Symposium scene: heads together

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The theme from this year’s Global Corporate Venturing Symposium in London last month was “the view from the crow’s nest.” It was chosen thanks to a suggestion by Girish Nadkarni, head of corporate venturing at Switzerland-based industrial group at ABB, that corporate venturing was acting as the crucial insights service to corporate chief executives.

And backing him up was Nadkarni’s boss, Ulrich Spiesshofer, president and CEO of ABB, who, in nominating Girish for our GCV Powerlist 2016, published in time for the symposium, said: “In the digital environment, technologies are being developed and are converging at a rapid and accelerating pace, challenging business models and transforming industries.

“As a pioneering technology leader, ABB created ABB Technology Ventures seven years ago to broaden our options for the future by scouting emerging technologies and business models, and making strategic investments.

“In this regard, Girish and his team at ATV have done an outstanding job of identifying and investing in areas such as robotics, machine learning, augmented reality and cybersecurity.”

Spiesshofer was not alone in recognising this need of the C-suite for better insights. Across sectors and regions, the same feedback by CEOs came for the GCV Powerlist.

Ginni Rometty, IBM CEO, said: “IBM Ventures is essential to how we engage entrepreneurs and developers who are building innovative applications and technologies for cognitive solutions and cloud platforms. I am delighted to have George [Ugras] leading our efforts to amplify this essential component of IBM’s strategy.”

Thomas Rabe, CEO of Bertelsmann, said: “BDMI plays a critical role in Bertelsmann’s innovation and growth efforts.”

Stefan Oschmann, chairman of the executive board and CEO of Merck, said: “Beyond the innovation activities in our current businesses, we benefit significantly from the strategic investments we make through MS Ventures in our core fields and beyond our current scope. Roel [Bulthius] has been instrumental in building the fund and is the driving force behind it.”

Unsurprisingly, therefore, these CEOs and others are increasing their time and resource allocation to corporate venturing as a cost-effective and important tool to help lead the company to future revenues and profits.

The application of digital technology alongside a host of other technological and business model innovations is creating new opportunities and threats. Ride-hailing service Uber might be valued at about $62bn and have raised $11bn but could it be disrupted by a rival, such as Didi Chuxing, or Google’s Wazerider free application, before it reaches monopolistic-scale profitability? Who knows, but the sums and potential are huge when power law economics and a global market are taken into consideration.

Breaking into the venture market, however, is relatively hard. Convenience store owner 7-Eleven’s corporate venturing unit is effectively stalled after the departure of its 7-Ventures co-founders (see news report). Plenty more corporations are seeing the strategic imperative, but the smartest ones are those that look to learn from peers through the right training events, conferences and information services.

To get a sense of how widespread the interest in innovation capital has become, GCV Analytics tracks more than 1,500 units involved in nearly 2,000 deals a year. Take a look at this year’s corporate attendees – there was not room on the slide above for the logos from all the other corporations, major governments, universities, VCs and others flying into London for the symposium. Thanks to you all.

Highlights from the GCV Symposium 2016
Europe surveys corporate-startup engagement

OpenAxel, a research project funded by the EU to look at corporate-startup engagement (CSE), has found that while almost all the targeted survey respondents “have carefully analysed their needs for open innovation” there has been relatively little strategic planning involved.

OpenAxel conducted field research through interviews with corporate and Europe-based acceleration managers, and via two surveys, to about 120 entities with a 50% response rate.

Almost all the European corporations (97%) have looked at open innovation, with current actions aimed at improving internal processes, such as simplification or fast-track procurement (54%).

However, OpenAxel warned: “Too many respondents admitted that they have started CSE without attentive strategic planning of performance indicators (57%), and without the involvement of their leaders (46%). For almost half (48%) of European corporations, CSE still appears to be a quick-fix of innovation needs, rather than a long-term solution to strategy problems.”

The European Commission also said it would propose some changes to the venture capital regulatory framework and set up a fund of funds.

Together with Eurostat, the commission said it would “provide further clarity and review, where appropriate, relevant guidance as regards accounting aspects of public-private partnerships”.

The commission is also working with the European Investment Fund to establish a pan-European venture capital fund of funds that would combine public finance and private capital for additional stimulus and scale for new companies.

Dutch corporations form local networking group

Large Netherlands-based corporations have formed a local networking group to develop their cooperation with startups.

KPN, Shell, Philips, Akzo Nobel, Port of Rotterdam, Eneco, ING, KLM, DSM and Thales Nederland are sharing their “best and worst practices” at CoSta (corporate-startups) to develop insights on three themes: governance, the link with startups and working with customers.

Neelie Kroes, special envoy for StartupDelta and former vice-chairman of the European Commission, launched CoSta in one of her final projects as special envoy with Jan Kees de Jager, chief financial officer of Dutch telephone operator KPN, to lead the initiative.

Kroes said: “Often corporates reinvent the wheel separately or take the wrong beaten paths. Or startups think that a corporate will simply launch their new product. That must change. I have asked Jan Kees de Jager to lead the initiative because he has a unique experience, because he himself has started multiple companies, now takes position in the board of a corporate who is busy developing new business models and in his role at KPN has experience with investments in startups. Together with corporates from various sectors he works on the excellent innovative power of the Dutch startup ecosystem.”

Kees de Jager added: “We seek active cooperation with startups. With this, we want to accelerate innovation and the development and launch of new ICT applications. CoSta offers a unique opportunity together with other large Dutch companies to improve the cooperation between startups and corporates and make an even greater contribution to the development of the Dutch innovation ecosystem. The Netherlands has a central strategic location with a superior infrastructure. In addition, we have a lot of innovative talent in the Netherlands.”

Intel Capital completes portfolio review

Intel Capital, the corporate venturing unit of the US-listed chipmaker, will “keep and support” the portfolio inherited by new president Wendell Brooks following a review. The major result of the review is a team reorganisation following the departure of vice-presidents Lisa Lambert and Marcos Battisti.

Brooks, who is also senior vice-president of Intel in charge of mergers and acquisitions, wrote in a blog: “I am happy to report I inherited a terrific portfolio. The portfolio as a whole represents a broad-based and solid set of investments across many strategic and non-strategic sectors to Intel. This review has demonstrated to me the tremendous job the Intel Capital team has done in sourcing and supporting investments across technology sectors.

“Despite what you may have read or heard, we are not planning any major changes to Intel Capital’s portfolio. While, like all investors, we will continue to actively manage our investments, I intend to keep and support the portfolio I inherited. We aim to build upon our strong track record and generate successful outcomes for our portfolio companies.”

Brooks reconfirmed the plan to invest $300m to $500m a year.

Brooks added: “Intel Capital is also rethinking our team’s structure in order to streamline our investment process, give our startups more exposure to the breadth of Intel’s business units, and ensure we are servicing our portfolio in even more valuable ways long after we make the investment.

“As part of this process, some team members will be shifting roles, and a few may leave. While I hate to lose good people, some turnover and promotions for exceptional talent will be good for the organisation. One thing that will not change is our relentless search for new technologies and market opportunities.”
**Lambert finds new home at Westly Group**

Lisa Lambert, a vice-president at Intel Capital, the US semiconductor maker corporate venturing unit, has joined venture capital firm Westly Group as managing partner.

Lambert, the top-ranking Global Corporate Venturing Rising Star this year, was managing director of Intel Capital's Software and Services Fund as well as the $125m Intel Capital Diversity Fund. As managing partner at Westly, she will invest in high-growth software, internet and internet-of-things companies.

Wendell Brooks, president of Intel Capital, said: “We congratulate Lisa on a terrific opportunity to focus on software investing, her first love. Lisa has completed a large volume of venture capital equity transactions during her tenure at Intel Capital with strong results. We wish her the very best in her new role and look forward to a relationship with Lisa at her new firm.”

Lambert left the company on the same day as Intel Capital vice-president Marcos Battisti, who led the western Europe and Israel team.

A change in the compensation scheme in 2014 to a bonus model rather than performance fees (carried interest) is believed to have unsettled some staff, according to departing executives. Other executives to have left include Sean Cunningham to Trident Capital Cybersecurity, Steve Eichenlaub to M-Six, Robert Rueckert to Sorenson Capital, Merav Weinryb to Qualcomm Ventures, Baris Aksoy to form 37 Capital, Dharmesh Thakker to Battery Ventures, China managing director Richard Hsu to Susquehanna International Group (SIG) to head its new Southeast Asia fund, and Chris Pu to join Australia-based phone operator Telstra’s corporate venturing unit. Christine Wu left in 2014 to become a managing partner at Tendence Capital, while Maciej Zak from Poland, Stephane Goubau from Belgium and Max Krasnykh from Russia also left in 2014.

**7-Ventures enters limbo after founders leave**

Raja Doddala, a co-founder of 7-Ventures, the corporate venturing arm of US-based convenience retail chain 7-Eleven, has joined TIAA as head of digital for institutional financial services. His departure follows that of co-founder Rob Chumley, who left last year.

A company spokesperson confirmed to Bloomberg that Chumley and Doddala had left, but did not disclose whether 7-Ventures was still operational. The unit's last publicly-disclosed investment was as part of the $20m round closed by KeyMe in January. The unit has invested in about half a dozen companies according to Bloomberg, including customer loyalty platform Belly and digital locksmith KeyMe.

7-Eleven formed 7-Ventures in 2013 to access disruptive models of retail services and delivery being created by startups like PostMates and DoorDash. In addition to supplying equity funding, the company also offered the opportunity to use its outlets as a testing ground for new products.

However, Chumley said 7-Eleven's low-tech reputation meant establishing credibility with startups and venture capital firms had proven difficult.

**Dairanieh becomes Global CO2 Initiative CEO**

Issam Dairanieh, who left corporate venturing unit BP Ventures in April, has taken a position as CEO of carbon capture research and development organisation Global CO2 Initiative. Dairanieh joined oil and gas company BP in 1998 and was managing director of BP Ventures from 2011. Global CO2 Initiative aims to grant up to $100m a year for carbon capture research over the next decade. It also plans to help commercialise CO2-based products and services, funding them alongside corporate investors, investment funds and joint ventures.

**WuXi signs up Harvard professor and entrepreneur**

Harvard professor and serial entrepreneur Gregory Verdine has taken a venture partner position at WuXi Healthcare Ventures, the corporate venturing arm of China-based pharmaceutical company WuXi PharmaTech.

Verdine, a Harvard Medical School professor, has developed therapies based on “stapled” peptides. They are undergoing clinical development and are aimed at treating conditions thought to be “undruggable.”

In addition to his academic work, Verdine has founded or co-founded a number of biotech companies, including Enanta Pharmaceuticals, Tokai Pharmaceuticals, Wave Life Sciences, Gloucester Pharmaceuticals, Eleven Biotherapeutics and Alferon Therapeutics.

Verdine said: “WuXi Healthcare Ventures offers a genuinely unique and powerful platform from which to build global drug discovery companies focused on next-generation therapeutics. I am thrilled and honoured to join the team of exceptional individuals in this fund who are working together to develop transformative pharmaceutical solutions to the most vexing medical problems of our day.”
Spinell picks up Slack CVC role

US-based messaging platform Slack Technologies has hired Jason Spinell as an investor for its corporate venturing unit, Slack Fund. Slack formed the $80m Slack Fund in December last year, committing $40m and securing the rest from its investor base. It invests in startups developing technology compatible with the company’s platform. Spinell was previously ventures director for Undercurrent, a New York-based digitally-focused consulting firm, until it closed in August last year. Two of its portfolio companies, Makr and Grand St, were acquired by Staples and Etsy respectively.

Eggen nabs Qualcomm Ventures promotion

Qualcomm Ventures, the corporate venturing vehicle of the mobile semiconductor maker, has promoted Patrick Eggen to managing director for North America.

Eggen joined Qualcomm in 2005 and was latterly Qualcomm Ventures’ lead investor in the San Francisco Bay area, overseeing its early stage fund, which has made more than 60 investments across the world. He is also the main investment lead for the unit’s QPrize and Qualcomm Robotics Accelerator.

Before being hired by Qualcomm Ventures, Eggen was an analyst and then an associate at financial services firm Citigroup’s European Telecommunications Group. He has also worked at Salomon Smith Barney’s investment banking unit as part of its global telecoms team.

Wuttke takes on European role for Merck

Merck Global Health Innovation Fund, the corporate venturing subsidiary of US-based pharmaceutical firm Merck & Co, has appointed Francesca Domenech Wuttke as a managing director.

Wuttke comes from Spain-based pharmaceutical company Almirall, where she led the corporate development strategy team, specialising in M&A. She will lead Merck GHI’s Europe-based investments in digital healthcare technology and will be based in Barcelona.

Bill Taranto, president of Merck Global Health Innovation, said: “Merck GHI has been active in Europe in the past, but we believe the current rate of innovation across Europe merits a deeper and more strategic focus. We are pleased to add Dr Wuttke to our team, given her broad healthcare expertise in both the US and Europe.”

Before Almirall, Wuttke worked at pharmaceutical firm Novartis for three and a half years, assessing and developing commercial models for cell and gene therapies and leading a team that managed its cell therapy assets.

Swisscom calls up Schlaepfer as investment director

Alexander Schlaepfer has become an investment director at Swisscom Ventures, the corporate venturing arm of Switzerland-based telecoms firm Swisscom.

Schlaepfer joined Swisscom Ventures at the start of June from Aster Capital, a France-based venture capital firm that acts as an investment platform for industrial corporates Alstom, Schneider Electric and Solvay.

As part of his role, Schlaepfer led Aster’s investments in renewables, energy storage, industrial IT, data analytics and internet-of-things technology developers.

Schlaepfer was vice-president of corporate venturing for power and automation company Alstom from 2008, after spending four years as its VP of business development. It was on his recommendation that Aster was set up as a shared corporate venture capital platform in 2009.

Lowery joins SVB

Stephen Lowery, partner at venture capital firm Frog Capital, has joined Silicon Valley Bank’s UK team to lead its corporate and independent VC relationships. He fills the position left after managing director Alex McCracken stepped up to help the bank lend about $100m from its new Ireland office, as well as building its startup banking services in Europe more broadly.

Lowery spent nearly six years at Frog but has 15 years’ experience in venture and growth equity, having originally started as a director at 3i Group in 2001.
Rebholz leaves Ignite
Julia Rebholz, founder and head of Ignite, the UK’s first energy-based corporate impact investment fund, has left to join a consultancy encouraging other companies to set up similar funds.
Rebholz has joined Corporate Impact-X (CIX), which published a report at the Global Corporate Venturing Symposium last month on practical ways for corporations to follow the Ignite fund set up by UK-based energy utility Centrica. Rebholz will work with CIX founder Charmian Love.
The move follows Ignite’s first exit last year, two years after it was set up. This exit involved E-Car Club, a pay-per-use electric car club sold to rental firm Europcar in July. It was the second business in which Ignite invested. As well as taking an initial £500,000 ($720,000) stake in 2014, Ignite worked with the company to define and quantify the social impact of its operations, and provided a non-executive director to offer strategic advice. An employee from Centrica subsidiary British Gas was seconded to help develop sales and customer insight capabilities.
Ignite, which won GCV’s Corporate Impact Venturing award 2016 in January, has broader goals than making quick exits. Its three aims are to create commercial benefits for parent company Centrica, by working with new, disruptive and profitable business models and technologies, to ensure Ignite’s investments and partnerships give Centrica’s employees the chance to broaden their experience and increase their skills by working as mentors or non-executive directors, and to support social enterprises, which deliver positive outcomes – from increased employment to reduced carbon use – to the communities in which Centrica operates.

Lenovo puts $500m into corporate venturing fund
China-based electronics manufacturer Lenovo has announced a $500m strategic investment fund called Lenovo Capital as part of a company-wide reorganisation.
The unit will form part of Lenovo Capital and Incubator Group, a division replacing Lenovo’s Ecosystem and Cloud Services Group, and will combine the development of new technologies through corporate venturing investments and Lenovo spinouts with product-based personal cloud services.
He Zhiqiang, until recently president of Ecosystem and Cloud Services Group, will lead Lenovo Capital, which will target startups in cloud computing, big data, artificial intelligence, robotics and internet-plus, making between 10 and 20 investments each year. It will seek to spin out up to 10 startups from internal incubation projects this year, according to China Daily.
Research firm IDC recently reported that Lenovo and compatriot Xiaomi had dropped out of the top five global smartphone manufacturers by devices shipped.

Mitsubishi follows Geodesic for $335m fund
US-based venture capital firm Geodesic Capital closed its inaugural fund at $335m with an anchor investment from Mitsubishi Corp, a member of Japan-headquartered conglomerate Mitsubishi Group.
Geodesic Capital Fund I also secured commitments from four other Mitsubishi businesses – camera manufacturer Nikon, engineering company Mitsubishi Heavy Industries and financial services firms Bank of Tokyo–Mitsubishi UFJ and Mitsubishi UFJ Trust and Banking Corp. Insurance provider Sompo Japan Nipponkoa Insurance, financial services firms Toho Bank and Sumitomo Mitsui Banking Corporation, and government-owned financial institution the Development Bank of Japan are also limited partners.
The firm will invest in US-based growth-stage technology companies and support their expansion to Asia, with an initial focus on Japan. It will also help with recruitment, accessing customers, attracting partners and creating go-to-market strategies.
Geodesic was co-founded by Mitsubishi Corp in May last year. John Roos, former US ambassador to Japan and formerly the CEO of law firm Wilson Sonsini Goodrich & Rosati, and Ashvin Bachireddy, previously a growth-stage partner at Andreessen Horowitz, are co-founders.
The new fund’s first investments were in ephemeral messaging platform Snapchat, content delivery network Instart Logic, bitcoin computer producer 21Inc and cybersecurity software developer Tanium.

VenBio puts together $315m life sciences fund
US-based life sciences investment firm VenBio Partners has closed its second global strategic fund at $315m following anchor investments from pharmaceutical companies Amgen, Merck and Baxalta. The fund, originally targeting $250m, has other unnamed limited partners.
VenBio Strategic Fund II will be led by Robert Adelman and Corey Goodman, both managing directors at the firm. They will be supported by managing partner Behzad Aghazadeh and new additions Aaron Royston, principal, and
Jaume Pons, venture partner. Royston was previously a senior associate at Vivo Capital, while Pons is the current chief executive of Alexo Therapeutics, an immuno-oncology therapy developer backed by VenBio.

VenBio has invested in 14 companies and recorded five exits – three acquisitions and two initial public offerings. Amgen was previously a limited partner in the $180m VenBio Global Strategic Fund in 2011. That fund was also supported by Baxter, which spun Baxalta out last year, and contract researcher Pharmaceutical Product Development, which was bought out by private equity firms Carlyle and Hellman & Friedman in 2011.

Goodman said: “We tend to lead or co-lead our deals and take an active role in our investments. We often build management teams as well as syndicates. Whether a company is viewed traditionally as early or late stage, we are interested in best-in-class therapeutics. Our goal is to have our capital carry the company to proof-of-concept clinical data.”

United Media commits to $305m China fund

China-based venture capital firm Meridian Capital China has set a RMB2bn ($305m) target for its fifth fund, which includes broadcaster Shanghai United Media Group as an anchor investor, China Money Network reported.

Oriza Holdings, the venture capital arm of Suzhou Industrial Park, is also an anchor investor in the fund, as is Gopher Asset Management, a subsidiary of wealth management firm Noah Holdings, according to local media reports.

Founded in 2008, Meridian Capital focuses on technology, media and telecommunications (TMT) investments. The latest fund, which will be RMB-denominated, will seek out new media and IT companies and will also look to back mergers and industry consolidation deals. The firm previously raised $183m for a fund with the same anchor investors in 2014. Its portfolio companies include online news platform Jiemian, crowdfunding platform Kaistart and human resources software provider Joyowo.

Kuang-Chi makes Israeli pilgrimage for $300m fund

China-based technology conglomerate Kuang-Chi has formed an Israel-based corporate venturing unit that could reach $300m in size.

Kuang-Chi is committing an initial $50m to Kuang-Chi GCI Fund & Incubator but intends to expand it to $300m in the next three years. It will combine startups incubated by Kuang-Chi in China with investments in early to mid-stage companies in Israel and across the world.

Founded in 2010, Kuang-Chi functions as an innovation group with offices in China, North America, Europe, Africa and Asia-Pacific. It has applied for more than 3,000 patents in technologies that include metamaterials, photonics, satellite technology, aviation and robotics.

In addition to equity funding, the firm will also make its corporate resources available to portfolio companies, helping them with sales, marketing and technology, with collaboration and joint development also an option.

Israel-based investment firm Indigo Global Partners, already Kuang-Chi’s partner in Israel, will manage Kuang-Chi GCI Fund & Incubator activities in that country.

Explaining the unit’s geographic focus, Kuang-Chi chairman Ruopeng Liu said: “Israel has unparalleled capabilities to offer the world. We intend to invest in the best local companies in the fields of biometrics, communications, robotics and augmented reality, and to take them to the next level commercially and technologically.”

Care systems add to Heritage for $220m fund

US-based venture capital firm Heritage Group closed its latest Healthcare Innovation Fund at $220m after securing contributions from limited partners that include 15 regional healthcare systems. The fund was oversubscribed by $20m, and is more than $50m larger than Heritage’s last Healthcare Innovation Fund.


Heritage pursues an interactive investment model whereby its strategic LPs help it find, assess and grow portfolio companies while at the same time gaining access to new technologies.

The firm has invested more than $1bn since it was founded in 1986. Its current portfolio companies include cloud-based healthcare technology producer Vyoy Health, virtual health services provider MDLIVE and healthcare reimbursement data platform Aver. Paul Wallace, managing director of Heritage Group, said: “We are delighted by the ongoing support of our existing investors, and we are excited to have welcomed several new strategic investors to Heritage.”
Corporates get a taste of Cherry’s $170m fund

Germany-based venture capital firm Cherry Ventures closed a €150m ($170m) second fund, drawing capital from limited partners that include media company ProSiebenSat.1 and family holding group Franz Haniel & Cie.

Cherry Ventures has so far invested in 27 companies, securing exits from Quandoo, a restaurant booking platform bought by human resources firm Recruit for $220m in March 2015, and erotic toys and lingerie seller Amorelie, which was acquired by ProSiebenSat.1 the same month.

The fund will target early-stage European companies in the consumer technology and business-to-consumer sectors, and is likely to lean towards startups close to Cherry’s Berlin headquarters. It will invest between €700,000 and €1.5m at a time, according to TechCrunch. Cherry Ventures II’s backers also feature institutional funds, including the European Investment Fund, and undisclosed internet entrepreneurs.

Daniel Glasner, founding partner of Cherry Ventures, said: “We are very pleased with the trust our investors have put in us. We are convinced that the coming years will see a number of new technology startups in Europe and Berlin with the potential to become global leaders. Cherry Ventures II enables us to invest in and support the entrepreneurs who are founding the market leaders of tomorrow from a very early stage.”

E.Ventures closes $150m early-stage fund

E.Ventures, a Germany-based venture capital firm that counts mail order and e-commerce company Otto Group as a major investor, has closed a $150m early-stage fund.

Founded in 1998, E.Ventures has offices in Berlin, San Francisco, Beijing, Tokyo, Moscow and Sao Paulo. It has more than $1bn under management, and invests in companies operating in the consumer internet, media and mobile spaces.

The fund will back startups at seed and series A stage, operating alongside a $290m growth capital unit that will invest at later stages. E.Ventures has also hired Bernardo Hernández, formerly Google’s head of consumer marketing and the owner of seed fund Solon Inversiones, as a general partner.

IDG Ventures India racks up $150m for latest fund

IDG Ventures India, the Indian venture capital affiliate of IT media company International Data Group, has raised $150m for its third fund, Economic Times reported.

Founded in 2006, IDG Ventures India’s portfolio has included e-commerce company Flipkart, business intelligence provider Manhattan Systems, online baby and childcare retailer FirstCry and online travel booking platform Yatra.

The firm is targeting $200m for IDG Ventures India Fund III and aims to reach a final close by the end of 2016. The fund will be double the size of its first two, and the larger amount is being raised to equip IDG Ventures India with the means to make more investments at series B stage and beyond.

A source told Economic Times: “Around one-fourth of the fund will be allocated to later-stage investments.”

The third fund will continue to focus on priority areas for the firm including software, consumer and healthcare technology, and will also explore fintech. Capital has already been invested in rounds raised by eyewear e-commerce company Lenskart and health and fitness app developer HealthyMe.

IDG Ventures India has sourced the capital “from domestic investors like family offices besides existing limited partners”, a source told Economic Times. About $15m is expected to come from clients of India-based wealth manager Edelweiss.

Liberty Mutual launches $150m fund

US-based insurance firm Liberty Mutual has launched a $150m corporate venturing fund to invest in early-stage companies developing technologies and services relevant to the insurance industry. Liberty Mutual Strategic Ventures will form part of the company’s personal insurance division, Liberty Mutual Global Consumer Markets, and will target areas including the connected home, next-generation vehicles and the sharing economy.

The unit will typically invest between $1m and $5m and will aim to co-invest with “a strong VC lead”. Dan Robinson and Russ MacTough will run it as managing directors and will work alongside associate Josh Cohen and senior analyst Annabel Yee. Liberty Mutual Strategic Ventures’ first investment is in US-based smart key developer August Home, which received an undisclosed sum. August produces smart locks and home access technology, and recently formed a partnership with Liberty Mutual to secure cheaper insurance for August customers.

Founded in 2012, August had previously raised about $50m in funding, including $38m in a March 2015 series C round featuring mass media company Comcast, mobile chip maker Qualcomm, data storage company SanDisk, telecoms firms KDDI and Singapore Telecommunication, and talent agency Creative Artists Agency.

Existing investors in August include Global Brain, Dolby Family Ventures, Bessemer Venture Partners, Maveron, Cowboy Ventures, Industry Ventures, Rho Ventures and SoftTech VC.
Intesa Sanpaolo partners Quadrivio for $135m fund

Italy-based financial services firm Intesa Sanpaolo and asset management firm Quadrivio Capital have jointly formed a venture capital fund, IMI Investimenti, that aims to raise €120m ($135m), Il Sole 24 Ore reported.

Intesa Sanpaolo and Quadrivio will each take a 40% stake in the fund with the remaining 20% held by a management team led by CEO Davide Turco, Intesa Sanpaolo’s director of venture capital, and president Elizabeth Robinson, a venture capital investment director at Quadrivio.

The founding partners have provided €70m for IMI Investimenti, which will target companies developing medical and diagnostics technology, cleantech and advanced electronics, in particular embedded systems and internet-of-things technology. In addition to making new investments, the fund will oversee the Atlante Ventures, Atlante Seed and Atlante Ventures Mezzogiorno units run by Intesa Sanpaolo and the €100m TTVenture fund owned by Quadrivio.

The formation of IMI Investimenti comes in the wake of news that Intesa Sanpaolo has launched a strategic investment fund called Neva Finventures which will supply funding to digital payments, big data, capital markets and insurance technology developers.

Cathay Life breathes $10m into $100m Vivo fund

Taiwan-based insurance provider Cathay Life Insurance has provided $10m for US-based healthcare-focused investment firm Vivo Capital’s $100m Vivo Panda Fund I, DealStreetAsia reported.

The fund’s limited partners also include Taiwan Silicon Valley Technology Fund, a $120m vehicle set up by the Taiwanese government in February through its Ministry of Science and Technology and National Development Council. It supplied $40m for Panda Fund I.

Vivo Panda Fund I will seek out opportunities in the life sciences sector, focusing on early-stage companies developing pharmaceuticals, biotechnology, medical devices and diagnostics technology.

The fund’s goal is to help startups from the US expand into greater China and vice versa. Vivo Capital separately announced it has opened an office in Taipei to facilitate these efforts, adding to offices in San Francisco, Beijing and Shanghai. It now has more than $1.8bn under management. The firm closed its eighth fund, aimed at later-stage businesses, at $750m in March 2015.

Romulus builds $75m fund

US-based venture capital firm Romulus Capital has closed its third fund with more than $75m in commitments from investors, including several undisclosed Asia-based conglomerates. The fund has also attracted the interest of three royal families and assorted private individuals with ties to Massachusetts Institute of Technology (MIT).

Romulus was founded by students at MIT in 2008 and has backed a range of artificial intelligence and machine learning spinouts from the university. The third fund doubles the firm’s assets under management to $150m. The firm focuses on seed-stage technology startups in a wide range of verticals such as real estate, healthcare, hospitality, construction and automotive, though it also supports research-based businesses.

Invitalia boosts fund to $74.5m

Italian government-owned Invitalia Ventures has achieved a new close for its Italia Venture I fund at €65m ($74.5m) following contributions from corporates Cisco and Metec. Invitalia Ventures is the investment arm of Italy’s National Agency for the Attraction of Investments and Enterprise Development.

Italia Venture I was established in October 2015 and secured an initial €50m from the country’s Economic Development Ministry. It has a final target of €100m. The additional capital comes from networking equipment producer Cisco, metal manufacturer Metec and non-profit foundation Fondazione di Sardegna, each of which contributed €5m.

Cisco set up a $100m three-year initiative in Italy in January 2016 to invest in local technology startups and offer training to both students and teachers through its Cisco Networking Academy. At the time, Cisco was revealed to have teamed with Invitalia Ventures to identify potential investees, but it has now been confirmed that the company injected cash into the fund.

The fund has already begun investing, backing two companies so far – medical technology developer D-Eye and peer-to-peer commercial credit platform Sardex. D-Eye attracted €1.5m from Invitalia Ventures, Innogest, Fondazione Cottino, SIF and select company managers in January 2016.

Sardex raised €3m in an April 2016 funding round led by Innogest. Invitalia Ventures, Banca Sella Holding, Fondazione di Sardegna, Nice Group and Meipart also participated.

Italia Venture I is led by chief executive Salvo Mizzi, previously CEO of Tim Ventures, the corporate venturing division of telecoms firm Telecom Italia, until June 2015.
Taiho launches $50m CVC arm

Japan-based pharmaceutical firm Taiho Pharmaceutical has created a corporate venturing division, Taiho Ventures, that will operate from California in the US.

Taiho Ventures has been equipped with $50m in initial funding and was officially established on April 15, run by Sakae Asanuma, former president and CEO of Astellas Venture Management. The unit will make investments worldwide, focusing on startups in the US, Europe and Japan that are working on cancer-related technologies and treatments.

Taiho previously supplied $30m to US-based venture capital firm Remiges’ BioPharma Fund in 2014, to invest in US and Europe-based biotech startups in an effort to support the corporate’s research and development.

Taiho Pharmaceutical is a subsidiary of healthcare conglomerate Otsuka Group, which consists of 178 companies.

Gree makes play for new fund

Gree Ventures, the investment vehicle of Japan-based online gaming company Gree, has raised ¥4bn ($37m) for the first close of a fund named AT-II Limited Investment Partnership, The Bridge reported.

AT-II is aiming for a ¥64.5bn final close by the end of 2016. It has secured commitments from Gree, financial services conglomerate Mizuho Financial Group and undisclosed other Japan-based corporates and financial institutions.

Like its predecessor, AT-II will focus on seed to early-stage startups operating in the sectors of adtech, digital health, fintech, crowdsourcing and the mobile optimisation of existing offerings. Gree Ventures expects to invest between 70% and 80% of the fund in Japan, but it will also seek opportunities outside Japan and Southeast Asia, with India-based companies a priority.

Backing for startups will range from ¥900,000 to $2.7m, with the fund looking to participate in rounds as a lead investor. Portfolio companies will also receive support with recruitment and attracting clients. The fund has already made its first two investments, in Sorabito, an online marketplace for heavy machinery, and Ookami, the developer of a live sports app called Player.

Sorabito raised $4.6m from Gree Ventures; SMBC Venture Capital, which acts as the venture capital arm of financial services firm Sumitomo Mitsui Financial Group, as well as financial services provider JA Mitsui Leasing, corporate venturing units GMO Venture Partners and Opt Ventures, and angel investors Fumiaki Koizumi and Hidetoshi Takano.

Ookami received an undisclosed sum from Gree Ventures for its seed round. The company had previously raised ¥30m from assorted angel investors in 2014 and March 2015.

Gree Ventures has added of new staff to run the new fund alongside existing managers – principal Albert Shyy (formerly of Lazada), associate Nikhil Kapur (formerly an entrepreneur in India), associate Masyuki Minato (formerly of Boston Consulting Group), Natsumi Negishi (formerly of Nomura Research and Advisory) and analyst Yuya Mineshima (formerly of Goldman Sachs).

AT-I was established in 2014 with ¥5bn in funding. It has backed 16 startups in Japan and nine in Southeast Asia.

NRF to match $29m of venturing investment

Four Singapore-based companies – real estate company CapitaLand, data centre provider DeClout, agribusiness Wilmar and logistics provider YCH Group – have been awarded S$40m ($29.2m) to back local startups, Tech in Asia reported.

The money came from the National Research Foundation (NRF), a Singaporean government department that supports domestic R&D activities, and is split equally across the four corporates. It is the first time the NRF has allocated capital to stimulate corporate venturing efforts, rather than supporting venture capital firms.

CapitaLand will invest in design and construction, operations and maintenance, sales and leasing, customer loyalty, office productivity and smart living. YCH’s Supply Chain Angels will seek opportunities in internet-of-things technologies related to the supply chain, as well as on-demand manufacturing through 3D printing, big data, robotics, fintech and Uber-like technologies for logistics.

Its investees will be able to relocate to the corporate’s headquarters and be given access to industry experts. Wilmar and DeClout have not yet revealed details of their venturing plans.

PSA unpacks $15m investment unit

Singapore-based port operator PSA International has committed S$20m ($15m) to new corporate venturing division and incubator PSA Unboxed, which will invest in up to 20 startups in the logistics sector, focusing on cargo automation, maritime trade transactions, internet of things, data analytics, cloud software and artificial intelligence.

Each startup will receive up to S$50,000 in seed capital, access to the incubator and mentoring from executives and other industry experts. The companies will also gain access to PSA Singapore Terminals as a live port environment to test technology. Selected startups will have the opportunity to launch products through PSA’s global port network.
Tan Chong Meng, chief executive of PSA International, said: “Through PSA Unboxed, we want to encourage creative ideas that can improve and revamp logistics technology, increase port productivity and enhance the integration, security and performance across the constiuents of global supply chain logistics. This incubator program is in line with PSA’s continued focus on port and related logistics innovation and we hope to benefit from a broadened technology horizon.”

PSA International is a wholly-owned subsidiary of Temasek Holdings, the sovereign wealth fund of Singapore.

### Corporates experiment with AbbaLab investment

Japan-based internet-of-things (IoT) incubator AbbaLab has raised about ¥1.5bn ($13.7m) for its first dedicated fund, from backers including Hon Hai Precision Industry, the parent company of manufacturing services provider Foxconn, the Bridge reported.

The corporate, which invested through its Hon Hai Venture Capital Fund 2020, was joined by diversified conglomerate SoftBank, cloud services provider Sakura Internet, startup hub and venture capital fund Mistletoe, and undisclosed angel investors.

AbbaLab previously functioned through capital supplied by CEO Osamu Ogasahara, and had invested in nine companies, including virtual reality headset developer Fove.

### AgTech Accelerator reaps $11.5m

US-based accelerator AgTech Accelerator has received $11.5m in initial funding from a consortium led by property investor Alexandria Real Estate Equities that included chemical and pharmaceutical company Bayer and agribusiness Syngenta.

Syngenta invested through its corporate venturing arm, Syngenta Ventures, while Alexandria participated through its Alexandria Venture Investments unit and Bayer invested through its agribusiness-focused subsidiary, Bayer CropScience.

The corporates were joined by Arch Venture Partners, a venture capital firm spun out from Chicago University, as well as Flagship Ventures, Harris & Harris Group, Hatteras Venture Partners, Pappas Capital and Mountain Group Capital.

AgTech Accelerator is based at the Research Triangle Park in North Carolina and will focus on US-based startups in the agribusiness sector, seeking opportunities from farming to selling. The vehicle has formed a strategic partnership with Accelerator Corp to tap into the latter’s expertise in investment and company building.

Participating startups will gain access to funding and facilities, industry experts and institutional partners. Companies that show promise will be able to raise follow-on funding from the accelerator’s investors.

AgTech Accelerator will source potential businesses from university partners such as Duke University, North Carolina State University, Penn State University, Purdue University, University of North Carolina at Chapel Hill, Washington State University and University of California Davis.

The accelerator’s board of directors includes Derek Norman, new head of corporate venture capital at Syngenta; Joel Marcus, chairman, CEO and founder of Alexandria; Kristina Burow, managing director at Arch Venture Partners; and Thong Le, CEO of Accelerator Corp.

### Twitter puts $10m into Betaworks venture

Social media company Twitter is set to provide at least $10m for a fund raised by US-based startup studio Betaworks, TechCrunch reported.

Founded in 2008, Betaworks is an incubator and venture capital firm, typically providing between $100,000 and $200,000 for its first investment. TechCrunch’s source did not reveal the ultimate size of the fund, or whether Betaworks would be the sole manager. Betaworks was an investor in Summize and TweetDeck, which were acquired by Twitter to beef up its technology in 2008 and 2011 respectively, and gained some Twitter stock through the first deal.

Investing directly in Betaworks’ latest fund would help give Twitter an inside track on strategically promising additions. Other notable Betaworks portfolio companies have included web address abbreviator Bit.ly, GIF repository Giphy and microblogging platform Tumblr.

The initiative follows the formation of Twitter Ventures, Twitter’s corporate venturing unit, in March 2015. It has so far funded mobile operating system developer Cyanogen, mobile-focused marketing platform Swirl Networks and live venue management tools provider VenueNext.
Kaspersky Labs seeks good result from venturing

Russia-based cybersecurity software provider Kaspersky Labs has launched a corporate venturing unit that will invest up to $1m in startups.

The fund will target early-stage companies developing technology focusing on mobile and cloud security, software that can detect internet-of-things vulnerabilities, physical safety devices and cybersecurity offerings.

Kaspersky intends to cooperate with accelerators across the globe in order to locate promising startups, and will share experience and knowledge of cyberthreats and malware. The unit’s launch follows the company’s formation in early 2015 of an accelerator run by its education division, Kaspersky Academy. The initiative awarded $80,000 to the top three competing companies.

Naspers enters Silicon Valley with dedicated unit

South Africa-headquartered media and e-commerce group Naspers has formed a dedicated Silicon Valley-based corporate venturing unit called Naspers Ventures, officially disclosing the information last month.

Founded in 1915 as a newspaper operator, Naspers has leveraged an early investment in China-based internet group Tencent, now worth over $60bn, to evolve into a diversified internet and media firm with holdings all over the world. Naspers has also been one of the corporate venturing world’s most visible investors, providing funding for businesses including e-commerce companies Flipkart and Souq.com, internet companies Movile and Mail.Ru, and online classified listings platform OLX.

Bob van Dijk, chief executive of Naspers, told TechCrunch: “We have gotten well-represented in those areas. But we also realised that to prepare for our next phase of growth, we want to be focused on other new consumer needs that are being transformed by tech.”

The new unit will be run by Larry Illg as CEO. He joined Naspers in 2013 from realty listings platform Trulia, where he was general manager of new ventures. He was chief operating officer of Naspers’ e-commerce assets before taking the reins at Naspers Ventures. He said: “Naspers Ventures’ remit is to find investment opportunities for Naspers beyond our traditional markets/segments but that are a strategic fit for the company.”

Its first deal since the unit was officially launched was the $60m round for online education company Udemy last month.

Naspers Ventures is building an office of up to 15 in California but has been quietly investing over the past few months, with the funds coming directly from its parent company’s balance sheet. The fund will look to use its international presence to help US-based portfolio companies expand while also providing a base for foreign Naspers investments to penetrate the US market.

Microsoft Ventures gets into direct investments

Nagraj Kashyap will lead a corporate venturing fund launched by software provider Microsoft, according to a blog post. The fund will invest directly in startups and take the name Microsoft Ventures from the firm’s accelerator program, which will be renamed Microsoft Accelerator.

Microsoft launched a corporate venturing fund called Bing Fund in 2012 to invest in technology that would complement its Bing search engine, before merging it with the firm’s BizSpark innovation initiative and global accelerator network to form the previous iteration of Microsoft Ventures in 2013.

The new Microsoft Ventures will operate with “a small but nimble team” from offices in Silicon Valley, Seattle, New York City and Tel Aviv, though it aims to expand to other countries in time. The unit will focus on companies developing technology that can facilitate the transition to the cloud, and will look at startups building software products compatible with Microsoft’s Azure, Windows, HoloLens and Office 365 programs. Machine learning and security technology startups could also receive strategic investments from the fund.

Kashyap will run Microsoft Ventures as corporate vice president, in partnership with Peggy Johnson, Microsoft’s executive vice president of business development. He joined Microsoft in January this year from chipmaker Qualcomm, where he headed its corporate venturing unit, Qualcomm Ventures.

HP sources new fund

US-based home computing equipment manufacturer HP has launched corporate venturing arm HP Tech Ventures, essentially a descendant of Hewlett Packard Ventures, the unit formed by computing company Hewlett-Packard in 2014.

The firm split into two entities in November 2015 — HP and the business-focused Hewlett Packard Enterprise — and HP Tech Ventures represents HP’s own strategic investment subsidiary, whereas Hewlett Packard Ventures continues to invest in areas relevant to HPE.

The unit will invest in 3D transformation, immersive computing, mobility, internet of things, artificial intelligence and
smart machine technology developers, but is yet to disclose its investment parameters cash-wise. Andrew Bolwell, HP’s chief disrupter, will lead HP Tech Ventures, reporting to Shane Wall, HP’s chief technology officer and head of advanced research division HP Labs.

Wall said: “The next technology revolution is shifting towards strategic markets that speak to HP’s strengths. With our global brand and broad reach into consumer and commercial markets worldwide, HP can help startups bring product to market, build their business and scale in the global marketplace as they grow.”

Bangkok Bank ponders venture capital vehicle

Thailand-based financial services firm Bangkok Bank is considering establishing a venture capital unit, according to the Bangkok Post. The bank’s board has already approved a $57m budget for investment in startups, though the bank has not decided whether it will set up a specialist fund. Two other Thai banks, Siam Commercial Bank and Kasikornbank, have already formed their own corporate venturing subsidiaries. Siam Commercial’s unit, SCB Ventures, was established in April with $50m to make strategic investments in fintech startups.

Johnson & Johnson expands JLabs to Canada

Johnson & Johnson Innovation, a subsidiary of the healthcare group, has opened a branch of its JLabs life sciences incubator in Toronto, Canada. JLabs@Toronto is a collaboration between Johnson & Johnson Innovation, J&J subsidiary Janssen, University of Toronto, the government of Ontario, non-profit commercialisation organisation Mars Innovation and its urban innovation hub, Mars Discovery District, where JLabs is situated.

The initiative is also backed by hospital partners Centre for Addiction and Mental Health, Hospital for Sick Children, Sinai Health System, St. Michael’s Hospital, Sunnybrook Health Sciences Centre and University Health Network.

Startups will work at a 40,000 square-foot facility capable of accommodating 50 startups. A total of 22 pharmaceutical, medical device and consumer health companies make up the initial cohort, seven of which took their place as winners of the JLabs@Toronto Quick Fire Challenge.

Melinda Richter, head of JLabs, said: “We are thrilled to be part of the flourishing life sciences community in Toronto and to contribute to Ontario’s vision to help drive the province toward becoming a world leader in innovation for health and wellness. Canada’s startup scene is booming, and we look forward to working with the many enterprising innovators in the region that are working to turn science into tangible, commercial products.”

Johnson & Johnson has previously set up JLabs sites in San Diego, San Francisco, South San Francisco, Boston and Houston. They collectively host 120 portfolio companies.

PayPal pools startups for Start Tank

US-based payments processing service PayPal is expanding its Start Tank incubator program in Singapore, local news publication Business Times has reported. The incubator is aimed at fintech and technology startups. The program lasts nine months and offers access to executives from PayPal and industry experts, a co-working space and networking opportunities with venture capitalists.

PayPal originally launched Start Tank in Chennai, India in 2013. A total of 10 startups have graduated from that initiative to date and many have gone on to raise capital or secure an exit. The incubator will be at PayPal’s Singapore Technology Centre.

Gelt to house startups through venturing unit

US-based real estate holding company Gelt has launched venture capital unit Gelt Venture Capital, founded by Jacob Chapman, who announced the fund’s launch in a blog post on Medium, as well as Keith Wasserman and Damian Langere.

The unit has not announced details of its investment plans, but Chapman said in his post: “In addition to the transportation of people, goods and services, we also view real estate, fintech, space, Crispr and computational biology as the fields of the future. Many of these industries are just now coming into their own and we believe their impact over the next 10 years will dwarf the impact mobile has had in the last 10.”

The fund’s portfolio currently consists of Disruptive Multimedia, operator of celebrity messaging platform SuperPhone, which raised $1.5m in seed funding in March 2016, and Trustify, an online marketplace for private investigative services, which closed a $2m round in January.
Asos and Telefónica fashion UK accelerator

UK-based clothing e-commerce company Asos has partnered Wayra UK, the local accelerator for Spain-based telecoms firm Telefónica, to create an accelerator program for fashion technology startups.

Asos and Wayra are seeking mature startups that can improve customer experience by simplifying and personalising the process of buying fashion items online. Possible investment areas include fulfilment, consumer loyalty and mobile app development, but startups developing wearables, 3D printing and fashion design technology will not be eligible.

Selected startups will receive office space at Wayra’s space in London for eight months, where they will benefit from help with business development, mentoring and access to Asos’s network and Telefónica’s customer base.

The corporate partners will also make direct investments in some of the startups, though further details have not been revealed.

Gary Stewart, director at Wayra UK and Telefónica Open Future UK, said: “To see Asos – arguably one of Britain’s biggest startup success stories – itself embrace open innovation in this way is truly inspiring and shows why the UK has evolved into one of the world’s best startup ecosystems. Asos is the perfect co-investor for anyone interested in e-commerce, adtech and fashion tech.”

Founders Factory manufactures Aviva partnership

Insurance provider Aviva has entered a five-year partnership with UK-based accelerator and incubator Founders Factory to be its exclusive financial services partner and will directly support seven startups per year.

Aviva’s corporate venturing arm, Aviva Ventures, will make a multimillion-pound equity investment in Founders Factory as part of the partnership. Founders Factory intends to establish and develop more than 200 businesses over the term of the agreement, offering funding, resources and hands-on support.

Aviva expects the partnership to improve its insurance and financial services offerings, and support its broader digital strategy. The company will specifically focus on technologies spanning the internet of things, data and analytics, customer experience and distribution.

Andrew Brem, chief digital officer at Aviva, said: “Insurance and financial services has been stuck in a bygone, ana-logue era when it comes to engaging with customers – we believe it is high time to bring the industry into the digital age, for the benefit of customers and insurers alike.”

Emerald holds prospect of riches for Caterpillar

Caterpillar Ventures, the corporate venturing arm of the construction equipment producer, has provided an undisclosed amount to the latest fund to be raised by Switzerland-based venture capital firm Emerald Technology Ventures.

Founded in 2000, Emerald has raised four VC funds and made 57 investments, securing backing from corporate limited partners that include Doosan Heavy Industries & Construction, Michelin, ABB, Clarient, Ecotlab, Evonik, JSR, Mahle, Sibelco, SK Group, Sulzer and Suncor Energy.

Emerald Industrial Innovation Fund will invest as a traditional VC fund but will be structured as an evergreen fund. Emerald is currently conducting due diligence on prospective additional LPs. The fund will invest in parallel with another Emerald fund, Emerald Cleantech Fund III, and will back companies developing energy, water, advanced materials and industrial IT technology.

Gina Domanig, managing partner of Emerald, said: “Continuous investor demand for capital deployment and tailored partnerships drove us to establish a new fund with a novel structure.”

Google prepares to set up Area 120

Internet technology provider Google, part of the Alphabet conglomerate, plans to launch an internal incubator called Area 120 in a bid to retain ambitious staff members, the Information has reported.

Teams from within Google will be required to pitch ideas and, if accepted, will be able to develop them full-time. Participants will also be able to apply for extra funding, or to spin out their ideas into a new company.

Don Harrison, Google’s vice-president of corporate development, and Bradley Horowitz, vice-president of photos and streams, will head Area 120, which will be at one of Google’s San Francisco offices.

Area 120 will also operate as a subsidiary of Google, rather than Google’s parent company, Alphabet, which oversees investment funds Google Ventures and Google Capital.
Big deal: Apple boards Didi Chuxing

Rob Lavine, news editor

Electronic device manufacturer Apple’s $1bn investment in China-based ride-hailing platform Didi Chuxing last month signifies its expansion into a genuine rival for US-based competitor Uber, and gives clues as to its long-term strategy. Formed in February 2015 from the merger of China’s two largest ride ordering apps, Didi Dache and Kuadi Dache, Didi Chuxing currently operates in around 400 Chinese cities and is responsible for some 11 million rides ordered each day. It said it had an 87% market share in the country. Apple committed the money as part of a $3bn funding round that Didi Chuxing, formerly Didi Kuaidi, is in the process of raising at a $26bn valuation, sources told Bloomberg. Internet services group Tencent and e-commerce firm Alibaba are said to be among the round’s participants.

The company, which closed a $3bn round in September 2015, planned in April to raise $1.5bn, only to lift the target to $2bn at the start of this month before increasing it again to $3bn with Apple’s investment. Taking into account the cash secured by its founding companies, Didi Chuxing has now raised about $5.5bn in total, including $3bn in the 2015 round, which featured Tencent, Alibaba, insurance firm Ping An, Singaporean state-backed fund Temasek, China Investment Corp, Capital International Private Equity Fund and Coatue Management. It valued Didi Chuxing at $16bn.

Other investors in Didi Chuxing include online messaging company Sina Weibo, which invested $142m in 2015; telcos firm SoftBank and car rental service EHI, both of which backed Kuadi Dache pre-merger; Chinese state-owned carmaker Beijing Automotive, DST Global, Matrix Partners, New Horizon Fund and Citic PE.

The Apple funding is indicative of Didi Chuxing’s success but it also raises questions and provides hints to its strategy. In the nearer term, sources told Bloomberg the company was considering an initial public offering in the US next year, though it is yet to hire banks for an offering and the timing will depend on how its China-based duel with Uber is progressing.

For the moment, the battle is going well. Uber has pledged to invest $1bn in its Chinese operations, and raised cash from travel and airline group HNA Group, automaker Guangzhou Automobile and insurer China Life Insurance in January 2016 at a $7bn valuation. It is also funneling money from its profitable markets – the 30 most successful of which reportedly generate $1bn of profits – to support its Chinese drive, which involves a great deal of discounted rides.

Didi Chuxing, however, is said to be present in four times as many urban centres as Uber in China, and claims it is at the break-even point in around half those markets. It is also looking to stretch Uber’s resources internationally by forming strategic partnerships with other regional ride-ordering apps, and has picked up stakes in two of them – US-based Lyft and India-based Ola.

Those investments point the way to a possible expansion route, should it manage to definitively win the war with Uber in its home country, but the Apple deal highlights a different route to growth, one that is altogether more science-fiction-oriented.

Apple’s biggest transport-related offering right now is CarPlay, a plug-in system that lets users control their in-car information systems through their iPhones. However, like Google’s holding company Alphabet, Apple is reportedly heavily involved with the development of a self-driving vehicle.

The firm, which has some $233bn in cash on hand, has hired engineers as part of a reportedly 1,000-strong team and investigated testing sites for the initiative, known as Project Titan. Access to Didi Chuxing could also give it invaluable data concerning driving habits.

Apple is betting on the future of the automotive industry, where self-driving cars could connect with electric car technology and ride-sharing apps to result in fleets of autonomous cars that can be summoned from a smartphone at any time. The idea is not new – it has already been seen in futuristic sci-fi films such as Demolition Man and Total Recall – but never before has the concept been considered within reach.

Getting there will require a union of autonomous car technology, which Apple is working on, the kind of ride-ordering system Didi Chuxing oversees, and the car building expertise of a company like Didi Chuxing backer Beijing Automotive. Competitors like Alphabet and Baidu, which is working with BMW, are forming similar alliances. The structure is being built, and Apple wants to ensure it has a place at the table.

Big deal: Ford funds Pivotal Software

Rob Lavine, news editor

Vehicle manufacturer Ford’s $182m investment in US-based cloud software development company Pivotal Software last month could be an indication that the firm now views corporate venturing as an investment option, as carmakers increasingly look to startups as a way to keep up with disruptive technology.

Initially founded as Pivotal Labs in 1989, the company provides businesses with data analytics and cloud software development tools, and through a separate unit, development services. It was acquired by IT infrastructure firm EMC in 2012 and spun out by EMC and its virtualisation subsidiary VMWare as Pivotal Software the following year. Pivotal raised $253m in its series C round, at a $2.8bn post-money valuation, with Ford joining by VMWare, EMC and fellow corporates Microsoft and General Electric. The funding follows the $105m paid by GE in 2013 for a 10% stake in Pivotal.

www.globalcorporateventuring.com
Ford is not an active corporate venturing participant, although its chairman, Bill Ford, has maintained an eyes-and-ears strategy through his personal investment vehicle Fontinalis Partners since 2009, and the company’s investment in a startup is at this point atypical, but it supplied the cash following the signing of a strategic partnership in December 2015.

Through the collaboration, Ford’s product development and IT teams are utilising Pivotal’s software development expertise and its analytics and cloud platform technologies, particularly with regard to the connected car element of its Ford Smart Mobility initiative.

Ford Smart Mobility was launched by the carmaker in January 2015 to get a handle on what customers will want from a transportation ecosystem in the future. The scheme involves work on connectivity, mobility, autonomous vehicles, customer experience, data and analytics, and Ford intends to build part of the connected vehicle platform it is developing on top of Pivotal’s Cloud Foundry platform.

Much of the running in connected vehicle funding has so far been made outside the automotive industry, with Nokia, Intel and Alibaba each injecting nine-figure sums in dedicated connected car funds over the past few years.

Although Ford and several other automakers are developing connected car offerings, it is perhaps interesting they have generally not been that active in funding startups in the sector.

Most of General Motors’ investments have gone to alternative fuel producers, electric vehicle technology developers and ride or car-sharing startups, its largest investment being the $500m it provided for ride-hailing company Lyft earlier this year as part of a collaborative effort to establish an autonomous vehicle lift network. Daimler’s focus has generally been on mobility technology developers, such as fleet management technology producer Zonar Systems or professional driver service BlackLane.

The car manufacturer most active in connected car investments has been BMW, which has funded a string of startups in the sector through its BMW i Ventures unit, and which provides its customers with an in-vehicle app suite called ConnectedDrive. However, more and more of its competitors may well join BMW in funding connected car startups, especially considering the way the industry is moving.

A few years ago, electric vehicles and alternative fuels seemed to point the way to how cars would develop, but with autonomous driving technology progressing ever more quickly, it now seems likely that carmakers’ main threat lies from the likes of Google.

GM’s interest in Lyft makes sense because it is easy to imagine a future where people traverse cities using on-demand services provided by fleets of autonomous vehicles, with the bridge to that being a wide range of connected services such as parking and valet services, mapping or driver safety monitoring being made available through a single in-car platform.

The likes of Ford can see technology companies creating this new world and they will want to be on board when it comes.
Highlights from the GCV Symposium 2016

After several decades of peaks and troughs, corporate venturers feel they are climbing the slope of enlightenment.

Under research firm Gartner’s hype-cycle theory, after a technology trigger comes a peak of inflated expectations, then a trough of disillusionment, followed by the upward slope of enlightenment. After several decades of peaks and troughs, corporate venturers feel they are climbing the slope of enlightenment, according to Dominique Mégret, head of Swisscom Ventures, the telecoms firm’s corporate venturing unit, on the Global Corporate Venturing Symposium’s first day.

There are now more corporate venturing units, with GCV tracking more than 1,500 and about a dozen launches a month, and these are increasingly active, with 801 conducting venturing deals last year.

At the symposium, Doug Trafalat, managing director at data provider PitchBook, said CVCs in the year to May 17 were involved in about 60% of all venture rounds, up from 45% last year. By number of deals, CVCs were in about 20% of deals this year, up by about a third from last year, he added.

These are heady figures, reflecting CVCs ability to be stage-agnostic from early-stage to high-value, large, later-stage rounds, such as Toyota’s recent investment in taxi-hailing app Uber, or General Motors’ in Uber peer Lyft.

It is also requiring CVCs to rethink their approach to how they partner independent VCs and deal syndicates, and bring collaborative ideas back to parent corporations.

George Ugras, managing director at IBM Ventures, in a GCV Symposium discussion with former head and industry legend Claudia Fan Munce, said his focus was on...
crafting a “new playbook, CVC 3.0”. This was under development following work by Sue Siegel, CEO of General Electric’s GE Ventures, and peers, such as Fan Munce, the first corporate venturer on the board of US trade body the National Venture Capital Association, in “redefining the conversation with VCs” after 2012 as the CVC 2.0 model.

The conversation has already been reset by some.

Jeffrey Li, the managing director of Tencent Investments who conducted about $5bn worth of equity deals in some 100 companies last year, took the stage at the GCV Symposium to talk about its parent company, China-based internet group Tencent.

Tencent’s corporate venturing efforts are currently handled by a team of nearly 40 people, all based in China, who have jointly invested more than $10bn in more than 300 companies in about five years – the value of its listed investments alone tops $15bn.

The speed and scale of its investments took many delegates by surprise – Li was named the industry’s Person of the Year for topping the GCV Powerlist 2016. However, while Tencent, and Chinese peers, such as Alibaba, remain outliers in terms of ambition, the general acknowledgement by the 440 people attending the symposium was that technology and business model changes were creating unprecedented disruption – hence the event’s lead theme of a “view from the crow’s nest” that the industry was increasingly important to CEOs.

Ginni Rometty, CEO of IBM, said: “IBM Ventures is essential to how we engage entrepreneurs and developers who are building innovative applications and technologies for cognitive solutions and cloud platforms. I am delighted to have George [Ugras] leading our efforts to amplify this essential component of IBM’s strategy.”

Toby Lewis, Global Corporate Venturing’s chief analytics officer, introduced four other corporate venturers who were given seven and a half minutes each to convince the audience of their views on how corporate venturing units can deal with disruption.

Sue Siegel makes her point at the Powerlist dinner, with Nagraj Kashyap listening
“Data is raw material and has become the currency of today,” Siegel said, explaining GE Ventures was doing its best to maximise the benefits of this new ecosystem.

Nagraj Kashyap, corporate vice-president and global head of software provider Microsoft’s accelerator initiative, Microsoft Ventures, focused his attention on the declining cost of technologies as a major element of disruption.

Kashyap claimed many companies today, including smartphone manufacturer Xiaomi and electric vehicle producer Tesla, were actually software companies, pointing out that if Tesla wanted to upgrade a car it could do so through a software update without replacing any parts.

Kashyap was hopeful that corporations were understanding this change, citing investments by car companies such as Ford and GM in startups such as ride-hailing app Lyft.

After Mégret’s insights above, Ralf Schnell, chief executive of engineering company Siemens’ strategic investment division, Siemens Venture Capital, which manages about $1.5bn, some on behalf of its corporate pension fund, listed a range of important areas for disruption.

The areas included industrial design and manufacturing, where concepts such 3D printed goods had led to individualisation; energy, where changes such as decentralised power generation had had a major impact; healthcare, which was moving towards personalised medicine and more educated patients; and mobility.

Unsurprisingly, therefore, the SetSquared pitch sessions on earlier-stage companies were well attended and covered a host of sectors targeted for further disruption, including such stand-out startups as Green Running, before the symposium’s first evening’s gala awards dinner.

Corporate venturing at its most basic is about finding tools and ways to have an impact on the parent, customers, suppliers and other stakeholders so they want to do more with the business. Too often, the shorthand way of looking at the industry is to focus on corporate venture capital – minority stakes taken in smaller companies. However, a true view from the crow’s nest – by the corporate venturing unit on behalf of its parent’s CEO – looks beyond CVC to how the full innovation toolkit can be employed to best effect.

Erik Vermeulen, head of governance at Philips Lighting and professor of business and financial law at Tilburg University, giving the keynote speech on the symposium’s second day, argued for a new approach to corporate venturing.

He suggested corporate venturing should be used to remove the corporate aspects of the parent company in order to bring it into the 21st century. Vermeulen listed seven corporate venturing strategies to achieve the goal of making the parent company “uncorporate”.

Those strategies involve direct and indirect investments – traditional CVC; external incubators and accelerators; co-working spaces; retaining acquired founders and maintaining acquired startups’ identities; in-house incubators; and turning the corporate into an ecosystem with “fluid and vanishing boundaries” with the outside community.

Rather than having a hierarchy, therefore, the “uncorporate” has a flat hierarchy with visionary leadership, fluidity of roles and open communication, leading to “meaningful, relevant experience for stakeholders”.

Vermeulen said he was collecting data on such corporate venturing efforts and promised to return to the symposium next year to present his findings. However, early results from his preliminary research of the US market showed Alphabet, Salesforce, Amazon, Facebook, Under Armour, Netflix, Tesla Motors, Apple and GE among the top performers. Many of these had relatively little direct CVC investments but instead focused on the ecosystem that supported their innovation initiatives.

Corporations, he said, were usually grappling with similar challenges of hyper-competitive markets, anti-corporate sentiment expressed through environmental sustainability concerns, business complexity and regulation, automation and disruptive technology. But the top performers had found a way to use the broader corporate venturing tools to increase the proportion of high-performance employees in the business even as the company and business complexity increased and many were looking to combine CVC with environmental or social considerations – so-called impact investing (see Impact investing comes to the fore, below).

But once you acted as a corporate, Vermeulen said, you lost customers, and he cited the example of ride-hailing app provider Uber’s failure to fight regulations in Austin, Texas, last month by acting like a corporate, which resulted in the company’s forced departure from the city.

In fact, Vermeulen argued, millennials – people under 35 – would abandon a company if it showed any signs of acting like a big corporation, and would not want to work for it, resulting in a lack of talent.
The broad differences between millennials and older generations also prompted Bruce Dines, vice-president of media company Liberty Global’s corporate venturing arm, Liberty Global Ventures, to call for a rebranding of the industry.

Speaking in a panel discussion – Creating new value through corporate venturing in increasingly disruptive times, moderated by Mark Bidwell, alliance partner at Clareo – Dines said: “We are living in a time of such rapid transformation. It is always challenging for large corporations to keep up.” Given millennial antipathy towards corporations, he said “corporate venturing” should be replaced with term “team innovation”.

On the same panel, Lana Glazman, vice-president of corporate marketing and corporate innovation for cosmetics producer Estée Lauder, said that for millennials “everything is blended and blurred – gender, ethnicity, even age”. Glazman added: “We are interested in millennials. They make up 45% of luxury shoppers, and they are a transformative force for us.”

Estée Lauder, therefore, had set up a millennial advisory board so executives could hear from “influential millennials and better respond to the needs of today’s generation of consumers”, she added.

But beyond innovative partnerships, accelerator programmes, and advisory boards, corporations’ strategic responses to disruptive challenges from startups often have the CVC element as a cornerstone.

Thomas Brr, senior vice-president of group strategy and innovation for Germany-based energy utility RWE, said in the face of disruption from smart technologies, RWE created a €130m ($145m) strategic venture capital fund to invest in innovation. RWE now has teams in place across tech hotspots in Silicon Valley and Israel to develop collaborative partnerships.

In February, RWE’s innovation division partnered California-headquartered home energy management startup Bidgely to bring energy-intelligent products developed in the US to its German consumers, enabling households to identify which appliances use the most power.

But the strategic threat is pressing in multiple sectors. In the second day’s opening discussion – The future of communication – Nobuyuki Akimoto of NTT Docomo Ventures and Telstra Ventures’ Matthew Koertge explained their units’ differing approaches to CVC in the telecoms space.

However, a straw poll of symposium delegates before they started their discussion found a majority of respondents thought the dominant telecoms operators would be affected within the next 10 years as new entrants disrupted traditional revenue streams, and competitors, such as Google Fiber, emerged from left field to challenge them. This threat necessitates independent thinking.

Akimoto, who has been at NTT for 30 years and is chief operating officer of its corporate venture subsidiary until the summer, NTT Docomo Ventures, said: “I believe the important thing is not to talk to the group companies or R&D because they do not like to be disruptive. NTT Docomo Venture Capital needs to do our own studies on the future and the market, for our own strategy.”

In contrast to NTT Docomo Ventures’ independent approach, Koertge, managing director of Telstra Ventures, stressed the importance of collaboration within the group, explaining how every investment it makes needs to be sponsored by a Telstra business unit. As a result, the deals often lead to direct collaborations.

Andrew Gaule, partner at GCV Academy and consultancy firm Aimava, moderated a panel – Corporate venturing 3.0 – on the third stage of corporate venturing and the creation of new value chains.

Gaule defined corporate venturing 3.0 as the stage at which units realised that different startups and technologies needed to be strung together to create new business models.

He was joined on stage by Sarah Fisher of pharmaceutical firm Johnson & Johnson, Phil Giesler of tobacco company BAT, Pauline Tay from Singapore’s National Research Foundation and Jonathan Tudor of Castrol InnoVentures, the corporate venturing arm of the industrial lubricants producer.

The panel discussed a range of topics based on questions from the audience, including the importance of storytelling to market a product or understand challenges surrounding a technology.

Ultimately, however, CVC itself comes down to dealflow – sourcing then closing with the best entrepreneurs, as in some new markets often only the top three win the majority of returns.

John Riggs, senior managing director for strategy, innovation and development at professional services firm PricewaterhouseCoopers, hosted a panel – Second-level investing – to explain how investors could apply “second-level thinking”, an approach to investing that used traditional methods of valuation but was strategic in that it took into account how other investors viewed a prospective company.

Riggs said: “Second-level thinking is about looking for value others cannot see. It is about considering what you know that others do not. It goes where other investors are not going.”

He moderated a panel featuring Joe Volpe from pharmaceutical company Merck MSD, Michael Chuisano from healthcare product group Johnson & Johnson, Bo Ilsoe from communications technology provider Nokia and Jacqueline
LeSage Krause from Munich Re/HSB Ventures, a subsidiary of insurance firm Munich Re.

Volpe is managing director of Merck’s $500m Global Health Innovation Group and Global Health Innovation Fund, which have made a series of investments in medical devices and remote monitoring systems aimed at helping the 2.2 million patients in the US who suffer from atrial fibrillation, a medical condition involving irregular heart rate.

Volpe said: “We took a strategic venture investment and put some [private equity] dollars into it.” Riggs added that GHI’s strategic analysis of how a portfolio company could progress from a venture fund investment to a private equity fund investment was a clear example of second-level thinking.

Chuisano, vice-president of venture investing and chief operating officer at Johnson & Johnson Innovation-JJDC, said the corporation chose to invest in products that treated problems associated with heart failure since it was “a major unmet need” based on its market research.

For example, the unit’s Minneapolis-based portfolio company, CVRx, had created an implantable device for patients with high blood pressure. By “looking beyond the dataset” to spot such unmet needs, JJDC was applying second-level thinking to its investment approach, Riggs said.

Ilsoe, managing partner of Nokia’s corporate venturing vehicle, Nokia Growth Partners (NGP), explained what drew his unit, which has $1bn under management, to UCweb, a China-based mobile internet company from which it exited in 2014.

UCweb produces software that speeds up internet browsing on mobile devices, Ilsoe said, explaining that the software was in high demand because in 2010 blue collar workers in China relied largely on browsers on their Nokia Series 40 phones to surf the web.

NGP invested in UCweb in 2010, but at the time there was “no exit market”, Ilsoe said. Then, in 2014, NGP sold its stake to e-commerce group Alibaba in what was “China’s largest internet merger deal at the time”, he added. NGP employed second-level thinking to solve a key investor’s dilemma – how to exit a profitable company that lacks an obvious exit at the time of investment, Riggs said.

Munich Re/HSB Ventures managing director LeSage Krause said Munich Re’s corporate venturing activities began through its equipment breakdown insurance subsidiary, HSB. One of HSB Ventures’ main areas of investment was the internet of things (IoT), Krause said, citing the fund’s investment in San Francisco-based IoT company Helium.

HSB Ventures conducted two to three years of piloting to understand Helium’s core operations, Krause said, and it applied second-level thinking to identify synergies in the business.

One way to find potential investments is to attend pitches by entrepreneurs, including a host of UK-based stars presented by Scottish Enterprise and Silicon Valley Bank and at a special sector discussion on advanced materials (see box).

However, data analysis also helps. To this end, Stefan Gabriel, former head of advanced materials and manufactured product group 3M’s corporate venturing unit for six years, hosted a discussion on CVC data. Gabriel’s panel – Contrarian data insights – looked for interesting data from Toby Lewis, of GCV Analytics, and Douglas Trafelet, managing director of private equity and venture capital database PitchBook Data.

Lewis noted that the total number of active corporate VCs had been growing over the past five years. The amount of money committed to investments has increased in parallel, and more rapidly, than the number of CVC deals.
Almost half of Fortune 100 companies made venture capital investments, according to the data, and Lewis said that for the rest of companies on the Fortune 500 list, having a corporate venturing unit became a matter of discussion on resources.

Trafelet said deals in Europe had been growing in both size and number over the past 10 years and that later-stage funding rounds tended to drive larger amounts of capital. According to PitchBook data, corporate venturing investors had already secured a much larger place for themselves in the overall venture funding landscape, with almost half of all venture capital deals in 2015 including some corporate capital.

Data presented by Trafelet also suggested that having a corporate investor in a given deal made a difference – not only were deals involving corporate investors consistently valued 30% higher than other deals, exits with corporate investor involvement were of a consistently higher value (see chart).

Martin Haemmig, adjunct professor at Cetim, compared US and European performance characteristics in both corporate and independent venture capital within the context of competitiveness of both companies and nations. Using data from PitchBook, Haemmig’s analysis showed US-based VC fund vintages between 1995 and 2009 outperformed European peers at the top level but with a far wider spread of returns between the best and worst.

However, when looking at the 2010 to 2013 fund vintages, albeit still relatively early in their lives, Haemmig noted a substantial change. He said whereas the top quartile of US-based VC funds had an internal rate of return (IRR, a form of annual performance) of 37.2%, in Europe the top 25% had returned 57.9%. A similar near-20 percentage point outperformance was seen for the top half of funds in Europe compared with US peers, while even the bottom quartile had a positive return in Europe, at 7.7%, compared with zero for US peers.

Haemmig said the primary reason was that European VCs had been more efficient in round sizes and selling portfolio companies to trade buyers for a higher multiple of capital invested.

An alternative way to boost returns but still fund portfolio companies is judicious use of so-called venture debt, which leverages the equity, although some warrants can be stapled to the debt and then converted into equity.

Ajay Hattangdi, CEO of India-based venture debt provider InnoVen Capital, in a keynote speech, explained the benefits of venture debt for startups at series A to C stages. Debt financing made up 2% to 3% of the venture capital market in Asia, compared with between 10% and 15% in the US, he said.

He said InnoVen Capital was the first venture debt platform in Asia, with investor commitments of $200m. Venture debt interest rates varied across the region, ranging from the mid-teens in India to the “late single digits” in Southeast Asia.

Set up in 2008, InnoVen Capital was bought out by Singaporean state-owned investment fund Temasek Holdings and financial services group UOB in 2015 from Silicon Valley Bank’s Indian operations, and now has additional offices in Singapore.

The firm has so far deployed $150m in loans and established relationships with 30-plus funds across venture and private equity including Microsoft Ventures and Sequoia Capital.

Linking the best corporate venturers with the best VCs seems the right approach to the best investors, regardless of source of capital and appropriate to the spirit of the symposium’s attendees.
Impact investing comes to the fore

At first glance, education publisher Pearson, energy utility Centrica and food maker Danone have little in common. But alongside other large corporations and a host of entrepreneurs, the shared goal involves impact.

Corporations and others are funding startups with an expectation of marrying financial return with a positive social or environmental impact. Using the venturing tools developed over the past 75 years, they expect fast-growing businesses to recognise the effects they have on the world as they make their money.

John Fallon, Pearson’s global CEO and a member of the Pearson Affordable Learning Fund investment committee, in nominating Katelyn Donnelly for Global Corporate Venturing’s Powerlist this year, said: “We are tripling our investment in the next fund because we know that this approach works and critically informs our long-term business strategy.”

Yvon Chouinard, founder of California-based clothing company Patagonia, said: “My family and I are happy to launch $20 Million and Change, an internal fund to help like-minded responsible startup companies bring about positive benefit to the environment.”

Sam Laidlaw, then CEO of Centrica, at the launch of Ignite, the UK’s first energy-based impact investment fund, said: “The answers to society’s challenges do not lie solely with the private sector or the public sector, but with social entrepreneurs in communities and in cross-sector partnerships. I am passionate about the potential for Ignite to help find and grow energy-related social enterprises to innovate and create these answers.”

This is profit with purpose. Entrepreneurs inject drive and vision into what needs to change in the world. Too often they lack the financial, technical and sales expertise to turn vision into reality. Corporations supply the cash and support, and gain insights into how the world will change.

The increase in numbers of corporate, government and university venture activity over the past five years show that all parts of society can benefit from the venture capital model of backing talented entrepreneurs and their teams. The only thing stopping more applying this approach to environmental, social and governance changes is a lack of role models and practical advice on how to do this.

To aid this process, the symposium was chosen to launch a report — Steps to corporate investment, innovation and collaboration — setting out how both can come together and why the time for them to do so is now (see comment).

Pearson, Centrica and Danone were among the corporations speaking on this subject at the symposium. Sir Michael Barber and Katelyn Donnelly from Pearson Affordable Learning Fund shared lessons and insights from investing in for-profit startups in the developing world in a fireside chat, Impact through venturing.

Investors looking to tap into the global market for affordable learning, which is growing at about 8% a year and is forecast to be worth some $320bn by 2020, should start small and take the necessary time to do due diligence, according to Donnelly, managing director of Pearson Affordable Learning Fund (PALF), which makes equity investments in for-profit education startups in developing countries on behalf of educational publisher Pearson.

Donnelly said: “We spent our first year understanding the market and visited 50 schools. We found the best team in Ghana, then learned from that experience how to find the next investments. [It is important to] do the primary research yourself and be willing to learn and evaluate as you go along.”

The fund was launched in 2012, and as an international investor PALF is often a first mover within the affordable education investment space. It began with $15m to invest, and now has $65m in assets under management.

PALF takes significant minority stakes of between 20% and 45% in its portfolio companies, advising on all aspects of the business, from strategy, management and operational issues to regulation.

One of PALF’s portfolio companies, Omega, is a chain of affordable schools in Ghana that serves about 20,000 students. Since regulation is such a critical part of the business, it is especially important to set up a productive dialogue with local governments, PALF’s chairman and co-founder Sir Michael Barber said.

“In our field, if you set [a school] up in opposition to the government, you fail,” Sir Michael said. “We are [investing] not because the government has failed but because you can innovate,” he said, and to discover student outcomes that can be transferred into publicly funded school systems.
Their session, and an unpanel debate led by Jimmy Rosen from the Bill and Melinda Gates Foundation (for highlights from these unpanels see comment by Paul Morris), preceded Charmian Love, co-founder of Corporate Impact X and co-author of the above report, hosted a panel on building businesses that create positive outcomes for corporations and society at large through partnership and collaboration.

Love moderated a panel featuring four speakers: Julia Rebholz, sustainability director and managing director for energy provider Centrica’s impact investment fund, Ignite Social Enterprise, who is leaving to join Corporate Impact X; Jean Christophe Laugée, Elizabeth Boggs Davidsen, and Ali El Idrissi.

Through its network of partnerships, Centrica’s £10m ($15m) Ignite fund has generated over £10m worth of revenue since its launch in December 2013, and its projects have benefited more than 10,000 people in the UK, Rebholz said.

Initiatives funded by Ignite include Midlands Together, which employs ex-offenders for energy efficiency refurbishments in houses that would otherwise remain in poor condition, with the houses then sold to fund more projects.

Strong partnerships are important not just in the early stages of impact investing, but also in the later stages, said Laugée, vice-president of nature and cycles sustainability at food producer Danone.

Danone’s most recent initiative, launched in February 2015, is the €120m ($135m) Livelihoods Fund for Family Farming (Livelihoods 3F), co-funded by confectionary producer Mars, which aims to help smallholder farmers in Africa, Asia and Latin America.

“After 10 years, we are on our way from small-scale [investing] to a mainstream initiative,” Laugée said of Livelihoods 3F. Having a solid partnership matters since going mainstream is a “big challenge, scaling up is putting tension on value from an economic, environmental and social standpoint,” he added.

El Idrissi, vice-president of social finance and impact investing at financial services firm JP Morgan Chase, said finding the right partner is a critical piece of the impact investment puzzle, explaining: “We identify a partner, whether it is a corporate or government or a foundation that says ‘We want to do things differently’.

The right corporate partner understands that there is a “business imperative, and not only a moral one, in taking the best skills we have, and the best employees, and applying strategic guidelines to penetrate new markets,” El Idrissi said, adding that JP Morgan has allocated $100m to an impact investment fund that has invested fully in the past five years.

Boggs Davidsen is manager of the Knowledge Economy Unit at the Inter-American Development Bank’s Multilateral Investment Fund. The 20-year old fund has invested some $250m, seeding more than 66 venture capital funds in 21 countries, and Boggs Davidsen said the fund is boosting its impact investing activities.

“Today we really do see an interesting convergence of business investment and the development [aid] world coming together in new and different partnerships that would not have existed even a couple of years ago,” she said.
The gala dinner

Sir Michael Barber and Katelyn Donnelly, of Pearson

Stefan Gabriel and Sohaila Ouffata

The 2016 Global Corporate Venturing award winners
CONFERECE REVIEW

Claudia Fan Munce leads an unpanel discussion

GCV charity donors and winners – Gaule, Johansson, Taranto, Ala’i, Goube

Martin Haemmig, left, and GCV editor-in-chief James Mawson, right, with Jeffrey Li

Sue Siegel receives her award

Reese Schroeder receives his award

The Japan unpanel
Corporate accelerator expansion gathers velocity

Toby Lewis, chief analytics officer

The corporate accelerator movement is gathering steam, about 50 delegates heard at our GCV Corporate Accelerator Unconference the day before Global Corporate Venturing’s main symposium. This interactive event was held at London’s Rainmaking Loft, base of operations for our event partner Startup Bootcamp. Best practices were shared among in-house corporate accelerator executives, independent accelerator managers who work with large corporations, and corporate venturing and innovation executives.

Unconference coordinator Trevor Owens, founder of Javelin, and senior corporate executives from the corporations such as Microsoft, Unilever, BMW and UPS, brainstormed with other attendees, some from accelerators such as 500 Startups and Cable Labs. The three-hour afternoon session generated multiple thoughts on what could be done to ride the upward trend in corporate acceleration.

GCV Analytics and training organisation Kauffmann Fellows presented initial findings on a joint research project which identified 106 in-house corporate accelerators, up 20% over the past year. There are also many more independent accelerators working widely with corporations, and many in-house corporate accelerators which are under the radar, keeping a low profile in the public domain, as was discussed on the day.

These numbers look set to rocket. Zack Weisfeld, general manager of Microsoft Ventures Global Accelerators, said after the unconference: “It is amazing to see how many top CVCs are planning to open an accelerator.”

Weisfeld sparked one of the key debates of the event as he laid out Microsoft’s “scaleerator” model of corporate acceleration in a keynote – it seeks to be the “glue” between a seed-funded startup on its way to raising series A funding, rather than working at an early stage. This squares with audience comments during the day that more standard accelerator cohorts often operate at too early a stage for large corporations to understand how to engage.

Andy Shannon, head of global operations at host accelerator Startup Bootcamp, stimulated a sharing of the pain in the corporate-to-early-stage startup collaboration, as he laid out the difficulties in finding corporate partners to engage with startups. He and the audience shared multiple stories about the churn in corporate executives working with startups, and how hard it was to advise fast-moving early-stage entrepreneurs on extracting value from a relationship with corporations.

John McIntyre, of Kauffmann Fellows, who presented The Changing Shape of Venture Capital Markets, a report produced with GCV Analytics, also shared his experiences, having run the Citrix Startup Accelerator, now shut down. This led to discussion about how to make corporate accelerators a long-term phenomenon, as many last only three to four years or even less, as management engagement subsides.

Bruce Dines, of Liberty Global Ventures, explained why Liberty and its subsidiary, Virgin Media, had created the Virgin Media accelerator in conjunction with TechStars, in an example of the powered-by model of acceleration.

D-Raft, a central and eastern European accelerator, another partner of the event, moderated a panel with Weisfeld, Jeremy Bassett, of Unilever Foundry, a startup engagement business of the Anglo-Dutch consumer goods company, and UK-based research agency Nesta.

Delegates also heard from other independent executives, such as Henry Lane Fox, of Founder’s Factory, which revealed it looks to engage only with corporations that have CEO-level involvement in the factory, and Liberty Mawhood, of L Marks, who explained how it was developing accelerators for companies such UK retailers John Lewis and Top Shop.

GCV chief operating officer Tim Lafferty interviewed Cassandra Harris, of startup factory VentureSpring, who talked about its partnership with corporates such as IBM.
Breakout sessions popular and lively

Paul Morris, corporate venturing adviser, UK Trade & Investment

The GCV Symposium unpanel break-out sessions provided a popular and lively forum. Expert facilitators guided a wide-ranging and stimulating discussions over 90 minutes at 16 packed round tables, overseen by chairman Paul Morris of UK Trade & Investment. Three facilitators were invited on to the main stage to provide 60-second snapshots of the good, the bad and the ugly from their sessions. Here are some key highlights:

Can you build a great career in corporate venturing? This unpanel was facilitated by Claudia Fan Munce of the GCV Leadership Society and New Enterprise Associates, and George Ugras of IBM Ventures. The group believed corporate venturers were brought firmly back to earth during the session led by Andrew Gaule of the GCV Academy. What are the greatest mistakes that corporate VCs have made? Poor choices of investment targets risk that a corporate becomes known as a source of dumb money. It may even impact your credit rating, the group suggested. Corporate VCs were seen to be poor at pacing certain actions. They can be too quick to make personnel changes before the initial team has had the chance to make its mark, and too slow in committing to investment decisions. Transgressors will have the opportunity to up their game via a GCV webinar in the near future.

Can you hire great talent and build world-class corporate VC teams? This question was considered in the session facilitated by Dermot Hilly of Intramezzo. Participants concluded that this was a question of balance. The required range of skills will not be found in one individual and should therefore be assembled across a broader balanced team. Lone wolves could offer presence in more distant geographies, but it is a challenge to integrate them fully in the team. Compensation is an important metric, though not everyone in the group believed CVCs were underpaid. The subject of carried interest (a share of investment return) never fails to make an appearance in such discussions. Only 4% of CVCs surveyed recently receive carry.

A pack of nuns and werewolves grappled with the question Can corporate VCs really be value-added investors? In a discussion led by Lisa Coca of General Electric, they warned that CVCs must deliver on commitments, manage expectations, and be visible and accountable – do rather than say. Ensure understanding and support is secured at the most senior levels internally. More should be done to help startups tap into the vast wealth of knowledge and experience within the corporate. Product roadmaps, market strategies and ecosystem support were flagged as key areas for support. The CVC can help startups develop management and leadership skills. The power of the corporate brand should be leveraged.

Neil Foster of Baker Botts helped a group of fiduciary duty enthusiasts consider the pros and cons of board participation in Board seat or observer? The group discussed differences in jurisdictions such as the US, Germany and the UK. These add to the complexity and the challenge for corporates but did not appear to be an undue source of distress for the lawyers. The unpanel group were evenly split in their preferences for full board seats over observer positions. The liability mitigation tools discussed included insurance, indemnities, best practice and take advice.

A large group of nirvana seekers huffed and puffed their way through the unpanel Can VC funds and corporate VCs live together happily ever after? facilitated by Charles Vaslet of Emerald Technology Ventures. Informal VC-CVC relationships can create value for both parties and produce potentially superior returns, noted the group. Relative VC and CVC roles in co-investments should be spelled out due diligence. For example, CVCs should lead on supporting access to markets, VCs would be in the vanguard for governance and CEO interactions. Formal LP-GP relationships can bring value to CVCs looking to penetrate new geographies and sectors, and for those who are new and relatively inexperienced. A happy co-existence was deemed possible. For those who still harbour doubts, the GCV Academy addresses courtship and marriage options for CVCs and VCs.

Abdul Guefor of Intel Capital led an enthusiastic discussion with an interplanetary angle: Where two worlds collide: corporate VC and business development. The group agreed that a key reason to invest is to improve knowledge and understanding of new market segments. CVCs are therefore at the start point rather than the denouement. The discussion was animated and people agreed it was essential that CVCs are very clear on the reasons for making an investment. Animals appeared again, in the form of a tortoise and a hare – one represented the corporate, one the startup. Answers on a postcard not required.
The otherworldly theme continued with the unpanel Robots in corporate VC? led by Thomas Thurston of WR Hambrecht Ventures. You get what you measure, proclaimed the group during a discussion on how software and artificial intelligence can be valuable tools for corporate VCs. Tracking the accuracy of investment decision-making was considered key to improving performance. “Quant” venture capital has arrived – run with it today or run from it tomorrow, warned these harbingers of the future. The group concurred that qualitative decision-making still has a role.

David Horowitz of Touchdown Ventures facilitated the existentialist discussion Is creating strategic value really more important than generating financial returns? Delegates agreed that successful CVCs set and track key performance indicators. These are mostly strategic. There was a range of priorities among those present. Maintaining financial discipline was considered to be a high priority and financial returns were tracked and considered important. However, the reason for the existence of most of the CVCs present was considered primarily strategic. How to measure strategic value is a question that continues to challenge corporate VCs.

To what extent is investing in geographies distant from your home base a pain in the posterior? A polyglot group tackled this question for the unpanel Cross-border deals – too much time and trouble? led by Pascal Siegwart of Aster Capital. This is certainly not the case for a growing number of well-funded Asian corporates actively seeking deals in the US and Europe, according to the group, which included members from Japan, Chile, Brazil and Europe. Local incubators and accelerators are popular vehicles for a corporate to engage with local ecosystems in distant lands. Silicon Valley is not the only attractive place – it is expensive and European locations and startups are becoming more attractive for foreign investors.

Tapping data insights to improve the organisation may sound like one of the less animated roundtables. Far from it, Drew Clark of GCV Analytics led the group on a rollercoaster ride of discovery and insights that made data crunching hip. Decision-making based on imprecise data is commonplace, ineffective and a scourge that GCV Analytics seeks to eliminate. Rigid categorisation is no longer appropriate and smart, flexible tagging offers the route to salvation. Powerful analytics tools now offer not only analyses of what has gone but can also be used to help drive future investment strategy and positioning. You must know what you don’t know and ask better questions, concluded the unpanel group.

Does the venture capital ecosystem really matter for a corporate VC? Yes, was the conclusion of this unpanel guided by George Gogolev of Russian Venture Company, who provided a mass of supporting evidence. The optimum place for a corporate to enter the food chain varies. VCs and CVCs should combine capabilities, with VCs doing the early heavy-lifting and CVCs considered more adept at technology due diligence. CVCs mitigate the risk of making very-early-stage investments through syndicating with VCs. Some corporates invest in their downstream ecosystems – think Microsoft and Intel – and hope to then feed sumptuously on this. Japan has many CVCs but lacks entrepreneurs and an ecosystem to support them. Israel benefits from support from the Office of the Chief Scientist. Can non-tech companies such as those in fashion build a regional ecosystem? The group concluded that CVCs should not attempt to economise on headcount, should increase global presence, and must help local startups around the world to globalise.

Risk mitigation in pre and post-portfolio management: methodologies, insights and best practices did not win the unpanel title that trips most easily off the tongue prize. However, under the experienced guidance of facilitator Michael Fox, GCV Silicon Valley emissary and MIT venture mentor, it proved to be a highly popular session marked by animated discussion. Drowning in deafflow was seen as a real risk – one that could be mitigated with external help from bright young things. Focus could be improved by a menu-driven approach. Use the parent corporation as a sounding board to check progress regularly against milestones. Measure success via tangible benefits, including internal deployment of the startup’s technology. Be aware of reputation risk when you allow your corporate brand to be publicly associated with a startup. Consider monetising stranded asset IP value through spinouts.

The unpanel Should corporate VCs care about impact investing? was led by Jimmy Rosen of the Bill & Melinda Gates Foundation. A committed and thoughtful group concluded that corporates should indeed care. A key challenge is how to measure impact. Profit and impact are not mutually exclusive. Impact was considered to provide a sense of purpose to employees resulting in increased performance. Employee satisfaction should be measured. The law firm partnering stranded asset IP value through spinouts.

Arnaud Bonzom of 500 Startups led a fast-moving unpanel Do corporate VCs need to press the accelerator? Get the pedal to the metal was a clear group consensus. Criteria by which to identify the best accelerators were discussed, including sector specification, reputation for quality and volume. Specialised niche accelerators may be more suitable than larger brand names for some corporates. Mentoring from people within the corporate or appointed by the CVC was considered important to improving the quality of accelerator management. Corporates can engage with accelerators as sponsors, mentors or as limited partners. Accelerator companies tend to focus more on B2C than on B2B.
Regional unpanel highlights

Panel moderators were asked to identify the top challenges, insights and recommended actions from their sessions.

Juho Pirinen, Helsinki Business Hub, looked at whether government or regional organisations added real value for investors. Yes, was the general impression, by helping with:

- Dealflow.
- Setting appropriate taxation rates.
- Matching money in CVC funds.
- Removing barriers for investments.
- Timesaving as one point of information.
- Supporting incubator programmes.

UK – the most popular session – moderated by Paul Morris, venture adviser to UK Trade & Investment, the government’s inward investment agency:

- The UK has great technology and could be an even more vibrant centre for European venture capital but must communicate opportunities and achievements more aggressively – more tub thumping, less stiff upper lip.
- Failure as an entrepreneur is still largely frowned on but should be embraced and learned from – the US way.
- UK Trade & Investment has been effective in supporting UK-based startups, especially the excellent work of the very experienced UKTI venture capital unit.

China – Andrew Gaule, host, GCV Academy in Shanghai:

- The regulatory environment and business ethics are becoming more rigorous fast, partly due to Chinese returning from abroad.
- There is a wall of money for and interest in companies coming out of China.
- Foreign corporations need to think how they work in China, manage intellectual property and create the business models and value chains with Chinese tech and companies.

Germany – Bernhard Mohr, head of Evonik Venture Capital:

- Mittelstand (medium-sized, family-owned businesses) is considered the hidden force in Germany but has a lot of potential, such as becoming more professional and linking to global trends.
- Berlin is considered an emerging hub in European VC.

Japan – Nobuyuki Akimoto, chief operating officer at NTT Docomo Ventures, said in order to collaborate with startups, corporations in Japan have to change. They need:

- Greater speed of decision-making.
- Top management’s understanding of a startup’s technology.

Brazil – Jayme Queiroz, investment director at Apex-Brasil:

- Connecting Latin American markets is still a challenge.
- Many CVCs do not know that local business units are developing open innovation programs or investing in third-party accelerators to learn about venture capital and access dealflow.
- Many energy, media, industrial groups are taking or considering limited partner stakes in Latin America-based funds.

Russia – Ekaterina Vainberg, GCV partner:

- Economy will be developing faster.
- More foreign VCs will be entering Russia after government has invested heavily in the ecosystem, while the political situation does not matter.
- Russia is developing three to four ecosystems – Moscow, St. Petersburg, Kazan, Novosibirsk.
- Russian and foreign CVCs can partner to create value across different geographies – Government fund of funds Russian Venture Company is to create a co-investment fund for foreign CVCs.
- Russian entrepreneurs are moving from product to project skillset.
- University and industrial tech scenes are developing.

Speaker presentations are available via the GCV Symposium app, powered by Presdo: https://www.dropbox.com/sh/2yc60jnsttnqak4/AABN9-SP6ZZ2gz9kc5c6V_bca?dl=0

Special offer

The DLA Piper Corporate Venture Capital Group has provided its Best Practices for Board Observers and Board Members for Private Companies to more than 20 corporate venture funds. The CVC Group is now making this course available online in an on-demand format.

Global Corporate Venturing magazine recognised DLA Piper’s experience by naming the firm Legal Services Firm of the Year in 2015 and 2016.

In support of GCV and the attendees of the GCV Symposium, Mark Radcliffe, chairman of the CVC Group, announces that DLA Piper will make the course available at a discount for attendees who sign up before June 30 – the subscription will run to December 31 next year.
Over the past year, we have tracked 278 deals in which corporate venturers from the health sector have participated. The total capital committed by all investors in those deals is estimated to be over $7.1bn. The majority of corporate investors from the health sector have been investing overwhelmingly in funding rounds raised by health-related enterprises.

Despite widespread talks about a slowdown in VC investment activity across sectors and around the globe, our data on the past year does not seem to suggest a sudden and sharp decline in healthcare. Neither the number of deals nor the capital deployed by syndicates in deals have declined. It must be noted, however, that we have tracked only the corporate venturing realm.

In the broader healthcare VC market, last year was a record year for life sciences VC fundraising, with a total of $6.8bn raised in the US, according to Silicon Valley Bank, which also found strong momentum in Europe. Its research across Europe found 46 VC-backed deals worth $623m in the first quarter, compared with 42 worth $137m at the same point last year.

The top three corporate investors by

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**Record year for life sciences**

Kaloyan Andonov, reporter

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**Quarterly deal activity**

**Top healthcare investors**

**Sourced from GCV Analytics**
number of deals were Johnson & Johnson, GlaxoSmithKline (GSK – SR One is its independent venture investor) and Novartis, with 43, 24 and 22 deals respectively. The leading corporate investors involved in large deals were Novartis, Pfizer and Celgene.

In terms of investments in health-related emerging enterprises, most of the corporate venturing investors are from that sector. A notable exception over the past year has been Alphabet (formerly Google). Most of the capital invested in such startups and enterprises has gone to earlier founding rounds, such as series A, B and C.

### Deals

Deals in the health sector were unevenly distributed across geographies. Most of them (220) took place in the US. The table shows the 10 most significant deals since April 2015. A number of corporate venturing investors have been drawn to oncology and genetics initiatives.

In July, UK-based Immunocore raised $320m in a funding round backed by investors including pharmaceutical firm Eli Lilly – the largest raised by a European private life sciences company. In addition to Eli Lilly, the oversubscribed round featured fund manager Woodford Investment Management, healthcare investment firms Malin Corporation and RTW Investments, and undisclosed new and existing investors.

Founded in 2008, Immunocore is developing a class of biologics to fight cancer: Immunocore has not disclosed any previous equity funding, but has signed research and licensing agreements with pharmaceutical partners, including MedImmune, GlaxoSmithKline and Genentech. Eli Lilly signed a $45m development deal with the company in July 2014.

#### Deals in healthcare over the past 12 months

<table>
<thead>
<tr>
<th>Company</th>
<th>Location</th>
<th>Round</th>
<th>Round size</th>
<th>Investors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Immunocore</td>
<td>UK</td>
<td>--</td>
<td>$320m</td>
<td>Eli Lilly</td>
</tr>
<tr>
<td>Human Longevity</td>
<td>US</td>
<td>B</td>
<td>$220m</td>
<td>Celgene</td>
</tr>
<tr>
<td>Flatiron Health</td>
<td>US</td>
<td>C</td>
<td>$175m</td>
<td>Allen &amp; Company</td>
</tr>
<tr>
<td>Surface Oncology</td>
<td>US</td>
<td>Stake purchase</td>
<td>$170m</td>
<td>Novartis</td>
</tr>
<tr>
<td>Nabiriva Therapeutics</td>
<td>Austria</td>
<td>B</td>
<td>$120m</td>
<td>Boxer Capital</td>
</tr>
<tr>
<td>Editas Medicine</td>
<td>US</td>
<td>A</td>
<td>$120m</td>
<td>Alexandria</td>
</tr>
<tr>
<td>Mereo BioPharma</td>
<td>UK</td>
<td>A</td>
<td>$119m</td>
<td>Invesco</td>
</tr>
<tr>
<td>Helix</td>
<td>US</td>
<td>A</td>
<td>$100m</td>
<td>Illumina</td>
</tr>
<tr>
<td>Grail</td>
<td>US</td>
<td>A</td>
<td>$100m</td>
<td>Arch Venture Partners</td>
</tr>
</tbody>
</table>
In April 2015, US-based genomics research company Human Longevity (HLI) closed more than $220m of series B funding. Investors included genomics firm Illumina, pharmaceutical company Celgene and industrial product manufacturer General Electric. The corporates were joined by undisclosed investors from the company’s series A round, based in the UK, the US, Malaysia, Mexico, Australia, Kuwait, Hong Kong and China. General Electric also participated through its GE Ventures subsidiary.

HLI was launched in March 2014 with $70m in series A funding from backers including Illumina, and aims to create the most complete human genotype, microbiome and phenotype database in the world to help treat diseases linked to ageing.

Also last year, in May, US-based Adaptive Biotechnologies closed a $195m series F round, featuring biotech companies Celgene and Illumina, laboratory services provider LabCorp and medical devices maker BD Biosciences. The round was led by Matrix Capital Management and included property debt manager Alexandria Real Estate Equities, Senator Investment Group, Rock Springs Capital, Tiger Global Management, Viking Global, Casdin Capital and an unnamed healthcare investor.

Adaptive has developed an immunosequencing platform that profiles parts of the immune system known as T-cell and B-cell receptors to find out how a patient will react to a drug. The receptors, types of white blood cells, are actors in fighting diseases such as cancer.

In January this year, pharmaceutical firm Roche led a $175m series C round for Flatiron Health, a US-based developer of cloud-based oncology software, as part of a new strategic partnership. Investment bank Allen & Co, investment management firm Baillie Gifford and investment firm Casdin Capital also participated in the round. Flatiron’s software platform, OncologyCloud, combines electronic medical records for oncology, an analytics tool, a patient portal and a billing management system to help care providers treat cancer more efficiently.

In April last year, Austria-based biotech company Nabriva Therapeutics closed a $120m series B round featuring Novartis Venture Fund, the venturing subsidiary of pharmaceutical firm Novartis. The round was co-led by VC firm Vivo Capital and investment firm Orbimed, and also featured EcoR1 Capital, Boxer Capital, HBM Partners, Phase4 Partners, Wellcome Trust and Global Life Science Ventures. Founded in 2006, Nabriva is developing a class of antibiotics called pleuromutilins to treat infections caused by drug-resistant pathogens.

In August, US-based genome editing technology developer Editas Medicine secured $120m in a series B round backed by Google Ventures, now GV, internet company Alphabet’s corporate venturing unit. Boris Nikolic, managing director of Editas-focused investment firm Bng0, led the round, which included new investors Deerfield Management, Viking Global Investors, Fidelity Management & Research, T Rowe Price, Jennison Associates, Khois Ventures, EcoR1 Capital, Casdin Capital, Omega Funds, Cowen Private Investments and Alexandria Venture Investments. Flagship Ventures, Polaris Partners, Third Rock Ventures and Partners Innovation Fund, the four investors that funded Editas’s $43m series A round in 2013, also participated in the latest round, as did a group of undisclosed large family offices. Partners Innovation Fund invests on behalf of healthcare network Partners Healthcare. Founded in 2013, Editas is working on a programme of genomic therapeutics to treat a range of diseases by making molecular modifications at a genetic level.

In July, Novartis acquired an equity stake in UK-based biopharmaceutical company Mereo BioPharma Group in return for three of its clinical-stage development programs, as part of a $119m series A round. Asset manager Woodford Investment Management and investment firm Invesco supplied the capital for the series A round, but Novartis has pledged to participate as an investor in future rounds. Founded in March this year, Mereo aims to fund and develop specialist products from large pharmaceutical or biotech companies which may not be able to allocate sufficient time to them, particularly once they advance beyond the phase 2 clinical stage.
In August, US-based genomics technology developer Helix was launched by Illumina and private equity firms Warburg Pincus and Sutter Hill Ventures with over $100m. Medical practice Mayo Clinic also contributed funds as part of a partnership with Helix. The partnership, made through Mayo Clinic’s Centre for Individualised Medicine, will focus on consumer education and health-related questions. Laboratory services provider LabCorp will also work with Helix to set up a service to offer consumers information about genetic conditions. Helix will build a sequencing lab and a secure database through which it will provide users with an insight into their genetics. The company will then create a marketplace where consumers can give third-party applications granular access to their genetic data.

In January, US-based cancer screening technology startup Grail raised more than $100m in a series A round co-led by Illumina and venture capital firm Arch Venture Partners. The round also featured Bezos Expeditions, the investment vehicle of e-commerce company Amazon’s chief executive Jeff Bezos, as well as VC firm Sutter Hill Ventures and Microsoft founder Bill Gates. Illumina has retained a majority stake in Grail, which is developing cancer screening technology to detect the disease through a blood test. The technology would enable detection even in patients who show no other symptoms.

**Exits**

There have been 32 exits in the health sector since April last year, mostly in the US. Most of the top 10 exiting enterprises are biopharmaceutical initiatives.

### Exits in healthcare over the past 12 months

<table>
<thead>
<tr>
<th>Company</th>
<th>Location</th>
<th>Round</th>
<th>Round size</th>
<th>Investors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Naurex</td>
<td>US</td>
<td>Exit</td>
<td>$560m</td>
<td>Allergan</td>
</tr>
<tr>
<td>Quantcel</td>
<td>US</td>
<td>Exit</td>
<td>$485m</td>
<td>Celgene</td>
</tr>
<tr>
<td>Pharmaceuticals</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Galapagos</td>
<td>Belgium</td>
<td>Exit</td>
<td>$275m</td>
<td>AbbVie</td>
</tr>
<tr>
<td>NantKwest</td>
<td>US</td>
<td>IPO</td>
<td>$238m</td>
<td>Cambroidge Equities</td>
</tr>
<tr>
<td>Spinifex Pharmaceuticals</td>
<td>Australia</td>
<td>Exit</td>
<td>$200m</td>
<td>Novartis</td>
</tr>
<tr>
<td>Evolent Health</td>
<td>US</td>
<td>IPO</td>
<td>$196m</td>
<td>TPG</td>
</tr>
<tr>
<td>Adapimmune UK</td>
<td>UK</td>
<td>IPO</td>
<td>$191m</td>
<td>Immunocore</td>
</tr>
<tr>
<td>BeiGene</td>
<td>US</td>
<td>Exit</td>
<td>$158m</td>
<td>Clinc</td>
</tr>
<tr>
<td>Seres Health</td>
<td>US</td>
<td>IPO</td>
<td>$154m</td>
<td>Canaccord Genuity</td>
</tr>
</tbody>
</table>

In July, Naurex – a US-based developer of treatments for central nervous system disorders – agreed to be acquired by pharmaceutical company Allergan in a $560m deal, giving exits to four pharmaceutical firms. Allergan paid $460m in cash with the remaining $100m due by January this year, with additional payments tied to sales and research-based...
SECTOR FOCUS: HEALTHCARE

In April last year, Celgene acquired US-based cancer drug developer Quantile Pharmaceuticals, in which it had previously invested, in a deal worth up to $485m. Celgene was to pay $100m in cash, with a further $385m contingent on research, development and regulatory milestones related to Quantile’s research and development platform. Quantile has set up a platform for single-cell genomic analysis of cancer. It expected to advance multiple drug candidates to clinical trials by early this year.

In May 2015, Galapagos, a Belgium-based biotech company backed by pharmaceutical firm Johnson & Johnson, raised $275m from an initial public offering on Nasdaq. The company issued 6.55 million shares at $42.05 each. The underwriters have the option to buy an additional 750,000 shares, which could boost the size of the offering to more than $306m.

Johnson & Johnson and AbbVie bought a combined $55m of stock as the biopharmaceutical company, already listed in Europe, went public on Nasdaq. Galapagos is developing small-molecule treatments for inflammatory-related diseases including rheumatoid arthritis, inflammatory bowel disease, cystic fibrosis and pulmonary disease.

In August, NantKwest, a US-based immune-oncology company backed by pharmaceutical companies Celgene and Sorrento, closed its IPO at $238.3m. The company had initially raised $207m when it issued almost 8.3 million shares on Nasdaq at $26 each. Its $2.6bn market cap was reportedly the largest yet in a biotech IPO. NantKwest raised an additional $31m when underwriters Bank of America Merrill Lynch, Citigroup Global Markets, Jefferies, Piper Jaffray and MLV & Co took up the option to buy another 1.24 million shares. Originally founded in 2002, NantKwest is developing immunotherapy drugs to treat cancer, infectious diseases and inflammatory diseases. Part of the IPO proceeds will fund clinical trials of three of its product candidates.

In June 2015, pharmaceutical firm Novartis agreed to acquire Australia-based drug developer Spinifex Pharmaceuticals for $200m in a cash deal, providing pharmaceutical company Novo with an exit. Spinifex is developing drugs to treat chronic pain – its lead product candidate is an oral treatment, particularly for neuropathic pain, that is intended to work with no central nervous system-based side effects.

Earlier the same month, Evolent Health, a US-based healthcare management platform developer backed by healthcare consultancy the Advisory Board Company and health insurance provider UPMC Health Plan, raised $195.5m in its IPO. Evolent had priced the IPO at $17 a share, above its $14 to $16 range, and issued 11.5 million shares instead of 10 million. Formed in 2011 by UPMC Health Plan, a subsidiary of healthcare company University of Pittsburgh Medical Centre, Evolent has developed software to help healthcare providers transition from a fee-for-service payment model to a value-based system.

In May, also last year, Adaptimmune Therapeutics, a UK-based biopharmaceutical company backed by Novo and Immunocore, raised $191.3m when it priced an IPO on Nasdaq at $17 a share. The company, backed by Novo and Immunocore, issued 11.25 million shares, and the IPO’s underwriters have the 30-day option to buy almost 1.7 million additional shares, which would push the size of the offering up to approximately $220m. Founded in 2008, Adaptimmune is developing immunotherapy products to treat cancer based on its T-cell receptor (TCR) platform. Its treatments would identify and then target cancer with genetically engineered T-cell receptors. It raised the cash less than a year after closing a nine-figure series A round.

In February, BeiGene, a China-based biopharmaceutical company that counts pharmaceutical firm Merck & Co among its investors, went public in the US, floating in a $158.4m IPO. A total of 6.6 million American depositary shares, each representing 13 normal shares, were issued at $24 each, the top of the $22 to $24 range set by the company. BeiGene is developing immuno-oncology drugs, and will invest $79m of the proceeds in advancing its drug pipeline through the dose-escalation and planned expansion phase of clinical trials, as well as other planned monotherapy and combination studies.

In July 2015, US-based pharmaceutical company Seres Therapeutics closed its IPO at $153.8m after underwriters had fully exercised the option to buy additional shares. Seres, backed by food and nutritional product manufacturer Nestlé and healthcare research company Mayo Clinic, had initially raised $134m when it issued 7.4 million shares at $18 each. The company’s stock rocketed on its debut, and finished the first day of trading at $51.40. Although it dropped to $39.80 later, underwriters Goldman Sachs, Bank of America Merrill Lynch, Leerink Partners and Canaccord Genuity subsequently bought an additional 11 million shares to close the IPO. Seres is developing treatments for bacterial infections and its lead product candidate, a therapy for colon infection, will be advanced through phase 2 clinical trials with $25m from the IPO proceeds. A further $40m will help three additional candidates through pre-clinical testing.

In September, US-based gene therapy developer RegenXBio, backed by GlosxSmithKline, priced its IPO on Nasdaq at $140m, putting up 6.4 million shares at $22 each. When the company began trading, its shares climbed to over $30. RegenXBio had filed for a flotation the month before, when it was expecting to secure up to $100m in proceeds. The company was co-founded by research firm Foxkiser, University of Pennsylvania and James Wilson, who is now chief scientific adviser. RegenXBio is working on treatments for a variety of rare diseases, and has a pipeline of 23 candidates. Proceeds from the IPO will go towards research and development of three drug candidates through phase 1 and 2 clinical trials, with part of the cash supporting preclinical trials for a range of other treatments.
People

Last month, Merck Global Health Innovation (GHI), the corporate venturing subsidiary of US-based pharmaceutical firm Merck & Co, announced it had appointed Francesca Domenech Wuttke as a managing director. Wuttke came from Spain-based pharmaceutical company Almirall, where she led the corporate development strategy team, specialising in M&A. She will lead Merck GHI’s Europe-based investments in digital healthcare technology and will be based in Barcelona. Brij Taranto, president of Merck Global Health Innovation, said: “Merck GHI has been active in Europe in the past, but we believe the current rate of innovation across Europe merits a deeper and more strategic focus. We are pleased to add Dr Wuttke to our team given her broad healthcare expertise in both the US and Europe.”

In January, Joshua Resnick left MRL Ventures Fund, another of Merck’s corporate venturing subsidiaries, to join US-based venture capital firm SV Life Sciences as a partner. Resnick was president and managing partner of MRL Ventures, a biotherapeutics investment unit, from December 2014. He is on the board of MRL portfolio companies Spero Therapeutics, ReNA Therapeutics, Miragen and Visterra. Resnick was previously a venture partner at VC firm Atlas Venture, after time as a partner at another VC firm, Prism Venture Works, for seven years from 2005. He will join SV’s biotech investment team.

In February 2016, Richard Osborn left his managing director position at healthcare investment fund RecapHealth Ventures to join Telus Ventures, the corporate venturing arm of Canada-based telecoms firm Telus, as managing director. Osborn was at RecapHealth Ventures from its foundation in 2010, before which he was a partner at private equity firm Second City Capital Partners.

Last year David Schulte became managing director of McKesson Ventures, the corporate venturing arm of US-based healthcare product and IT technology supplier McKesson Corp. He joined McKesson in September from managed care consortium Kaiser Permanente, where he was vice-president and managing director of its strategic investment unit, Kaiser Permanente Ventures, for 12 years. McKesson Ventures was launched in December 2014 to invest in companies disrupting the healthcare industry. Schulte now co-leads the development and management of the unit alongside its senior vice-president and managing director, Tom Rodgers.

Also at McKesson, in April last year Jennifer Carter was promoted to vice-president of portfolio development. Carter had been McKesson’s director of marketing communications since 2013.

Also In April, Kim Dueholm retired as a partner at Denmark-based Novo’s venturing arm. Dueholm had been a partner since 2000. He previously worked as a patent portfolio analyst at Novo Nordisk.

In July, Stephan Lensky, corporate vice-president of strategic transactions and alliance management at the Germany-based Boehringer Ingelheim since 2010, left to found consultancy firm BioteXulting.

In September, Reza Halse joined Merck’s MRL Ventures as a partner. He was previously a partner at the innovation fund of US-based Partners Healthcare. Halse will also be associate vice-president and head of Merck’s MSD European Innovation Hub.

In January this year, Angus Grant became corporate vice-president of business development at Celgene. Grant has been at Celgene since 2006 and was previously vice-president of regulatory affairs and of business development and global alliances.

In December, Denis Bronnikov was promoted to global licensing director at Roche from his previous position of adjacencies lead at Roche Partnering. Bronnikov was previously head of strategy and operations at Novartis.

Also in December, Bram Vanparys joined as investment director the team of MS Ventures, Merck’s venturing arm. Between 2010 and 2015, Vanparys was senior investment manager life sciences at PMV in Brussels. Before that he was a biotech analyst at KBC Private Equity and a consultant at Deloitte.

At the end of last year, Priyanka Rohatgi left her position of investment director at Baxter Ventures to be a director at AbbVie Ventures. She holds a PhD in biochemistry from Georgia Institute of Technology and has previously been a pharmaceutical scientist at Baxter.

In March this year, Robert Coppedge became president of Direct Health Solutions, the venturing arm of US-based Cambia Health Solutions. Coppedge was senior vice-president of strategic investment and corporate development at Cambia since 2012.
SECTOR FOCUS: HEALTHCARE

Over the past year, there have been more than 40 healthcare-related funding initiatives with some participation by corporate investors around the globe. The table below summarises the five largest and most noteworthy.

### Top 5 Funding initiatives

<table>
<thead>
<tr>
<th>Fund</th>
<th>Corporate backers</th>
<th>Focus</th>
<th>Location</th>
<th>Fundraiser/beneficiary/manager</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Early-Stage Life Sciences Funding Initiative</td>
<td>VC Flagship &amp; Arch (with corporate LPs: Celgene, Eli Lilly)</td>
<td>Life sciences</td>
<td>US</td>
<td>Early-Stage Life Sciences Funding Initiative</td>
<td>$150m</td>
</tr>
<tr>
<td>Vivo Capital Fund VIII</td>
<td>Johnson &amp; Johnson</td>
<td>Healthcare</td>
<td>US</td>
<td>Johnson &amp; Johnson Development Corporation</td>
<td>$750m</td>
</tr>
<tr>
<td>Furui Fund</td>
<td>Zhejiang Daily Media</td>
<td>Media, telecoms, finance, education, healthcare</td>
<td>China</td>
<td>Furui Fund</td>
<td>$160m</td>
</tr>
<tr>
<td>Unnamed</td>
<td>Memorial Sloan Kettering, New York-Presbyterian Hospital, Seattle Children’s Hospital (backing Deerfield Management’s fund)</td>
<td>Genetic diseases, orphan diseases, cancer, drug delivery platforms</td>
<td>US</td>
<td>Darfield Management</td>
<td>$550m</td>
</tr>
<tr>
<td>WuXi Healthcare Ventures II</td>
<td>WuXi PharmaTech</td>
<td>Life sciences, healthcare</td>
<td>China</td>
<td>WuXi Healthcare Ventures</td>
<td>$290m</td>
</tr>
</tbody>
</table>

In April 2015, it was announced that Johnson & Johnson Development Corporation, the corporate venturing subsidiary of the pharmaceutical company, had invested $15m in the Vivo Capital Fund VIII managed by US-based healthcare investment firm Vivo Capital. This was the first investment by a healthcare venture group in the fund, which aimed to use it in the US and China to provide late-stage venture capital and early-stage growth capital. Vivo Capital announced the final close of the Vivo Capital Fund VIII at $750m in March. The fund brings its total under management to $1.7bn. One of the aims of this latest fund is to foster cross-border partnerships to help companies expand their markets and gain access to new products.

In July, investment firm Deerfield Management launched a $550m healthcare fund backed by Seattle Children’s Hos-
capital, New York-Presbyterian Hospital and cancer research centre Memorial Sloan Kettering. Deerfield Healthcare Innovations Fund’s other limited partners include Princeton and Northwestern universities, and philanthropic organisation Robert Wood Johnson Foundation. The fund will seek companies working on treatments for genetic diseases, orphan diseases and cancer. It will also invest in startups creating new technologies to develop and deliver drugs.

In December, WuXi Healthcare Ventures, the corporate venturing arm of China-based medical research firm WuXi PharmaTech, closed WuXi Healthcare Ventures II at $290m, exceeding a $200m target. WuXi Healthcare Ventures is an early-stage venture capital firm, backed China and US-based life sciences and healthcare companies, and operating from offices in Boston and Shanghai.

In April this year, laboratory services provider Charles River Laboratories and pharmaceutical firm Knight Therapeutics were among the limited partners of a €183m ($208m) fund closed by Netherlands-based life sciences-focused VC firm Forbion Capital Partners. The fund, Forbion Capital Fund III (FCF III), also attracted KfW, European Investment Fund and Dutch Venture Initiative, plus undisclosed insurance companies, Europe-based family offices, regional investment agencies and pension funds.

FCF III will follow a strategy similar to the firm’s last fund, allocating about 70% to Europe-based startups and the remainder to US and Canada-based businesses. Forbion Capital Partners now has more than €700m under management.

In the same month, pharmaceutical firms Celgene and Eli Lilly announced they would invest in a New York-based life sciences venture capital fund also backed by New York City’s municipal government. The $150m Early-Stage Life Sciences Funding Initiative fund was raised in just 10 weeks, exceeding its $130m target. The fund is co-managed by venture firms Flagship Ventures and Arch Venture Partners, a VC fund spun out of Chicago University’s technology transfer office two decades ago. The fund is expected to make investments over the next five years.

In April this year, Illumina announced it would invest $100m in a new venturing unit, Illumina Ventures, to be headed by Nicolas Naclerio, Illumina’s former senior vice-president, corporate and venture development. Wouter Meuleman, director of corporate strategy, is now an investment director at Illumina Ventures.

In August last year, Jordan-based generic drugs producer Hikma Pharmaceuticals established corporate venturing division Hikma Ventures, providing $30m in capital. The fund is expected to make investments over the next five years.

Last month, it was announced that Japan-based drugs firm Taiho Pharmaceutical had created corporate venturing division Taiho Ventures to operate from California in the US. Taiho Ventures is equipped with $50m in initial funding. The unit will make investments worldwide, focusing on startups in the US, Europe and Japan working on cancer-related technologies and treatments.

Profile: Johnson & Johnson

Developing new drugs is notoriously expensive – Tufts University’s Centre for the Study of Drug Development pegged the amount at $2.6bn in late 2014. It should come as no surprise, therefore, that healthcare companies have long held an interest in corporate venturing. After all, taking a stake in a startup or a university spinout that has already figured out a novel way of treating a condition, helping it grow and taking its product to market can be a far more efficient way than starting from scratch.

Johnson & Johnson is the most seasoned such corporate venturing actor in the life sciences sector. Beginning in the 1960s with its first investments, the company established its Johnson & Johnson Development Corporation (JJDC) unit in 1973, around the same time that the venture capital industry itself started coming into its own.

The unit, rebranded Johnson & Johnson Innovation-JJDC in 2013, has been investing consistently for four decades, today focusing on sectors such as medical devices, diagnostics, pharmaceuticals, biotechnology and consumer products.
SECTOR FOCUS: HEALTHCARE

Renee Ryan, vice-president of venture investments, told online publication MDDI in January 2015: “I would say over that whole timeframe, we have always been a strategic investor though we have pivoted in and out from strategies that are close to J&J’s three businesses to those that are farther away.

“I think today our investments across the pharmaceutical, consumer and medical devices businesses are more closely aligned to those businesses and have a strategic mindset.”

Ryan is part of a team of only nine investors who run the unit, headed by Tom Heyman. They are spread across offices in key locations, Silicon Valley, Boston, New Brunswick, London, Shanghai and Tel Aviv.

Heyman was ranked fourth in the GCV Powerlist 2016, having led JJDC for about a year. He replaced previous head Brad Vale when Vale left to found his own venture capital firm, Calaveras Creek Capital, in February 2015. Heyman has remained chief executive of Johnson & Johnson subsidiary Janssen in Belgium in addition to his new position.

Johnson & Johnson Innovation-JJDC has backed many funds over the years. One of its most recent commitments includes the $230m Medicxi Ventures I fund, also backed by GlaxoSmithKline, last February. The fund is aimed at start-ups in the research and development space for unmet clinical needs.

The unit’s collaborations, however, are among its most intriguing efforts.

In June 2015, Johnson & Johnson Innovation teamed up with Karolinska Institutet Holding, a holding firm of Sweden-based university Karolinska Institute. The partnership has a life sciences innovation hub at its core, established at the university to fund research commercialisation. J&J and Karolinska have also agreed to exchange knowledge and establish mentoring and scouting programs.

At the same time, Janssen inked a research agreement with Karolinska for a study that looks into the observational effects of treatments, relating them to those identified in clinical trials and taking into account social and economic factors.

Anders Hamsten, vice-chancellor of Karolinska Institute, explained at the time: “An important part of our strategy for the years to come is to establish collaborations with industry so as to strengthen innovation at our university and support corporate development from new discoveries and the implementation in healthcare.

“The collaborations with Johnson & Johnson Innovation and Janssen are an important step in that direction.”

One of Johnson & Johnson Innovation’s most ambitious initiatives to date is JLabs, an incubator network that began in San Diego in 2012 under the Janssen Labs header and has so far spread to several North American locations – San Diego, Boston, San Francisco, Houston and Toronto – as well as Israel. Together, they have amassed more than 120 portfolio companies.

JLabs gives its portfolio businesses access to a host of benefits – research facilities with specialised equipment, educational programs and operational capabilities. Startups may also secure investment from the corporate venturing division.

The incubators are currently focusing on a range of medical areas such as cardiovascular, immunology, infectious diseases, metabolism, neuroscience, oncology and vaccines.

JLabs is also another example of Johnson & Johnson Innovation tapping into university research. Its Toronto location is a collaboration not only with Janssen but with Toronto University, the government of Ontario and non-profit commercialisation organisation Mars Innovation and its urban innovation hub Mars Discovery District, the home of this incarnation of JLabs.
The Toronto-based initiative also attracted other partners in the form of the Centre for Addiction and Mental Health, Hospital for Sick Children, Sinai Health System, St Michael's Hospital, Sunnybrook Health Sciences Centre and University Health Network.

Melinda Richter, head of JLabs, said of the latest addition: “We are thrilled to be part of the flourishing life sciences community in Toronto and to contribute to Ontario’s vision to help drive the province toward becoming a world leader in innovation for health and wellness.

“Canada’s startup scene is booming, and we look forward to working with the many enterprising innovators in the region that are working to turn science into tangible commercial products.”

Meanwhile, J&J’s European incubator initiative, JLinx, was launched in March. Established in collaboration with Janssen in Belgium, the incubator is expected eventually to add external investors as it focuses on microbiome research and other sectors. JLinx is expected to welcome its first cohort this summer, with VC firm Bioqube Ventures taking care of day-to-day operations.

Yet another example of the promise that academic research holds for J&J is Apollo Therapeutics Fund, a £40m ($57m) commercialisation fund launched with the support of Imperial College London, University College London and Cambridge University, which committed capital through tech transfer offices Imperial Innovations, UCL Business and Cambridge Enterprise respectively. J&J was joined by fellow pharmaceuticals GlaxoSmithKline and AstraZeneca.

Launched in January 2016, Johnson & Johnson Innovation and two other corporate venturing divisions have committed £10m each to the fund over the next decade, while the tech transfer offices (TTOs) are set to provide £3.3m each.

Apollo’s aim is to speed up research commercialisation in medical sciences, ranging from antibodies to gene therapies. The goal is to advance preclinical research to a point where it can be acquired by one of the three corporates through an internal bidding process, or licensed to a third party.

The originating university and its respective TTO will be entitled to a percentage of revenues or licensing fees, with the remaining stake split among the other Apollo backers.

Since GCV began tracking JJDC activity directly – six years ago – the subsidiary has made a notable 94 investments, with fellow pharmaceutical corporate Novartis the most common co-investor at seven deals, closely followed by GlaxoSmithKline and medical device company Medtronic at six each.

The largest round in which the division took part during this period was a €71m ($100m) series C round in 2013 for molecular diagnostic company Biocartis, alongside fellow corporates Philips and Debiopharm, New Rhein Healthcare, Biovest, as well as the Wellcome Trust, pension fund manager Valiance and Korys, the investment holding firm for the Colruyt family, who operate a retail chain in Belgium. JJDC also contributed to an $85m series D in 2014.

Biocartis celebrated a €100m initial public offering in April last year, providing an exit for JJDC – the company’s largest external shareholder with a 16.3% stake.

One of the many startups working on cancer treatments, specifically immuno-oncology, that attracted the attention of JJDC is Aduro Biotech, also backed by Novartis. The company obtained $160m from investors ahead of its $119m IPO in April last year, as part of which Novartis injected $25m through a concurrent private placement and J&J purchased $30m of additional stock.

Not all of J&J’s investments have been this successful. PhysioSonics, a medical device company that used ultrasound imaging to monitor blood flow in the brain, which raised $18m capital from investors including JJDC and Medtronic, may not have shut down but its website has vanished and there has been no news about the company since late 2012.

Zeo, which hoped to market a sleep-tracking product, shut down in 2012 after attracting funding from JJDC as well as Best Buy Capital, the investment arm of retail chain ID Ventures America, a fund operated by computer maker Acer and VC firm Trident. Zeo’s idea survives, however, and several companies are trying to offer a consumer-friendly solution for sleep-tracking today – with the ability to run such functionality as an app on a smartphone, the need for a dedicated hardware manufacturer might have become moot.

Nevertheless, Johnson & Johnson Innovation-JJDC has not used a few setbacks as an excuse to stop investing, and with its multiple strong partnerships and incubators in place, the corporate venturing arm is well equipped to tackle big challenges. Promisingly, the unit’s portfolio produced a $200m higher gain in 2015 than it did in 2014, according to the corporate’s annual report.

Among conditions such as dementia, cancer, viral infections, diabetes and antibiotic-resistant superbugs, healthcare startups have their work cut out for them. Opportunities abound for J&J and it looks like the unit will have no problem identifying them.
Introduce yourself and your role.

I started the corporate venture department group at GCI [Alaska’s largest telecoms provider] about two and a half years ago. Before that I was in M&A at Dell and had come to Dell actually through an acquisition. Before Dell, I was the general counsel and corporate secretary of a company in San Jose called SonicWall, an IT security company. Before that I was with a large law firm in Seattle called Davis Wright Tremaine.

So I, traditionally or historically, was a corporate lawyer and tax lawyer. That is where I started my career.

Would you say that is an unusual profile for somebody in corporate venturing?

I think so. When I left the law firm I was not very interested in technology, so I thought the best way to get close to technology as a lawyer would be to be a lawyer in a startup. And that is absolutely true. I learnt so much about the way that startups work. How do you build a product? How do you work with engineers? How do you go to market? How do you deal with investors? How do you raise the money? And then eventually, how do you sell that company? Which is what we did. And then I just happened to do that three more times and stay with the acquirer.

Give us a brief introduction to your fund and the relationship to the parent organisation and the innovation areas you work in.

I started about two and a half years ago. It was a new initiative. We have a sub-committee of the board that decided obviously there is a lot that is changing in telecommunications and we wanted to be looking at new technologies that would be affecting our business. We invest off the balance sheet, and, from an investment perspective, it is the usual suspects, I like to say – internet of things, cloud, big data security – very focused on over-the-horizon technologies that are going to impact our business in the future.

How has the venturing and fund approach been evolving over that time, and what are the new insights you have?

What is interesting is much of the value I bring to the organisation, or the activities of the venture group brings to the organisation, is the opportunity to learn. So I look at probably about 100 companies a year and out of that maybe make a couple of investments. That is, I think, on par with a lot of VCs or traditional CVCs.

So what is the opportunity for the company and those 100 other companies or 99 or 98 other companies that I look at? I see a lot of other companies that may have applicability to GCI but are not good candidates for investment. So I have worked very hard, I would say, on learning and creating a strong relationship internally.

What is the size and plan for the investments?

Traditionally we have just been a very opportunistic investor, so I would say if there was a good fit with respect to the technology that I am seeing. It could be anything from earlier stage. Even today I would say a series A is very different that what a series A was four years ago.

We like to see companies that have a product, that are on their way to profitability and certainly our customer base.

There is often a tension between the organisation and the relationship between the objectives of the corporate venture unit and the more corporate approach and M&A. How do you see that difference when you do deals?

We just had a panel about this specifically [at the GCV Symposium] called The Uneasy Relationship Between CVC and M&A. As we went around the roundtable of corporate venture capitalists, talking about this topic in particular, there were many variations on where CVC and M&A fit within the organisation. I think that is really what creates the uneasiness.

I report to the CEO and he also is the founder and CEO. He founded the company about 30 years ago.

So you have support right from the top?

Exactly. What is really exciting is to have a CEO who is also an entrepreneur. As a result I have the opportunity to see both CVC candidates for investment as well as potential M&A opportunities.
What key technologies and new business models do you see as being an opportunity or a threat for the business?

As a telecommunications company, a lot is changing in our sector, where traditional telecommunications companies really need to pivot and change.

The really good thing about GCI that makes us quite unique is that we are in Alaska, and as a result of that obviously we have a geographically diverse network. We have challenges that are unique to an Alaskan market, again from our geography. So when I see technology that I think will particularly benefit us, that is when I am really excited about introducing that technology to the company.

People are so central to corporate venturing. Introduce us to your team and how you try to engage them with the core business?

I would say that is incredibly important. I am lucky to have two fantastic people working with me. One is Chris Martin, who was previously at Starbucks in Seattle. He has a strong technology and investment M&A background, and then Adrian Smith, who is a partner with Ignition. He is a venture partner with me on the venture capital side.

By seeing those 100 companies a year, what we try to do is bring those companies up in a formal process quarterly, so if we see interesting ideas we will meet with business units where we think there could be a fit and we talk with them specifically on a quarterly basis, and then informally as those opportunities arise.

Taking the governance perspective, how do you work with people in the organisation regarding validating investments, connecting with the investment portfolios and the business units?

From a governance perspective we have a sub-committee of our board that I update monthly, both in written form and in a more formal call, and that is my investment committee. With respect to validating investments, I am very lucky again. GCI is a very diverse telecommunications company, so we have incredible radio frequency engineers, we have incredible satellite engineers, we have amazing IT people, we have people who are in broadcast and in content.

Just about anything I am looking at I can call on somebody within GCI who has amazing expertise and ask them: “Hey, would you mind looking at this for me or giving me your opinion on this particular technology and whether or not you think it would be useful to GCI at some later stage?”

So you have new technologies and business models, creating what I describe as innovative new value chains. These are a challenge to the core business. Can you give us some insights into those key challenges, how the business and customers are changing their business models?

One that really stands out that everybody is seeing right now is the concept of everything as a service – customers really wanting on-demand services that they pay for on a use basis. That changes capital expenditures to operating expenditures and customers are really demanding that, and we are pivoting to be able to offer that to our customer set, both on the consumer and on the commercial side.

How do you relax?

I love to ski. I live in Seattle and I always feel grateful to go to Alaska and be in the mountains. When it is not ski season, just being outdoors and hiking is an excellent fit for me. I just love being outside.
GCV Leadership Society and CVC Trade Body missions:
The GCV Leadership Society is for corporate venturing leaders and aims to be the pre-eminent provider of data, information, events and other services for the global corporate venturing community. The Society helps develop the corporate venturing leaders of the future. A separate CVC Trade Body, chaired and majority governed by practicing corporate venturers, has also been created to help the industry communicate its work to third parties, such as entrepreneurs, VCs, corporate management and through regional trade bodies and local networks that provide government lobbying.

<table>
<thead>
<tr>
<th>CVC Trade Body</th>
<th>Premium*</th>
<th>Luminary</th>
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<tbody>
<tr>
<td>(Organisation/ Individual)</td>
<td>$499 per year</td>
<td>(Company)</td>
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Right to join and use the ‘CVC Trade Body’ Name ✓ ✓ ✓
Get the Weekly Community Newsletter ✓ ✓ ✓
Enter in the Member Directory ✓ ✓ ✓
Pro Bono - Bridging communications to third parties ✓ ✓ ✓
Enhanced Company Profile in the Directory ✓ ✓ ✓
Free Ticket to either the annual Summit or Symposium ✓ ✓ ✓
Executive Advisory Role ✓ ✓ ✓
- act as GCV Leadership Society Ambassador for a three-year period
GCV Subscription** for up to 1 user for 12 months ✓ ✓ ✓
- access the monthly magazine, data searches and special reports ✓ ✓ ✓
GCV Analytics for 1 user for 12 months (add an extra user for $5,000 more) ✓ ✓ ✓
- access 5000+ deals through GCV Analytics for bespoke reports ✓ ✓ ✓
Branding on Leadership Society materials as Luminary members ✓ ✓ ✓
NDA Club ✓ ✓ ✓

*GCV Subscribers can upgrade for a limited time. Subscription fee already paid will be subtracted from the amount due on a pro-rated basis.
**Includes access to Global Government Venturing and Global University Venturing.

"Global Corporate Venturing represents the industry and the good citizens and leaders in the innovation capital ecosystem are part of its Leadership Society."
Claudia Fan Munce, GCV Leadership Society Chairperson and former Head of IBM Venture Capital
Get all the benefits of the Mawsonia brands with the GCV Leadership Society, all under one umbrella.

CVC Trade Body
$499 per year

This US-based non-profit organisation is governed by the industry leaders in order to communicate with third parties, such as entrepreneurs, VCs and corporate managers. It is separate to Global Corporate Venturing (GCV) and its UK-based corporate parent, Mawsonia, although it can contract services from GCV and/or other service providers, such as data, to help in its outreach efforts. Subscribers to GCV will automatically be enrolled in the CVC Trade Body with $499 rebated as GCV's contribution to the industry. However, people can join the trade body separately to taking GCV's Leadership Society services.

GVC Industry Partner (Firm) or other industry professional (e.g. Academic, Government)
$10,000 per year*

* Non-corporate venturers will have more limited access to the CVC Trade Body’s services unless authorised by its board.

Why Join?
• Support your industry
• Help shape thought-leadership and best practice to increase success
• Network with the most influential corporate venturers in the world – these could be your co-investors or partners
• Raise your company’s profile to increase co-investment and deal-flow opportunities
• Increase your personal profile for your next career move
• Join sub-committees to move the industry forward in areas such as deal flow, investment models, partnership approaches, innovation excellence and intellectual property

Committee members include:

Claudia Fan Munce  
NEA
Wendell Brooks  
Intel Capital
Nagraj Kashyap  
Microsoft Ventures
Dominique Mégret  
Swisscom Ventures
Bill Taranto  
Merck
Sue Siegel  
GE Ventures

For more information or to apply today contact James Mawson:
+44 (0) 7971 655590 | JMawson@mawsonia.com

www.globalcorporateventuring.com
Panama had the canal and financial services protecting the world’s darkest secrets, but not any more. With 11.5 billion documents leaked in a couple of hours, 40 years of transactions laid bare for everyone to see on a normal Monday morning, secrecy is a thing of the past. It died the instant the world became digital, but also means everything can be falsified or destroyed.

Trust and discretion, therefore, will soon return as the most sought-after commodities. Investors are really left with two very opposite approaches.

Go uber technology – invest in cybersecurity-related startups. Everyone seems to be trying to outcompete one another’s game-changing, next generation, big data, intelligence-driven silver-bullet gizmos. Some of the most promising ones being Cybereason, Digital Shadows or, my personal favourite, Hacker One.

As Amit Mital, chief technology officer at Symantec, reflected in a Forbes article last July: “Only artificially intelligent defence systems would have the ability to react instantly in real time.”

The other option is to embrace your inner contrarian and go gold – physical gold. It cannot be falsified or overproduced. Additionally it is both liquid – in terms of being able to be bought and sold easily – and movable.

Go gold and come full circle to the way the Medicis and the Rothschilds used to do business. Reinvent private banking in the purest forms of discretion, safety and trust in full decorrelation from the financial system.

So-called gold bugs have been promoting the metal and it remains vulnerable to counterparty risk and issues around storage, as well as volatility in price.

The Tocqueville Bullion Reserve is one option as it was built to protect assets and provide liquidity. Alternatively, the Gold Series Fund also holds physical stock and uses trading methods to provide returns.

The financial system seems to be teetering, and digital warfare soaring, but both create opportunities to benefit from financial and cyber-risks.
Fidelity Investments recently marked down the valuations of some of the highest-flying unicorns in its portfolio. Not surprisingly, the news stoked the current narrative that the market for late-stage venture-backed companies is falling apart. A look at two different sets of numbers tells a different story.

More companies rising than falling

First, based on the Startup Stock Tracker data from the Wall Street Journal, the internal rate of return (a measure of investment profit) for investments in companies on this list – primarily unicorns – is a very respectable 17.5%. How do you get to that number? About 30% of these companies have a fair market value below the initial investment cost from the respective investors. The average writedown from the initial investment in this group is 25%. At the same time, 70% of companies on the list are above the initial investment cost. The average increase in this group is 81%.

So as of March 31 2016, the total performance of these investments is 1.4 times the initial cost, and based on the reported initial investment date, that is a 17.5% annualised rate of return.

What investor would not be interested in this kind of performance?

Capital is not drying up

Second, capital has not stopped flowing to late-stage venture capital companies.

In fact, capital inflows in mega-rounds – those financings of $100m or more – were at an all-time high in the first quarter of 2016. As of March 31, early PitchBook data covering companies with US locations shows that in the first quarter about $8.8bn was invested in these mega-rounds across 23 companies. That is up from $6bn in 21 companies in the previous quarter.

This increase represents an annualised investment level of $35bn for 2016, up from $26bn in 2015 and $16.7bn in 2014.

In truth, Armageddon for this asset class will have to wait.

This is an edited version of an article first published by Pitchbook
Venture capital 2.0: from venturing to partnering

Joseph McCahery, School of Law, and Erik Vermeulen, department of business law, Tilburg University

Against the backdrop of an ever-changing financial landscape sometimes characterised by an abundance of funding and startup opportunities, but usually characterised by down rounds and decreasing valuations, leading to funding, investment and liquidity gaps, venture capital has taken on a new uncertainty and complexity.

Venture capital should not exclusively – or even primarily – be defined in terms of providing risk capital and advice to founder-entrepreneurs. Such an approach to venture capital, often described in terms of a venture capital cycle, seems to represent the conventional wisdom in most recent discussion. According to this perspective, the solution to the funding, investment and liquidity gaps is for new sources of capital – be they government, corporate or crowd – to step in and provide founder-entrepreneurs with money, capacities and connections that allows them to start, scale and grow their businesses.

These ingredients are necessary but not sufficient to maximise the economic potential of startups. Clearly we need something more. Recently, alternative forms of finance and a new breed of venture capital providers have emerged which focus more on collaborations and the process of building long-term relationships constructed around sharing, mutual trust and respect (partnering) than making money (venturing). Online platforms, such as AngelList, play an important role in encouraging these collaborative models. Some investors have labelled this process venture capital 2.0.

Reforms that relax rules and regulations governing initial public offerings (IPOs) should attract new venture capital 2.0 investors and high volumes of business. However, the growth rates for new segment listings in Europe and the US have stalled recently, casting doubts on the usefulness of the IPO route for both young firms and investors, suggesting that a renewed focus on so-called private IPOs (late-stage funding rounds), followed by a trade sale or public IPO, is necessary to accommodate the preferences of entrepreneurs and investors.

The past two decades have seen an array of policy and regulatory measures attempting to replicate the success of the world’s most successful venture capital ecosystem, Silicon Valley in California. We are all aware of the success stories of entrepreneurs who started their businesses, and developed their innovative ideas, in garages and basements and built them into global market leaders. The Silicon Valley model, however, is not easily replicated. Indeed, an account on the measures introduced by governments around the world does not examine how the specific characteristics of Silicon Valley – the interactions among both public and private capital providers – can help turn innovative ideas into vibrant companies. For instance, policy initiatives that focus only on early-stage venture capitalists could crowd out the supply of risk capital in the later stages of a startup company’s development.

Consider the case studies and empirical research that show that tax incentives encouraging individual investors to pour money into special venture capital vehicles reduce the supply of other, relatively more informed venture capital investments. This phenomenon is particularly strong if not all players in the ecosystem are likely to benefit from the regulation, or are exempted from strict regulations.

Recent evidence suggests the funding or investment gaps in the venture capital cycle are likely to be filled partially by alternative financing channels, or non-market, non-bank sources, internal finance and alternative external finance, and new types of investors, such as micro-venture capital funds and crowdfunding platforms. To investigate these claims, we illustrate the use of trading platforms and analyse the likelihood that they can bridge the liquidity gap in the venture capital cycle and reduce the fragmentation of the venture capital industry.

As it happens, profound changes in the venture capital ecosystem, particularly the increase in time from inception of the startup to its first equity investment and to the eventual exit, have arguably led to a liquidity gap in the cycle. With regard to the gaps in the venture capital cycle, we also show the extent to which corporate venture capital increasingly has the potential to contribute significantly to high-growth small and medium-sized enterprises and also create more liquidity in the cycle. This implies that the new collaborative venture capital models are likely to provide an effective basis for financing innovative firms. One of the features of these new models is that corporations have increasingly become anchor investors in early-stage venture capital funds that invest in both related and apparently unrelated industries.

Our final claim is that government involvement in the venture capital cycle, through public-private co-invested funds in certain sectors, can provide important support for early-stage to growthstage startups. Successful government-sponsored funds, such as Germany’s High-Tech Gründerfonds, confirms the network creating capabilities of these initiatives result in productivity effects for large corporations, venture capitalists as well as entrepreneurs.

Abstract from an article published in Lex Research Topics in Corporate Law & Economics, working paper 2016-2
All corporations seek to differentiate themselves and look for new ways to create value. But when many traditional routes have been exhausted, how does an organisation change the way it does business? We believe there are people within companies with the foresight, courage, ingenuity and compassion needed to step up to the challenge of creating long-term business value, while serving the needs of society and the environment.

These are no longer binary objectives. Profit and impact are no longer at opposite ends of a spectrum, requiring a trade-off between one and the other. Profit and positive outcomes are not mutually exclusive. This creates a virtuous cycle where more positive outcomes can lead to more value for the company, which leads to the generation of even greater positive outcomes and organisational resilience.

Building this type of resilience is not easy and requires new ways of thinking within the corporation. This can be supported and encouraged through the relationships that a corporation creates externally and through the activities it undertakes to create value for all stakeholders. Together these actions will sustain the behaviour needed to act in accordance with the new way of thinking and can form part of a wider corporate change initiative.

This guide brings together a practical set of tools for those with an ability to unlock corporate resources – human, financial, technical and social – to invest in areas where they can create the greatest value. In doing so, these resources will create a range of positive outcomes for the business and the society it serves. By leveraging nancial and non-nancial corporate support, innovation within corporations can better serve their core business purpose; innovative enterprises outside of corporations will have access to scalable knowledge and capacity; and more nancial capital will ow into businesses and strategies that create positive outcomes.

The race to the top is wide open

Pioneering work is already under way by social investors, governments, foundations, venture philanthropists, development banks and funds of funds. There has never been a better time for corporations to step in and learn from those already exploring and experimenting with new models of innovation and investment. And there are willing partners ready to work with you to make this happen.

The report is available from www.bigsocietycapital.com
This is our data snapshot based on last month’s activity. This is generated by our monthly data platform which we are currently testing with a small group of industry participants.

In May, we tracked 103 deals involving corporate venturing investors worldwide. The deals were worth an estimated total of $4.71bn. Geographically, the majority were in North America, mostly the US, and Asia. The leading corporate investors in terms of number of deals were Intel, International Data Group and General Electric (GE). However, in terms of dollars invested, the top ranker was Fidelity due to its involvement in the largest deal in the past month – Snapdeal, worth over $1.8bn. However, GE was the leading corporate venturing investor in terms of both number of deals and involvement in large deals.

The sectors most interesting to corporate investors in May were IT, health, financial services and consumer, followed by transport and media.

**Top investors**

<table>
<thead>
<tr>
<th>By number of deals</th>
<th>By total value invested</th>
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<tbody>
<tr>
<td>Intel</td>
<td>Fidelity</td>
</tr>
<tr>
<td>International Data Group</td>
<td>$1,930m</td>
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<tr>
<td>General Electric</td>
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<td>Samsung</td>
<td>EMC</td>
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<td>American Express</td>
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<td>Comcast</td>
<td>VMware</td>
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<td>Goldman Sachs</td>
<td>CDH Investments</td>
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<td>Softbank Corp</td>
<td>Ant Financial</td>
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<tr>
<td>StartUp Health</td>
<td>Sina</td>
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<td>Tencent</td>
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<td>Tencent</td>
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The sectors most interesting to corporate investors in May were IT, health, financial services and consumer, followed by transport and media.

**Number of deals by sector**

- Energy: 1
- Telecoms: 1
- Industrial: 3
- Services: 3
- Media: 4
- Transport: 7
- Consumer: 9
- Financial: 12
- Health: 16
- IT: 47
The May figures compare poorly with previous months. There were fewer deals last month than in all preceding months this year. Deal numbers seem to be following a fairly pronounced downward trend – from 157 in January to 103 in May. The amount of total capital committed by syndicates ($4.71bn) is down considerably compared with the previous month, when it surpassed $11.11bn driven by large deals in the Chinese internet and e-commerce sector. It is, nonetheless, comparable with other months such as February and March this year.

**Historical view of deals by month 2016**

Fewer deals were registered in the month of May 2016 than over the same month last year – 103 vs. 140, respectively. However, the amount of total dollars invested in those deals is within a comparable range and even slightly higher this year - $4.20bn vs. $4.71bn.

**Historical view of deals May 2015 and 2016**

The most active corporate investors came from the financial services, IT, health and media sectors. The two most interesting regions to them were North America and Asia, followed by Europe.

**May deals heatmap**

<table>
<thead>
<tr>
<th>Region</th>
<th>Financial Services</th>
<th>IT</th>
<th>Media</th>
<th>Health</th>
<th>Industrial</th>
<th>Telecoms</th>
<th>Services</th>
<th>Consumer</th>
<th>Energy</th>
<th>Transport</th>
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<tr>
<td>North America</td>
<td>27</td>
<td>20</td>
<td>9</td>
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QBIX Analytics, the company behind GCV Analytics, brings decades of data analysis experience, enabling companies to gain meaningful insights from previously underutilized data.

Let us provide you with a competitive edge while improving decision-making, operational efficiencies, and most importantly, the bottom line.

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Only one deal was above the $1bn mark. Most of the top funding was raised by enterprises from the IT and consumer sector, based primarily in the US and China.

US-based visual messaging platform Snapchat raised $1.8bn in its series F round, according to a regulatory filing. The filing indicated the start of the round stretched back to February 2015, meaning it would incorporate the $538m provided back in 2015 by e-commerce firm Alibaba. The round also included Fidelity, which invested $175m in March 2016, as well as General Atlantic, Sequoia Capital, T. Rowe Price, Lone Pine, Glade Brook Capital, Institutional Venture Partners | T Rowe Price, and Institutional Venture Partners (IVP). A total of $1.16bn have been raised since January this year, according to TechCrunch.

US-based software development company Pivotal Software closed a Series C round sized at $653m, according to a regulatory filing. The company had previously cited $253m in its press release. Pivotal announced it had raised $253m in new funding from carmaker Ford, which provided $182m according to Reuters, as well as software producer Microsoft, industrial conglomerate GE, data management firm EMC and EMC-controlled cloud and virtualisation service provider VMware.

Ant Financial, the payment services affiliate of e-commerce group Alibaba, and internet company Sina Corp have co-led a RMB13.7bn ($260m) series A round for online ticketing platform Taobao Movie, as reported by Reuters. CDH Investments also co-led the round, which valued the unit at $2.1bn. Media companies Bona Film Group, Hehe Pictures, Huace Media and undisclosed other Chinese entertainment companies also took part in the round, according to a regulatory filing. Alibaba acquired a 60% majority stake in TV and film production business ChinaVision Media in 2014 for $805m and shortly thereafter renamed the company Alibaba Pictures. The division’s Taobao Movie unit lets users book tickets for films at more than 5,000 cinemas across China.

US-based Dataminr secured $130m in a series D round led by financial services group Fidelity that also included financial services firm Credit Suisse, as reported by TechCrunch. Fidelity and Credit Suisse, which invested through its Credit Suisse Next Investors subsidiary, were joined by Wellington Management Company, Venrock, Institutional Venture Partners (IVP) and angel investors John Mack, Vikram Pandit, Tom Glocer, Noam Gottesman and Nicolas Berggruen. Founded in 2009, Dataminr’s technology studies content posted on social media platforms like Twitter in real time, sourcing data that can inform it about developing trends or stories.

China-based online fruit and vegetable retailer Benlai Life closed $117m in series C and series C+ funding from investors including kitchen appliance manufacturer Joyyoung, as China Money Network reported. Joyyoung, which paid $30m for a 3.8% stake in Benlai Life in December 2015 through an unnamed subsidiary, was joined by China Urban Realty Association, ChinaEquity Group, CDH Investments and Integral Group. Benlai Life, which is operated by holding company Kindler’s Information Technology, sells fresh produce to a Chinese customer base through a logistics chain that covers 22 major cities as well as warehouses in Beijing, Shanghai and Guangzhou.

GVW Analytics tracked 12 exits with CVC investors involved during May 2016. The chart below shows the top 5 exiting CVC investors in both number of exits and total dollars of the exit. They came overwhelmingly from the health sector.

US-based gene editing technology developer Intellia Therapeutics floated on Nasdaq in a $108m initial public offering that gave exits to pharmaceutical companies Regeneron and Novartis. Intellia priced 6 million shares at $18 each, at the US-based visual messaging platform Snapchat raised $1.8bn in its series F round, according to a regulatory filing. The filing indicated the start of the round stretched back to February 2015, meaning it would incorporate the $538m provided back in 2015 by e-commerce firm Alibaba. The round also included Fidelity, which invested $175m in March 2016, as well as General Atlantic, Sequoia Capital, T. Rowe Price, Lone Pine, Glade Brook Capital, Institutional Venture Partners | T Rowe Price, and Institutional Venture Partners (IVP). A total of $1.16bn have been raised since January this year, according to TechCrunch.

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top of the $16 to $18 range it had set the previous month. It also issued a million additional shares than the 5 million it had previously planned. Founded in 2014 by cellular engineering technology provider Caribou Biosciences, and venture capital firm Atlas Venture, Intellia is working on treatments for conditions including hepatitis B and inborn errors of metabolism, based on Crispr/Cas9 technology.

Reata Pharmaceuticals, a US-based biopharmaceutical company backed by pharmaceutical firms Novo and AbbVie, secured $60.5m in an IPO on Nasdaq. The company issued 5.5 million shares at $11 each. The price was below the $14 to $16 range Reata had set, but the company upped the number of shares from 4 million. Reata plans to put $36m of the proceeds into clinical trials for bardoxolone methyl, a treatment it is developing for pulmonary hypertension, and $15m towards phase 2 trials for omaveloxolone, a candidate to treat diseases including Friedreich’s ataxia, mitochondrial myopathies and metastatic melanoma.

Merus, a Netherlands-based immuno-oncology treatment developer backed by pharmaceutical firms Novo, Novartis, Johnson & Johnson and Pfizer, raised $55m in an IPO in the US. The company issued 5.5 million shares at $10 each, below the $14 to $16 range it set earlier in May, though it raised the number of shares in the offering from 4.3 million. It had initially filed to raise up to $60m back in October 2015. Merus is working on antibody therapeutics to treat cancer, and will use $31m of the IPO proceeds for advancing two of its drug candidates through phase 1 and 2 trials. It also hopes to complete preclinical studies for a third candidate, which will target colorectal cancer.

US-based video distribution service VHX was acquired for an undisclosed amount by video streaming platform Vimeo, providing an exit to corporates including cable service provider Comcast’s corporate venturing arm, Comcast Ventures. The deal also gave exits to talent agency William Morris Endeavor, digital media company Bedrocket Media Ventures, Union Square Ventures, Lerner Hippeau Ventures, Lowercase Capital and assorted angel investors. Founded in 2011, VHX enables independent content creators to sell subscriptions to their videos through the web and mobile apps, and it recently began offering help with establishing a presence on the Apple TV set-top box.

Diversified software producer Adobe Systems acquired US-based content curation company Livefyre for an undisclosed amount, giving an exit to enterprise software provider Salesforce. Founded in 2009, Livefyre has built a platform that enables businesses to access content from social networks that can be streamed alongside their websites, television, advertising and apps. It has 65 million registered users and receives some 400 million unique visitors each month. Adobe intends to integrate Livefyre into its web content management system, Adobe Experience Manager, and across its Adobe Marketing Cloud, making user generated content accessible across all its digital marketing platforms.

There was plenty of fundraising activity in May. We tracked 41 funding initiatives, including VC funds with corporate LP stakes, corporate-backed incubators and accelerator programs, newly launched CVC units etc. that have raised slightly over $3bn of capital. The following table summarises the five leading fundraising initiatives we have tracked.
**People**

Issam Dairanieh, who left corporate venturing unit BP Ventures in April, was appointed CEO at carbon capture research and development organisation Global CO2 Initiative. Dairanieh joined oil and gas company BP in 1998. He had been managing director of BP Ventures since 2011.

Two vice-presidents announced they were leaving Intel during May. Lisa Lambert, a vice-president at Intel Capital, has joined venture capital firm Westly Group as managing partner. Lambert, ranked number one on Global Corporate Venturing’s Rising Stars list in January this year, was managing director of Intel Capital’s software and services fund as well as the $125m capital diversity fund. As managing partner at Westly, Lambert will invest in high-growth software, internet and internet-of-things companies.

Separately, Marcos Battisti, who led the Western Europe and Israel team and was promoted to vice-president in 2014, left the firm saying he expected to decide between alternative offers soon.

Derek Norman took over from Alex Steel as head of Switzerland-based agricultural company Syngenta’s corporate venturing unit. Steel, included in the GCV Powerlist 2014, took over leadership of Syngenta’s corporate venturing unit at the beginning of 2012, having previously been an M&A project leader at Syngenta, where he has worked since 2009.

Merck Global Health Innovation Fund, the corporate venturing subsidiary of US-based pharmaceutical firm Merck & Co, appointed Francesca Domenech Wuttke as a managing director. Wuttke comes from Spain-based pharmaceutical company Almirall, where she led the corporate development strategy team, specialising in M&A deals. She will lead Merck GHI’s Europe-based investments in digital healthcare technology and will be based in Barcelona.

Alexander Schlaepfer is to be an investment director at Swisscom Ventures, the corporate venturing arm of the Switzerland-based telecoms firm. Schlaepfer joined Swisscom Ventures from Aster Capital, a France-based venture capital firm that acts as an investment platform for industrial corporates Alstom, Schneider Electric and Solvay. As part of his role, Schlaepfer led Aster’s investments in renewables, energy storage, industrial IT, data analytics and internet-of-things technology developers.

Qualcomm Ventures, the corporate venturing vehicle for mobile semiconductor maker Qualcomm, promoted Patrick Eggen to managing director for North America. Eggen joined Qualcomm in 2005 and has been Qualcomm Ventures’ lead investor in the San Francisco Bay area, overseeing its early stage fund, which has made more than 60 investments around the world. He is also the main investment lead for the unit’s QPrize and Qualcomm Robotics Accelerator.

Harvard professor and serial entrepreneur Gregory Verdine became a venture partner at WuXi Healthcare Ventures, the corporate venturing arm of China-based pharmaceutical company WuXi PharmaTech. Verdine has developed new therapeutics called stapled peptides. They are undergoing clinical development and are being advanced to treat conditions thought to be “undruggable”.

US-based messaging platform Slack Technologies hired Jason Spinell as an investor for its corporate venturing unit, Slack Fund. Slack formed the $80m fund last December, committing $40m and securing the rest from its investor base. It will invest in startups developing technology compatible with the company’s platform. Spinell was previously ventures director for Undercurrent, a New York-headquartered digitally-focused consulting firm, until it closed in August 2015.

Bernhard Gold has left T-Venture, a corporate venturing subsidiary of telecoms firm Deutsche Telekom, to join France-based venture capital firm Iris Capital as managing director of its North American office. Gold has been appointed partner at Iris and will run Iris Capital North America. He had been a managing director of T-Venture of America since early 2014, having been promoted after three years as an investment director.
Global Corporate Venturing Analytics delivers corporate venture teams the data and tools they need to develop their insights and data-driven decisions.

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- 5,000+ global CVC deals since January 2011 for you to analyse. It’s the best global CVC data available.
- Quickly and easily create charts, maps and graphs to download to Excel or as a PDF - ideal for presentations and reports.

Marie urgently needed to create a graph showing the number of CVC investments, and their dollar value, in healthcare in Asia over the past two years. Three minutes later the graph was in her presentation.

Arnaud’s CEO asked him how many deals their closest five competitors had done that year. Minutes later he pinged her the answer – and all the detail plus some cool looking charts.

Zhang is a consultant and had a meeting scheduled with a CVC. Needing to do a quick bit of background research he popped into GCV Analytics. He walked into the meeting knowing what deals they had done and who they had co-invested with and was also able to tell them what the competition had been doing.

Anika works for a government and needed to benchmark inward venture investment from corporates, compared to other similar countries. She used the information to get an increased marketing budget.

Contact Toby Lewis for more information
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