

Expanding into future markets

Many corporates are starting to invest in startups, not just for financial return, but more importantly to expand into new markets and stay competitive in their industries

BMW

“Our startup engagement is like an insurance policy. If things do change rapidly or disruptively, we have something in the back pocket.”

Tony Douglas, Innovation Manager at BMW

Good example of: Effective management ✓

Programmes for startups include: BMW iVentures

Mission statement: BMW iVentures ensures that the BMW group remains flexibly engaged with the emerging field of mobility services

Launched: 2010

Geographical reach: NYC, Munich, Global

Location inside BMW: Mobility services business unit

Website: http://www.bmw.com/com/en/insights/corporation/bmwi_ventures



Why does BMW engage with startups?

Startup engagement is a key strategy for BMW to grow a new business unit – mobility services – and consolidate the company’s lead in the electric vehicle market. “We want to add value to our business,” affirmed Tony Douglas, Innovation Manager at BMW Group. “If you are launching a whole bunch of electric cars, it makes sense to understand the charging business as well.”

What programmes does BMW offer?

BMW is working with startups from a variety of sectors through internal and external programmes. Together with Bosch and Festo, the company is sponsoring three-month accelerator programmes like TechFounders in Munich; it also runs its own accelerator, Startup Garage, to help startups in the automotive sector develop and trial prototypes. BMW iVentures complements these activities, increasingly investing in the digital sector,

and allowing BMW to expand its offerings related to mobility services. The venturing company has teams in New York, Munich and Silicon Valley. *“We work with external senior consultants to scout startups, as we can’t just speak German across San Francisco. They have been living in the Valley for 40 years, they know how to get access to the deal flow”*, commented Tony Douglas Innovation Manager at BMW Group.

How are these programmes managed internally?

BMW iVentures is a team located within the mobility services unit, which sits alongside other units like Rolls Royce and Mini.

What benefits do startups bring to BMW?

BMW wants to invest in game changers in connectivity and mobility services. Startups are an important means to enhance BMW’s brand and access new markets. One example is smart parking solutions: here, the corporate invested in JustPark, a young company based in the UK. JustPark provides for parking what Airbnb does for hospitality: an online platform allowing people to rent out their available private parking space. For Tony, *“that is a classy example of adding value to our portfolio through an investment in a segment where we wanted to go with our mobility offering.”*

Good example of: **Effective management** ✓

BMW iVentures ensures that their portfolio of startups providing new mobility services are protected from the wider, cumbersome corporate structures with which many startups struggle. For Tony and his team, this is important as *“otherwise we might kill them with our larger processes, which focus on producing and selling cars and not necessarily services. To not overload our startups with heavy due-dilligence, we try to be more relaxed about things like reporting and key performance indicators.”*

BMW’s top tips on working with startups

You can’t treat startups as another business line of your company. Don’t try to force them to do something that doesn’t really fit with their genes.

Enel

“ We are working a lot on our internal culture because we are aware that it is the most important factor to make innovation happen. ”

Ernesto Ciorra, Chief Innovation Officer at Enel

Good example of: Effective management ✓

Programmes for startups include: Enel for Startups

Mission statement: Being an industrial partner for startups who helps them scale by providing strategic business and technology support and access to over 61 million customers

Launched: 2014

Geographical reach: Global

Location inside Enel: Innovation Function

Website: <http://startup.enel.com>



Why does Enel engage with startups?

Enel, a leading energy company, teams up with startups to develop new products and services to expand into new markets. “Startups allow us to tap into new businesses and to cover technology gaps” says Luciano Tommasi, Head of New Ventures Initiatives.

What programmes does Enel offer?

Enel focuses on partnerships to develop products and services with startups in the energy sector that align closely with Enel’s strategy. Enel does not take equity but focuses on helping the startup to develop or enhance products, to test them and eventually to launch commercial pilots. Startups provide Enel with access to new products and services at competitive prices, and the opportunity to become first mover into extremely dynamic market segments. Each partnership is supported by an internal champion from Enel, who advises startups and facilitates their relationship with the relevant business units and key stakeholders inside Enel. “Enel is driven by industrial purposes. This assures the highest commitment from our business units that are urged to partner with startups for developing solutions that address real problems. For us, this is a win-win approach for Enel and startups” says Tommasi.

Importantly, Enel strengthens its engagement in the innovation ecosystem through partnerships with other players like venture capital funds and accelerators. Thereby, *“Enel can scout new technologies and understand new trends, while the startup can have a financial investor and an industrial partner to grow faster and succeed. As an industrial company we have the know-how to understand if the technology makes sense or not and this lowers the investors’ risk”* says Tommasi.

How are these programmes managed internally?

Enel Innovation Function manages all the initiatives with the startups working side by side with all the Innovation Managers of the Business Lines.

What benefits do startups bring to Enel?

For Ernesto Ciorra, Chief Innovation Officer at Enel, the goal of his unit is *“to challenge the current business models and replace them with new ones.”* Startups are an important part of that. To give an example, Enel invested in Smart-I, an Italian startup that develops solutions for automatic analysis of images underneath the public lighting poles and thereby provides smart cities services. The startup solution is now part of Enel’s service portfolio and allowed the energy company to enrich its offer of smart city services and energy efficiency.

Good example of: **Effective management** ✓

To fully bring the benefit of working with startups into Enel’s core business, CEO Francesco Starace made internal changes to ensure his personal involvement in Enel’s startup activities. For this, Starace created an Innovation Committee, chaired by himself and composed of the chief financial officer, the chief innovation officer, the heads of business lines and country managers. All decisions regarding new startups to work with are taken by the committee that also appoints an internal champion who serves as the interface between Enel and the new ventures. This new approach makes effective use of the time and resources that Enel puts in place. What CIO Ernesto Ciorra has learnt is that *“in order to capture value from outside we need to be structured inside. If the leader of these initiatives is not the CEO there is a lack of leadership and a lack of power.”*

Enel’s top tips on working with startups

Your company needs the appropriate organizational structure internally to have the right commitment and workflow with startups. Otherwise you don’t get anywhere.