

# Open Innovation

Corporate Venturing Squads:  
Teaming Up with Other Corporations  
to Better Innovate with Start-Ups



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# Corporate Venturing Squads

Teaming Up with Other Corporations to Better Innovate with Start-Ups

# 50

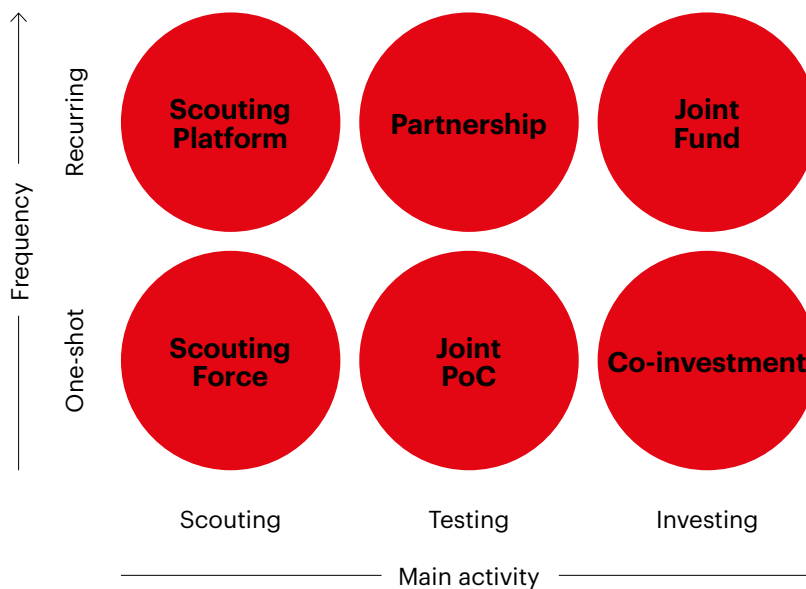
Based on 50 cases from North and South America, Europe and Asia

## Examples of companies using corporate venturing squads



Corporate venturing squads are multi-partner strategic alliances formed by a small group of corporations joining forces to innovate with one or more start-ups

## A typology for corporate venturing squads



## Corporate benefits by corporate venturing squad type

### Joint Fund



### Co-investment



### Partnership



### Joint PoC



### Scouting Platform



### Scouting Force



Cost reduction and de-risking



Access to deal flow



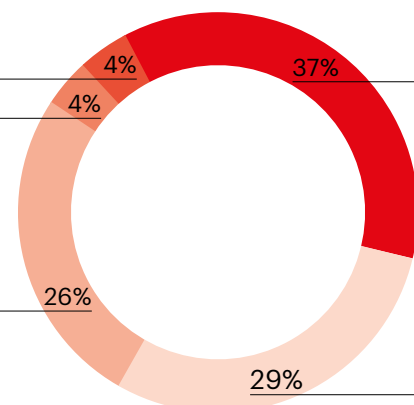
Improve credibility and increase visibility



Sharing knowledge



Network effects





# Executive Summary

The innovation ecosystem is witnessing an increase in corporations collaborating with start-ups, with notable shared innovation initiatives such as the 100+ Accelerator, Construction Startup Competition, and MobilityXLab. These initiatives are spearheaded by industry giants such as AB InBev, Coca-Cola, Cemex Ventures, Colgate-Palmolive, Ericsson, and Volvo Group. What do they have in common? They are all part of a groundbreaking new kind of multi-partner strategic alliance known as corporate venturing squad (CVS).<sup>1,2</sup>

CVSs are a novel governance structure that enable corporations to pursue corporate innovation as a team but working alongside start-ups. CVSs are an attractive and largely unexplored phenomenon in the innovation world. While innovating together poses some risks both for corporations and start-ups, the promised benefits of joining a CVS seem to outweigh them. Despite the growing number of CVSs being established within the innovation ecosystem, many questions remain regarding the understanding and reach of innovation activities performed by CVSs.

To address these questions, this study provides a first approximation into the various forms and characteristics of CVSs. Our findings were obtained from a comprehensive analysis of 50 CVSs, comprised of 340 CVS members<sup>a</sup> and 262 companies. This research project involved public information and fieldwork, including 50 interviews with chief innovation officers (CINOs) or similar roles, from a wide spectrum of companies

across various industries. The results of this study highlight the various forms and characteristics of CVSs, shedding light on the promising advantages and risks of this new multi-partner alliance.

As CVSs continue to emerge steadily across five continents, it is essential for CINOs to quickly understand this emerging trend. This groundbreaking phenomenon has the potential to transform the innovation landscape. This study offers valuable insights, with some of the main highlights including:

## Corporate Venturing Squads Unlock the Power of Open Innovation Through Collaborative Arrangements

CVSs serve as a catalyst for the adoption of open innovation by which CVS members collaborate, sharing unique information about specific innovation challenges to be tackled as a team. By establishing these collaborations, corporates can increase their value proposition to start-ups in an increasingly competitive scouting arena, while also gaining access to assets and capabilities that might translate into competitive advantages in their respective industries.

As such, these strategic partnerships become a key driver for innovation success. As a forward-thinking corporate leader, it is crucial to recognize the trade-offs of CVSs and actively seek better ways to partner that can accelerate innovation results.

## What Are the Potential Benefits of Joining a Corporate Venturing Squad?

Our research has confirmed that joining a CVS could provide five specific benefits for corporate innovation, including:

- **Better access to start-up deal flow:** Representing 37% of the benefits of joining a CVS, as reported by interviewed corporates, joining a CVS allows them to share and leverage scouting capabilities, providing a more attractive value proposition to start-ups than if they were working alone.
- **Improved network access:** Representing 29% of the benefits, improving their network position in the innovation ecosystem was also mentioned by corporates.
- **Learning and sharing best practices:** Representing 26% of the benefits, accessing new knowledge and acquiring best practices was pointed out by corporates as a direct outcome of joining a CVS.
- **Improving credibility and visibility:** Representing 4% of the benefits, enhancing their credibility and visibility was also reported by firms.
- **Reducing risks and costs:** Representing 4% of the benefits, helping to reduce costs and risks was confirmed by the interviewees. This benefit, however, was not a primary driver for companies to join a CVS.

<sup>a</sup> The differentiation between members and companies is due to some companies that belong to more than one CVS.

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## As a Corporation: What Type of Corporate Venturing Squad Should We Select?

Corporate leaders should learn about the unique characteristics of each of the six types of CVSs presented in this article, in order to determine which one adds the most value to their innovation initiatives. The different types of CVSs are determined by two criteria: the type of activity performed by the CVS, and the frequency of the interaction with other squad members. These are the six types of CVSs in our typology:

- **Scouting force:** A scouting force aims to bring deal flow to corporations, meaning an opportunity to interact and see what start-ups are doing. This is a one-shot initiative aimed at "testing the waters" of collaborative innovation.
- **Scouting platform:** This mirrors a scouting force, but the collaboration is recurrent through time. Scouting forces can turn into scouting platforms after a successful first-time collaborative innovation experience.
- **Joint proof of concept (PoC):** Two or more companies collaborate with a start-up to develop (or enhance) a product or service in a one-time collaboration.
- **Partnership:** This mirrors a joint PoC, but the collaboration arrangement includes recurrent PoCs among CVS members with either the same or different start-ups.
- **Co-investment:** The CVS offers investment opportunities for start-ups as a one-time deal (i.e., one investment in one or more start-ups).

- **Joint fund:** This mirrors a co-investment, but corporate partners collaborate recurrently. A joint fund is a structured investment vehicle that involves multiple investment rounds in one or several start-ups.

## Exploring the Key Characteristics of Corporate Venturing Squads

The interviews conducted in this study explored various characteristics of CVSs, such as their size, roles performed by CVS members, number of start-ups scouted and selected, corporate departments involved in the management of a CVS, corporate venturing mechanisms used, and benefits and challenges of joining a CVS. It is crucial for CINOs to grasp the fundamental structure of CVSs in order to establish a strong foundation for building corporate innovation capabilities.

Innovation leaders looking to establish and manage successful CVSs can glean valuable insights from this article. By recognizing the power of collaboration and carefully selecting the appropriate type of CVS, companies can gain a competitive edge in their respective industries. This article offers practical guidance for corporate leaders aiming to leverage the benefits of CVSs, making it a useful resource for companies seeking to drive innovation and succeed in today's dynamic business landscape.



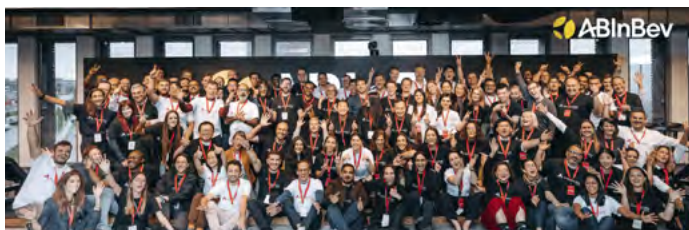
# 1. Selected Examples

## Sustainable Innovation in Supply Chains: The Alliance of AB InBev, The Coca-Cola Company, Colgate-Palmolive, and Unilever

AB InBev, one of the world's leading brewers with iconic brands such as Aguila, Corona, Budweiser, and Stella Artois, has recognized the importance of collaborations with stakeholders, including other companies, in achieving its sustainability goals.

In 2017, the company engaged in a review process that informed its 2025 Sustainability Goals, which included becoming net zero across its value chain by 2040, and transitioning its global operations to 100% renewable electricity by 2025.<sup>3</sup>

**Figure 1.** Cohort 4 at the 100+ Accelerator launch event in Belgium, in November 2022. They are joined by AB InBev Chief Sustainability Officer Ezgi Barcenas and corporate partners from Coca-Cola, Colgate-Palmolive and Unilever.<sup>55</sup>



AB InBev relies on innovation to achieve these ambitious goals, a key driver of its growth since its early days. The company has a Global Innovation and Technology Center (GITEC) in Belgium, which develops technology in its early stages and implements it in brewing operations. It also has a Global Barley Research

Center in the United States, using cutting-edge barley breeding techniques to improve its resistance to climate change.

In 2018, AB InBev launched the 100+ Accelerator program, which sources, validates, and scales sustainable technology, products, and services. The program allows start-ups to pilot their innovation to help solve challenges in global corporate value chains and scale their solutions faster. AB InBev provides up to \$100,000 to each start-up for testing the viability of its technology, product, or service, as well as providing coaching from business experts.<sup>4</sup>

Recognizing the need for collective action to deliver systemic change, AB InBev partnered with The Coca-Cola Company, Colgate-Palmolive, and Unilever in 2021 to catalyze innovation. These large companies share many of the same processes and sustainable challenges within their supply chains, and working together reduces their innovation costs and efforts.

The combined purchasing power and global footprint of these corporates is a very attractive offer for start-ups. Joining the 100+ Accelerator can help them grow "at a pace that they had never imagined," as Carolina Garcia, Global Sustainability and Innovation Director at AB InBev, described.<sup>5</sup>

The 100+ Accelerator program has invested over \$10 million. It has implemented 70 pilot projects in more than 30 countries, focusing on six challenges: smart agriculture, water stewardship, circular economy, climate action, biodiversity, and inclusive growth.

The program received recognition at the 2022 World Sustainability Awards. It received the External Partnership Award.



This initiative has attracted 116 start-ups from 30+ countries, and by 2025, it aims to achieve over 75 open-sourced challenges, accelerate over 300 start-ups, sign over 50 contracts with corporate partners, and form over 1,000 partnerships for social inclusion and equity.

This example highlights how sustainability challenges, because of their size and complexity, can present opportunities for corporations to team up and collaborate with start-ups, even if they are competitors. The importance of such partnerships was recognized by Unilever's Chief Supply Chain Officer, who stated that "[p]artnerships like these are critical for transforming global supply chains towards a greener future."<sup>6</sup>

In most cases, the challenges of sustainable innovation require a collaborative and long-term approach that can be difficult for individual companies to achieve alone. Corporate alliances can facilitate collaboration across multiple sectors and stakeholders, provide a platform for a long-term commitment, and enable cross-industry knowledge sharing. They can also attract funding from various sources and promote standardization by developing industry-wide sustainability standards.

The case of the 100+ Accelerator illustrates the importance of partnerships between corporations and start-ups in addressing sustainability challenges. This model has significant potential, as evidenced by similar collaborations in various sectors. For example, the Go programs at Greentown Labs in the United States includes challenges related to buildings, energy, food, manufacturing, and mobility sectors. In Spain, the Positive Energy+ platform involves energy corporations such as BP, Enagás, and Acciona. The Repsol and Galp 2022 international innovation challenge, Achieving Carbon-Neutrality through CO<sub>2</sub> Removal and Valorization, is another example of such collaborations. Additionally, the Verbund X Accelerator in Austria is a co-creation platform focused on energy sector transformation.

Even if they are competitors, corporations can benefit from exploring and implementing strategic partnerships to create shared value for themselves and society.

### **Transforming the Construction Industry Together: CEMEX Ventures, Black & Veatch, Dysruptek by Haskell, Ferrovia, GS Futures, Hilti, VINCI Group's Leonard, NOVA By Saint-Gobain, Procure, and Zacua Ventures**

Collaboration with other companies is a strategic choice that many firms have successfully explored in their innovation efforts, resulting in mutual benefits such as knowledge-sharing, resource pooling, and increased market reach. A notable example of such collaboration is the Construction Startup Competition, launched in 2017 by CEMEX Ventures, the corporate venture capital and open innovation arm of the Mexican multinational group CEMEX.

The competition was designed to scout start-ups with the ambition to lead the transformation of the construction industry. After three successful editions, other industry leaders, including Ferrovia, Hilti, VINCI Group's Leonard, and NOVA by Saint-Gobain, joined the competition in 2020. Together, they

scouted start-ups in five key opportunity areas: project design and engineering, supply chain management, digital solutions for project and job site management, innovative construction methods and materials, and smart buildings and cities.

**Figure 2.** 2022 Construction Startup Competition winners at pitch Day during Procure's Groundbreak in New Orleans<sup>56</sup>



One of the key advantages of this kind of collaborative approach is the diverse set of capabilities that partners bring to the table, something that start-ups should appreciate as a better value proposition for them. As Gonzalo Galindo, Head of CEMEX Ventures noted:

*[C]ombining this competition with partners with a diverse set of capabilities (...) creates a consortium of people which can see the construction value chain from end to end with different perspectives. As such, we expect the start-ups participating this year to be substantially better in quality, concepts, uniqueness, and the innovation they will bring forward.<sup>7</sup>*

This approach has paid off in many ways. The 2020 edition of the competition saw a significant increase in participation (30% compared to the previous edition, with over 700 start-ups), and the quality of the projects and geographies represented (76 countries) was remarkable.<sup>8,9</sup> The five corporates combined their expertise and resources, offering a unique platform to support and scale start-ups in a traditionally less digitalized and fragmented sector.

The number of partners has quickly grown to include ten industry leaders, providing participants with comprehensive visibility of the industry's challenges, access to an active portfolio of important contacts and strategic investment, and the possibility to pilot and test their solution in real markets in many countries. Over 3,000 start-ups have participated in this competition, making it a relevant program in the construction sector.

The Construction Startup Competition has supported in bringing structure to an otherwise unorganized market of start-ups in the construction industry. By creating a consortium of ten corporate partners, the competition has united start-ups from different parts of the world, making them more accessible to potential investors and partners. This structured approach has ultimately led to a more compelling value proposition for all stakeholders involved, including the start-ups, the corporate partners, and potential investors.

## Innovating in the Mobility Field: CEVT, Ericsson, Polestar, Veoneer, Volvo Cars, Volvo Group, and Zenseact

In this third and final case—the Nordic MobilityXLab—the focus shifts from the construction to the mobility sector. Compared to the former, the mobility industry has traditionally been quicker to embrace digitalization and implement cutting-edge technologies, including autonomous vehicles and mobility-as-a-service platforms.

In October 2017, MobilityXLab was created as a new collaborative hub in Sweden. This initiative enables innovation projects among automotive companies such as CEVT, Polestar, Veoneer, Volvo Cars, and Volvo Group, and ICT companies like Ericsson and Zenseact.

The hub is hosted by Lindholmen Science Park, a growing knowledge-intensive area in Gothenburg, which has emerged as a dynamic European cluster for the automotive and mobility sectors. Global companies are investing large sums in research and development (R&D) and facilities in the region. For example, the Chinese Zhejiang Geely Holding Group located the European R&D center for ZEEKR (CEVT) in Lindholmen Science Park to convert CEVT into an innovation center for the whole group. As part of this strategy, CEVT joined MobilityXLab in December 2017.

**Figure 3.** Lindholmen Science Park, based in Gothenburg<sup>57</sup>



This unique ecosystem was critical to the creation of MobilityXLab. The idea of this collaborative platform originated from Zenuity, a joint venture between two of the founding members (Volvo Cars and Autoliv) that were already located in Lindholmen Science Park.<sup>10</sup> Although some of the founding members had already been collaborating, a larger collaboration arrangement was established to enable faster innovation through the involvement of more players. As the CEO of the Volvo Group, and the President and CEO of Autoliv said:<sup>11</sup>

*The new technologies will offer many advantages for our customers and society in general. However, if we in the automotive industry are to fully leverage the possibilities, we have to work smarter, faster and far more closely with others.*  
Martin Lundstedt, CEO of the Volvo Group.

*In a time when the automobile industry is undergoing rapid change—mutual exchange between niche players can create more robust solutions more rapidly. The pace of innovation is accelerating.*

Jan Carlson, Chairman, President, and CEO of Autoliv.

MobilityXLab includes an innovation lab and an expo space and it offers the opportunity to accelerate start-ups using strategic partnerships with seven global players within mobility and connectivity. The program aims to generate a commercial project between a start-up and its partners. To qualify for acceptance, start-ups must have at least two corporate partners interested in collaborating, which promotes knowledge sharing and increases the likelihood of successful PoC and validation projects. The program offers exposure to all seven partners, providing opportunities for potential collaborations. However, the partnership with the selected start-up primarily focuses on the members who initiated the selection process. Consequently, during the validation phase, which includes PoCs, and the acceleration phase, the start-up may collaborate with only one or two of the participating corporates.

These seven corporate partners are involved in every aspect—from screening applicants to operational decisions. This platform connects the selected start-ups directly with an internal champion within the corporates, responsible for the continuous progress of the collaboration.<sup>12</sup> The chair of MobilityXLab's Board has a regular rotation, and each partner holds the position for 12 months.

**Figure 4.** Fourth Anniversary of MobilityXLab celebration on October 2021<sup>58</sup>



The collaboration has been highly successful, resulting in the receipt of over 800 start-up applications from more than 50 countries, as well as the generation of 13 accelerations in the form of commercial contracts or partnerships.<sup>13</sup> The last one announced was between Veoneer and Arbe, a 4D imaging radar start-up that joined one of the first batches of the program. After five years of extensive research among technology start-ups, Veoneer has partnered with this start-up to co-develop radars for automotive-grade safety and roll out autonomous functionality.<sup>14</sup>







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# 2. Introduction

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While inter-organizational relations in management have been studied since the 1960s,<sup>15,16</sup> current trends reveal widespread competition, a fast-moving market, and limited resources that suggest that collaborative relations are more important than ever.<sup>17,18</sup> In response to these new competitive conditions, small and large firms in a wide range of industries are adopting different forms of external collaboration<sup>19,20</sup> to foster innovation and secure survival.

Inter-organizational collaborations can take various forms, including strategic alliances, joint ventures, and R&D collaborations.<sup>21</sup> In the same vein, the demand for innovation has opened a window of opportunity for the rise of new forms of inter-organizational collaboration, including consortium accelerators,<sup>1</sup> venture clients, and funds of funds,<sup>22</sup> among many others.

These are only some of the trends we have witnessed emerge between start-ups, corporations, and other actors of the innovation ecosystem.<sup>23</sup> While some of these arrangements have started to receive scholarly attention, there is one type of inter-organizational collaboration that is still vastly unexplored; this is the corporate venturing squad (CVS).

CVSs are multi-partner strategic alliances formed by a small group of corporations joining forces to innovate with one or more start-ups.<sup>1</sup> Although similar governance structures may have existed in the past, researchers have observed that what sets a CVS apart is its focus on innovating “together with” start-ups. The emergence of the CVS can be attributed to the rapid evolution of corporate venturing.

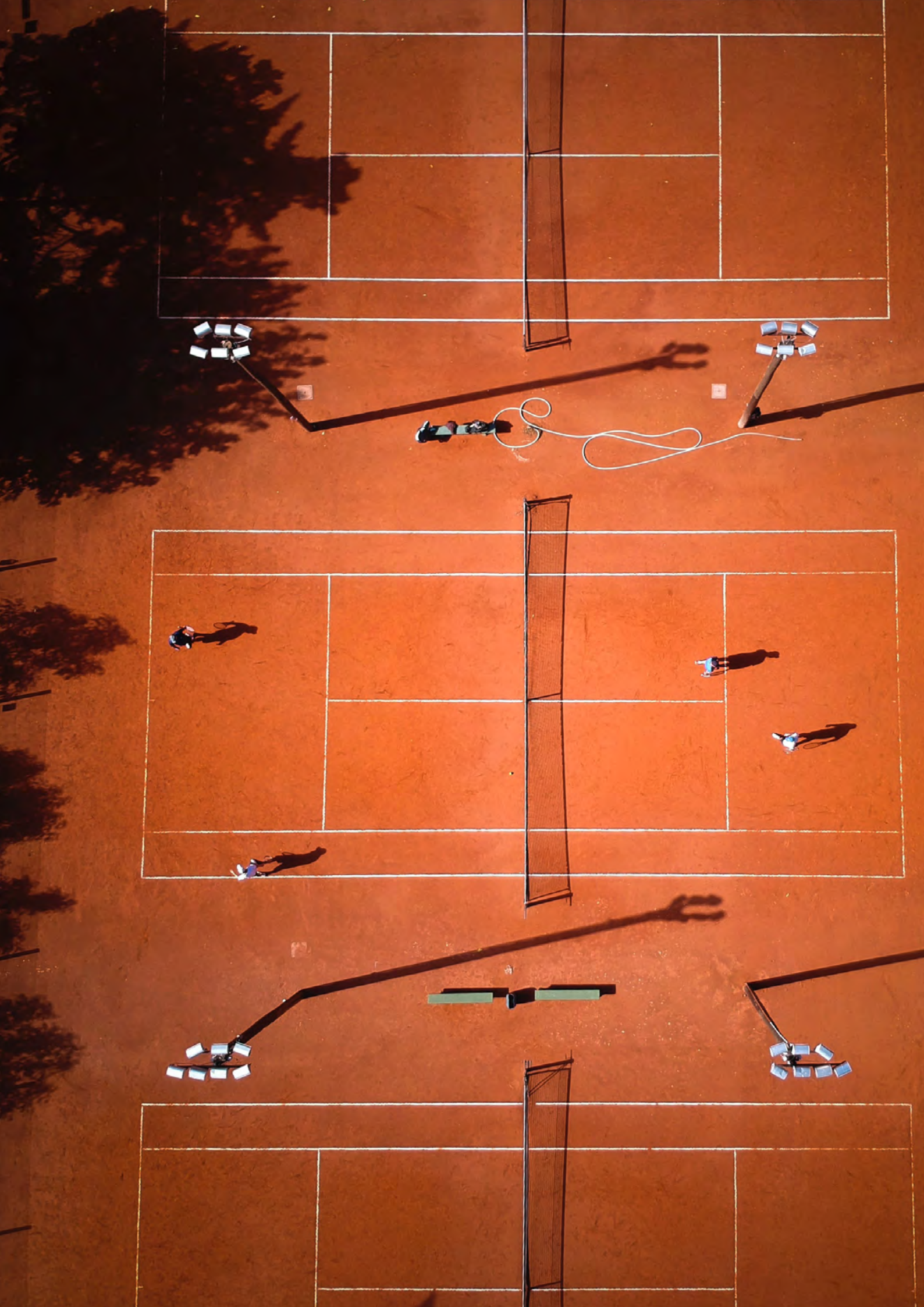
As open innovation practices become more widespread, companies are increasingly looking for ways to collaborate with start-ups and promote inter-organizational collaboration to drive innovation. The purpose of this article is to provide insight into the emerging trend of the CVS as a form of inter-organizational cooperation for promoting innovation. Our study delves into the concept of CVS and uncovers its potential for advancing innovation.

One possible explanation for its effectiveness is that participating organizations are able to engage in higher-risk and higher-uncertainty innovation activities than they could on their own. Accessing a wider pool of innovation resources (including best practices and networks), crafting a stronger value proposition to attract start-ups, and developing a competitive advantage within their respective industries are only some of the many potential benefits achieved by joining a CVS.

This is novel because, while the literature has explored how and why complementary actors of the innovation ecosystem achieve superior performance, little has been said about novel governance mechanisms furthering these results.<sup>24</sup> This article, then, identifies one such mechanism, the CVS, and provides a typology for innovation leaders to use in selecting the type of CVS that will be most effective for their organization's innovation goals.

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<sup>a</sup> In most cases, CVSs are formed only by corporations, yet there are exceptions where NGOs, government organizations, and even research institutes also become part of a CVS. To avoid confusion, hereon we will only refer to corporations.



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# 3. Corporate Venturing Squads: An Emerging Trend

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In 2007, a Harvard Business Review<sup>25</sup> article reported the growth of strategic alliances reaching rates of 25% every year. Later, Forbes<sup>26</sup> updated this number, reporting growth rates of 30% between 2017 and 2018. The high degree of technological disruption, geopolitical uncertainty, and regulatory overhaul suggests these partnerships will keep growing strongly. In 2019, a Boston Consulting Group article<sup>18</sup> reported a dramatic increase in new partnerships between corporates and start-ups, with numerous innovation vehicles becoming widely adopted among corporations since the year 2014. Similar to AB InBev, Unilever, Cemex, Ferrovial, Ericsson, and Volvo Group, today many corporations seek to boost their innovation capacity by working together with other corporates and start-ups. CVSs emerge as a new trend, a promising multi-partner strategic alliance combining the best of both worlds: start-up and corporate.

The emergence of the CVS as a governance structure is particularly relevant in today's turbulent business environment. In order to acquire competitive advantages, firms need to develop the capacity to share resources and practice open innovation, as coined by Chesbrough.<sup>27</sup> This paradigm suggests that firms can and should use both internal and external ideas to advance their technology.<sup>2</sup> As a form of open innovation, corporate venturing requires inter-organizational cooperation at its core, as it fosters the innovation activity between established companies interacting with start-up ventures. As this practice allows corporations to access forms of innovation that are difficult or impossible to produce internally,<sup>28</sup> corporate venturing has become a key element of a firm's innovation strategy. The fast adoption of corporate venturing has opened a window of opportunity for the rise of new governance structures, including the CVS.

CVSs are a unique type of strategic alliance created to foster innovation. In the long term, a strategic alliance aims to create a competitive advantage and improve firm performance, either financial, operational, or organizational.<sup>29</sup> The logic behind strategic alliances is explained by the advantages these arrangements can bring to the firms,<sup>30,31</sup> including cost-sharing,<sup>32</sup> risk mitigation, accessing knowledge, entering new markets, exploiting technological spillovers, combining complementary skills,<sup>33</sup> and gaining reputation.<sup>34</sup> On the downside, strategic alliances pose risks such as opportunism, asymmetric power distribution, and incompatibility among partners.<sup>35,36</sup> Naturally, these are risks that start-ups and corporations need to assess before joining a CVS.

Different from most strategic alliances, a CVS has the characteristic of including more than two parties. While dyadic relationships have been largely studied, multi-partner strategic alliances are not yet fully understood.<sup>37,38</sup> Multi-partner alliances normally entail a single overarching contractual agreement, shared management, and the pursuit of a common objective. While multi-partner strategic alliances can be promising in terms of results, they also entail additional challenges, such as higher coordination issues,<sup>39</sup> the emergence of coalitions,<sup>40,41</sup> difficulty finding agreement among members,<sup>42</sup> social exchange issues,<sup>40</sup> and complexity in managing knowledge leakages. As a multi-partner strategic alliance, the CVS becomes a novel encounter mechanism where inter-organizational cooperation holds the promise of reaching its peak, due to the potential innovation synergies achieved by start-ups and corporations pursuing innovation together.<sup>1,2</sup>

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<sup>25</sup> The concept of multi-partner alliances is defined as "a collective, voluntary organizational association that interactively engages multiple members in value creation activities, such as collaborative research, development, sourcing, production, or marketing of technologies, products or services"<sup>38</sup>





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# 4. Our Results

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This study aims to gain insight into the various forms and characteristics of CVSs. Our findings were obtained from a collective research effort that allowed us to identify 50 different CVSs that comprised 340 CVS members and included 262 different-sized companies.<sup>d</sup> The research involved public information and fieldwork, including interviews with 50 chief innovation officers and related personnel.

Our findings indicate that CVSs are a diverse phenomenon across multiple industries<sup>e</sup> and five regions, including Western Europe, South and North America, the Middle East, and the Asia-Pacific region, which could indicate an emerging trend.

In the following lines, we present a typology of CVSs consisting of six categories. We describe the key features of each category, including how CVS members organize

themselves and coordinate their actions. Specifically, we provide insight into the size of CVSs, the types of entities that become CVS members, the various roles CVS members play in organizing themselves, the number of start-ups scouted and selected by each CVS type, the corporate departments involved in CVS management, and the corporate venturing mechanisms used by CVSs. We also analyze the significant benefits established companies derive from participating in these multi-organizational alliances and the primary challenges they face.

Overall, our study sheds light on the diverse forms of CVSs and their associated characteristics, enabling companies to make informed decisions when considering involvement in this type of multi-partner alliance.

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## 4.1. They Are Not the Same: A Typology for Corporate Venturing Squads

One of the main findings in this study is that CVSs are not all equal and are not static. As we will see, companies engaged in CVSs participate in both one-shot and recurrent alliances. Moreover, different CVSs can exist within the same corporate collaborative initiative, depending on the joint activities and arrangements between multiple members.<sup>f</sup> Some firms progress in their engagement with CVSs by testing the viability of this governance structure with a short-lived specific project. If the project yields positive innovation outcomes, firms engage in longer-lived initiatives that require more time and resources.

Our new typology seeks to facilitate a better understanding of this diverse phenomenon, its unique characteristics, and its potential implications for companies and their innovation

strategies. By offering a comprehensive classification, we aim to provide valuable insights into this type of multi-partner alliance and provide an effective framework for future research.

As illustrated in **Figure 5**, the typology of CVSs is based on two key criteria: the main activity of the CVS and the frequency of collaboration among companies. These two factors are combined to yield six distinct categories, namely scouting forces, scouting platforms, joint PoCs, partnerships, co-investments, and joint funds. This classification system has been demonstrated to offer a comprehensive and exhaustive framework, with each resulting category exhibiting unique and relevant characteristics and particular corporate behaviors, as we will explore in greater detail below.

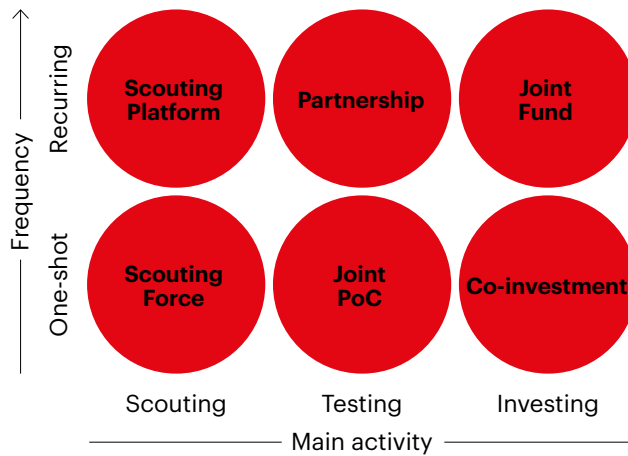
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<sup>d</sup> The CVS members had employee numbers ranging from 3 to 1,541,000, with a median of 2,423, and annual turnovers from \$439,031 to \$514 billion, with a median of \$1.1 billion.

<sup>e</sup> Agriculture; biotech and healthcare; business products and services; chemicals and materials; construction; consumer goods and services; energy and environment; financial and insurance activities; ICT; infrastructure; and transportation.

<sup>f</sup> For instance, let's take Start4Big, a Spanish multi-sector open innovation program promoted by five large companies in the ICT, energy, financial, and transportation sectors. These companies have annual revenues between \$11 and \$58 billion. The program's main joint phase involves scouting and selecting start-ups. In the second phase, different PoCs are delivered by one or some of its members. Sometimes, the PoCs are individual collaborations between one established company and the start-up, such as the pilot project between CaixaBank and the start-up LANG.AI, a platform for understanding language without human supervision and in any language. In these cases, the collaboration is out of the scope of the CVS. Alternatively, some of the PoCs involved several established companies. During its first edition in 2018-2019, Aigües de Barcelona, Naturgy, and Seat had a pilot with start-up Smart IOT Labs, dedicated to the generation of virtual assistants for homes and other environments. Also in this edition, the five companies were part of a PoC with start-up PLAYFILM, a tool that creates a gamified video format to improve mobile campaigns on Facebook and Instagram and increase the connection with users. In the second edition, Aigües de Barcelona and CaixaBank had a joint PoC with start-up Mobbeel, focused on digital onboarding solutions, electronic signature, and biometric authentication. Considering these examples, within the Start4Big program, we would find a total of four CVSs.

**Figure 5.** A typology for corporate venturing squads



Source: Prepared by the authors.

### CVS Main Activity

In order to determine when and why a company should create or join a CVS, it is crucial to first identify the primary activity of this multi-partner alliance. Our research has revealed that CVSs primarily serve three key activities: 1) scouting or gaining access to deal flow of start-ups to potentially collaborate with, 2) testing new products and services with these start-ups, and 3) investing in start-ups.

**Scouting or gaining access to deal flow:** The main activity of a CVS is to attract deal flow, providing members with increased access to opportunities for innovation with start-ups. This addresses a key concern shared by corporations seeking to collaborate with start-ups: their limited ability to attract high-quality deal flow. Scouting activities are often costly and time-consuming, leading companies to outsource them to third-party enablers such as private accelerators, technology scouts, or venture capital investors.<sup>2</sup>

The rise of corporate venturing programs has resulted in fierce competition among companies to attract the best start-ups. CVSs enable corporations to access deal flow by crafting a more sophisticated value proposition and offering multiple benefits to attract top-tier start-ups. A joint scouting activity among CVS members is distinct because they have internally shared their individual innovation needs and information about specific challenges/market opportunities (i.e., there is aggregated information within the squad). This criterion differentiates CVSs from situations where multiple companies use the services of the same corporate venturing enabler (e.g., a consulting firm or a private accelerator).<sup>9</sup> Some of this study's interviewees describe how they publish shared or individual challenges.

An example of a shared challenge would be the Novartis Biome UK Heart Health Catalyst 2022, where the CVS members—Novartis Biome, Medtronic, Ryse Asset Management, and Chelsea and Westminster Hospital NHS Foundation Trust—presented the challenge of finding solutions in the at-home blood pressure testing space. If the CVS members propose individual challenges, there is still a common purpose in the call for applications. This means the call will be visible to the public at the same place or, at least, there will be shared communication. For example, in

the PLANETech Extreme weather competition, each participant presented their own challenge (KKL-JNF on wildfires and forest, Andorra Research+Innovation on heavy rainfall and flash floods, and Enel on energy infrastructure resilience).

**Testing new products and services:** In this case, the activity usually involves a larger investment of time and resources than just sourcing start-ups. Activities within this category imply the creation of joint teams where the group of corporates and the start-up set sprints for these developments. This activity sometimes involves corporations and start-ups sharing a resource (e.g., a common working space). Another exciting benefit of these activities is that establishing a long-term relationship and co-development of products and services may allow the start-up to access the corporation's customer base. Corporations, on the other hand, save resources by not having to hire a dedicated R&D team, and obtaining access to fresh ideas and knowledge from start-up members. An example of this type of CVS is a collaboration in Tanzania, where food (AB InBev) and consumer-goods corporations (Unilever) tested and replicated a site design developed by a start-up (Chanzi) within the framework of a common CVS (the 100+ Accelerator).

**Investing:** Firms in a CVS also pursue collaborative investment opportunities, investing together in one or several start-ups. These investments may occur directly or via the establishment of a common fund. Within CVSs, the most traditional shared investment vehicle is corporate venture capital (CVC). While financial performance may be relevant for a CVC fund, the nature of the investment is primary strategic. Firms see these investments as a way to learn about new opportunities within their industry.<sup>21</sup> Co-investments among CVS members differ from other types of investment (e.g., any venture capital fund with corporate limited partners) because beyond being equity-based, the investment is aligned with the (shared) goal of fostering innovation, aligning technology road maps, or developing business partnerships. Investment decisions are made based on strategic considerations and not only on direct financial return.

Finally, CVS members have internally shared their individual innovation needs or information about specific market

<sup>9</sup> For example, corporate partners that have individually used the services of companies such as Plug and Play or 27pilots are not considered a CVS.



opportunities (i.e., there is aggregated datum). A co-investment within a CVS involves collaboration among member companies, excluding cases where two or more corporates have independently invested in the same start-up, whether focusing on strategic and/or financial returns. An example is the co-investment conducted by Repsol, Facsa, Easo Ventures and Enagás, showing their support for the promising technology for biomethane production from different types of organic waste developed by the start-up Trovant.<sup>43</sup>

### Frequency of Collaboration Among Companies

The second criterion in our classification is the frequency of collaboration among companies. Companies can establish and participate in CVSs with varying time horizons. This study identifies two types of collaboration, one-shot and recurring. While one-shot collaborations translate into a one-time, isolated event, recurrent collaborations imply longer engagements among CVS members. Our data show that one-shot CVSs have an average lifespan of 11 months, while recurrent CVSs stay together for 3.1 years.<sup>h</sup>

### The Six Types of CVS

As shown in **Figure 5**, the classification based on the main activity of the CVS and the frequency of collaboration among companies generates a typology of six categories. We describe each of them below.

**Scouting force:** A scouting force aims to bring deal flow to corporations, meaning an opportunity to interact and see what start-ups are doing. This is a one-shot initiative aimed at "testing the waters" of collaborative innovation. Our findings showed that this type of CVS is preferred under three particular circumstances: 1) market-driven urgent demands (e.g., the CVS called Restarting Together sought to promote innovative projects to alleviate the economic impact of the COVID-19 pandemic); 2) third-party close invitation, meaning there is an enabler that builds the CVS and recruits corporate partners (e.g., Calling2Scale, EIC Corporate Day with BBVA and Ferrovial, PLANETech Digital Challenge); or 3) initial attempt to engage in joint innovation. This is the first attempt of the CVS members using a specific CV mechanism in a multi-partner alliance (e.g., International Innovation Challenge Achieving Carbon-Neutrality Through CO2 Removal and Valorization). In this study, scouting force type CVSs represent 18% of the sample.

**Scouting platform:** This second type of CVS accomplishes the same goal of the scouting force, but the collaboration is recurrent through time. Sometimes scouting forces become scouting platforms after a successful first-time collaborative innovation experience. This is the case of the Horeca Challenge, whose objective during the first edition was the recovery of the hospitality sector after the COVID-19 pandemic, and which then opened a second edition focused on innovation as a lever for the transformation of regional bars and restaurants. This study's interviewees showed that when CVSs were created by public entities or public-private partnerships, they tended to be long-term, recurrent initiatives (i.e., scouting platforms)—for

example, Connectio, Opentop, or BIND 4.0. The most common cases are CVSs designed to have more than one edition that uses challenge prizes or accelerators (e.g., Cleantech Camp platform, Construction start-up competition, Futuretech 2.0, S2B Tech4Climate). In this study, scouting platform type CVSs represent 24% of the sample.

**Joint PoC:** A joint PoC is a scenario where two or more companies collaborate with a start-up to develop or enhance a product or service in a one-time collaboration. An example of this occurred as part of the Madrid in Motion initiative. Following a joint scouting phase, multiple members of the initiative collaborated in a pilot project with the start-up Saffe to implement biometric payment on city buses in Madrid. The CVS included financial institutions like Mastercard and Banco Santander, construction firms such as Ferrovial, and government institutions like the Madrid Municipal Transport Company. In this study, joint PoC type CVSs represent 28% of the sample.

**Partnership:** This is similar to a joint PoC, but the collaboration arrangement includes recurrent PoCs among CVS members with either the same or different start-ups. In this study, CVSs classified under this type have achieved at least one joint PoC delivered by two or more CVS members, excluding the start-up. This is important because sometimes, after a joint scouting phase, CVS members continue to collaborate by establishing individual PoCs. In these cases, the innovation alliance continues, but the technology testing phase is carried out separately. As one interviewee clarified:

Although the (...) program involved a CVS of three corporate partners, and we wanted to achieve PoCs which involved the CVS (...), we decided to run the PoCs individually per corporate partner as we did not find a common PoC that could serve the squad's pain points together as a project.

The 100+ Accelerator, described above, is just one example of a partnership CVS, as well as Energía Positiva+, an innovative platform aimed at contributing to the economic and social recovery from the COVID-19 crisis with a focus on the energy sector; Start4Big, a multi-sector open innovation program promoted by five large companies in the ICT, energy, financial, and transportation sectors; CARNET, an open hub established in 2015 to foster innovation in the automotive and mobility industries, or VerbundX, a co-creation platform led by the Austrian electricity company Verbund. In this study, partnership type CVSs represent 16% of the sample.

**Co-investment:** When companies offer investment opportunities for start-ups as a one-time deal (i.e., one investment in one or more start-ups), we have a co-investment CVS. An example in the agtech sector is Insekt Label, a start-up focused on revolutionizing the healthy and sustainable production of food by using insects as ingredients, which received co-investment from Mondragon Corporation and Viscofan, a company specializing in the production of casings for meat products with operations in more than 100 countries. Erkop, an agri-food and primary sector

<sup>h</sup> The longest-living CVSs we identified were two joint ventures. The first is CARNET, an open hub established in Spain in 2015 to foster innovation in the automotive and mobility sectors. It was founded by Volkswagen Group Innovation, SEAT S.A., and the Polytechnic University of Catalonia, and has since grown to include 17 partners. The second CVS is MobilityXLab, a Swedish accelerator founded in 2017 to promote innovation also in the mobility sector. Its members are CEVT, Ericsson, Polestar, Veoneer, Volvo Cars, Volvo Group, and Zenseact.

group of companies under the Mondragon Corporation, also participated in this investment.

Another example is the €589,113 venture funding from Enagás, BP and Ship2B in the start-up Solatom, within the framework of Energía Positiva+. This investment allowed Solatom, which provides a sustainable and economical alternative to the fossil fuel-fired boilers used in factories, to replicate internationally.<sup>44</sup> In this study, co-investment type CVSs represent 8% of the sample.

**Joint fund:** This is the recurrent version of a co-investment. A joint fund is a structured investment vehicle that involves multiple investment rounds in one or several start-ups. It is similar to co-investment but has a key difference --it provides a clear separation between ownership and management. For instance, Kamay Ventures is a venture capital fund managed by Overboost, facilitating joint investments between Coca-Cola Latin America and Grupo Arcor SAIC. Their shared strategic goal is to improve various stages of production processes in different verticals such as agtech, fintech, biotech, IoT, and environment, going beyond financial returns. In this study, joint fund type CVSs represent 6% of the sample.

WVV is a venture capital firm that resulted from the collaboration of four established corporates: Advocate Health, a US-based healthcare system; Foxconn, a multinational electronics contract manufacturing company from Taiwan; Johnson Controls International, a multinational conglomerate

headquartered in Ireland with a diverse portfolio of businesses in industries such as automotive and HVAC, and Northwestern Mutual, a US-based financial services company with a strong reputation for wealth management, retirement planning, and insurance. WVV's value proposition goes beyond providing funding to start-ups. They specialize in matching artificial intelligence start-ups that need access to proprietary data with the world's largest and most data-rich companies. This differentiated approach provides significant benefits to start-ups, leveraging WVV's connections and the expertise of each corporation in their respective industries.

The construction industry also portrays an example of joint funds as a type of CVS. Zacua Ventures is an early-stage venture capital fund backed by corporate investors such as Cemex Ventures, ANDRES Construction, GS Futures, Progreso X, and SABANCI Building Materials Group. Its regional presence in San Francisco, Madrid, and Singapore allows it to craft a differentiated value proposition for entrepreneurs looking into scaling their businesses globally, leveraging deep corporate networks. As Erick Melgar, General Manager of Progress X, explained:<sup>45</sup>

*More than an investment fund in which we have the privilege of being partners, Zacua Ventures is a strategic ally that will allow us to have a much greater reach in the innovation ecosystem, particularly in construction technology.*

## 4.2. The CVS Typology Applied

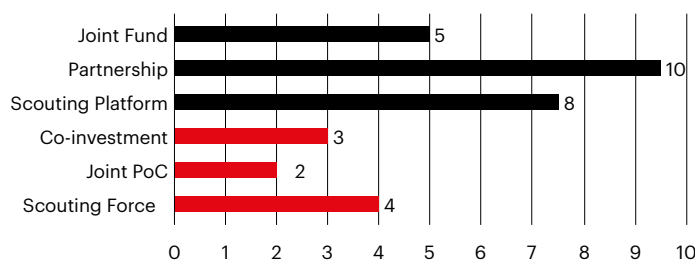
### 4.2.1. CVS Size

Several studies have explored the relationship between the size and performance of a strategic alliance.<sup>46,47</sup> Larger alliances lead to significant issues related to contract completion and higher cooperation costs.<sup>47,50</sup> A study on inter-organizational cooperation and innovation concluded that teams of three to six members are more innovative and productive than larger teams.<sup>48</sup>

Our data has yielded an exciting finding regarding the relationship between the size of a CVS, the frequency of interactions, and activity type. As seen in **Figure 6**, recurrent CVSs generally have more members than one-shot CVSs. Part of the explanation is related to the fact that recurrent alliances offer more opportunities for learning and knowledge sharing among partners, which can lead to more extensive partnerships. Additionally, establishing one-shot CVSs may be influenced by transaction costs, which can limit the partnership's size and scope. Transaction costs include the expenses associated with finding and negotiating with potential partners, as well as the costs of monitoring and enforcing agreements.

It should be noted that the cause and effect of the relationship between CVS size and frequency can be understood in various ways, depending on the context and the specific factors involved. Both time frequency and size can influence the partnership's nature, and the relationship between the two may be bidirectional.

**Figure 6.** CVS median size by type



Note: CVS members (problem owners, enablers, and CVS managers), N = 340; CVS, N = 50. The CVS frequency is marked as **red** (one-shot CVS type) and **black** (recurrent CVS type). Source: Prepared by the authors.

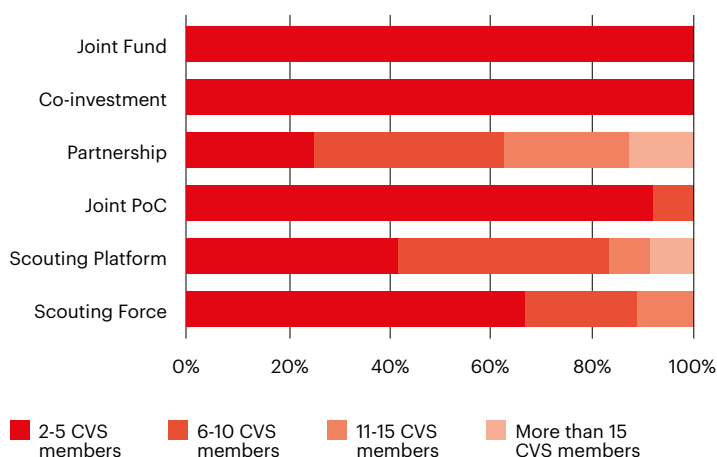
The size of a CVS is also connected to its primary activity, as shown in **Figure 7**. All CVSs in our sample dedicated to investing—joint funds and co-investment—are sized between 2 and 5 companies. In the case of testing new products and services, 68% of all CVSs have a 2 to 5-member size. An interesting insight is the existing differences when also considering the time frequency. 93% of joint PoCs have between 2 and 5 members, whereas if we consider the recurrent form—the partnership CVS—there is a wider size range.

Most partnership CVSs still have less than 10 members, with only 14% of them having between 11 and 18 members.<sup>i</sup> It is worth noting that CVSs are not static and can adopt various configurations. This is particularly relevant in the case of partnerships, where larger groups of companies can collaborate on a recurring basis, but only a subset of them will participate in specific joint PoC projects. For instance, the partnership CVS VerbundX, led by the Austrian electricity company Verbund, has 10 members (Öbag, OMV, voestalpine Steel Division, Verbund, Österreichische Post AG, RHI Magnesita, Alperia, AIT, BIG, and SpeedInvest). However, three of its members (OMV, voestalpine, and RHI Magnesita with the US start-up Compact Membrane Systems) have engaged in a co-creation process that leads a joint PoC to achieve a cost reduction for carbon capture in projects.

Finally, 48% of CVSs aimed at scouting for start-ups have more than six members. A wider range of sizes was observed in the case of the recurrent form—scouting platform—, with 58% of cases involving between 6 and 70 members.

In general, the data shows that when it comes to defining the right size of a CVS, those dedicated to investing in a start-up or conducting a joint PoC consider a smaller number of members than those aimed at scouting start-ups. The reason is that members of these types of CVSs have a very specific goal and require a smaller group of companies to work closely together. Evaluating potential candidates when investing in a start-up can be time-consuming, and a smaller CVS can make this process more efficient. Similarly, conducting a joint PoC involves a small group of partners who can work closely together, which can be more challenging with a larger group. These results emphasize the importance of close collaboration and communication among firms in these types of alliances.

**Figure 7.** Frequency of CVS sizes by type

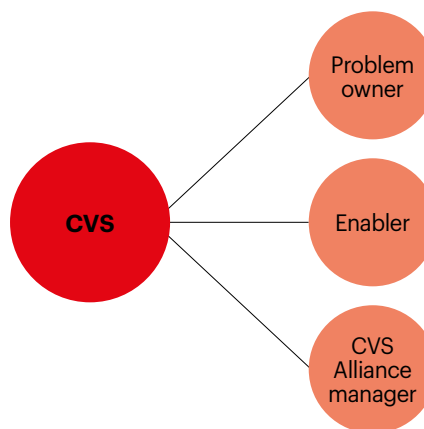


Note: CVS members (problem owners, enablers, and CVS managers), N = 340; CVS, N = 50.  
Source: Prepared by the authors.

## 4.2.2. Roles within the CVS<sup>j</sup>

Our study has also revealed that most CVSs involve three distinct roles: problem owner, enabler, and CVS alliance manager (see **Figure 8**). Each of them is described below.

**Figure 8.** The three roles within a CVS



Source: Prepared by the authors.

The problem owner represents the demand side of innovation. These can be corporations, SMEs or government agencies (on rare occasions) aiming to foster collaborative innovation with other organizations. They face the problem of innovating and use start-ups as part of the solution.

The enabler is a role that may (or may not) be part of a CVS. This role facilitates innovation processes between start-ups and problem owners. These are well-connected organizations within an innovation ecosystem that promote collaboration between companies and start-ups.<sup>1</sup> This role becomes relevant when companies with limited experience or limited resources want to engage in a CVS. Unlike the problem owner, the enabler does not seek innovation benefits. For example, as an enabler, a public agency joins a CVS to support the ecosystem.

The CVS alliance manager is an internal party that supports the building and sustaining of the alliance, overseeing its collaboration while facilitating its outcomes.<sup>49</sup> This role is complex because, besides performing strategic and operational responsibilities, the CVS alliance manager needs to become a relationship manager who needs to foster collaboration skills among alliance members.<sup>50,51</sup> Our findings reveal that while most CVSs assigned an alliance manager, there were some cases of CVSs with no alliance manager (12%). In 42% of the CVSs with a manager, we found that the same CVS member had two simultaneous roles, problem owner and CVS manager. As such, we distinguished between the internal CVS manager (a CVS member playing these two roles) and the external CVS manager.

If we consider our six CVS types, we observe relevant differences among these three roles (i.e., problem owner, enabler, and CVS alliance manager), and the type of entities that perform these

<sup>i</sup> The largest partnership CVS in our sample is CARNET, with 18 members. In particular, the Catalan future mobility research hub has three founding institutions (Volkswagen Group Innovation, Seat S.A., and the Polytechnic University of Catalonia) and 11 industry partners (Capgemini, Applus Idiada, FGC, Eurecat, EDAG, TUSGSAL, Autopistas, Ficosa, PTV Group, Nommon, Catalan Traffic Service), one academic (Elisava), and two institutional (RACC, CIAC). As a joint venture, CARNET was also added as a CVS member.

<sup>j</sup> This section must be read cautiously, considering the size of our sample.



roles (e.g., consulting firm, corporate, university, government, other, research or venture capital fund). Most problem owners are corporates, with no relevant differences by CVS type (see **Figure 9**). Specifically, 100% of the problem owners in joint funds, co-investments, and joint PoCs are corporates. However, there are some rare exceptions in partnerships, scouting platforms, and scouting forces where the role of problem owner is performed by government agencies or venture capital funds. This occurs in 2-3% of the cases. In connection to this and, considering the definition of internal CVS manager—a CVS member playing both the role of problem owner and CVS manager—, most are also performed by corporates, with one notable exception in co-investment CVSs. Specifically, 50% of the internal CVS managers in co-investment CVSs are venture capital funds. This makes sense, given the expertise and knowledge of VCs in these types of shared investments.

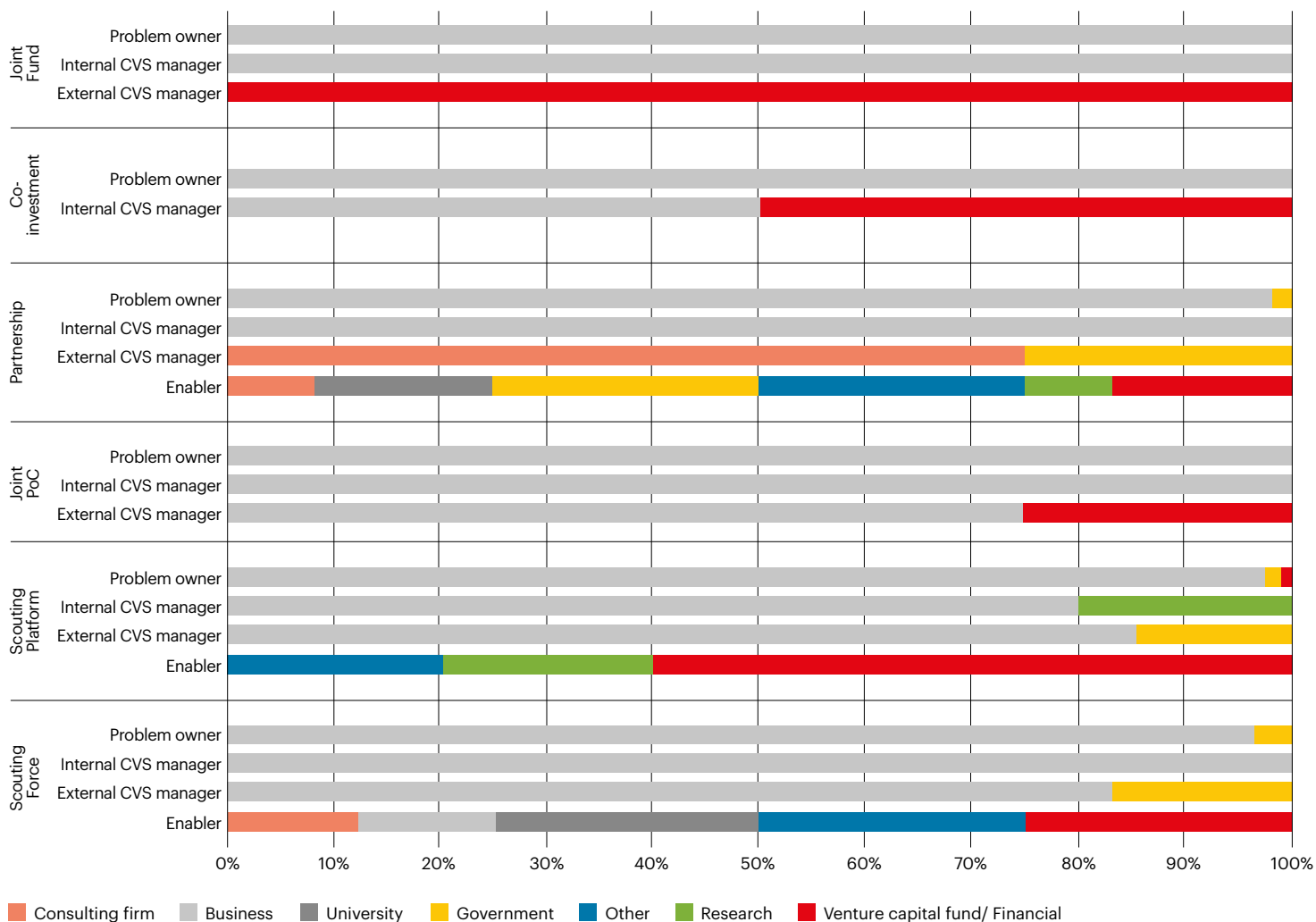
Furthermore, when considering the role of external CVS manager, there are notable differences between CVS types dedicated to investment in start-ups, namely joint funds and co-investments, and other CVS typologies. Co-investment CVSs do not have an external CVS manager, whereas joint funds necessarily include this role to ensure a clear separation between ownership and management. In these cases, the joint venture that manages the

fund becomes the external CVS manager, and venture capital funds perform this role in 100% of the observed cases. Regarding partnerships, 75% of the cases have consulting firms performing the role of external CVS manager. This finding may be explained by the complex nature of partnerships, which involve recurrent alliances and testing new products and services.

Finally, the analysis of the role of enabler shows two patterns across CVS types. First, the enabler is absent among three out of the six categories of CVSs: joint funds, co-investments, and PoCs. These three categories of CVS show tight relationships among CVS members and there is no room for third parties that have nothing at stake in this multi-partner strategic alliance. These results are aligned with findings exploring the relationship between CVS size and type of CVS, where keeping the number of partners low in highly complex activities ensures better collaboration and communication.

Second, in CVSs such as partnerships, scouting forces, and scouting platforms, the role of enabler is performed by a wide variety of organizations, including consulting firm, corporate, university, government, research, and venture capital firm, with percentages ranging from 8% to 60%. This means, within these three types of CVSs, the role of enabler is shared indistinctly among ecosystem stakeholders.

**Figure 9.** CVS role distribution and type of entity by CVS type



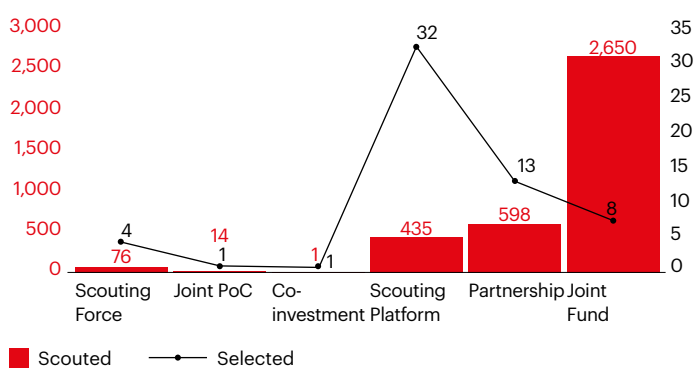
Note: Scouting force, (CVS members, N = 48); scouting platform (N = 143); joint PoC (N = 26); partnership (N = 79); co-investment (N = 9); joint fund (N = 13).

Source: Prepared by the authors.

### 4.2.3. Number of Start-ups Scouted and Selected<sup>k</sup>

The start-ups represent the supply side of innovation in CVSs. They possess the agility and dynamism required to tackle the challenges posed by problem owners—the corporates who represent the demand side of innovation within the CVS—with remarkable speed and creativity. Depending on the type of mechanism used by a CVS, start-ups can be invited alone or with other start-ups to innovate with problem owners. In this study, we did not interview start-ups in a CVS, yet our interviewees revealed that the number of selected start-ups per CVS range between 1 and 167 (or between 1 and 5,000 if we consider the scouted start-ups). **Figure 10** provides details by CVS type.

**Figure 10.** Median scouted and selected start-ups by CVS type



Note 1: Scouted start-ups, (CVS, N = 38); selected start-ups, (CVS, N = 45).

Note 2: **Vertical left axis = scouted start-ups (0-3,000); vertical right axis = selected start-ups (0-35).**

Note 3: Joint PoCs and partnerships sometimes belong to the same corporate collaborative initiative. See footnote F.

Source: Prepared by the authors.

When considering scouted and selected start-ups, it is observed that recurrent CVSs recruit a larger number of start-ups. These CVSs have typically been active longer than one-shot CVSs, with an average lifespan of three years versus one year. However, there are important differences within the CVSs of the two groups.

Firstly, among the three one-shot CVSs, namely scouting forces, joint PoCs, and co-investments, there are significant differences in the number of scouted startups (median: 76 vs. 14 vs. 1), which can be attributed to their distinct objectives.

Scouting forces focus on scouting and are primarily interested in identifying potential opportunities. By concentrating on this initial stage, they can identify many potential start-ups. Different corporations have different needs, interests, and priorities, which may not always align perfectly. By focusing on joint scouting, a CVS can identify a wide range of potential start-ups that can meet the needs of different corporations. In contrast, joint PoCs are specifically tailored towards developing or enhancing a product or service, involving a more rigorous selection process with narrower criteria.

Lastly, a CVS that only aims to co-invest in start-ups typically involves rigorous due diligence and financial risks, requiring a

higher level of commitment from the CVS members. As they are more deeply involved in the start-up's operations and decision-making, this level of involvement may limit the number of start-ups they can consider for investment. They need to be highly selective about which ones they partner with. Furthermore, our sample revealed that corporates tend to select start-ups individually and later present the opportunity of co-investing to other corporates.

If we consider recurrent CVSs, there is a significant difference between joint funds, which have a median of 2,650 scouted start-ups, and scouting platforms and partnerships, which have a median of 435 and 598 scouted start-ups, respectively. We found that joint funds in our sample are managed by VCs with their own extensive database (e.g., Overboost in the case of Kamay Ventures).

Even more interestingly, scouting platforms and partnerships exhibit selection rates of 7.36% and 2.17% respectively, while joint funds demonstrate a significantly lower rate of 0.3%. This finding highlights contrasting approaches to the selection process among these CVS types. Scouting platforms and partnerships, with their higher selection rates, present a more exploratory approach, suggesting a willingness to consider a larger number of start-ups. Conversely, joint funds, with their notably lower selection rate, present a much more selective process, focusing on only a few high-quality start-ups for investing.

### 4.2.4. Departments Involved in the Management of a CVS

Cooperation and coordination are at the heart of a strategic alliance and, by default, at the heart of a CVS. Coordination is a significant challenge as, in the context of inter-organizational cooperation, it shapes the effective alignment and adjustment of partners' actions to achieve joint goals.<sup>50</sup> Coordination involves sharing information, decision-making, and creating feedback mechanisms that organize partners' efforts and combine resources in productive ways.<sup>50</sup> The role of coordination is key across the different stages of a strategic alliance's life cycle, including the selection of partners, the design of processes, and the sustainment of the alliance.

Innovation can emerge from multiple areas within an organization and isn't confined to a single department or level. Thus, supporting and fostering innovation within an organization necessitates recognizing and embracing the diverse array of potential sources that can contribute to this objective. One such source is the research and development department, which is often responsible for developing new products, processes, and technologies. However, innovation can also be driven by other departments, such as marketing, operations, and human resources, which can contribute by identifying market opportunities, streamlining processes, and promoting a culture of creativity and collaboration, respectively. Even customer service representatives can play a role in innovation by providing valuable insights into customer needs and feedback. Additionally, an organization's top leadership can play a crucial role in fostering a culture of innovation by setting goals and priorities, allocating resources, and making strategic decisions to support innovation initiatives.

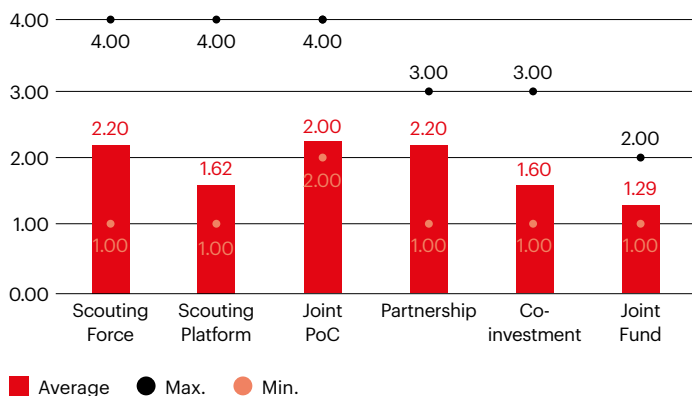
<sup>k</sup>This section must be read cautiously, considering the size of our sample.

In this study, CVS members were asked which departments were involved to ensure the CVS ran properly. Although our sample size is limited, our data has uncovered some interesting disparities in the number of departments responsible for managing a CVS across different types of CVS. It is also noteworthy that corporations adopt diverse approaches to managing their innovation efforts. Some companies maintain dedicated innovation teams, while others take a more comprehensive approach, incorporating innovation into all their core business functions.

Joint funds usually involve only one department, with an average of 1.29 (min. 1, max. 2). However, CVSs dedicated to testing new products or services, whether recurring or non-recurring, typically involve a greater number of departments in managing the CVS. Partnerships and joint PoCs are focused on the success of a particular activity (the pilot with the start-up) and may require diverse perspectives and expertise (see **Figure 11**).

For instance, a specialized technical unit may supervise prototyping. At the same time, the legal department ensures compliance with legal and regulatory requirements, and the business development team collaborates with the start-up to identify new markets. By pooling their knowledge and expertise, each department can contribute to the project's success, leading to more favorable outcomes.

**Figure 11.** Number of departments involved in the management of the CVS by type



Note: CVS members, N = 118; results are based on 228 (departments) answers. It was an open-ended question, and respondents could provide more than one answer. See Section 6.1 Research Methodology for more information. Source: Prepared by the authors.

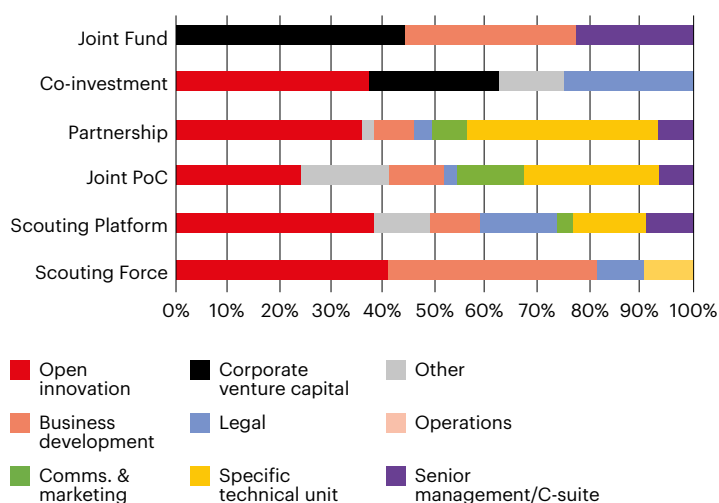
What about the departments usually involved in managing CVSs? Are there any differences based on the type of CVS? Yes, our interviews show that there are variations. The most frequent departments involved are open innovation (scouting platforms and co-investments, 38% each), open innovation and business development (scouting forces, 41% each), specific technical units (joint PoCs, 26%), open innovation and specific technical units (partnerships 36-37%), and corporate venture capital (joint funds, 44%).

**Figure 12** shows that the open innovation department is generally involved in most types of CVS, except for joint funds, which tend to engage members from corporate venture capital (44%), business development (33%), and senior management

(22%). While corporate venture capital representatives are also involved in co-investments, our interviewees emphasized the role of the legal department (25%). A senior investment manager from a large gas and oil corporation highlighted that lawyers play a vital role in co-investments with start-ups, working closely with their legal team ("we work hand in hand"), especially during the final stages of the process.

Finally, CVSs involved in scouting and developing products or services tend to engage a wider range of departments. However, joint PoCs and partnerships show a higher involvement of specific technical units, with 40% and 37%, respectively.

**Figure 12.** Main departments involved in CVS management by CVS type



Note: CVS members, N = 118; results are based on 228 (departments) answers. It was an open-ended question, and respondents could provide more than one answer. See Section 6.1. Research Methodology for more information. Source: Prepared by the authors.

#### 4.2.5. Corporate Venturing Mechanisms

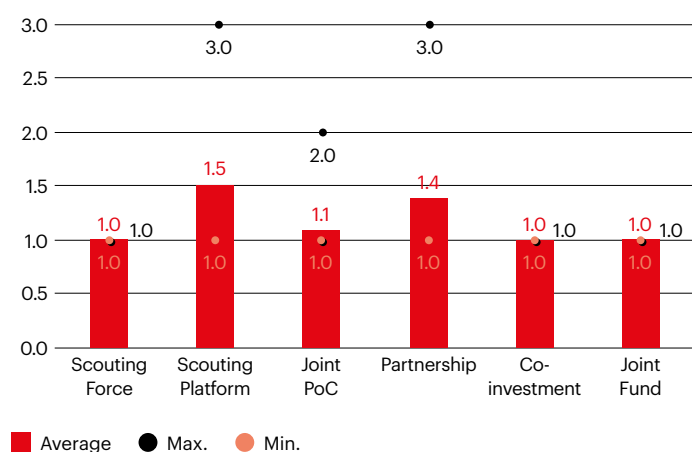
CVSs use numerous mechanisms that allow for innovation through inter-organizational cooperation. Scouting missions, hackathons, sharing resources, challenge prizes, corporate accelerators and incubators, and corporate venture capital are some of the tools used to foster corporate venturing.<sup>2</sup> They differ mainly in terms of their speed and cost of implementation, as well as the level of commitment in terms of time and resources required to implement. For instance, mechanisms like scouting missions or hackathons are more appropriate for innovation opportunities in their early stages of development. On the other hand, venture builders or corporate accelerators require a more significant commitment and are better suited for more mature opportunities. In many cases, companies initially engage in cheaper options that allow for fast implementation. Later, they may shift to more expensive, long-term-oriented mechanisms for corporate venturing.

CVSs tend to use only one, or a reduced number, of corporate venturing mechanisms (see **Figure 13**), although we found differences by type.<sup>1</sup> As expected, co-investments and joint funds



only use one mechanism: corporate venture capital. Scouting platforms and partnerships, two recurrent forms of CVS, often use more than one mechanism. In our sample, we found that three was the maximum number of mechanisms used for both cases. For instance, Connectio, the open innovation business platform of Barcelona Activa, utilizes scouting teams, challenge prizes, and resource sharing. IndesIA, an association that promotes the use of data and artificial intelligence in companies and SMEs in the Spanish industry, employs hackathons, resource sharing, and an accelerator.

**Figure 13.** Number of CV mechanisms used by CVS type



Note: CVS, N = 50; results are based on 60 (mechanisms) answers. A CVS can use more than one corporate venturing mechanism. See Section 6.1. Research Methodology for more information.

Source: Prepared by the authors.

Are there differences among preferred mechanisms if we consider different types of CVSs? Yes, there are. As **Figure 14** reveals, within the typology of six alternative CVSs presented above, there are nuances related to which corporate venturing mechanisms to use.

**Scouting force:** 89% of this type of CVS chose the challenge prize as their preferred corporate venturing mechanism. Alternatively, but not as popular, were specific scouting missions (11%). This preference reflects the short-term nature of the scouting force, mostly centered on organizing scouting-related activities. In many cases, they are the first approximation of an established firm to learn to collaborate with start-ups and other industry partners.

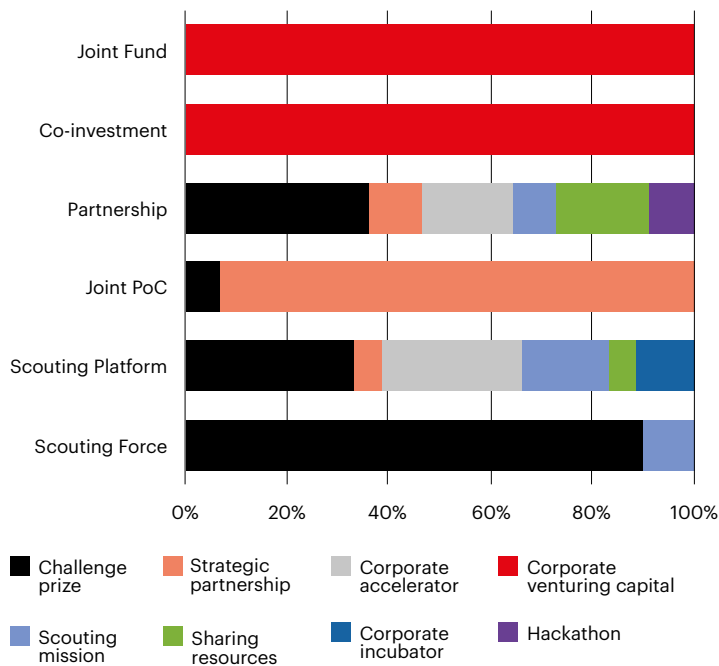
**Scouting platform:** Here, CVSs use a more comprehensive array of options for innovation. The most frequent CV mechanisms, accounting for 78% of the CVSs in this category, are the challenge prize (33%), corporate accelerator (28%), and scouting mission (17%).

**Joint PoC:** In this case, 93% of the CVSs used venture client or a strategic partnership. This is unsurprising since this CVS type focuses on building alliances to run a joint pilot to test how well the start-up's technology integrates with the companies' existing products or services.

**Partnership:** Similar to the previous recurrent CVS type—the scouting platform—here we find a wide range of options: challenge prize (36%), sharing resources (18%), scouting mission (9%), hackathon (9%), and venture client/ strategic partnership (9%).

**Co-investment and joint funds:** As commented above, they are CVS types that use only one mechanism, the corporate venture capital.

**Figure 14.** CV mechanism by CVS type



Note 1: CVS, N = 50; results are based on 60 (mechanisms) answers. A CVS can use more than one corporate venturing mechanism. See Section 6.1. Research Methodology for more information.

Note 2: In this figure, the strategic partnership mechanism also incorporates the venture client due to the wide variety of engagements found in the sample.

Source: Prepared by the authors.

#### 4.2.6. Corporate Benefits

Our interviewees have confirmed that joining a CVS can provide many of the benefits of joining a multi-partner alliance. When inquiring about the primary benefits that their companies have experienced by engaging in a CVS, we were able to identify five distinct advantages: better access to deal flow, improved network access, the opportunity to learn and share best practices, improved credibility and visibility, and reduced risks and costs.

##### Increase the Quantity and Quality of Deal Flow

Our data shows that 37% of the total reported benefits pointed to deal flow as the main advantage of joining a CVS. A CVS allows companies to share and leverage scouting capabilities, providing a more attractive value proposition to start-ups than if a corporate was working alone. The

<sup>1</sup> A detailed description of each corporate venturing mechanism can be found in the Appendix 6.2. Mechanisms available for corporate venturing.

impact of implementing the CVS on the number of start-ups attracted by its members varied widely, ranging from a 100% increase to no increase at all. However, even when there was no deal flow increase, companies still derived benefits from the CVS.<sup>m</sup>

### Improve corporate's innovation network

According to our interviews, 29% of the benefits reported by companies were related to improving their network and position in the innovation ecosystem. Interestingly, the CVS appeared to reinforce existing relationships among companies rather than create new ones. In fact, 80% of the CVSs involved companies that had previously worked together, indicating that there may be some risk in engaging in new collaboration alliances such as the CVS. Instead, companies seem to prefer to start with allies that they already know.<sup>n</sup>

### Learn Together and Share Best Practices

Corporations join alliances to seek technical knowledge and gain expertise that encourages faster opportunity recognition.<sup>52</sup> Among interviewees, 26% highlighted the significance of knowledge sharing as a direct outcome of being a part of a CVS. Research has shown that participating in strategic alliances allows corporations to connect with others within a network that allows them to learn together and share best practices, cross-pollinating knowledge and opportunities.<sup>20,53</sup>

### Improve Credibility and Increase Visibility

We observe that 4% of the total reported benefits were related to enhancing a firm's credibility and visibility. This can be attributed to the size and reputation of the companies included in our sample. In CVSs comprising predominantly large corporations, as opposed to small or medium-sized enterprises, the firms were already well-established and recognized. Consequently, they did not require as much support in terms of credibility or visibility from other prominent players in the industry. This contrasts with the needs of start-ups; research has found that many start-ups engage in alliances with corporations in order to gain credibility and legitimacy.<sup>54</sup>

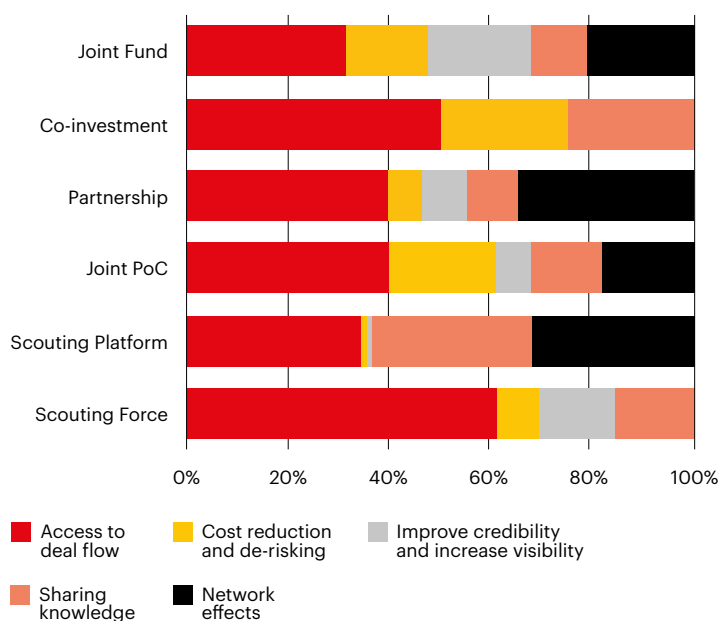
### Reduce and De-Risk Your Innovation Costs

The management literature highlights the importance of sharing costs and risks for firms new to innovation. Co-developments and PoCs can lead to cost optimization and financial de-risking as companies share the associated costs.<sup>1,2</sup> For this reason, it is counterintuitive that cost reduction and de-risking were the least frequently

mentioned benefits reported by CVS members. In fact, only 4% of the reported answers were about reducing costs and risks as a benefit of joining a CVS. This finding is surprising, given that the cost reduction reported by some CVS members was substantial, with savings of up to 50% or even 90% of the total cost. From our data, we conclude that cost reduction is not a primary driver for companies to join CVSs. As one interviewee pointed out, cost-reduction "is an added value (...) but there are other goals that are much more relevant."<sup>o</sup>

As depicted in **Figure 15**, there are some notable differences in the types of reported benefits by different CVS types.

**Figure 15.** Corporate benefits by CVS type



Note: CVS members, N = 165; results are based on 405 (benefits) answers. It was an open-ended question and respondents could provide more than one answer. See Section 6.1. Research Methodology for more information. Source: Prepared by the authors.

Scouting forces, partnerships, and co-investments reported access to deal flow in 40% or more of the cases. For example, we found one partnership that started as an individual program and later became a CVS. This change resulted in a 50% increase in the number of applicants. A hybrid example would be that of a company that increased its annual deal flow by 33% thanks to a joint PoC with a 12-week start-up application period. The interviewee emphasized that the

<sup>m</sup> These benefits included acting as a "catalyzer of their ecosystem" by providing new opportunities for their existing portfolio of start-ups. In addition, the CVS helped to accelerate the process of finding high-quality deal flow, as demonstrated by a company in the insurtech sector with a "huge deal flow of tiny start-ups that will die very soon." Moreover, some companies found that the solutions available through the CVS were "much more powerful, more mature, with more capacity to be implemented more quickly" than those available through their individual programs. We also found cases with excellent quantitative results; one of the companies from the financial and insurance sector considered that it probably doubled its access to the deal flow of start-ups thanks to its first CVS, which lasted six months.

<sup>n</sup> In particular, in 44% of CVSs all the members had previous experience working together, while in 36% of the cases at least two members had such experience.

<sup>o</sup> Another interesting point raised by the interviewees was that measuring costs in multi-partner alliances such as a CVS is rather complex. Different factors explain this. Sometimes, the CVS is designed to benefit the sector rather than the CVS members (e.g., the Horeca Challenge). Due to these long-term and strategic collaborations, CVS members care more about future benefits rather than reducing present costs. Some difficulties are also connected to the big size of some CVS members, especially in those cases with decentralized innovation units. As one interviewee pointed out, identifying and monitoring the CVS results can be tough. Those who tried to measure cost savings concluded that collaborating with other companies reduces the cost, but not proportionally or linearly. These conclusions are better understood from the words of an open innovation senior officer in one of the largest chemical producers in the world: "If I think about this as cost reduction...I'm cutting off the branch that I sit on. What I really think about is which is the opportunity that we've opened up? I didn't reduce any cost. I'm pure cost. We do not do this to save money. It is tough to get through those KPIs, and to think in terms of cost reduction. If our business is accelerated by one or two years thanks to the collaboration with any of these start-ups, we could generate millions. This is why this is so hard to measure."

most relevant aspect was the curation of start-ups, which ensured a high-potential fit thanks to the collaboration with the other CVS members (in this case, an enabler and another problem owner).

In terms of diversity, co-investments differ from the rest, as only two additional benefits were recognized: cost-reduction and de-risking, and sharing knowledge. In this sense, the strategic logic of the investment remains clear. However, the financial aspect is still important, both considering a reduced ticket thanks to other companies' investment and the financial return. However, careful interpretation is necessary. Even in cases where two CVS members split the total cost, they did not view cost savings as the highlight of the CVS: "...being so close to these start-ups has much value, it goes beyond the cost of the program."

In addition to cost reduction and de-risking, co-investments also enable knowledge sharing between corporates before investing in the same start-up as part of the due diligence process. By sharing knowledge, corporates can combine their expertise and resources, leading to a better understanding of the start-up's market, technology, and potential. This, in turn, can reduce investment risks associated with market uncertainties, technological challenges, and operational risks. For example, two construction corporates co-invested in a start-up after exchanging opinions about their previous individual experiences working with it, which happened to be complementary. Furthermore, knowledge sharing can help identify potential synergies and collaboration opportunities between the corporates, creating value beyond the investment itself.

The other types of CVS present a wider range of benefits. Sharing knowledge is present in all categories, but it is more frequent in CVSs dedicated solely to scouting start-ups (scouting platform, 32%; scouting force, 15%). Network effects are more frequent in recurrent CVSs (scouting platforms, 32%; partnerships, 34%; joint funds, 21%). Improving the company's credibility and increasing its visibility in the innovation ecosystem is mainly present in four CVS types: joint funds (21%), scouting forces (15%), partnerships (9%), and joint PoCs (7%),

Finally, our analysis showed that reducing costs and risks were among the least reported benefits in all types of CVSs, except for co-investments. For other types of CVSs, the percentage of answers including this benefit ranged from only 1-21%.

### 4.2.7. Corporate Issues

Existing research has identified that opportunism, asymmetric power distribution, and incompatibility among partners are common challenges in dyad and multi-partner alliances.<sup>35,36</sup> However, additional challenges are unique to the latter type and are relevant to CVSs. These challenges include a higher level of organizational complexity and coordination,<sup>39</sup> complex power dynamics,<sup>40</sup> the emergence

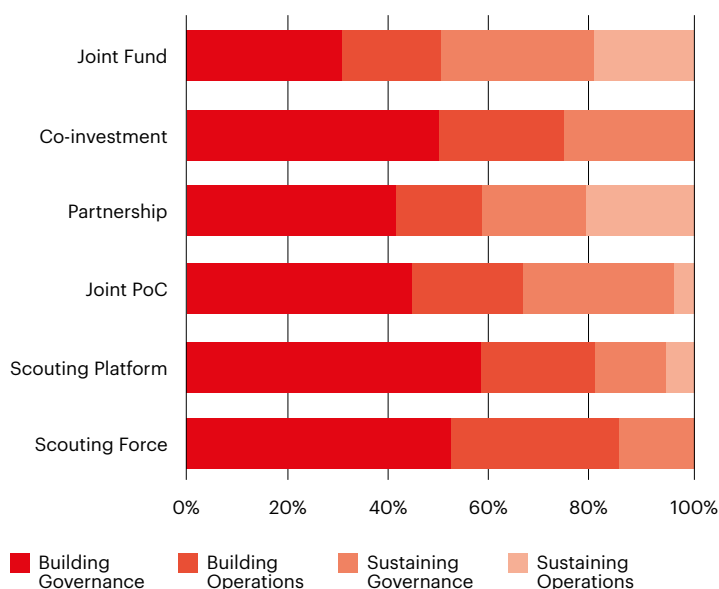
of coalitions and internal competition,<sup>40,41</sup> difficulty in finding a strategic fit among all the parties,<sup>42</sup> the need to draft specific contracts,<sup>42</sup> social exchange issues,<sup>40</sup> and complexity in managing knowledge leakage. These tensions translate into difficulties in value creation and value capture.

While the collaborative efforts within the alliance translate into value-creation opportunities, capturing value is not always granted, especially when the partners within the alliance are direct competitors. To achieve successful multi-partner strategic alliances, this research highlights the importance of understanding the unique challenges that CVSs face, and the need for innovation managers to address these challenges effectively.

To analyze the challenges of CVSs, we have employed two criteria: types of issues faced by CVSs and the phase in which they occur. Specifically, we have identified two types of issues, governance and operational issues. The former pertains to challenges that arise during the establishment of the multi-partner alliance, such as determining objectives, devising decision-making processes, allocating benefits among members, and addressing intellectual property concerns. The latter concerns frictions that arise during the execution of day-to-day business activities, such as resource scarcity.

In addition, we have identified two primary phases of CVSs. The first is the building phase, which occurs prior to the launch of the CVS and involves its establishment and design. The second is the sustaining phase, which begins after the launch and encompasses the implementation of the CVS.

**Figure 16.** Challenges faced by CVS members by CVS type



Note: Building/governance, (CVS members, N = 131); building/operational (N = 57); sustaining/governance (N = 44); sustaining/operational (N = 19). Results are based on 268 (challenges) answers. It was an open-ended question and respondents could provide more than one answer. See Section 6.1. Research Methodology for more information. Source: Prepared by the authors.



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Despite varying intensities, our findings reveal a comparable distribution of challenge types across all CVS types. Although one may anticipate that certain CVS activities—such as testing new technologies versus scouting—would generate more friction among members, governing issues during the building phase are the most prevalent challenge, regardless of CVS type. However, a notable exception to this trend is the joint fund CVS type, where governance challenges before and after the launch of the CVS are equally concerning (31% in both cases). This outcome is expected, given that joint funds are long-term-oriented investment vehicles, and governance can be complex, particularly when members from different countries must comply with varying regulations and policies. Changes to the model can also take a long time and result in costly legal bills. Furthermore, CVS managers in joint funds cite friction as well as the "learning curve" for companies, considering the need to balance short-term versus long-term as well as financial versus strategic returns.

Furthermore, when we only consider the CVS phase, we find that most challenges faced by CVSs occur before the launch: scouting force (86%), scouting platform (81%), co-investment (75%), joint PoC (67%), partnership (58%), and joint fund (50%). This outcome underscores the importance of CVS members paying close attention to issues during the venture's foundation and design. The initial governance difficulties were attributed to disparities among corporate partners in identifying CVS members and aligning objectives, including differences in deadlines, start-up scouting or selection criteria, and intellectual property management. Moreover, internal bureaucracy or legal compliance often complicates the decision-making process. Cultural differences and diverse modus operandi among CVS members were also relevant factors.

Operational challenges during the implementation phase are slightly more frequent in joint funds and partnerships, two recurrent CVS types. Some issues were external, such as the impact of the COVID-19 pandemic on CVS members' operations. However, most problems were internal, such as changes within corporate members, lack of experience closing agreements with start-ups in a multiparty context, and bureaucracy. Standard documents can be created for the CVS processes to address these challenges, but legal teams from individual member companies may still need to be involved.

In summary, our research highlights the need for CVS members to care about governance issues, particularly during the building phase. Joint fund CVSs may face unique governance challenges, given their long-term nature. Operational challenges may arise during the implementation phase, requiring close attention to corporate policy and strategy changes. Ultimately, CVSs hold the potential for driving innovation and creating value, but their success requires careful management and attention.





# 5. Consequences: Now What?

## How Can These Results Help Chief Innovation Officers?

This study introduces the corporate venturing squad, a novel type of multi-partner alliance born with the goal of driving corporate innovation through the cooperation of multiple corporations working as a team, innovating together with start-ups. CVSs are worth exploring due to the promising benefits that stem from the cooperative innovation efforts of its members. Companies like AB InBev, Coca-Cola, Volvo Cars, and Cemex Ventures have entered into such partnerships, enjoying the advantages of knowledge-sharing, resource pooling, increased start-up deal flow, and reduced innovation costs and efforts. By leveraging their combined purchasing power and global footprint, these corporations can approach start-ups with a stronger value proposition, standing out from other solo-corporate venturing programs.

In order to advance the understanding and reach of innovation activities performed by CVSs, this exploratory study offers a first introduction to this governance structure by characterizing it, highlighting its key features, and presenting a typology of CVSs. These results are obtained from a data collection effort that included public information and fieldwork consisting of 50 interviews to CINO or similar roles from a wide spectrum of companies across various industries. The sample comprises 262 companies from 12 countries and five continents.

This groundbreaking phenomenon has the potential to transform the innovation landscape. Apart from fostering collaboration across multiple sectors and stakeholders, CVSs can also provide a platform for long-term commitment and intra- or cross-industry knowledge sharing. Even if CVS members are competitors, they can benefit from exploring and implementing strategic partnerships to create shared value for themselves and society.

How can these results help company CINO establish and sustain successful CVSs?

### Unleashing the Power of Collaboration: the Role of CVSs for Corporates' Innovation Strategy

It is crucial for CINO to understand the value of collaborative innovation in today's competitive and resource-limited market. To elevate your innovation game, consider including CVSs in your innovation strategy. CVSs offer several advantages over individual initiatives, allowing organizations to access a wider pool of innovation resources, including best practices, networks, and start-up expertise. By joining or creating a CVS, companies can craft a stronger value proposition to attract start-ups, potentially leading to more successful collaborations and innovative solutions. Additionally, CVSs can provide

a mechanism for firms to engage in higher-risk and more uncertain innovation activities than those that a single firm can engage in, enabling them to stay ahead of the curve. The inclusion of CVSs in your innovation strategy can empower your organization to innovate smarter, not harder, and stay ahead of the competition.

### Finding the Right Match: How to Choose the Best CVS for Your Innovation Goals

CINO should choose the right CVS that aligns with their strategic goals and time horizons. The typology presented in this study can help with this process. It classifies CVSs into six categories based on two key criteria: the primary activity of the CVS and the frequency of collaboration among companies. The primary activity of a CVS is identified as either scouting for new opportunities, testing new products and services, or investing in start-ups. The second criterion refers to the frequency of collaboration among companies, which can be one-shot or recurrent. By offering a comprehensive classification, this typology provides valuable insights into this type of multi-partner alliance and offers effective guidance to craft innovation strategies. Therefore, CINO should analyze their specific innovation needs and goals, and match them with the appropriate type of CVS. This will help them to achieve the most innovative results from this collaboration partnership.

### Matching Corporate Venturing Mechanisms to CVS Types: A Guide to Navigate the Multiple Options

One critical aspect of designing a successful CVS is selecting the appropriate corporate venturing mechanism(s), as they are the tools by which innovation will be accomplished. This study has found that CVSs typically utilize only one or a limited number of mechanisms. Therefore, innovation leaders must carefully evaluate the type of CVS they join, and determine the most effective mechanism(s) for that type of CVS. If you are in the process of designing a CVS, our study sample suggests considering the following options: challenge prize (scouting forces), challenge prizes, corporate accelerators, scouting missions (scouting platforms), strategic partnerships (joint PoC), challenge prizes, corporate accelerator, sharing resources (partnerships), and corporate venturing capital (co-investments and joint funds).

### How to Manage the CVS? Selecting the Right Departments for Different CVS Objectives

If you are a corporate innovator considering creating or joining a CVS, it is essential to involve the appropriate departments to support this effort. This will ensure that diverse perspectives and expertise are considered when evaluating a start-up's solution for feasibility, viability, and potential impact. Additionally, it will help to coordinate and align actions with

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other corporate members towards shared objectives, making the collaboration more effective. This study showed disparities in the number and types of departments involved in different types of CVS. Joint funds usually involve only one department, while CVSs dedicated to scouting and testing new products or services involve a greater number of departments. Open innovation department representatives are generally involved in most types of CVS, except for joint funds, which tend to engage members from corporate venture capital, business development, and senior management. Corporate venture capital representatives are also involved in co-investments, where the legal department also seems to play a vital role. Joint PoCs and partnerships show a higher involvement of specific technical units.

### **Looking Beyond Cost Savings: Understanding the Different Benefits of Corporate Venture Squads**

This study identifies the primary benefits of different CVS types, providing guidance for CINOs to determine which type can offer the most value for their organization. In 40% or more of the cases, scouting forces, partnerships, and co-investments reported better deal flow access as a benefit. Recurrent CVSs were more likely to experience enhanced network access. The chance to learn and share best practices was particularly prominent in scouting platforms (32%) and co-investments (25%). Members of joint funds (21%), and scouting forces (15%) were among the most common to report an improvement in the company's credibility and visibility in the innovation ecosystem. Surprisingly, reduced risks and costs were among the least reported benefits in all types of CVSs, except for co-investments, with 42% of cases.

### **Overcoming the Challenges of Corporate Venturing Squads: Governance Issues in the Building Phase Account for the Majority of Problems**

The most prevalent challenge faced by our interviewees, regardless of CVS type, is governance issues during the building phase. The exception to this trend is the joint fund CVS type, where governance challenges before and after the launch of the CVS are equally concerning. Moreover, if only considering the phase of the CVS, most challenges faced by corporates occurred before the launch of the CVS.

To ensure a smoother and more efficient establishment of CVS, innovation leaders should consider establishing clear governance mechanisms and protocols early in the process. Based on the examples provided by interviewees, potential solutions could be: 1) defining unambiguous criteria for identifying and selecting CVS members; 2) specifying clear lines of communication and decision-making authority, along with tools for addressing cultural differences and diverse modus operandi among CVS members; 3) including clear mechanisms for aligning objectives, deadlines, start-up scouting or selection criteria, and intellectual property management with the goals of the CVS.





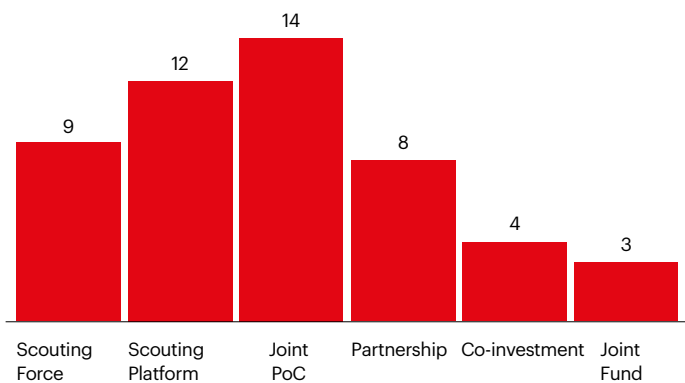
# 6. Appendixes

## 6.1. Research Methodology

This study was conducted in order to discover the characteristics of CVSs, as well as the significant aspects evaluated by established companies to participate in these multi-organizational alliances.

To achieve this, the research team started with a comprehensive literature review, which included evaluating studies published in relevant academic journals, reports, and news platforms. The study of the 50 examples of CVSs results from an exhaustive analysis of public information and fieldwork consisting of interviews with 50 innovation leaders from 40 companies.<sup>p</sup> The sample distribution by CVS type is in **Figure 17**.

**Figure 17.** Sample distribution by CVS type



Note: CVSs, N = 50.

Source: Prepared by the authors.

The sample included 340 CVS members<sup>q</sup> and was diversified in industry<sup>r</sup> and geography, including Western Europe, South and North America, the Middle East, and the Asia-Pacific region. The CVS members had employee numbers ranging from 3 to 1,541,000, with a median of 2,423, and annual turnovers ranging from \$439,031 to \$514 billion, with a median of \$1.1 billion.

A triangulation process was applied using multiple data sources to ensure the validity of the information and gain a comprehensive understanding of this phenomenon. It includes

separate interviews with members of the same CVS.

The research team acknowledges the complexity of the phenomenon and the potential for increased understanding with a larger sample. Therefore, further research is welcome to expand the sample, considering that the number of examples is growing.

An interview protocol was developed, and most of the interviews were recorded. We conducted 50 semi-structured interviews with fixed open-ended questions. Each interview's introduction phase was established to align definitions, reduce ambiguity, and focus the scope—ensuring a common understanding.

The team analyzed the answers through several stages, including coding and classification of responses by repetition of keywords and frequency of concept reference, supported by the literature review results, to identify initial categories. Several tests were conducted to develop a robust classification, avoiding redundancy and securing completeness. Data was quantified and visually analyzed, with percentages reflecting the relative importance of each aspect, rounded to the nearest unit. Four researchers carried out this process, increasing the robustness of the results. The entire study underwent review by four peer reviewers, including three academics and one practitioner.

The study's two primary challenges were the ambiguity of terminology used in the industry and creating a robust categorization that was neither too fragmented nor too aggregated. Countermeasures were put in place to address these challenges, as described in this section.

Further research is welcome in forthcoming papers to answer unresolved questions, such as examining the various relationships that exist among CVS members (i.e., competitive or complementary), and identifying the most effective ways to measure the success of CVSs. Additionally, a deeper analysis of the different types of challenges faced by CVS members, and of the most critical characteristics of CVS managers to achieve the goals of their CVSs should also be explored.

<sup>p</sup> The research team conducted 50 interviews focusing on 38 corporate collaboration initiatives, which provided insights into multiple CVSs in some cases. As a result, the team was able to gather a sample of 50 CVSs for analysis.

<sup>q</sup> Some CVSs changed their composition over time. In these cases, all the CVS members were included in the analysis. For example, Horeca Challenge started with Damm, Familia Torres, and MediaPro in 2020. PepsiCo joined them in the second edition. The four companies were included in the analysis.

<sup>r</sup> Agriculture; biotech and healthcare; business products and services; chemicals and materials; construction; consumer goods and services; energy and environment; financial and insurance activities; ICT; infrastructure; and transportation.

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## 6.2. Mechanisms Available for Corporate Venturing

### Scouting mission

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

### Hackathon

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

### Sharing resources

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

### Challenge prize

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

### Corporate accelerator

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

### Corporate venture capital

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

### Venture builder (or excubator, if outsourced)

Corporations aim to fast-track the growth of start-ups through a combination of several tools (e.g., corporate incubators, corporate accelerators). In practice, an excubator functions as such for a company. While start-ups develop tailor-made prototypes to solve a problem for a corporation, entrepreneurs gain access to facilities, expertise and technical support, including skilled mentorship, which increases their chances of getting access to funding.

### Corporate incubator

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

### Strategic partnership

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

### Venture client (or client accelerator)

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



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## 6.3. Acknowledgments

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MobilityXLab  
Greentown Labs  
EIT Israel Hub  
AB InBev  
Ferrovial  
Plug and Play Tech Center  
Bind 4.0  
Cemex Ventures  
Citibank  
Repsol/IndesIA  
Seat  
Veolia  
Siemens  
Repsol Foundation  
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Repsol  
Petronas  
PLANETech  
BASF  
RYSE

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