

Corporate Venturing – the creation or maturation of innovative, emerging technology businesses in an external or quasi-external environment through strategic alliances, participatory investments, joint ventures, and/or spin-offs to develop complementary products and services that will form new or replacement growth platforms.

Today's business environment is characterized by a constant stream of new technologies, changing regulations, global markets, and fierce competition. Firms are challenged by transformations of existing markets and the emergence of disruptive technologies. In this environment, trend monitoring, adaptation, proactive transformation, and knowledge management are keys to successful growth.

Corporate Venturing can be a catalyst for growth through:

- **Creating and growing** stand-alone businesses, either external to the corporation or under a semi-autonomous structure
- **Direct investment** in early-stage, emerging technology businesses where knowledge capture may be more important than financial returns

- **A strategic alliance** for joint product development, co-marketing, knowledge transfer, or other mutual benefit. Enables monitoring relationship for potential future investment or acquisition
- **Acquisition or spin-off**, whereby an external venture is internalized, or an internal venture is externalized or completely divested from the corporation

Incremental, internal growth is no longer sufficient for long-term survival. To remain successful, corporations must adopt processes that enable strategic renewal, facilitate capturing opportunities arising from change, and provide *revolutionary* growth options.

Corporate venturing provides an additive approach to traditional methods of growing a company. The results can include development of new products to expand core businesses or enter new industries/markets; development of "breakthrough technologies" that could substantially change the industry; or new cognitive frameworks to monitor the environment and transfer knowledge and understanding into the corporation.

Corporate venturing can give companies an effective means to *build a bridge* between themselves and the emerging technology community. Benefits include:

- Access new markets quickly
- Hasten development of products/ventures
- Add missing pieces to technology platform
- Extract value from orphaned technology
- Complement internal R&D activities
- Gain market intelligence and access to emerging technologies
- Reinvigorate and expand value of core businesses
- Diversify corporation's growth opportunities
- Provide options for long-term sustainability

A Proven Approach

When analyzing new ventures or investment decisions, there are a myriad of factors to consider, including:

- Type of business opportunity and relation to core business
- Capital investment risk–return
- Degree of operational involvement
- Links with core businesses; resource sharing; portfolio management
- Pipeline - number of ventures at each stage of development
- Value capture; integrate new venture into parent; maintain independent; or divest/exit

Gates and Company has a history of connecting large corporations with emerging technology companies. Our proven methodology integrates the needs and expectations of all stakeholders to ensure success. The corporate venturing service offering includes the following components:

- Design/support implementation of structured corporate venturing program or process
- Market research for decision support or to validate market opportunities
- Establish process and tools for efficient portfolio management
- *Gates and Company's* **TechBridge™** emerging technology tracking for consistent monitoring of emerging technology companies and market developments
- Analyze and/or value target companies and technologies
- Build business plans for spin-offs
- Support capitalization of spin-offs
- Interim management to accelerate launch of new ventures/spin-offs

FIRST MOVERS WIN.

An Experienced Partner

Even though corporate venturing can have a significant positive impact, most companies find it difficult to establish systems, capabilities, and cultures that provide good environments for venture cultivation. Corporate managers' skills are honed for managing mature businesses rather than start-up companies.

Gates and Company understands the unique characteristics of the venture model. Our consultants hold undergraduate and graduate degrees in technology, combined with MBAs from leading universities, and operational and managerial experience in both *Fortune* and emerging-growth technology businesses. We have strong expertise in tech transfer, patents, and licensing. Our unique combination of management consulting and investment banking expertise allows us to recommend sustainable growth strategies while maximizing value capture in individual transactions.

Gates and Company is also well connected to the emerging technology community through our extensive involvement in venture capital forums, technology associations, networking organizations, and university and government programs. Through these venues, and our own emerging technology client base, we see high-quality deal flow on a regular basis.

Gates and Company has worked with *Fortune* 1000 companies and major corporations to enhance their development efforts by adding unique and valuable perspective and guidance. We understand how to build

valuable businesses, because we have done it before. Let *Gates and Company* help you reach your corporate venturing goals.

