

Innovating big brands

Working with startups to create an innovative brand that attracts customers, business partners and future employees

Telefónica

“ You cannot transform working with startups into core business without the CEO being a convinced believer. If you don't have someone at the top who believes in your programme, it won't fly. ”

Javier Santiso, Managing Director Global Affairs and New Ventures

Good example of: Simplified processes ✓

Programmes for startups include: Open Future

Mission statement: Open Future was conceived to bring Telefónica customers the best of technology by attracting talent, innovative products and services to the company, in order to incorporate them into its value proposal to customers

Launched: 2014

Geographical reach: Europe, South Korea, China and Latin America

Location inside Telefónica: Open Future, a subsidiary of Telefónica reporting to the strategy division

Website: www.openfuture.org/en



Why does Telefónica engage with startups?

Telefónica was founded in 1924 and has seen a range of younger competitors entering the telecommunications market. To transform Telefónica into an innovative brand that is attractive to future employees and partners, it started to actively support startups. *“Working with startups is about finding technologies that keep Telefónica relevant in the 21st century, and make it into a digital company that does not end up like Kodak who got stuck in the analogue age”*, explained Gary Stewart, Director for Telefónica’s Wayra accelerator in the UK.

What programmes does Telefónica offer?

Telefónica set up four flagship programmes within Open Future that support startups throughout the entrepreneurial lifecycle, with a range of programmes that include: Talentum, offering access to digital education; Wayra, a digital accelerator with a six-month business development programme in various European cities including London, Munich, Barcelona, Madrid and Dublin and seven South American countries (Mexico, Peru, Argentina, Chile, Brazil, Venezuela and Colombia); Telefónica Ventures and Amerigo (a fund

investing in venturing funds across Europe and Latin America) which allows Telefónica to directly invest into startups at a later stage.

How are these programmes managed internally?

Telefónica's four flagship programmes were started at different times over the past ten years. Since 2014, 'Open Future', a new subsidiary owned fully by Telefónica under its Strategy Division, manages all open innovation (acceleration and investment) programmes.

What benefits do startups bring to Telefónica?

Startups have brought significant value to Telefónica's internal business operations, as you can witness in the following win-win example. When Telefónica's Sales Director struggled to encourage retail stores to upgrade their broadband deal, the Spanish startup Social&Beyond had just the right solution: a technology that helps retail stores provide free wifi in exchange for customer feedback. Telefónica included this social media tool into new broadband deals, which created the right incentives for retail stores to upgrade to more expensive broadband deals. Whereas Social&Beyond previously lacked the track record to sell to big retailers, the partnership with Telefónica opened up new revenue streams without the need to spend money and time on building its own sales force and pricing strategies.

Beyond product partnerships, Telefónica's startup programmes have profoundly transformed the corporate's external image. *"Working with startups is also about changing the perception of who we are. Telefónica wants to be seen as more disruptive and innovative",* said Gary Stewart, *"because nobody wants to work for a dinosaur."* Initiatives like Wayra even attracted significant political attention. *"Telefónica got a lot of institutional benefit out of working with startups, and is now actively working with policymakers to assist the development of regulations, especially in Spain, Brussels and Latin America"* says Agustín Moro Cañada, Head of Strategic Partnerships and Comms, Telefónica Open Future.

Good example of: **Simplified processes**



Many startups struggle with identifying contacts inside the corporate with relevant decision and budget power to start partnerships and lose time with cumbersome procedures to register as a corporate supplier. Telefónica's Wayra accelerator in Spain and the UK started to tear down these barriers. Each startup has a Telefónica employee on their advisory board, at least at director level, who facilitates partnerships with Telefónica's business units. Likewise, startups that graduate from Wayra get access to 'fast track procurement', allowing them to register in just 48 hours as a supplier.

Telefónica's top tips on working with startups

Never run startup programmes as a CSR activity but link them to your core business. Otherwise they will disappear sooner or later.

Accenture

“ We are not investing in startups, we are helping them to sell to our clients. ”

Samad Masood, Open Innovation Lead, UK and Ireland

Good example of: Simplified processes ✓

Programmes for startups include: Fintech Innovation Lab

Mission statement: Giving early and growth-stage companies the platform they need to develop, trial and prove their proposition alongside the world's leading banks

Launched: 2010

Geographical reach: NYC, London, Hong Kong, Dublin

Location inside Accenture: Financial Services department

Website: www.fintechinnovationlab.com


 The Accenture logo, featuring the word "accenture" in a white sans-serif font on a dark red rectangular background. A small yellow chevron symbol is positioned above the letter 't'.

Why does Accenture engage with startups?

Working with tech startups is not just a way to solve your own company's business problems. It can be a powerful tool to solve the business problems of your customers and differentiate your brand as a provider of innovative services. Accenture is leveraging this power through an accelerator for fintech startups to engage directly with Accenture's multinational financial services customers including Barclays, Goldman Sachs and JP Morgan.

What programmes does Accenture offer?

Accenture engages with startups through its Open Innovation Program and R&D departments, as well as with specific industries such as financial services, with the Fintech Innovation Lab. The Lab is a 12-week programme supporting the growth of seven selected fintech companies each year, who can test, pilot and improve their products with Accenture's clients. The programme started in New York as a collaboration between Accenture and the Partnership Fund for New York City and has now been expanded to other financial hubs like London and Hong Kong.

How are these programmes managed internally?

Accenture's Open Innovation group oversees a programme of engagement with startups across Accenture, reporting directly to the head of R&D and Technology globally. The Open Innovation group also works closely with the Fintech Innovation Lab programme which is managed by Accenture's Financial Services operating group, one of the company's five industry operating groups that report directly to the group CEO.

What benefits do startups bring to Accenture?

Accenture works with the world's largest corporates, helping them to build their technology strategy, as well as to identify, select, implement and operate new technologies. While many of their clients are keen to engage with new technology from startups, it is often difficult for very small, early-stage companies to engage effectively with such large corporates. With Accenture's Open Innovation programme, and through the Fintech Innovation Lab, the company plays the role of 'bridge-maker' between these two types of businesses. As Samad Masood, Open Innovation UK lead, explained: *"We are connecting startups and our clients effectively and appropriately, in a way that tries to avoid the typical challenges faced when large and small companies try to work together."* Obviously, working with startups also helps Accenture stay on top of new trends and technologies – knowledge that is key to a technology consultancy. *"New trends is where the new money is going"* affirmed Jitendra Kavathekar, Managing Director of Open Innovation at Accenture.

Good example of: Simplified processes ✓

What startups need to scale is not just cash – it's customers. Accenture's accelerator programme takes a different perspective than many other accelerators by focusing on making it easier for startups to connect to corporates and trial their product. Samad Masood, who helped set up the London Fintech Innovation Lab, said that they deliberately tailored their programme to startups that are ready to provide solutions to the problems of big banks, rather than for their investment potential: *"We are not investing in startups, we are helping them to sell to our clients."*

Accenture's top tips on working with startups

Decide what your strategic intent is before starting to work with startups. Working with a range of early-stage companies before you have clearly identified your own long-term strategy can end up being a distraction for both you and them.

Microsoft

“ We want startups to thrive - if we help these future business leaders be successful, they become some of Microsoft's strongest advocates. ”

Rebecca Duffy, Global Program Manager at Microsoft

Good example of: Effective management ✓

Programmes for startups include: BizSpark, BizSpark Plus and Microsoft Ventures accelerators

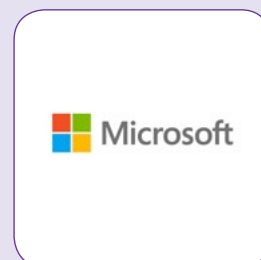
Mission statement: Empowering entrepreneurs around the world on their journey to build great companies, globally

Launched: 2008

Geographical reach: Global, Microsoft Ventures accelerator programmes in Berlin, London, Paris and other cities outside Europe

Location inside Microsoft: Developer Experience group

Website: www.microsoft.com/bizspark



Why does Microsoft engage with startups?

Startups today can be the disrupters and market leaders of tomorrow. Microsoft works with them to build strategic partnerships for the future. *“We want to be there for them now; we believe that by helping startups succeed, we’re helping to build a valued long-term partnership”* says Soha Hohnecker, Startup Lead Western Europe.

What programmes does Microsoft offer?

Microsoft started focusing on startups in 2008 with a range of programmes for startups of all stages. Their BizSpark and BizSpark Plus programmes offer digital platforms with free access to Microsoft’s technologies, whereas 100 Microsoft Innovation centres provide free physical working space, courses and bootcamps to entrepreneurs. To scale up their business, startups can apply to seven Microsoft Ventures accelerators, which are 3–6 month accelerator programmes based in Berlin, London, Paris and other cities across the globe.

How are these programmes managed internally?

All the programmes are led by the Developer Experience group inside Microsoft.

What benefits do startups bring to Microsoft?

Programmes like Microsoft Ventures help startups grow by connecting them with business leaders and mentors. However, unlike many programmes, Microsoft Ventures does not take equity in return; for Andy McCartney, the CEO in Residence leading Microsoft Ventures in London, this is important to retain the startup's attractiveness for future investors: *"The worst thing a corporate can do is to take equity, before the startup has even raised some money. For Microsoft, direct financial return is much less important than partnering and being associated with successful new companies. When startups like Gateway Interactive, a young gaming startup that participated in Microsoft Ventures, launched its game on Xbox One, Microsoft gained significant brand exposure and visibility. Seeing a great startup you helped build being on stage at TechCrunch Disrupt after three years is better than any cheque."*

Good example of: **Effective management**



All seven Microsoft Ventures accelerators are run by entrepreneurs who were hired as 'CEOs in Residence'. Microsoft sees various advantages in letting people with an entrepreneurial background run its programmes, *"because they know the ecosystem, understand how a startup looks like"* explains Soha Hohnecker, Startup Lead Western Europe. Andy McCartney and the other CEOs in Residence also do not shy away from running their accelerators similar to a startup, based on constant feedback and iterations to tailor their programmes to the needs of startups. As a result, Microsoft's accelerators resisted internal pressure to enforce Microsoft products on all startups. *"If you focus only on just your technology, you can't see the other 90 per cent of startups. Large companies should be cognisant of startup dynamics and structure offerings that align with their needs"* says Andy McCartney.

Microsoft's top tips on working with startups

Let entrepreneurs lead your startup programmes. They have the right attitude and mindset to overcome some of the biases a corporate might encounter when approaching startups.