



European Union

**Interreg**  
CENTRAL EUROPE

InNow



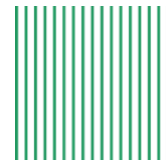
InnoEnergy

# Technology transfer and potential of cooperation with SMEs.

## A practical guide for corporates

Bogumiła Kowalik

Anna Sowa-Jadczyk



Kraków 2022

## Contents page

<i>Contents page</i> .....	2
<i>Introduction</i> .....	3
<i>CHAPTER 1: The technology transfer, types of technology transfer, their advantages and disadvantages for a large company.</i> .....	4
<i>CHAPTER 2: What can startups and SMEs bring to large companies?</i> .....	5
<i>CHAPTER 3: Barriers in the process.</i> .....	6
<i>CHAPTER 4: What you need to know when you are looking for innovative startups/SMEs...</i>	9
<i>CHAPTER 5: Forms of cooperation between startups and corporates.</i> .....	10
<i>CHAPTER 6: Role of intermediaries in the corporate - startup collaboration.</i> .....	13
<i>CHAPTER 7: Exemplary process of the transfer with and without an intermediary.</i> .....	15
<i>Recommendations:</i> .....	17
<i>Summary</i> .....	17

## Introduction

Technology is becoming more and more important in the development of enterprises. Companies interested in implementing innovations, introducing new products and services to the market, pay more and more attention to the planned processes of technology and knowledge management, thanks to which they achieve market success more efficiently and increase their profitability.

However, “for many organisations including large companies (), innovation is difficult to understand and execute. There remains a clear discrepancy between how big business and startups approach it. As a result, big business is looking to start ups and entrepreneurs to identify disruptive ideas and opportunities for their business...”<sup>1</sup>

Cooperation between technology startups and large corporations is necessary to promote **and develop** innovations in the world. The United States are the cradle of such actions, and American companies are a kind of prototype of such activity. European Union policy, focused on the pursuit of an American (and let's not forget Asian) approach to innovation, also put pressure on European companies to take action aimed at high involvement of the innovative element. The new programming period (e.g. Horizon Europe) is also evidence of this.

Therefore, the attitude of old companies in Europe is changing: most European companies today see the importance of so-called “**open innovation**”. This is a concept developed by an American professor Henry Chesbrough. He is Executive Director of the Center for Open Innovation at the Haas School of Business at the University of California, Berkeley. According to him “**Open Innovation** is a paradigm that assumes that firms can and should use external ideas as well as internal ideas, and internal and external paths to market, as the firms look to advance their technology. Open Innovation combines internal and external ideas into architectures and systems whose requirements are defined by a business model”<sup>2</sup> As a consequence, corporates not only establish internal corporate innovation groups and R&D divisions but also turn to startups and SMEs for innovative ideas and solutions.

However, implementation of innovations through communication with the startup-up is not an easy process. **Effective cooperation between these two players is possible, but the road to get there is quite bumpy.** “Successful cooperation depends on the ability of each party to understand the other’s interests, expectations, intentions and the ethics of culture and work. Both sides must come to a good, mutually acceptable model of cooperation...”<sup>3</sup>

The purpose of this paper is to indicate corporates what path they can, and even should, follow to successfully partner with startups.

Due to the given volume and scope of this study, the key issues have been signaled/mentioned, but it is certainly not exhaustive. Let us remember that this is not a ready script on how to achieve success in cooperation between corporate and startup. Every corporate is different and so is a startup, but there are some basic elements that need to be taken into account when starting a corporation-startup relationship.

---

1 “Why are big businesses looking to startups for innovations?”, report by KPMG Australia, Feb 2015

2 Open innovation community, at <http://openinnovation.net/about-2/open-innovation-definition/>

3 N. Erts , “Successful Cooperation Between a Startup and a Corporation: Theory & Practice”, at <https://blog.sage.hr/successful-cooperation-between-startups-and-corporation-theory-practice/>

## CHAPTER 1: The technology transfer, types of technology transfer, their advantages and disadvantages for a large company.

Understanding the essence of technology transfer system and the role of startups and SMEs in improving the innovativeness of large companies requires explaining what technology transfer processes are.

Technology transfer is not a new business phenomenon. Edwin Mansfield (1975), the famous American economist pointed out that “One of the fundamental processes that influence the economic performance of nations and firms is technology transfer. Since decades the economists have recognized the technology transfer as the heart of the process of economic growth and that the progress of both developed and developing countries depends on the extent and efficiency of such transfer.”<sup>4</sup>

In general, the term **‘technology transfer’** indicates the movement of knowledge, skills, know-how, and other valuable assets of the organization which is driven by profit.<sup>5</sup> It can also be defined as: the process of conveying results stemming from scientific and technological research to the market place and to wider society, along with associated skills and procedures, and is as such an intrinsic part of the technological innovation process. Technology transfer is a complex process that involves many non-scientific and non-technological factors, and many different stakeholders. Good, or high quality research results are not enough for successful technology transfer; general awareness and willingness both at the level of organisations and individuals, as well as skills and capacity related to specific aspects, such as access to risk finance and intellectual property (IP) management, are also necessary components.<sup>6</sup>

Technology transfer can be broadly classified into **vertical** and **horizontal** technology transfer.

According to Edwin Mansfield „*Vertical transfer* occurs when information is transmitted from basic research to applied research, from applied research to development, and from development to production. Such transfers occur in both directions, and the form of the information changes as it moves along this dimension. *Horizontal transfer* of technology occurs when technology used in one place, organisation, or context is transferred and used in another place, organisation.”<sup>7</sup>

*Vertical technology* transfer is mostly carried out between research associations, universities, and governments. *Horizontal transfer* mostly takes place between private companies, small and large business organizations.

As part of the horizontal technology transfer, we can distinguish:

- licensing
- sale of patents and utility models, know-how;
- industrial cooperation;
- material resources;
- joint venture<sup>8</sup>

<sup>4</sup> Mansfield, E., 1975. *East-West technological transfer issues and problems, international technology transfer: Forms, resource requirements, and policies*. American Economic Review, Vol. 65, No.2

<sup>5</sup> Technology transfer: Meaning, types and steps, at <https://www.origiin.com/2020/09/13/technology-transfer-meaning-types-and-steps/>

<sup>6</sup> Competence Centre on Technology Transfer at [https://knowledge4policy.ec.europa.eu/technology-transfer/what-technology-transfer\\_en](https://knowledge4policy.ec.europa.eu/technology-transfer/what-technology-transfer_en)

<sup>7</sup> Mansfield, E., *Technology Transfer, Productivity, and Economic Policy*, W. W. Norton & Co., New York 1982, p.28

<sup>8</sup> K. Matusiak, *Innowacje i transfer technologii, Słownik pojęć*, PARP, Warszawa 2011

## CHAPTER 2: What can startups and SMEs bring to large companies?

“Innovation, by its very nature, is risky and involves failure. This does not sit comfortably with the approach of many big businesses. As businesses get bigger, their ability to innovate is often limited by their size and the processes and procedures developed to help them achieve their objectives and, importantly, to mitigate risks.”<sup>9</sup> “While large companies often lack speed in identifying and grasping disruptive opportunities, startups are the opposite. Innovation and disruption are at the core of these companies, so they thrive at reimagining the norm and developing new technologies”.<sup>10</sup> That’s why big businesses look for and turn to startups.

So what are the benefits of this collaboration for corporates?

**First of all**, “In a world where innovation, not pure efficiency, is the driving force behind long-term success, working with startups allows corporations to develop and test new technologies and solutions at lower cost and risk to their core business.

**Secondly**, startups are a source of fresh talent that can help rejuvenate the corporate culture<sup>11</sup>.

**Thirdly**, start-ups have heads full of interesting ideas based on the latest technologies and the fresh perspective which allows to approach a given situation or challenge from a completely different perspective.

**Furthermore**, “the strength of small technology startups is their ability to develop not only new product and process innovations rapidly and test them on ‘early adopters’, but also to develop entirely new business models. For large firms, technology startups can also allow them to be part of the construction of totally new entrepreneurial ecosystems that otherwise may not be available”<sup>12</sup>. External innovators have more freedom to develop truly disruptive solutions.

According to the White Paper “*Collaboration between Startups and Corporates. A Practical Guide for Mutual Understanding*” published by the World Economic Forum in January 2018, the benefits are following:

- **more innovative suppliers** - if corporates work only with established tech providers, they risk missing out on potential new sources of revenue: buying from an innovative start-up may give a corporate a competitive edge. As internal innovation is often hampered by protecting the core cash cows, collaboration with or acquisition of a startup may also facilitate the necessary disruption of one’s own business model, which is difficult to achieve from within.
- **customer focus** - Startups tend to innovate closer to customer needs as they are not as standard process-driven as established corporates. They can adapt and customize solutions more easily, allowing the corporate to serve its customers better<sup>13</sup>.

<sup>9</sup> *Why are big businesses looking to start ups for innovations?*, report by KPMG Australia

<sup>10</sup> C. Ferreira da Silva *Corporate-Startup Collaboration: Everything You Should Know* at <https://www.plugandplaytechcenter.com/resources/corporate-startup-collaboration-everything-you-should-know/>

<sup>11</sup> *Korporacje i startupy – przelotny mezalians czy strategiczna współpraca w dobie digitalizacji?* at <https://www2.deloitte.com/pl/pl/pages/technology/articles/korporacje-i-startupy-przelotny-mezalians-czy-strategiczna-wspolpraca-w-dobie-digitalizacji.html>

<sup>12</sup>Steiber A., *Technology Management: Corporate-Startup Co-Location and How to Measure the Effects*, Journal of Technology Management & Innovation vol.15 no.2 Santiago Aug. 2020 at [https://www.scielo.cl/scielo.php?script=sci\\_arttext&pid=S0718-27242020000200011&lng=en&nrm=iso&tlng=en](https://www.scielo.cl/scielo.php?script=sci_arttext&pid=S0718-27242020000200011&lng=en&nrm=iso&tlng=en)

<sup>13</sup> White Paper “*Collaboration between Start-ups and Corporates. A Practical Guide for Mutual Understanding*” published by the World Economic Forum in January 2018

### CHAPTER 3: Barriers in the process.

When we discuss the cooperation between corporates and startups, we have to take into consideration not only the profits of such cooperation but also barriers in this process.

According to a study<sup>14</sup> prepared by NESTA, the Innovation Foundations of the United Kingdom distinguishes barriers of internal and external nature of a corporation.

In the first group we distinguish strategic, structural, cultural or procedural barriers, which are superimposed on those of the nature of dysfunctional internal communication or individual behaviour of actors involved in the relationship corporation startup.

- **Strategic barriers.** In a corporation, there is very often a lack of understanding between individual cells/teams about the role, objectives, tasks facing an external collaboration with a small entity such as a startup. It is even said that corporations (as complex, large entities) are often characterized by internally conflicting goals and objectives. People are somehow "formatted" and have a fragmented view of reality. It is often stressed that there is a lack of a unified message in corporations as to why we work with startups (internally, departments often stress that they have the ability to do on their own what they set out to do with a startup). It is emphasized that at the very beginning the management should point out precisely the direction of the corporation's innovative activity, show what we lack, and clearly, transparently the purpose of cooperation, but also point out the advantages of working with small organizations, such as startups. Inside a large organization, there cannot be a "two voice" on this issue. A unified understanding of these issues within the corporate structure will mitigate this type of barrier.
- **Structural barriers.** Large entities usually operate on the basis of a rigid and hierarchical organizational structure in which the decision-making process is tedious and lengthy (bureaucratic). People making decisions are often disconnected from the "heart of innovation". It is pointed out that it is best to anoint a certain person as a "Mentor/Master<sup>15</sup> of Innovation", who on the one hand knows and navigates the meanders of the corporation, and on the other hand has a certain legitimacy to act in terms of actually supporting innovative attitudes in co-workers as well as external innovation providers, which can be startups. The way to overcome this barrier is certainly to fully understand the "top (managers) of the "flaws" of corporate functioning and the will to minimize them. It may be helpful to create an external unit, but not in competition with corporate departments, but helpful, more flexible in operation, one that will not take over the "flaws" of the corpo communication of the tasks facing such a unit (especially in relation to corporate departments) is also a task for the manager, as well as the need for smooth communication with such a "branch".
- **Cultural barriers.** This term is related to the culture of entrepreneurship, under which we understand an environment in which creative and pro-innovative attitudes are welcomed, rewarding the willingness to take risks, but also forgiving "stumbling blocks". Meanwhile, most often employees in corporations are not encouraged to innovative attitudes, they themselves are often formatted to "their" section of the front. They fear agile, bold startups as those who bring their own sometimes hostile solutions, which in addition may take away their jobs (which is most often irrational). Teams don't want to hear about other products, they show an unwillingness to experiment. Here, once again, there is a task for managers to encourage employees to look for/invent innovative solutions,

---

14 "SCALING TOGETHER OVERCOMING BARRIERS IN CORPORATE-STARTUP COLLABORATION" Siddharth Bannerjee, Simona Bielli and Christopher Haley, Nesta, March 2017.

15 Op. cit.

to communicate how important and crucial pro-innovation attitudes are in the company, to take the risk of introducing innovations. Here, too, there is a large role to be played by the "innovation champion". The way to achieve this is also the model of open innovation, which was mentioned in the introduction of this study.

- **Procedural barriers.** Large organizations are characterized by low flexibility in their internal processes and often try to impose similar procedures on their collaborating startups. In small startups, however, they do not have a *raison d'être* and often alienate these small organizations at the very start of the collaboration. Corporations often act this way out of fear that introducing more flexibility at home will result in disruption within the organization. This is often the case, but it is important to minimize the level of disruption by communicating the advantages of such changes and sometimes introducing a team/cell dedicated to working with the startup. The role of such a team also needs to be "heard" and "listened to" within the corporate structure. There should be a clear procedure for working with a startup, employees should be communicated and motivated in areas where speed of decision-making is important, bottlenecks should be removed.

External barriers include "relational" and "environmental" barriers from the point of view of a corporate:

- **Relational barriers** refer to the issue of asymmetrical relationship between a large corporation and a small startup. In startup jargon it is called "swimming with sharks".
- **Environmental barriers** are barriers resulting from the ecosystem in which startups and corporations function and "live" (laws, taxes, government policies that support or hinder cooperation). The literature suggests that this type of barrier is not perceived as significant (vide footnote pg. 44 scaling together) it is emphasized that even when such a barrier is diagnosed (e.g. legal differences between the system in which the startup operates and the corporation result in quicker involvement of lawyers. It seems, therefore, that this barrier is relatively easy to overcome (assuming the lawyers on both sides "get along").

More attention is being paid to relational barriers. A detailed understanding of relational barriers is illustrated by the graph in "Scaling together," op. cit. p. 23. The graph takes into account the process by which startup-corporate relationships are created. We find there:

- **Initiating the relationship** - The goal is to find the right partner, i.e. the startup, and start a dialogue (it cannot be a monologue or a concert of demands). Conversations will accelerate when we find the right person/team from the corporate side. The ideal candidate(s) should be well established in the organization and have a full understanding of what the corporation is looking for as well as knowledge of what budget we are moving within.
- **Establishing the relationship** – Here the biggest challenge is to build trust between the startup and the corporation. The corporation must get rid of the desire to impose a narrative and use the position of the stronger/larger, the startup must not feel inferior/weaker (avoid relationship uncertainty). The corporation must take care to build a positive relationship based on trust. Communication of plans must be transparent and clear.
- **Progressing the relationship** – At this stage, most often the corporation verifies the status of the startup (e.g. checking the financial situation, ownership structure). The image of this stage will be determined by the form of cooperation between the startup and the corporation, whether we will be dealing with a startup-provider of solution X or the startup will be the subject of an M&A transaction (Merger & Acquisition). This is the stage when the Non-Disclosure Agreement is signed. Keep in mind that signing too early can be seen as a lack of trust and signing too late can create a big risk for the startup.

- **Sustaining the relationship** - this is the stage where action is already required within the contract, i.e., a visible role for the lawyers, but the parties must still clearly and effectively communicate the pursuit of a common goal. Here, measures of success must be defined, and their achievement analysed. At this stage, there may be e.g. changes of strategic goals, personnel changes, which may lead to the desire to terminate the cooperation.



## CHAPTER 4: What you need to know when you are looking for innovative startups/SMEs.

Before starting the cooperation with the startup, the corporate should follow certain rules and must take following steps to be successful:

1. Firstly, the company **should define its innovation goals**. Therefore, it should ask itself the following questions:
  - *What are the most important things I need to accomplish?*
  - *What are the strategic priorities for my company (e.g. diversify revenue streams, launch new products, decrease operating costs)*
  - *What are my business objectives?*
2. Secondly, after a corporate has defined its innovation goals, it should define **why it wants to work with a startup**. The answer might be: to gain access to new technology, to execute a pivot or transformation, get an access to talent through acquisition or joint R&D.
3. Thirdly, a company should **establish key performance indicators (KPI)**, such as for example: the number of initiatives and percent of initiatives successfully implemented, sales and revenue growth, cost saving<sup>16</sup>
4. Next, a corporate should define **collaboration incentives for startups**. “Due to the ongoing race for the best startups and fierce competitors in the startup scene, it is important to make startups an attractive offer to enter into a collaboration. At this stage companies should therefore consider what kind of cooperation can lead them closer to their defined goals and what resources they can offer that can create added value for startups. Ideally, look at the deal from the perspective of startups with which companies want to enter into a partnership<sup>17</sup>.”

<sup>16</sup> *The Ultimate Guide to Startup Scouting and Engagement*, at <https://runway.is/blog/startup-scouting-engagement/>

<sup>17</sup> Federspiel H., *Pioneers Insights: A guide for corporate-startup collaboration*, at: <https://pioneers.io/pioneers-insights-guide-corporate-startup-collaboration/>

## CHAPTER 5: Forms of cooperation between startups and corporates.

After the corporate has chosen the right startup, it needs to decide on the form of cooperation. Finding and determining the right partnership model for the organization might be a challenge.

Therefore, in order to better understand how to develop the assumptions of cooperation with startups step by step, it is worth using the **Startup Collaboration Readiness (SCR)** method described by Wojciech Drewczyński in the publication: *“Korpostartup. Efektywna współpraca korporacji ze startupami”<sup>18</sup>*.

**“Startup Collaboration Readiness** is a 10-step scale that allows a corporate to quickly verify the experience of the corporation and to select the optimal range of instruments for cooperation with young technology companies. The SCR scale also gives a picture of how to develop competences in the field of such cooperation and when to include subsequent mechanisms that allow for the maximization of benefits related to involvement in the development of innovations and startups. Level 0 is the moment when a given company is not interested in startups, while the highest grade 9 means a company that has fully developed competences to cooperate with startups at every stage of development and at every level of cooperation.

### SCR levels:



Creating proper working relationships with startups is very important, because “...Such relationships often start out very positively, with a heady honeymoon period during which both sides enjoy some early successes. Over time, however, frustration can set in as one or both partners wake up to the reality that they are not achieving all of their hopes and expectations. According to BCG research conducted in Europe, 45%

<sup>18</sup> “Korpostartup. An efficient collaboration of corporates with startups”

<sup>19</sup> Drewczyński W., *“Korpostartup. Efektywna współpraca korporacji ze startupami”*.

of corporates and 55% of startups are “very dissatisfied” or “somewhat dissatisfied” with their partnerships”<sup>20</sup>

To establish relationships with startups as part of an innovation strategy, corporates have several models of cooperation to choose from:

1. **One - off events** - events that often take the form of competitions, like:

- **Challenge Prizes** - competitions that focus attention on a specific issue and incentivise innovators to provide new solutions.
- **Hackathons or hack days** are more focused form of competition that is growing in popularity. At these events, startups (either as individuals or teams) congregate for a period of intensive, focused development around a goal, such as solving a specific technical problem or producing a particular piece of code. Many corporates including Nokia and Unilever have sponsored such events as part of their quest for new ideas.

*Pros:* They are “...good starting points to drive internal culture change by exposing employees to the entrepreneurial mindset of startups, provide new perspectives of emerging business trends and technologies, and also foster external association of the corporate brand with innovation..”<sup>21</sup>

*Cons:* “...these programmes provide less immediate return in terms of business relationships and also require careful consideration of the needs of the startups”.<sup>22</sup>

2. **Business support programmes**, like:

- **Business incubators** - are defined as flexible working space with additional value-added services – such as legal or marketing support.<sup>23</sup> The main objective of the technology incubator is supporting the development of young innovative companies and optimizing the conditions for technology transfer and commercialization through:

- business support services, e.g. financial, marketing, legal, organizational and technological consulting;

- assistance in obtaining financial resources, including from risk funds;

- creating the right climate for starting a business and implementing innovative projects, the so-called synergistic effects;<sup>24</sup>

*Pros:* They provide the business direct access to startup ecosystem, at the same time supporting the startups who may potentially become customers or suppliers.

*Cons:* business support programmes have to be designed with the startup needs in mind, and not solely oriented towards the growth of the corporate host.<sup>1</sup>

- **Accelerators programmes** - they provide a ‘hothouse’ environment where startups learn, test and iterate their business models rapidly with mentors and peers, usually culminating in a ‘demo day’ to investors. Whereas early programmes had a focus on digital technologies, accelerators now support startups from diverse sectors as diverse as fintech, cleantech, etc.<sup>25</sup>

*Pros:* The programmes are “...tailored to your needs and pain points and constitute a chance to drive the solutions of the startups into a direction that will benefit your corporation

20 Michael Brigl, Stefan Gross-Selbeck, Nico Dehnert, Schmiegl F., and Simon S., *After the Honeymoon Ends: Making Corporate-Startup Relationships Work*, at <https://www.bcg.com/publications/2019/corporate-startup-relationships-work-after-honeymoon-ends>

21 Mocker V., Bielli G., Haley Ch. “*Winning together. A Guide to successful corporate - startup collaborations*”, NESTA 2015 p.13

22 See above.

23 See above, p.14

24 K. Matusiak, *Innowacje i transfer technologii, Słownik pojęć*, PARP, Warszawa 2011, p. 101

25 Mocker V., Bielli G., Haley Ch. “*Winning together. A Guide to successful corporate - startup collaborations*”, p.14

*Cons:* The programmes “..requires a considerable amount of time and effort to source relevant startups, they are limited in terms of change management as it is often isolated from the rest of the company and (.... )constitute high overall cost<sup>26</sup>

### 3. Corporate venture capital.

These are funds created by - as the name suggests - corporates, large companies. They invest directly in small but innovative technology companies at an early stage of development through joint venture agreements and share acquisitions. Their goal is not only to achieve financial profits, but also strategic goals of the company, which may include:

- innovative know-how;
- checking the directions and possibilities of expansion into new market segments;
- testing innovative technologies that are easier to implement in a smaller, non-bureaucratic structure.<sup>27</sup>

*Pros:*

- Have deal-making authority
- Diversify from the corporation’s core activities
- Build relationships with the ecosystem and gain exposure to emerging tech and talent
- Secure technology
- Gain synergies

*Cons:* May not be a part of a company’s short- and middle-term goal especially in times of economic downturn<sup>28</sup>

### 4. Startup acquisitions and alliances.

*Pros:* allow the business to build innovation capability quickly while allowing the business to focus on its core competencies without disrupting the existing business model.<sup>29</sup>

*Cons:* Difficult to keep objectives on target over time.

---

26 8 Types of Corporate-Startup Engagement Models with Examples, at: <https://get.agorize.com/8-types-of-corporate-startup-engagement-models-with-examples/>

27 *Corporate Venture Capital – czym jest i dla kogo to dobry model współpracy?*, at <https://startup.pfr.pl/pl/baza-wiedzy/artykuly/corporate-venture-capital-czym-jest-i-dla-kogo-dobry-model-wspol/>

28 8 Types of Corporate-Startup Engagement Models with Examples, at: <https://get.agorize.com/8-types-of-corporate-startup-engagement-models-with-examples>

29 *Why are big businesses looking to startups for innovations?*, report by KPMG Australia, Feb 2015, p.11

## CHAPTER 6: Role of intermediaries in the corporate - startup collaboration.

“Increased corporate interest combined with low previous experience of startup collaborations creates a need for support. (...) Having a third party controlling the matchmaking and collaboration might be of a great importance to the whole process of cooperation”<sup>30</sup>.

There are initiatives as well as entities in the ecosystem that can assist corporations in collaborating with startups at various stages. The functioning of a third party that controls matchmaking and collaboration is practical and often "pulls" corporations to take actions that large entities are completely unfamiliar with. Various studies (Finnish research in the Bees and Trees Project<sup>31</sup>) carried out in this area indicate certain factors that recommend the use of intermediaries.

Among the advantages of collaboration are:

1. **matchmaking between startups and corporations**, including activities such as:

- Scanning potential start-ups for corporations
- Organizing events where both sides meet
- Facilitating initial trust building

2. **facilitating the startup and corporation to work together:**

- Precise articulation of expectations, needs between the entities
- Advising on the creation of common rules and goal setting between the startup and the corporation
- Helping to find the right people in the companies
- Supporting the partners so that the balance between the startup and the corporation is maintained

3. **providing services**

- Providing specific toolkits for collaborations, experimentations
- Assist in formulating cooperation agreements between the startup and the corporation
- Support in managing joint projects by finding ways forward (organizing meetings, proposing milestones)
- Searching for funding.

The classic intermediaries of this collaboration are:

- The closest to the corporation may be Corporate Venture Capital Funds - popularly known as CVC (Corporate Venture Capital), the corporation itself creates the investment vehicle, the advantage is undoubtedly that a well-structured CVC knows perfectly the needs of the parent corporation.
- Acceleration programs (e.g. KPT ScaleUp in Poland) - their idea is to intensively support startups in rapid development, through development of their products or services (support of mentors), but also association with corporations (recipients of technology or startup's services). The corporation comes with a specific problem that the startup needs to solve.
- Cooperation with regional development agencies (e.g. MARR SA and its seed fund) or clusters. Agencies often have investment funds (often seed funds), startups created as a result of investments, need further rounds of funding or scaling. Clusters, on the other hand, as organizations that bring together entrepreneurs in one subject area (e.g. life science), are a place for startups to find new business partners, so cooperation with clusters can also be interesting for corporations.
- Startup competitions such as:

<sup>30</sup> Heratri N., Klang C. "Collaboration between startups and corporations: A Startup perspective" Master's thesis in International Project Management, CHALMERS UNIVERSITY OF TECHNOLOGY, Master's Thesis ACEX30-19-83, Gothenburg, Sweden 2019., p.16.

<sup>31</sup> Ibidem.

- Startup Day/PitchDay etc. - Events dedicated to startups during which they have the opportunity to present themselves to potential investors (presentation of their products).
- Hackathons - programming marathons each time dedicated to a certain industry (e.g. health care, climate, etc.).

## CHAPTER 7: Exemplary process of the transfer with and without an intermediary.

At first, it seemed that startups were creating real competition for the largest companies. However, it quickly turned out that thanks to their resources, both they and corporations develop faster when they work together

### POLAND - example of cooperation without an intermediary

The research made by HugeThing<sup>32</sup> indicated that when a boom for cooperation between corporations and startups appeared about 2-3 years ago, the employment of a person dealing with such cooperation in the company's structures became almost mandatory. However, not all of these people had the appropriate competences. Furthermore there was also, and still is, a large discrepancy between how a large company operates and how a startup operates.<sup>33</sup>

Nevertheless, there are some very interesting examples of corporate startups cooperation.

One of them is TAURON accelerator. Tauron is a key player in the energy sector and an important link in Poland's energy security system. The TAURON Progress acceleration program is dedicated to entities working on solutions that fit in with the challenges faced by the energy industry, In the program they look for entities with whom we will cooperate in the development of innovative solutions, allowing for the expansion of the current offer of TAURON Group companies with new products and services, but also having an impact on the improvement of production processes and the provision of services already offered on the market. Depending on the specificity of the offered solution, its innovation and technological advancement, TAURON Group provides for various models of cooperation. They allow for the evaluation of the solution's operation in real conditions, its further development, and provide an opportunity to implement and use a proven solution as part of the TAURON Group's operations.

### SLOVENIA - example of cooperation with an intermediary

A very explicit example of a cooperation between an established corporation and a startup is the intense collaboration between **Slovenian startup Movalyse** and the large company **Zavarovalnica Sava**, in the field of motorcycle theft insurance. The collaboration originates from the **Insurtech innovation weekend** at the Venture Factory, the business incubator of the University of Maribor and resulted in developing Vigo motor insurance<sup>34</sup>

Zavarovalnica Sava with more than 1400 employees, is the second largest insurance company in Slovenia generating nearly 300 million euros of revenue annually. With more than 430 agents, 86 representative offices and 358 representative agencies they offer all types of property and non-property insurance and introduce digitization of business. Over the last couple of years, the company has dramatically accelerated the dynamics of innovation and collaboration with startups. That's why they took part in Insurtech Innovation

---

32 HugeThing is a part of a Speedup Group - helps corporations discover their inner face of innovation. We support companies at every stage of the process of acquiring innovation – from setting the framework and strategies of innovation teams, through support in the implementation of programs and initiatives whose goal is to acquire and create innovations that meet their needs.

33 Research Report on Corporate Startups Cooperation by HugeThing, 2019.

34 Vigo: world's first telematics insurance demanded by users <https://www.digitalinsuranceagenda.com/featured-insurtechs/vigo-worlds-first-telematics-insurance-demanded-by-users/>

Challenge - a two-day international acceleration program, organized under the auspices of Venture Factory and Austrian WhatAVenture in 2017 where they were looking for an innovative solution that would prevent motorcycle thefts and at the same time provide cheaper insurance against thefts<sup>35</sup>.

The Slovenian company Movalyse which is developing intelligent solutions to improve motorcyclists road safety, presented a brand new device for protecting motorcycles against thefts. The system works completed the development and tested a brand new device for protecting motorcycles against thefts. In 2018, a pilot project was carried out, in which 300 motorcyclists were equipped with the system free of charge. With their help the company further optimized the operation and obtained all the necessary feedback for the preparation of the final product. Within the project, motorists made more than 418,000 kilometres in Slovenia and abroad. The solution provides complete control over the motorcycle. Using the app it enables the owner to see the situation and location of motorcycle in every moment and in case of theft the owner receives a message. Additionally, it offers some advanced functions, such as activating SOS call in case of an accident<sup>36</sup>.

---

35 The Insurtech Innovation Challenge brings startups and corporations even closer <https://www.startup.si/en-us/news/the-insurtech-innovation-challenge-brings-startups-and-corporations-even-closer>

36 Collaboration between Movalyse and insurance company brought innovative solution, <https://www.startupalpeadria.eu/en-us/newsitem/247/collaboration-between-movalyse-and-insurance-company-brought-innovative-solution>



## Recommendations<sup>37</sup>:

- 1) Think carefully about your goal, answer the question why you want to work with a startup (justification cannot be PR or CSR!).
- 2) Think about how you want to find a startup (via competitions, via CVC, via other fund etc.)
- 3) Startup is a partner and treat it as such. Emphasize its flexibility, greater willingness to take risks (read: bold ideas), i.e. you can transfer risk from corporations.
- 4) Promote internal culture of innovation and entrepreneurship, encourage employees to establish relationships with startups, they are not competition!
- 5) Pay attention to employees who may feel threatened, use narratives of collaboration rather than competition.
- 6) Engage employees who understand startups - enthusiasm is contagious.
- 7) Appoint an internal coordinator (a startup enthusiast, but who knows the corporation well, it is important to be able to navigate the meanders of the corporation, a quick path to the decision maker).
- 8) Show on the corporation's website that you are open to cooperation with startups, show the path of cooperation, respect for intellectual property.

## Summary

Sometimes, cooperation between the corporation and the startup resembles the clash of David and Goliath, although both entities have complementary skills and resources, they are even destined to cooperate. To ensure that this cooperation does not become a fleeting misalliance, but a strategic cooperation, both parties (especially the corporation) must know their strengths and weaknesses, clearly express their expectations and jointly define the goal. The corporation must not use its Goliath strength but should wisely use the cleverness and agility of the David that is the startup. This startup game must be a win-win game.

*"And the dance comes out when the partner sets the framework, and the partner has the space to operate freely within it" (...). The same goes for the dance of a corporation with a startup. Let's give space to the other side so that they in turn give something of themselves, because that's how the energy is born so that we can create something credible."*<sup>38</sup>

An African proverb says: "Alone you go faster, but with two you get farther." So, as a corporation, we should want to go further, and not move only in the safe comfort zone (the established schemata), and have as an explanation the words: "*it can't be done*", "*we already tried*". Cooperation with a startup will make us brave, go beyond the beaten track, feel the breath of freshness that will give us the energy to explore new fields, not follow the beaten path.

<sup>37</sup> "Scaling Together..." op. cit. p. 34

<sup>38</sup> <https://www2.deloitte.com/pl/pl/pages/technology/articles/korporacje-i-startupy-przelotny-mezalians-czy-strategiczna-wspolpraca-w-dobie-digitalizacji.html>