

*PDW on Corporate venturing*

Corporate venturing  
from an open innovation  
perspective

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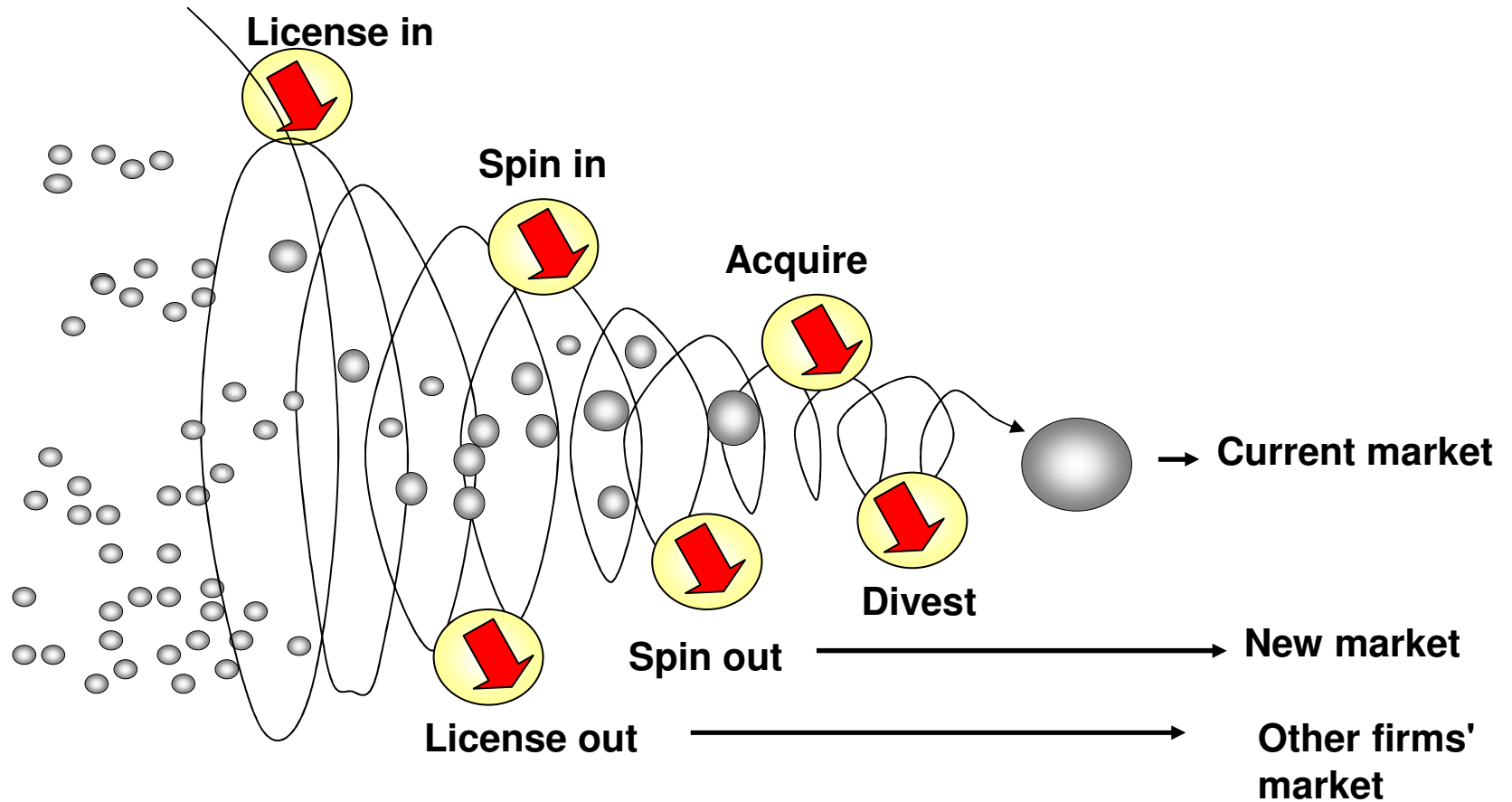
# Overview

- **CV : only one way to in source external technologies**
- **The complex interplay of partners in external CV**
- **Turning CV investments into new businesses**

# 1. CV: one governance mode to source external technologies

- Open innovation processes involve *multiple* internal and *external technology sources* and *multiple* internal and *external technology commercial channels* (Chesbrough, 2003)

# Open innovation funnel



# 1. CV: one governance mode to source external technologies

- Open innovation processes involve *multiple* internal and *external technology sources* and *multiple* internal and *external technology commercial channels* (Chesbrough, 2003)
- **Multiple sources & channels**
  - Inside out : license & sell technology, spin offs, alliances,
  - Outside in: R&D projects, CVC, license & buy technology, alliances, acquisition
- **Bilateral or using by intermediaries and specialized companies**

# 1. CV: one governance mode to in source external technologies

- Layered / hierarchical decision making process, which should be reflected in our research:
  - Strategic value of external technology sourcing vs. internal development (buy or make / use or sell)?
  - CV is one mode to source technology. Firms use it in combination with other modes to source external technology
  - Under which conditions / and for which strategic objectives is CV the most interesting option? Mix of modes?
- What is an appropriate dependent variable measuring performance?
  - weighted patent count?
  - new product introduction (% of sales)?
  - corporate growth?

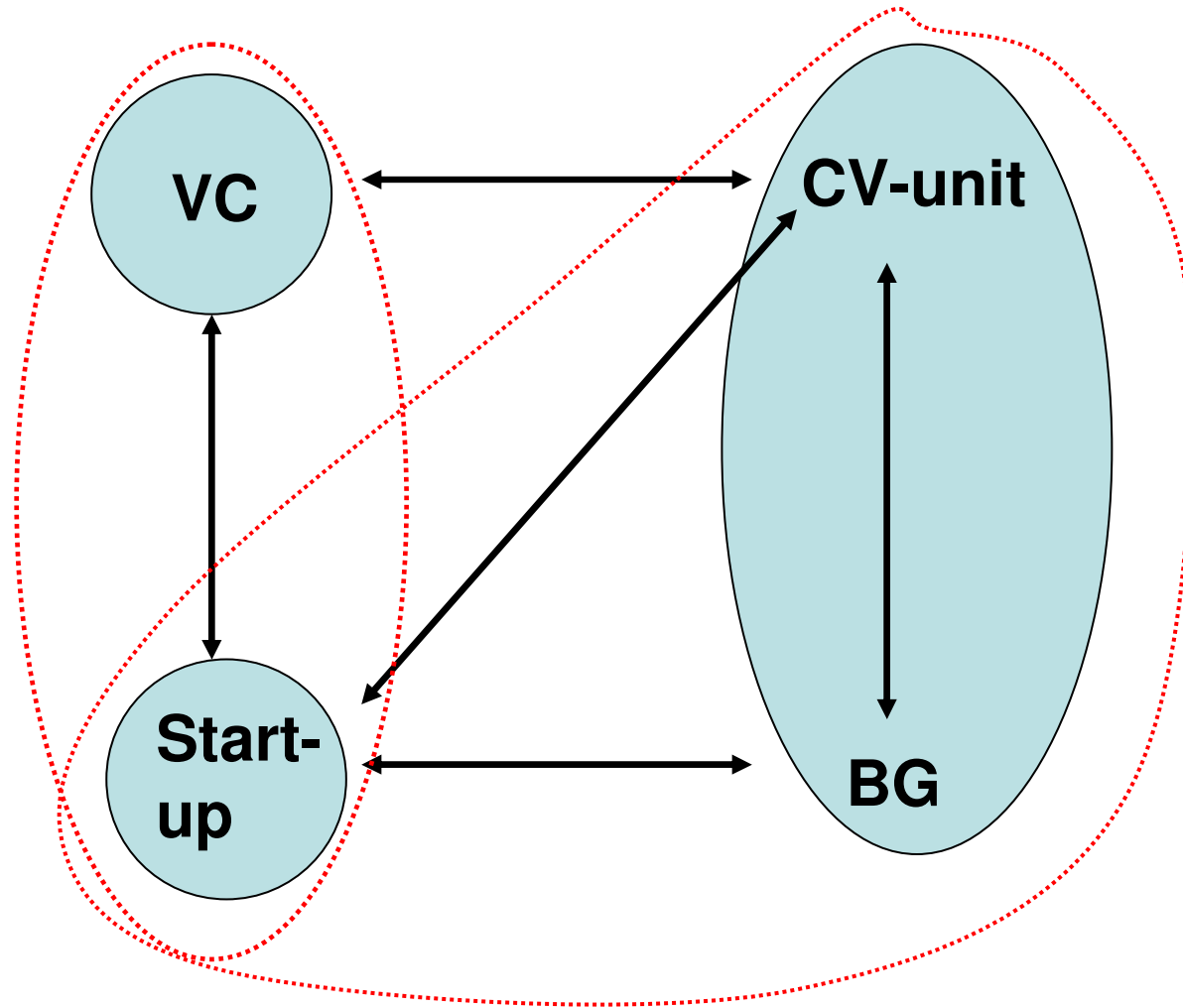
# 1.CV: one governance mode to in source external technologies

- For which type of technology sourcing is CV interesting compared to other modes: (pioneering technologies, new / emerging technologies, distant technology)
- Results for pioneering technologies (*Van de Vrande et al.*) :
  - Main effects : NEA (+), EA (+), CVC (+), M&A (-)
  - Interaction effects
    - Technological distance: (+) NEA
    - Technological newness: (-)NEA and (-)CVC

# 1. CV: one governance mode to in source external technologies

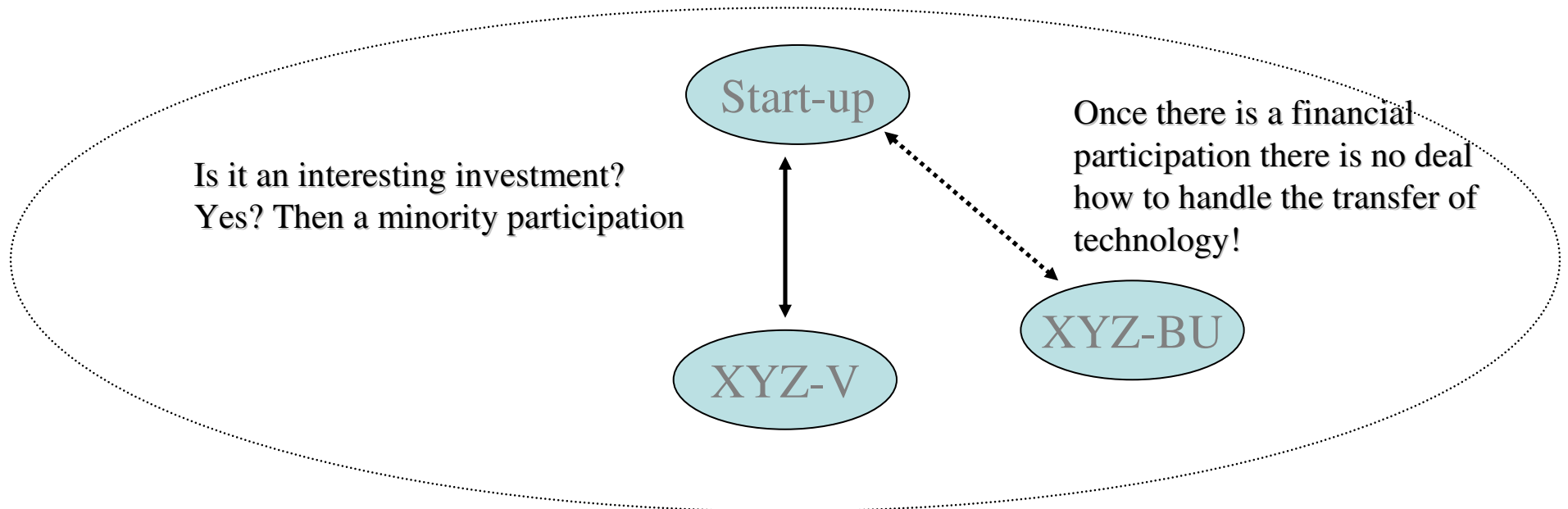
- Sequencing external technology modes: Follow on investments after CV investments (alliances, acquisitions external technology) (*Van de Vrande et al.*) :
  - *Prior experience with strategic alliances or M&As (+ effect)*
  - *Related technology (+ effect)*

## 2. The complex interplay between partners in external CV



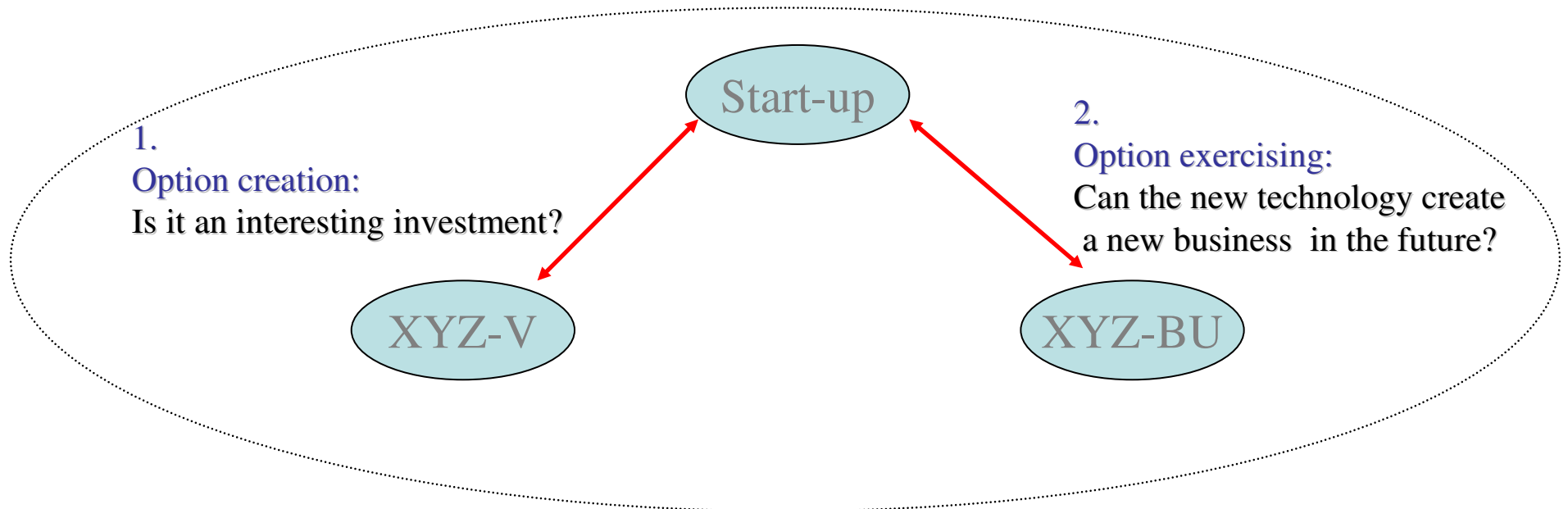
## 2. The complex interplay between partners in external CV

- **Pitfall :** It is not acceptable to use the financial participation as a power tool to enforce cooperation on terms of the investing company



## 2. The complex interplay between partners in external CV

- **Rationale:**
  - Strategic return, not a financial return
  - One of the BU should benefit from it



### 3. Turning CV investments into new businesses

- Take a dynamic view on CV-investments.
  - Where do they 'land' in the company?
  - How can they be turned into new growth areas for the company?
- Newstream / mainstream dichotomy is not the right framework
  - Multistep approach to venture growth : IBM–EBO; DSM-EBA
  - Different types of ventures (windows on new technology vs. less risky ventures that fit the strategic focus of a BG).