ORDINE DEI DOTTORI COMMERCIALISTI E DEGLI ESPERTI CONTABILI
MILANO

FONDAZIONE COMMERCIALISTI ODCEC di MILANO

Gli strumenti di finanziamento per le *startup* e le PMI

Open Innovation e il modello Cariplo Factory

PAOLO SALZA

22 novembre 2018

ORDINE DEI DOTTORI COMMERCIALISTI E DEGLI ESPERTI CONTABILI
MILANO

FONDAZIONE COMMERCIALISTI ODCEC di MILANO

OPEN INNOVATION

Trends distrupting innovation

- Globalisation
- ICT technlogies
- VC investments
- Exponential tech
- Intellectual property
- Open source
- Research

Digital transformation

Open Innovation

Source: **http://www.openinnovation.eu/open-innovation**, growITup analysis

Digital transformation

grow it up
CONNECT_ENGAGE_SCALE

New technologies

Waves of Digital Transformation

Source: Digital Transformation **book, https://startupshelter.be/blog/business-model-innovation_1/**

Digital Transformation case: Skype (1/2)

grow it up
CONNECT_ENGAGE_SCALE

History

- In 2003, a group of entrepreneurs and developers from **Denmark, Sweden and Estonia unleashed a small software program** that would fundamentally and irrevocably disrupt telecommunications
- The name of this startup was **Skype**
- **Using an innovative technology this service allowed to communicate by phone at much cheaper prices and for free over the Skype network.**
- Telcos lost a significant share in many countries
- After multiple attempt to stop this service they had to **review their prices, especially for international calls and partner with Skype**

Disruption

- Skype disrupted the telco as well as the video-collaboration market
- The **cost per-minute of international phone calls has been commoditized to near zero**
- Telcos who depended upon those per-minute fees **have seen almost that entire revenue stream evaporate**
- Skype introduced the masses to high quality audio and video and helped people understand that the "phone quality" they were used to was actually really poor quality
- **Long-distance audio and video collaboration** became the de-facto standard for personal and business comms
- Skype opened the door to multiple OTT services now widely used (Viber, Whatsapp, Telegram, appear.in etc)

Lesson learned

- **Powerful incumbents can be heavily disrupted by tech innovations if they do not embrace change**
- **Government and regulatory authorities cannot control the impact of digital transformation when user demand is strong**
- **Technology disruption (can) redistribute value for the whole ecosystem**

Source: http://www.disruptivetelephony.com/2013/08/10-years-of-skype-massive-disruption-but-will-skype-remain-relevant.html, growITup analysis

Digital Transformation case: Skype (2/2)

Long distance Skype vs Telco growth evolution

Source: Telegeography, **growITup analysis**

Comments

- **After its lauch, Skype conquered year by year huge portion of Telco market share (1/3 of long distance traffic)**
- **In 2011 the growth rate of Skype international traffic was higher than the sum of all the WW Telcos**
- **Digital disruption was a force of good allowing a more connected world at fair prices**

Open Innovation

"Traditional" R&D

R&D and Open Innovation

Source: ENI analysis

Open Innovation dimensions of analysis

grow it up
CONNECT_ENGAGE_SCALE

A. Input

- Corporate which approach Open Innovation can be involved in different kind of projects
- One of the differentiating dimensions is the kind of input which is absorbed from the ecosystem such as talent, seed startup, post-seed startup, etc
- Different scenarios are more suitable to different inputs

B. Flow

- Sharing information with the Open ecosystem may happen in different directions
- The corporate indeed may simply absorb external inputs or share its proprietary data to interact in a costructive way with the ecosystem

C. Horizon

- The type of Open Innovation project may vary considering the time horizon to which the project is dedicated
- Innovation may have short term goal, being incremental and very targeted
- Alternatively, it may have more long term goals trying to explore new product / markets / technologies

A. Input

	1. Ideas	2. Seed	3. Post-seed	4. Talents	5. Research
Description	• CallforIdeas on the market engaging with universities, startups, communities	• Collaboration, development or acquisition of early stage startups	• Engagement with post-seed startups • Development of M&A deal, commercial deal, VC investment	• Acquisition of startups or hire of new talent to change company culture through people	• Absorbtion or research of new technologies
Scenario	• Need for a solution not available on the market	• Longer time horizon and partnership with accelerator / internal hub	• Need to generate innovation in the short-medium term	• Need to change company culture	• Possibility to develop internally the technology
Players					

Source: **growITup analysis**

A1. Ideas example

Players involved	Activity	Main outcomes
	• Facebook organizes hackathons for its employees • The idea of these hackathons is that the employees generate new ideas and innovations • These hackathons are not only for developers, but for anyone within the company • The point is to work with something not used on a daily basis. • It's argued that doing things outside the day-to-day work and enjoying making a difference within the company are what generates outside-the-box creative thinking	• Opening up innovation internally has both short term and long term benefits • In the short term new ideas develop the business • In the long run open internal innovation can be a great tool to motivate employees and boost the development of both their thinking and skills

Source: Viima, growITup analysis

A2. Seed example

Players involved	Activity	Main outcomes
Coca-Cola	• Coca Cola is adopting open innovation models on levels between the team and other entrepreneurs from one side and the company and its consumers from the other • The Coca-Cola Accelerator program aims to help start-ups in eight cities around the world; Sydney, Buenos Aires, Rio de Janeiro, Berlin, Singapore, Istanbul, San Francisco, and Bangalore • Startups are supported with a structured program that allow them to grow in a fast amount of time • Those start-ups aim to think in innovative ways to build a the Happiness Coca-Cola brand	• Having an open innovation internaltional network accelerator can provide significant sinergies in terms of innovation stimuli • Coca Cola which is a leading brand uses open innovation for its marketing strategy

Source: Viima, growITup analysis

A3. Post-seed example

Players involved	Activity	Main outcomes
Google	• Even if Google has the best internal teams it has always been very aggressive in its strategy for collaborating and acquiring post-seed startups • This is due to the belief that nowadays innovation born outside of the company and the only way to stay ahead of the market is to inglobe it internally • Recently, for example, Google has acquired Redux, a startup founded in 2013 out of Cambridge which built a technology that uses vibrations to turn surfaces of phones or tablets into speakers or provide haptic feedback	• There are no players that cannot benefit of receiving external innovation stimuli from the environment • Being a leader nowadays involves becoming able to maximise the value absorbed from the Open Innovation opportunity

Source: growITup analysis

A4. Talents example

Players involved	Activity	Main outcomes
	• GE is famous for their open innovation challenges and initiatives on their open innovation page • These challenges aim for external open innovation and new ideas. Through these challenges, GE familiarizes itself to future potential talents around the world • The prizes for these challenges include scholarships, monetary awards, chances to work with GE on the project in question and paid internships at GE • These prizes are very appealing for young professionals and students in particular • The benefit of this is that GE gets connections to talented young people on top of the innovation work in open innovation challenges	• Open innovation can be used as a way to connect with talented young professionals and recruit new talent for the company • The innovation challenges for individuals and universities can be a good way to do this • They enable to see the potential of young talents in a much wider angle than in a regular job interview, case interview or even take-home exercises

Source: Viima, growITup analysis

A5. Research example

grow it up
CONNECT_ENGAGE_SCALE

Players involved

NASA

HARVARD BUSINESS SCHOOL

London Business School

Activity

- Open innovation was also adopted by NASA in order to build a mathematical algorithm that can determine the optimal content of medical kits for NASA's future manned missions
- In order to reach an innovative software who can solve this problem
- NASA collaborated with TopCoder, Harvard Business School, and London Business School
- The application of open innovation created a cost-effective and time-effective solution that could not be reached using the internal team alone

Main outcomes

- Open Innovation is useful also for players which are really advanced from a technological point of view
- Universities now are involved in applied research and tend to collaborate with companies or institutional centers
- The collaboration can involve many players

Source: Viima, growITup analysis

B. Flow

	1. INFLOW	2.OUTFLOW	3. IN + OUT
Type	• Open Innovation inflow: the company absorbs external stimuli from the ecosystem	• Open Innovation outflow: the company shares its assets with the ecosystem to benefit from the interaction	• Co-existence of the 2 approaches
Players	LEGO	P&G	NIVEA

Source: International Chamber of Commerce, growITup analysis

B1. Inflow example

grow it up
CONNECT_ENGAGE_SCALE

Players involved	Executed project	Main outcomes
LEGO	• Lego activates its users through its Create and Share site as well as the Lego Ideas site • The Create and Share site lets Lego community members share their designs and Lego pictures, while the Ideas site actually aims for new product releases • When the amount of an idea supporters reaches 10k, Lego evaluates the design and the design can hit the stores under the Lego Ideas product label • When the product ideas are approved for production, the original community members that ideated the product also get monetary compensation • The community provides Lego with thousands of new ideas annually, which means that Lego has a steady flow of free ideas that people are already waiting to buy	• Activate users into helping create products that fit their specific desires • When the users interact with one another and tell what they would want to see on the store shelves, probably a ready demand exists, reducing the inherent risk in R&D • Getting their voices heard can also build a base of committed users

Source: Viima, growITup analysis

B2. Outflow example

Players involved	Activity	Main outcomes
P&G	• P&G's open innovation with external partners culminates in their Connect+Develop website • Through this platform P&G communicates their needs to innovators that can access detailed information related to specific needs and submit their ideas to the site • P&G recruits solutions for various problems all the time • Connect+Develop has generated multiple partnerships and produced relevant products	• There are great benefits about opening up about needs to companies that could solve problems • The collaborative relationships can also last for decades, ending up being helpful on more than one occasion • Also from a marketing perspective, this represents an efficient way to communicate the P&G brand

Source: Viima, growITup analysis

B3. Co-existence example

Players involved	Activity	Main outcomes
NIVEA	• Nivea is active since years in open innovation projects • The way in which Nivea collaborated with its users throughout the R&D process is very interesting • They basically share information related to the product they needed, which limitations should be considered in its development and also first prototypes already developed • Users take this inputs and offer their ideas on how to improve the product • Resulting products are appreciated by the market • At the same time Nivea constraints are respected	• Inflow of open innovation stimuli can be more effective if, at first, the company shares its needs with the ecosystem • Sharing examples of prototypes already developed Nivea can influence the creativity of the ecosystem in a much more efficient way

Source: Viima, growITup analysis

C. Horizon

Source: **Baghai, Coley, White**, growITup analysis

C. Horizon examples

Horizon 1

- Windows 98' is an operating system released by Microsoft
- It has been released after the Windows 95' version as an incremental innovation
- This new Microsoft offering was aimed to improve internal profitability and the qualtity of the product offered to the market

Horizon 2

- The AWS platform was developed in 2002 as an internal tool. A few years later it was decided the extra capacity could be sold on the market for a fee, In 2018 AWS generates the majority of Amazon profit.
- The launch of this platform represented for Amazon the entrance in a completely new market

Horizon 3

- Tesla specializes in electric cars, lithium-ion battery energy storage, and residential photovoltaic panels
- Its tech strategy focuses on pure-electric propulsion technology, and transferring other approaches from the technology industry to transportation, such as online software updates
- This is a total disruption since no one before had approached the mass market electric cars market in a similar way

Source: growITup analysis

ORDINE DEI DOTTORI COMMERCIALISTI E DEGLI ESPERTI CONTABILI
MILANO

FONDAZIONE COMMERCIALISTI ODCEC di MILANO

CARIPLO FACTORY MODEL

Cariplo Factory Innovation Hub

From talent with ideas to mature startups: supporting the innovation ecosystem helping corporations transform and grow

EDUCATION

- Training courses from Robotics to Coding, from Digital Fashion to Digital Manufacturing

INCUBATION & ACCELERATION

- Incubating and accelerating early stage ideas and projects in collaboration with industry leading companies and the network of incubators and accelerators

MATCHMAKING

- Matchmaking with large corporations and a network of technology partners, with the aim to land important deals and investments, to scale at a global level

ADVISORY

- Key advisor of Indaco VC fund in the digital / digital transformation area.
- Execution of origination, first screening, assessment and due diligence

INTERNATIONALIZATION

- Strategic Partnership with ISP with the aim to help startups in the internationalization process
- Coaching and business development support

1. Drill-down on education

Train young people on digital competences to create a professional bridge toward new professions requested by the market

Digital Skills

Fastweb Digital Academy

In collaboration with

FASTWEB

Creative Skills

MAAD! milano animation & audiovisual district

In collaboration with

Animation Italia associazione nazionale imprese dell'animazione

ASSEPRIM

Digital for Teen

CARIPLO FACTORY CAMP

In collaboration with

Coder Kids

Reply forge

Work Co-design

CARIPLO FACTORY TALENTI INAUDITI

In collaboration with

piano C il lavoro incontra le donne

Digital for No profit

techsoup

Vocational Training

assist Azioni di Sistema per lo Sviluppo dell'Istruzione Tecnica

In collaboration with

CONFINDUSTRIA Lombardia

2. Drill-down on seed

Programs to promote talent enhancement, accelerate innovative ideas and develop projects in collaboration with top corporates

Life Science

BIOUPPER Startup Accelerator

In collaboration with

NOVARTIS IBM

Energy

next energy

In collaboration with

Terna Rete Elettrica Nazionale

Digital

grow it up CONNECT_ENGAGE_SCALE

In collaboration with

Microsoft

Social Impact

Get it! PERCORSO DI VALORE

In collaboration with

Giordano Dell'Amore FONDAZIONE SOCIAL VENTURE

CARIPLO SOCIAL INNOVATION

ADV e MKTG

IMPRESSION lab.

In collaboration with

DIGITAL MAGICS iab italia

3. Drill down on Advisory and post-seed

Support Corporates and SMEs transform, innovate and grow

Innovation Advisory/Envisioning → Innovation Empowerment → Innovation Execution

Support startups on investment, growth and go to market

Scouting & Assessment → Investment → Growth

4. Drill-down on Advisory activity

- **Advisory to Indaco, a 200*M VC fund**
- **Fund launched by Intesa SanPaolo, Fondazione Cariplo and Fondo d'Investimento Italiano**
- **Startups selection, post-seed startups development and internationalisation**
- **The fund increases the capability of growITup to attract dealflow and support startups evolution**

***200M is the fundraising target of the recently launched fund**

5. Drill-down on post-investment

STRATEGIC AREAS to be ASSESSED	Review/Repair or construction of:
1 Legal & IP	• Corporate Documentation, IPR and IP plan, Contracts, legal position
2 HR	• Review/Repair or construction of: policies, employment contracts, incentives, team cohesion, plan
3 Marketing & Sales	▪ Market assessment, marketing plan, costs, sequence, geography
4 Finance & Accounting	• Financial position, financial plan, operational plan, lifecycle financing, ROI
5 Engineering & Design	• Product/market fit, cost of quality, provisioning/delivery –manufacturability

START-UP

For each strategic areas:

Gap Analysis → Solutions List → Primary solution implementation → Primary gap closed

Program lasts 3 months

ORDINE DEI DOTTORI COMMERCIALISTI E DEGLI ESPERTI CONTABILI
MILANO

FONDAZIONE COMMERCIALISTI
ODCEC di MILANO

CONNECT / ENGAGE / SCALE

CONNECT ENGAGE SCALE

grow it up
CONNECT_ENGAGE_SCALE

IGNITE
Priority
Alignment

LOW Startups involvement — **- INNOVATION MANAGEMENT PROCESSES -** — **HIGH Startups involvement**

CORPORATES
(can interacts into different phase)

1. CONNECT

- **a. Scouting**
- **b. Startup Assessment**
- **c. Selection Workshop**
- **d. Open Innovation Workshop**

2. ENGAGE

3. SCALE

- TYPE OF INNOVATION SOLUTION -

STARTUPS
(can fit into different phase)

HIGH complexity — **LOW complexity**

Timing

2,5 months (considering corporate internal assesment)				TBD in relation to the roadmap structured	TBD in relation to the roadmap structured
6 weeks	**3 weeks**	**1/2 days**			

ORDINE DEI DOTTORI COMMERCIALISTI E DEGLI ESPERTI CONTABILI
MILANO

FONDAZIONE COMMERCIALISTI
ODCEC di MILANO

TRACK RECORD

Executed projects

grow it up
CONNECT_ENGAGE_SCALE

October 2016

Alpitour on "Turism and Entertainment"

March 2017

Call on "hot digital transformation"

May 2017

CNH Industrial, Barilla and Peroni on precision farming

July 2017

Generali on "health and welfare"

November 2017

Terna on "next energy"