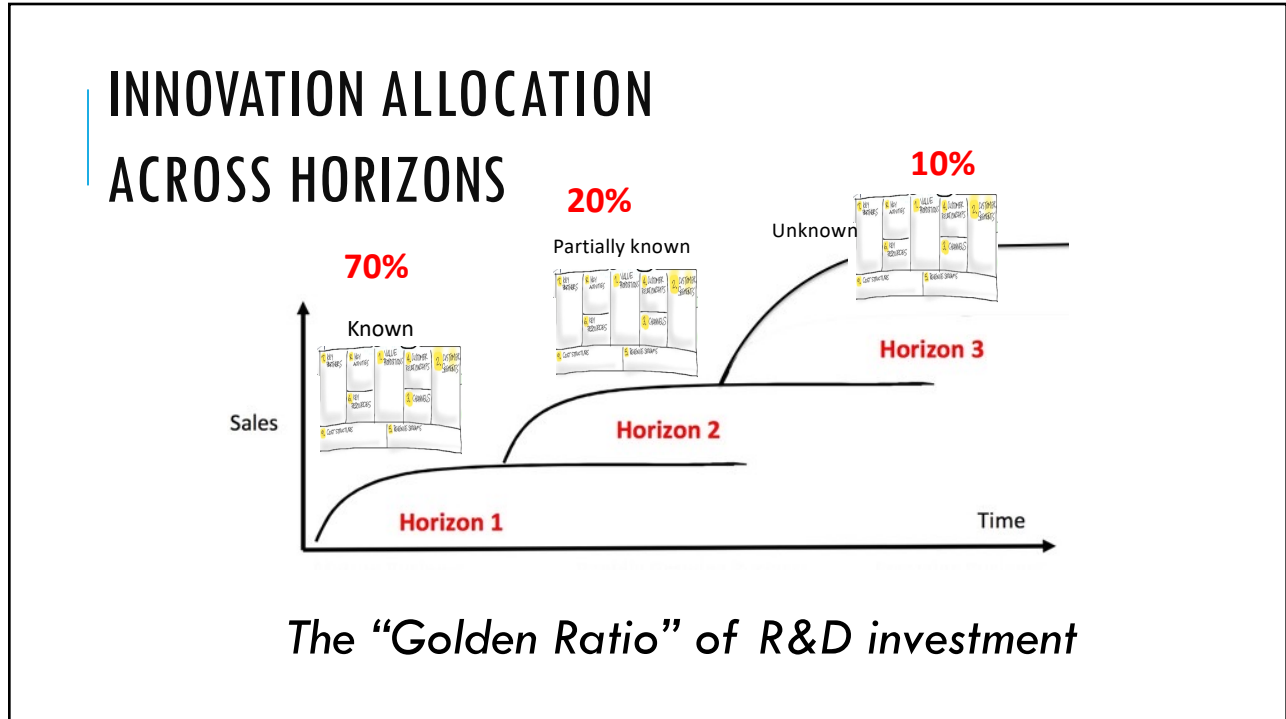
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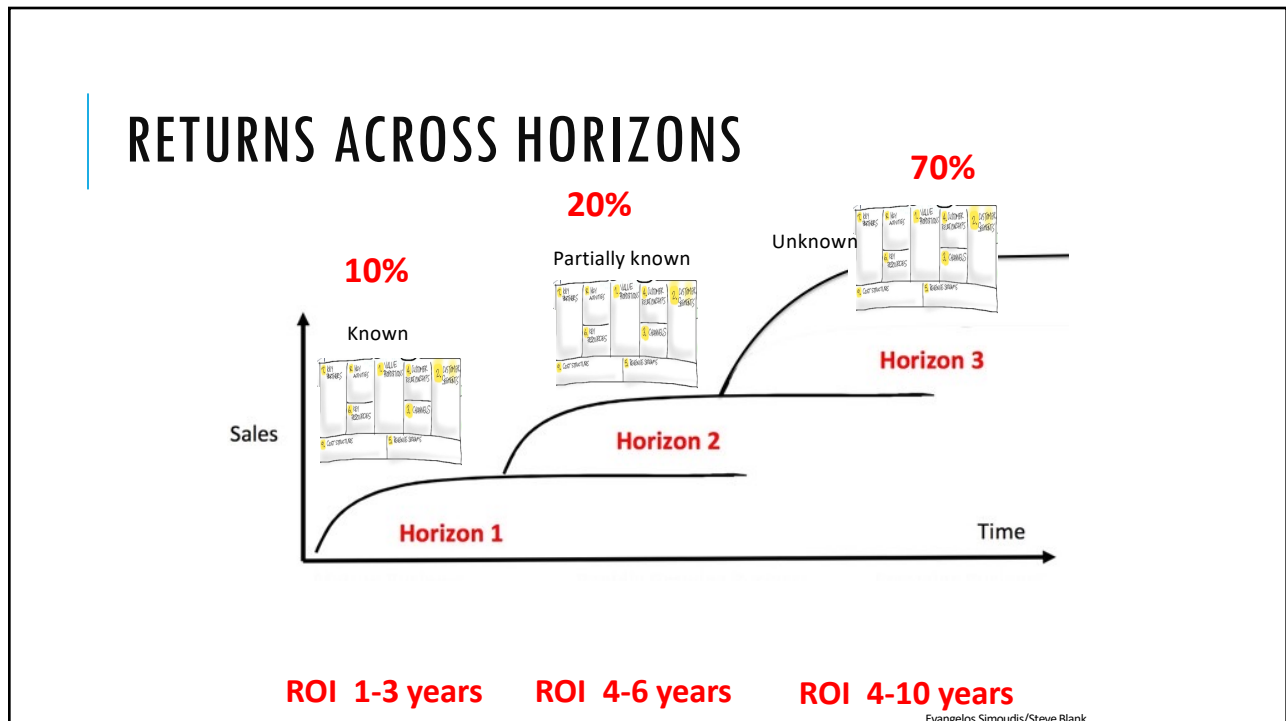
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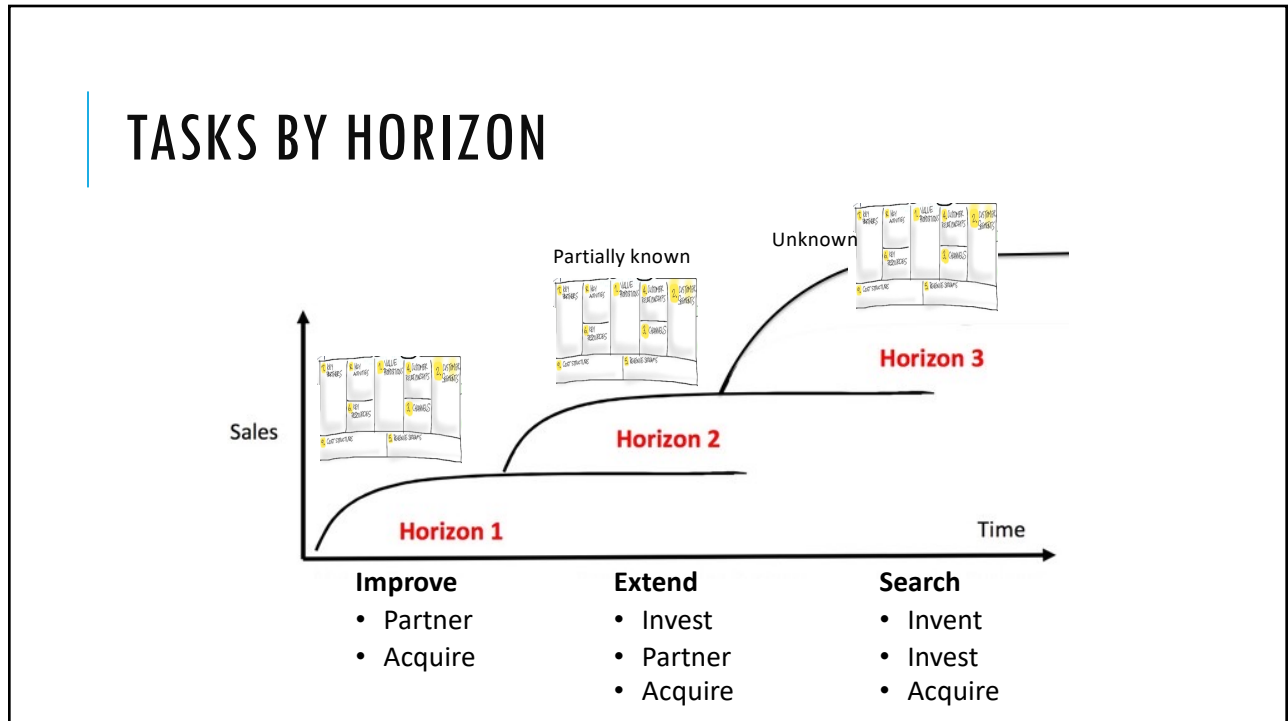
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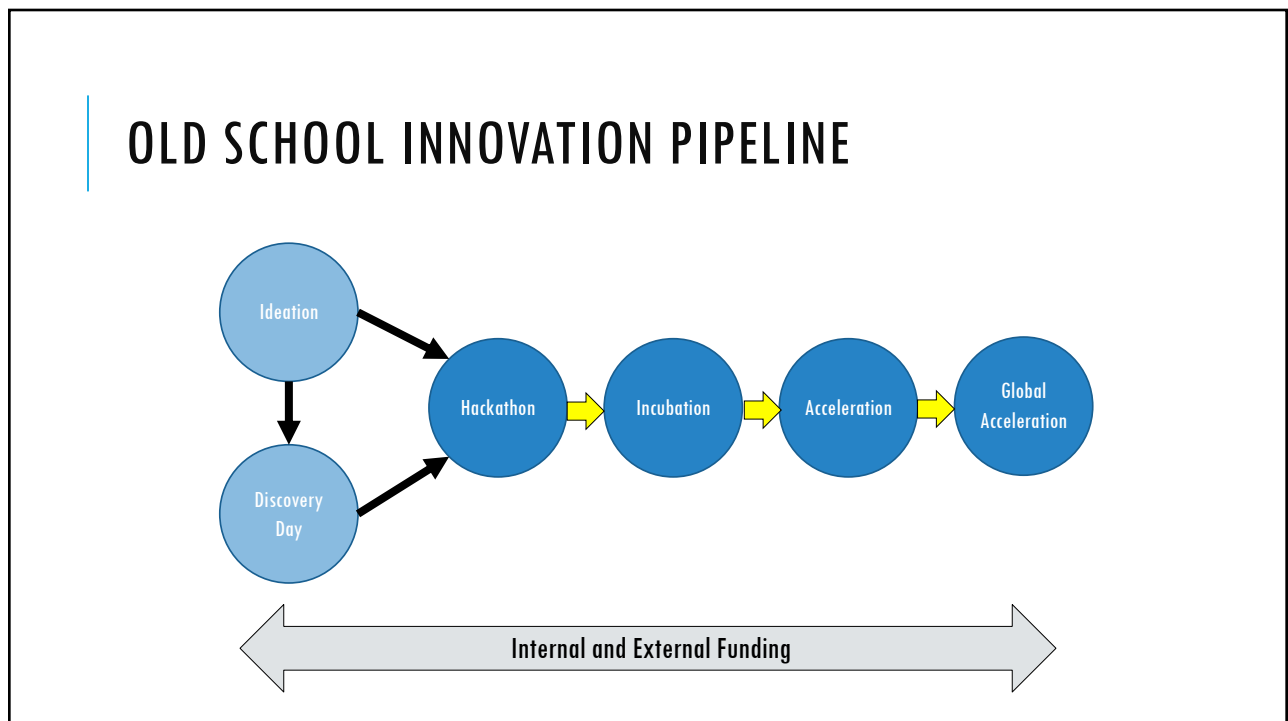
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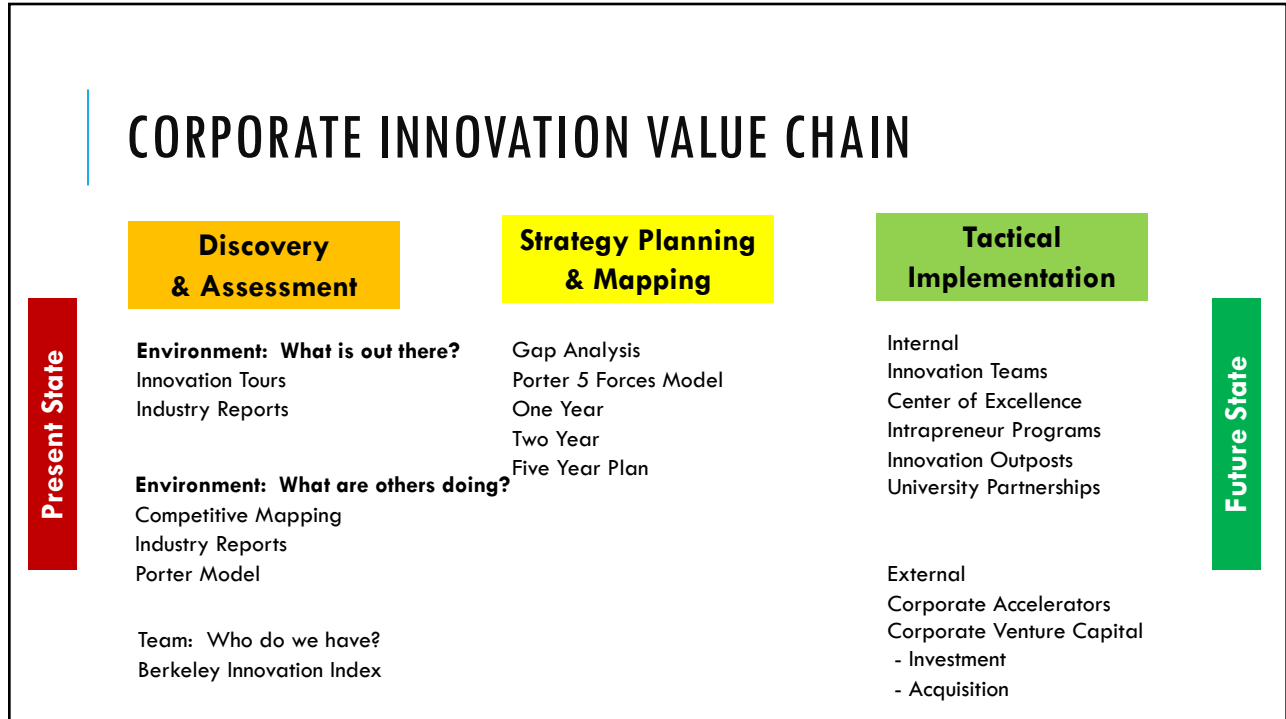
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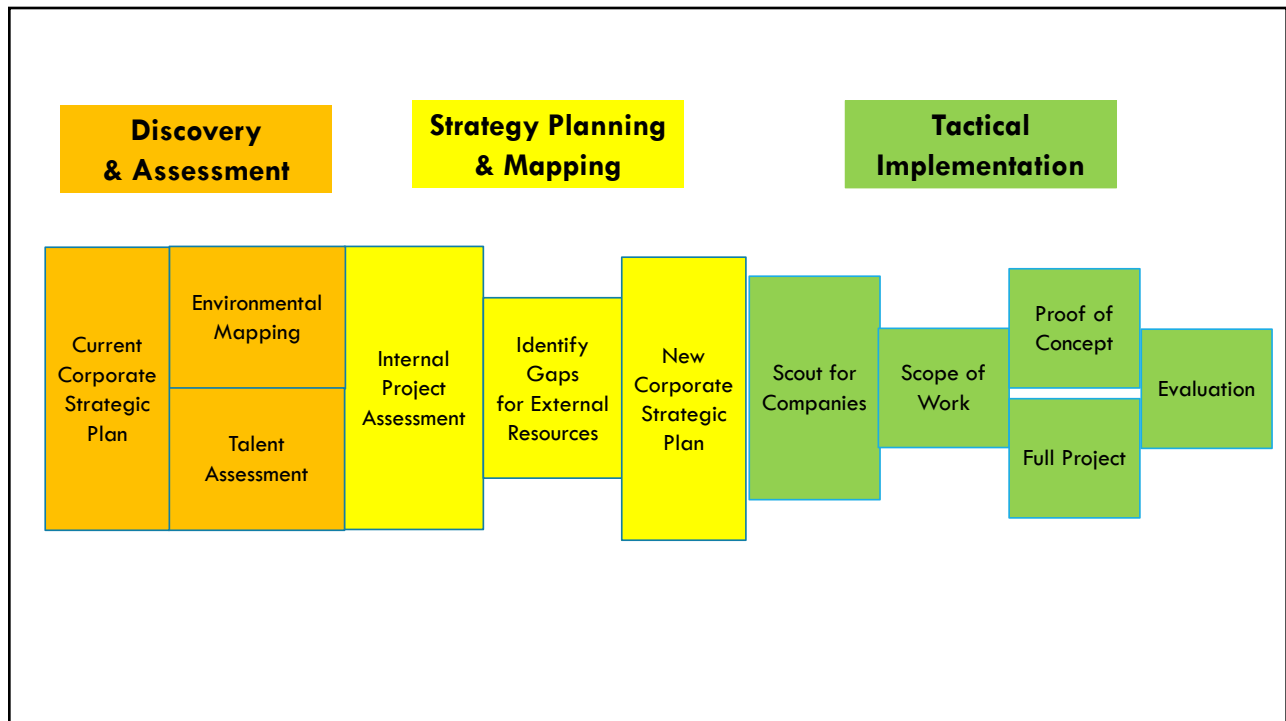
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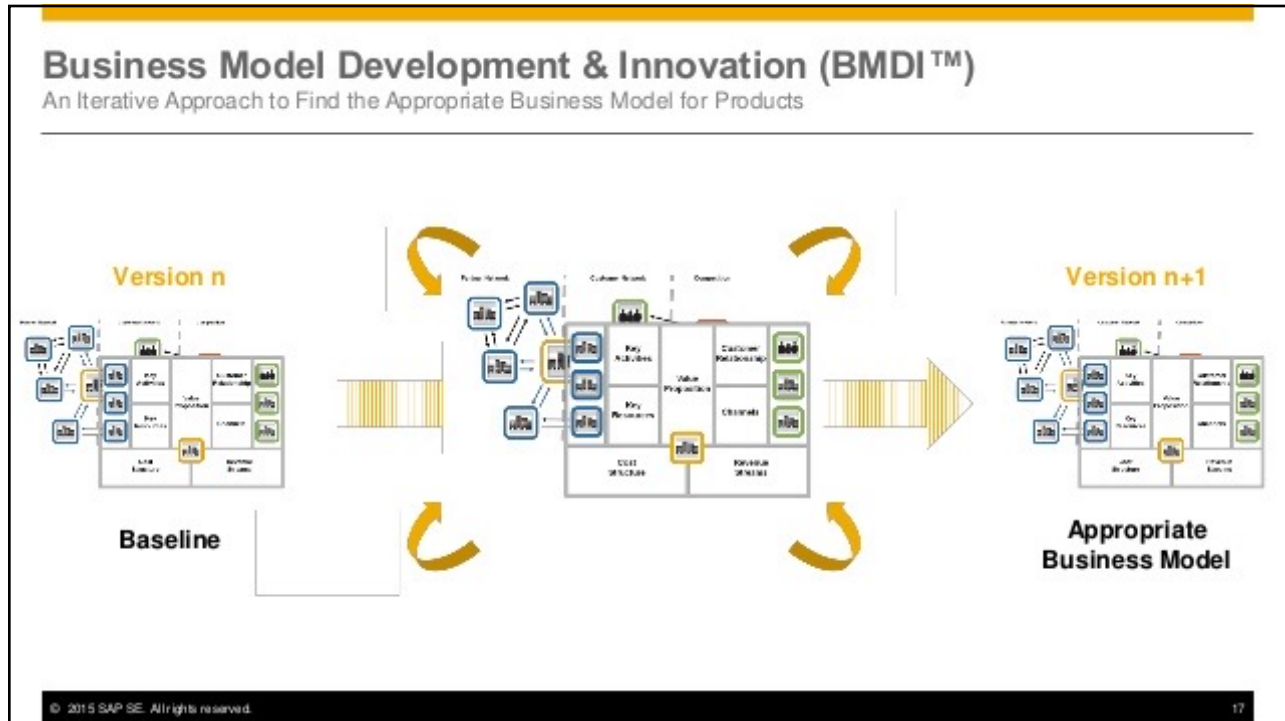


SIMPLE EXAMPLE

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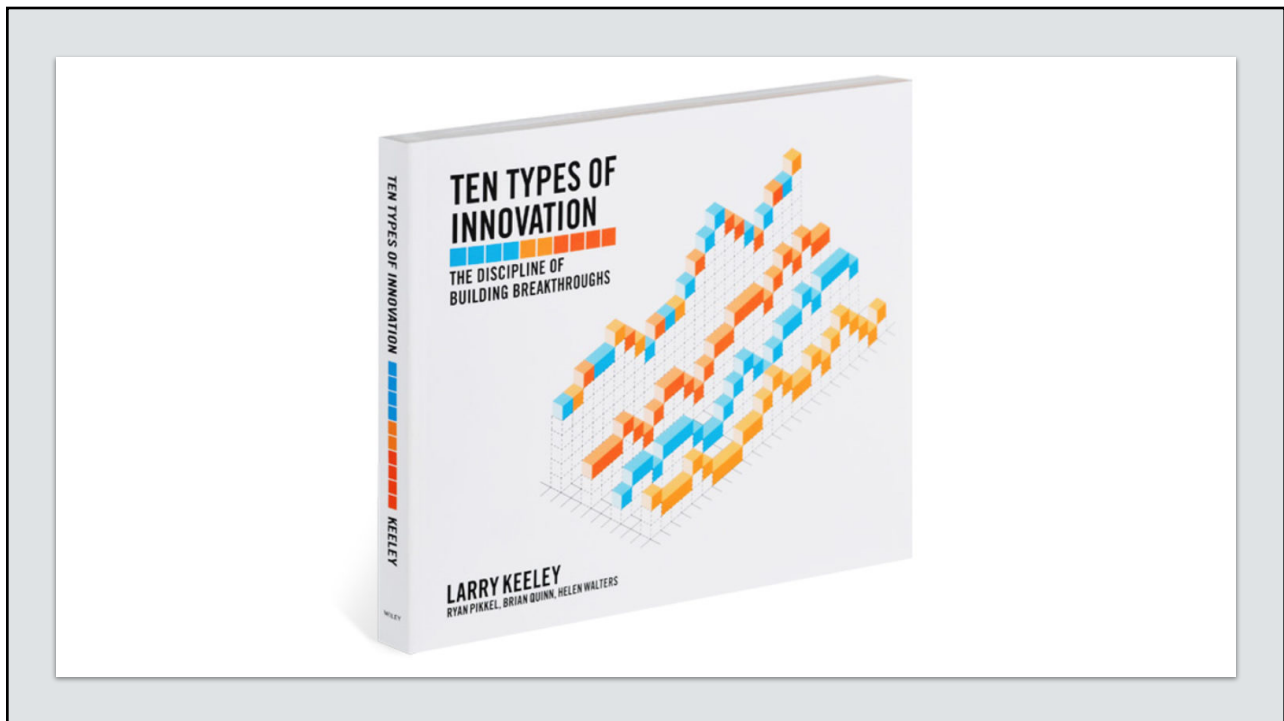
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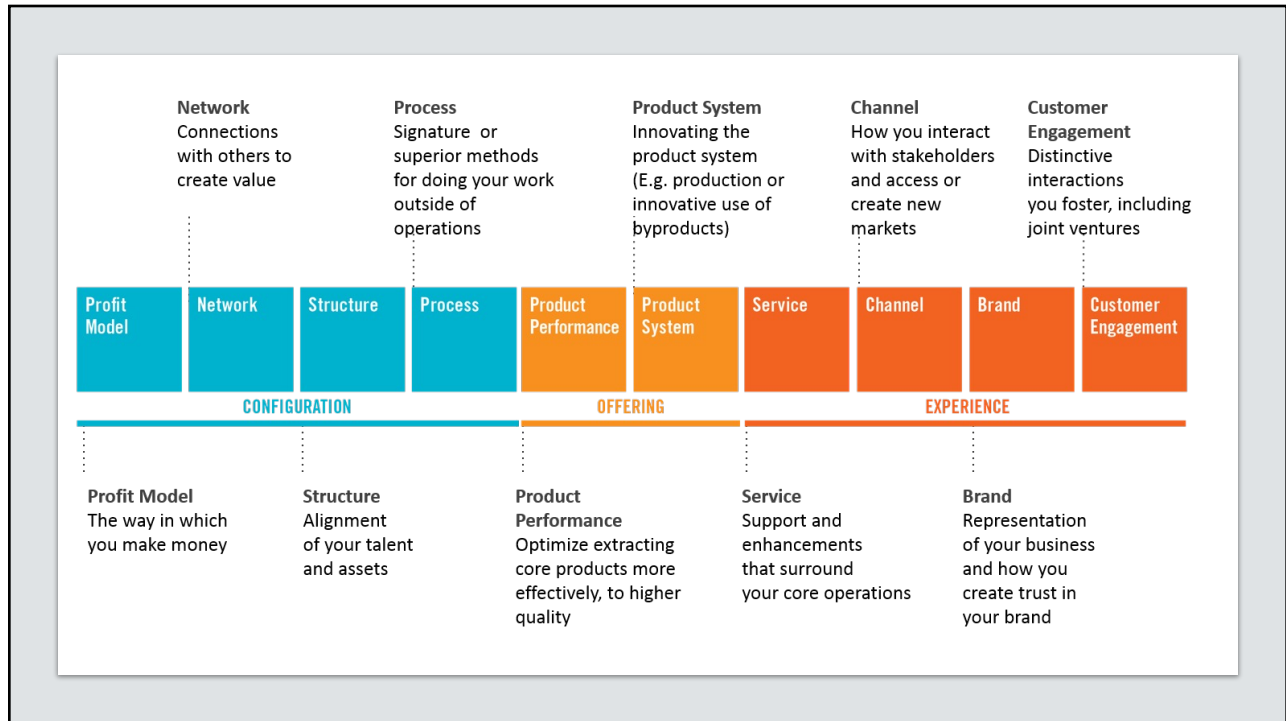
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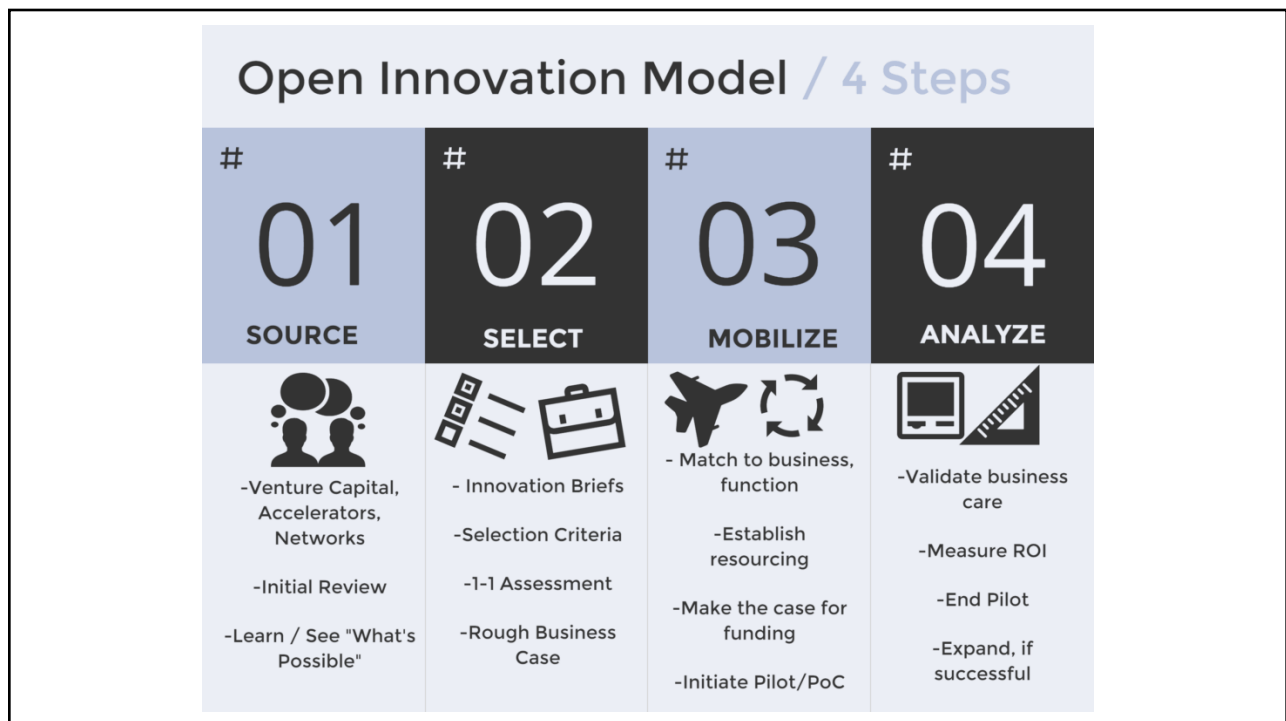
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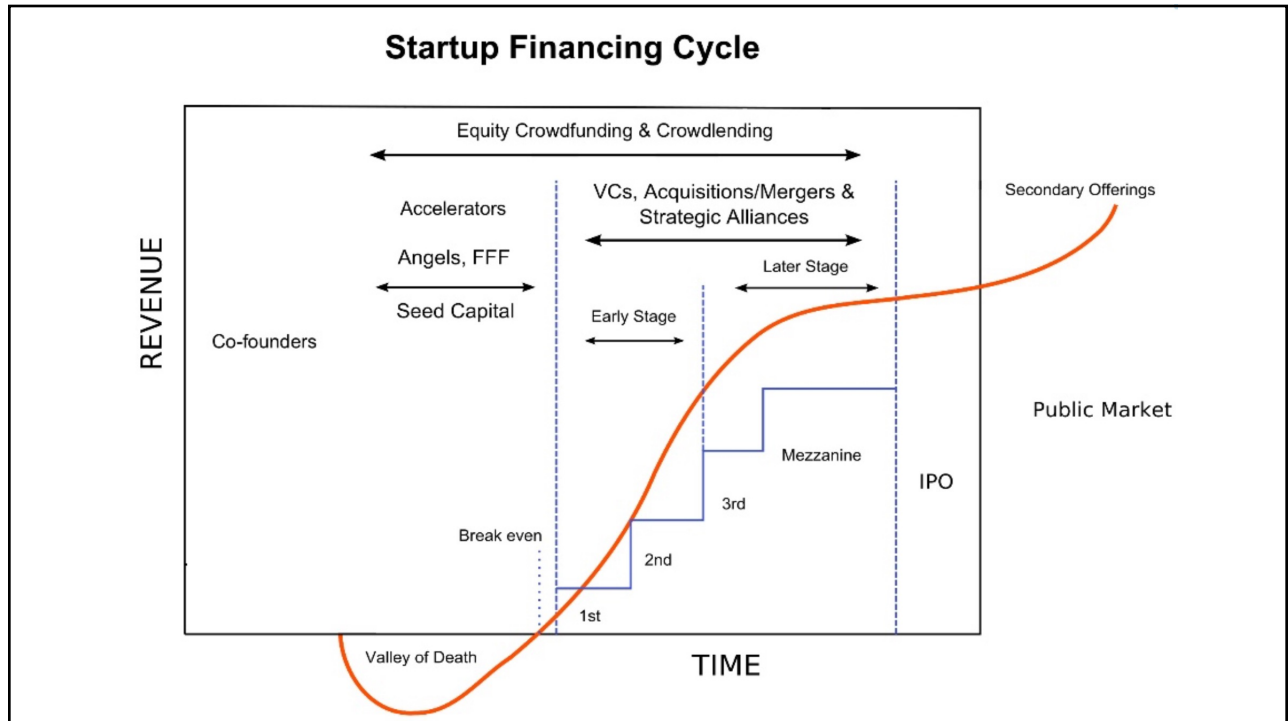
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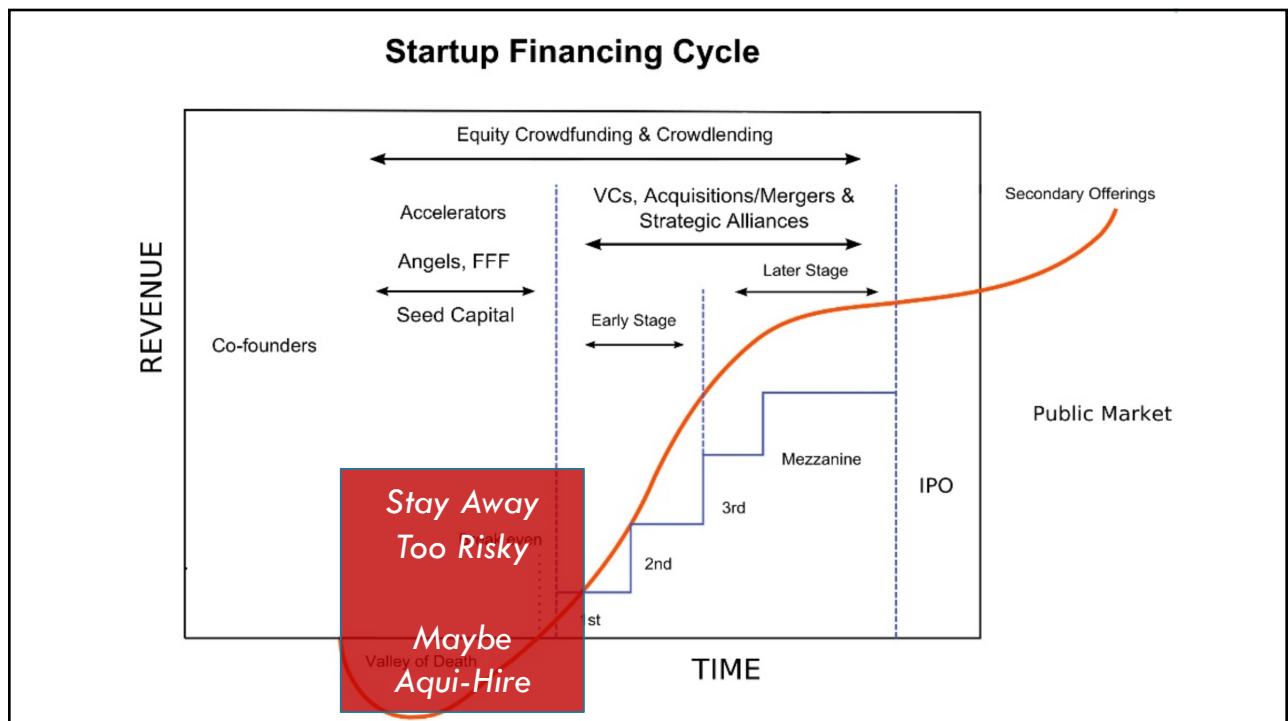
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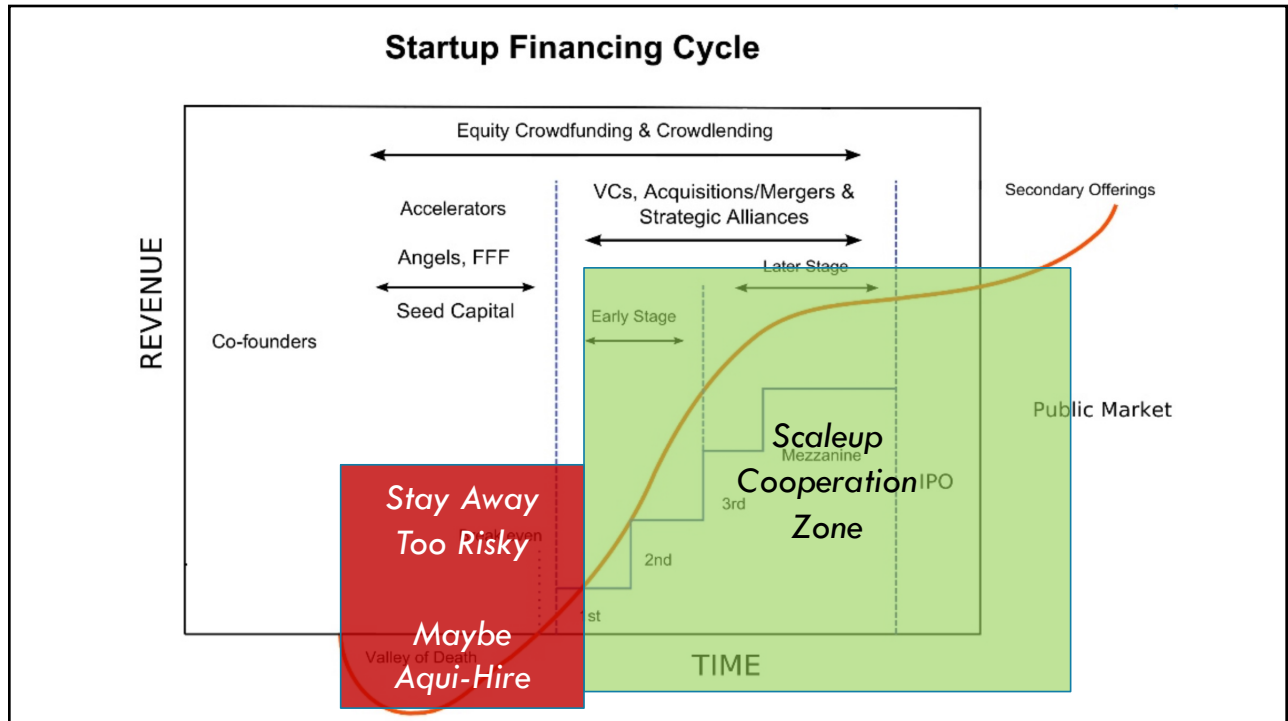
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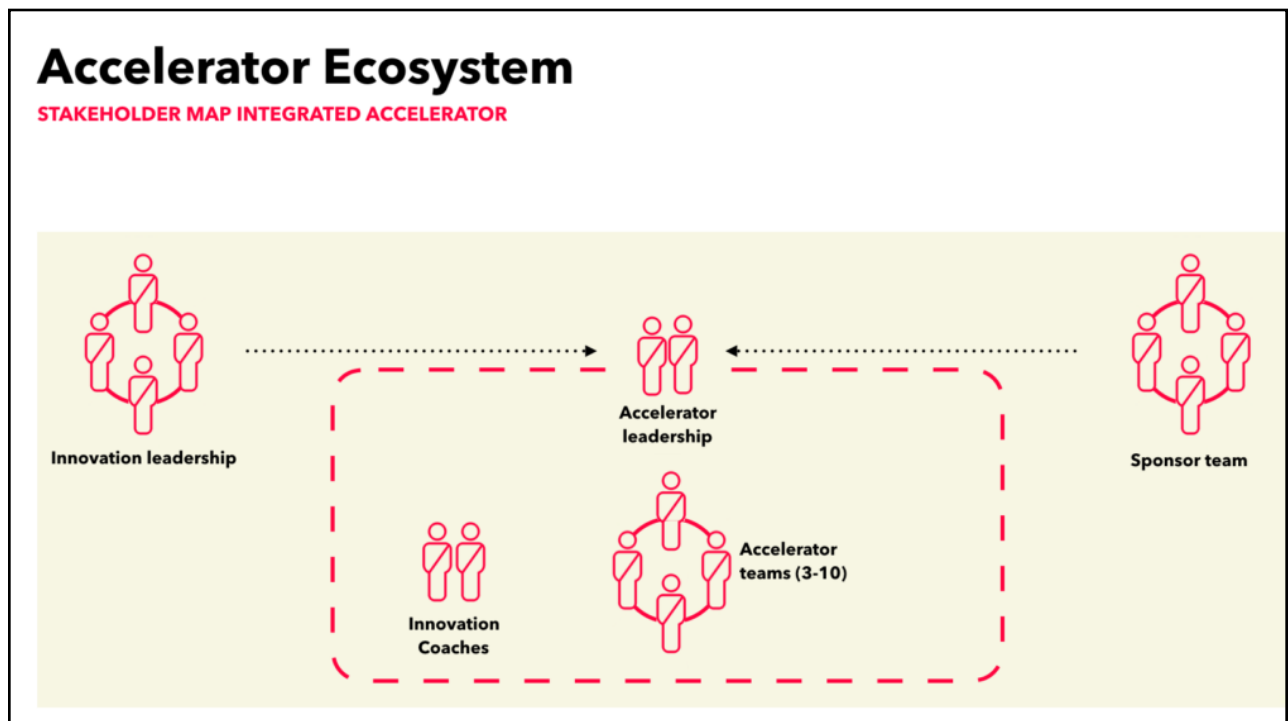
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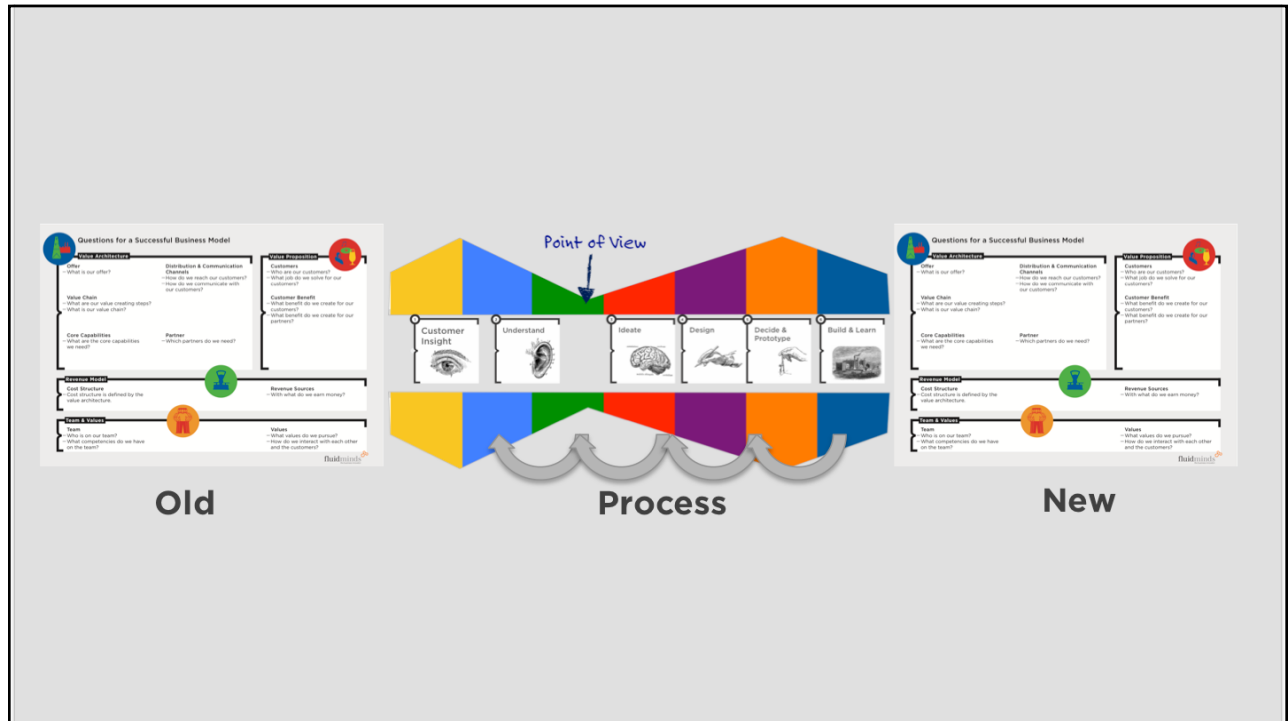
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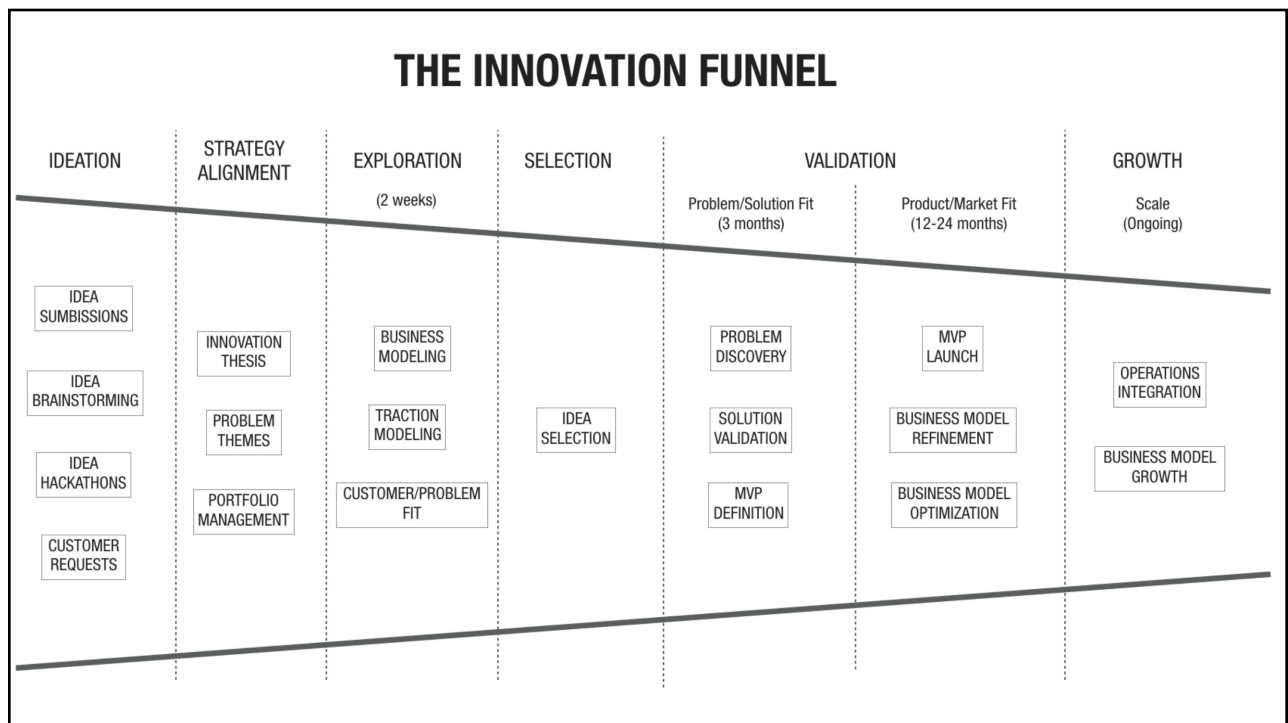
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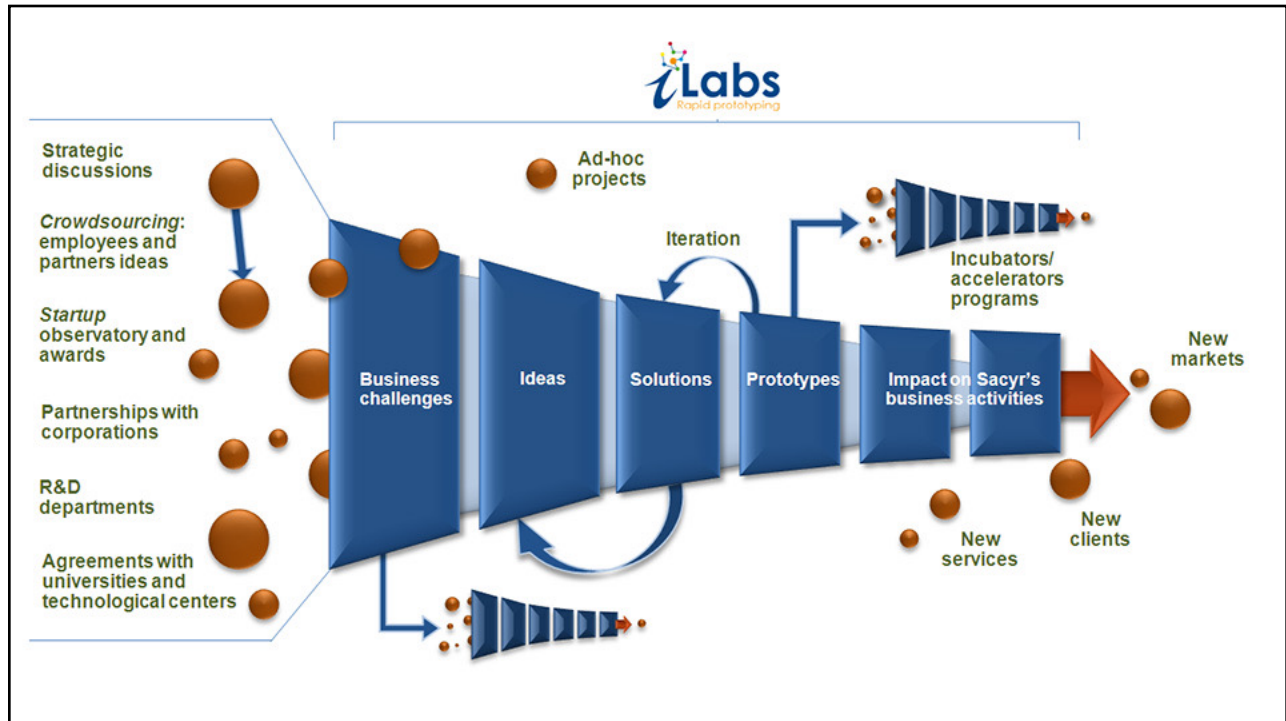
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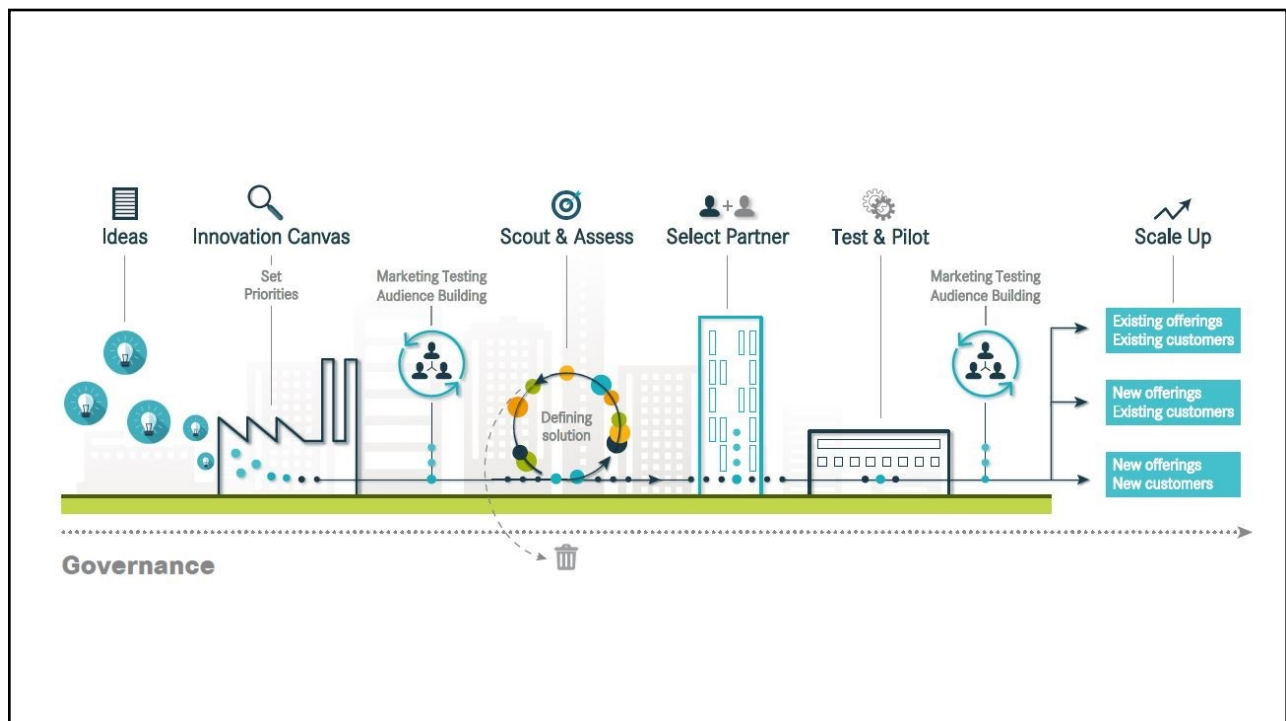
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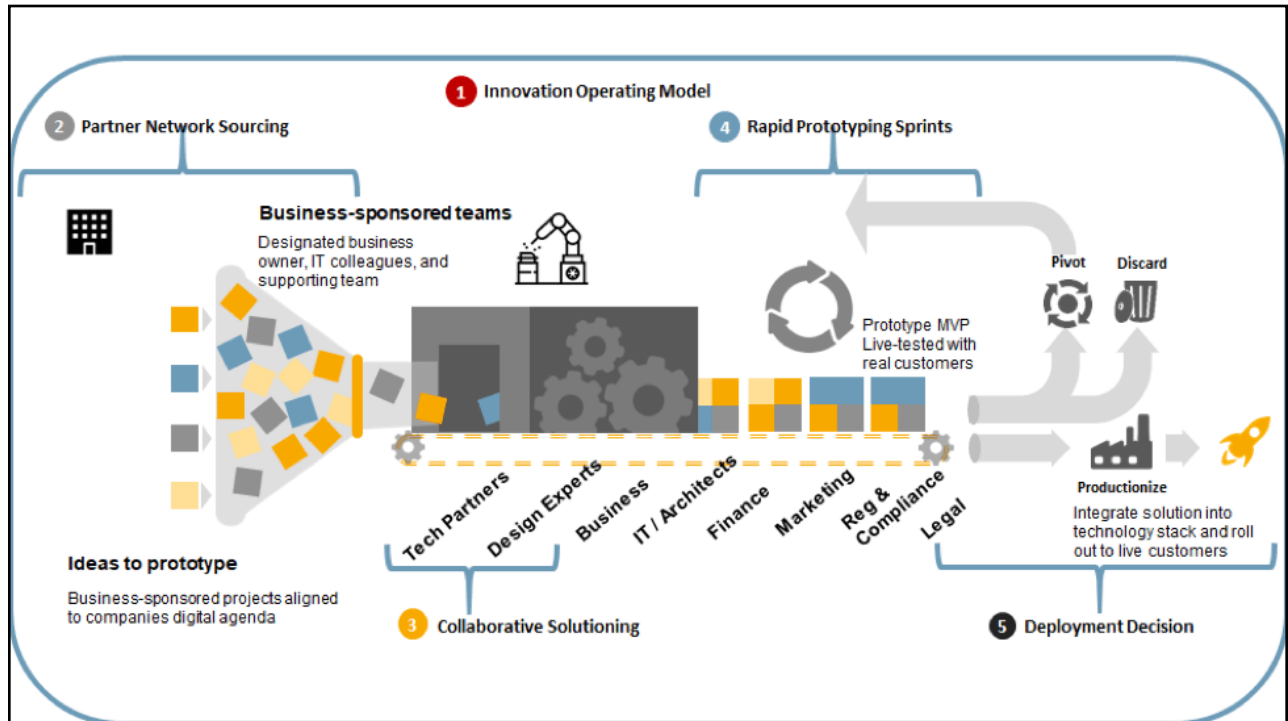
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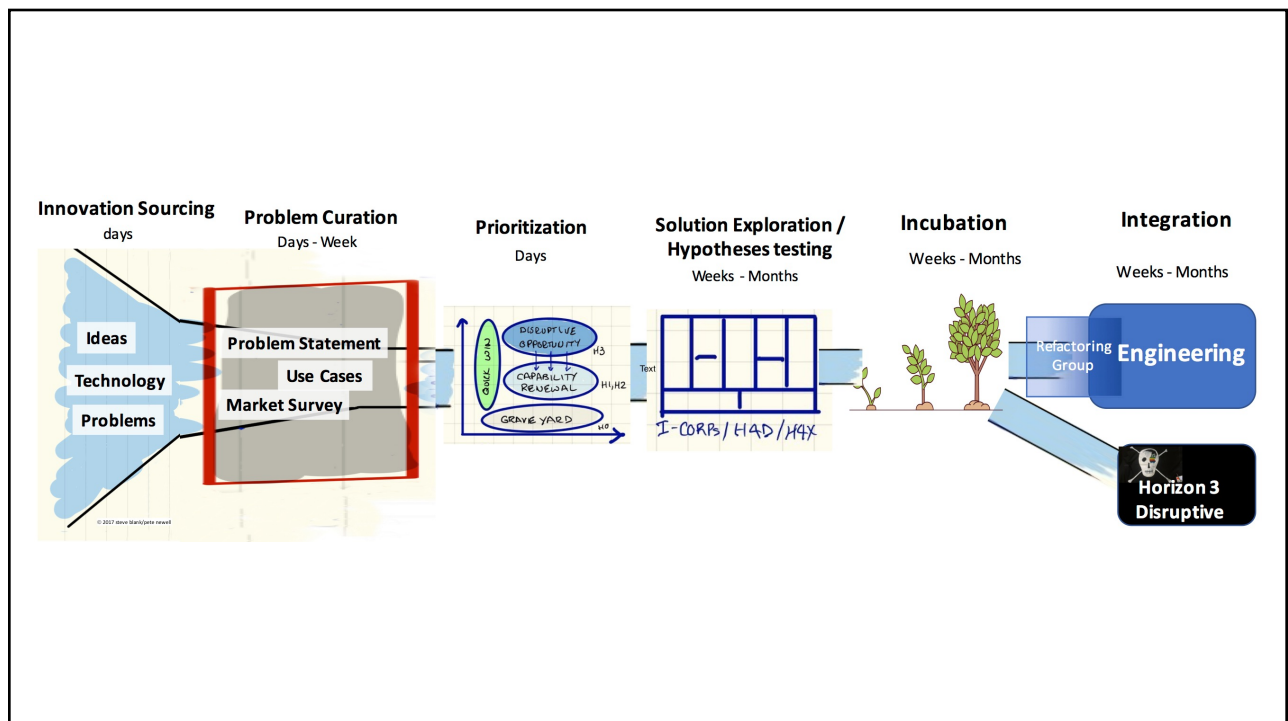
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CORPORATE INNOVATION STRUCTURES WHEN YOU'RE READY TO GO LARGER

1. Dedicated Innovation Team
2. Innovation Center of Excellence
3. Intrapreneur Program
4. Open Innovation: Hosted Accelerator or Corporate Incubator
5. Innovation Tours
6. Innovation Outpost
7. External Accelerator
8. Technology, Education, University Partnership
9. Investment (Corporate Venture Capital)
10. Acquisition

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

● Most recommended
 ● Recommended
 ● Least recommended





Insead

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CORPORATE ACCELERATORS

Open Innovation
Often a prelude to partnership or acquisition

Bring in Startups
Usually to HQ
Programs of 4 weeks to 3 months
Ideation and Mentorship

HondaXcelerator

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CORPORATE ACCELERATORS 2016

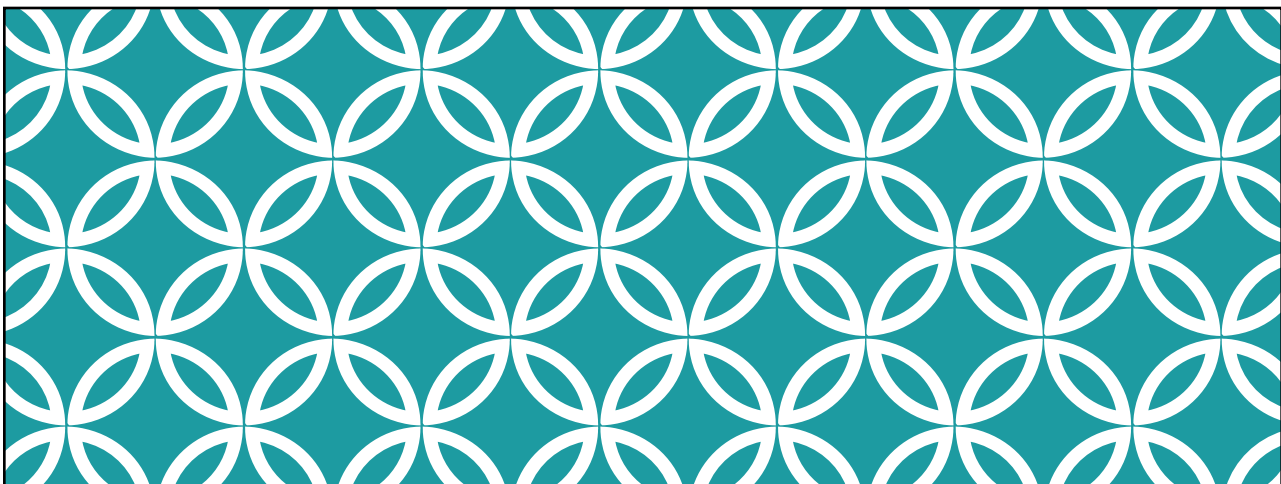
AIA Accelerator	DBS Accelerator	Ingram Content 1440	Mondelez Shopper Futures	Telenet Idealabs
Airbus Biz Lab	Deloitte Beta-i	Intel Education Accelerator	Nordea Bank Startup	Travelport Labs
AB Inbev Dream Brewer	Deutsche Telekom hub:raum	Intel Ingenuity	Orange Fab	Tune Labs
AT&T Aspire	dpa next media accelerator	Interpublic R/GA Accelerator	Pearson Catalyst	Unilever Foundry
Axel Springer Plug & Play	DPD Last Mile labs	John Lewis JLAB	Pitney Bowes	Walt Disney Accelerator
Barclays Accelerator	E.ON agile accelerator	Kaplan EdTech Accelerator	Qualcomm Robotics	Wells Fargo Startup
Bayer AG	EY Startup Challenge	L Brands Leading	SPH Plug & Play	William Hill WHLabs
BBC Worldwide Labs	Gakken Accelerator	La Poste Start'inPost	Sprint Mobile Health	Yahoo! SigmaLabs
BNP Paribas Innov& Connect	Google LaunchPad	Lowe's Accelerator	Swire Blueprint	Yandex Tolstoy Camp
Cisco Entrepreneurs	IBM Alpha Zone	MasterCard Start Path	Target India	YLE Accelerator
Citi Accelerator	Illumina Accelerator	Media-Saturn SPACELAB	Target Techars	
Citi Mobile Challenge	Immobilien Scout 24	Merck Accelerator	Technogym Wellness	
Citrix Startup Accelerator	Infinity Accelerator	Microsoft Ventures Accelerator	Telecom Italia #Wcap	
Coca-Cola Bridge	ING Innovation Studio	Modern Times MTGx	Telefonica wayra	

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CORPORATE ACCELERATORS 2019

<p>ATA Accelerator</p> <p>Airbus Biz Lab</p> <p>AS Inbev Dream Brewer</p> <p>AT&T Aspire</p> <p>Axel Springer Plug & Play</p> <p>Barclays Accelerator</p> <p>Bayer AG</p> <p>BBC Worldwide Labs</p> <p>BHP Paribas Innov&Connect</p> <p>Cisco Entrepreneurs</p> <p>Citi Accelerator</p> <p>Citi Mobile Challenge</p> <p>Citrix Startup Accelerator</p> <p>Coca-Cola Bridge</p>	<p>DBS Accelerator</p> <p>Deloitte Beta-i</p> <p>Deutsche Telekom hubraum</p> <p>dpa-next-media-accelerator</p> <p>DPD Last-Mile-labs</p> <p>E.ON agile-accelerator</p> <p>EY Startup Initiative</p> <p>Galkien Accelerator</p> <p>Google LaunchPad</p> <p>IBM Alpha Zone</p> <p>Illumina Accelerator</p> <p>Immobilien Scout 24</p> <p>Infinity Accelerator</p> <p>ING Innovation Studio</p>	<p>Ingram Content 1440</p> <p>Intel Education Accelerator</p> <p>Intel Ingenuity</p> <p>Interpublic R/GA Accelerator</p> <p>John Lewis JLAB</p> <p>Kaplan EdTech Accelerator</p> <p>L Brands Leading</p> <p>La Poste Start'inPost</p> <p>Lowe's Accelerator</p> <p>MasterCard Start Path</p> <p>Media Saturn SPACELAB</p> <p>Merck Accelerator</p> <p>Microsoft Ventures Accelerator</p> <p>Modern Times MTGx</p>	<p>Mondelez Shopper Futures</p> <p>Nordea Bank Startup</p> <p>Orange Fab</p> <p>Pearson Catalyst</p> <p>Pitney Bowes</p> <p>Qualcomm Robotics</p> <p>SPH Plug & Play</p> <p>Sprint Mobile Health</p> <p>Swire Blueprint</p> <p>Target India</p> <p>Target Techstars</p> <p>Technogym Wellness</p> <p>Telecom Italia #Wcap</p> <p>Telefonica wayra</p>	<p>Telenor IdeoLabs</p> <p>Travelport Labs</p> <p>Tune Labs</p> <p>Unilever Foundry</p> <p>Walt Disney Accelerator</p> <p>Wells Fargo Startup</p> <p>William Hill WH Labs</p> <p>Yahoo! Signal Labs</p> <p>Yandex Tolstoy Camp</p> <p>YLE Accelerator</p>
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CORPORATE VENTURE CAPITAL

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SOURCES OF VENTURE (RISK) CAPITAL

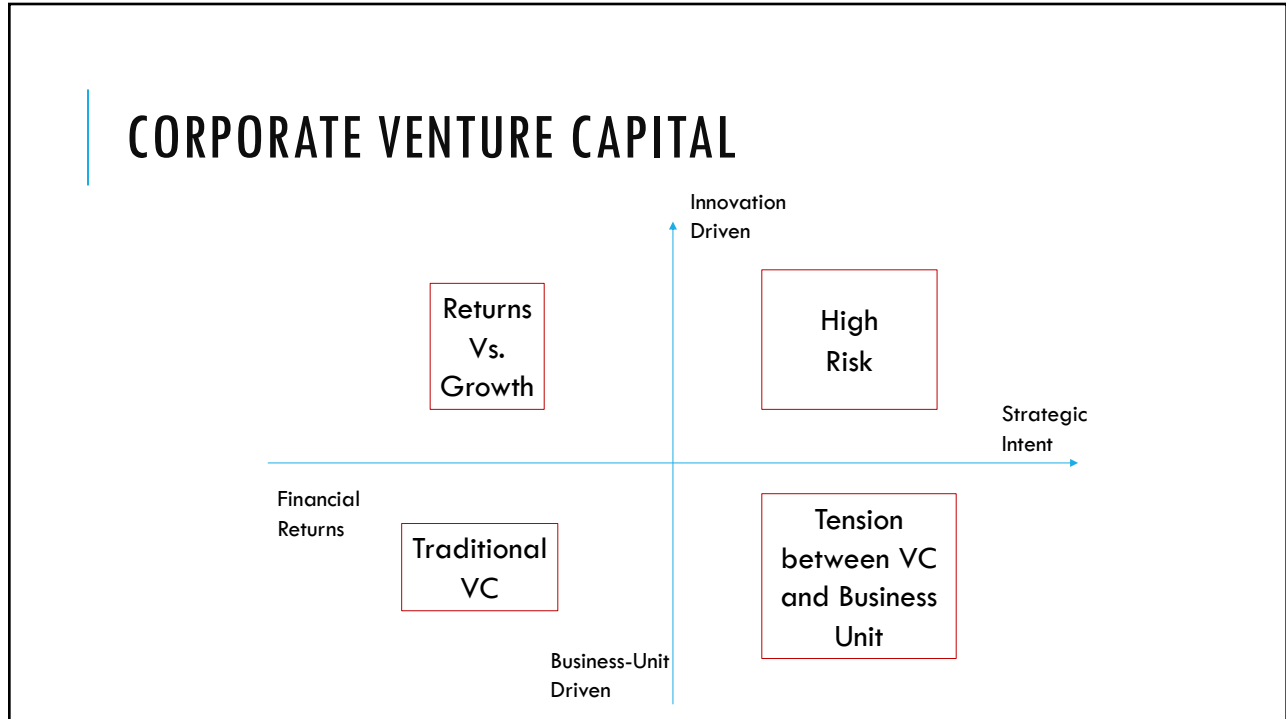
Type	Instrument	Typical Amounts
Friends, Family, Founders and Fools	Gift, Loan or promissory note	\$1 to \$50K
Accelerators	Promissory note SAFE	\$10K to \$200K
Crowdfunding Platforms	Crowdfunding agreements	\$50K to \$250K
Angels	Promissory note, SAFE	\$10K to \$500K
Angels / Angel Groups	Promissory note, SAFE Priced rounds	\$100K to \$1M
MicroCap VCs	Priced Rounds	\$100K to \$1M
Corporate "Strategic" VCs	Priced Rounds	\$500K to \$5M
Professional VCs	Priced Rounds	\$1M to \$40M

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Most active CVCs globally in 2017

Rank	CVC Investor	Select 2017 Investments
1	 G/	Brandless, Gritstone Oncology, Relay Therapeutics, Segment, Turo
2	 intel capital	Foghorn Systems, Horizon Robotics, HyTrust, Lightbend, MAANA
3	 salesforce ventures	Anaplan, Apttus, Automile, DigitalGenius, Ellevest, OwnBackup
4	 QUALCOMM VENTURES	Brain Corp, CargoX, MapR Technologies, Prospera, SenseTime
5	 GE VENTURES	Desktop Metal, Foghorn Systems, MAANA, Syapse
5	 LEGEND CAPITAL 君联资本	Bellen Chemistry, Phoenix Travel Worldwide, Zuoyebang
7	 Microsoft Ventures	AirMap, Airobotics, Aqua Security, Livongo Health, Outreach, Pixvana
8	 FOSUN RZ CAPITAL 复星锐正资本	CassTime, CloudCare, Deepwise, T2Cloud, Zhizhangyi
8	 K CUBE VENTURES	Dojo Madness, Jubilee Works
10	 SAMSUNG Venture Investment	CYNORA, DeePhi Tech, Graphcore, Inpria, Pluto TV, StoreDot

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Platform Customers Research About

IBM Venture Capital Group

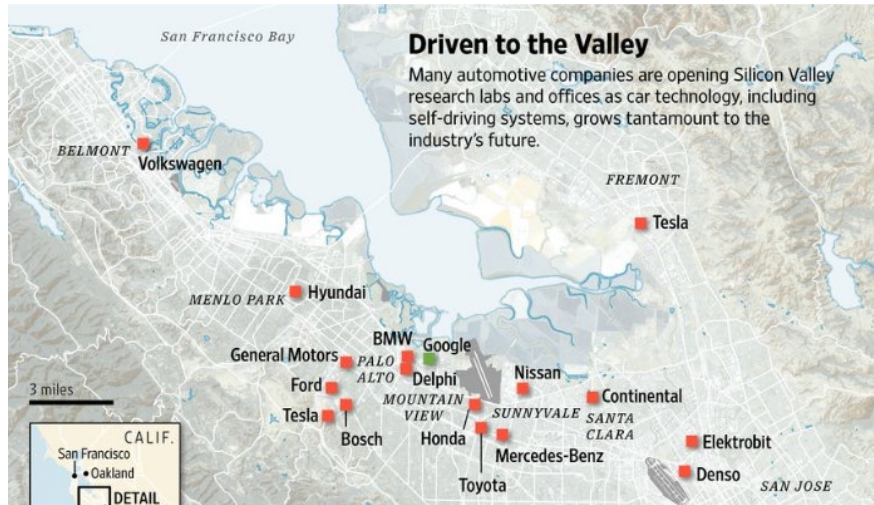
ibm.com/midmarket/us/en/venturedevelopment/index

Dashboard
Investments
Exits
Fund History
Investor Analytics
Pe

The venture capital group for International Business Machine (IBM) IBM Venture Capital Group does not perform equity or seed funding. Rather, the firm engages with established venture capital firms to find new, complementary, and relevant technologies for the industries and customers we serve.

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CORPORATE SCOUTING POSTS



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High-tech auto row

The 12-mile Central Expressway stretching from Palo Alto to Santa Clara has become the aorta of Silicon Valley's research into self-driving cars. Apple and Google this year have established their automotive headquarters along the thoroughfare, and most big U.S. and foreign car-makers have research labs nearby.



Other auto research centers

- | | | | |
|---------------------------------|------------------|----------|-------------------|
| 1 Toyota Center for AI Research | 4 General Motors | 7 BMW* | 10 Mercedes-Benz* |
| 2 Tesla* | 5 Bosch* | 8 Honda* | 11 Nissan* |
| 3 Ford | 6 Delphi Auto* | 9 Toyota | |

*Has permits to test self-driving cars on public roads.

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CORPORATE INNOVATION SERVICES IN SILICON VALLEY

Plug & Play Tech Center
Singularity University
RocketSpace
GSV Labs
Runway

+ Deloitte, McKinsey
+ 100s of Smaller Consultants

Three main services

- Program Design
- Strategic Consulting
- Scouting

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CORPORATE INNOVATION SERVICES IN SILICON VALLEY

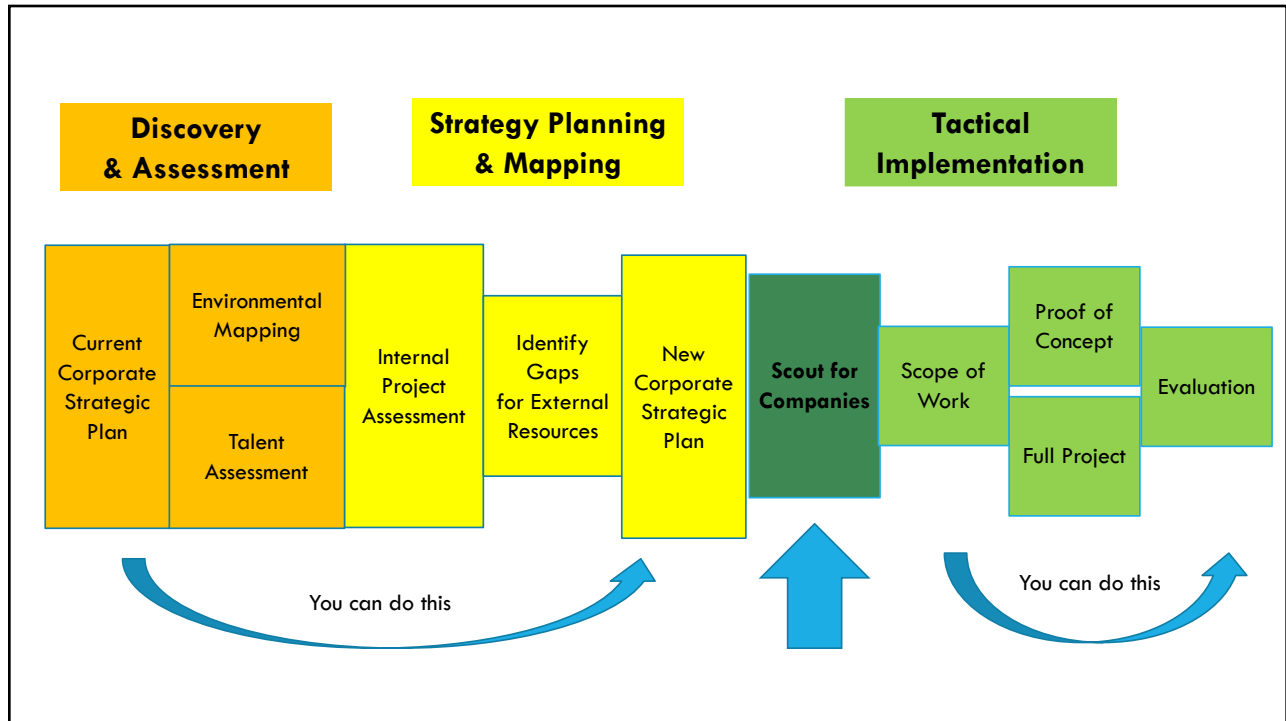
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Singularity University
RocketSpace
GSV Labs
Runway

+ Deloitte, McKinsey
+ 100s of Smaller Consultants

Three main services

- ~~- Program Design~~
- ~~- Strategic Consulting~~
- Scouting

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WHY SCOUTING?

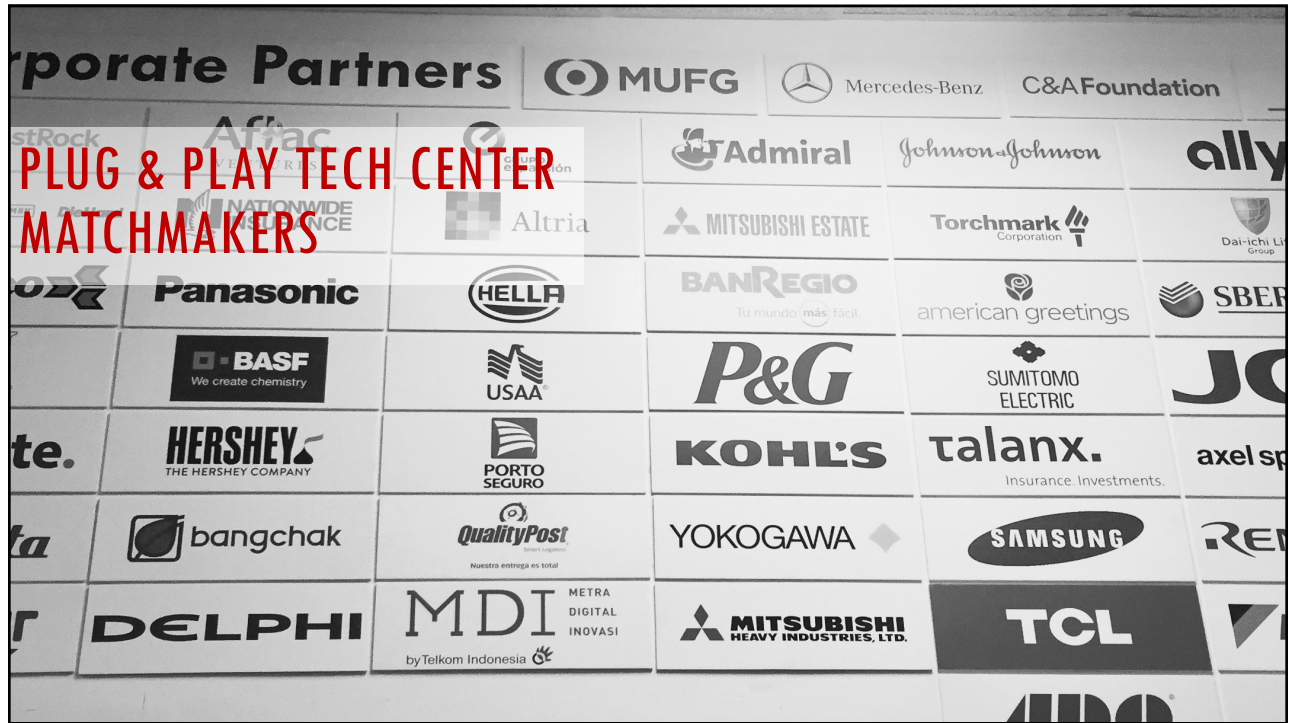
It's hard for companies to get full visibility into available startups

- Conferences
- Press and Literature
- Finding Websites

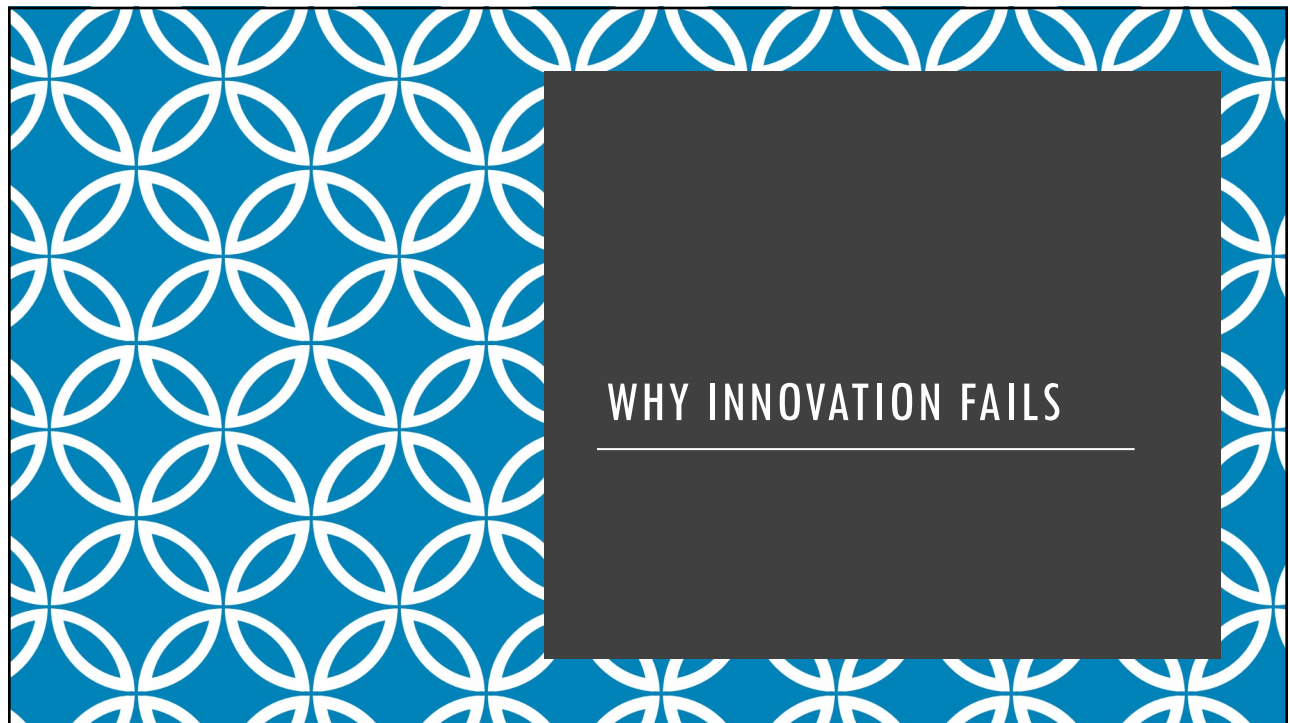
Scouting services allow corporates greater visibility for

- Understanding market trends
- Researching new technologies
- Identifying market risks
- Possible partnerships

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NO COMMON INNOVATION LANGUAGE

- Without a common language it's hard to differentiate:
 - Execution versus Search
 - the three horizons of innovation
 - the different processes, procedures and KPIs appropriate for each horizon
- Without a common language innovation becomes a buzzword
- Disruptive innovation fails inside existing divisions

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LEADERSHIP IS FOCUSED ON NOW

- Leadership managing for current business & quarterly earnings
- CEO and/or mgmt incentives all on current mission and goals

Solution:

- Align incentives
- Appoint a Corporate Chief Innovation Officer

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FAILURE IS CAREER RETARDING

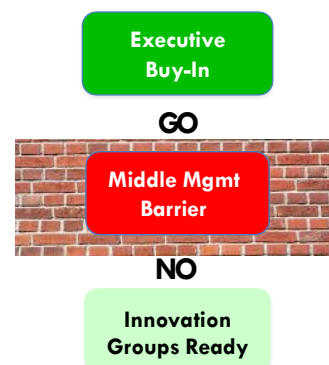
- In a company a failed project is to be avoided at all costs
- In a Lean organization **failure is part of the process**
- Pivoting from a failure gets us learning

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BOTTLENECK: THE INTRANSIGENT MIDDLE

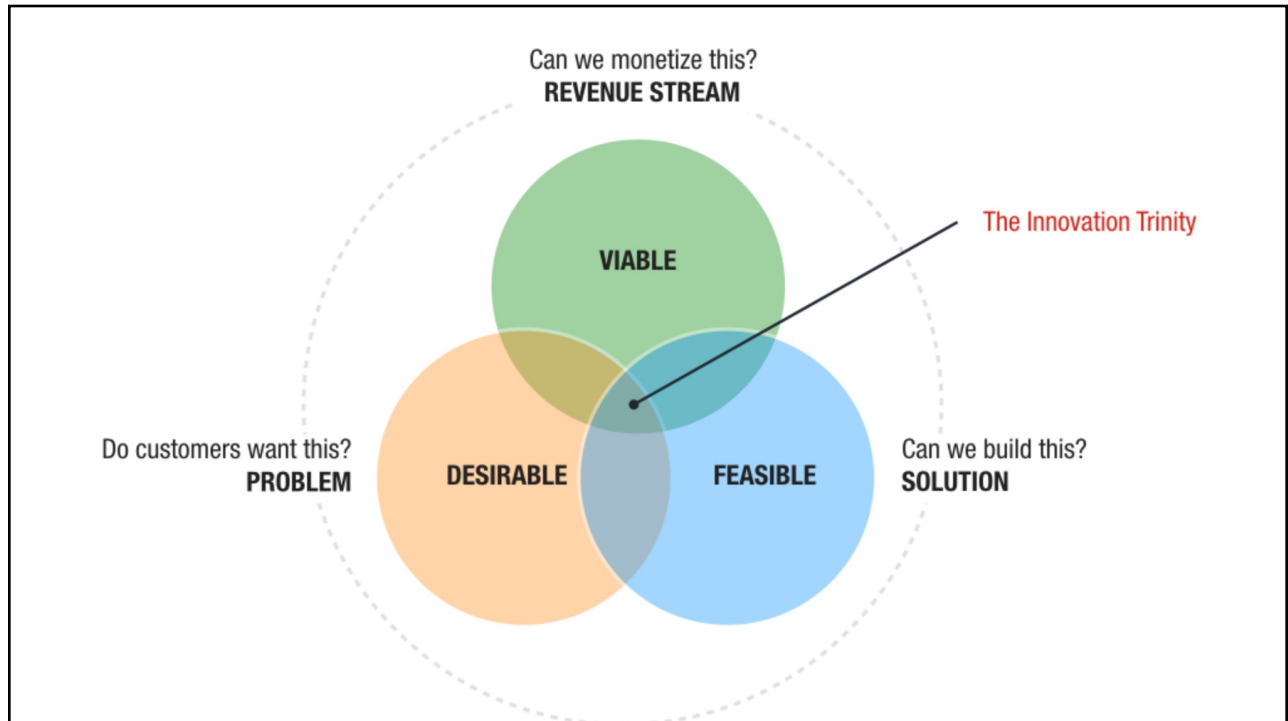
Turning Go into No

- Top of the organization says, "Do it"
- Bottom of the organization (innovators) ready to go
- Middle management kills it
 - Actively Sabotage
 - Benign Neglect
- Innovation programs die

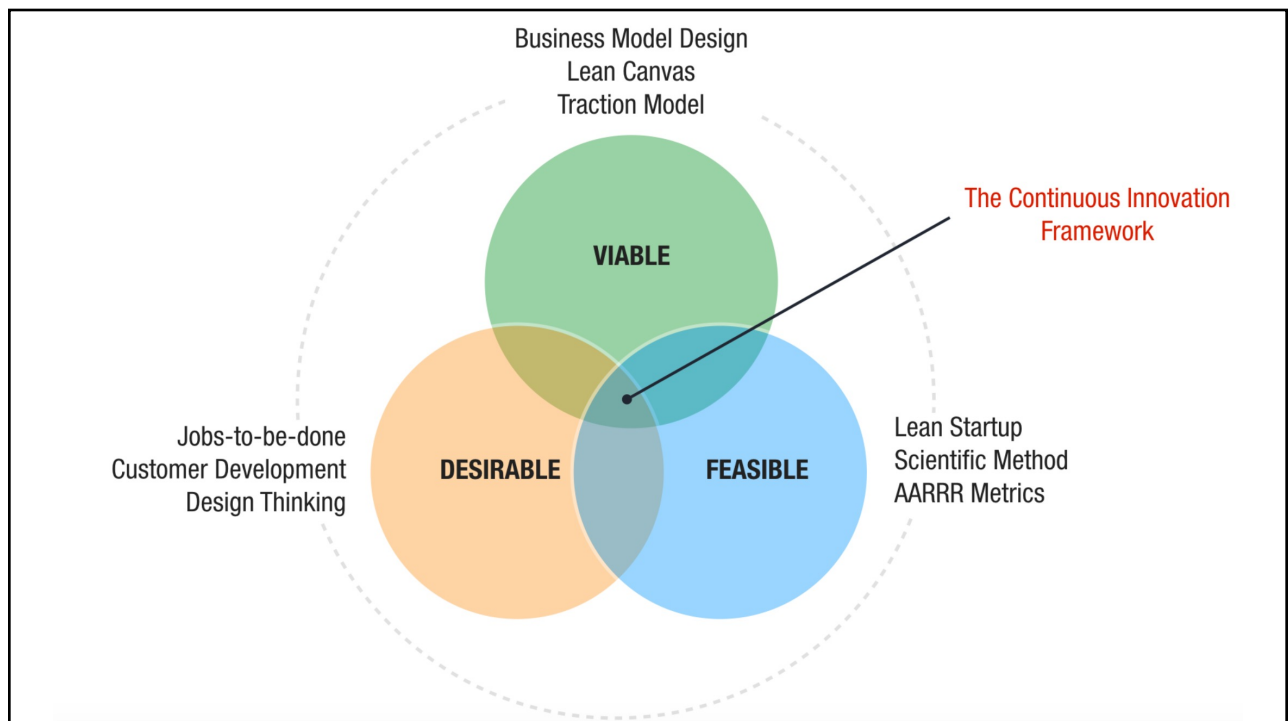


Steve Blank

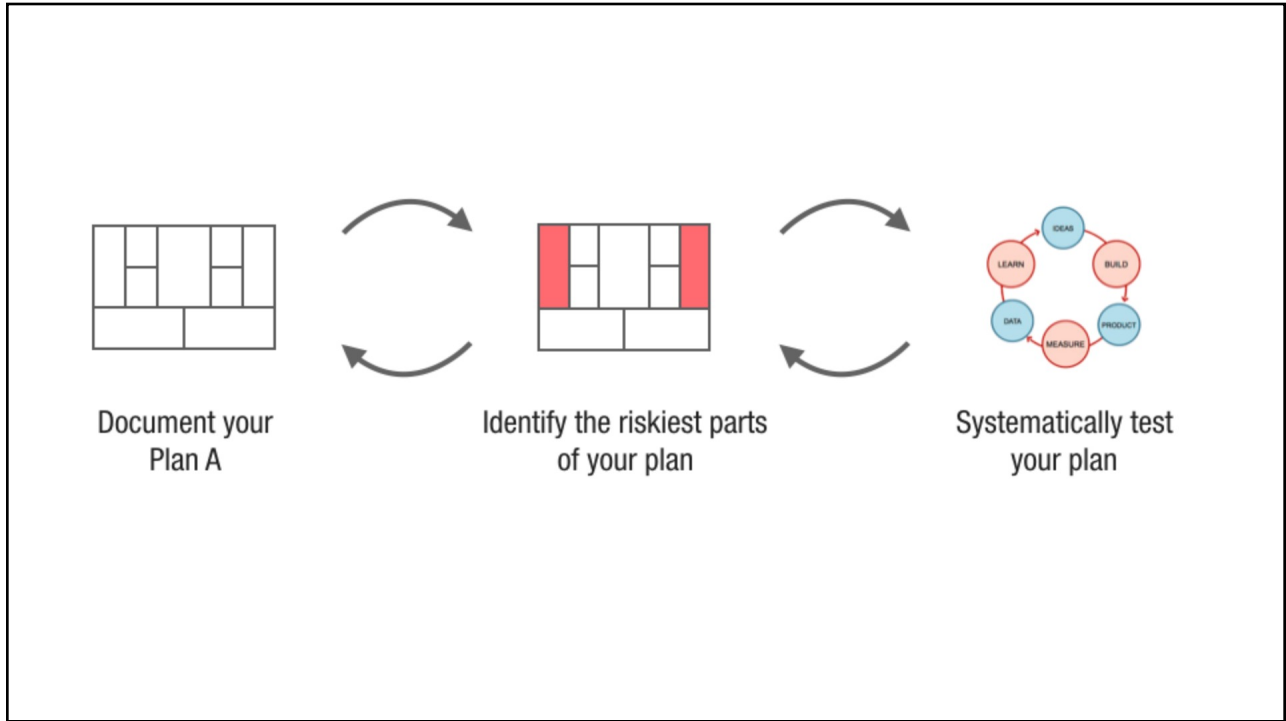
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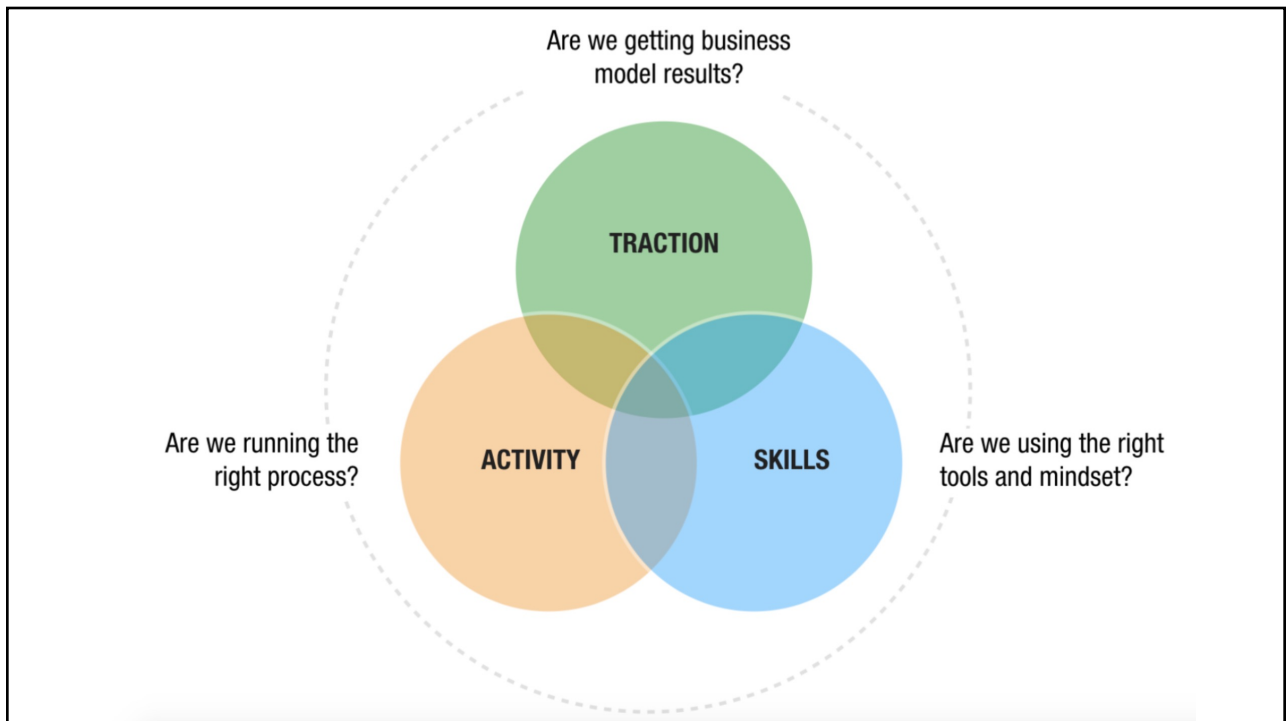
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CONCLUSIONS

Open Innovation is an important and proven philosophy

Three horizons of innovation can be simultaneously managed

Innovation pipelines are well understood

Startups are a potential source for new technologies

Not all tools are appropriate

- Corporate Accelerators
- Corporate Venture Capital

Scouting is one way to get intelligence and potential partners

Watch for sabotage

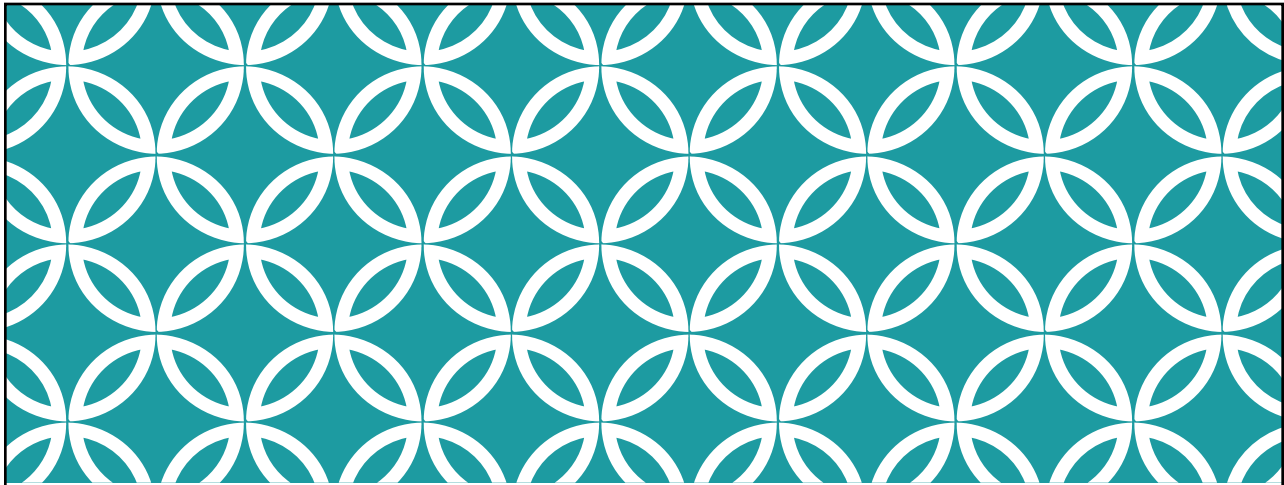
Design a simple program to start, then grow to something appropriate for your company

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THANK YOU...!

UNET.City

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APPENDIX: TOOLS TO USE

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1 What are industry shifts?

Industry shifts are deep, structural changes to an industry, industry norms or how an industry operates. Often, these take place over 50+ years before they fully materialize. By industry leaders and experts, these shifts are rarely taken seriously as they are *cost* how things are done in our industry. Industry shifts frequently represent significant disruption to incumbents. Often, they are only really understood in retrospect. Examples include the internet in the media industry, digital and social in the photo industry, low-cost airlines, distributed energy paradigms, Uber in transportation, clean energy and electric cars in oil & gas. Future-thinking, innovative firms can identify weak signals, invest to learn and develop new business models on major industry shifts.

2 List top 3-5 industry shifts your industry is facing or expect to be facing in the future

- 1.
- 2.
- 3.
- 4.
- 5.

3 Place your 3-5 industry shifts into the Industry Shifts Map below.

Industry Shifts Map
Strategic Tools - Get yours at www.engageinnovate.com
Industry Shifts Map by Christian Hansen and Elizabeth Stabile is licensed under a Creative Commons

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TRANSFORMATION TEST

IMPLEMENTING A TRANSFORMATION PROGRAM

The Transformation Test is a tool to help implement a transformation program within your company.

The Goal of the Transformation Test is to find a way to **measure and manage the company's innovation and transformation capacity.**

The Transformation Test combines multiple innovation, strategy, business model and transformation perspectives into a **single tool and a single metric.**

The Transformation Test should help the teams and management have strategic conversations and measure progress on the topics of innovation, business models and transformation.

Transformation Test	Scale (0-1-2-3-4-5) — 5 = highest
<p>1. Innovation Structure</p> <p>Does the company have a good structure for innovation in place? Is there an innovation strategy? Director for new business development and new ventures? Is there an innovation team? Does the team have the tools, training and internal position to make innovation happen? Does the company actively engage with outside sources and partners for Is someone (other than the CEO) responsible for making innovation happen?</p> <p>Tool: Innovation Proficiency Reference: The End Of Competitive Advantage (McGrath)</p>	(0 - 1 - 2 - 3 - 4 - 5)
<p>2. Innovation Portfolio</p> <p>What is the strength of the current innovation portfolio today? Does the company have a strategy and tools in place to manage and measure an innovation portfolio? Does the company have a portfolio of "Core innovations", "Adjacent innovations" and "Radical innovations". Does the company actively invest in "radical innovations"?</p> <p>Tool: Strategic Innovation Canvas, Innovation Pyramid Reference: Managing Your Innovation Portfolio, Three Horizons</p>	(0 - 1 - 2 - 3 - 4 - 5)

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Designing a transformation

Company name: _____

1 What does "Market-creating innovations" mean to our company?

2

Money	Please use 1-5 scale, 5 being the highest
#1 We have easy access to minor investment funds for new ideas and new ventures	1 2 3 4 5
#2 As a company, we are truly great at making explorative investments	1 2 3 4 5
Structure	
#3 We have a unit (person, team, department) responsible for entirely new business development, outside our current core business	1 2 3 4 5
#4 We have a corporate structure for early ventures, strategy experiments, growth, spin-ins, spin-outs for new businesses	1 2 3 4 5
Mandate	
#5 We have an explicit growth ambition from the Board of Directors and Top Management	1 2 3 4 5
#6 We have a license to think big, dream big and take calculated strategic risks	1 2 3 4 5
SUM	

3

Money

- How can we get basic funding for new opportunities?
- How can we learn how to make explorative investments?
- How can we convince our top management to invest, rather than just cut?
- Who would we have to involve internally?
- Who would we visit, externally, to steal great ideas from?

Mandate

- How do we actively influence the BoD?
- Who are the top visionary leaders we need to include in our mission for transformation?
- How can we develop a strong growth mandate from our BoD and Top Management?
- How does a license to Dream Big fit into our culture?

Structure

- What does our innovation governance structure look like today?
- How can we get started on strategy and business model experiments?
- How can we develop a unit responsible for entirely new business development?
- How do we develop a new corporate structure for market-creating innovations?
- Can someone easily step into this role?
- What skills and expertise would this person require to be successful?



Transformation architecture

Get yours at www.engageinno.com
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Money	
#1 We have easy access to minor investment funds for new ideas and new ventures	1 2 3 4 5
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Please use 1-5 scale, 5 being the highest	SUM

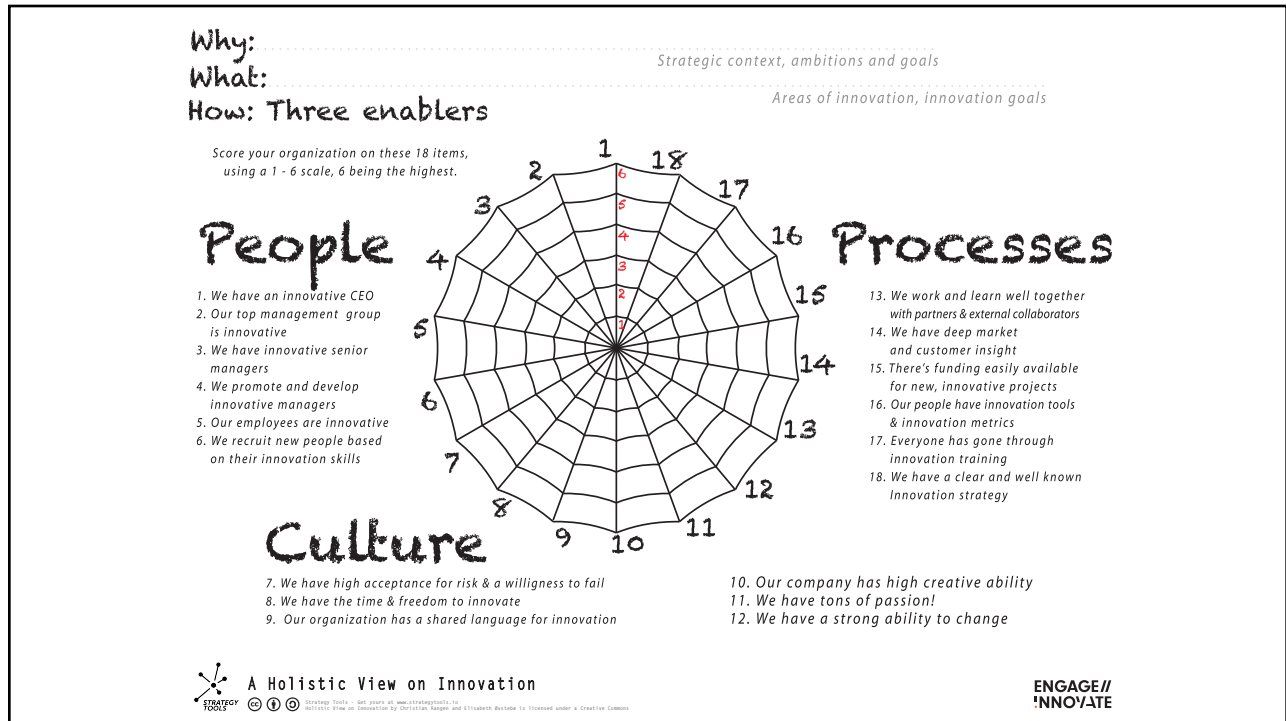
 Transformation Assessment 

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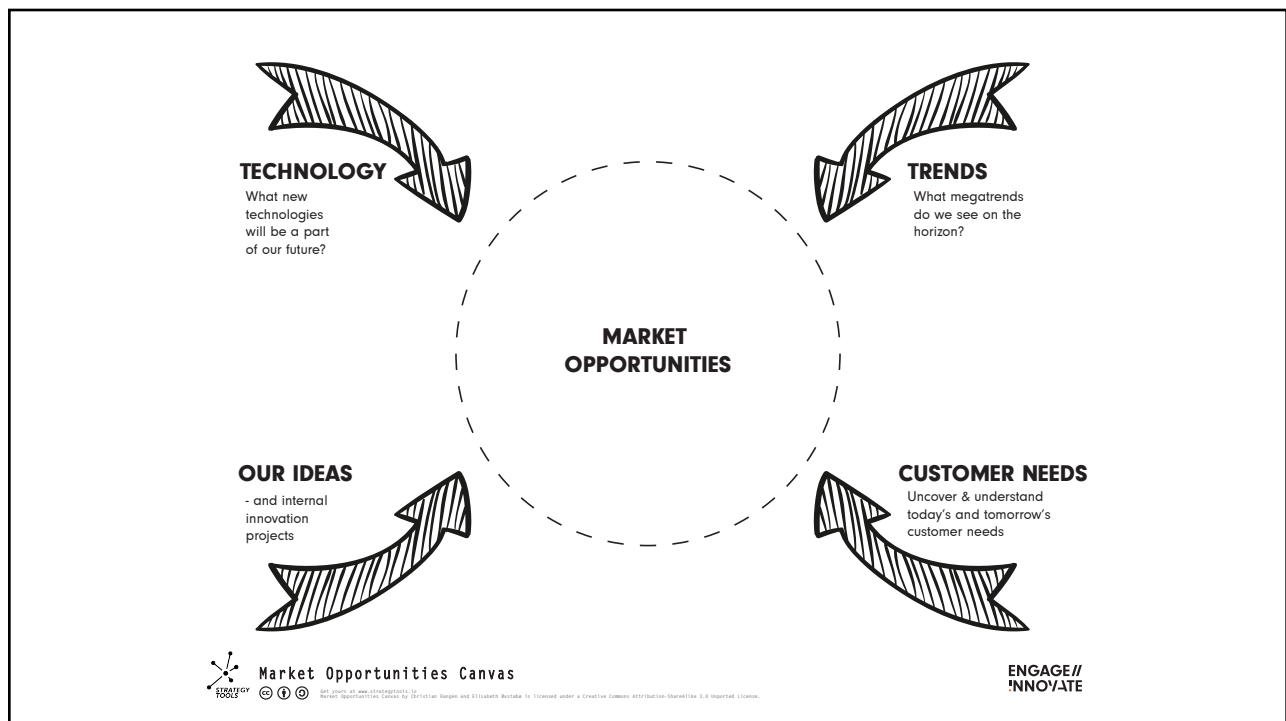
STRATEGY AS ANALYSIS		STRATEGY AS INNOVATION
Analytical, logical & linear	MINDSET	Creative & disruptive
Logical	AMBITIONS	Offensive
Stable, expect it to be much like the present	THE FUTURE	Unstable, Expect it to be different
Rational actor	PEOPLE PERSPECTIVE	Passion
Preserve and tune existing business model	BUSINESS MODEL	Develop and test a portfolio of new business models
SWOT, PESTEL, Value-Chain, Five-Forces	MAIN TOOLS	Disruptive Innovation, Business Model Canvas, Strategic Innovation Canvas, The Innovation Pyramid
Difficult, creates resistance	CHANGE	Love to create it, make change happen
Michael Porter	LEADING PROPONENT	Gary Hamel, Rita McGrath

 Two Lenses on Strategy 

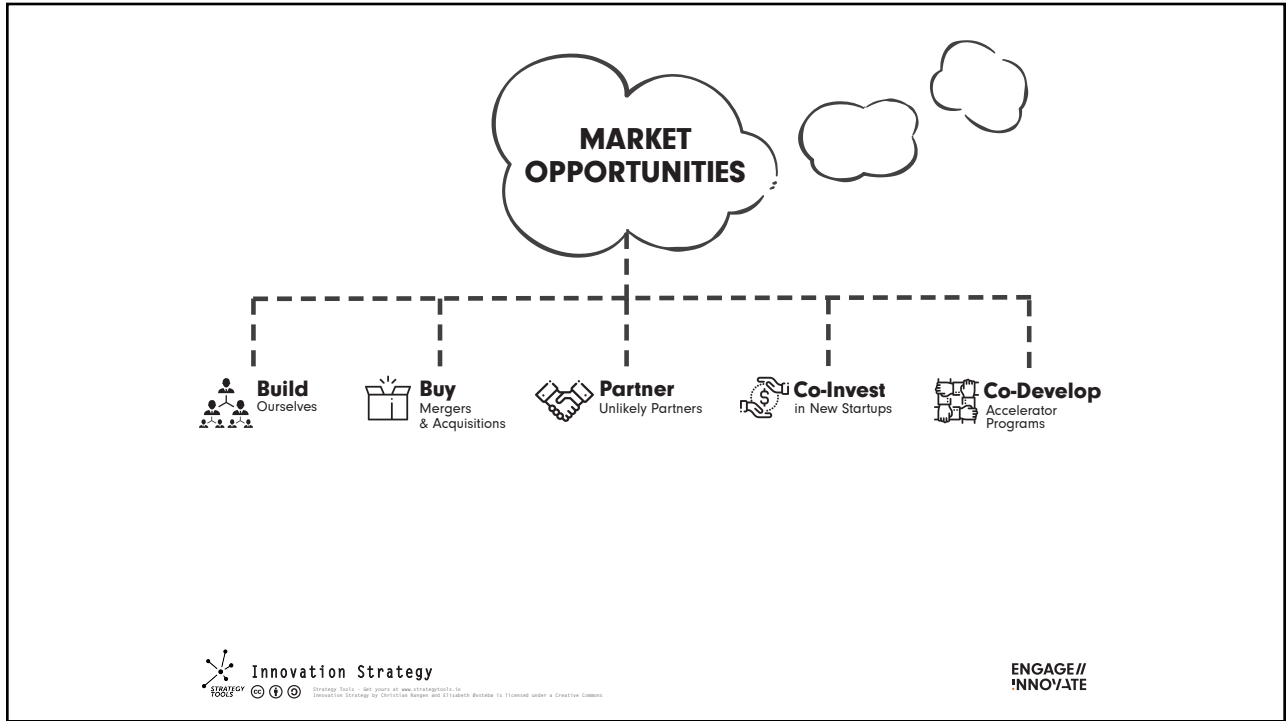
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MIS - Minimum Innovation Strategy
Building a Minimum Innovation Strategy

- Industry Shifts Outlook**
1-10 scale, how much will our industry change in the coming five years _____
- Market Opportunities**
1-10 scale, how good is our organization at innovation from Market Opportunities _____
- Resource Allocation**
How are we planning to spend our growth, innovation, and transformation resources in the next five years?
Grow existing core business _____ %
Develop new areas, close to our current core _____ %
Explore new growth areas, new business models _____ %

MARKET OPPORTUNITIES

Build
Ourselves

Buy
Mergers & Acquisitions

Partner
Unlikely Partners

Co-Invest
in New Startups

Co-Develop
Accelerator Programs

Priority:	_____	_____	_____	_____	_____
Key program in place:	_____	_____	_____	_____	_____
Our biggest need here:	_____	_____	_____	_____	_____
Key capability we should develop:	_____	_____	_____	_____	_____
Next actions:	_____	_____	_____	_____	_____

Minimum Innovation Strategy Strategy Tools - Get yours at www.strategytools.io
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