



Canada

CORPORATE VENTURING PILOT 2019

Frequently Asked Questions (FAQs)

What is corporate venturing?

Essentially, it is a structured way of facilitating business-to-business (B2B) collaborations between large firms and small ones including startups. Such partnerships enable large firms to explore how new technological advances and/or knowledge can benefit their core business operations or generate growth, in a faster and more agile way than traditional R&D, while simultaneously helping small innovative firms get market feedback about their innovations and rapidly improve product-market fit.

Corporate venturing is an approach to open innovation linked to a company's core business that offers opportunities for generating both social and financial returns via investing time and money into early stage businesses or SMEs that help the larger firm explore new technological advances in a faster and more agile way than traditional research and development. Corporate venturing provides an overarching strategic framework that includes business development activities to identify, incubate and accelerate ideas, technologies and innovation – it typically includes testing as well as scaling.

How can my corporation benefit from participating in corporate venturing?

At a minimum, corporations benefit in the following ways from corporate venturing:

1. Strategic and practical application of new trends and innovation
2. Access to specialized skills and expertise needed to identify and develop new business ideas and accelerate their time-to-market
3. Access to new technologies that can strengthen your business value proposition

However, the benefits to the company are multi-faceted and may also include¹:

1. Strategic and Practical Assessment of New Trends

Change is happening all around us. Companies are feeling increasing pressure related to social and environmental changes – as well as specific economic transitions taking place in the region. While a traditional strategy has been to simplify or divide and conquer, the reality is that complexity and interdependency of the proverbial “intractable global challenges” requires systems-oriented problem solving and solution creation. Refer to the World Economic Forum's annual “Global Risks” report for more information on interrelated risks.

2. Innovation, Knowledge and Know-How

“We will innovate” is a common refrain from corporate leaders for how they will turn around their companies as well as how they will grow. In an increasingly disruptive market where social and environmental challenges play a significant role, corporate venturing provides an

¹ MIF (2016) *Corporate Venturing in the Caribbean: Creating Positive Outcomes for Businesses and Communities*

opportunity for companies to partner cross-sector and innovate beyond products and services—to business models, processes, and partnerships—which is an essential strategy to succeed in the 21st century digital economy.

3. Top Talent Development and Retention

94% of millennials want to use their skills for good, and most innovation and investment programmes cater to this need.

4. Customer Engagement and Business Development

Corporate venturing provides an opportunity to work with customers in new ways – deepening the relationship in areas where there is mutual interest.

5. Return on Capital

Centrica's Ignite program, the UK's first impact investment fund focused on energy, has an expected minimum return for each investment of 2% and runs a blended portfolio of 6% minimum return on capital. Ignite has seen its first exit which delivered a 50% return.

As a form of open innovation, corporate venturing is distinguished from other concepts that may involve collaboration between large and small firms such as:

- **Social innovation**

A novel solution to a social problem that is more effective, efficient and sustainable, for which the value created accrues primarily to society as a whole rather than private individuals. (Source: Center for Social Innovation, Stanford Graduate School of Business)

- **Shared value**

A management strategy in which companies find business opportunities in social problems. While philanthropy and CSR focus efforts on “giving back” or minimizing the harm business has on society, shared value focuses on maximizing the competitive value of solving social problems in new customers and markets, cost savings, talent retention, and more. (Source: Shared Value Initiative)

- **Impact investment**

Any investment made to generate measurable and positive social and/or environmental impact alongside a financial return. (Source: Global Impact Investment Network)

- **Venture philanthropy**

A form of donations that works to build stronger social purpose organisations by providing them with both financial and non-financial support in order to increase their societal impact. (Source: European Venture Philanthropy Association)

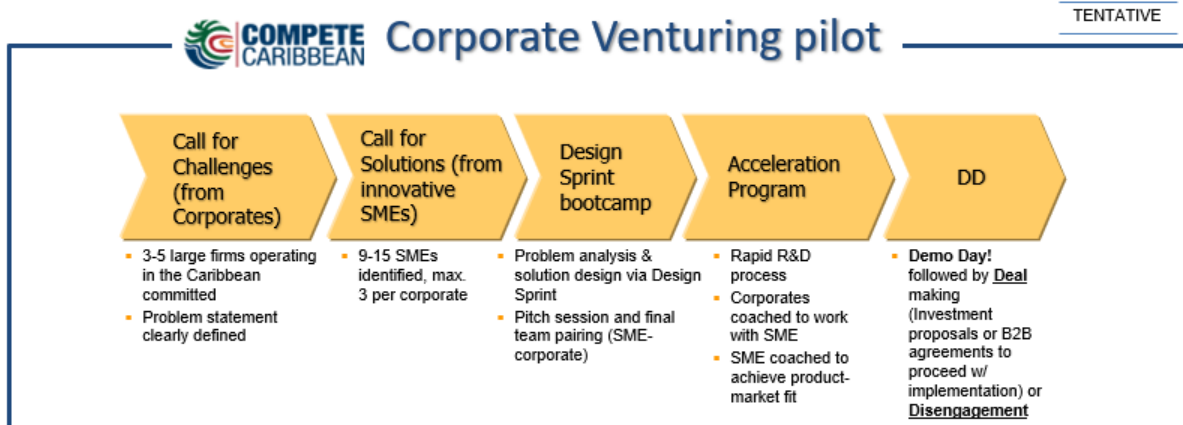
Questions specific to Compete Caribbean's Corporate Venturing pilot (2019/2020)

Who can participate?

Call for Challenges: Large corporations (>50 employees; > US\$1.5M in revenues) that are legally registered in at least one of the IDB member countries in the Caribbean: The Bahamas; Barbados; Belize; Guyana; Jamaica; Suriname; Trinidad & Tobago

Call for Solutions: Startups (early-stage firms that are searching for a repeatable and scalable business model, but that already have customers and are earning revenue) and other small innovative companies (5-15 employees; < US\$500K in revenues) that are legally registered in at least one of the IDB member countries in the Caribbean.

How does this program work?



What will Compete Caribbean fund under this pilot program?

- A design sprint bootcamp at which corporates and startups will interact to refine initial problem statements into actionable product backlogs, devise specifications for the end product/service, and have a pitch session at which each corporate will be paired with a single startup/SME
- An acceleration program during which each corporate-startup pair will be coached through a rapid R&D process to develop a working prototype solution within 90 days
- Travel expenses for the startup to carry out the **first site visit** to the corporate's premises, in cases where the two organisations come from different countries (N.B. any subsequent site visits will be financed by the corporate and/or the startup/SME)
- Travel expenses for the startup to the Demo Day at the corporate's premises at the end of the acceleration program
- Communications, monitoring and evaluation expenses associated with documenting each of the corporate venture partnership agreements facilitated under this pilot

What will each corporate have to contribute to participate in this pilot program?

- **Cash**
 - Travel expenses for staff to attend and participate in the design sprint bootcamp
 - Development fund for the startup to utilize during the acceleration program (up to US\$5000 per project)
 - Incidental expenses for the startup during any site visits to the corporate's premises
 - Travel expenses for any site visits required after the first site visit paid for by Compete Caribbean
- **In kind**
 - Staff time to provide information to and mentor the startup/SME development team during the design sprint bootcamp and accelerator program
 - Involvement of key staff members during the 3-month development period to facilitate the testing based on relevance

If I have questions related to my submission, who can I contact?

You can e-mail your questions to: competecaribbean@iadb.org before the final submission deadline.

How do I submit my application?

The application must be completed and submitted via email. **Please see the [application form](#) for more information.**

What information do I need to complete an application?

Click [here](#) to view the information required.