

CORPORATE-STARTUP COLLABORATION REPORT

September 2019

FOREWORD

As with any business relationship, collaborations between startups and corporates hold risks and benefits for both sides. Corporates have the market access, resources, power, and credibility that startups admire, whereas startups have the agility, innovative and in many cases disruptive mindsets, business models, and technologies that corporations cannot ignore, especially if they want to remain competitive in the rapidly changing business landscape. However, structural, organizational, and cultural differences remain, which can make such collaborations difficult. Thus, a better understanding of corporate-startup collaborations can help both groups to maximize potential benefits while minimizing risks.

Exploring corporate-startup collaboration in the Nordic region is particularly interesting for several reasons. First, while Nordic countries only represent 4% of Europe’s population, the region has been hailed as one of the most attractive tech regions in the world, where the average exit value from 2011-2015 has been 4.1 billion US dollars (Creandum, 2016). The Nordics have also been branded as the largest “unicorn factory” in the world, often topping multiple international business and innovation rankings. Sweden has been leading the region and dubbed as the “Tech superstar from the North” (TechCrunch, 2016), with Stockholm producing more unicorns per capita than any other region in the world after Silicon Valley.

Considering the inevitable disruption that startups and the technology that they bring with them in the increasingly digitalized business landscape, it is vital to know if and how corporations and startups are working together in the Nordics.

Oxford Research has in close collaboration with TechBBQ carried out this analysis aiming to give a picture of the current state of corporate-startup collaboration in the Nordics. In doing so, it will address the questions of who benefits from corporate-startup collaboration, what those benefits are, as well as why and how such collaborations are mutually beneficial. Answering these questions could help the Nordics better establish and brand themselves as a world-class startup ecosystem.

The term “collaboration” is generally defined as activity or activities encompassing the following forms of interactions with startups:

- Pilot & Partnerships (product co-development and/or procurement from startups)
- Direct investments in startups (corporate venture capital investment)
- Mergers & Acquisitions (acqui-hiring and buying startups)

The report is based on a survey with 45 C-level and/or top-level management of the large Nordic corporations (Denmark’s C25, Finland’s OMXH25, Iceland’s OMXI8, Norway’s OBX25 and Sweden’s OMX30), one qualitative interview with a key stakeholder in the Nordic innovation system and four qualitative interviews with selected key C-level and/or top-level representatives of large Nordic corporations were conducted.

We hope that you will enjoy reading this account of the Nordic corporate-startup collaboration and that it will provide you with new insights into the work of your organization.

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1. PURPOSE OF THE REPORT

Oxford Research has in close collaboration with TechBBQ carried out an analysis of corporate-start-up collaboration in the Nordics. The purpose of the analysis is to address the following main research questions:

- What are the benefits of a corporate-start-up collaboration?
- Why and how are such collaborations beneficial?

The main methodology of the analysis is a web-based survey with 45 C-level and/or top-level management of the large Nordic corporations (Denmark's C25, Finland's OMXH25, Iceland's OMXI8, Norway's OBX25 and Sweden's OMX30). In addition, one qualitative interview with a key stakeholder in the Nordic innovation system and four qualitative interviews with selected key C-level and/or top-level representatives of large Nordic corporations were conducted.

41 pct. of Nordic corporations (45 out of 110 corporations identified on Denmark's C25, Finland's OMXH25, Iceland's OMXI8, Norway's OBX25 and Sweden's OMX30) have completed the survey.

In this report, the study results as well as key learnings and recommendations for further action are presented.

Methodology and data collection

- A survey conducted with C-level and/or top-level management of large Nordic corporations
- One qualitative interview with a key stakeholder of the Nordic innovation system
- Four qualitative interviews with selected key C-level and/or top-level representatives of large Nordic corporations

2. KEY FINDINGS

The majority of Nordic corporates collaborate with startups

The study shows that almost all Nordic corporates collaborate or have collaborated with startups (78 pct. of the Nordic corporates are currently collaborating with startups, or 13 pct. have collaborated with startups before). Nordic corporates are aware that engaging with startups is becoming more and more crucial for the ongoing success of their businesses.

Nordic corporates see the Nordic startup scene as attractive and relevant

Among Nordic corporates, the Nordic startup scene is widely perceived as attractive and relevant within their field. 39 pct. of the Nordic corporates strongly agree that the Nordic startup scene is attractive and/or relevant within their field, while 30 pct. somewhat agree with the statement.

In addition, most of the corporates' startup partners are actually located in the Nordic countries – 52 pct. in Sweden followed by 33 pct. in Finland, 27 pct. in Denmark and 24 pct. in Norway, while very few are in Iceland (3 pct.). 21 pct. are in other countries than the Nordics.

Nordic corporates collaborate with startups to keep pace with the accelerating rate of innovation and to remain competitive

Most Nordic corporates engage in collaborations with startups, since it allows them to explore/create new innovative technologies and solutions, access innovative business models and industry trends, and to foster a more entrepreneurial mindset among their employees.

The corporates all foresee that innovation is necessary for securing a future competitive advantage, and startups can help them for two reasons. First, startups have more freedom to develop truly disruptive solutions doing it even cheaper and faster. Second, collaboration with startups may facilitate the necessary external disruption of the corporates' own business model, which can be difficult to achieve from within.

The study shows that collaborating with startups generally meets the corporates' expectations strengthening their innovation capacity.

2. KEY FINDINGS

Most Nordic corporates are looking into investing in startups

Most of the Nordic corporates either have their own venture capital arm or a Mergers & Acquisitions department. 42 pct. of the Nordic corporates have their own venture capital arm meaning that they have a strategic approach to the collaboration with startups and besides financial returns, can help the corporates to gain exposure to new/disruptive technologies and new business models.

1/3 of the corporates have a Mergers & Acquisitions department that looks into investments of startups, while 15 pct. are either evaluating if they should establish a venture capital arm or have plans to have one in the future.

The Nordic corporates' engagement with startups is often centered around co-development

The vast majority of the Nordic corporates (91 pct.) engage in 'Pilot and Partnerships' with the startups meaning that the collaboration is often centered around co-development and/or procurement of solutions.

Long-term, the partnerships can lead to even deeper relationship such as an acquisition, joint venture or investment, and as the study shows, 58 pct. of the Nordic corporations have invested directly in the startups, and 30 pct. have acquired or bought startups.

How Nordic corporates tap into the startup ecosystems?

The Nordic corporates find and connect with the startups using different channels. For instance, the Finnish company Stora Enso has a venture client program and an accelerator program, while the company is also continuously scouting for new startups and receiving inbound contacts from startups.

Outbound (67 pct.) and inbound (48 pct.) activities are regular ways to source startup partners, but establishing events or programs is a more structured approach. 52 pct. use competitions and events such as hackathons and/or entrepreneurship events, while 30 pct. set up a corporate accelerator program.

The challenges that Nordic corporates face in their collaboration with startups are often internal

An issue that the R&D and innovation departments of corporates often face is a high risk aversion in other departments of their company,. Investing resources and time in risky projects that may fail is seen as something that should be avoided. 45 pct. point out that this is an obstacle to their engagement with startups.

Another main issue that corporates face is bureaucratic obstacles (58 pct.), where procurement often is a challenge representing gateways that can sometimes be difficult to overcome, as they follow strict corporate processes.

2. KEY FINDINGS

Collaborating with startups pays off - in the end

The study shows that 87 pct. agree that the benefits of collaborating with startups are greater than the costs (39 pct. strongly agree and 48 pct. somewhat agree).

As the analysis shows, there are challenges related to collaborating with start-ups and of course the risk that not all collaborations result in the desired outcomes. Still, taking all the costs and risks into consideration, the corporates generally find it rewarding to collaborate with startups.

In fact, the majority of the corporates have plans to increase their collaboration with startups in the future. 2/3 have plans to increase their collaboration in the next two years, 36 pct. already have activities in place to increase collaborations with startups, and 30 pct. are currently brainstorming on how to increase their collaboration with startups.

3. KEY LEARNINGS AND RECOMMENDATIONS

Successful collaboration with startups requires commitment from the organization as a whole

The challenges faced by the corporates in their collaboration with startups are often due to internal matters. One issue is the risk aversion, and in many corporations the possibility that a project may fail is seen as something that should be avoided from the outset. Setting up a separate innovation team is not enough. Changing the business, bringing new products to market and developing new business models require commitment from the organization as a whole. Thus, it is necessary to align all parts of the organization, when collaborating with startups.

A strategic approach to finding the right startup partners

Corporates need a strategic approach to identify and find the right startup partners. Corporates need to think about how to approach innovation partnerships systematically and not merely rely on enquiries from startups. Setting up competitions and events such as hackathons and/or entrepreneurship events, establishing a corporate accelerator program or using a vendor are ways to achieve this.

When two different cultures collide, it is inevitable that challenges arise...

When startups collaborate with corporates, they will meet long cycle times and slow decision-making processes. In a collaboration, where two different cultures meet, it is important to accept that challenges will arise, but also minimize these by focusing on coordination, communication and clear processes.

Ensuring a smooth collaboration requires constant fine-tuning of company processes

Many corporates face bureaucratic obstacles, which can hinder a smooth and successful collaboration with a startup. Thus, it is important to focus on how to ensure a smooth collaboration from the very beginning.

Typically, large corporations have lengthy contracts and sourcing process is extremely slow and labor intensive. At Enso Stora, they have worked with fine-tuning contract structures to better fit in dealing with startups and growth companies. The company has successfully implemented lighter processes to get things moving rapidly and in a more startup friendly manner.

Agree on the goals and strategic direction of the partnership

Clear road maps and goals are essential to a satisfying collaboration, and without long-term engagement plans and goals, startups and corporates can't reach the level of trust and transparency that is needed for meeting the objectives.

As Danske Bank has experienced, it is from the beginning of a collaboration with startups necessary to be aligned on the goals that they want to reach asking the questions: What problem are we actually solving together? What is the ambition level and time to market?

4. STUDY RESULTS

- NORDIC CORPORATES CONSIDER THE NORDIC STARTUP SCENE TO BE ATTRACTIVE AND RELEVANT
- MOST NORDIC CORPORATES COLLABORATE WITH STARTUPS
- WHY DO NORDIC CORPORATES COLLABORATE WITH STARTUPS?
- ALMOST ALL CORPORATES ENGAGE IN PILOT AND PARTNERSHIPS WITH THE STARTUPS
- HOW NORDIC CORPORATES TAP INTO THE STARTUP ECOSYSTEMS
- CORPORATES OFTEN FACE INTERNAL CHALLENGES WHEN COLLABORATING WITH STARTUPS
- VALUE FOR MONEY?

NORDIC CORPORATES CONSIDER THE NORDIC STARTUP SCENE TO BE ATTRACTIVE AND RELEVANT

The majority of the Nordic corporates find that the Nordic startup scene is attractive and relevant to them

39 pct. of the Nordic corporates strongly agree that the Nordic startup scene is attractive and/or relevant within their field, while 30 pct. somewhat agree with the statement. Relatively few (18 pct.) find the Nordic startup scene to be unattractive.

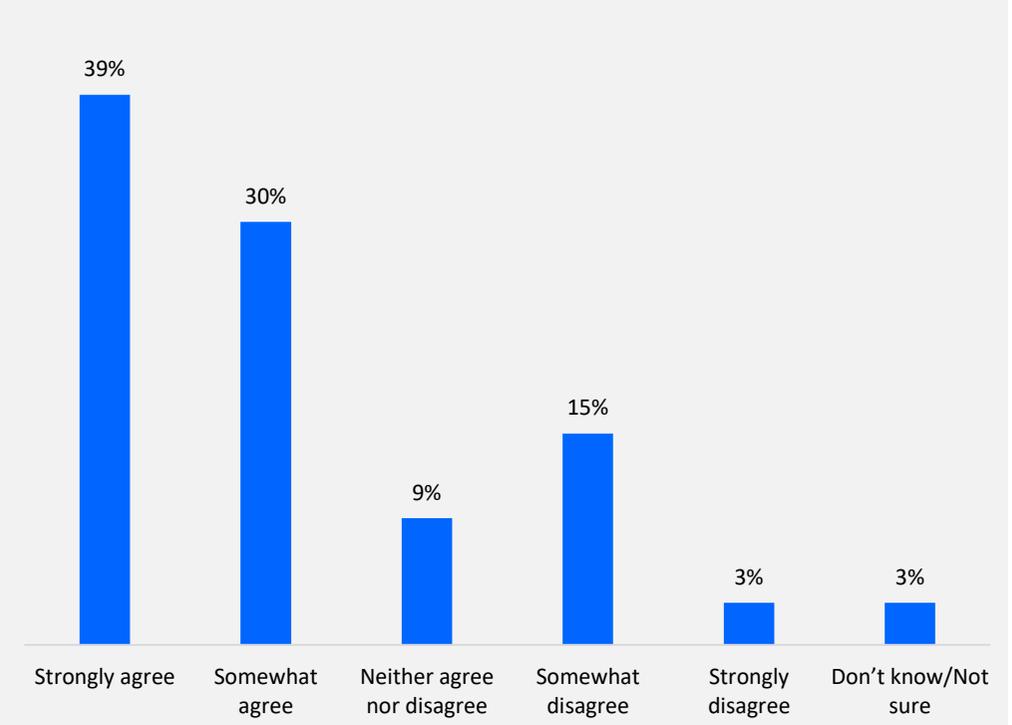
As Svein Berg, Managing Director of Nordic Innovation points out, the Nordics provide a fertile ground for engaging with startups:

“In the Nordics, the factors that are generally considered cornerstones of well-functioning startup ecosystems are present such as ease of doing business and availability of financing. In addition the Nordics have high experienced engineers and workforce, but you pay maybe only 25 pct. of what you would pay for that talent in a city like San Francisco.”

- Svein Berg, Managing Director, Nordic Innovation

Following this, the survey also shows that most of the corporates' startup partners are actually located in the Nordic countries – 52 pct. in Sweden followed by 33 pct. in Finland, 27 pct. in Denmark and 24 pct. in Norway, while very few are in Iceland (3 pct.). 21 pct. are in other countries than the Nordics.

Overall, the Nordic startup scene is attractive and/or is relevant within our field?



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MOST NORDIC CORPORATES COLLABORATE WITH STARTUPS

Almost all Nordic corporates collaborate or have collaborated with startups

91 pct. of the Nordic corporates are collaborating or have collaborated with startups (78 pct. of the Nordic corporates are currently collaborating with startups, while 13 pct. of the Nordic corporates have collaborated with startups before).

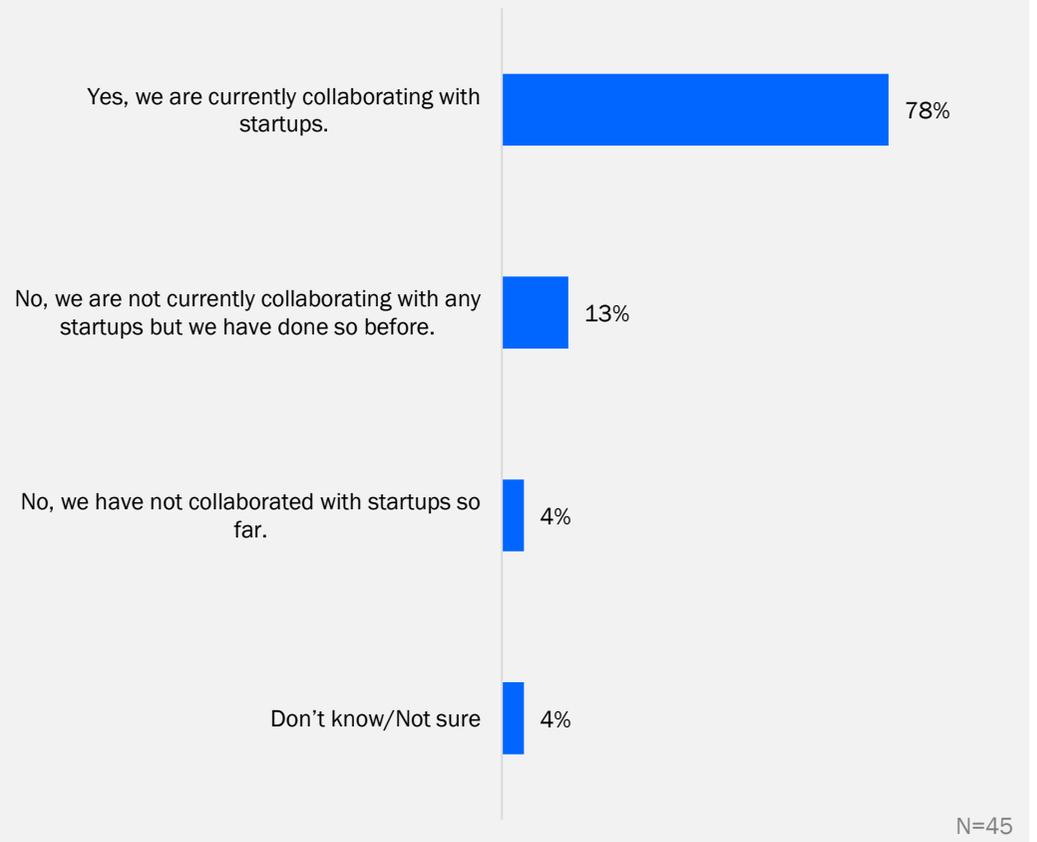
The widespread collaboration between corporates and startups indicates that corporates see that collaborating with startups can contribute positively to the development of their business.

The notion is substantiated in the interviews, where all the interviewees see that it is becoming more and more crucial for the ongoing success of their corporations to enter into collaborations with start-ups:

“Partnering with the best and most relevant startups makes us able to deliver products that the customers truly needs – with the Telenor trusted brand and distribution - and the technical flexibility that the startup can provide. Larger techpartner does not often have tailor-made offerings.”

- Andreas Johnsen, Head of New Business and Partnerships, Telenor Norway Mobile

Is the Nordic office in which you are based currently collaborating with startups?



WHY DO NORDIC CORPORATES COLLABORATE WITH STARTUPS?

The corporates collaborate with startups to keep pace with the accelerating rate of innovation and to remain competitive within their field

70 pct. of the Nordic corporates collaborate with startups to explore/create innovative or specialized technologies, products, solutions and/or processes, while 58 pct. work with start-ups to access innovative business models and industry trends.

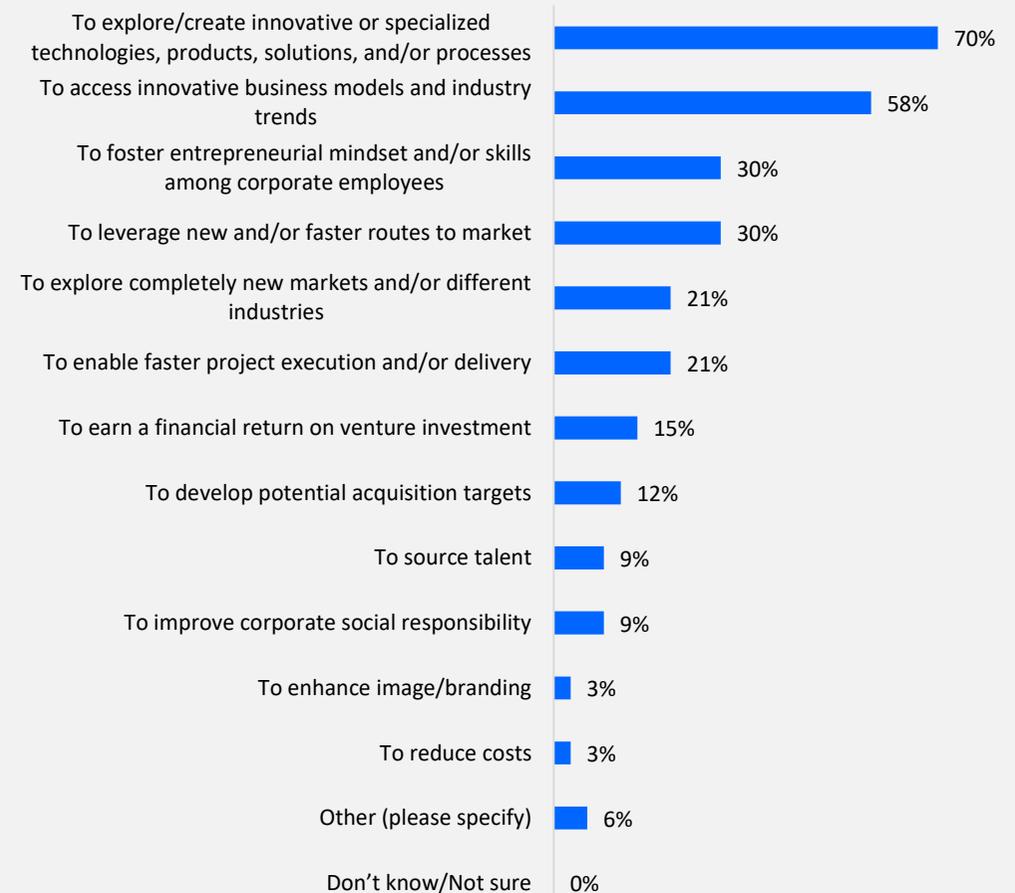
The survey results correspond with the insights from the qualitative interviews, where they all foresee that innovation is necessary for securing a future competitive advantage. They underline that entering into collaborations with startups can increase the innovation potential of their company. First, because startups have more freedom to develop truly disruptive solutions:

“We have a strong history of innovation but given the digital vortex that the financial sector is facing, we see an opportunity to speed up innovation and co-develop new solutions for our customers together with partners. It’s evident that startups can develop new products cheaper and faster because they are independent and often have a bolder approach”.

- Jon Schäffer, SVP Group Head of Strategic Partnerships, Danske Bank

Second, as stated in interviews, collaboration with start-ups can facilitate disruption of their business models, which can be difficult to achieve from within.

Please identify the main reasons why your Nordic office collaborates with startups



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WHY DO NORDIC CORPORATES COLLABORATE WITH STARTUPS?

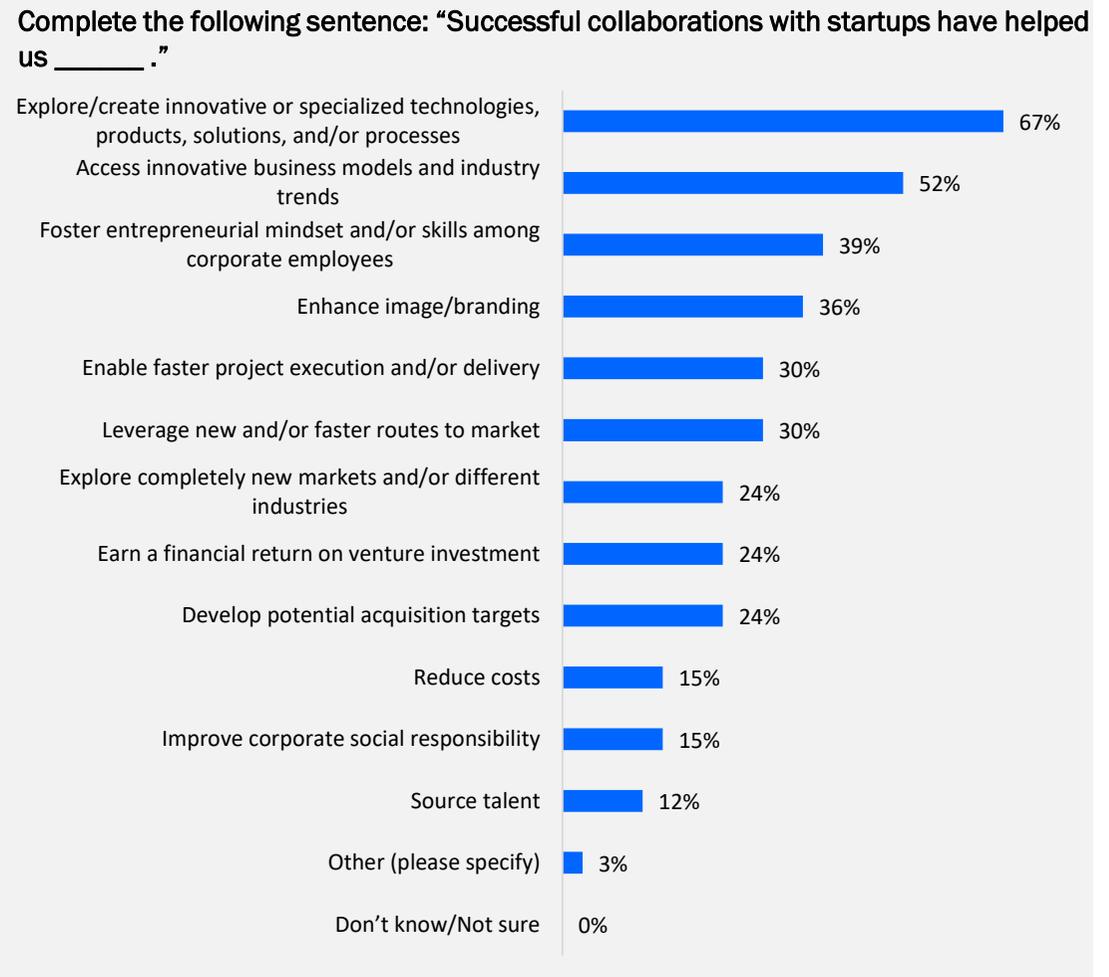
Collaboration with startups generally fulfills the expectations of the corporates

As the analysis shows, the motivation for engaging in collaboration with the startups is mainly to increase the companies' innovation potential, and the survey shows that the collaborations with the startups have helped many corporates to either explore/create innovative or specialized technologies, products, solutions and/or processes (67 pct.) or access innovative business models and industry trends. (52 pct.). Other key results from collaboration with startups include fostering an entrepreneurial mindset and/or skills among corporate employees (39 pct.) and enhancing the image/branding of the corporate (36 pct.).

From the interviews it is clear that the generated results from collaborating with startups are diverse and manifold. For example, the Icelandic company Marel has gained new sectoral knowledge as well as specific technical insights from their collaboration with startups:

"We work with startups to gain new and marginal knowledge for a technological niche or for a specific application that has been developed. For example, we worked with a VR startup to get their specific knowledge on the gaming industry recently as well as a startup consultancy company on sustainability projects for their understanding of the circular economy and carbon footprint calculations".

- Guðbjörg Heiða Guðmundsdóttir, Location manager and Technical Center manager in Innovation, Marel



CORPORATES OFTEN FACE INTERNAL CHALLENGES WHEN COLLABORATING WITH STARTUPS

The challenges that corporates face in their collaboration with startups are often internal

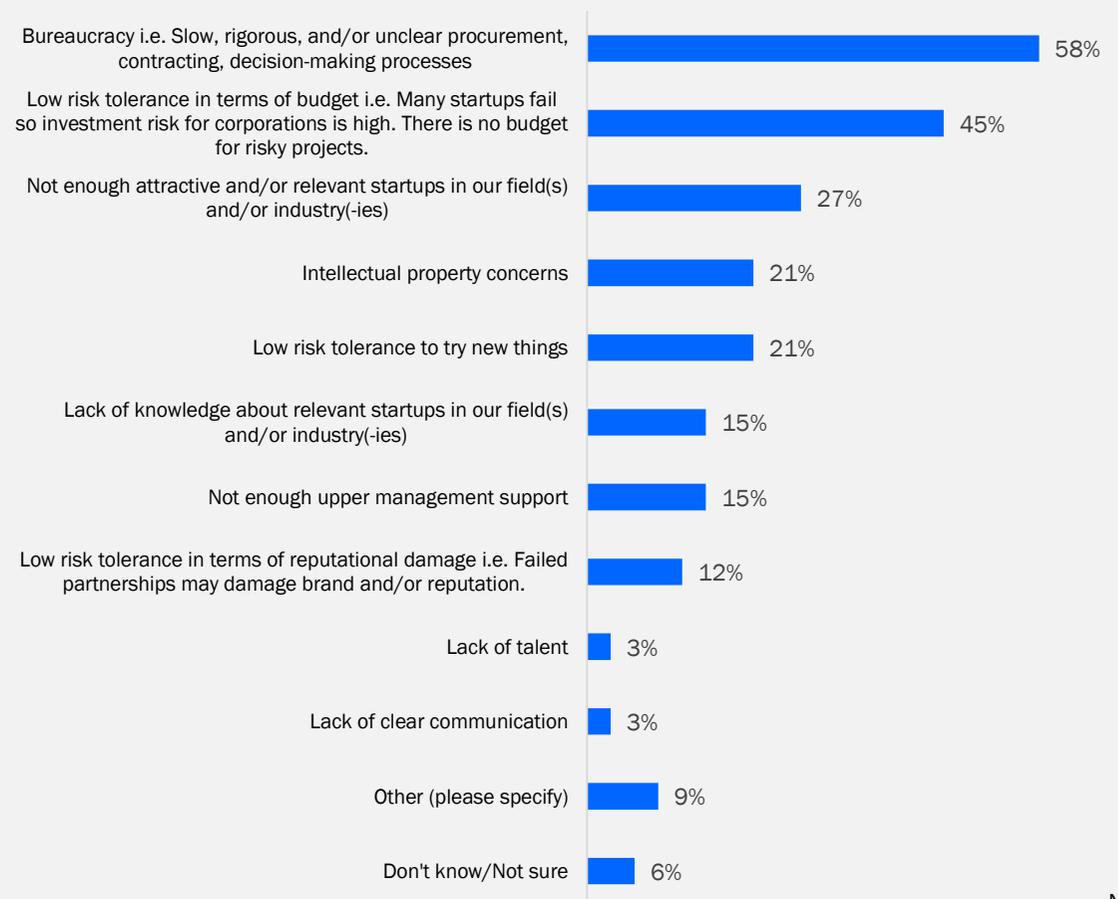
One issue is the risk aversion that the corporates have in investing their resources and time in risky projects that may not succeed in the end. 45 pct. point out that this is an obstacle to their engagement with startups. In many corporations the possibility that a project may fail is seen as something that should be avoided from the outset. Thus, as Antti Vuulli mentions, a corporate recognition that failing is part of a learning process is important:

“Corporate processes, like mentioned, have to be adjusted to cater these fast and agile projects. Corporates also need to admit that there is possibility to fail and it is okay as long as we learn from it.”

- Antti Vuulli, Head of New Digital Business & Startups, Stora Enso

Another issue that corporates face is bureaucratic obstacles (58 pct.), where procurement is a common challenge. If the collaboration results in developing a technology that may be deployed to other lines of businesses, the procurement department gets involved. They represent gateways that can sometimes be difficult to overcome, as they follow strict corporate processes (see recommendations for how to overcome this challenge).

Of the following, which are the main challenges of your Nordic office when it comes to collaborating with startups? (select up to 3 answers)



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ALMOST ALL CORPORATES ENGAGE IN PILOT & PARTNERSHIPS WITH THE STARTUPS

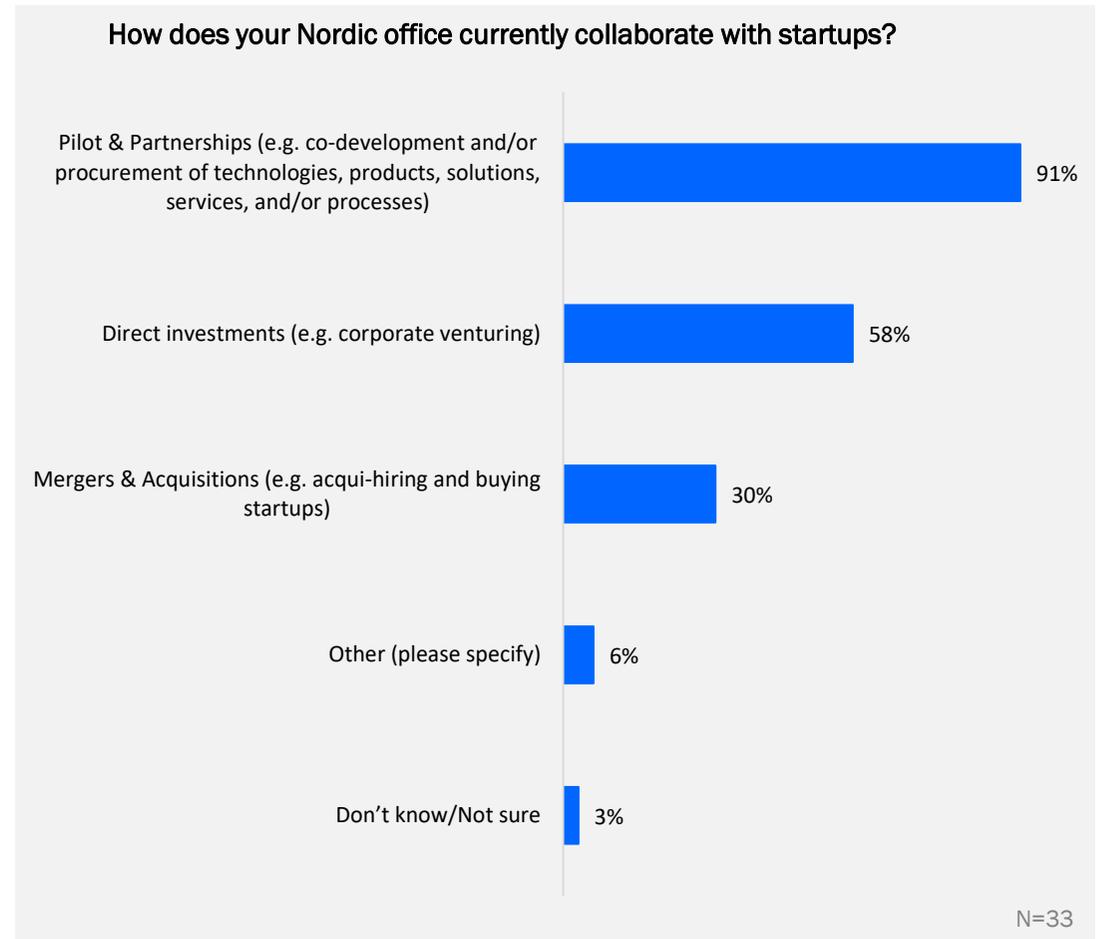
The corporates' collaboration with startups takes different forms, but for the vast majority the collaboration is about co-development and/or procurement of solutions

91 pct. of the Nordic corporates engage in 'Pilot and Partnerships' with the startups. Conducting a pilot with a startup is a way that corporates can test an existing technology applied to their customers and find out, if the technology has a wider potential. This may evolve into partnerships, where two parties co-develop new solutions, or the corporate acquires the developed technology. The Finnish corporation Stora Enso has engaged in 20 different projects with startups. Some examples include their cooperation with Sulapac and Trä Group:

"With Sulapac Stora Enso will begin the development of biodegradable straws as well as fully renewable caps and closures for liquid packages. Together with Trä Group, Stora Enso will increase digitalization in the wooden construction value chain by providing services for healthy and affordable living".

- Antti Vuolli, Head of New Digital Business & Startups, Stora Enso

Long-term, the partnerships can lead to even deeper relationship such as an acquisition, joint venture or investment. As the survey shows, 58 pct. of the Nordic corporations have invested directly in the startups, and 30 pct. have acqui-hired or bought startups.



MOST NORDIC CORPORATES ARE LOOKING TO INVEST IN STARTUPS

Most of the Nordic corporates either have their own venture capital arm or a Mergers & Acquisitions department

42 pct. of the Nordic corporates have their own venture capital arm. The aim of a venture capital arm is to have a more strategic approach to the collaboration with startups and besides financial returns, can help the corporates to gain exposure to new/disruptive technologies and new business models.

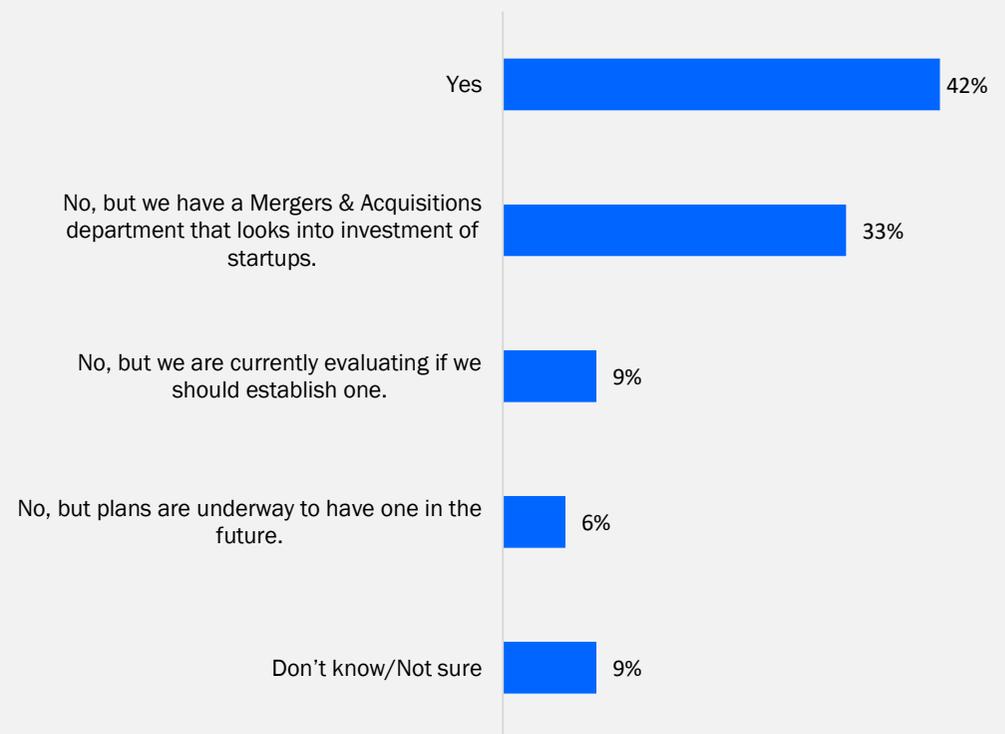
An example is the Finnish corporation Stora Enso that together with 29 other Nordic corporates have established the Combient Foundry Venture Client Program. In the first round, Stora Enso collaborated with 20tree.ai (a Portuguese machine learning startup working on satellite imagery analysis). Here is how the co-founder of 20tree.ai Indra den Bakker summarizes the outcome of the collaboration:

“By working at a concrete business case directly with Stora Enso, it has been possible to develop a minimal viable product (MVP) with feedback from Stora Enso’s decision-makers. This all done in 9 weeks, from first introduction to final presentation. We received helpful coaching along the way, for example in validating the scope of our pilot and shaping our service model.”

- Indra den Bakker, Co-Founder, 20tree.ai (startup)

1/3 of the corporates have a Mergers & Acquisitions department that looks into investments of startups, while 15 pct. are either evaluating if they should establish a venture capital arm or have plans to have one in the future.

Does your corporation have its own venture capital arms?



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HOW NORDIC CORPORATES TAP INTO THE STARTUP ECOSYSTEMS

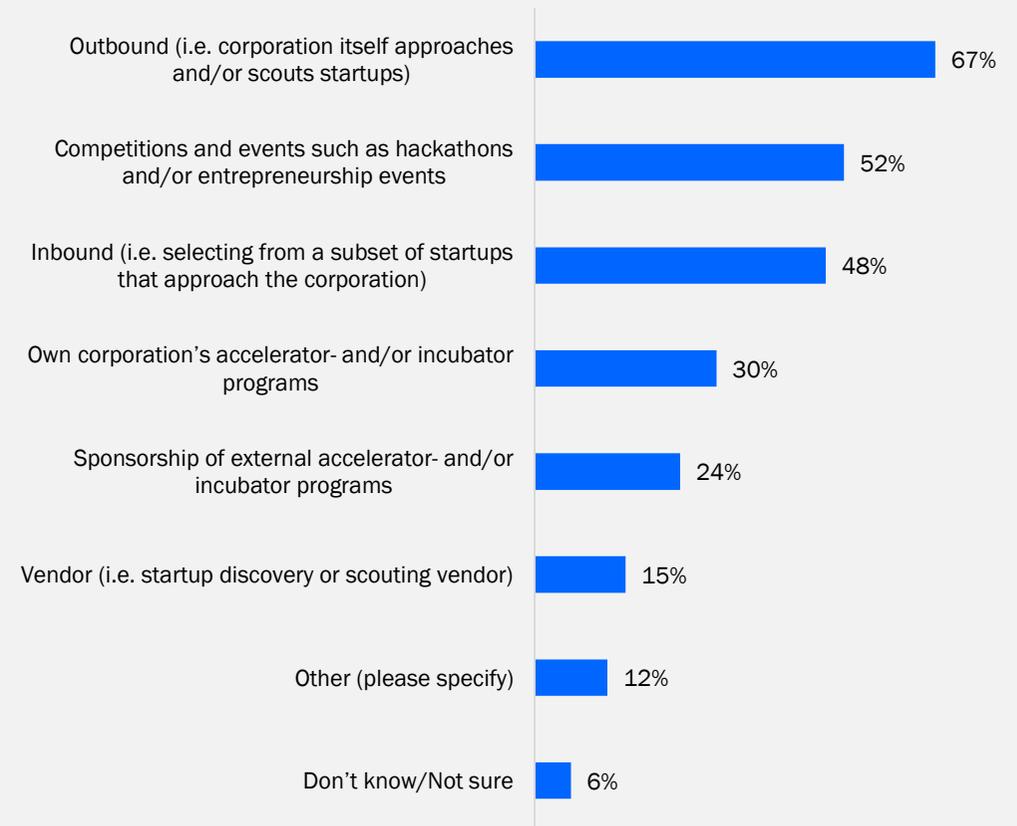
There are many entry points into the startup ecosystems

The survey shows that the Nordic corporates find and connect with the startups using different channels. From the interviews it is also clear that the corporates combine the different approaches in order to reach the startups. For instance, the Finnish company Stora Enso has a venture client program and an accelerator program, while the company is continuously scouting for new startups and receiving inbound contacts from startups.

While both outbound (67 pct.) and inbound (48 pct.) activities are regular ways to source startup partners, establishing events or programs is a more structured approach. As the survey shows, a widely used channel for sourcing startup partners is competitions and events such as hackathons and/or entrepreneurship events (52 pct.), where corporates can engage the startup ecosystem around a particular theme and put the call out for startups.

Another more costly way is to set up a corporate accelerator program (30 pct.) pairing domain expertise and resources, of a corporate together with a startup, in order to leverage their respective strengths to grow the startup.

Please identify the main ways that your Nordic office sources its startup partners.



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VALUE FOR MONEY?

Weighing benefits against costs, it is worth collaborating with startups

39 pct. strongly agree that the benefits of collaborating with startups are greater than the costs, while 48 pct. somewhat agree with the statement.

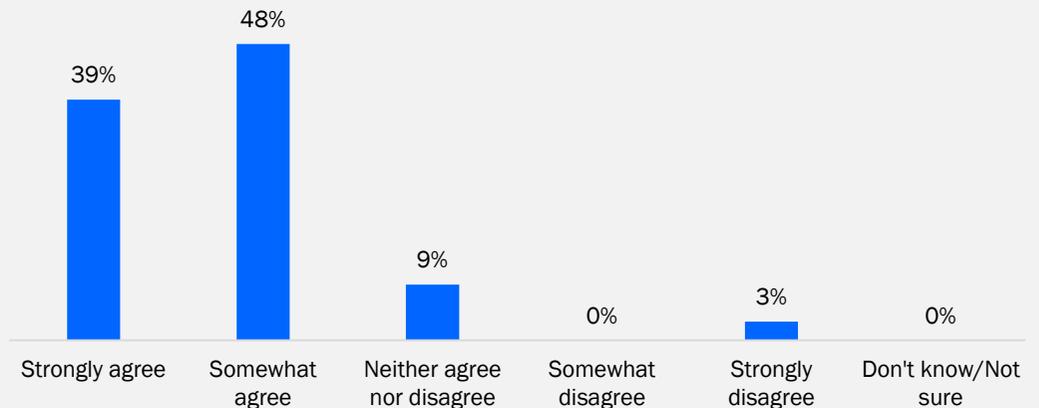
As the analysis shows, there are challenges related to collaborating with start-ups and of course the risk that not all collaborations result in the desired outcomes. Still, taking all the costs into consideration, the interviewees generally find it rewarding to collaborate with startups:

“Just do it! It’s highly rewarding, brings great learning to the organization and often leads to solution not expected in the first place. But also, it is hard work. In the consumer market in Norway alone, Telenor talks to hundreds of startups every year, but only creates strong partnerships with around ten”

- *Andreas Johnsen, Head of New Business and Partnerships, Telenor Norway Mobile*

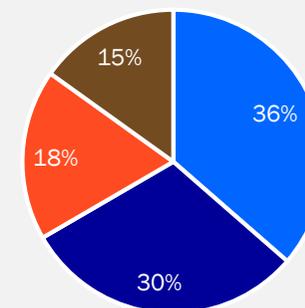
The assessment that collaborating with startups pays off is also reflected in the fact that 2/3 of the corporates have plans to increase their collaboration in the next two years. 36 pct. already have activities in place to increase collaborations with startups, and 30 pct. are currently brainstorming on how to increase their collaboration with startups.

In general, the benefits of collaborating with startups are greater than the costs



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Does your Nordic office have plans to increase collaborations with startups in the next 2 fiscal years?



- Yes, we already have activities in place to increase collaborations with startups.
- Yes, we are currently brainstorming how to increase collaborations with startups.
- No
- Don't know/Not sure

5. COMPANY CASES

- STORA ENSO, FINLAND
- MAREL, ICELAND
- TELENOR NORWAY MOBILE, NORWAY
- DANSKE BANK, DENMARK
- ERICSSON ONE, SWEDEN

STORA ENSO, FINLAND



A systematic approach provides us the best results in startup engagement

Q: What actions has your corporation taken to become “startup ready”?

A: We believe that a systematic approach provides us the best results in startup engagement. This means that we have clear purpose in everything we do and clear ownership for the engagement. Working with startups in a structured manner enables us to be fast and agile.

We have adjusted our corporate processes to cater these fast & agile projects. We also admit that there is possibility to fail and it is okay as long as we learn from it.

Q: Do you have any advice to startups that wish to collaborate with corporations in the future?

A: There needs to be a real business opportunity behind and ability to invest as soon as the right startup and solution has been found. For the startups we are looking at, the key is that they have their own vision and high ambition level. They are or aim to be the best in the world.

Q: What have been the general results and benefits of startup-collaborations at Stora Enso?

A: In the last two years, we have screened more than 700 startups globally, which has led to 20 projects. We have been able to find startups and solutions that we would not have found in traditional ways. As an example, Stora Enso has signed cooperation agreements on product development with Finnish startups Sulapac and TRÄ Group. With Sulapac Stora Enso will begin the development of biodegradable straws as well as fully renewable caps and closures for liquid packages. Together with Trä Group, Stora Enso will increase digitalization in the wooden construction value chain by providing services for healthy and affordable living.

MAREL, ICELAND



The mutual benefits of a collaboration need to be clear

Q: Why does Marel collaborate with startups?

A: There are different reasons for why we do it. It can be for us to gain new knowledge in a technological niche or for a specific application. For example, we worked with a VR startup to get their specific knowledge on the gaming industry recently and then we worked with a consultancy company on sustainability projects for their understanding of the circular economy and carbon footprint calculations.

Q: What do startups get out collaborating with Marel?

A: Startups learn a lot from working with us, they increase their understanding of what is required to meet their market needs, they get money and they become part of a larger organization.

Q: What challenges have you typically encountered while collaborating with startups and what have you been doing to address these?

A: The challenge is often about finding a balance between the needs of the startup to develop a product for a certain market or further deploy their own concept while Marel wants the startup to work based on what we need. This is something that both parties need to be very well aware of, and the mutual benefits need to be clear. Another challenge is the sharing of risk when the startup is developing something new that might take much longer time or cost more than anticipated. This needs to be very well managed between the companies.

TELENOR NORWAY MOBILE, NORWAY



Partnering with startups makes us able to deliver products that the customers truly need

Q: Why is innovation through startups important for Telenor?

A: Telenor is working with startups mainly to deliver great services to our customers – faster, better and with lower risk than doing it all by ourselves. Partnering with the best and most relevant startups makes us able to deliver products that the customers truly need – with the Telenor trusted brand and distribution - and the technical flexibility that the startup can provide.

Q: How do you measure success in startup partnerships?

A: Usually that a partnership with a startup lets us go to market faster, at lower cost and with lower risk. But most importantly that the customers are happy with the product, and that the collaboration is a win-win situation.

Q: What would be your message to corporations that are not currently collaborating with startups?

A: Just do it! It is highly rewarding, brings great learning to the organization and often leads to solution not expected in the first place. But also, it is hard work. In the consumer market in Norway alone, Telenor talks to hundreds of startups every year, but only creates strong partnerships with around ten.

The main message from us is that teaming up with bigger companies may benefit startups and drive innovation. But be clear on how to cooperate. In Norway we have taken part in establishing Rules of Engagement.

DANSKE BANK, DENMARK



Jon Schäffer, SVP Group
Head of Strategic
Partnerships

We see an opportunity to speed up innovation and co-develop new solutions together with partners

Q: Why is collaboration with startups important to Danske Bank's innovation strategy?

A: Danske Bank has a strong history of innovation, but given the digital vortex the financial sector is facing, we see an opportunity to speed up innovation and co-develop new solutions for our customers together with partners. It's evident that startups can develop new products cheaper and faster because they are independent and often have a more bold approach. On the other hand, banks have a lot to offer in terms of expert knowledge, network, customer reach, and access to core banking infrastructure which makes the collaboration valuable to both parties.

Q: What challenges do you typically face during collaborations with startups and how do you as a corporation deal with these challenges?

A: One of the key challenges is the actual integration of third party solutions into our customer interfaces and handling the risk of such integrations both from a development and operational perspective. The best way to deal with the fundamental challenges is that we align from an overall partnership perspective on the strategic direction, what problem are we actually solving together, what is the ambition level and time to market.

Q: Can you give an example of a partnership with a startup that succeeded?

A: Our partnership and investment in Tomorrow Tech in Finland is a great example of a fruitful partnership between four banks and the startup in Finland. First of all we are solving a pain regarding buying and selling homes. A pain of costly manual processes which is shared by both customers, banks, real estate agents, and the government which is driving the initiative from a regulatory perspective. So there is a lot of interest and buy-in. Secondly it is actually a really good business case in solving this pain. By collaborating with other banks to deliver a sector solution, we actually gain a lot of momentum, which drives the project forward. Lastly, we have had close collaboration with the startup team and they have been very open for input and guidance on how to navigate in a partnership with several banks which is not at all easy.

ERICSSON ONE, SWEDEN



To be really ‘startup ready’ as an organization is an on-going process of trial-and-error

Q: How have startup collaborations been so far at Ericsson?

A: Collaborations with startups are happening all around Ericsson every day and have been happening for a long time. The most successful collaborations are found when we find an opportunity to develop together with startups and when we collaborate cross industries. In 2017 Ericsson and Volvo Cars took the next step in their innovation journey by establishing MobilityXlab together with four major players in the smart mobility industry (Volvo Group, Veoneer, Zenuity and CEVT, a collaboration platform hosted by Lindholmen Science Park) to engage with the startup ecosystem.

Q: What actions has Ericsson taken to become “start-up ready”?

A: Ericsson has been “startup-up ready” for a long time. There is a long history of companies that have scaled into Ericsson and there are many companies that have been born at Ericsson and then been spun-off. However, to be really “startup ready” as a whole organization is an on-going process of trial-and-error.

Q: What would be your message to corporations that are not actively collaborating with startups (or perhaps not collaborating with startups at all)?

A: The clear message to all corporates is that we all need to work a lot harder on changing what we do, how we do business and how we create innovation that has a real sustainable impact on our world. With this purpose in mind you can create a valuable, values-based connection to the startup world. Second, when you do enter into collaborations with startups, really focus on providing value for the time that the entrepreneur spends with you. The most valuable currency for any startup is their time! Make sure that the time is right for both you and the startup when you enter into a collaboration.

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