

# **The role of startups in raising competitiveness of large companies**

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Example 1

**HOW A LARGE COMPANY CAN  
INNOVATE IN A CONSORTIUM  
OF SMALL FIRMS**

**++ Patient Room of the Future ++**

**++ Personalized Residence of the Future ++**

**++ Private-care Room of the Future ++**

A consortium of architects, manufacturers, user groups,  
professional organizations, and educational knowledge institutes



Key elements:

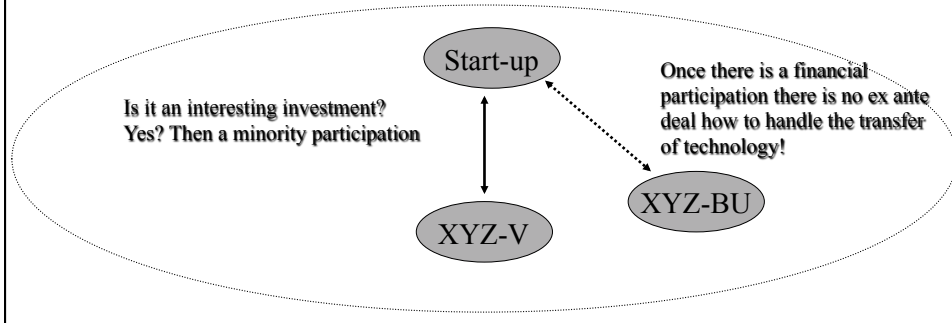
- Started in March 2009
- 26 manufacturers and 300 usability groups
- International prizes
- Concept instead of products
- Complementarity, speed and brainwave (keywords)
- How Philips Healthcare can function successfully in the PRoF consortium?

**Example 2**

**HOW CV SHOULD BE  
DESIGNED TO BENEFIT FROM  
HIGH-TECH STARTUPS ?**

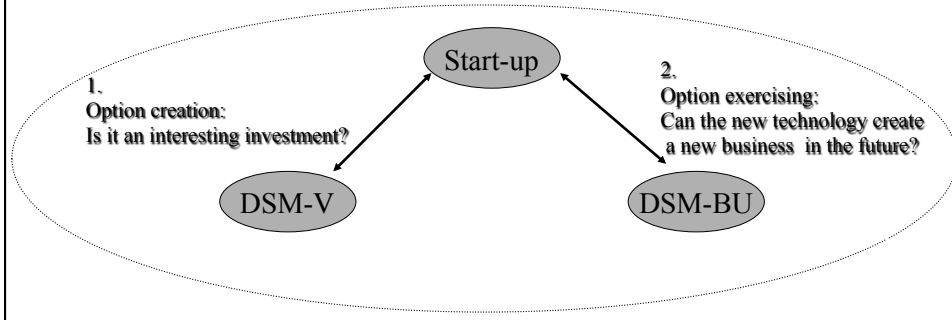
## How to organize for OI? External Venturing at XYZ

- **Pitfall:** Large firm invests in a start-up and uses its financial participation as a power tool to enforce cooperation on terms of the investing company



## How to organize for OI? External Venturing at DSM

- **Rationale:**
  - Strategic return, not a financial return
  - One of the BU should benefit from it
  - Therefore: Negotiation is a *three way negotiation*  
There are *two deals* packaged into *one overall deal*



Example 3

**HOW UNUSED TECHNOLOGY  
IN AN MNE CAN BE TAKEN TO  
MARKET BY A START-UP**



***ISOBIONICS AND DSM***

**A start-up commercializes your  
technology**

## Inside out OI: KSFs



- **Manage problems in the MNE related to licensing unused technology:**
  - ◆ NSH syndrome
  - ◆ There is no incentive to license a technology (use or lose strategy)
  - ◆ Licensing to small firms: a lot of work for small licensing revenues
- **Entrepreneurship and speed of start-up open the eyes of scientists / technologists in DSM's IC. How to instill entrepreneurship in an MNE?**

Example 4

## **LARGE FIRM SOURCES A START-UP'S TECHNOLOGY**



***PHILIPS' AIRFRYER***  
**An MNE licensing a start-up's  
technology**

Philip's Airfryer



- Airfryer: patented Rapid Air technology of small company
- French fries with up to 80% less fat, yet maintaining a great taste.
- The Airfryer was launched in September 2010 in several European markets
- Frying fries and snacks has to be relearned
  - ◆ Guidelines / recipes
  - ◆ Partnerships (Mora?)

## Philip's Airfryer

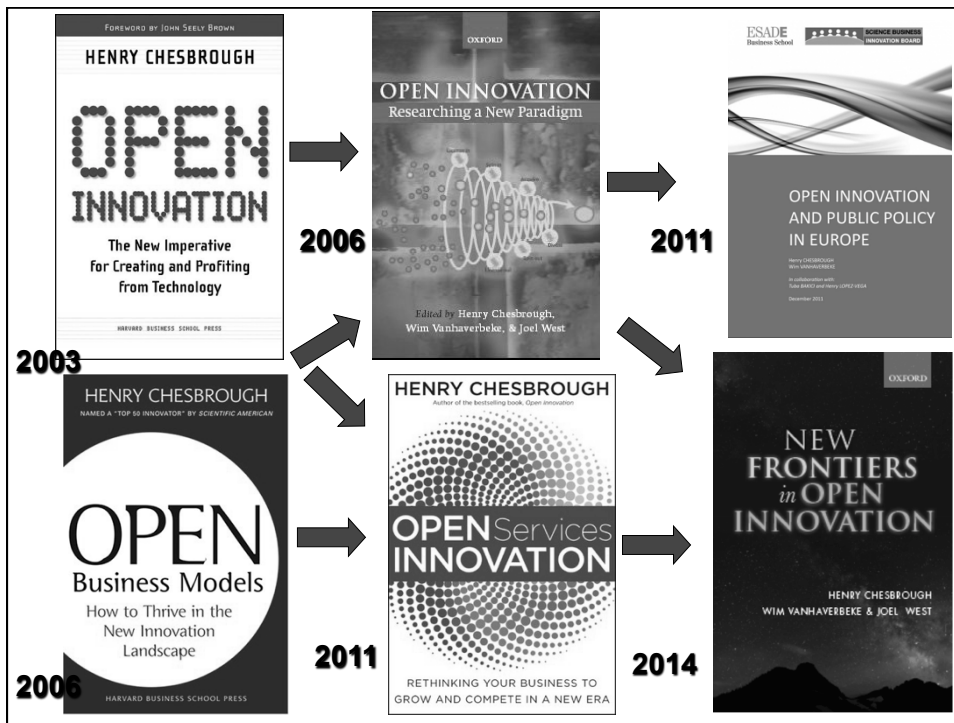


- **Philips developed already a technology internally in 2006:**
  - ◆ Too complex and too expensive: Philips could not translate the technology into a consumer product that fits the Philips promise of “sense and simplicity”
  - ◆ “A perfect appliance”: engineers create a perfect application with latest technology and commercial people express their wishes leading to more features
- **External engineering company developed and patented a very simple technology allowing Philips to sell it below € 200.**
- **In a market with price ceilings, start innovation from the perspective of price restrictions (frugal innovation, cheap innovation, reversed innovation)**

## Philip's Airfryer



- **Manager of the engineering company has been senior manager at Gillette.**
- **First NDA / later exclusive licensing deal for the B2C market / right to buy the technology after 5 years at a predetermined price.**
- **Engineering company has the right to sell in the B2B market and in countries where Philips is not active**
- **Win-win outcome: Let your partner pursue business opportunities in areas that do not fit your business model.**



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