

## Solving business problems, together

How startups help corporate solve pain points of their core business

### Unilever

“ We’ve launched 60 pilots with startups around the world in the last 11 months. It’s not PR; this is really putting startups at the heart of our innovation process. ”

Jeremy Basset, Marketing Strategy and New Ventures Director

**Good example of:** Simplified processes ✓

**Programmes for startups include:** The Unilever Foundry

**Mission statement:** We are on a mission to collaborate with innovators to make sustainable living commonplace

**Launched:** 2014

**Geographical reach:** London (UK), Global

**Location inside Unilever:** Global Marketing Team

**Website:** <http://foundry.unilever.com/>



### Why does Unilever engage with startups?

Unilever owns over 400 consumer goods brands. The Foundry is Unilever’s central platform that helps those brands engage with startups to solve their particular business challenges. “It’s Magnum or Persil or Dove or any of our brands that come to The Foundry and say, ‘We’ve got this challenge, can you help us find a solution to it?’”, says Jeremy Basset, Marketing Strategy and New Ventures Director.

### What programmes does Unilever offer?

The Foundry has facilitated an impressive 60 startup pilots with 20 Unilever brands in the past year. The process is surprisingly simple: brands and business development managers use the ‘Pitch Pilot Partner process’ to craft a brief of their business problem, which the Foundry then posts online for ten weeks and reaches out to the entrepreneurial community with the help of technology scouts. Of the startups who are reviewed as part of the process (on average 80–100), five to six companies with at least a product prototype are selected to pitch to the marketing leaders. At least one startup is selected for the pilot and, if the pilot is successful, Unilever signs a partnership.

Alper Eroglu, Global Media Director for Deodorants and Oral Care Categories at Unilever, has successfully used The Foundry: *“You need to be sharp enough with your business question or problem; but equally, you need to be open minded; there might be different ways of solving the problem.”* In return for their innovative business solution, startups tap into the marketing power and development capabilities of Unilever. Whereas it can otherwise take years for startups to close deals with corporates, which imposes significant burden and costs on young businesses, The Foundry’s structured approach runs pilots within three to 12 months.

## How are these programmes managed internally?

The Foundry is overseen by a collection of functions, including Unilever’s Global Marketing Team, Open Innovation (R&D), CMI (Consumer Insights), Procurement and Unilever Ventures.

## What benefits do startups bring to Unilever?

The opportunity to pilot with startups is increasingly harnessed across Unilever’s brands. Knorr, Unilever’s largest food brand, is one of them. Their expansion across Africa and Asia posed a new key challenge of engaging with customers who communicate through text-based messaging instead of internet applications. The question of ‘What’s for dinner tonight?’ – and how Knorr’s products could feature in those meals – needed to be answered in a new way. The startup Digital Genius, identified through Unilever’s Foundry, offered a solution: customers can text their available ingredients to Chef Wendy, an algorithm-based technology that replies with recipe recommendations. After an initial pilot in South Africa, Knorr and Digital Genius are now expanding their collaboration across multiple countries and brands. The startup’s technology helped Knorr not only to develop high-quality customer experiences in its new markets but also enabled Knorr to build a database of millions of customer preferences. In return, startups like Digital Genius could leverage Unilever’s marketing power and expertise to test, refine and scale its product.

Good example of: **Simplified processes** ✓

Working with corporates can be a nightmare for startups; they require quick cash flows and often struggle with cumbersome corporate procedures and long payment terms. Unilever has, however, halved its payment terms from 90 to 45 days for startups, as well as simplifying contracts and confidentiality agreements. Coupled with a clear decision-making timeline on whether partnerships go forward, these features make The Foundry partnership process significantly easier for startups, who don’t waste their time pitching for months without a clear outcome.

## Unilever’s top tips on working with startups

Languages and goals of corporates and startups are different. You need to have the right players around the table who do the translation job; it could be an agency, a company unit like The Foundry or a facilitator, but you need a harmonised team able to speak the language of the startups.

## Diageo

“It is about pushing Diageo to experiment and take more risks, to be at the forefront of innovation.”

Sam Maguire, Innovation Marketing Manager at Diageo

Good example of: Effective management ✓

**Programmes for startups include:** Diageo Technology Ventures

**Mission statement:** We invite innovative technology companies and pioneering entrepreneurs around the world to partner with Diageo to create breakthrough innovations

**Launched:** 2014

**Geographical reach:** Global

**Location inside Diageo:** Future Teams

**Website:** [www.diageo.com/en-row/ourbusiness/diageo-technology-ventures](http://www.diageo.com/en-row/ourbusiness/diageo-technology-ventures)



## Why does Diageo engage with startups?

Not just technology-based companies, but also big brands in more traditional industries such as food and beverages can significantly benefit from collaboration with startups. For Diageo, the world's largest producer of spirits and owner of brands such as Baileys and Guinness, the benefits are clear: *“We want to explore opportunities beyond Diageo's current business model and ways of operating, that we think could result in growth for Diageo in the future. Using technology to help us solve some of our biggest business issues, it's one of the biggest advantages we see”* says Helen Michels, Global Innovation Director at Diageo.

## What programmes does Diageo offer?

Diageo established their main programme through which they engage with young tech companies in 2014. Diageo Technology Ventures scouts technology companies that can solve specific business problems or open up future opportunities for their business. Technology startups are scouted with the help of partners with good links in the entrepreneurial community such as Founders Intelligence, and by publishing digital briefs on online platforms like f6s. The best solutions are then trialled and, if successful, can lead towards longer-term strategic partnerships with startups.

## How are these programmes managed internally?

Startup collaborations are managed within the Future Team, headed by Helen Michel, Global Innovation Director, who reports directly to the Chief Marketing Officer.

## What benefits do startups bring to Diageo?

Open innovation helps Diageo solve important business problems in a more creative and cost-effective way. Here is a win-win example: to harness the power of digital technologies to improve Diageo supply chain anti-counterfeiting and customer experience, the company partnered with Thinfilm, a Norwegian technology company, to develop a prototype of a connected 'smart bottle'. The extremely thin, electronic sensor developed by Thinfilm has the potential to help Diageo track the location and provenance of its bottles and allow customers to interact with and share product information through their smartphones. *"Now our bottles can be an interactive digital medium. It can communicate all sorts of content and messages to people in a very specific manner"* said Venky Balakrishnan, Global Vice President Digital Innovation and Head of Diageo Technology Ventures. In short, Diageo helped Thinfilm to trial its OpenSense technology, while Thinfilm gave Diageo a vision of a new way to interact with its consumers and collect data from its bottles.

Venky and his team inside Diageo Technology Ventures see important advantages to exploring such innovations through open innovation rather than internal R&D. *"An important reason is the diversity of approaches they bring for solving the same problem. They come up solving the problem from so very, very different angles, from people working with big data, hardware or social media. It is amazing that you can try all of these things at the same time on a small scale to find out what works."*

### Good example of: **Effective management** ✓

Diageo has implemented a range of important features that allow partnerships to get off the ground quickly: a dedicated team, including a champion with necessary decision power, a clear piloting budget and timeline after which a decision is made on future collaborations. In practice, Diageo runs startup pilots through a dedicated pilot team in the market where the technology will be trialled, with close involvement of a senior stakeholder. Each pilot has a budget of \$100,000. *"If we like a startup, we can quickly move to a pilot study, see the outcome of the pilot, and decide whether to scale it or try something else"* says Balakrishnan.

## Diageo's top tips on working with startups

Startups can be put off working with global companies as they are hard to navigate. Therefore it is important to have a clear entry point for startups and a clear internal system that does not waste anybody's time, especially startups', that is very precious.

## glh Hotels

“ I see my role as a catalyst within our business to build a relationship with startups that is mutually beneficial. ”

Richard Sofer, CEO glh every Hotels

**Good example of:** New incentive structures ✓

**Programmes for startups include:** Competitions

**Mission statement:** glh Hotels is looking to offer startups a unique ‘living laboratory’ in hotels across London in which to trial their technologies and solutions

**Launched:** 2015

**Geographical reach:** London

**Location inside glh Hotels:** Internal champion (Director of Online and International)

**Website:** <https://connect.innovateuk.org/web/wearable-technology-innovation-contest>



## Why does glh engage with startups?

Digital startups have become important players in non-digital sectors like hospitality, and important partners for medium-sized businesses like glh. About six months ago, this operator of luxury hotels in London and Malaysia started actively to seek collaborations with startups to develop the best guest-centred experience in the industry. For Richard Sofer, CEO for glh every Hotels, *“the best way to effectively solve some of the problems that we have is almost to crowdsource with the brightest, most innovative individuals and teams in their small, smart startups.”*

## What programmes does glh offer?

Glh kicked off its engagement with startups by partnering with the Wearables Technology Innovation Contest, a £210k competition run together with government agency InnovateUK and UK universities to reward digital solutions in areas from sports to health and hospitality. Glh thereby fostered its internal learning through exposure to new ideas and technology trends. Additionally, they identified startups who could use glh’s hotels as a ‘living laboratory’ to trial new solutions while solving specific business problems that glh is facing. *“Working with startups for us is about mutual learning, and hopefully progressing to jointly commercialise a product and bring it to market”* says Richard Sofer.

Over the past months, glh has also learned that corporates must go out to meet entrepreneurs at startup events or conferences, to raise awareness of glh’s offerings and attract the right partners. *“It takes time to understand where people are and how to contact them”*, is an important lesson Caroline Cartellieri, Director of Online and International, has learnt.

## How are these programmes managed internally?

Glh appointed Caroline Cartellieri, Director of Online and International, as their internal champion who works closely with the CEO, CTO and COO and the wider senior management team to explore potential programmes to engage with startups. She and her team are scouting startups that would like to trial their products with glh, and connect them with the respective hotel managers who decide whether to go forward with a pilot or not.

An important job for Cartellieri is to balance the logics of established businesses with the openness to risk, failure and learning required to work with startups. She explained to us that *“pilots with startups mean that you are taking risk and that you cannot use traditional metrics such as return on investment or revenue generated. While we are trying to mitigate risks, a startup which I find interesting might not go through the internal evaluation process as other company members don't like it.”*

## What benefits do startups bring to glh?

Glh is looking for startups who can help the company provide new technologies that can solve problems for hotel employees and clients, with solutions that can range from digital applications to cleaning robots to make internal processes more efficient.

*“We started to work with startups because we want to be a leading operator in the industry, and after observing how quickly startups like Airbnb and Spotify are disrupting our and other industries, we think they can help us succeed in an increasingly digital marketplace”,* says Cartellieri.

## Good example of: **New incentive structures** ✓

Glh's startup engagement was initiated from the top by the company's CEO Mike DeNoma, who adapted the incentive structures for his management team to ensure that everybody would buy into his mission. As Richard Sofer, who reports to Mike, explains: *“I have a mandate from my boss, the CEO for all glh chains, to effectively discover new ways to innovate and improve our employee and guest service experience through the applications and innovation technology. That drives me to be consistently looking for business that we can get behind and work with.”* In short, glh's top-level management is working towards a three-year plan with deliverables and key performance indicators that ensure more active engagement with startups.

## glh's top tips on working with startups

Invest enough time, especially in terms of people power. If you do not invest upfront, it will never work.