

Corporate Venturing 2019 Report

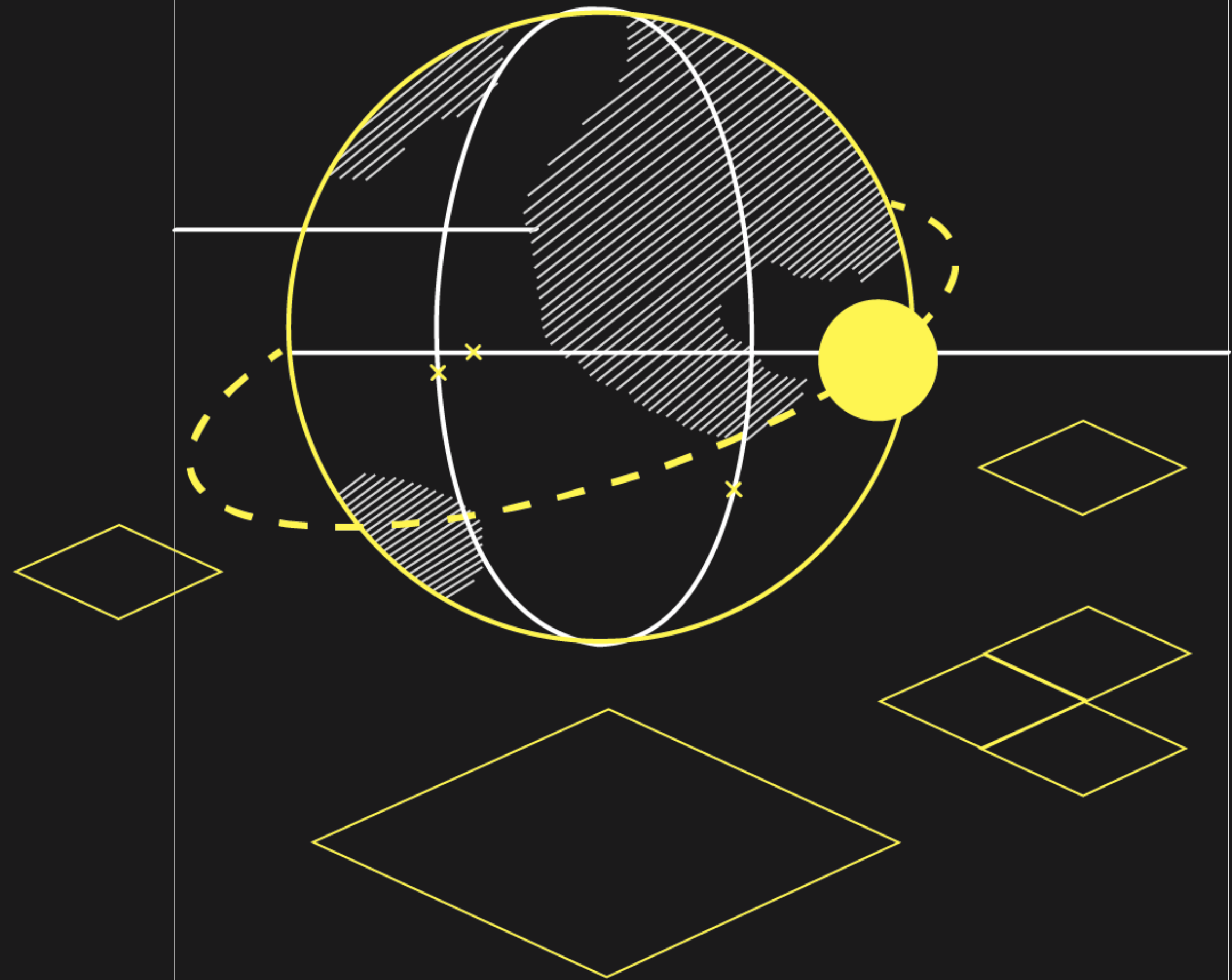


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THE SHIFT EVIDENCED



When I set out to revamp Wayra Germany in 2017, I had no idea that the time for innovation vehicles being questioned had come — it was just common sense to build an innovation vehicle that impacts the Group. Since relaunching our vehicle towards an impact-driven approach, the innovation world has seen a brutal shift towards models that really pay into the growth and success of the mother company.

I am a practitioner — I have experience building and running corporate innovation programs. This report gives a reliable, data-driven view of how innovation vehicles are evolving and that investing in startup technologies has to be on every digital transformation agenda since this has become a valuable source for innovation.

I am very proud of what Joshua and Tobias have created with this report in terms of the quantity of data analyzed and the quality of insights based on real-world understanding. Thanks for pulling me in on this journey and for the opportunity to validate it from the practitioner's perspective!

With innovation becoming more and more important, but also more and more complex for established companies, firms apply a seemingly simple tactic for success. Every year more and more firms set up separate innovation labs, hubs and accelerators to invest in start-ups or to set up their own ventures. These various modes are expected to offer companies new innovations, cultural changes and improved brand images by aligning the two worlds (corporates and startups).

But since both worlds are very different, and hardly anyone has an overview of what is needed on the one side and what is offered on the other, the achievement of these goals is far away. Of the more than 150 innovation hubs, perhaps 2 or 3 are actually successful.

„While Digital Innovation Units are becoming more mature, business traction is still very limited.“

That is not a surprise. Looking at the numbers, it is close to impossible to develop within a new unit the significant innovations that an established company needs to survive. By giving up the competitive advantages and strengths of the core business, corporate startups also face the same chances for success as every other startup out there. In a recent study, Bain & Company found that only 1 out of 17,000 startups in the US reach 500 million USD and profitable growth — these are the conditions of added value that an established firm actually needs.

Looking at these numbers, the operating model for innovation hubs seems dead, and I predict that the bubble will burst soon.

But innovation remains a number one priority for most companies. To increase the satisfaction with innovation performance that generates real business impact, a new operating model is required. Investing heavily in startups brings value to most firms, nevertheless orchestrating all innovation approaches: outside-in, inside-in and inside-out will help realize more of the potential. This is the first step towards the right direction as corporate firms continue to invest significantly in startups.

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LET THE DATA SPEAK!



We are excited to share this data-driven report on corporate venturing with you, which sheds light on the state-of-the-art. This research presents meaningful insights using a broad coverage of data sources and data points.

I feel very privileged to be both a researcher and a practitioner of corporate venturing. Having seen numerous startups and companies ride the crest of the corporate venturing wave, I am breathing my passion for corporate firms' search to spur future growth.

Some practitioners have been skeptical about corporate venturing, even going as far as describing this phenomenon as "corporate innovation theatre". However, established companies engage in a multitude of activities to accelerate innovation and new business creation. Hence, corporate venturing activities are gaining more and more attention from researchers and practitioners – a phenomenon sometimes described as the resurgence of a 'golden age'. Within just a few years, the corporate venturing landscape has changed: (1) more and more established companies invest increasing amounts of capital into corporate venturing activities, (2) new corporate venturing modes are becoming more prevalent, and (3) corporations are reflecting on the performance of their current venturing strategies.

The data presented in this report illustrate how there has been a sharp rise in the number of newly-founded corporate VCs since 2016. In addition, we found that 65 percent of active (engaged) corporate VCs were launched after 2010. This is a remarkable development, as the rapid rise of some corporate VC units suggests important differences between low and high performing corporate venturing units. High performing units are delivering value to startup ventures and may enjoy a competitive advantage.

In addition, my professional experience in corporate venturing was focused mainly on certain markets (e.g., US, Israel, and Europe), and so the data in this report on the rapid rise of Asia-based corporate VCs was particularly surprising to me. For example, six out of ten of the most active corporate VCs in 2018 are based in Asia. This signals high levels of available capital, vast numbers of startup ventures being created, and disproportionate access to enabling technologies.

Roughly two years ago, Joshua G. Eckblad and I joined forces with a long-term mission to...

- Build the leading insight engine into corporate venturing activities
- Bridge the gap between research and practice in corporate venturing
- Boost knowledge and provide valuable insights to practitioners engaged in corporate venturing

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THE REPORT



The report delves into the most recent data on global investments in external startups, made by outside-in corporate venturing units. These units are on the rise and becoming increasingly active. US-based corporate VCs in 2018, for example, made the majority of total investments in external startups for the first time (PitchBook Analyst Note: The Golden Mean of Corporate Venture Capital, 2019).

The term “external corporate venturing” embodies a set of distinct modes that corporate firms use to engage with innovative, external startups. These modes, among others, include *corporate venture capital (CVC)*, *corporate accelerators*, *corporate innovation labs*, and *direct corporate minority investments*.

The report covers two equity-based, outside-in corporate venturing modes: *corporate VC* and *corporate accelerators*. Also, given the interdependent investment relationship between corporate and private investors (i.e., private venture capital (VC) and private accelerators), we include an analysis of these investor classes in the first and last part of the report to provide context for external corporate venturing activities.

Significant discrepancies exist between various industry data sources on external corporate venturing, so every attempt is made to emphasize recent trends rather than absolute numerical datapoints. The fact that datasets differ is not so much an issue of quality, but more a reflection of complexity. Collecting sensitive, strategic data that is internal to corporate firms is sometimes incomplete in the first place.

Then, increasing the scope to a global scale exacerbates these gaps in data collection coverage. For this reason, our regression analyses are based on representative samples of *active* investors, for which we have complete data on all individual observations to ensure internal consistency and to reduce the chance of biased statistical estimates.

We present our analysis using seven parallel approaches:

- Population-level snapshot of investment behaviors
- Longitudinal view of investment behaviors by year
- Segmentation of investment behaviors by global region
- Sample of top 1000 investors (all types)
- Sample of 166 engaged corporate VCs
- Sample of top 93 accelerators
- Sample of 60 startups and portfolio companies

Main variables examined in the report:

- Capital invested (\$USD)
- Deal count
- Deal type
- Destination of capital invested
- Investment count
- Investor age
- Investor HQ country

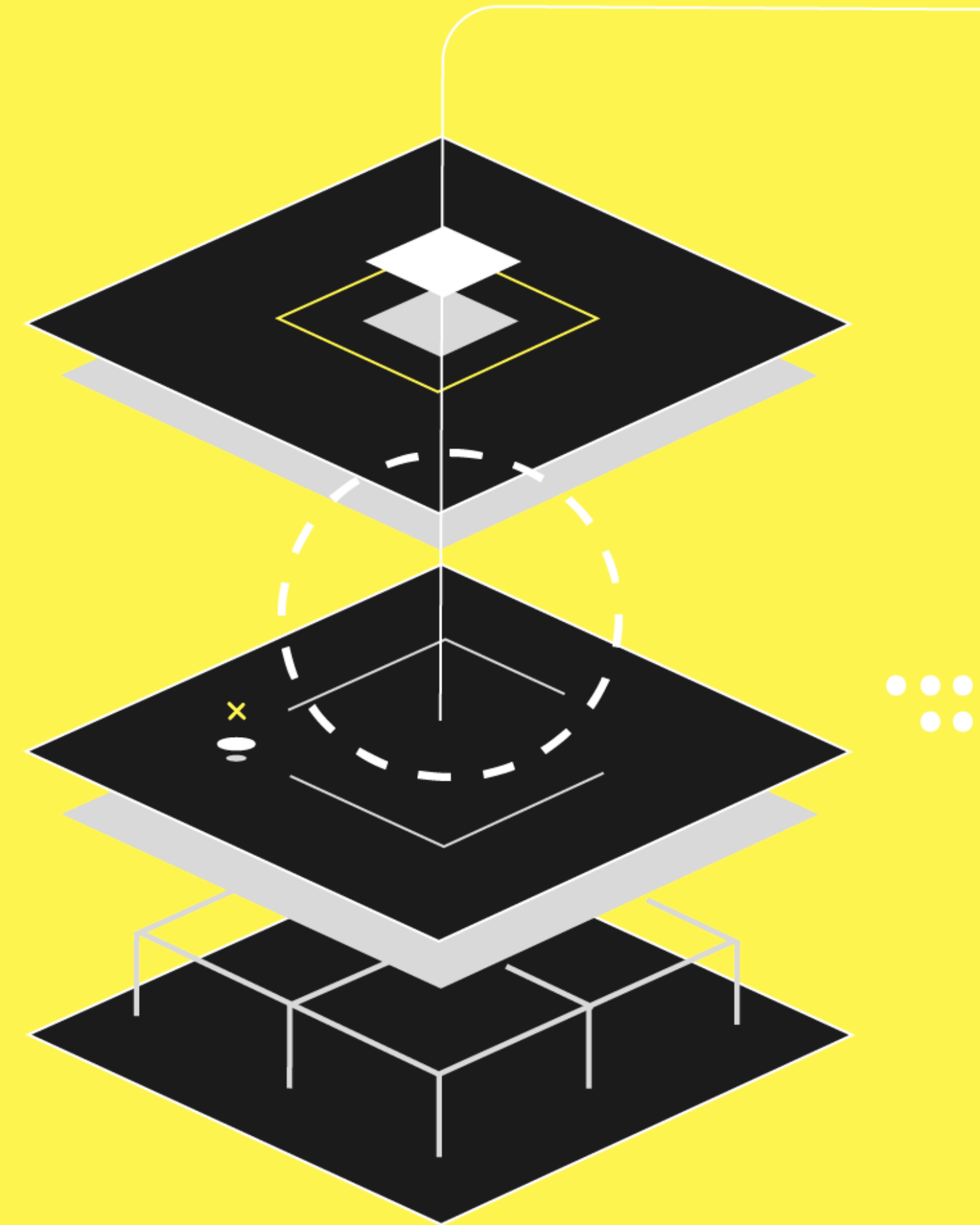
- Investor type
- Investor year founded
- Portfolio startup business stage
- Portfolio startup count
- Portfolio startup exit
- Portfolio startup primary industry group
- Portfolio startup primary industry sector
- Startup evaluation of engagement with corporate investors
- Startup perceptions of smart capital investors (all investor classes)
- Startup preferences for smart capital (all dimensions)

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01

All Investor Classes in External Startups



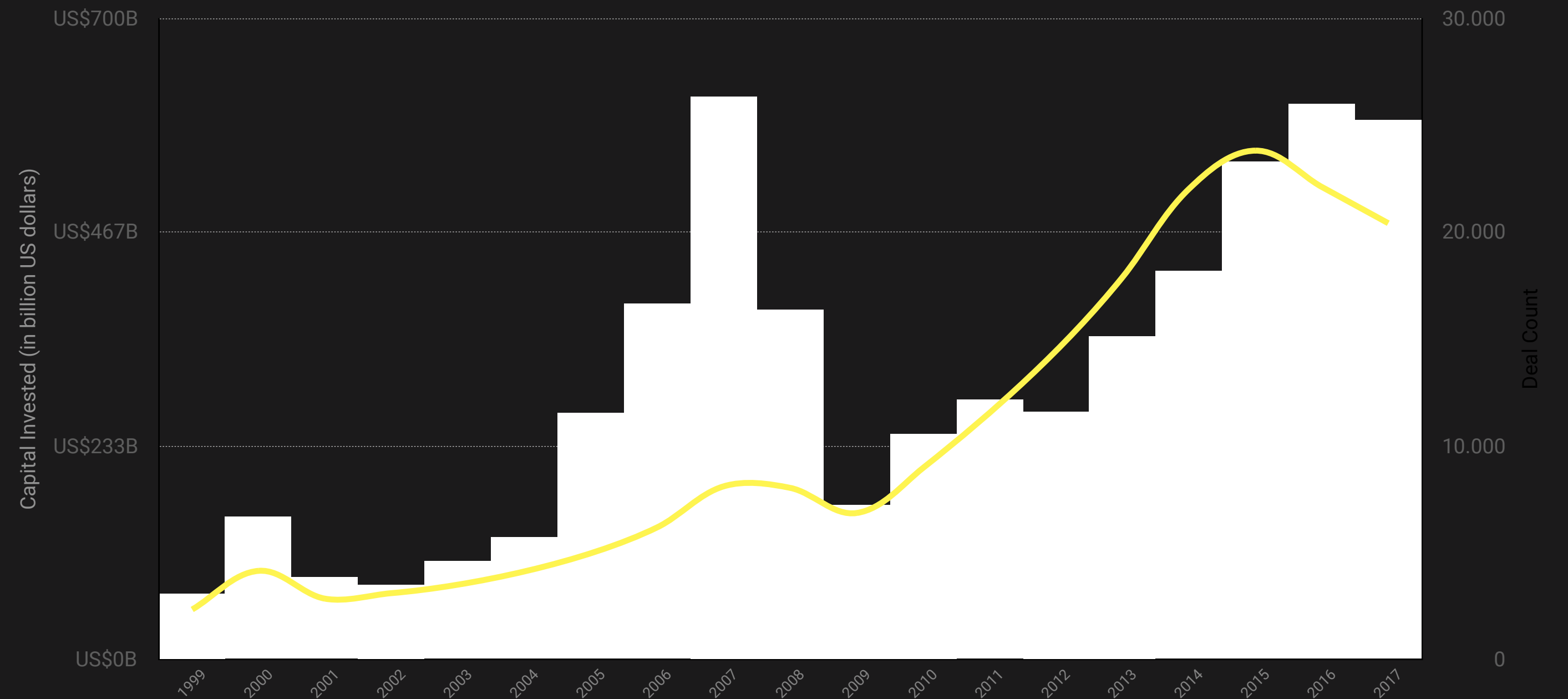
Venture Financial Liquidity: Total Capital Invested & Deal Count (All Investor Types)

1999-2017

Ascending Investments in External Startups

The two-axis figure depicts the rise in capital invested and deals made in external startups between 1999 and 2017 and, by private and corporate investors around the globe.

There are numerous inflection points, but 2009 appears to be an important moment after which both capital invested and deal counts have intensified, rapidly.



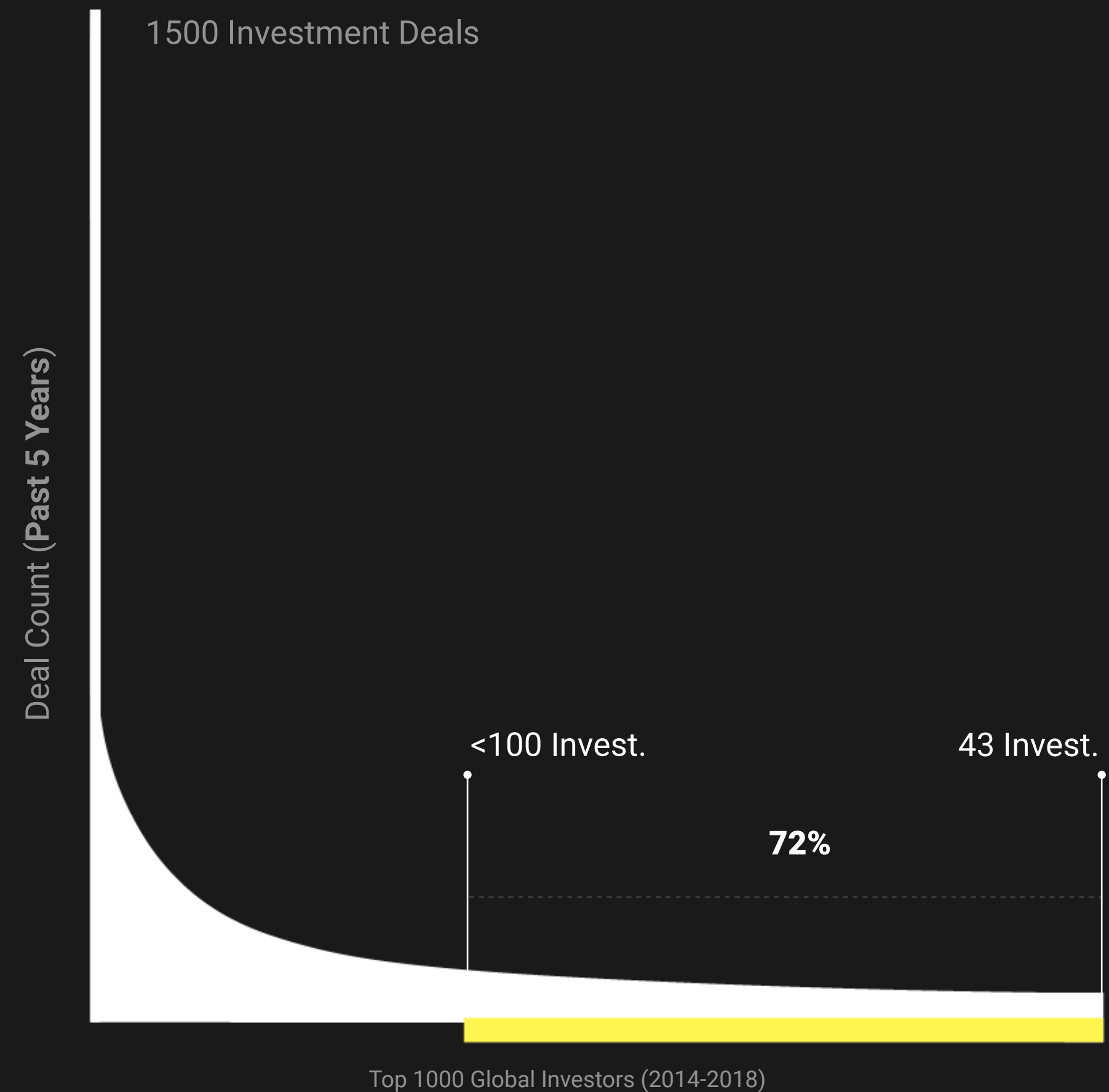
Top 1000 Global Investors Past 5 Years

2014-2018

Investments are Precious

Very few of the Top Global Investors on our list made ~1,500 investments in external startups, whereas 72 percent of Top Investors made between 43 and 100 investments in external startups over the past 5 years (Power Law Distribution).

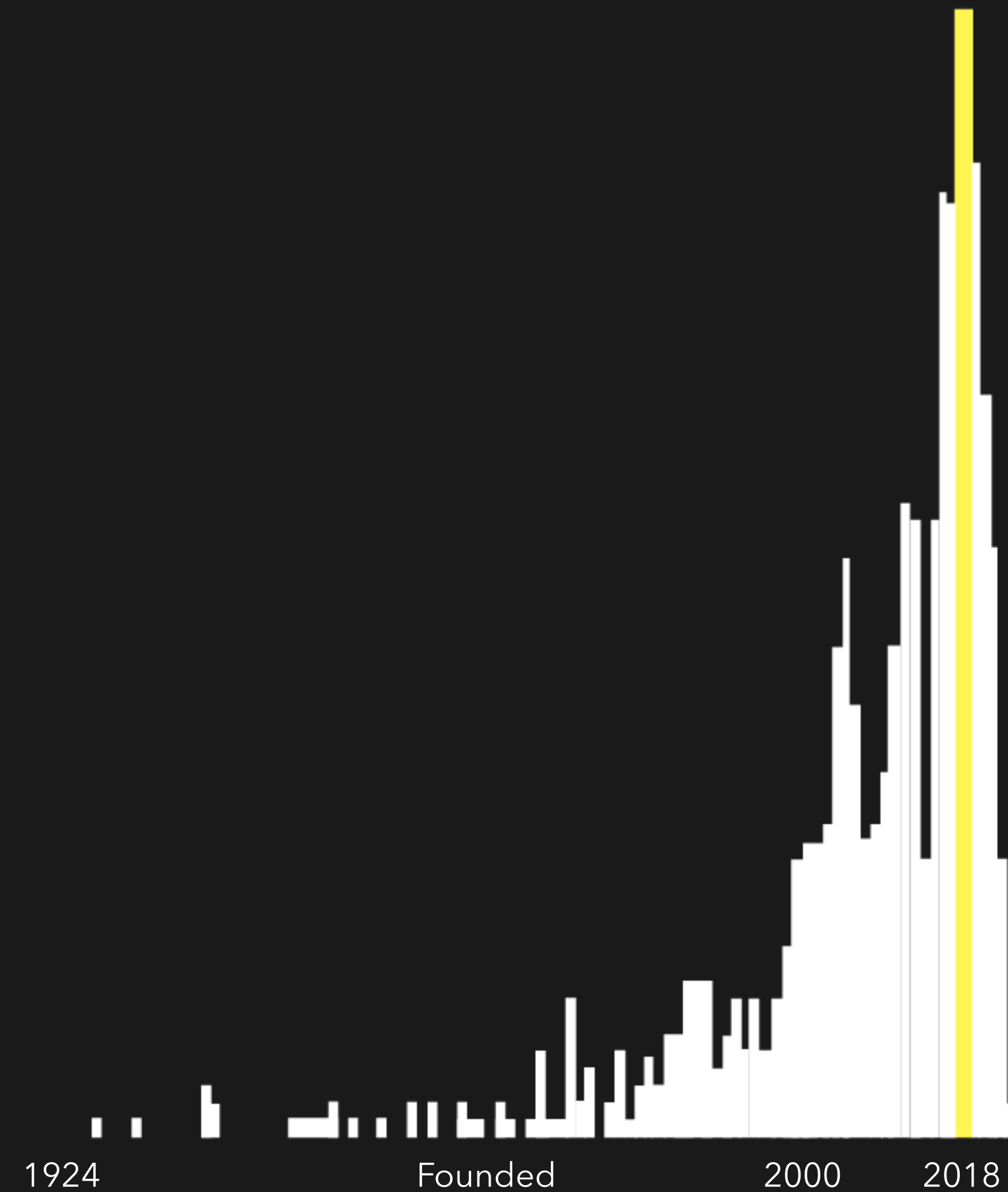
The four most active global investors in external startups during this period happen to be private accelerators: Y Combinator, 500 Startups, Plug and Play, and Techstars.



78 Top Investors Founded in 2012

Top Investors are Fresh Entrants

The majority of the Top Global Investors on our list were founded after 2001. There are numerous inflection points over the course of history, but 2008 appears to be an important moment after which first-time investors in external startups rose rapidly to prominence. In fact, nearly 8 percent of Top Global Investors on our list were founded in 2012 alone.



Share of Investment Count, by Investor Type

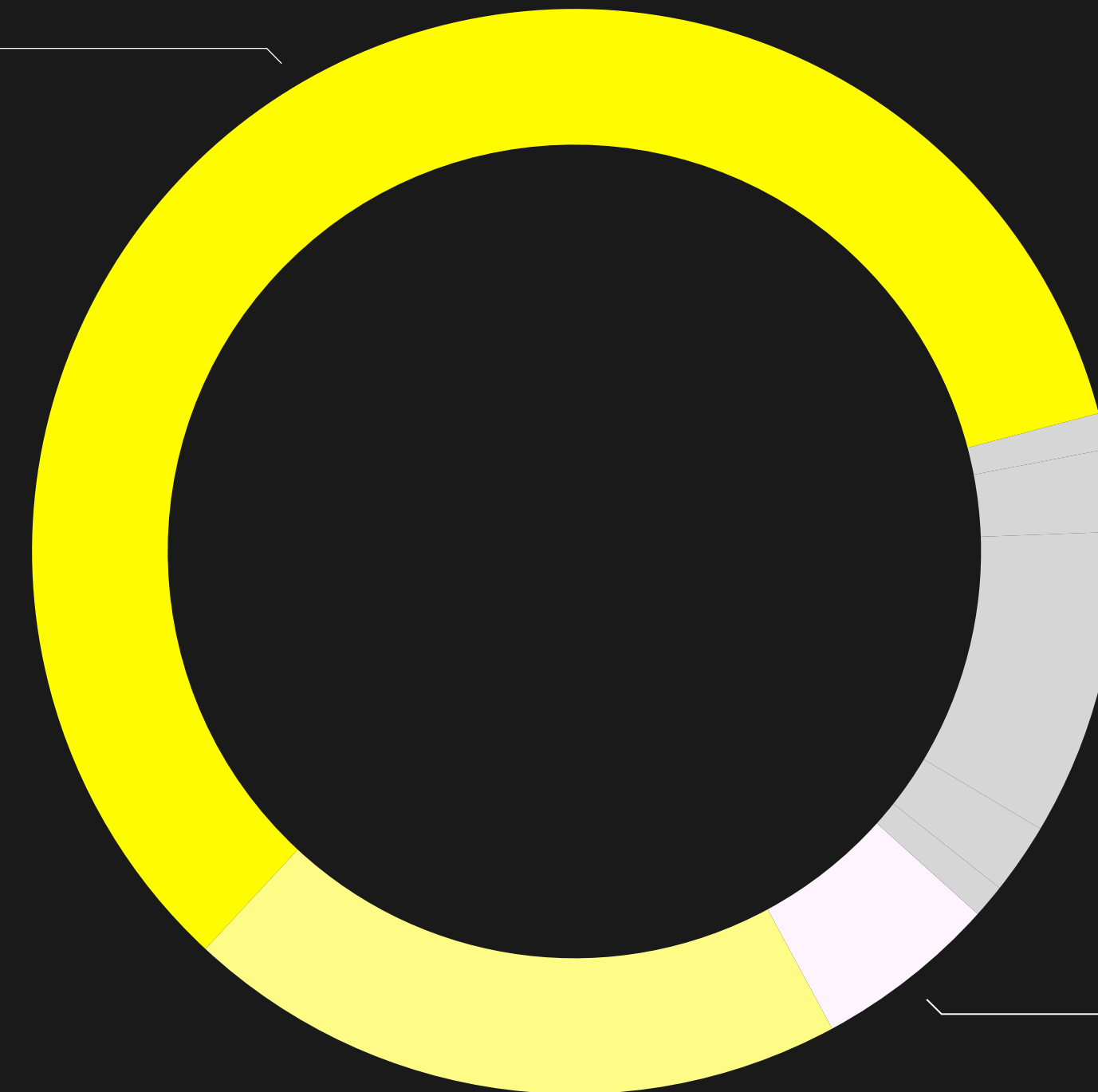
Private VCs Occupy a Privileged, Unique Position

Private venture capitalists (VCs) as a group made 59 percent of the total number of investment deals out of our list of top 1000 global investors, although four private accelerators made the greatest volume of investments in external startups over the past 5 years.

The dominant position of private VCs in capital markets reflects their privileged and unique access to external startups. Private VCs may sometimes react to the signals of startup quality that emanate from prominent private accelerators (private acceleration typically precedes private VC investments). However, for the most part, private VCs rely on their own established, proprietary due diligence routines to source prospective high-quality startups. In contrast, corporate firms are routinely guided by prior private VC evaluations of a given external startup to source their deal pipelines for both corporate VCs and corporate accelerators. While private accelerator investments typically precede private VC investments in target startups, corporate VC investments are almost always made in partnership with a private VC in a later capital fundraising round.

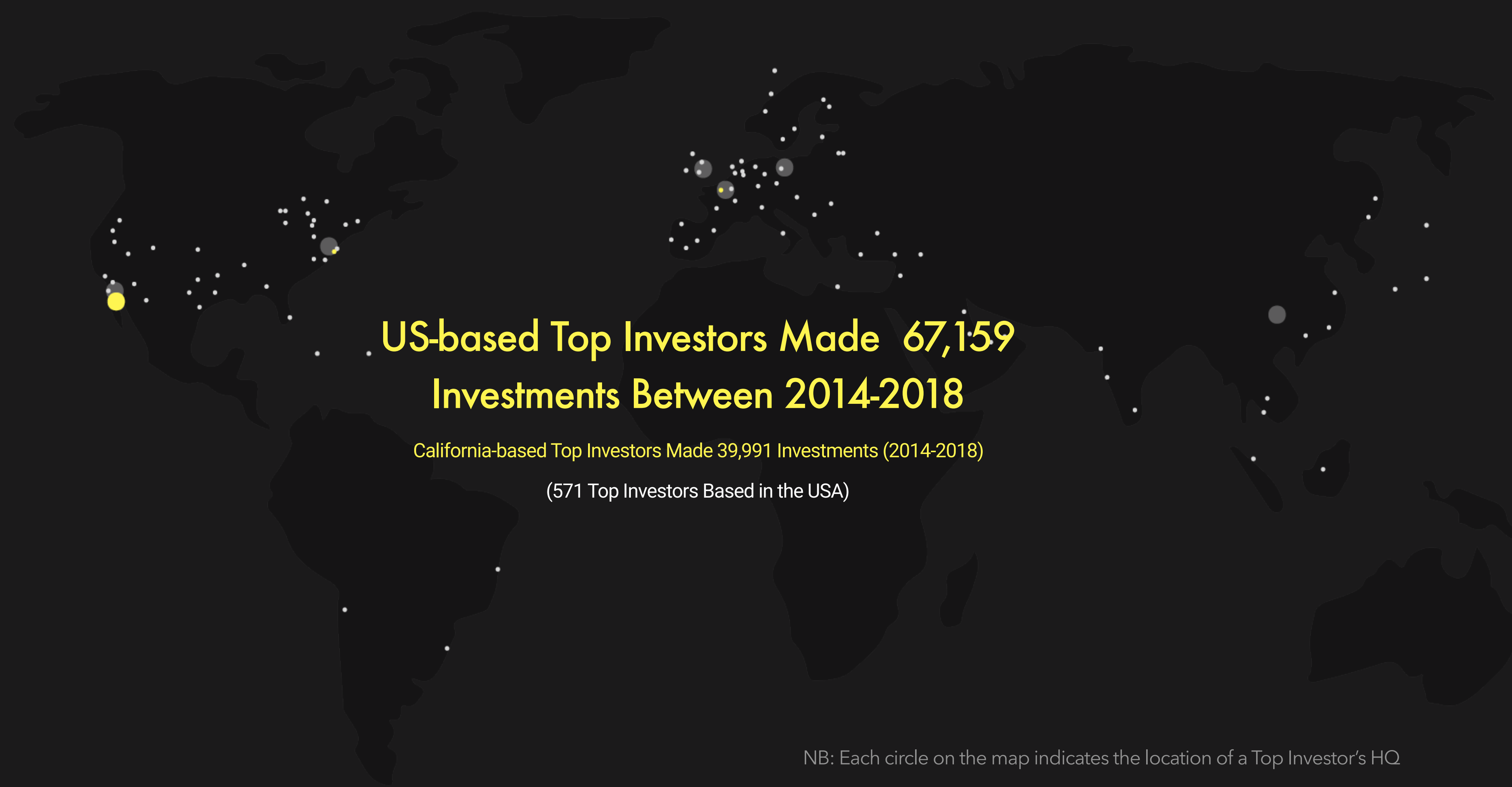
This dynamic helps to explain, in part, the crucial role of private VCs within investment syndicates. The term "investment syndicates" refers to where multiple types of investors co-invest in a particular startup's capital fundraising round. Active, private VCs are more likely to attract the attention of high-quality startups and act as lead investor, which affords private VCs more bargaining power relative to other investor classes.

Private Venture Capital
59 %



Accelerator/Incubator
19,8 %

Corporate Venture Capital
5,5 %



US-based Top Investors Made 67,159 Investments Between 2014-2018

California-based Top Investors Made 39,991 Investments (2014-2018)

(571 Top Investors Based in the USA)

NB: Each circle on the map indicates the location of a Top Investor's HQ





Silicon Valley-based Top Investors Made 12,600 Investments Between 2014-2018

California-based Top Investors Made 39,991 Investments (2014-2018)
(338 Top Investors Based in California)

NB: Each circle on the map indicates the location of a Top Investor's HQ



London-based Top Investors Made 5,824 Investments
(79 Top Investors Based in UK)

Amsterdam based Top Investors Made 507 Investments
(9 Top Investors Based in NL)

Berlin-based Top Investors Made 1,096 Investments
(26 Top Investors Based in Germany)

Paris-based Top Investors Made 4,550 Investments
(56 Top Investors Based in France)

EUROPE

Top Investors HQ in The Netherlands Between 2014-2018

AlpInvest (267 investments)
RockStart Accelerator (150 investments)
KIC InnoEnergy (82 investments)
Oost NL (67 investments)
Brabantse Ontwikkelings Maatschappij (59 investments)
Shell Ventures (49 investments)
Merck Ventures (46 investments)
Yes!Delft (45 investments)
Life Sciences Partners (44 investments)

NB: Each circle on the map indicates the location of a Top Investor's HQ



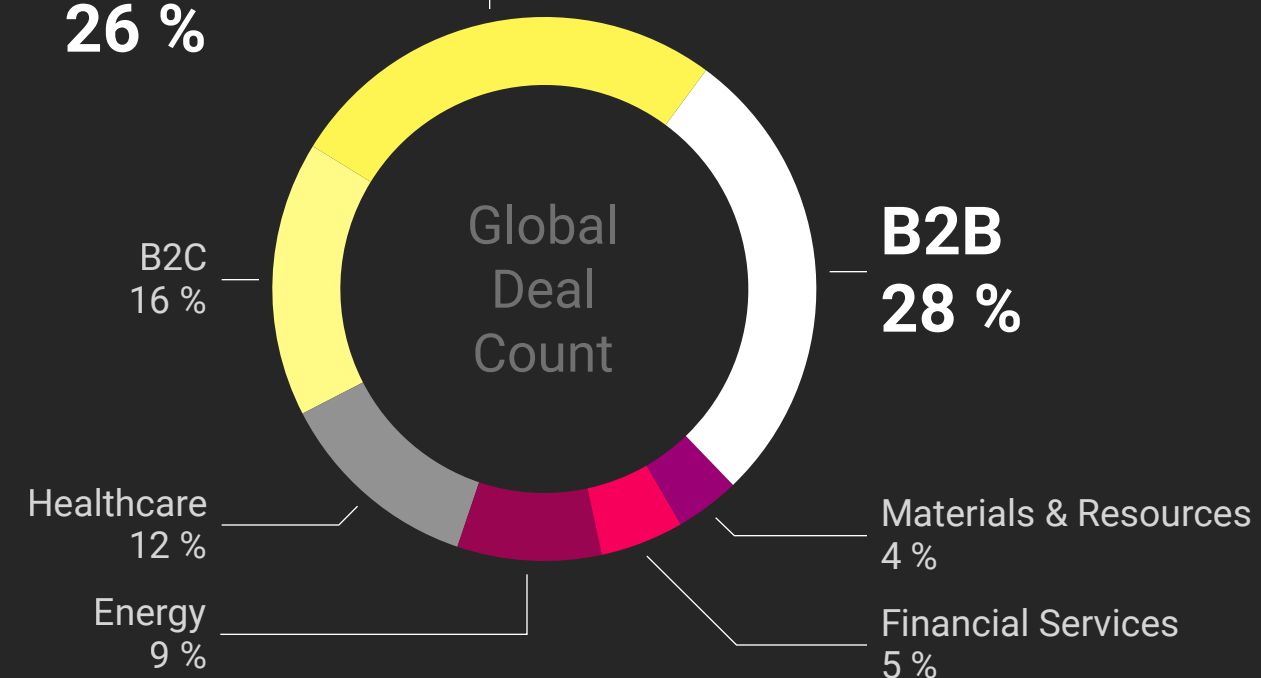
EUROPE

All Netherlands-based Investors (All Investor Types) / Primary Industry Sector Targets (Past 20 Years)

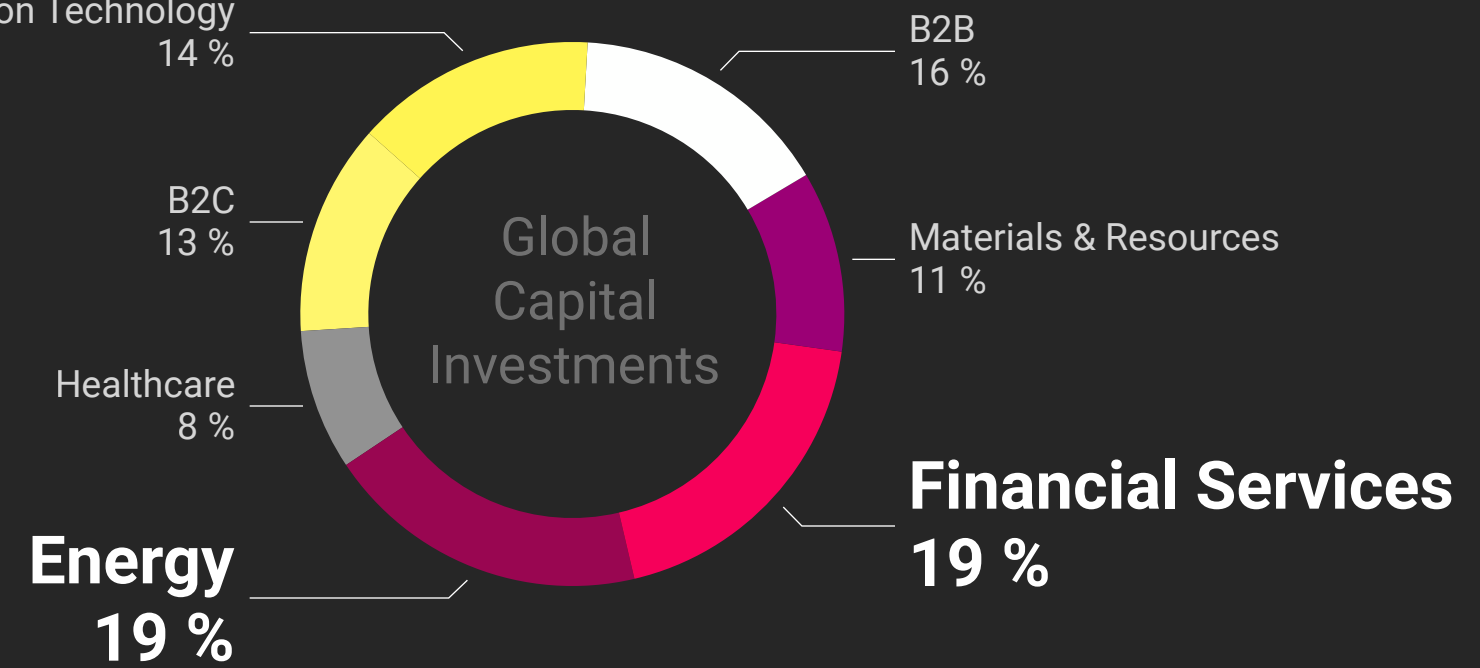


Amsterdam based Top Investors Made 507 Investments
(9 Top Investors Based in NL)

Information Technology 26 %



Information Technology 14 %



ASIA

Asia-based Investors (Past 20 years)

30,420 Startups	40,690 Deals
15,130 Exits	12,946 Investors
\$2.90Tn Capital Invst.	

Top Investors HQ in Asia* (≥100 Investments Past 5 Years)

- | | |
|--------------------------------|------------------------------|
| IDG Capital | Hillhouse Capital Group |
| Qiming Venture Partners | Samsung Venture Investment |
| Temasek Holdings | Legend Capital |
| Sequoia Capital China | Global Brain |
| Matrix Partners China | Horizons Ventures |
| ZhenFund | Morningside Group |
| Sequoia Capital India | GSR Ventures |
| 500 Startups (SE Asia) | Blume Venture Advisors |
| SAIF Partners | Susquehanna Asia Investments |
| East Ventures | Axilor Ventures |
| Northern Light Venture Capital | Chiratae Ventures |
| Shunwei Capital | |
| Brand Capital | |

*Total capital invested by Asia-based investors has grown year-to-year since 2010. There are 102 Top Investors based in Asia with investment counts over the past 5 years that range between 43 and 333. There were 24 Asia-based Investors with 100 or more investment deals made between 2014 and 2018.

Beijing-based Top Investors Made 2,538 Investments
(26 Top Investors Based in Beijing)

China-based Top Investors Made 4,694 Investments
(51 Top Investors Based in China)



Singapore-based Top Investors Made 909 Investments
(10 Top Investors Based in Singapore)



ASIA

Top Investors Headquartered in Asia

(Total Investments >46, Past 20 Years, Ordered)

IDG Capital	Hillhouse Capital Group	Kae Capital	Yunfeng Capital
Temasek Holdings	Cherubic Ventures	Ceyuan Ventures	Vertex Ventures China
Qiming Venture Partners	SoftBank Ventures Asia	QF Capital	Lanchi Ventures
Korea Investment Partners	Infinity Ventures	Morningside Venture Capital	Baidu Ventures
SAIF Partners	EDBI	Digital Garage (TKS: 4819)	India Quotient
Sequoia Capital China	Chiratae Ventures	Source Code Capital	SBI Investment
Brand Capital	Indian Angel Network	SparkLabs	Tisiwi
Matrix Partners China	Innovation Network Corporation	SBI Holdings (TKS: 8473)	Spiral Ventures
Samsung Venture Investment	of Japan	NTT Docomo Ventures	Vive X Accelerator
Northern Light Venture Capital	Nissay Capital	Recruit Strategic Partners	Legend Star
Jafco (TKS: 8595)	UMC Capital	Beenext (Singapore)	Yunqi Partners
Sequoia Capital India	Mumbai Angels	Baidu (NAS: BIDU)	The Malaysian Global Innovation
ZhenFund	Cowin Capital	K2VC	and Creativity Centre - MaGIC
Legend Capital	Gobi Ventures	GMO VenturePartners	DSC Investment (KRX: 241520)
Morningside Group	Fortune Capital	GREE Ventures (TKS: 3632)	Linear Venture
East Ventures	Mitsubishi UFJ Capital	Ping An Ventures	Vertex Ventures SE Asia & India
Susquehanna Asia Investments	China Growth Capital	Golden Gate Ventures	Vectr Ventures
GSR Ventures	Mizuho Capital Partners	Lilly Asia Ventures	Rakuten Capital
500 Startups (SE Asia)	SB China Venture Capital	Jungle Ventures	China Media Capital
Horizons Ventures	Kalaari Capital	Gaorong Capital	Hatcher Plus
Blume Venture Advisors	Kakao Ventures	Fresco Capital	Vision Capital (China)
Shunwei Capital	SMBC Venture Capital	Malaysia Venture Capital	SPARX Group Company (TKS:
CDH Investments	Lightspeed Venture Partners	Management	8739)
CyberAgent Ventures (TKS:	China	China Everbright (HKG: 00165)	3one4 Capital
4751)	Matrix Partners India	China Broadband Capital	Frees Fund
Global Brain	Axilor Ventures	Partners	Venture Catalysts (Mumbai)
CITIC Capital	Zone Startups India	Bertelsmann Asia Investments	Fosun RZ Capital
Shenzhen Capital Group	Singtel Innov8	Chengwei Capital	Ally Bridge Group

ASIA

Top Investors Headquartered in Asia

(Total Investments >46, Past 20 Years, Ordered)

IDG Capital	Hillhouse Capital Group	Kae Capital	Yunfeng Capital
Temasek Holdings	Cherubic Ventures	Ceyuan Ventures	Vertex Ventures China
Qiming Venture Partners	SoftBank Ventures Asia	QF Capital	Lanchi Ventures
Korea Investment Partners	Infinity Ventures	Morningside Venture Capital	Baidu Ventures
SAIF Partners	EDBI	Digital Garage (TKS: 4819)	India Quotient
Sequoia Capital China	Chiratae Ventures	Source Code Capital	SBI Investment
Brand Capital	Indian Angel Network	SparkLabs	Tisiwi
Matrix Partners China	Innovation Network Corporation	SBI Holdings (TKS: 8473)	Spiral Ventures
Samsung Venture Investment	of Japan	NTT Docomo Ventures	Vive X Accelerator
Northern Light Venture Capital	Nissay Capital	Recruit Strategic Partners	Legend Star
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Sequoia Capital India	Mumbai Angels	Baidu (NAS: BIDU)	The Malaysian Global Innovation
ZhenFund	Cowin Capital	K2VC	and Creativity Centre - MaGIC
Legend Capital	Gobi Ventures	GMO VenturePartners	DSC Investment (KRX: 241520)
Morningside Group	Fortune Capital	GREE Ventures (TKS: 3632)	Linear Venture
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Susquehanna Asia Investments	China Growth Capital	Golden Gate Ventures	Vectr Ventures
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Horizons Ventures	Kalaari Capital	Gaorong Capital	Hatcher Plus
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Global Brain	Axilor Ventures	Partners	Venture Catalysts (Mumbai)
CITIC Capital	Zone Startups India	Bertelsmann Asia Investments	Fosun RZ Capital
Shenzhen Capital Group	Singtel Innov8	Chengwei Capital	Ally Bridge Group

ASIA

Top Investors with an Asia Office

(Total Investments >100, Past 20 Years, Ordered)

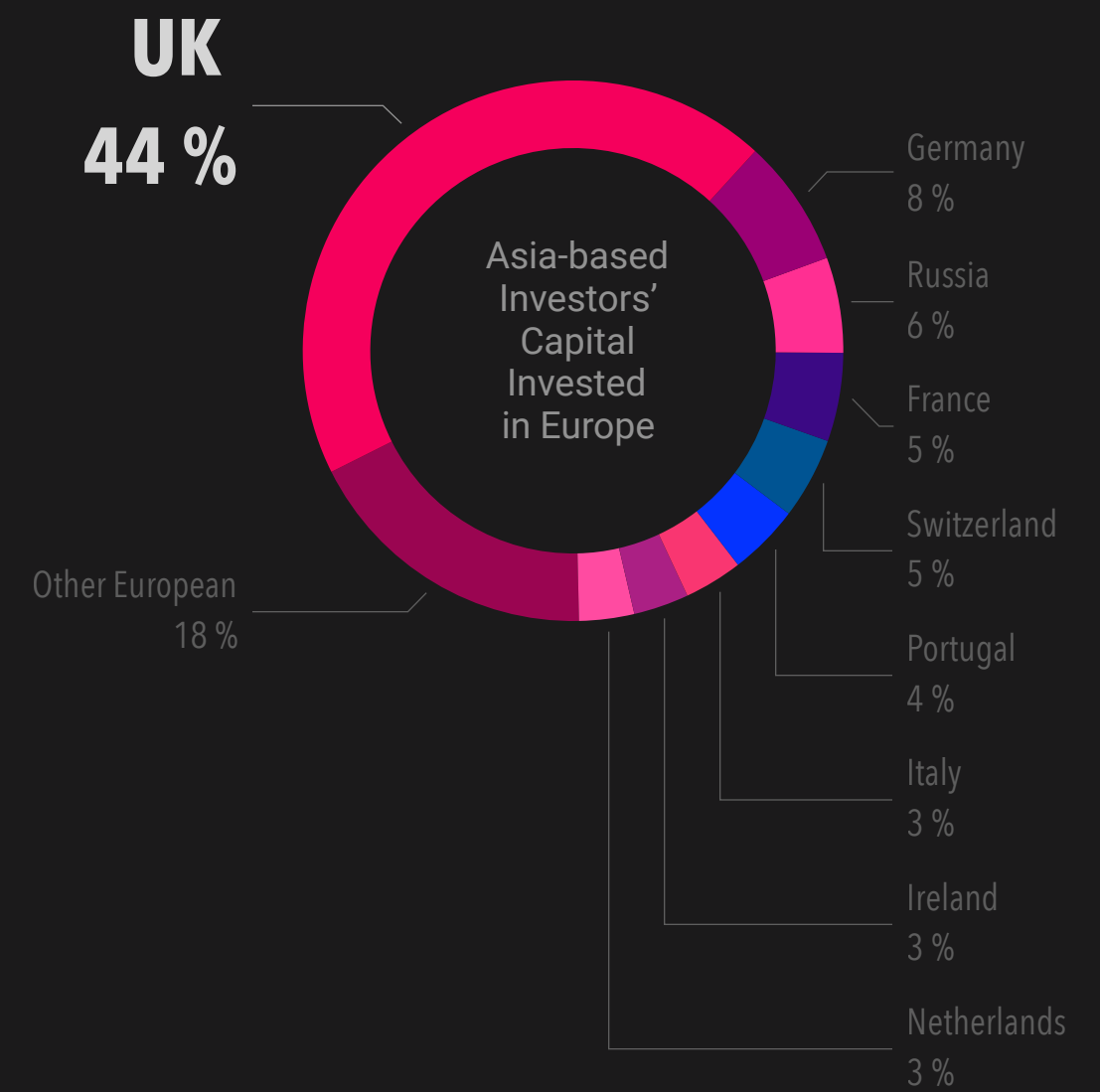
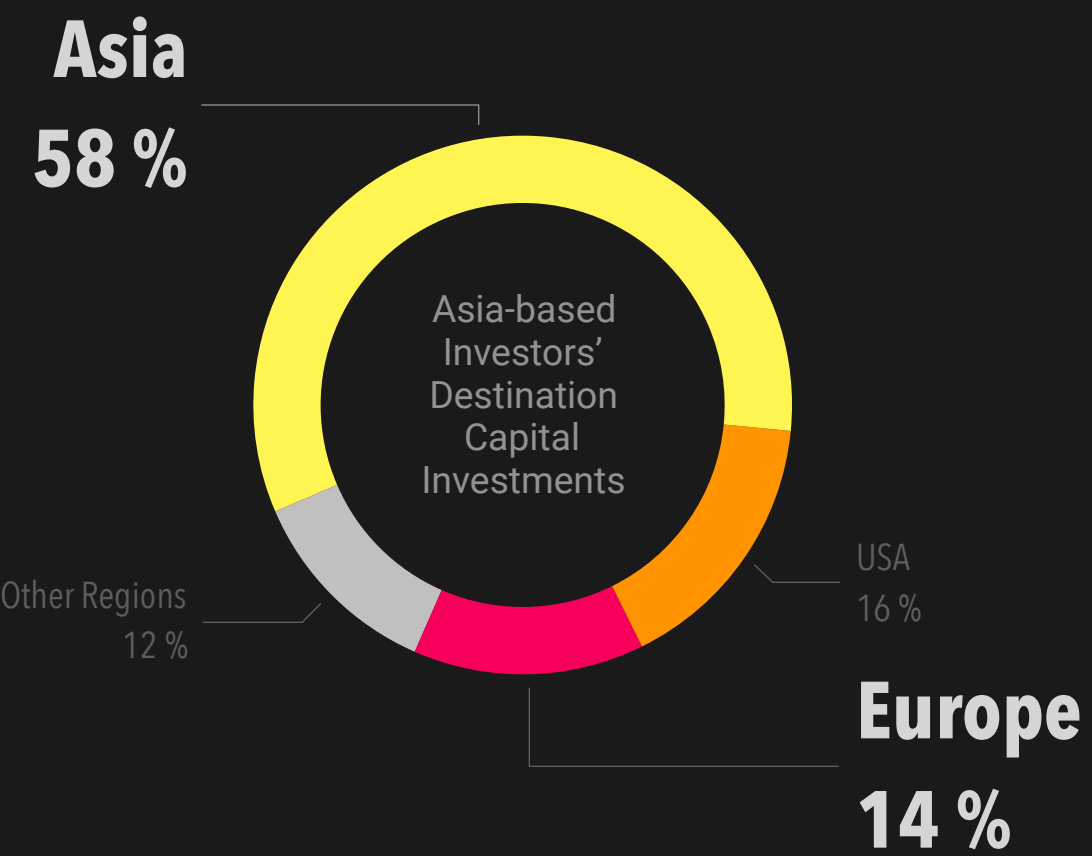
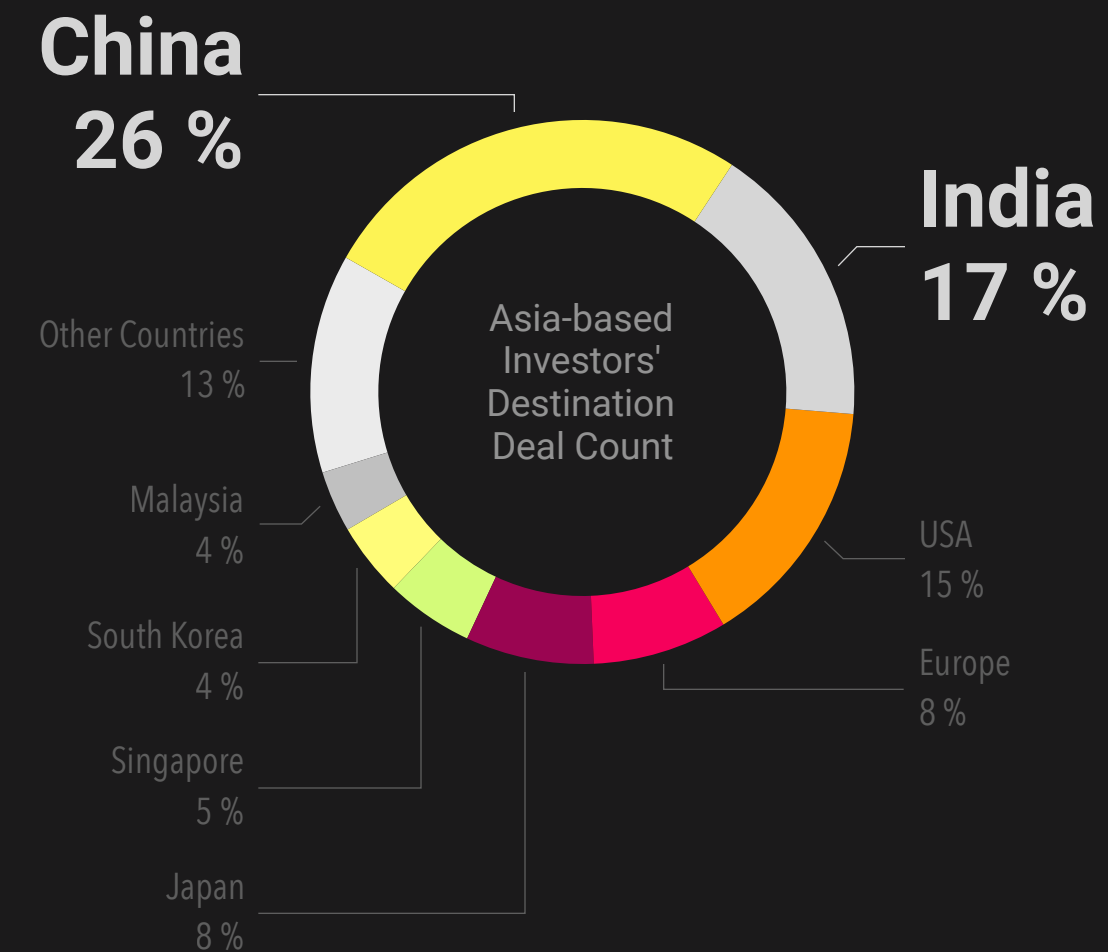
500 Startups	Idinvest Partners	Tiger Global	Amadeus Capital	Eurzeo	Societe Generale
New Enterprise Associates	Redpoint Ventures	Management	Partners	Vivo Capital	JP Morgan Asset Management
Plug and Play Tech Center	Alpinvest Partners	Permira	Invesco	Deerfield Management	Softbank Ventures Asia
Intel Capital	Matrix Partners	Walden International	L Catterton	Blume Venture Advisors	Harbert Management
Kleiner Perkins	Insight Venture Partners	Matrix Partners China	ACE & Company	Entrepreneur First	Infinity Ventures
3i Group	Highland Capital	VantagePoint Capital	Mitsui Global Investment	Oracle	FinTech Innovation Lab
Accel	Partners	Partners	Investment	Rocket internet	The D.E. Shaw Group
Sequoia Capital	DCM Ventrures	JLABS	Nexus Venture Partners	Bank of America	EDBI
Kohlberg Kravis Roberts	H.I>G Capital	Baird Capital	WI Harper Group	Brookfield Asset Management	Atomico
Bessemer Venture Partners	Caisse de depot et placement du Quebec	Johnson&Johnson	Quilvest Private Equity	Global Founders Capital	CDC Group
Warburg Pincus	General Atlantic	Innovation (JJDC)	Worldview Technology	Intel	Oxford Technology Management
SOSV	Qualcomm Ventures	Next47	Partners	Formation 8	Tianxing Capital
Greylock Partners	Temasek Holdings	e.ventures	Partners	Artesian Capital Management	Giza Venture Capital
Apax Partners	OrbiMed	Samsung Venture Investment	East Ventures	Sinovation Ventures	Chiratae Ventures
Miscrosoft ScaleUp	Ontario Teachers' Pension Plan	TPG Growth	Susquehanna Asia Investments	Shunwei Capital	Helion Venture Partners
Advent International	GGV Capital	Adam Street Partners	Altos Ventures	CDH Investments	Indian Angel Network
Ardian	Bain Capital Ventures	Numa	GSR Ventures	OurCrowd	Nissay Capital
Startupbootcamp	Qiming Venture Partners	Northern Light Venture Capital	Google Developers	CyberAgent Ventures	Innovation Network Corporation of Japan
Bain Capital	Omidyar Network	Jafoo	Launchpad	Global Brain	Draper Nexus
Village Capital	Korea Investment Partners	Sequoia Capital India	Mountain Partners	Investec	Artiman Ventures
Keiretsu Forum	Partners	ZhenFund	Iris Capital	Shenzhen Capital Group	UMC Capital
Norwest Venture Partners	Wavemaker Partners	Eight Roads	500 Startups (SE Asia)	ChinaRock Capital Management	Wellington Management
Scottish Enterprises	SAIF Partners	Foresight Group	Horizons Ventures	CITIC Capital	Harbert Credit Solutions
Canaan Partners	Sequoia Capital China	Legend Capital	BlackRock Private Equity Partners	UpHonest Capital	Mumbai Angels
Mayfield Fund	Cisco Investments	BlueRun Ventures	EW Healthcare Partners	Hillhouse Capital Group	Fenix Venture Capital
IDG Capital	Brand Capital	Ventech	Entrepreneur Venture	Cherubic Ventures	Cowin Capital
	Morgan Stanley	Morningside Group		Northgate Capital	



ASIA

All Asia-based Investors (All Investor Types) / Destination of Capital (Past 20 Years)

Beijing-based Top Investors Made 2,538 Investments
(26 Top Investors Based in Beijing)

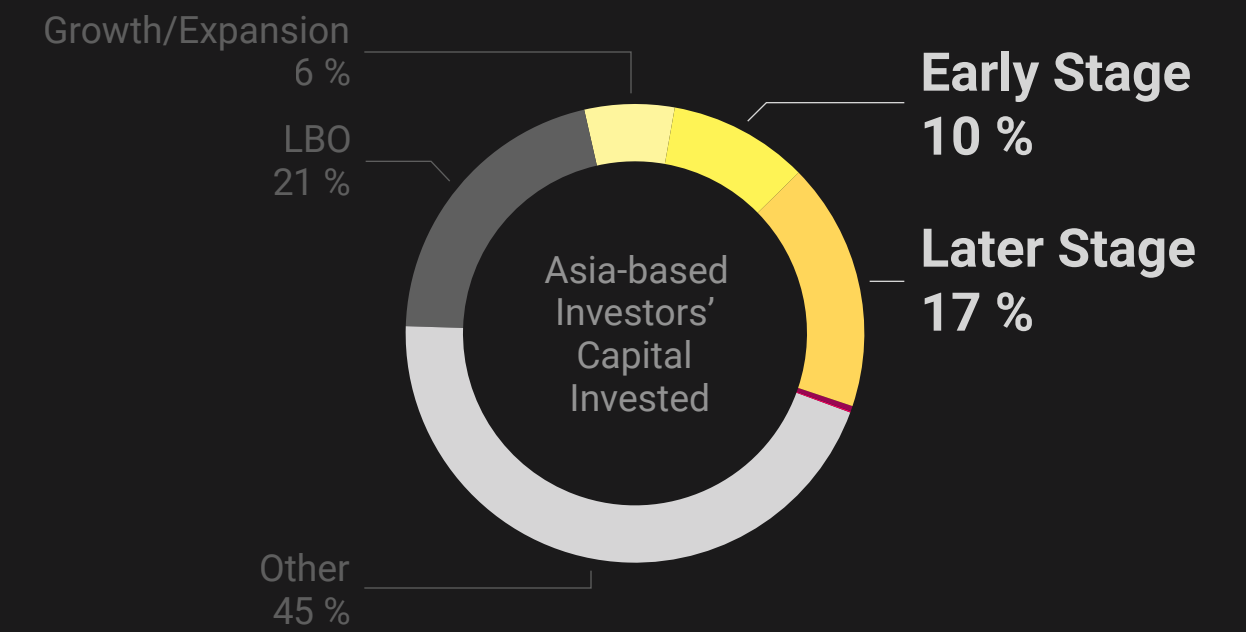
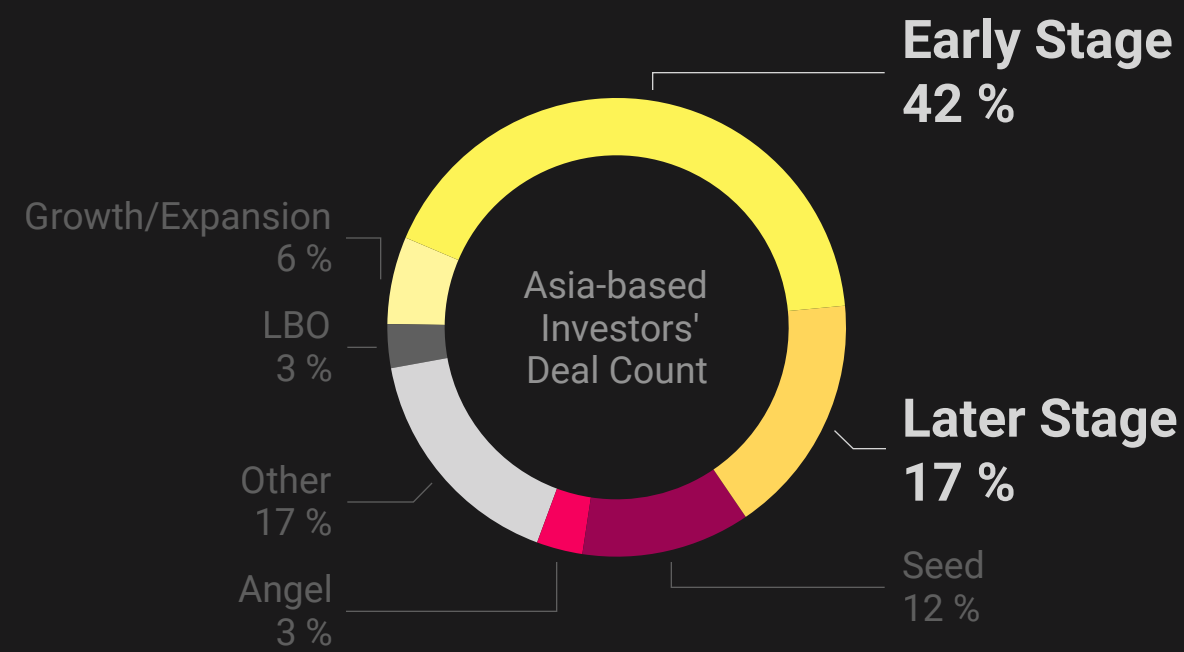


ASIA

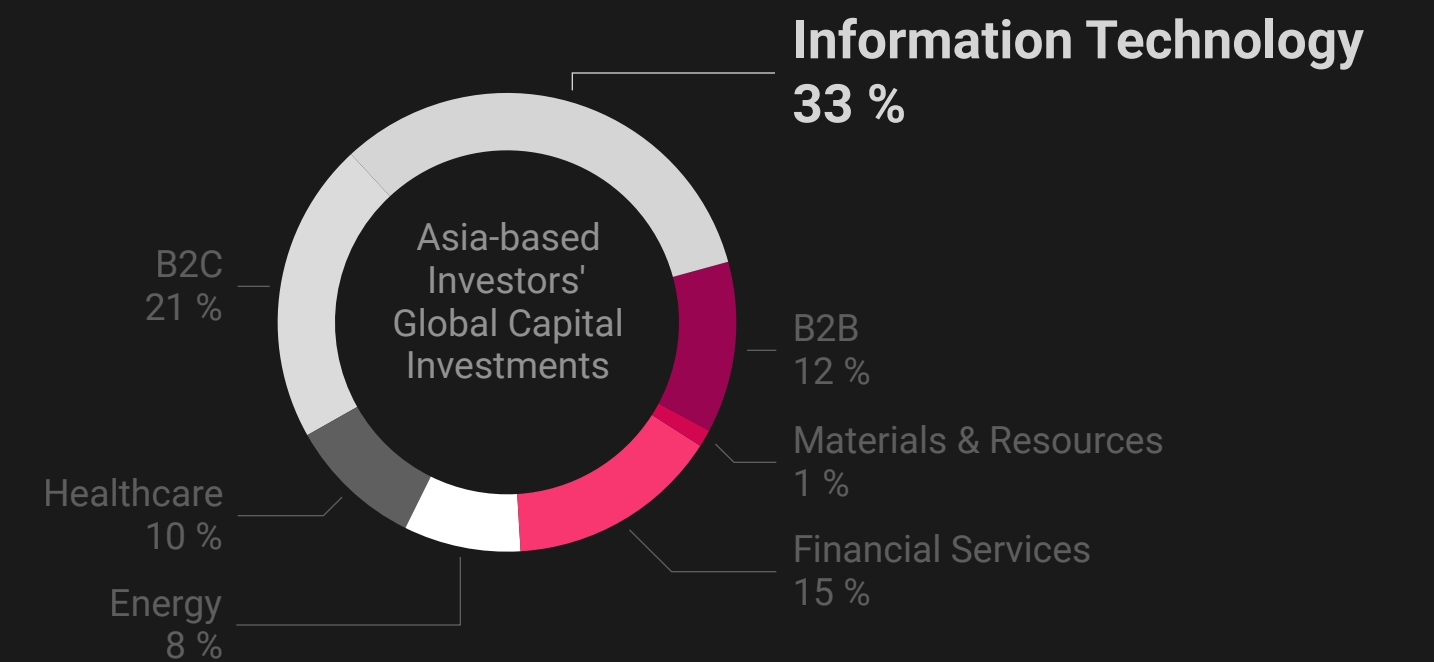
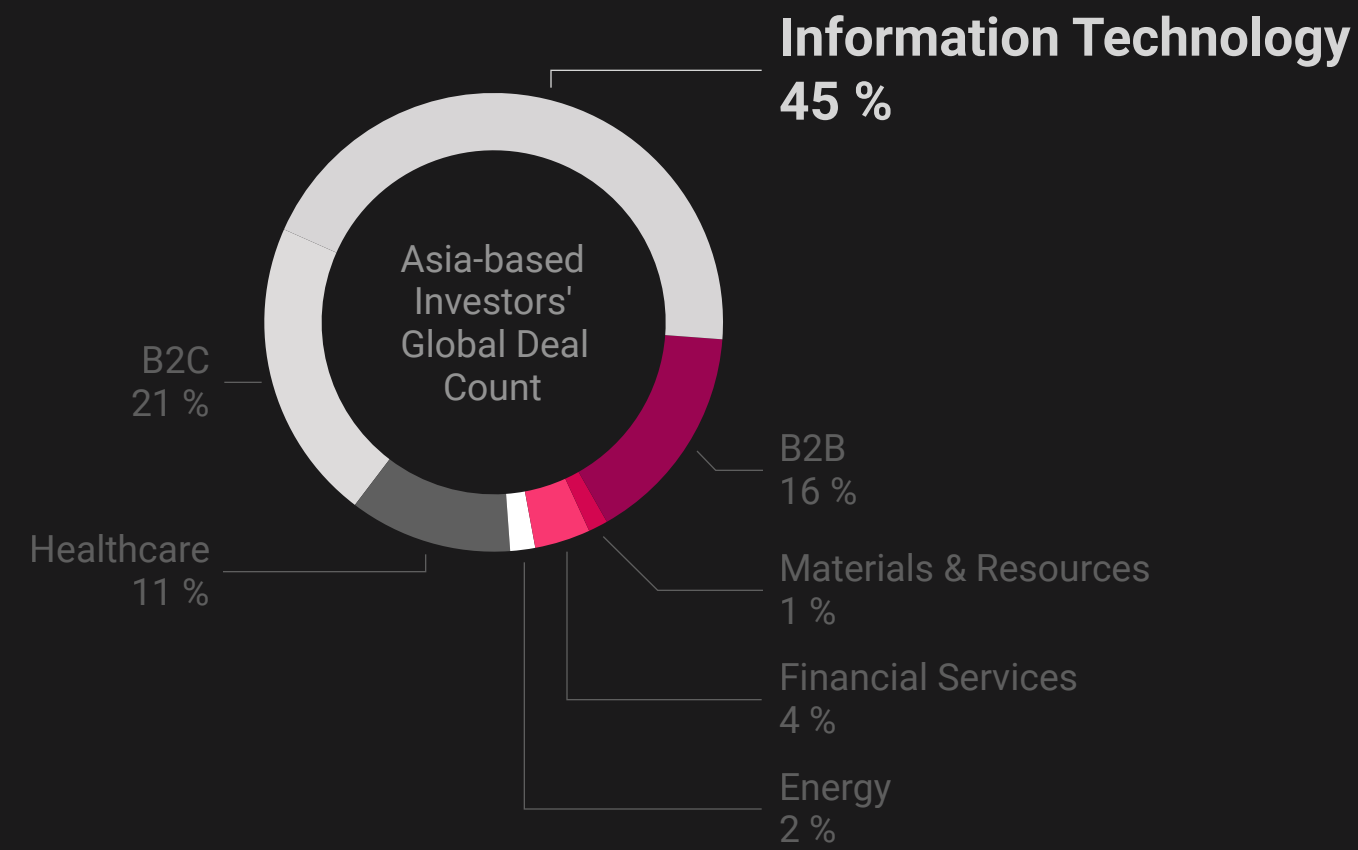
All Asia-based Investors (All Investor Types) / Destination of Capital (Past 20 Years)

Beijing-based Top Investors Made 2,538 Investments
(26 Top Investors Based in Beijing)

By Deal Type

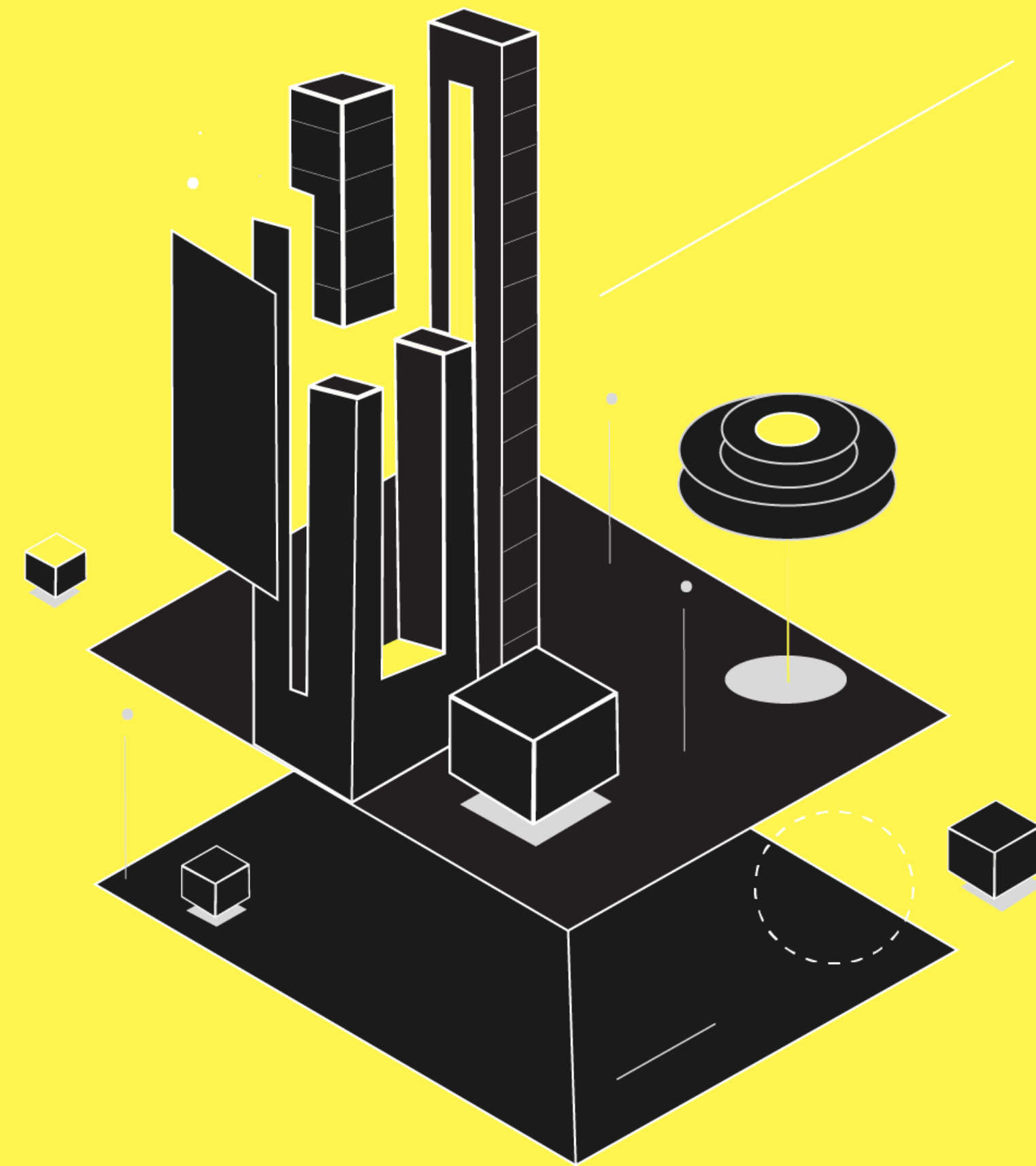


By Primary Industry Sector



02

Corporate Venture Capital(CVC) Investors



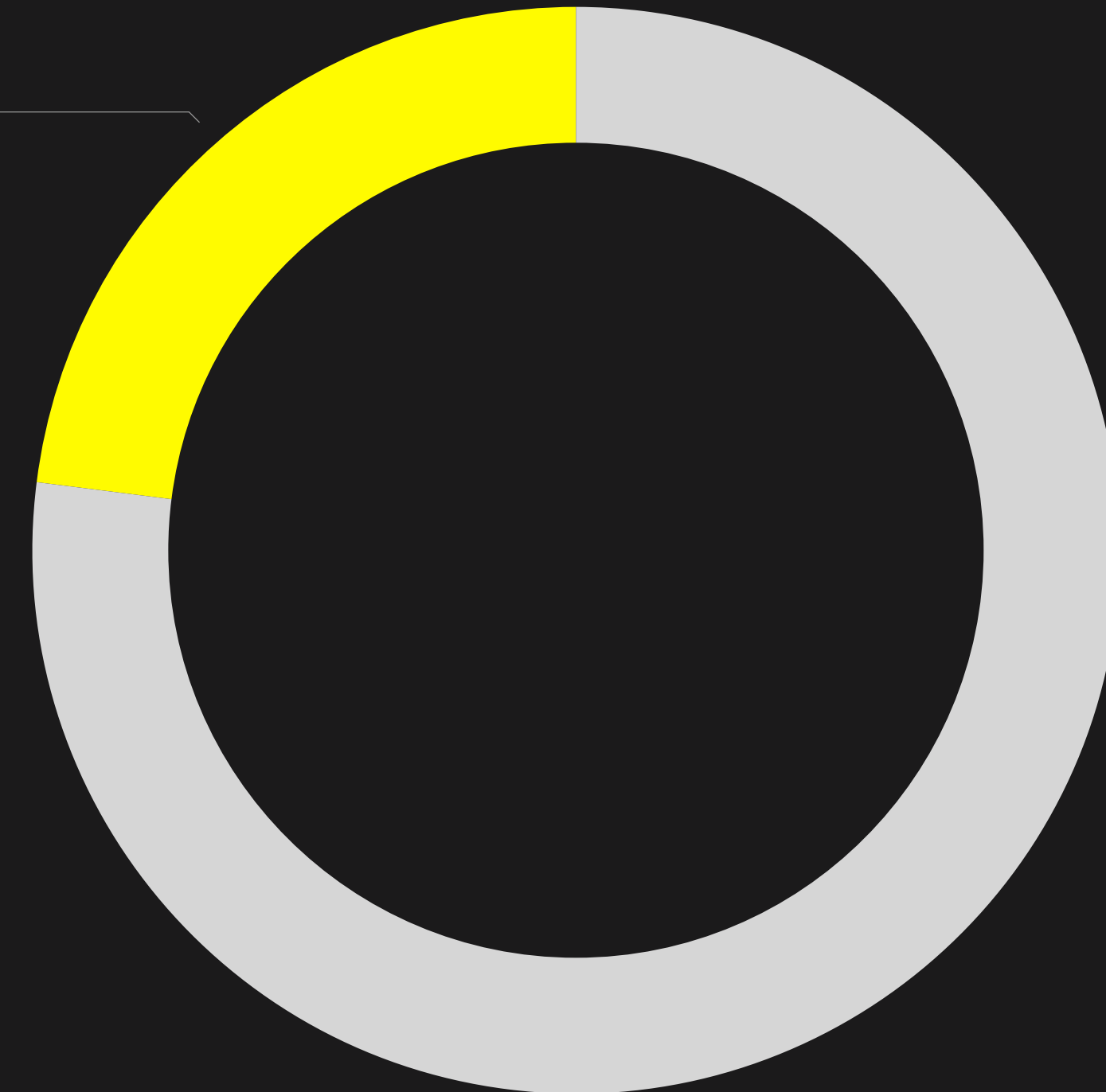
Corporate VC Investments As a Share of Total Investors' Capital In 2018

Growing Corporate VC Investments

Corporate VCs as a group were involved in 23 percent of all investment deals made in external startups in 2018. This represents the highest rate of participation on record to date.

Please note that corporate VC investments in a given external startup are almost always made in partnership with at least one private VC, who typically takes the role as lead investor. The absolute numbers provided inside the figure vary based on the industry data sources used, but the trends toward higher levels of capital invested and higher volumes of investment deals are clearly visible and substantiated (see next page).

CVC Deal Participation
23 %

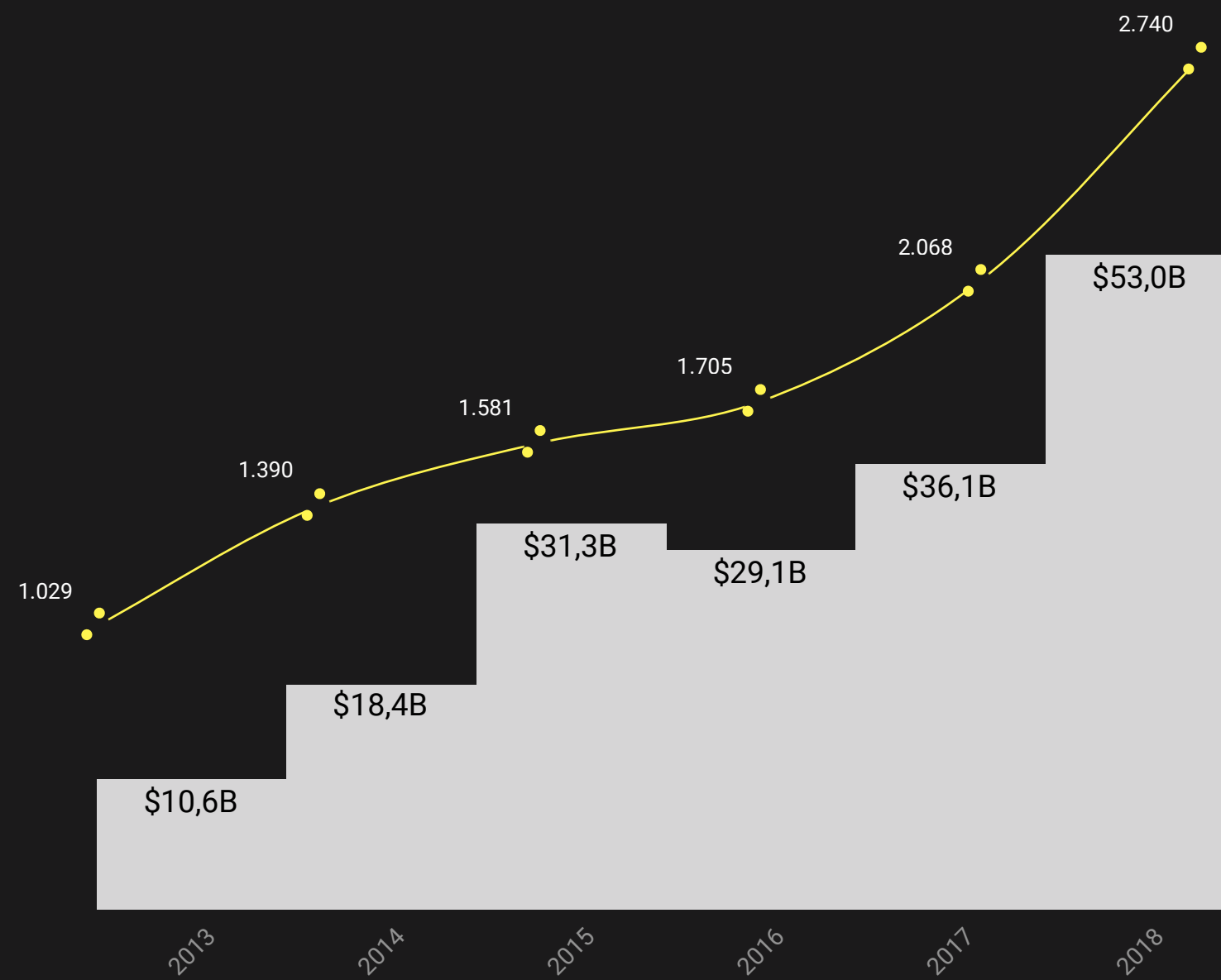


Corporate VC Investor Trends 2013-2018

Corporate VC Investments

Growing Corporate VC Investments

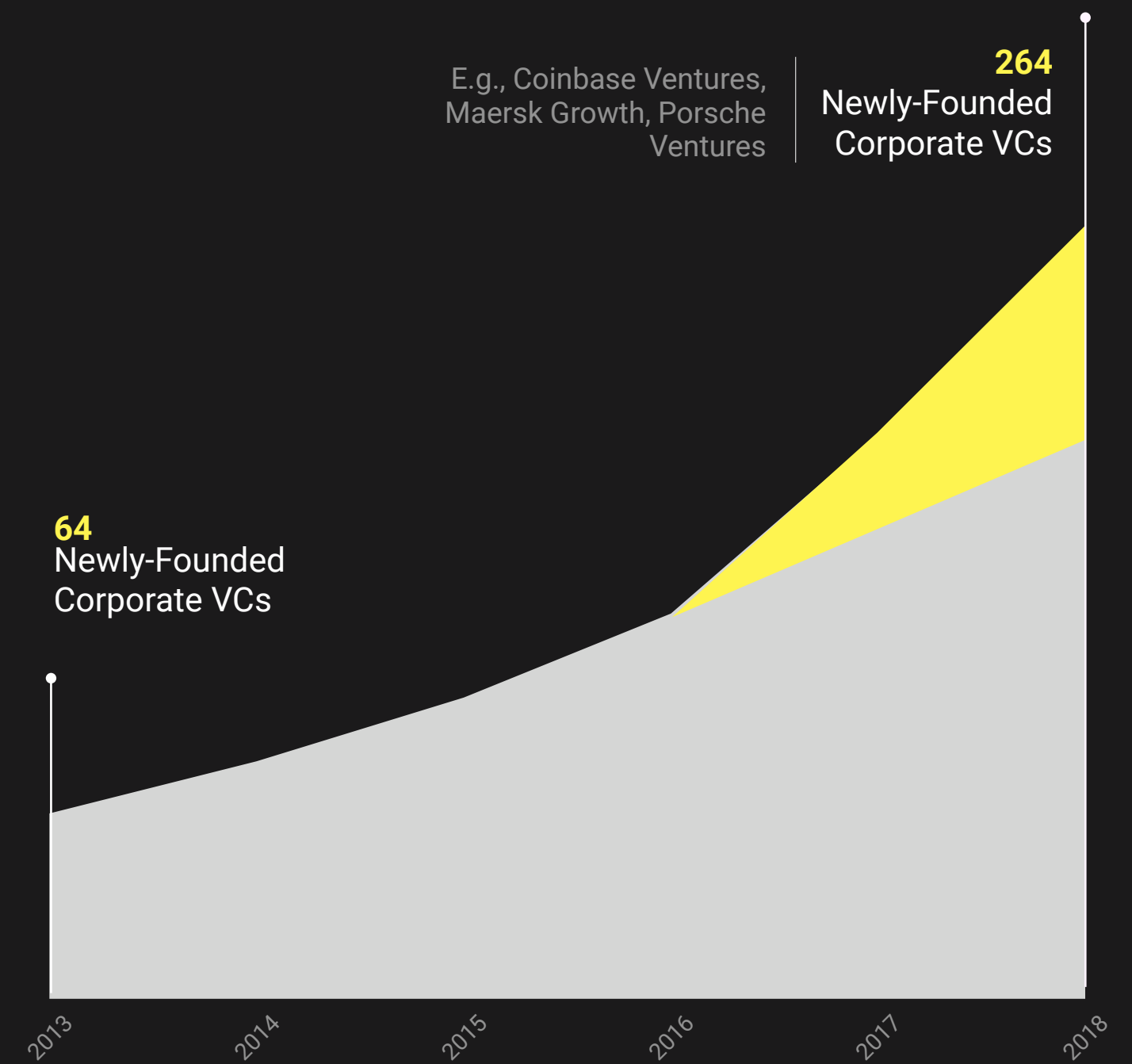
The trends toward higher levels of capital invested and higher volumes of investment deals are clearly visible. Between 2013 and 2018, corporate VCs increased capital expenditures by at least 400 percent, and corporate VCs engaged in at least 166 percent more deals in external startups.



New Corporate VCs Founded

Sharp Rise in Fresh Corporate VC Entrants

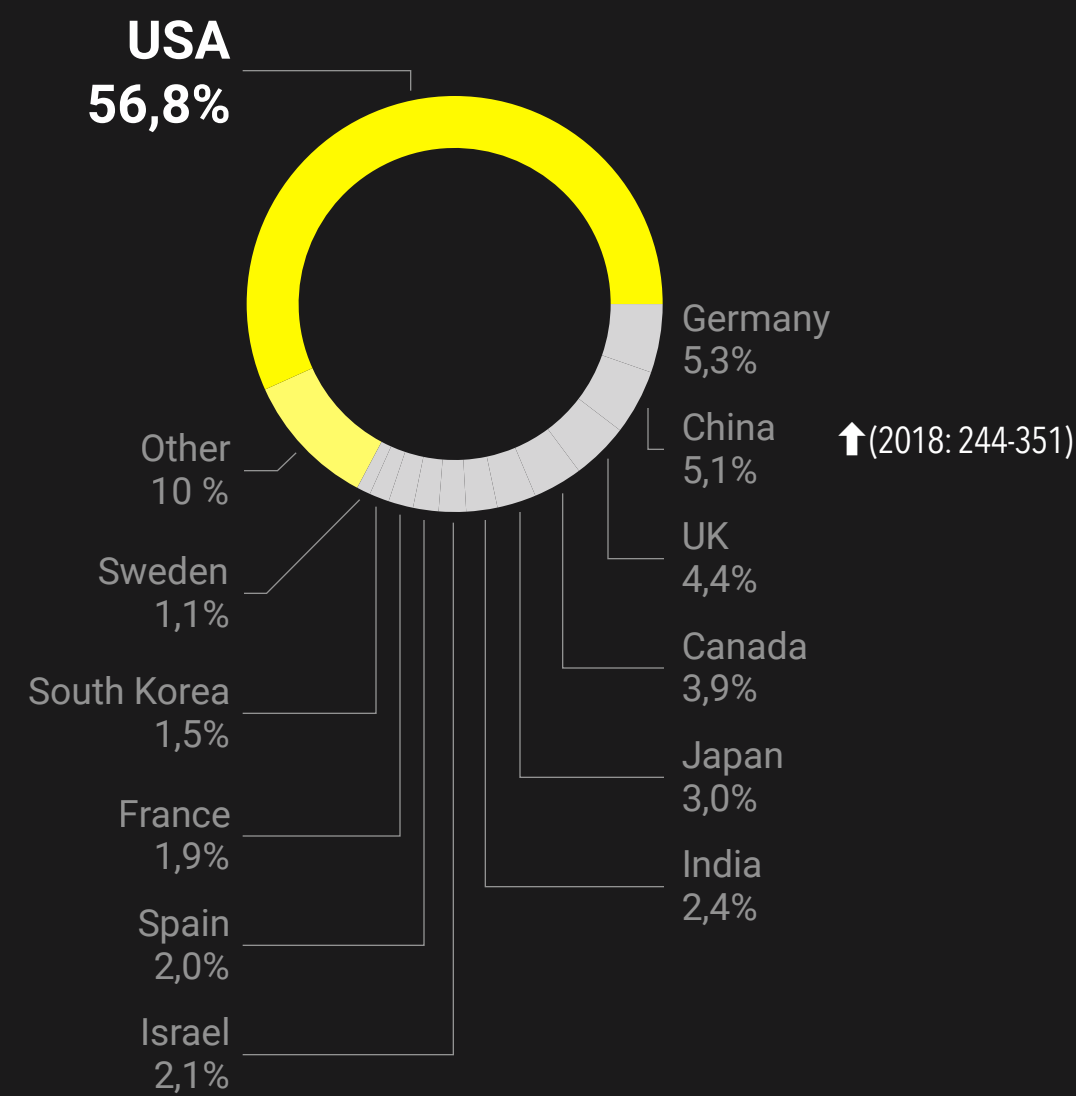
There are numerous inflection points since 1960, but 2013 appears to be an important moment after which the number of first-time corporate VC investors rose rapidly. In 2018 alone, there were at least 264 newly-founded corporate VCs. This represents the highest number of corporate VC entrants in a given year.



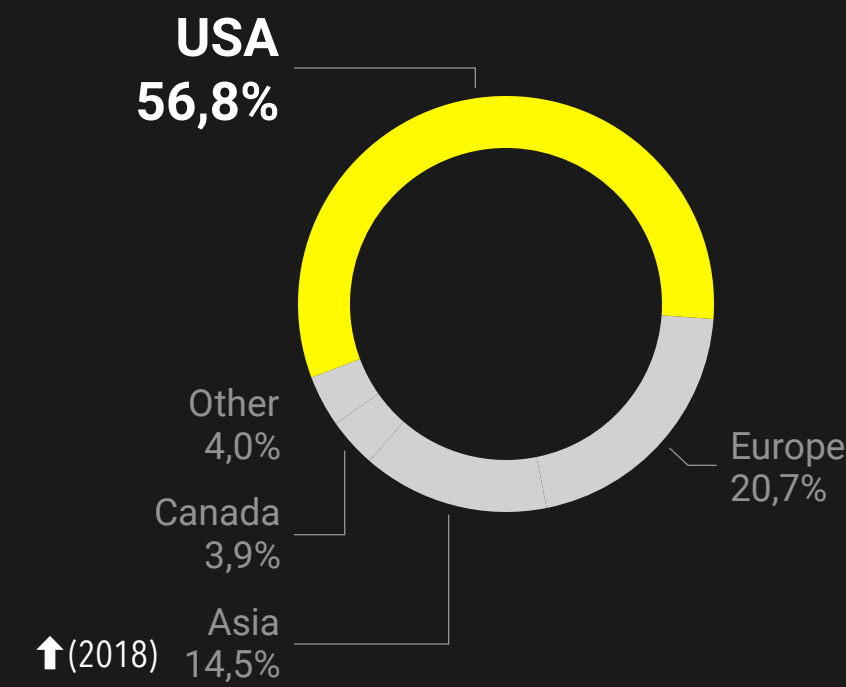
Corporate VC Investors (All)

2000-2018 (Years Aggregated)

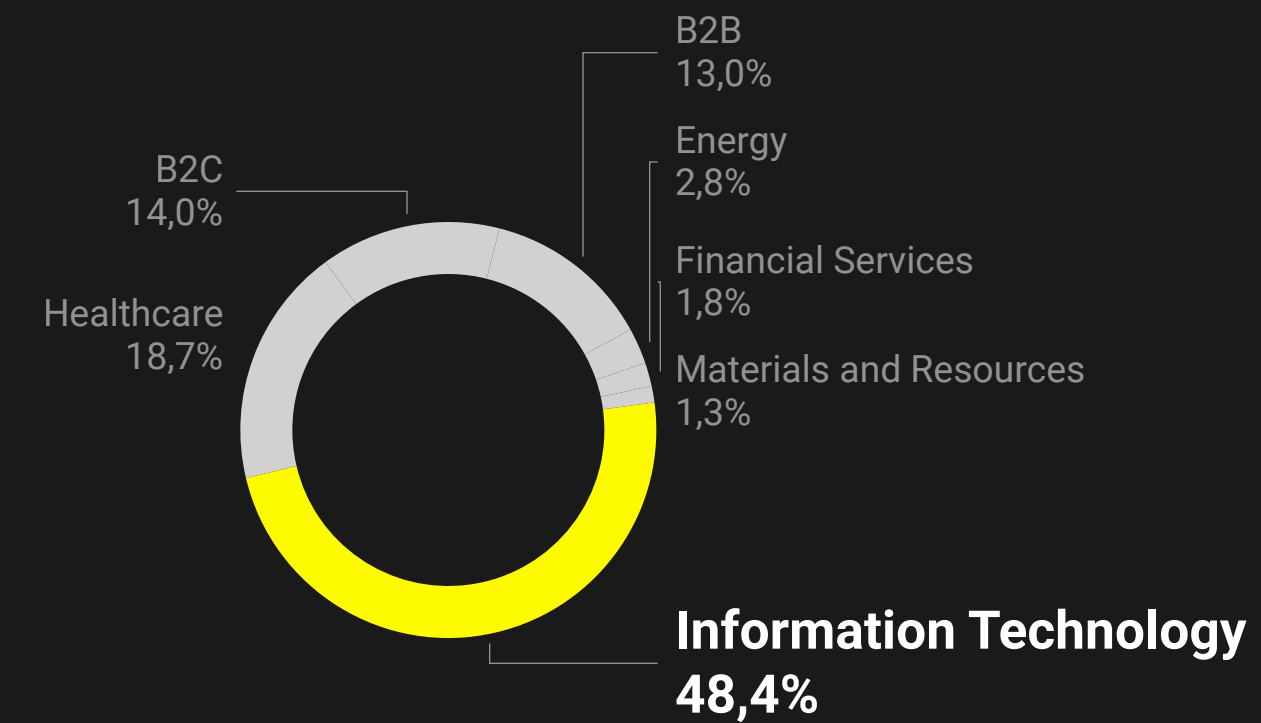
Deal Count Country



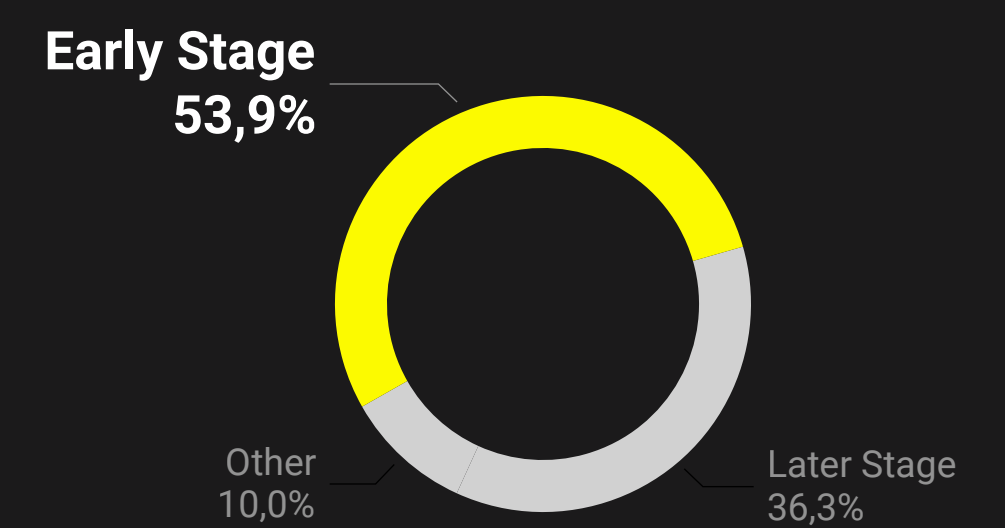
Deal Count Region



Deal Count Industry



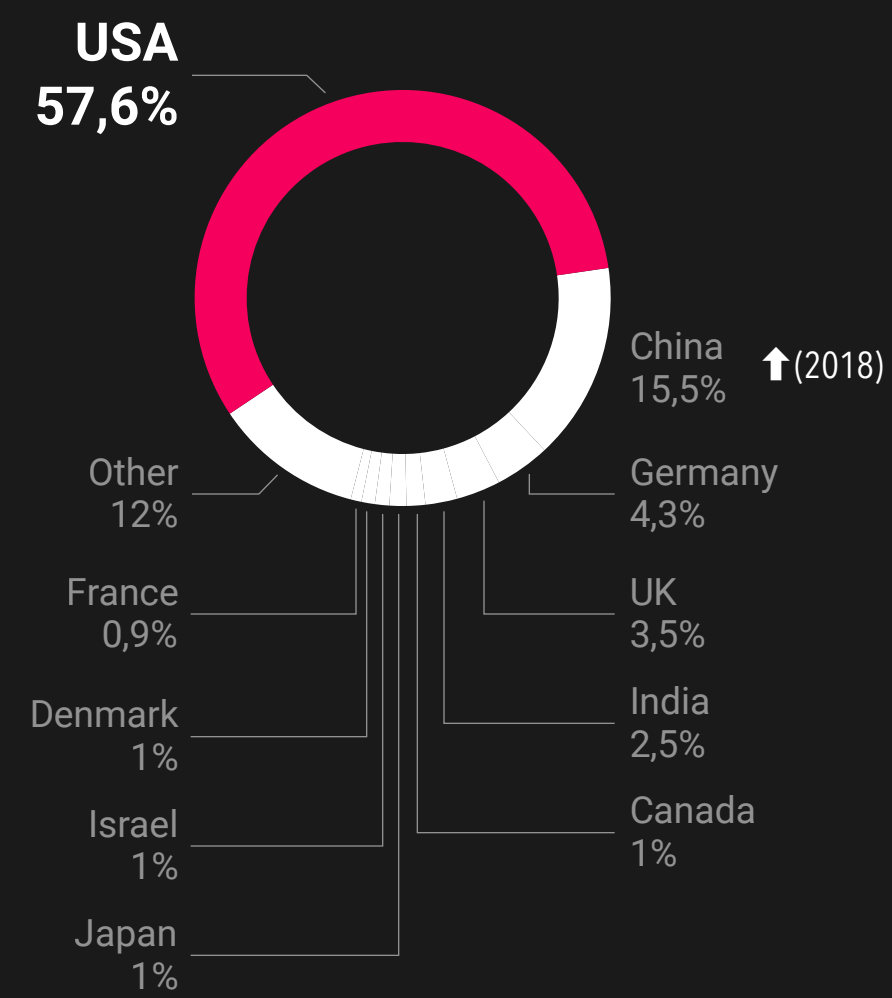
Deal Count Type



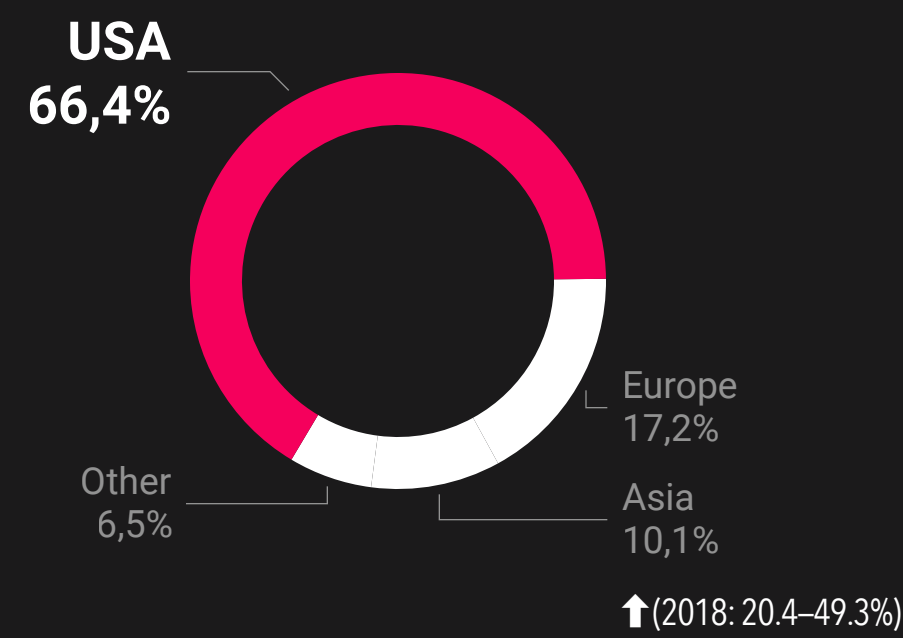
Corporate VC Investors (All)

2000-2018 (Years Aggregated)

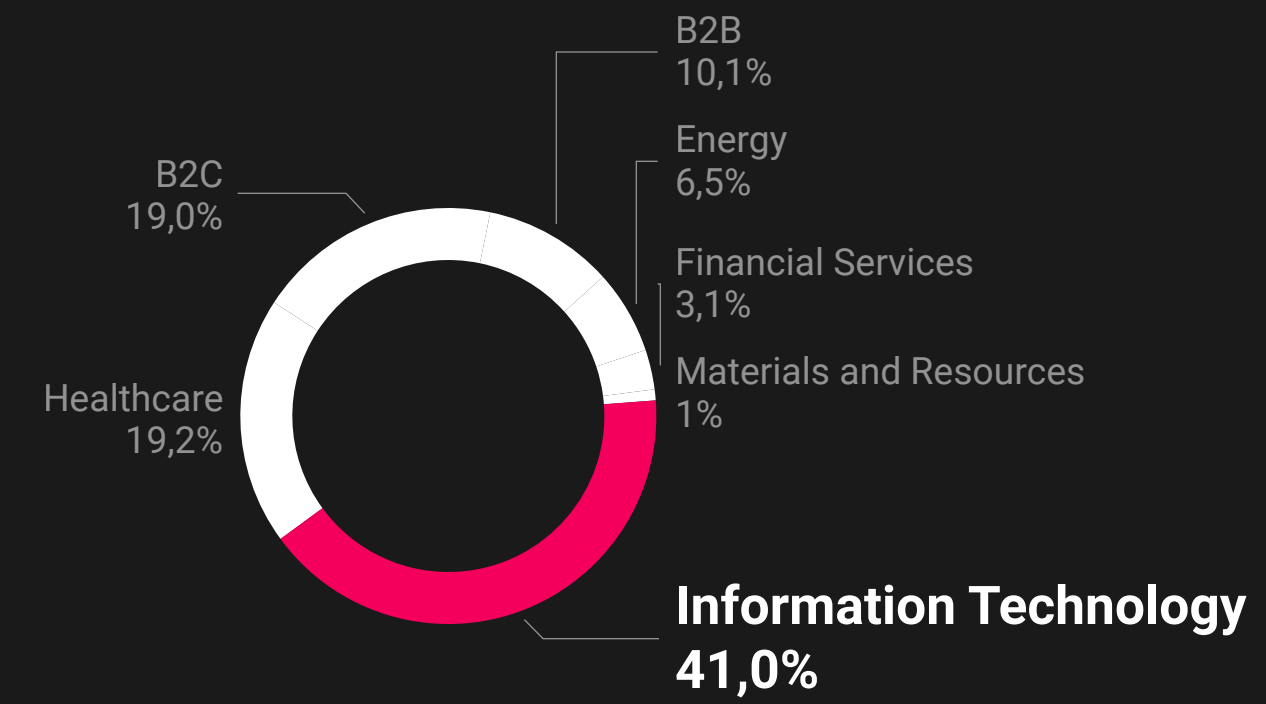
Capital Invested



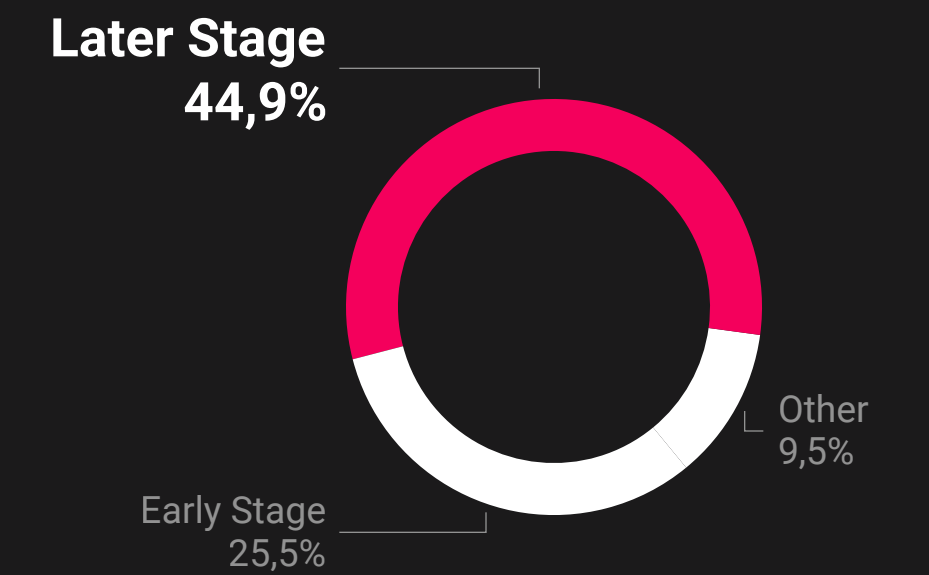
Capital Invested Region



Capital Invested Industry



Capital Invested Type



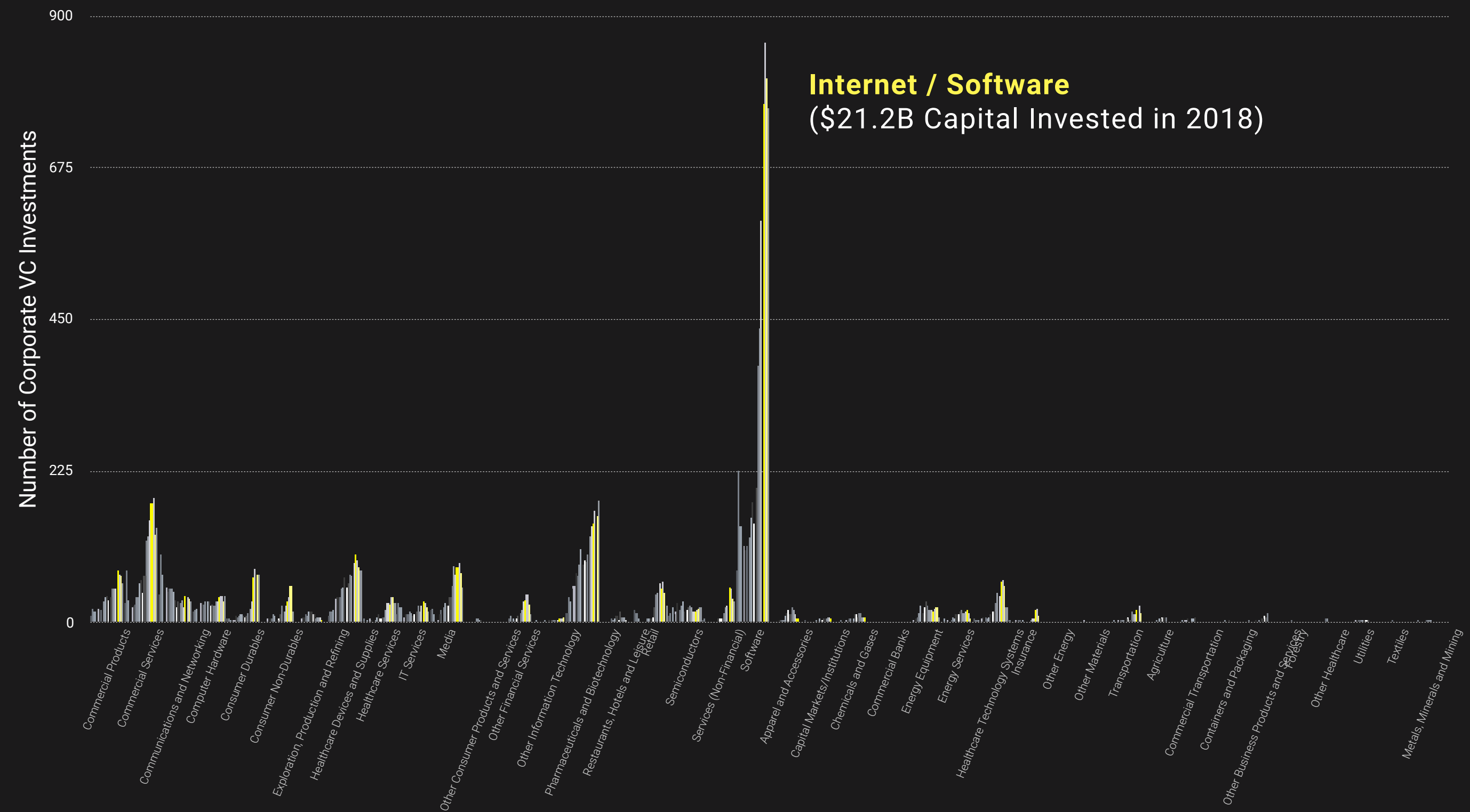
Corporate VC Investments By Primary Industry Group/Sector

1999-2018

Rise of Investments in Artificial Intelligence (AI)

AI deals with Corporate VC participation continue to increase year-to-year, with Asia-based startups soon to receive greater investments than their US-based counterparts. Out of all AI invested capital by corporate VCs in 2018, 44 percent went to US-based startups, 42 percent went to Asia-based startups, and 13 percent went to Europe-based startups.

Whereas in 2013, corporate VCs invested virtually nothing in AI startups, by 2018 \$5.1B was invested (~10 percent of all corporate VC investments). Baidu Ventures (China) was the most active corporate VC investor in AI startups in 2018.



Netherlands-based Startups & Corporate VC Investors

(Netherlands only)

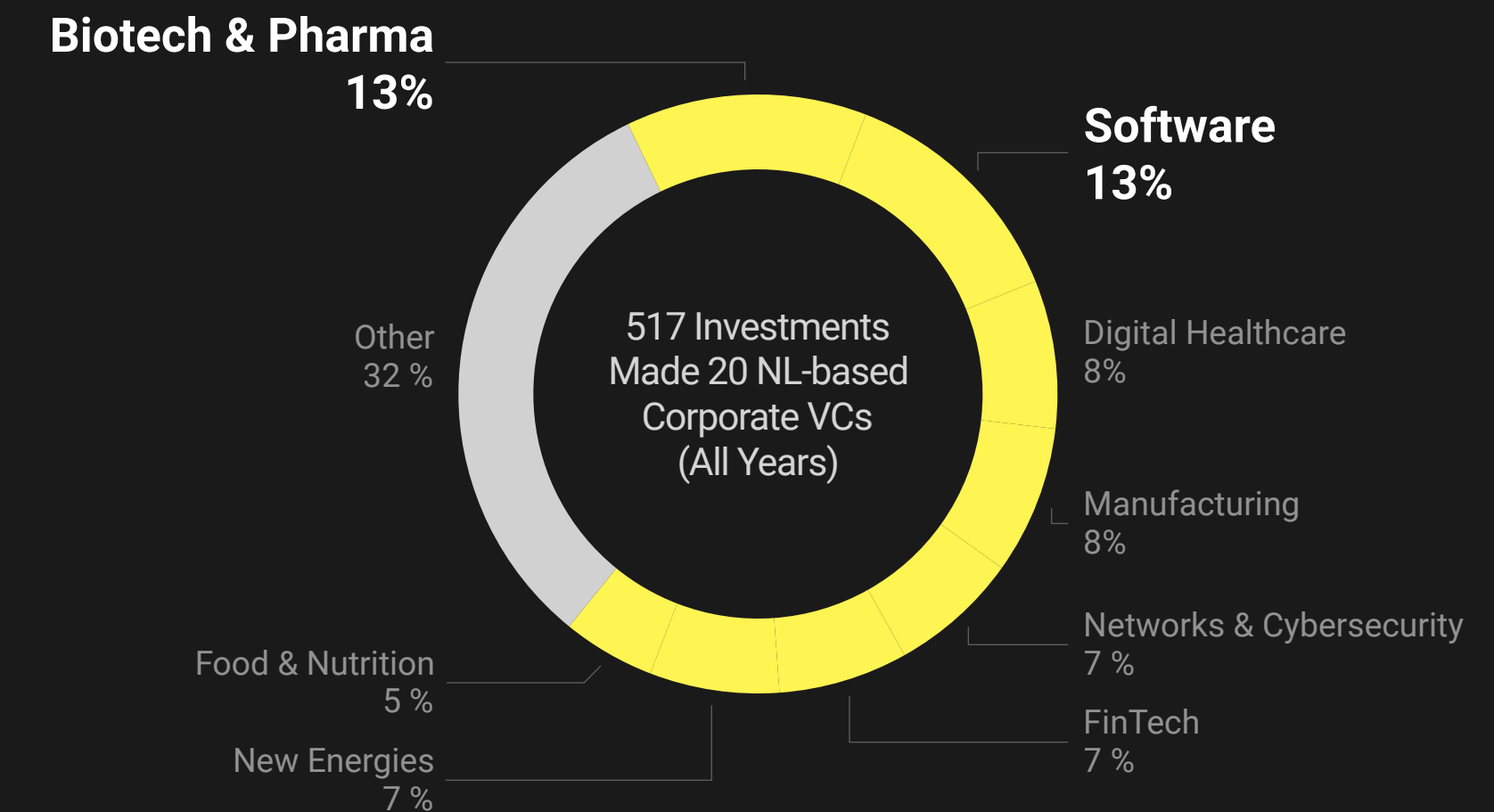
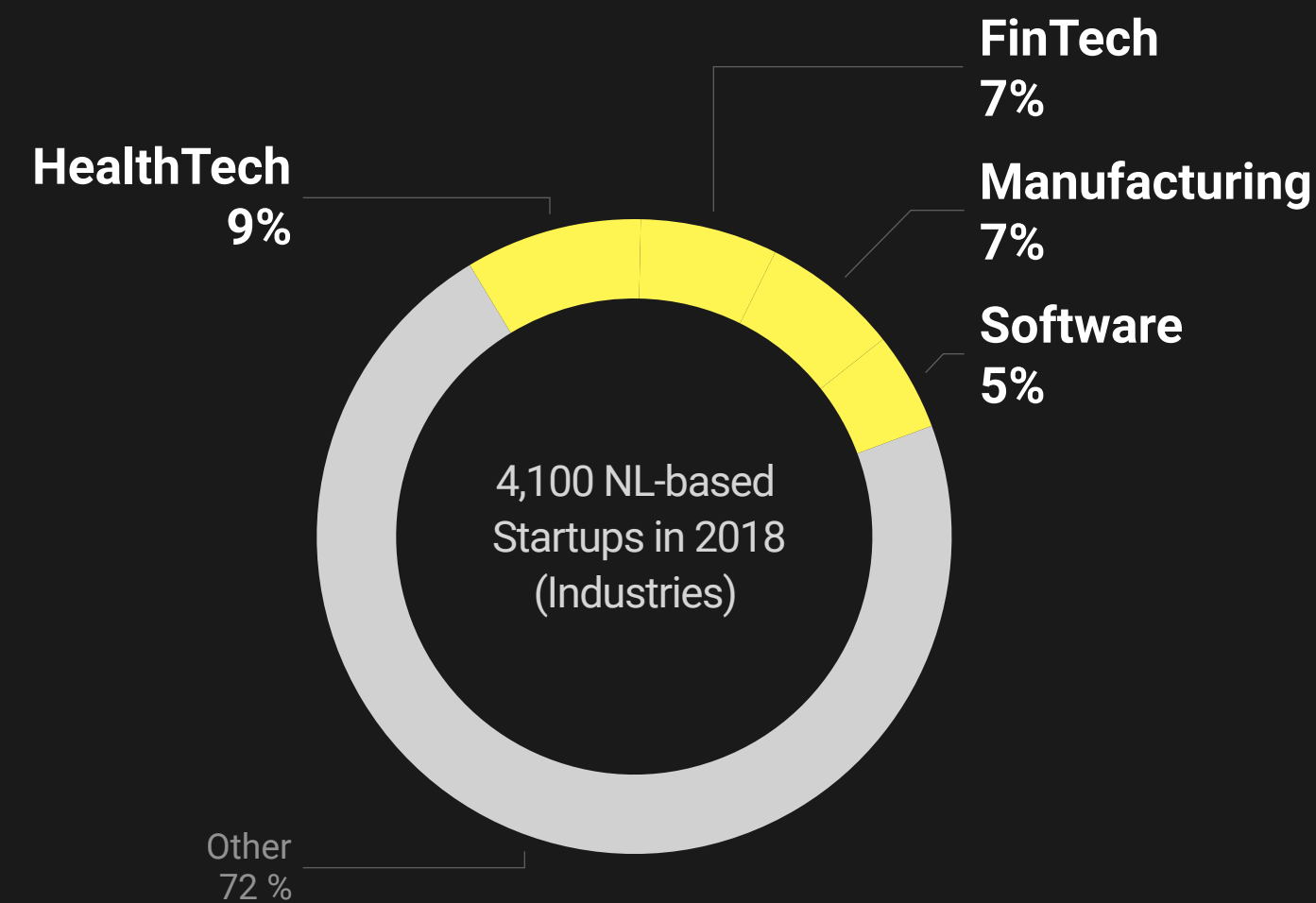
The Netherlands

10 percent of Netherlands-based startups that received private venture capital funding, also received corporate VC funding in 2018. 50 percent of the corporate VC funding that NL-based startups received in 2018 came from corporate VCs outside the Netherlands in.

NL-based corporate VCs made a median investment size of €4.65M in 2018, with 85 percent of all transactions made in early-stage capital fundraising rounds (i.e., Series A to Series B). 78 percent of NL-based corporate VCs investments were made in startups based outside The Netherlands.

Between 2010 and 2018, the number of NL-based corporate VCs more than doubled from 8 to 19. In 2018 alone, NL-based corporate VCs made 19 percent of the total investment deals since their existence (98 out of 517 investments).

Recommended Reading:
Casey, M., Witteveen, D., Lufting, E., Nijs, J., Bax, M., & Beers, N. (2019). The next chapter for Corporate Venture Capital: "Future-proof" the Netherlands (pp. 1-32, Rep.). Netherlands: Deloitte.



Engaged Corporate VC Investors

≥ 20 Investments Past 5 Years (166 ordered)

GV	CyberAgent Ventures	Liberty Global Ventures	ORIX Growth Capital	McKesson Ventures	MDC Ventures	Lenovo Capital and	Schibsted Growth
Intel Capital	Next47	BP Ventures	YJ Capital	BASF Venture Capital	VTT Ventures	Incubator Group	SAIC Capital
Salesforce Ventures	Verizon Ventures	CAA Ventures	Western Digital Capital	UTA Ventures	Workday Ventures	Gelt Venture Capital	Munich Re/HSB Ventures
Qualcomm Ventures	Baidu Ventures	Amazon Alexa Fund	SIDBI Venture Capital	Capital One Growth	ENGIE New Ventures	Applied Ventures	Stanley Ventures
Comcast Ventures	Upslope Ventures	Roche Venture Fund	DSM Venturing	Ventures	Monsanto Growth Ventures	Astellas Venture	Mandiri Capital Indonesia
Eight Roads	SB China Venture Capital	Tengelmann Ventures	ITOCHU Technology	Sanofi-Genzyme	Hewlett Packard Pathfinder	Management	MAIF Avenir
GE Ventures	Bertelsmann Digital Media	Legend Star	Ventures	Bioventures	Motorola Solutions Venture	SGInnovate	Chevron Technology
Bloomberg Beta	Investments	WuXi Healthcare Ventures	MassMutual Ventures	Sabadell Venture Capital	Capital	Allianz X	Ventures
Novo Holdings	Pfizer Ventures	Merck Ventures	WarnerMedia Investments	Naspers Ventures	Air Liquide Venture Capital	Providence Ventures	Toyota AI Ventures
Samsung Venture	CapitalG	BlueCross BlueShield	Samsung Catalyst	Sony Innovation Fund	Transamerica Ventures	InMotion Ventures	Mumbai Angels
Investment	SR One	Venture Partners	Airbus Ventures	NVIDIA GPU Ventures	You & Mr Jones Brandtech	Luma Launch	Fenox Venture Capital
Cisco Investments	GREE Ventures	BMW i Ventures	CEA Investissement	Fox Ventures	Ventures	TELUS Ventures	Cowin Capital
Legend Capital	Robert Bosch Venture	Tencent Industry Win-Win	Total Energy Ventures	Takeda Ventures	JetBlue Technology	Vorwerk Ventures	Clearstone Venture Partners
SoftBank Capital	Capital	Fund	Merck Global Health	Presidio Ventures	Ventures	E.ON Strategic Co-	Arcapita
Alexandria Venture	Telstra Ventures	Unilever Ventures	Innovation Fund	Lundbeckfond Ventures	Arzan Venture Capital	Investments	NGP Capital
Investments	Rakuten Capital	KDDI Ventures Program	Dentsu Innovation Partners	CME Ventures	Lilly Ventures	Bonsai Venture Capital	Gobi Ventures
HV Holtzbrinck Ventures	American Family Ventures	Shea Ventures	AbbVie Ventures	MDI Ventures	GM Ventures	Bouygues Telecom	ESSEC Ventures
Johnson & Johnson	Citi Ventures	Innovationsstarter	USAA Ventures	Amgen Ventures	Spark Impact	Initiatives	Oxford Capital Partners
Innovation - JJDC	Recruit Strategic Partners	Partners HealthCare	Kaiser Permanente	Sky Startup Investments &	Equinor Technology	Kinzon Capital	Maj Invest Equity
Dell Technologies Capital	Bertelsmann Asia	Innovation	Ventures	Partnerships	Ventures	31Ventures	Inifinity Group
SoftBank Ventures Asia	Investments	Mayo Clinic Ventures	Alibaba Capital Partners	Orange Digital Ventures	Kickstart Ventures	Burda Principal Investments	ITOCHU Technology
Caixa Capital Risc	NTT Docomo Ventures	Unitus Ventures	Breed Reply	Access Technology	Constellation Technology	Boeing HorizonX	Ventures
M12	Raine Ventures	Clocktower Technology	Saudi Aramco Energy	Ventures	Ventures	ConsenSys Ventures	KfW IPEX-Bank
Desjardins Capital	Singtel Innov8	Ventures	Ventures	Santander InnoVentures	Dentsu Ventures	UPS Strategic Enterprise	Green Pine Capital Partners
Deutsche Telekom Capital	American Express Ventures	SevenVentures	Boehringer Ingelheim	Broadway Video Ventures	Wipro Ventures	Fund	WestBridge Capital
Partners	Swisscom Ventures	DBJ Capital	Venture Fund	Syngenta Ventures	ABB Technology Ventures	Evonik Venture Capital	Franklin Templeton
Novartis Venture Fund	Shell Ventures	ZX Ventures	Alibaba Entrepreneurs Fund	WS Investments		PortfoLion	Investments

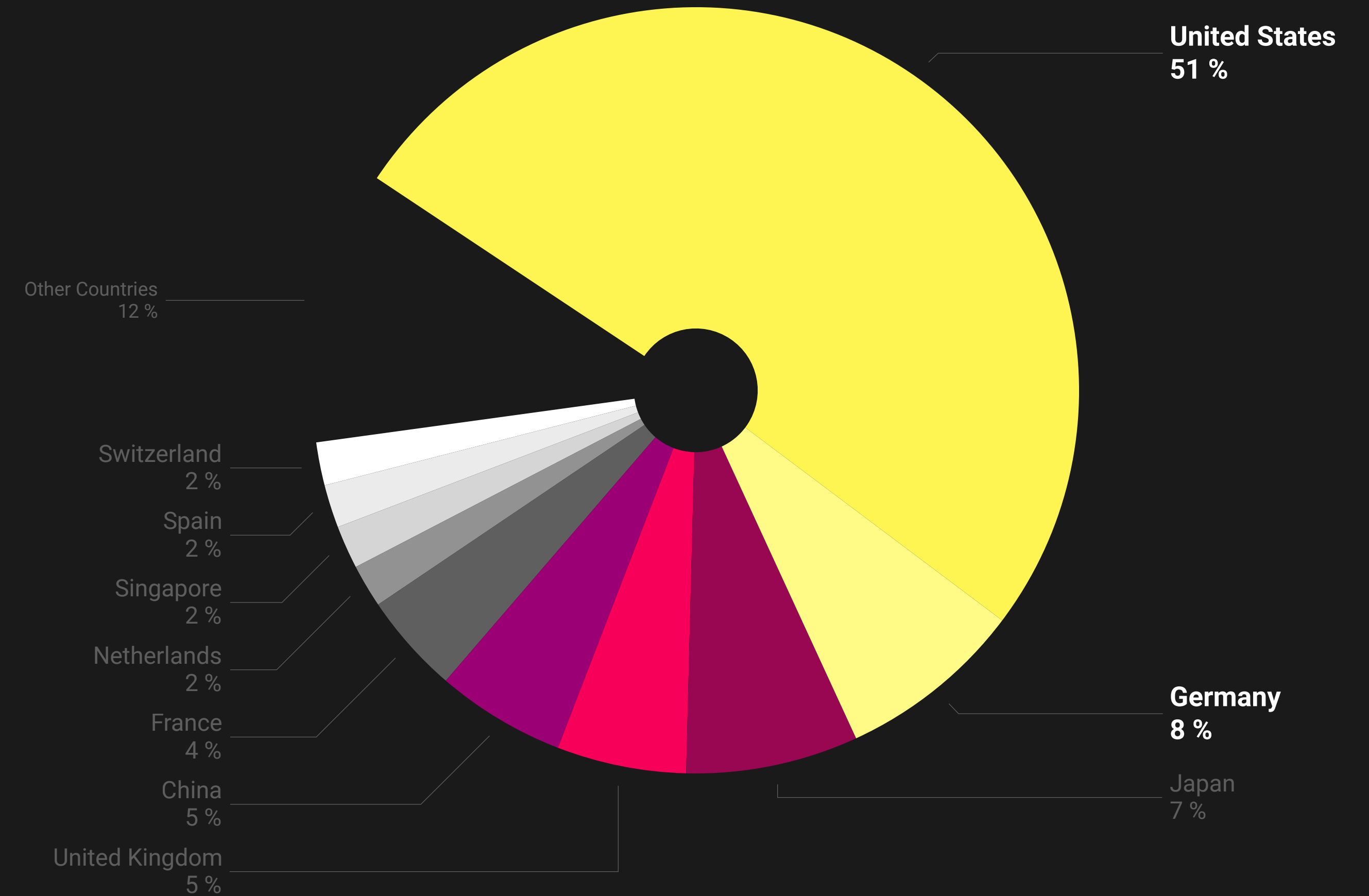


51 percent of Engaged Corporate VCs are based in the USA

Exponential Rise of Asia-based Corporate VCs and Asia-based Startups Since 2013

Baidu Ventures, for example, is the 27th most active corporate VC over the past 5 years, but the 4th most active corporate VC in 2018.

In fact, 6 out of the 10 most active corporate VCs in 2018 are based in Asia. China-based corporate VCs invested between \$10.8B in 2018 (~20 percent of total capital invested by corporate VCs) and \$50B depending on the data source, and Asia-based startups received between 21-38 percent of all corporate VC deals, depending on the data source examined.

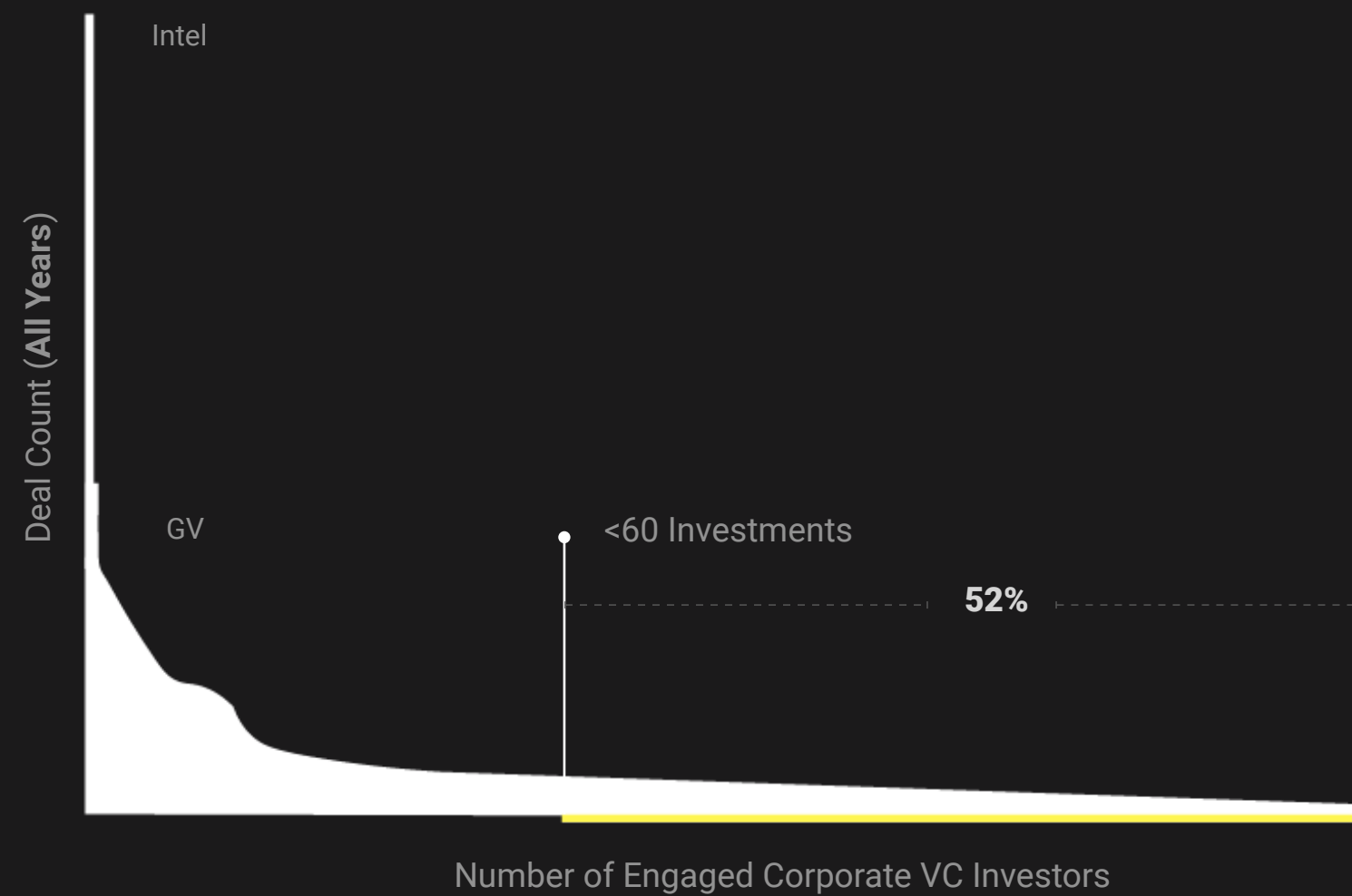


Engaged Corporate VC Investors

≥ 20 Investments Past 5 Years (166 ordered)

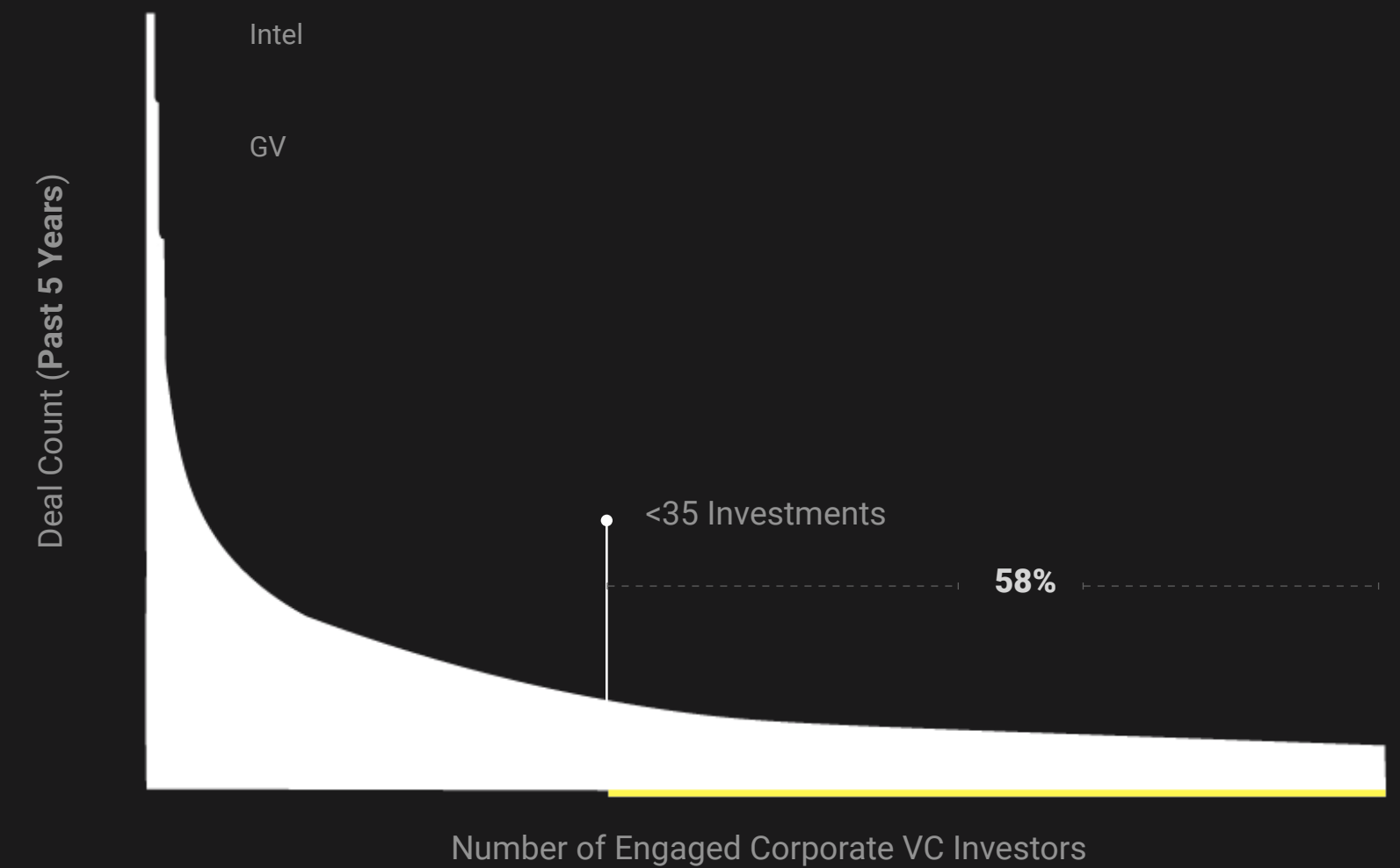
Investments by Corporate VCs are Precious

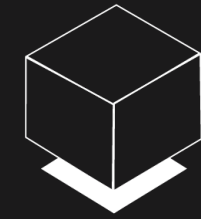
Out of the 166 Engaged Corporate VCs, 23 percent have made ≥100 investments in portfolio startups, while **52 percent** of corporate VC investors have made between 0 and 60 investments during their entire existence.



Investments by Corporate VCs are Precious

Out of the 166 Engaged Corporate VCs, 9 percent of corporate VCs made ≥100 investments in portfolio startups over the past 5 years. 27 percent of corporate VCs made ≥50 investments in portfolio startups, while **58 percent** of corporate VC investors made between 0 and 35 investments over the past 5 years.





Engaged Corporate VC Investors 2014 -2018

≥ 20 Investments Past 5 Years

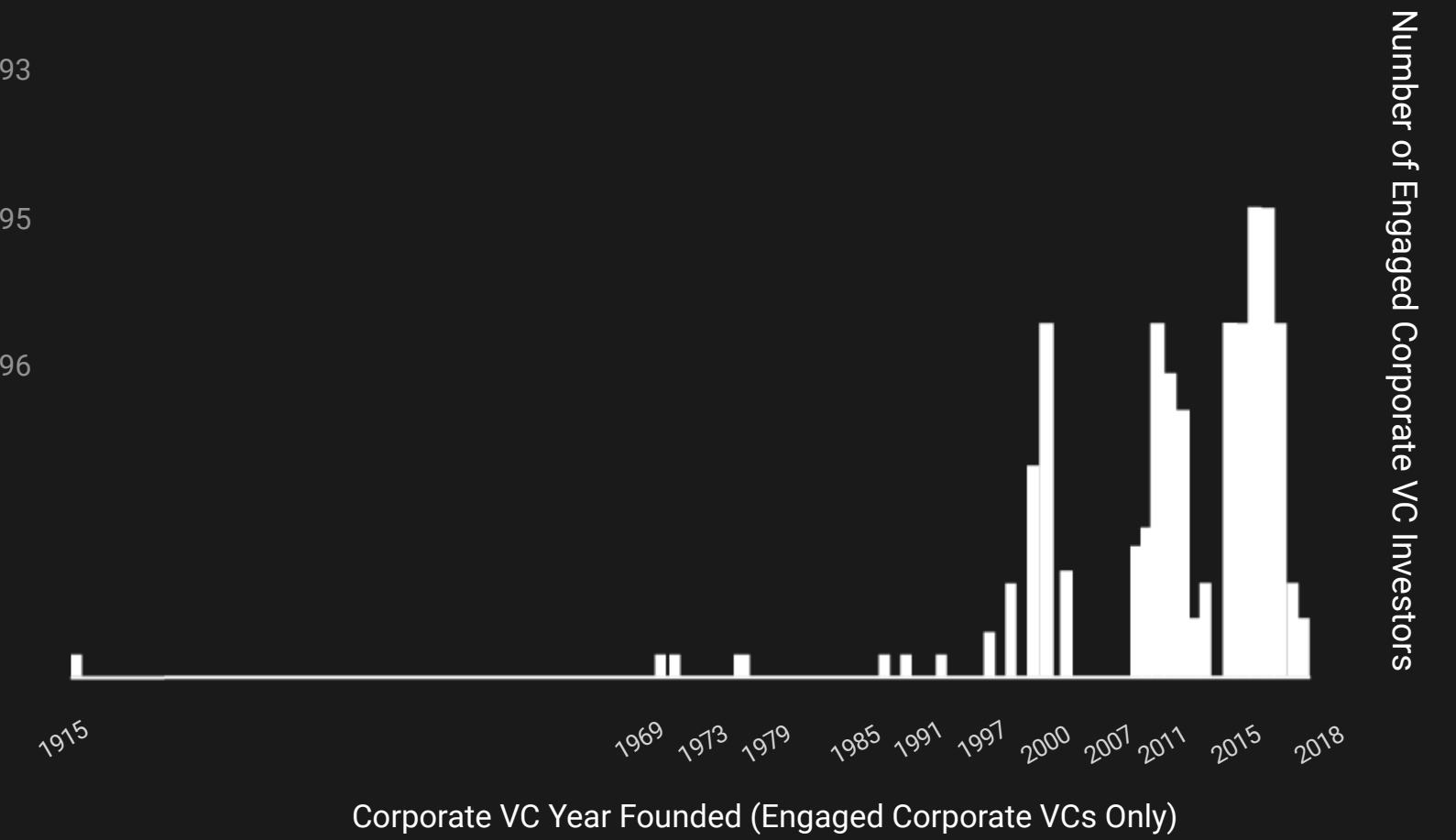
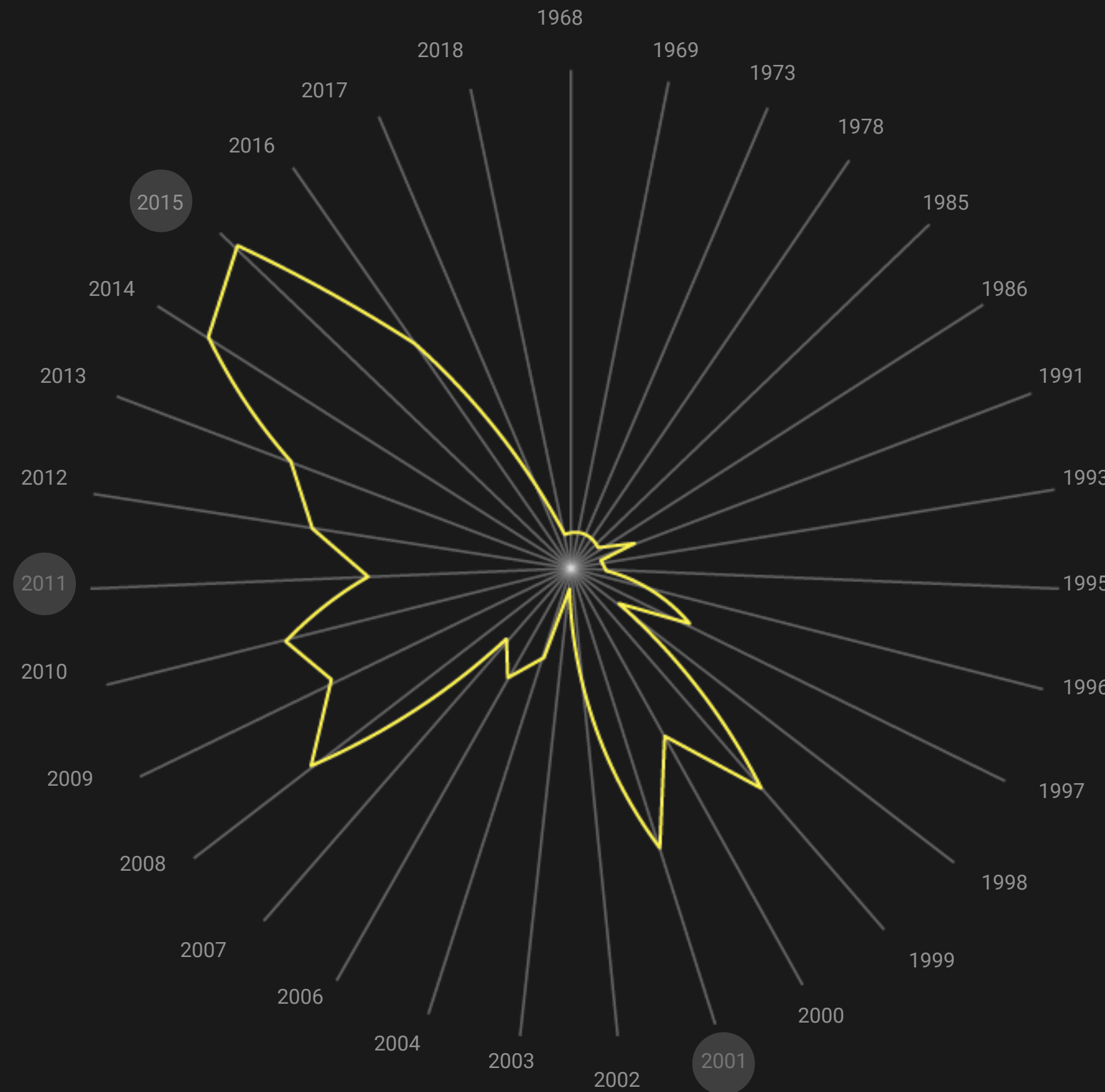


Sharp Rise in Young, Powerful Corporate VC Entrants

Out of the 166 Engaged Corporate VCs, **65 percent** of corporate VCs were founded after 2011. Only 20 percent of these corporate VCs were founded in the year 2000 or earlier.

166
Engaged
CVCS

13
Avg. Age



Prior Corporate VC Experience Does Not Predict Subsequent Investment Intensity

Based on our regression analysis of 136 Engaged Corporate VCs (outliers removed), we observe that many recently-founded corporate VCs seem to require almost three years to ramp up their investments.

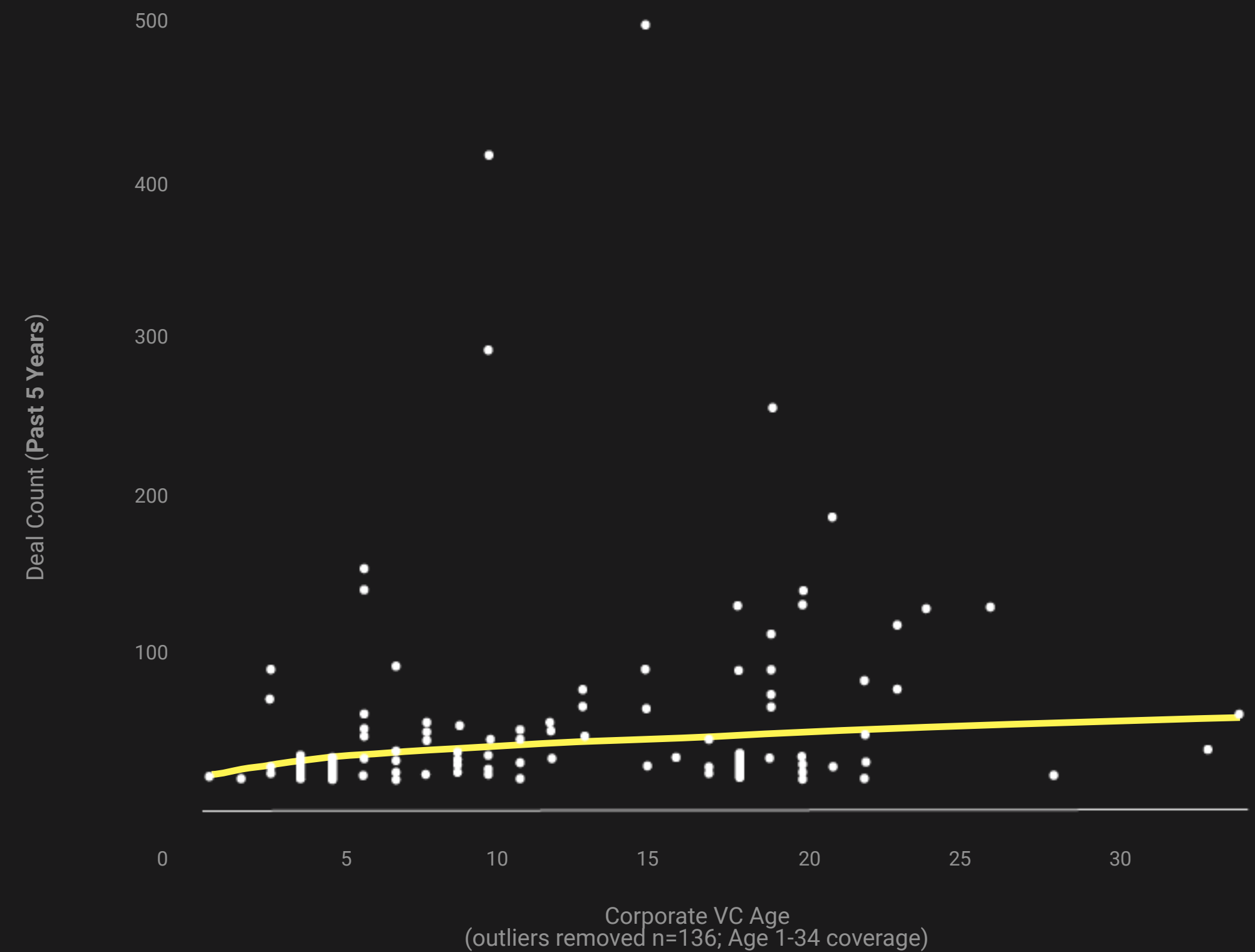
The relationship between corporate VC age and subsequent investment levels over the past 5 years is positive, but extremely weak. Even when the full sample of 166 Engaged Corporate VCs are considered, the 10 highest levels of investments in external startups were made by corporate VCs founded at different moments in time between 1991 and 2013. As no particular pattern emerges, it suggests that the age of a corporate VC alone does not help us predict investment intensity, per se.

On the one hand, a possible explanation for the observed behavior is that some recently-founded corporate VCs may have learned vicariously from observing previous corporate VCs.

By implementing organizational mechanisms, for example, that ensure a steady stream of investment funding and autonomous decision-making, even young corporate VCs can become prolific in their investments within a short timeframe.

On the other hand, characteristics that lead to better corporate VC performance are already being practiced by the high-performing, older corporate VC units.

Therefore, what affects corporate VC performance is more a question of organizing corporate VC activities adaptively, and less a matter of what typically accompanies corporate VC experience such as established routines and familiar social capital networks. Alternatively, different mechanisms may be at play in fresh, versus established corporate VCs.



Exits by Corporate VCs are Precious

Out of the 166 Engaged Corporate VCs, 18 percent have experienced ≥ 60 exits of portfolio startups, while 57 percent of corporate VC investors have experienced between 0 and 20 exits during their entire existence.



Engaged Corporate VC Investors ≥ 20 Investments Past 5 Years 2014-2018

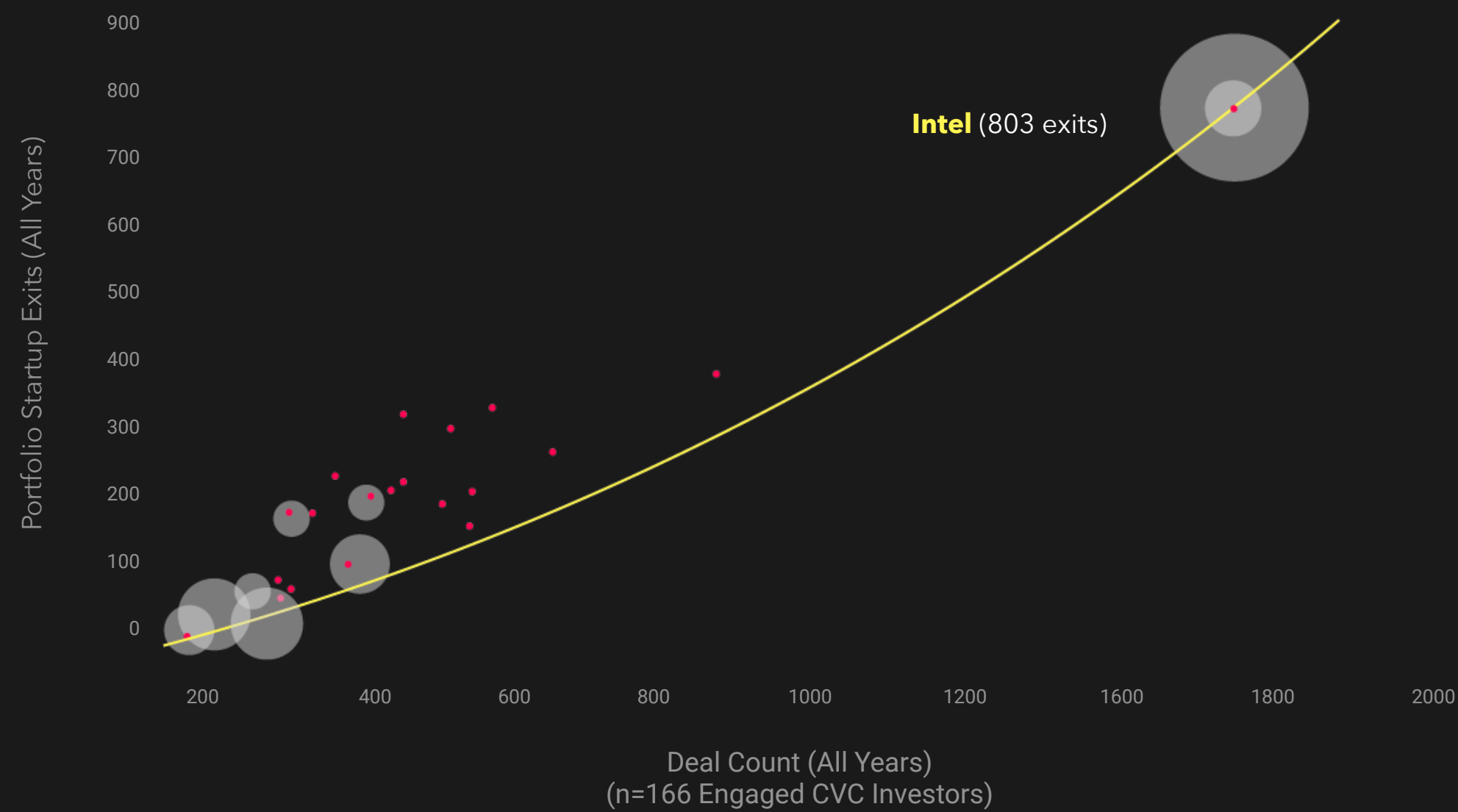


Engaged Corporate VC Investors

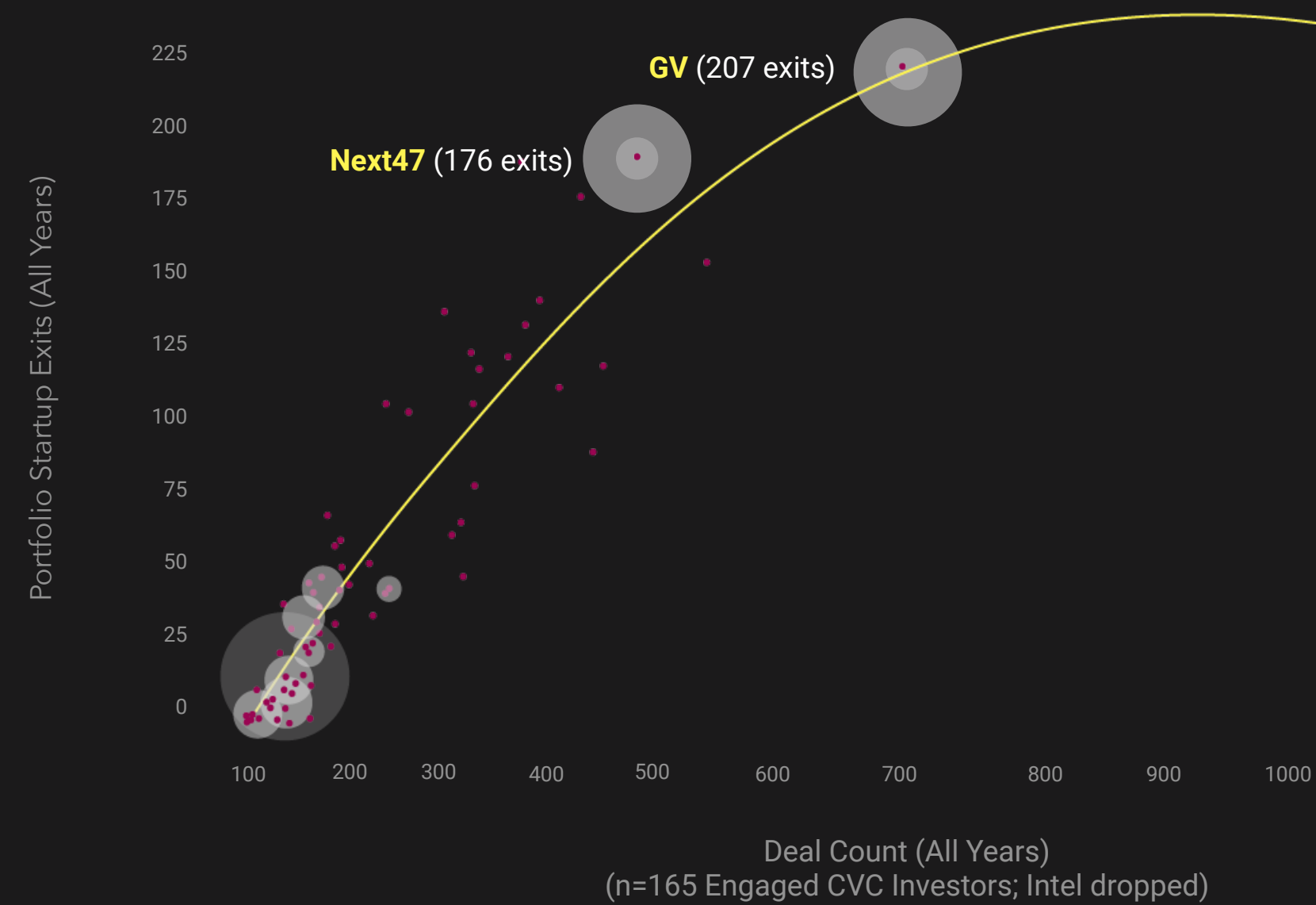
≥ 20 Investments Past 5 Years

Engaged Corporate VC Investors ≥ 20 Investments Past 5 Years 2014-2018

Volume of Bets as a Performance Strategy



Limits to "More Bets" as a Performance Strategy



Based on the 166 Engaged Corporate VCs, it first appears that the regressive relationship between deal count and the number of subsequent portfolio startup exits a corporate VC experiences, is linear and positive. The intuition is that to experience more portfolio startup exits, corporate VCs must place more "bets" in uncertain, innovative external startups.

However, when we drop the Intel corporate VC datapoint from our regression analysis, the relationship between deal count and the number of subsequent portfolio startup exits, appears to weaken after some point. The insight is that the strategy of placing more bets works only up to a point, so that corporate VCs may increasingly have to focus on effectively delivering value-adding services to foster requisite growth in their portfolio startups.

NB: Next47 deal and exit counts include legacy investments from SIEMENS Venture Capital. GV encapsulates five distinct corporate VC units.

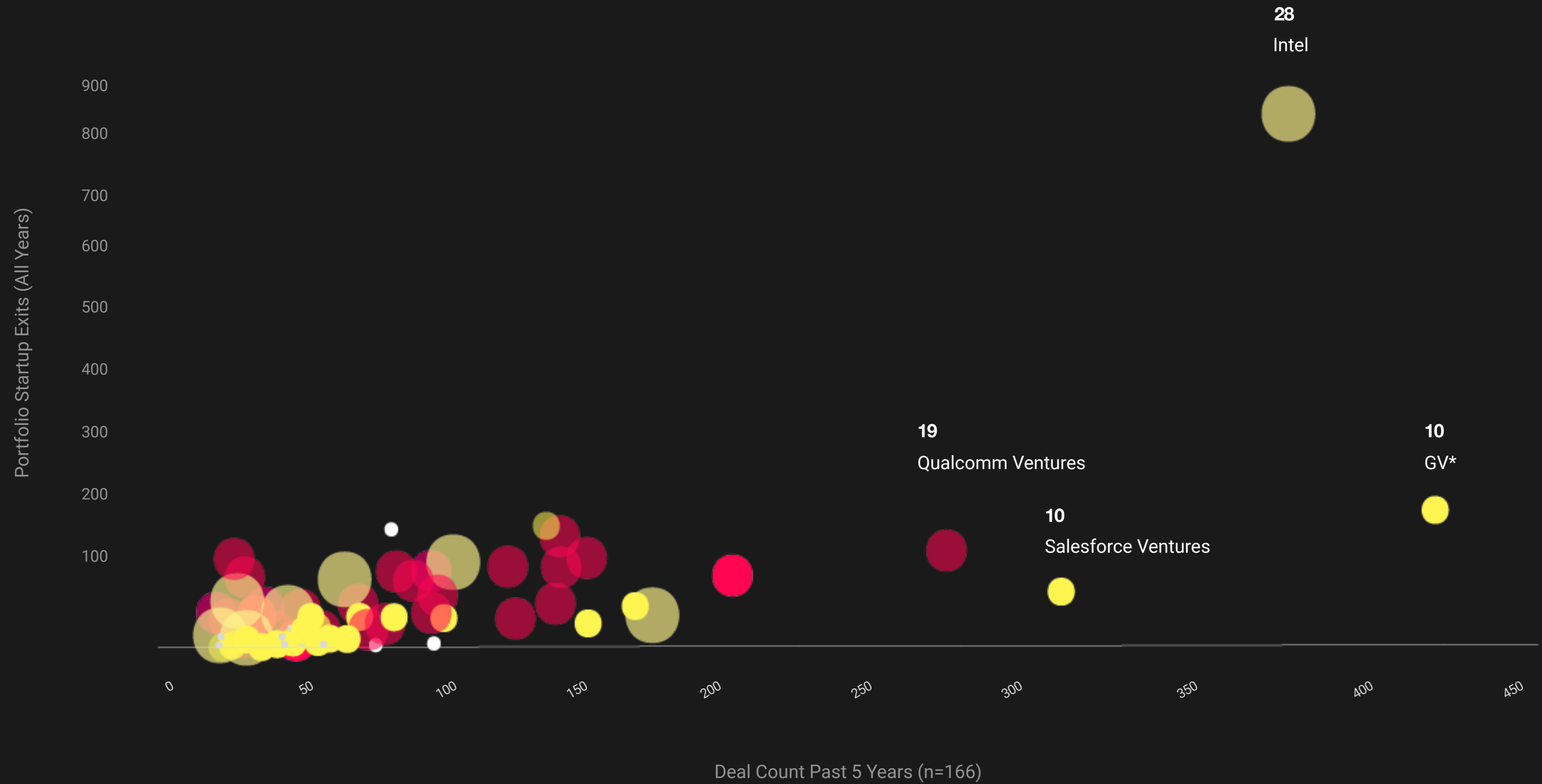


Map of Corporate VCs

The relative size of each circle indicates the age of an Engaged Corporate VC, where a smaller circle represents a more recent founding date and a larger circle represents an older founding date.

These corporate VCs are plotted according to deal count over the past five years and the number of portfolio startup exits since the founding of a corporate VC.

* Next47 and M12 deal and exit counts include legacy investments from SIEMENS Venture Capital and Microsoft Ventures, respectively. However, we use the recent founding dates for Next47 and M12, not the historic ones for previous structures. Please note that GV encapsulates five distinct corporate VC units.



Corporate VCs are Heterogeneous

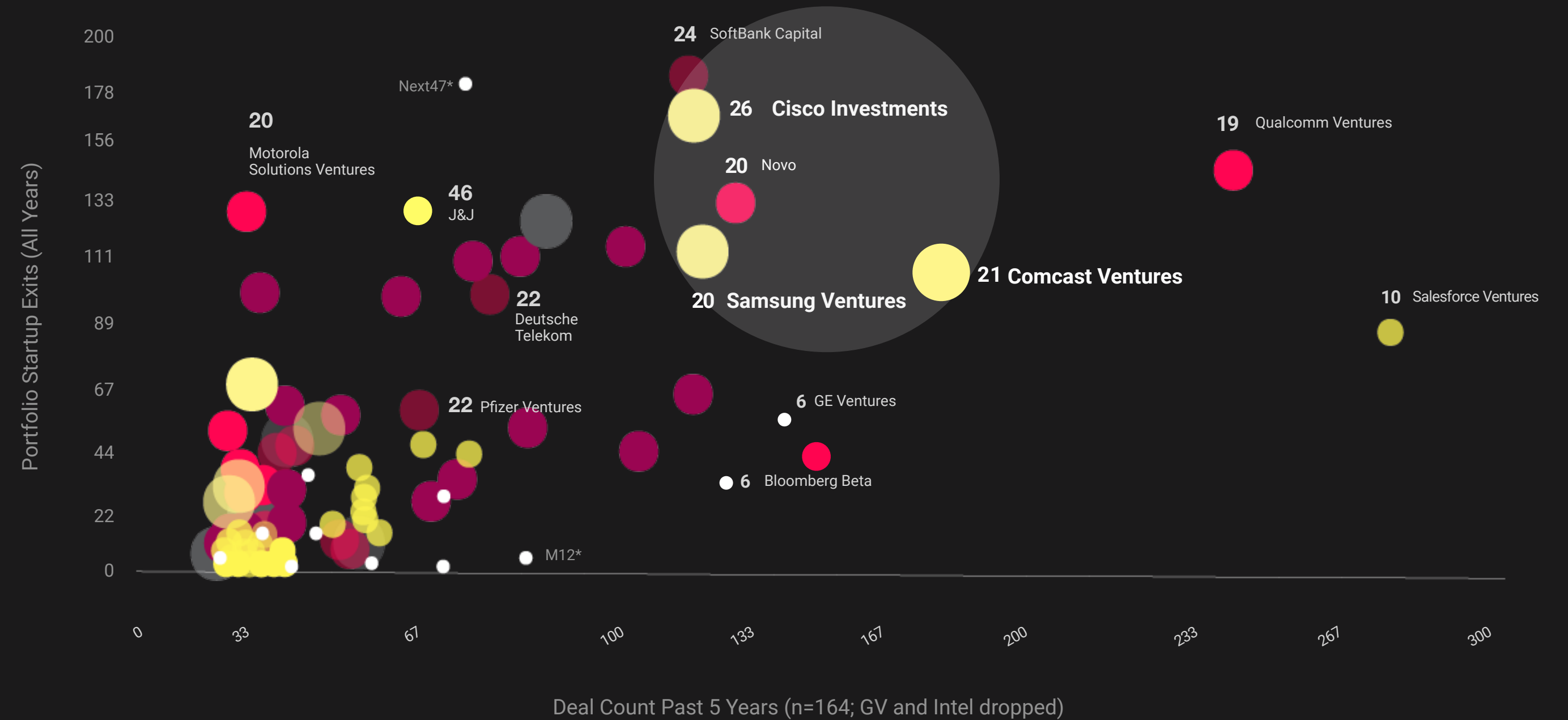
The figure illustrates the extent to which active corporate VCs vary greatly in terms of deal counts over the past five years, portfolio startup exits, and age (experience). While holding any of these variables at a constant value, we still see a wide range of values across the other variables. For example, if we hold deal count and age (relatively) constant, there remains variance between Cisco Investments and Samsung Ventures in terms of portfolio startup exits. Similarly, if we hold portfolio startup exits and age (relatively) constant, there exists variance between Samsung Ventures and Comcast Ventures in terms of recent deal counts.

This variance is interesting for researchers and practitioners, because it suggests that there are multiple compositions to achieving high performing corporate VCs and that performance along any dimension is normally distributed (i.e., bell shape). In other words, there may be a complex, interactive set of requisite conditions and achieving any of these “successful” compositions certainly requires hard work and a bit of serendipity.

Map of Corporate VCs

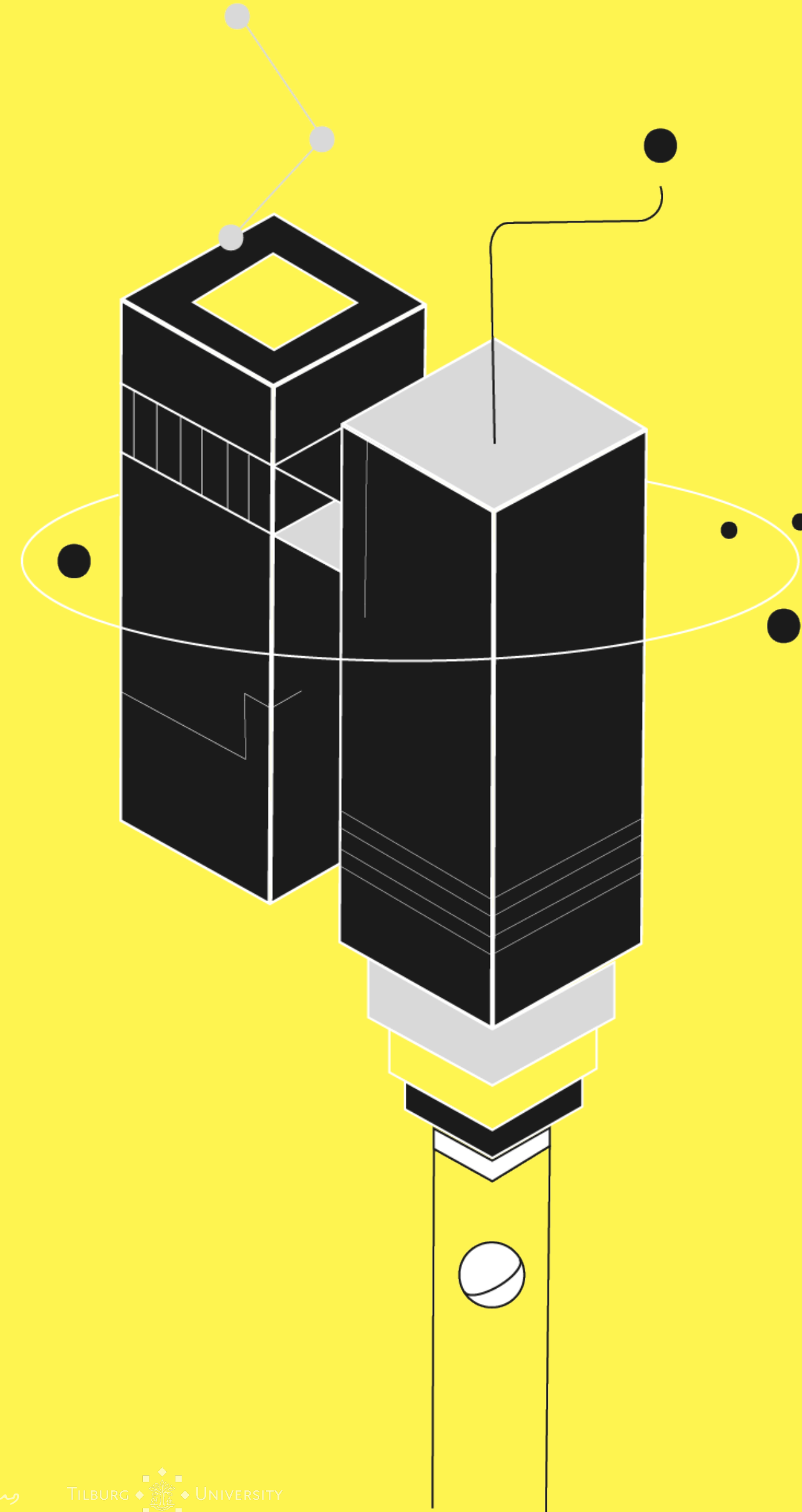
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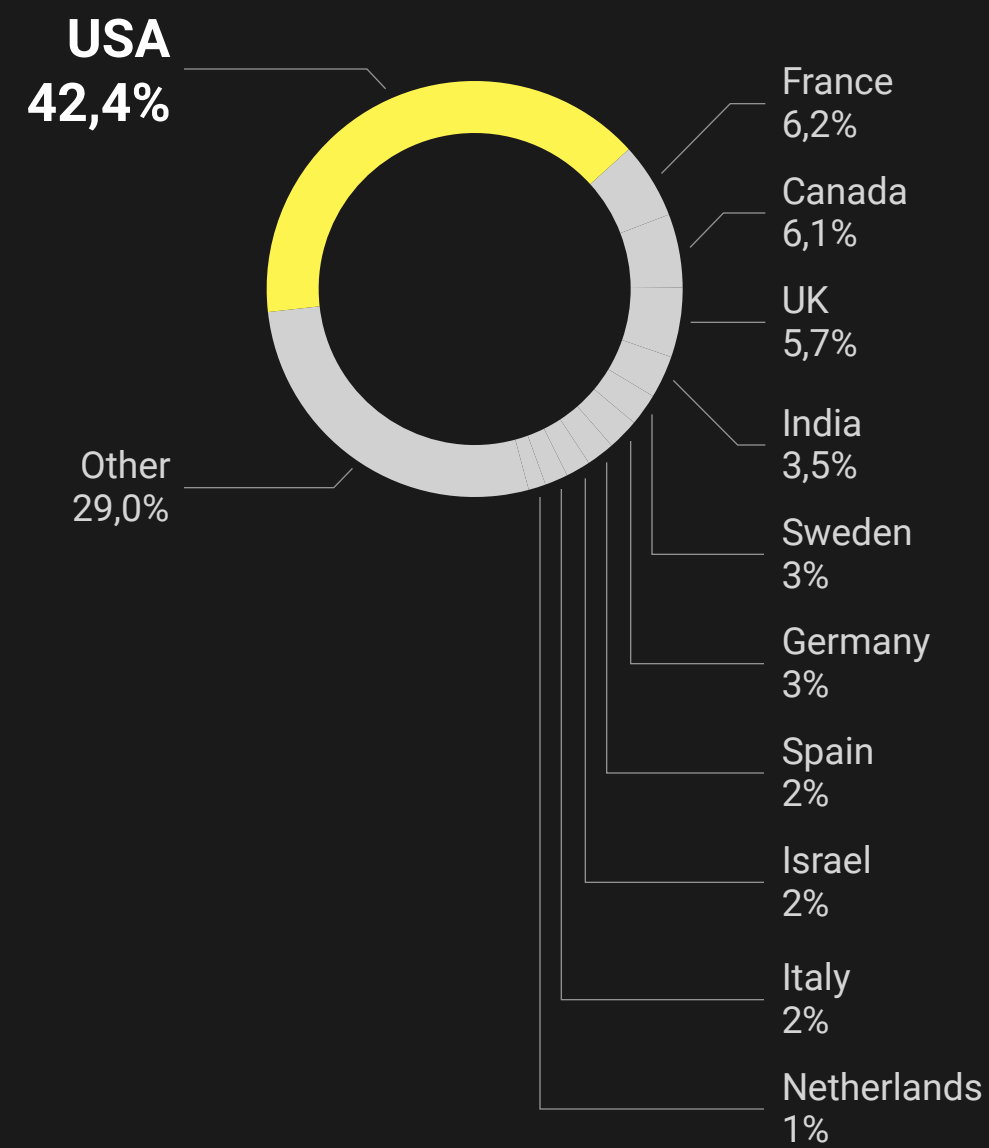
03

Private & Corporate Accelerators

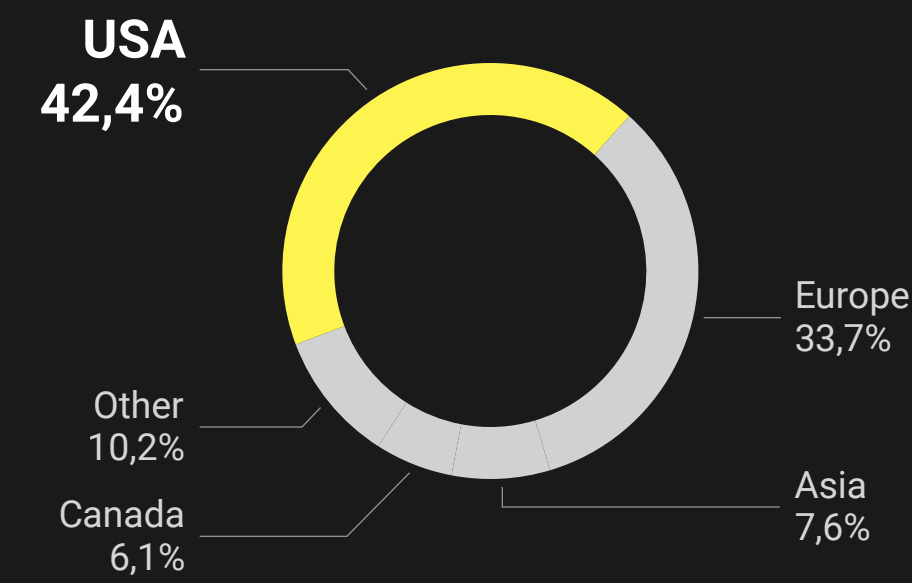


Accelerator Investors (All) 2000-2018 (Years Aggregated)

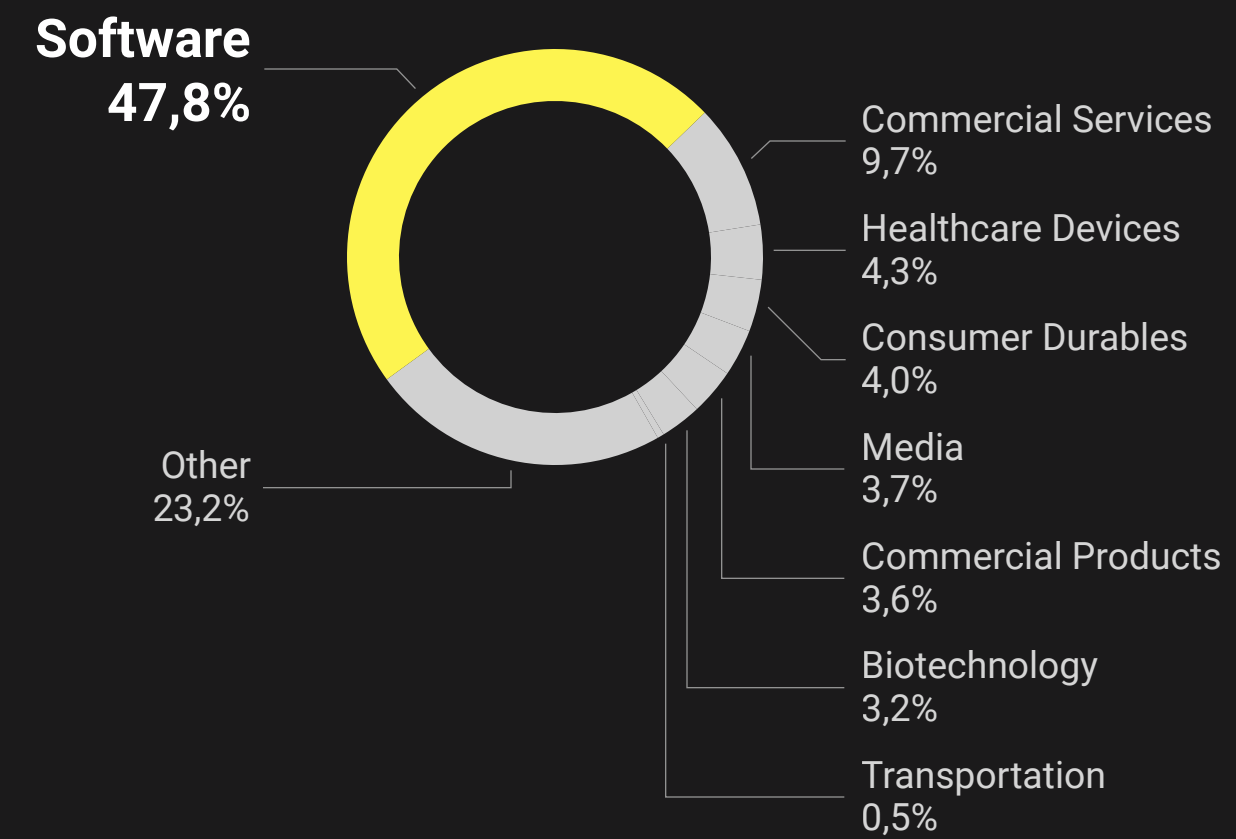
Deal Count Country



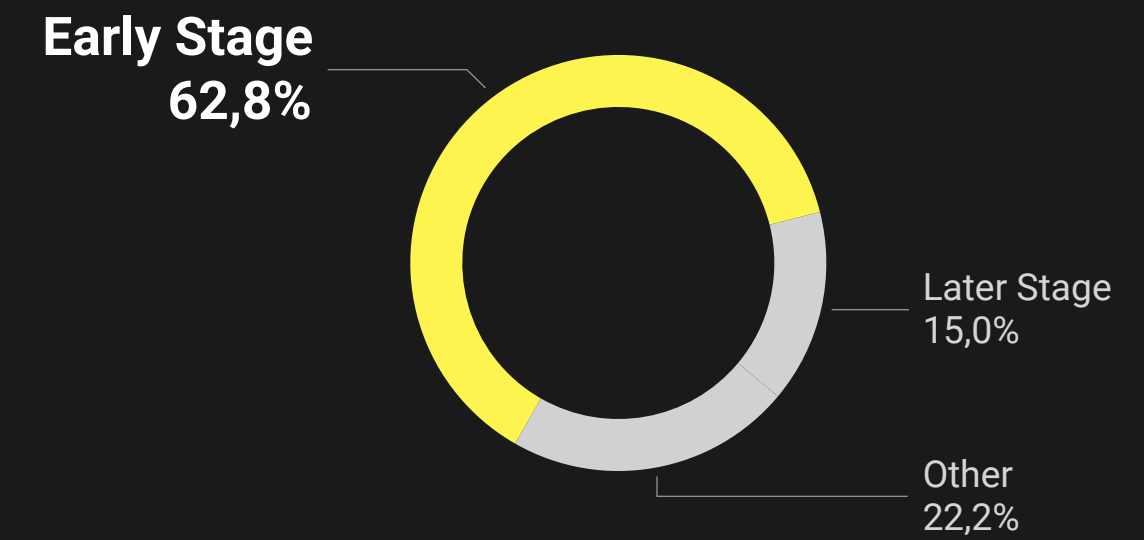
Deal Count Region



Deal Count Industry

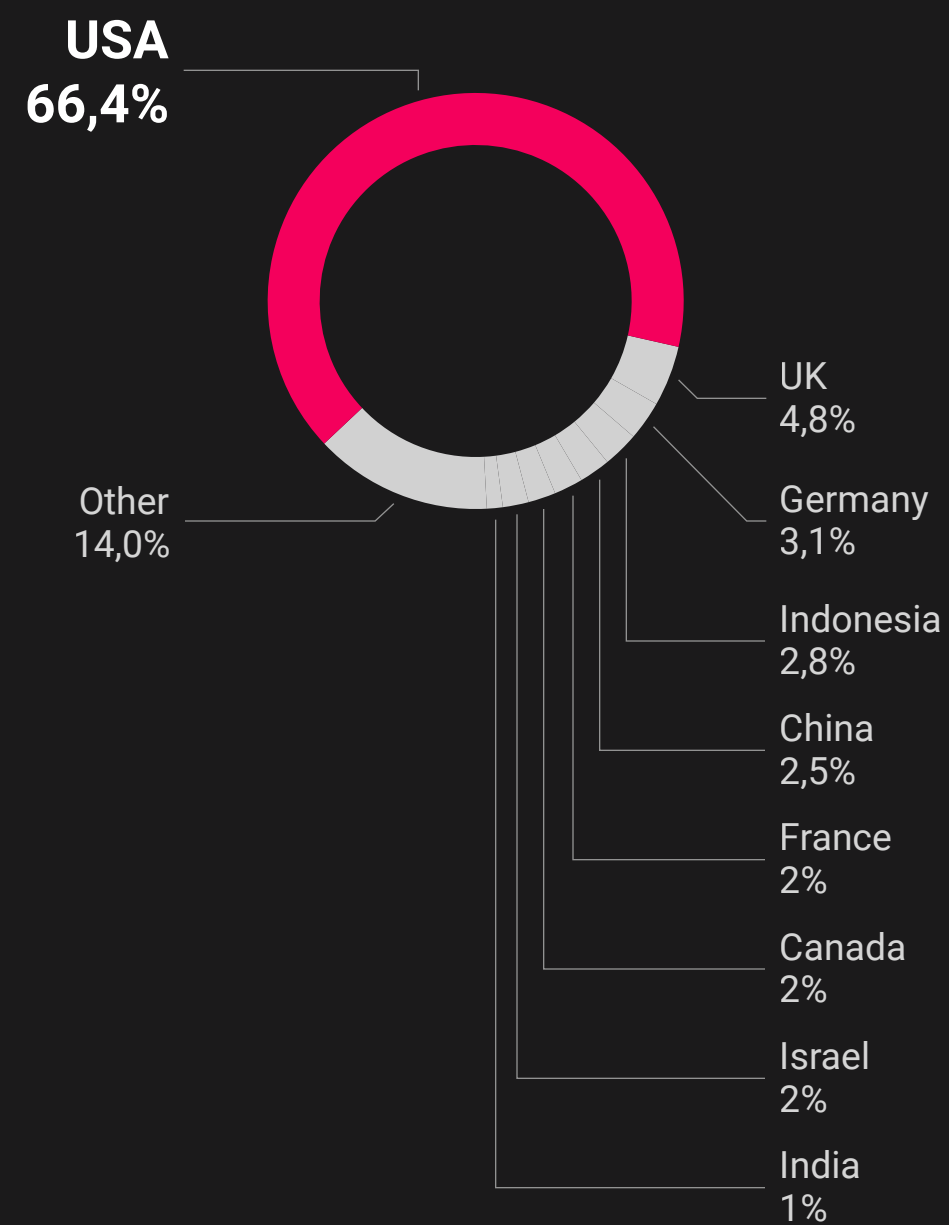


Deal Count Type

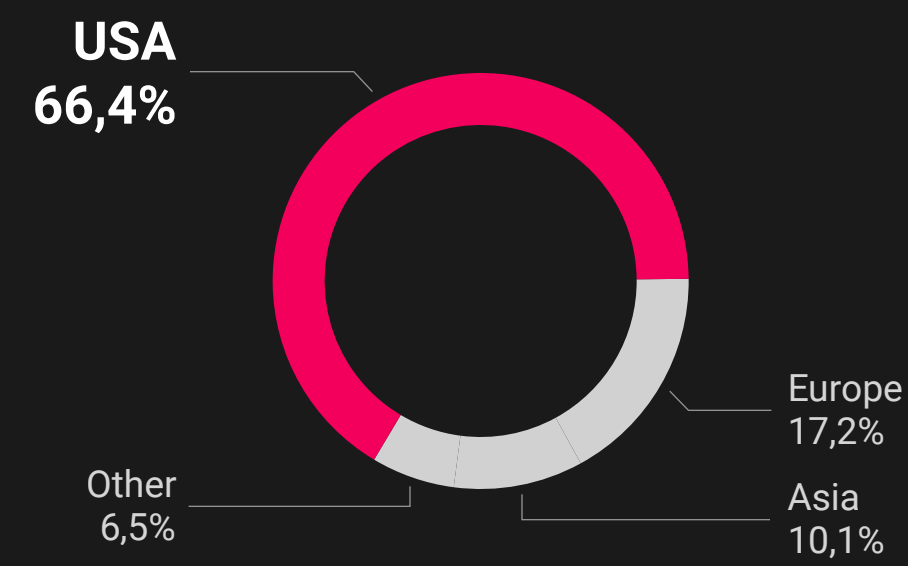


Accelerator Investors (All) 2000-2018 (Years Aggregated)

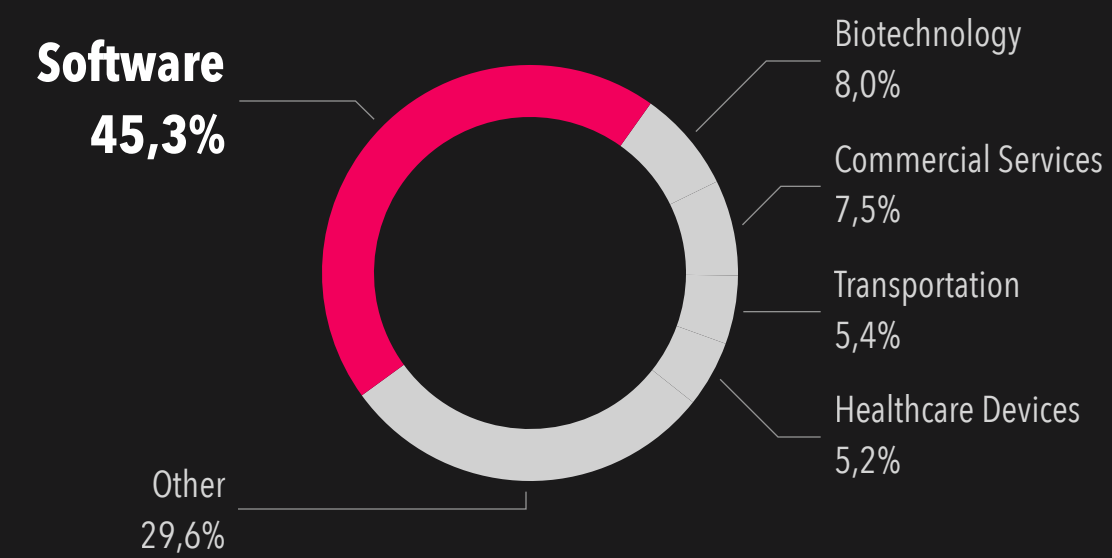
Capital Invested



Capital Invested Region



Capital Invested Industry



Capital Invested Type





Top 93 Accelerator Investors Past 5 Years (2014-2018)

93 Top Global Accelerators	63-1,560 Investments (2014-2018)
65-2,432 Investments (All Years)	10-557 Portfolio Startup Exits (All Years)

NB: Each circle on the map indicates the location of a Top Accelerator's HQ. The size of the circle denotes the number of investments made in external startups.

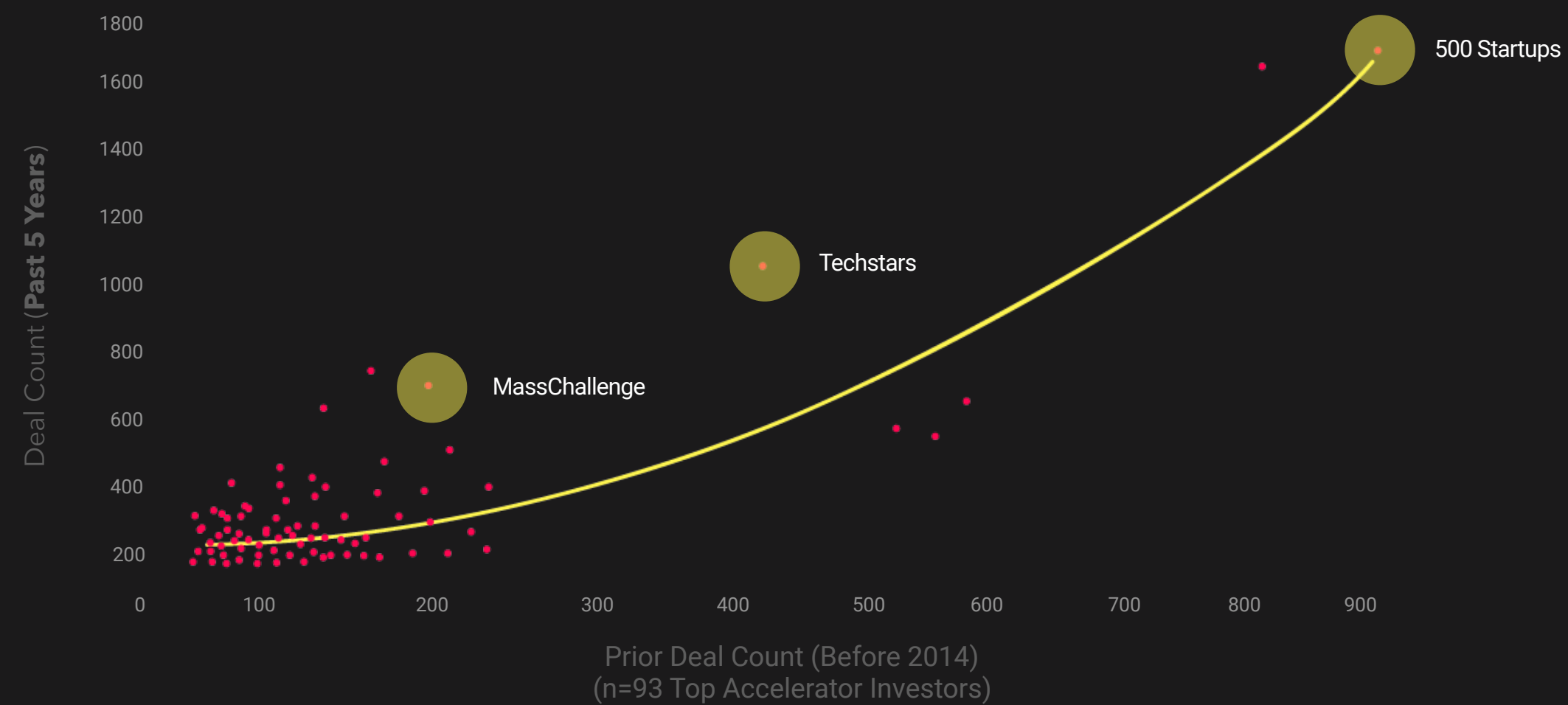
We highlight in yellow the top 30 accelerators in the world. Data on China is unreliable and is not shown.



Top 93 Accelerator Investors

≥ 63 Investments Past 5 Years (2014-2018)

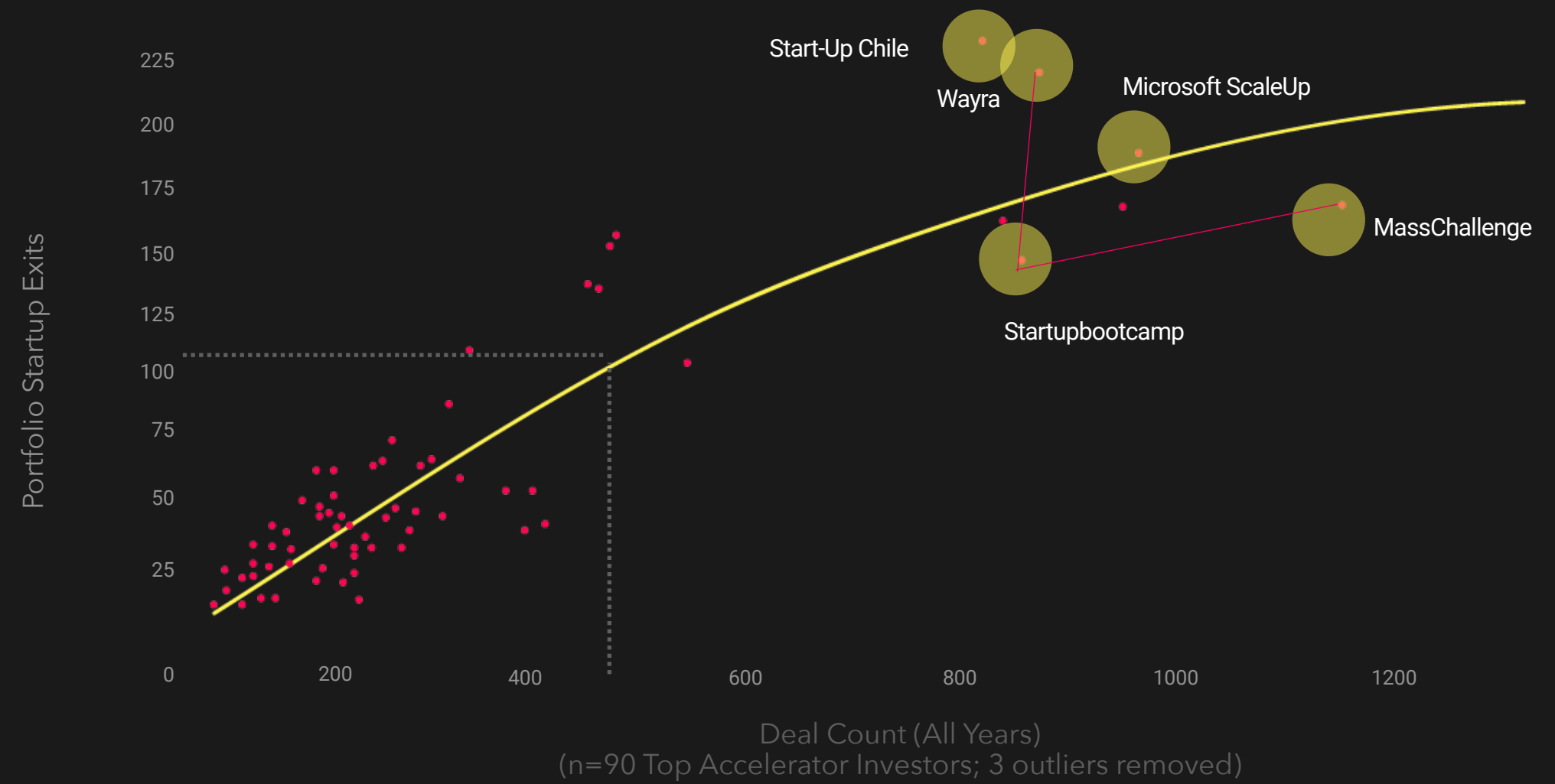
Accelerators Exhibit Efficiency Gains



Based on a regression analysis of the 93 Top Accelerators, the relationship between the number of total investments an accelerator has made before 2014 and its number of subsequent investments in portfolio startup exits in the past five years, is on average non-linear and positive.

The insight is that accelerators' continuous adaptation improves efficiency and increases the number of cohort startup programs year-to-year. However, the age of an accelerator investor does not appear to be an important determinant of future investments or future exit performance, ceteris paribus.

Limits to "More Bets" as a Performance Strategy



Based on a regression analysis of the 90 Top Accelerators (the 3 outliers removed were 500 Startups, Y Combinator, and Techstars), the relationship between the number of total investments made by accelerators and the number of portfolio startup exits, becomes curvilinear (inverted U-shaped). This pattern is similar to what we found for corporate VC investors in the previous section.

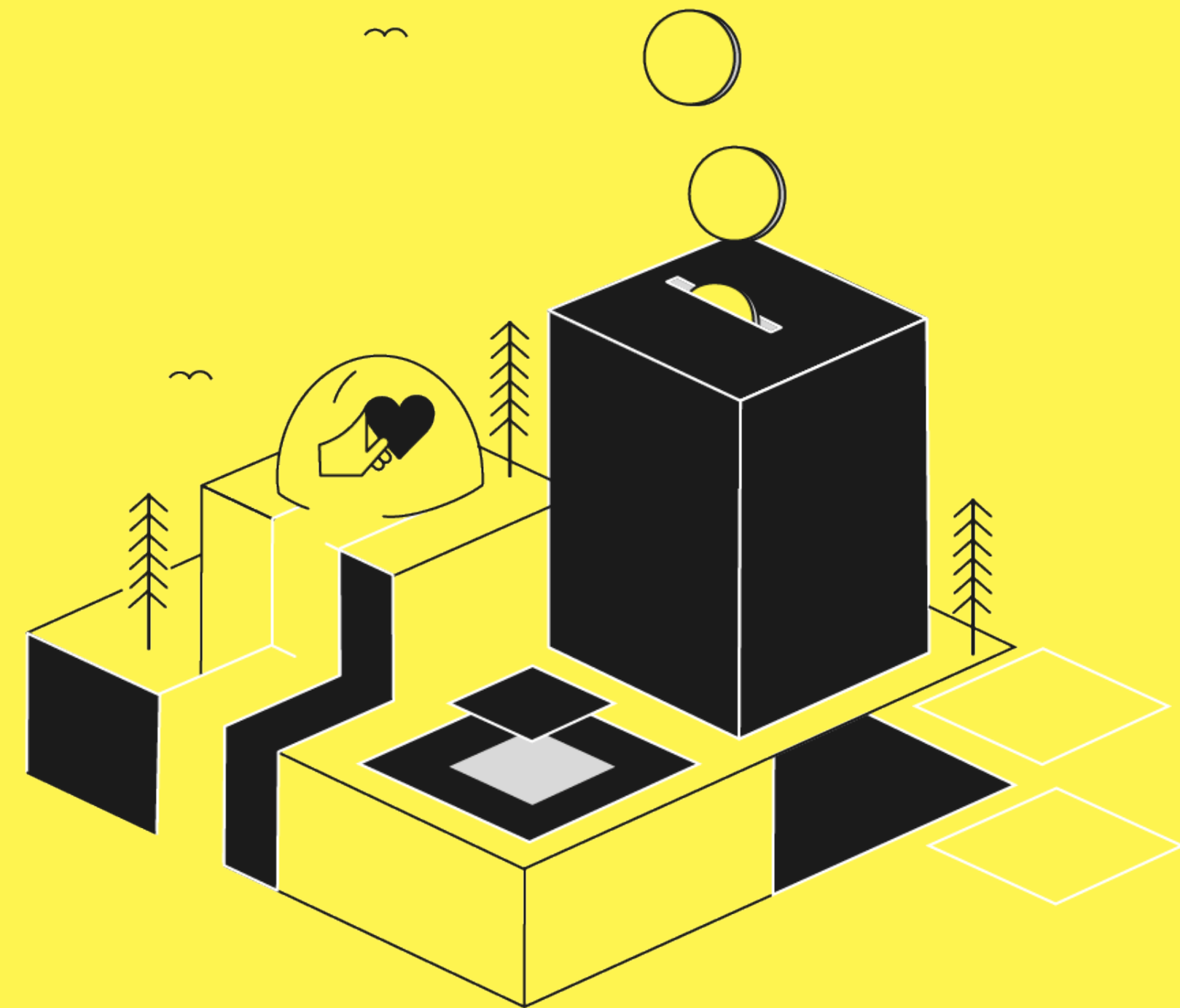
There may be a limit to the number of portfolio startup exits that most accelerator investors can expect to achieve, even if more bets in uncertain startups are taken. Since there is considerable variance in the number of portfolio startup exits at almost any level of accelerator investor investment activity, this pattern might reflect differences in quality among even the most active accelerator investors, in terms of attracting high-quality startups and/or providing effective value-adding services to assist portfolio startups in their growth.



04

Global Startup Fundraising Survey

(Our Preliminary Results)



Startups' HQ & High-Tech Industry

High-Tech Industries (ordered)

MedTech
 HealthTech
 Software
 Artificial Intelligence
 Biotechnology
 FinTech
 EduTech
 IoT
 Robotics
 3D Printers
 Additive Manufacturing

Advanced Materials
 Asset Management
 Chemical
 CleanTech
 Design Engineering
 Services
 E-commerce
 Enterprise Software
 Hospitality
 IIoT Service Provider
 IT

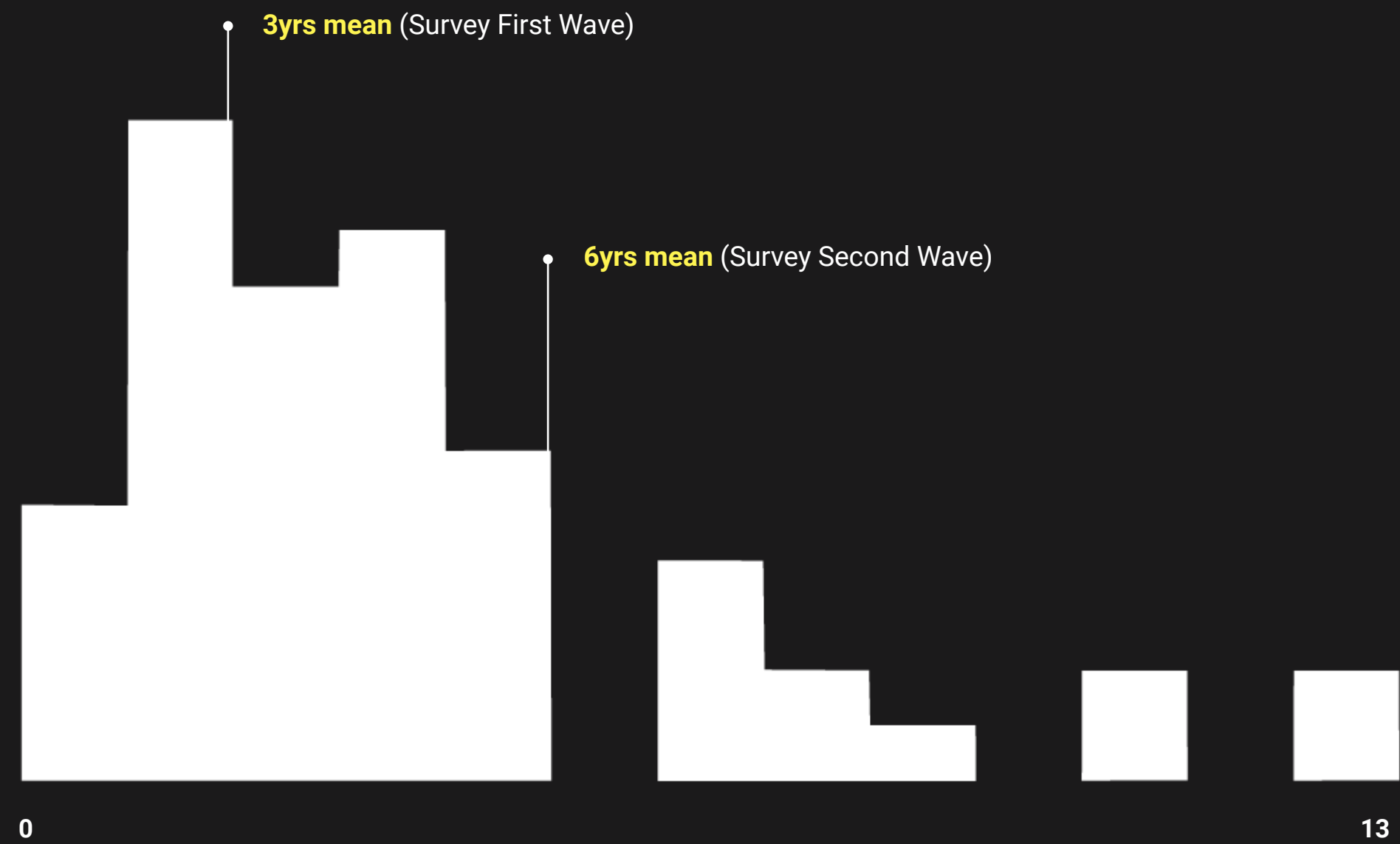
Mobility
 Power & RF Switching
 Power Electronics
 PropTech
 Semiconductors
 Smart Materials
 Telecom e-commerce
 Telecommunications
 Travel e-commerce
 Virtual Reality

NB: Each circle on the map indicates the location of a participating startup's HQ

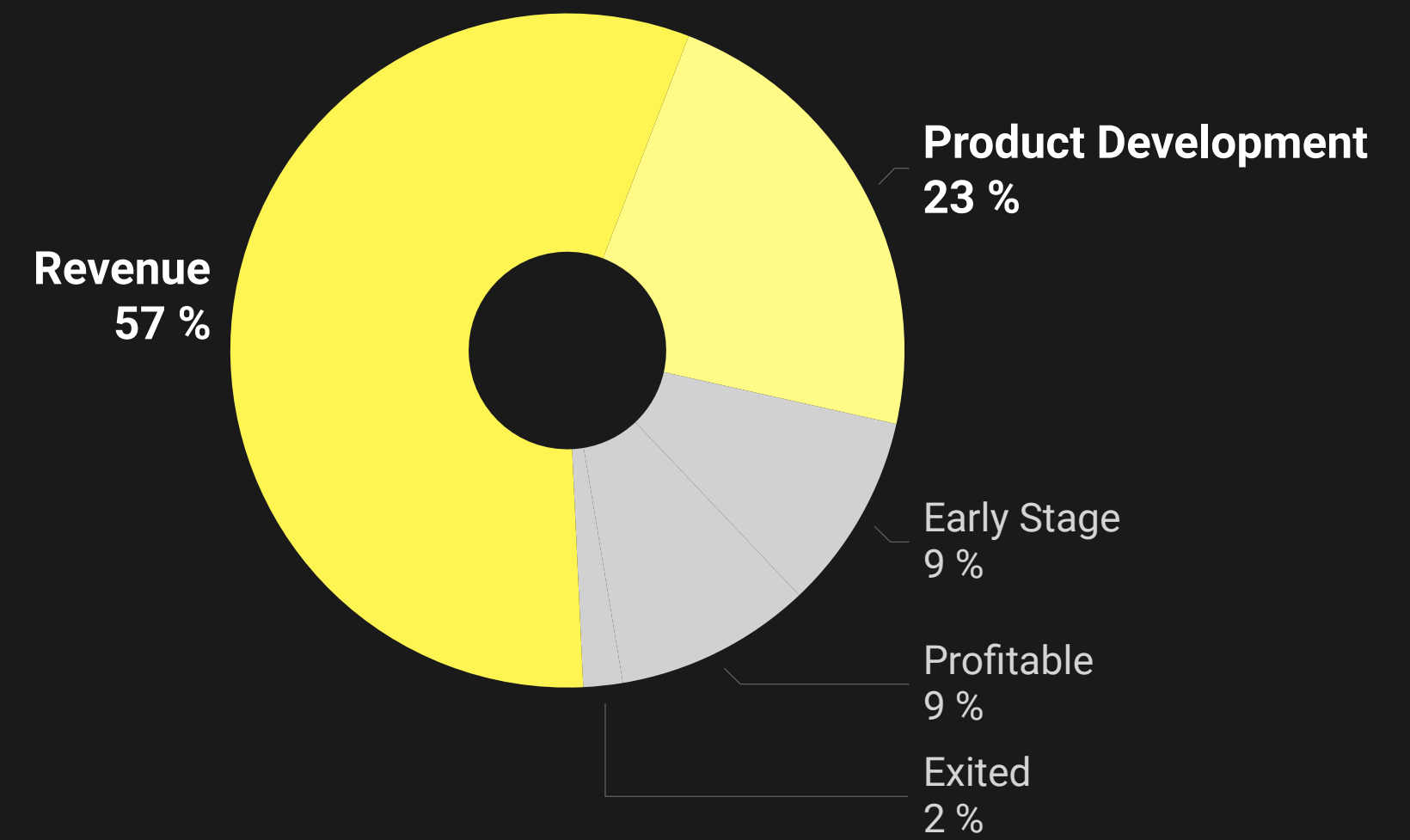


Startups' Age & Business Stage

Startup Age



Startups' Business Stage (2018 Global Startup Fundraising Survey)



Startups' Drivers & Exit Strategies

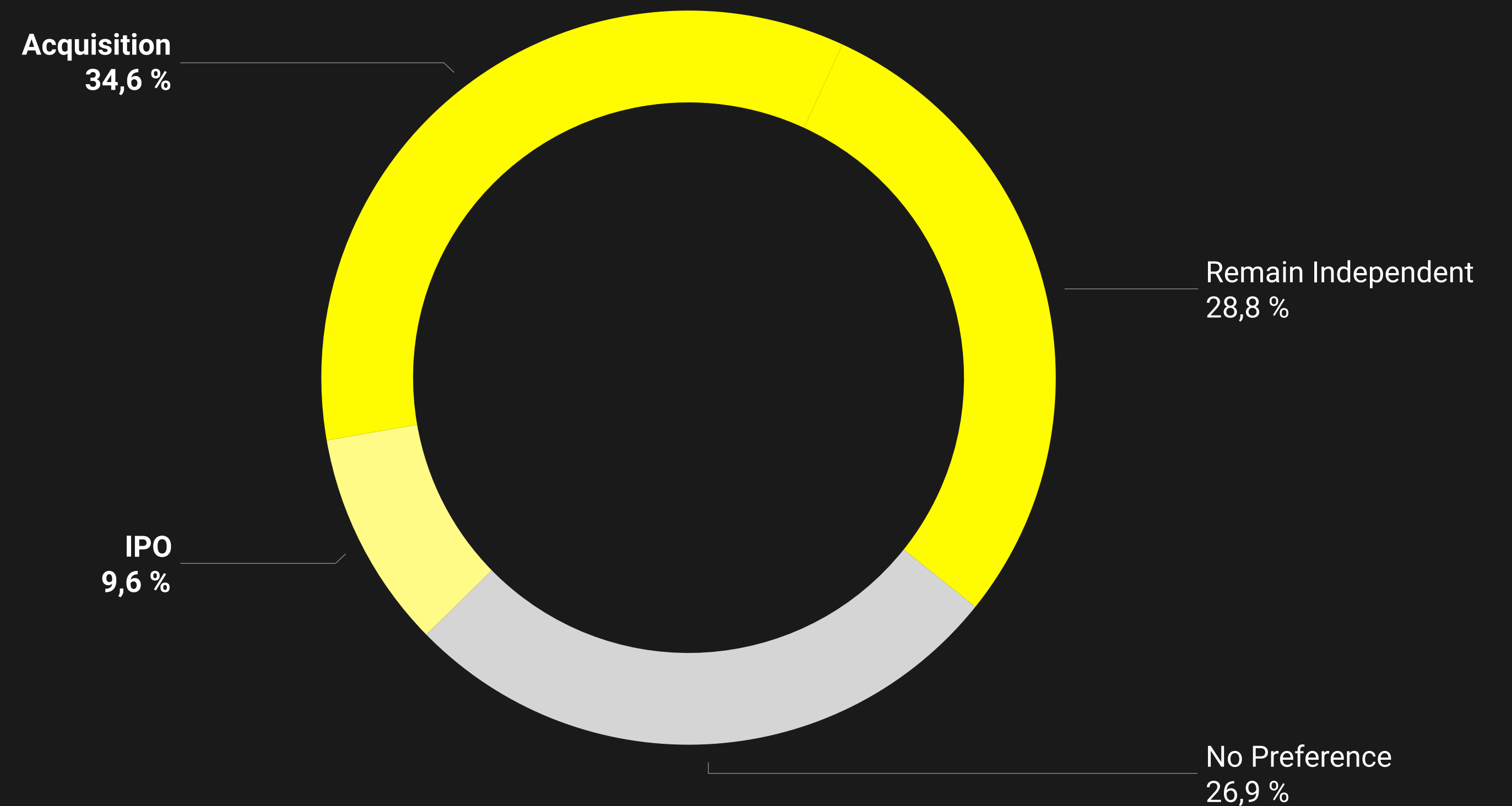
Startups' Preferred Exit Strategy
(2018 Global Startup Fundraising Survey)

TOP SOURCES OF COMPETITIVE ADVANTAGE (ordered: Highest to Least)

- Novel technologies
- Unique positioning in niche markets
- Establishment of new markets
- Superior product or service qualities

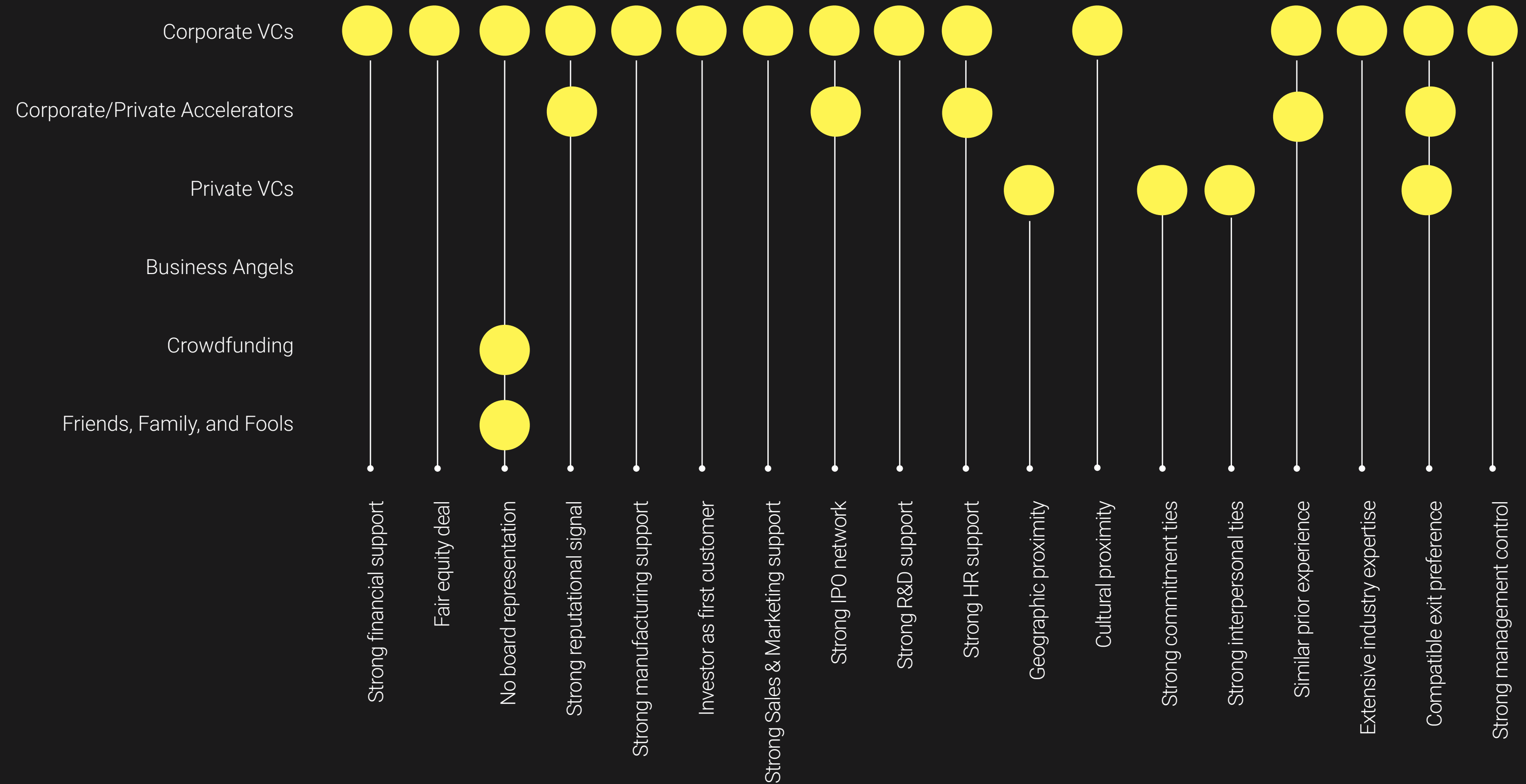
TOP MOTIVATIONS FOR RAISING CAPITAL (ordered: Highest to Least)

- Product development
- Sustain current operations
- Increase sales with current product or service
- Internationalization efforts



Startups' Perceptions of Smart Capital

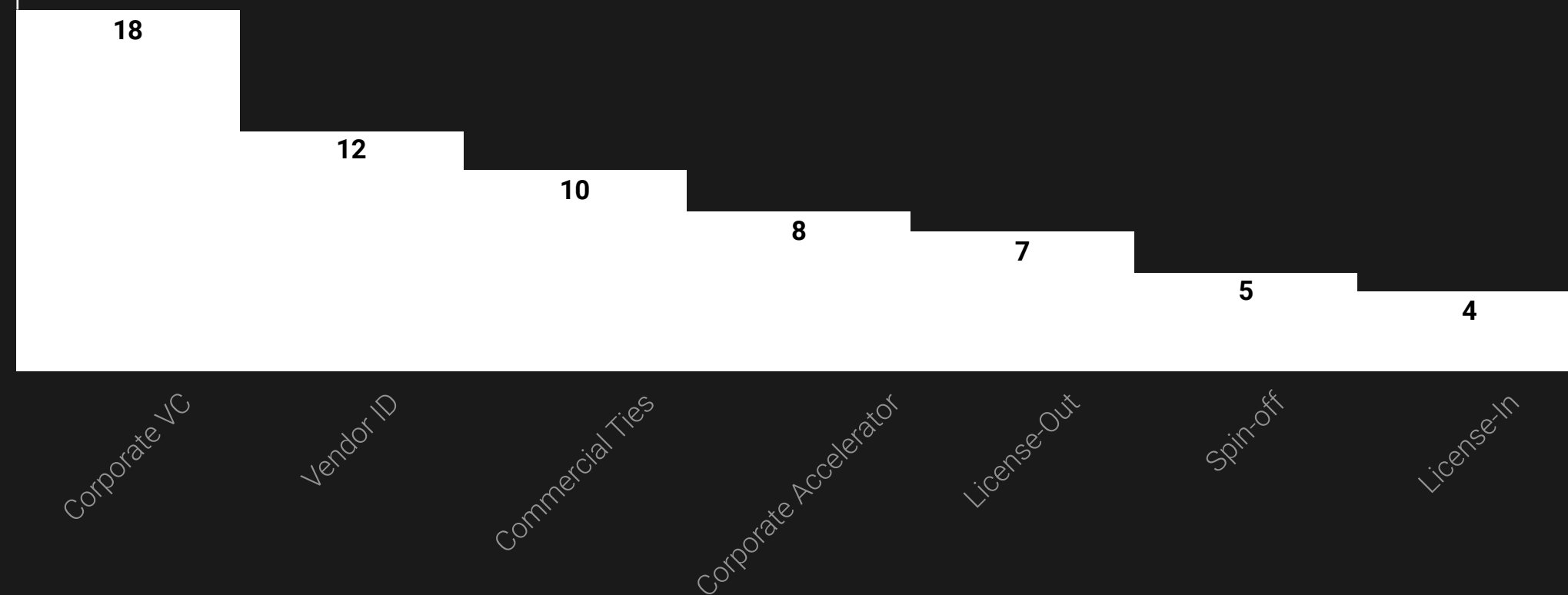
NB: Each yellow circle indicates that surveyed startups, on average, considered those investor classes to be particularly well-suited to a given dimension



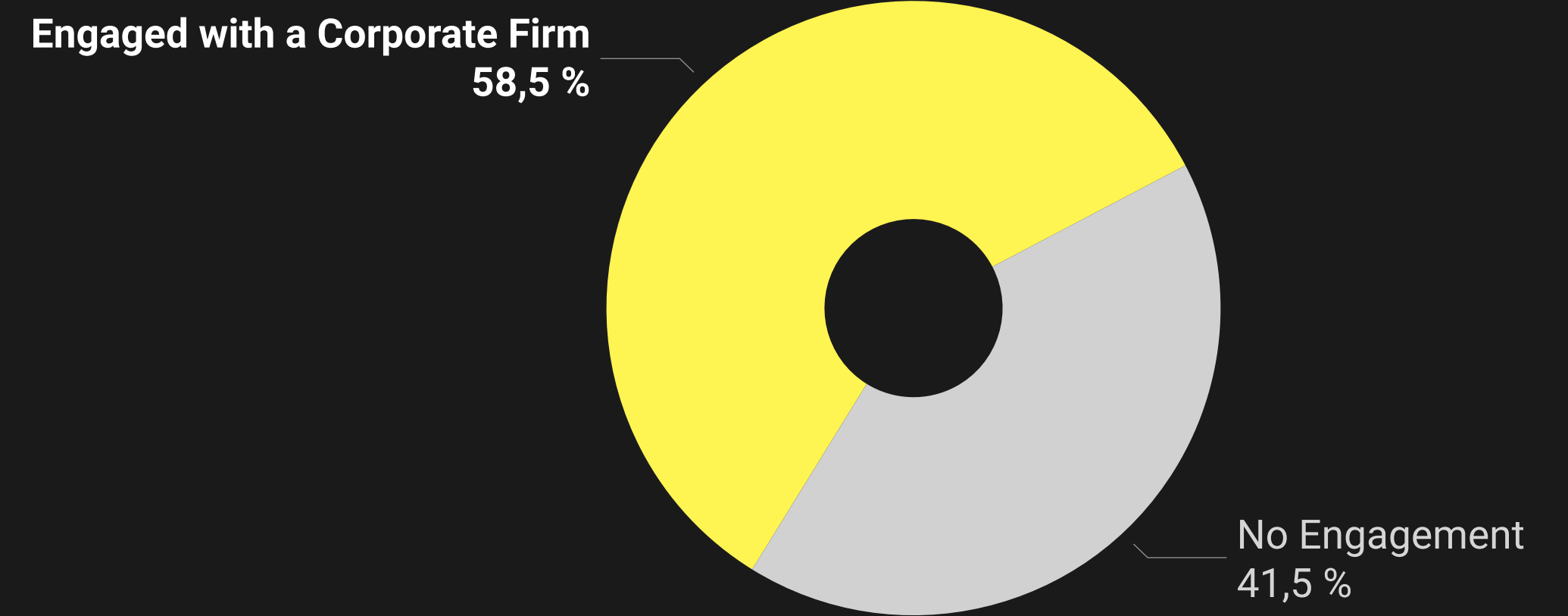
Corporate—Startup Engagement

Unrealized Potential

15 percent of all startups surveyed obtained more than two types of engagements to corporate firms (multiplex corporate-startup relationships). Of those startups that received investments from corporate VCs, they perceived corporate VCs' focus as being **close to the middle** on the 'Financial—Strategic' continuum.



Startups' Engagement With Corporates (2018 Global Startup Fundraising Survey)



Investor Delivers Reputational Signal

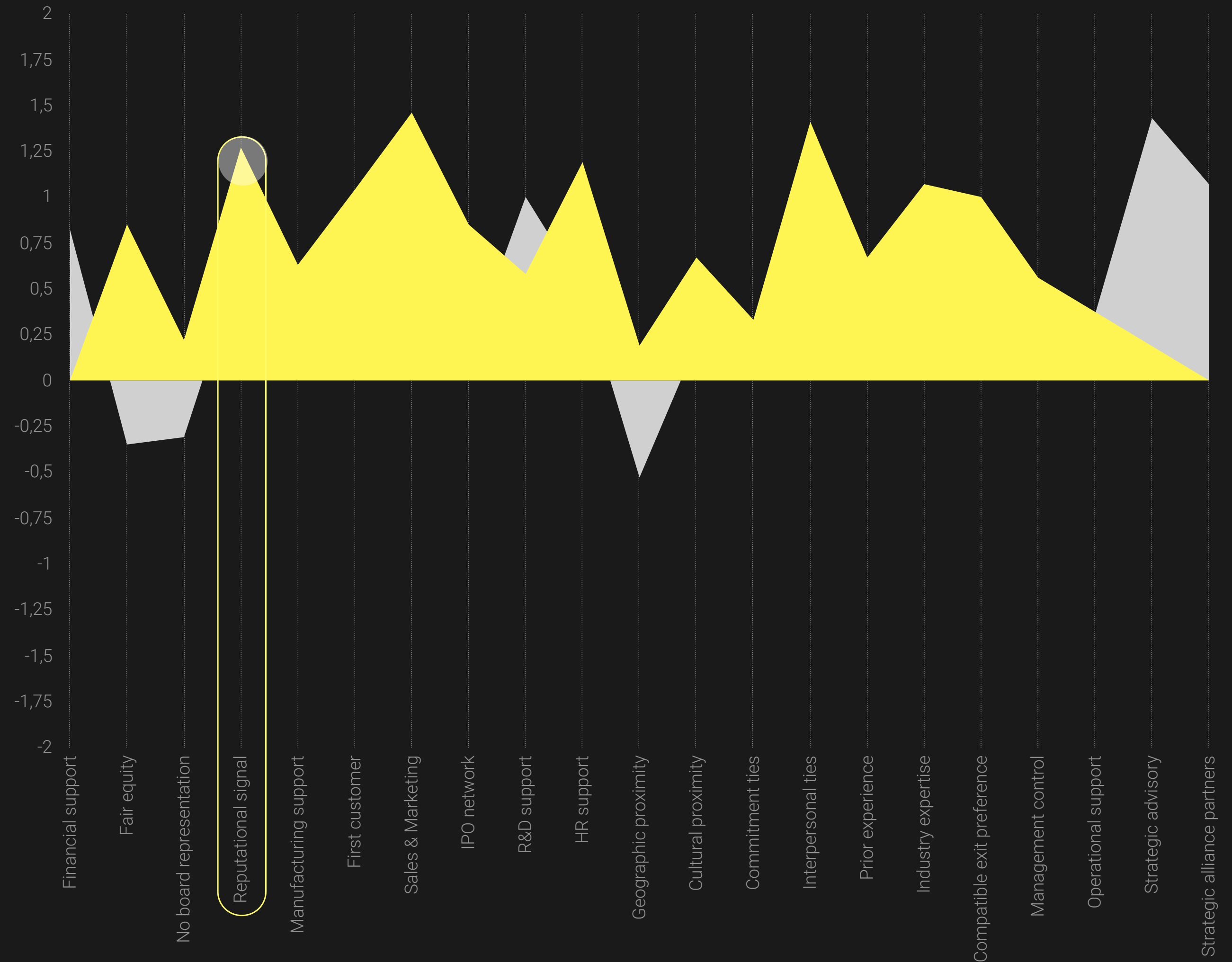
Corporate VCs Deliver on Reputational Signal

According to our survey, startup co-founders stated that receiving an enhanced “reputational signal” from investors matters to them.

These co-founders perceive corporate VC and private VC investor classes as offering the strongest “reputational signal” among competing investor classes.

For those startups that received corporate VC funds, corporate VCs were evaluated by startup co-founders as having most successfully delivered on the “reputational signal” dimension out of all measured dimensions.

■ How Much This Dimension Matters to Startups (Survey 1)
 ■ How Much This Dimension Matters to Startups (Survey 2)



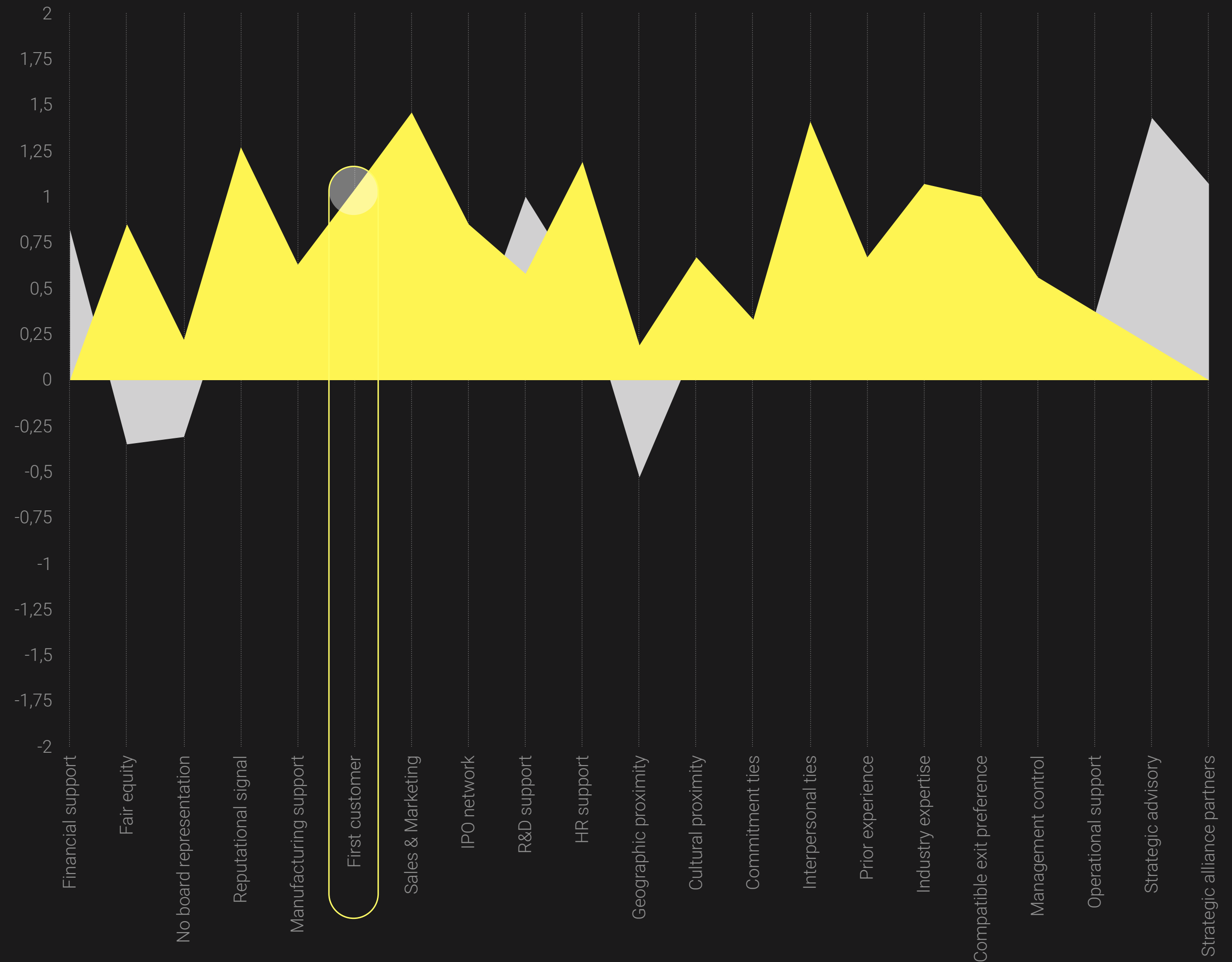
Investor As First Customer

Corporate VCs Did Not Become Startups' First Customer

According to our survey, startup co-founders stated that having an investor become their "first customer" matters to them.

These co-founders perceive the corporate VC investor class as possessing the strongest likelihood of becoming the startup's "first customer" among competing investor classes.

For those startups that received corporate VC funds, corporate VCs were evaluated by startup co-founders as having under-delivered on the "first customer" dimension.



■ How Much This Dimension Matters to Startups (Survey 1)
 ■ How Much This Dimension Matters to Startups (Survey 2)



Investor Support in Sales & Marketing

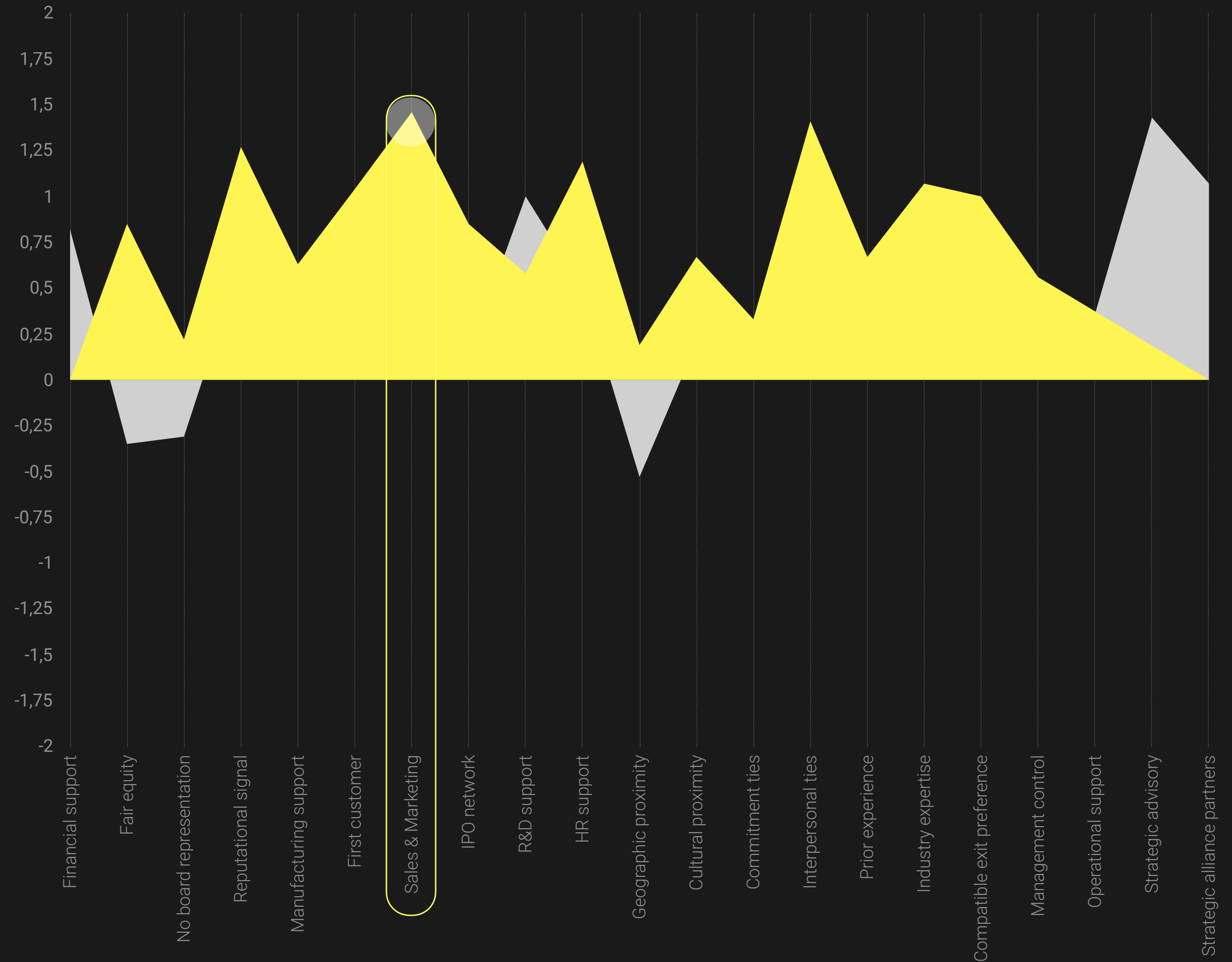
Corporate VCs Offered Inadequate Support in Sales & Marketing Activities

According to our survey, startup co-founders stated that receiving “sales & marketing support” from investors matters to them.

These co-founders perceive the corporate VC investor class as possessing the strongest “sales & marketing support” among competing investor classes.

For those startups that received corporate VC funds, corporate VCs were evaluated by startup co-founders as having under-delivered on the “sales & marketing support” dimension.

■ How Much This Dimension Matters to Startups (Survey 1)
 ■ How Much This Dimension Matters to Startups (Survey 2)



Investor Support in R&D

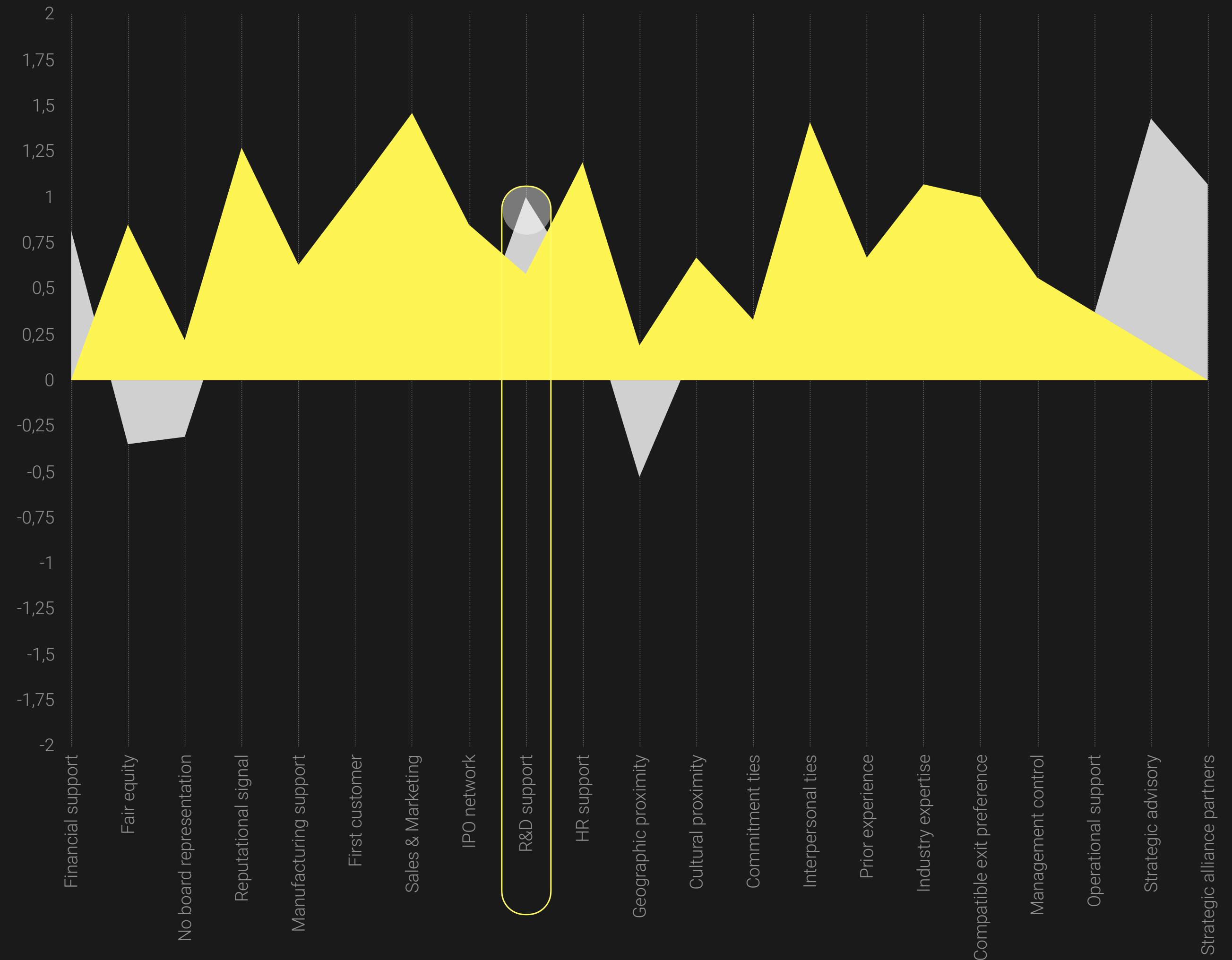
Corporate VCs Offered Inadequate Support in R&D Activities

According to our survey, startup co-founders stated that receiving “R&D support” from investors matters to them.

These co-founders perceive the corporate VC investor class as possessing the strongest likelihood of providing “R&D support” among competing investor classes.

For those startups that received corporate VC funds, corporate VCs were evaluated by startup co-founders as having severely under-delivered on the “R&D support” dimension.

- How Much This Dimension Matters to Startups (Survey 1)
- How Much This Dimension Matters to Startups (Survey 2)



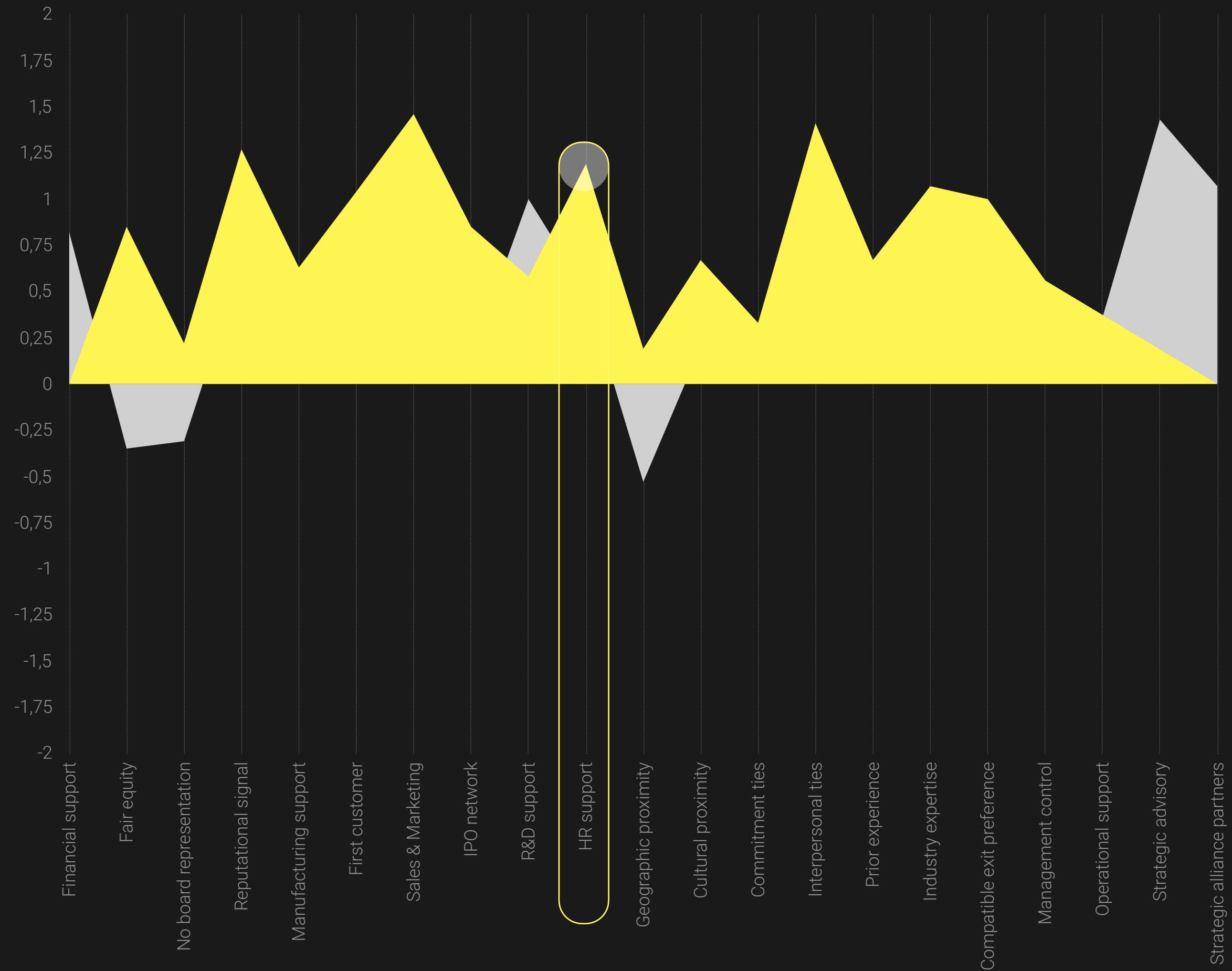
Investor Support in HR

Corporate VCs Offered Inadequate Support in HR Support

According to our survey, startup co-founders stated that receiving "HR support" from investors matters to them.

These co-founders perceive the private VC and corporate VC investor classes as providing the strongest "HR support" among competing investor classes.

For those startups that received corporate VC funds, corporate VCs were evaluated by startup co-founders as having severely under-delivered on the "HR support" dimension.



■ How Much This Dimension Matters to Startups (Survey 1)
 ■ How Much This Dimension Matters to Startups (Survey 2)



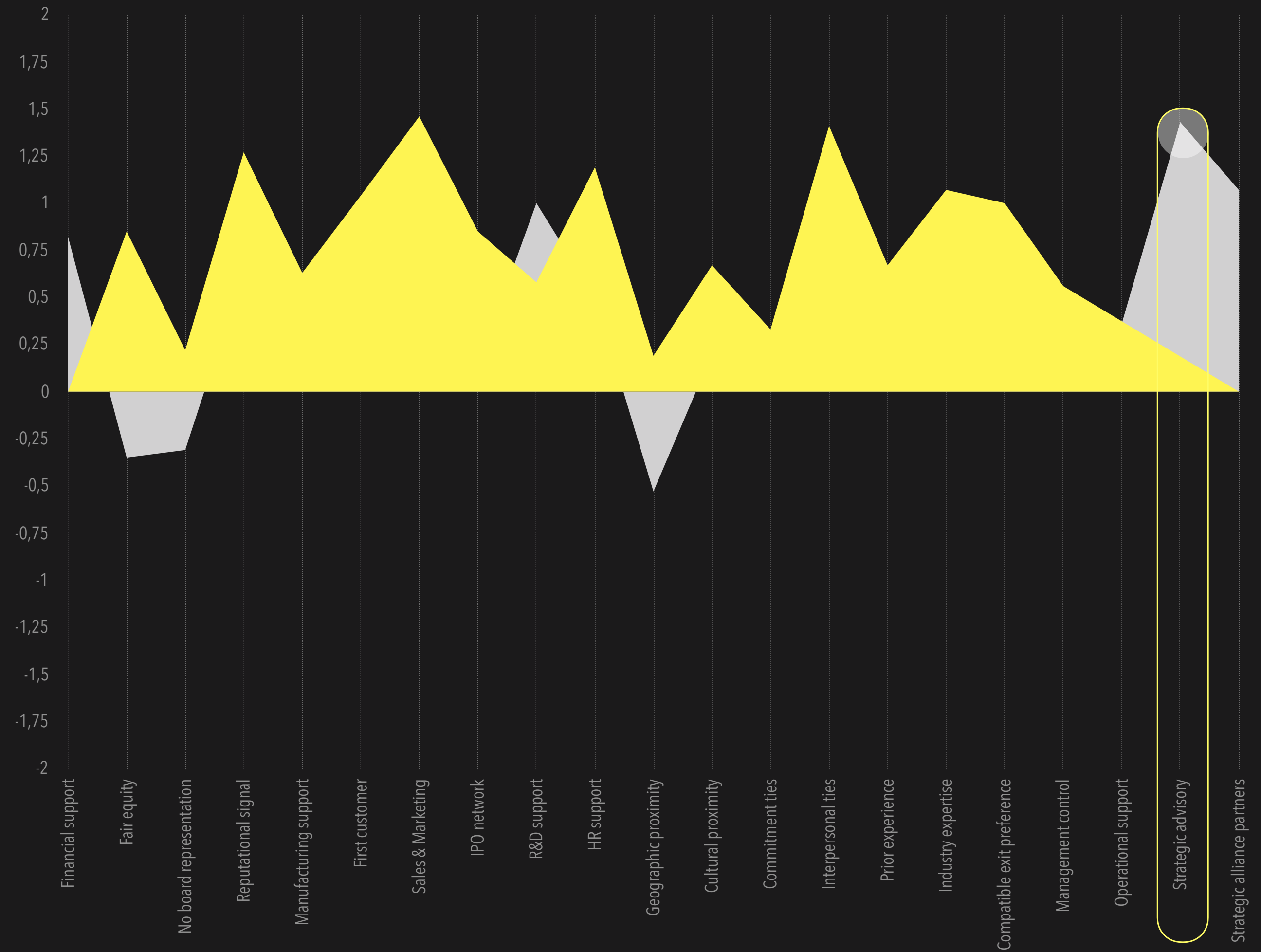
Investor Offers Strategic Advice

Corporate VCs Offered Little to No Strategic Advice

According to our survey, startup co-founders stated that receiving "strategic advice" from investors matters to them. Based on further interviews with startups, this dimension was added to the second wave of the Global Startup Fundraising Survey.

These co-founders perceive the private VC and corporate VC investor classes as possibly offering the strongest "strategic advice" among competing investor classes.

For those startups that received corporate VC funds, corporate VCs were evaluated by startup co-founders as having under-delivered on the "strategic advice" dimension.



■ How Much This Dimension Matters to Startups (Survey 1)
■ How Much This Dimension Matters to Startups (Survey 2)



Engagement Criteria & Success Factors

Selection Criteria used by Startups to evaluate corporate VCs

(ordered: Highest to Least)

- Strategic fit
- Deal terms
- Relational compatibility
- Corporate VC's portfolio historical performance
- Industry expertise
- Value-adding services
- Corporate VC decision-making speed
- Corporate VC reputation for fair treatment of startups
- Compatible exit strategy
- Operational support
- Geographic proximity

Success factors for working with corporate VCs

(ordered: Highest to Least)

- Strategic fit
- Relational compatibility
- Interaction between the Startup and Corporate business units
- Constructive relationship between the corporate VC and its corporate parent
- Representation of the corporate parent on the Startup's board (exists in 26.3 percent of the cases; in 77.7% of the cases, the CVC sits on the startup's board in some capacity)
- Operational support to the startup
- Speed of the corporate VC team

Communication modes between startups & Corporate VCs

(ordered: Highest to Least)

- Annual board meetings
- Scheduled calls or meetings
- Informal contact
- Emails
- Community/network events

NB: Communication frequency is typically monthly (similar to private VCs)

Please Distribute

Please communicate our 2019 survey to
your portfolio companies !

<https://www.corporateventuringresearch.org/2019-global-startup-fundraising-survey>

We're Looking To Interview Corporations & Startups!

TILBURG UNIVERSITY

ABOUT RESEARCH ON CORPORATE VENTURING PARTICIPATE IN RESEARCH 2019 GLOBAL STARTUP FUNDRAISING SURVEY →

TILBURG UNIVERSITY SCHOOL OF ECONOMICS AND
MANAGEMENT (TiSEM)

2019 GLOBAL STARTUP FUNDRAISING SURVEY

Dear Entrepreneur,

This survey takes no more than 10 to 15 minutes to complete. No need to have fundraising experience to take part in the survey. All data you provide is confidential and aggregated with the other respondent data to generate anonymized population-level findings.

We understand that you are busy. We also appreciate that raising capital on a continual basis is crucial to the survival of startups. As former high-tech entrepreneurs ourselves, we



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<https://www.corporateventuringresearch.org/>

