

No one would deny there's a lot happening in the world of startups. But how can large companies tap into it, in a way that aligns with their objectives and creates real value? We've laid out seven of the most common approaches to doing that — from totally free and lightweight (setting up a meeting with a fledgling company) to most expensive and involved (billion-dollar acquisitions). And with input from actual corporate innovators, we've detailed the drivers behind them, as well as some key questions to think through.

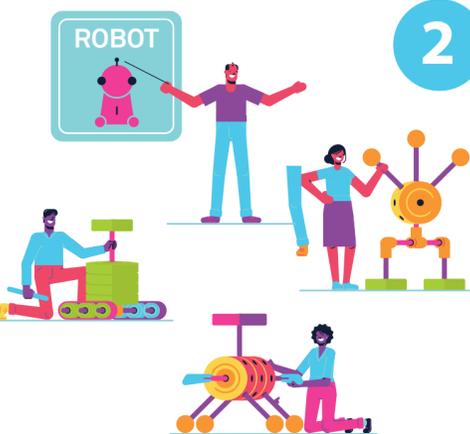
1

Startup Scouting & Engagement

"Let's get a glimpse of the future by meeting some disruptors!"

Key Questions to Consider

What's your approach to identifying the top startups (not just the ones who will take a meeting)? What do you do next? What data sources and partnerships do you need to scout effectively?



2

Open Innovation & Hackathons

"Why don't we source ideas from outside our walls — from startups, students, and solo inventors?"

Key Questions to Consider

Can you come up with a focus or challenge that will attract the best and brightest? Are you looking for an actual solution you'll implement — or just seeking buzz? Is there a path to further developing the top ideas?



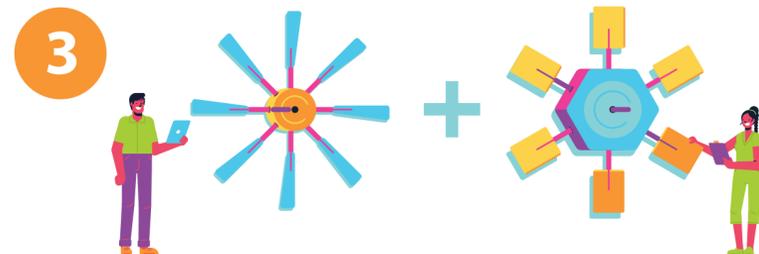
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Pilots/Proof of Concepts

"We really like this concept, so let's set up a pilot test. If that works, we can go bigger."

Key Questions to Consider

How can you quickly structure a relationship that doesn't squash the startup, or disincentivize the team? How do you create realistic objectives and aligned incentives, without getting bogged down by bureaucracy or buried in paperwork? How do you manage IP issues?



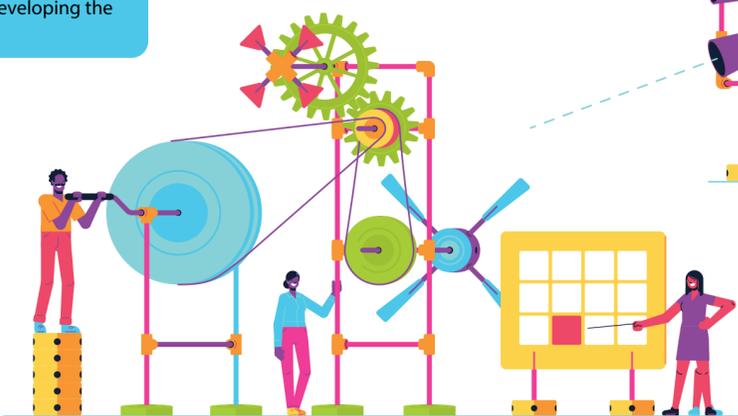
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Ad Hoc Investing

"This startup is key to our future, and we should own a piece of them, especially since any commercial relationship we develop with them will immediately increase their value."

Key Questions to Consider

What's your motivation for investing (strategic fit, financial upside, acquisition potential)? Are you able to move quickly when funding rounds are coming together?



7

Acquisitions

"A billion dollars is a steal for this company: they built a great product, found customers, and they're growing. We need to own them before our competitors do."

Key Questions to Consider

What's the plan for retaining the rockstars — and making sure integration doesn't go off the rails?



6

Corporate Venture Capital

"We've got deep industry knowledge, and we can pick the startups that are most likely to succeed."

Key Questions to Consider

Can you get experienced venture capitalists on your team? Will they receive a share of the profits? How do you communicate and demonstrate that you're in the VC game for the long haul?



5

Accelerators

"Let's attract a cohort of young companies focused on our industry, and make a portfolio of small bets. One of them must be working on the next big thing!"

Key Questions to Consider

How will this accelerator attract promising startups and create value for them? Who in your organization is willing to commit time to mentoring the founders, and finding ways for them to work with your company?

