

THE NEXT STAGE OF STARTUP COLLABORATION

HOW TO INCREASE SUCCESS BY MEASURING INNOVATION KPIS
DURING ALL PHASES OF STARTUP ENGAGEMENT

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zero21

ABSTRACT

Over the past years we at Pioneers and accoi have supported dozens of innovation and scouting projects focusing on startup collaboration. This allowed us to not just take a front row seat in watching the innovation field change over time but actively transform it. As collaboration with startups becomes a cornerstone of corporate strategy, we want to use this paper as an opportunity to share our insights on how KPI tracking and measuring innovation can improve the success of your initiatives.

Accordingly, the paper is structured in four sections: First, the introduction provides a general overview of startup programs and the topic of measuring innovation with startups. The second section offers details of the four major phases of a typical startup collaboration program: Setup, sourcing / selection, proof of concept / pilot, roll-out / implementation. The paper describes each phase, its goal and purpose as well as key KPIs to measure. These KPIs are accompanied by advice and instructions on how to use or implement them. The key takeaways and learnings are compiled in the following section. Lastly in the final part, two of our partners (Airbus BizLab and RBI Elevator Lab) share their insights on how they take advantage of KPIs for higher quality and long-term growth of their programs.



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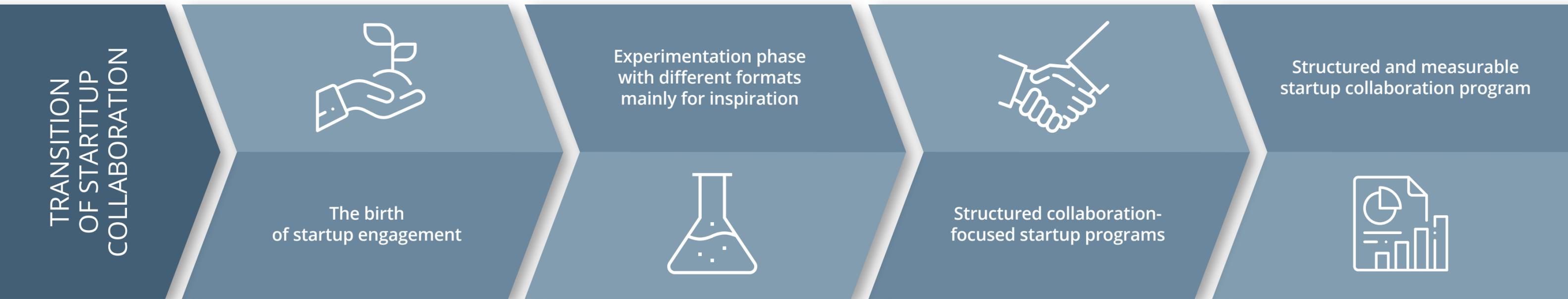
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INTRODUCTION

Structured startup engagements such as accelerators and collaboration programs have become a growing trend in the last years and play a significant role in the corporate innovation landscape (BCG 2019¹). The goal of these programs is to blend the power of innovation of startups with the market know-how and resources of corporates to establish mutually beneficial long-term collaborations. These are reached through a structured step-by-step process including scouting and selection of startups, short-term pilot tests to prove the feasibility of the solution as well as strategy development for long-term partnerships. To increase the chance of success, one program usually involves 5 – 10 startups over a period of 4 – 8 months.

While startup programs are a common practice for corporates around the world, they require considerable resources and budgets and need to prove their viability in order to achieve long-term support from top management. Corporates are past innovation theater and want to measure innovation in order to understand wants to understand the return on investment. Especially, in current times of crisis it is more important than ever for the innovation team to show tangible results.

In this paper we will offer advice on this topic and show that KPI tracking and evaluation of success is possible for startup programs. Having worked with over 30 corporate partners in this field, we will outline the key KPIs to be tracked during each phase of a program. The KPIs we describe do not only help to determine success posteriori but also during the program to take necessary measures. Furthermore, we will highlight best-practice examples that show that KPI tracking has already found its way into leading corporate startup engagement programs.



¹ BCG; 2019: *After the Honeymoon Ends: Making Corporate-Startup Relationships Work*

1. STARTUP PROGRAM: SET-UP PHASE

DESCRIPTION

In the first phase the content, format and topics for the collaboration program are defined. These determine the strategic direction and provide the foundation for selection of best fitting startups later on. To ensure successful pilot projects / PoCs and long-term collaboration between the company and startups, it is recommended to involve operational business units (BUs) from the beginning. Together with decision-makers from the BUs, innovation goals, topics, potential technologies and criteria for selection of startups need to be defined. Also, it is key to align those topics with existing strategic initiatives. Optimally, the decisions and direction are also validated and confirmed by top-level management, in order to get the later support of the whole organization for startup collaborations.

DEFINING TOPICS WITH MULTIPLE BUs

In order to ensure the strategic relevance and business impact of the program, the areas of innovation should be defined in close cooperation with the BUs. Interview series with strategic relevant BUs can help to receive an overview of current initiatives and market trends. During the individual meetings it is key to make sure that collaboration topics ...

- › are urgent and prioritized in the BU
- › are in line with the long-term corporate strategy
- › have a clear problem owner (operational lead)
- › are structured in an open way so that unexpected solutions are not excluded

GOAL AND PURPOSE

The goal of the set-up phase is to have all business units on board that either proactively strive to innovate or fall within the innovation focus of top-level management. Furthermore, it is important to align the selected topics with the overall innovation strategy and ensure the collaboration use cases are of high priority.

SECONDARY KPIS TO TRACK

- # of search fields that relate to company strategy, CSR, and market trends*
- # of search fields related to your top investment opportunities*
- # of actively engaged stakeholders (customers and external use-case supporters)*

STEERING AND EXPECTATION SETTING

Steering strongly influences the success or failure of a startup collaboration program. First and foremost, it needs to be set up to support the overall target of the program. In any case we would recommend the following roles to be involved: CEO, Strategy / Business Development, Heads of participating Business Units, Head of Innovation.

Expectations to consider

- › Expected outcome (joint collaboration, white label solutions, investment etc.)
- › other objectives (employer branding, positioning in ecosystem, agile working)

HOW TO

ADVICE

KEY KPIS

of decision-makers of BUs involved in topic definition

This KPI is an indicator of the *implementation feasibility of collaborations* with startups during and after the program. The more decision-makers are involved early on, the shorter the implementation time of collaborations and the higher the commitment of the operational employees involved to complete the PoC project. The percentage also shows the *internal attractiveness* of the program.

% of key BUs involved

To mobilize the organization for innovation, key units (legal, procurement, IT etc..) need to be onboarded for initiatives with startups. This KPI helps to understand the *effects of the program on the innovation culture* and degree of *departments' openness for startup collaboration*.

of search fields with strong strategy focus

This refers to all search fields directly related to the overall strategy of the company. Relating the search fields to already existing strategy focus areas and targets will help to increase the overall relevance and support for the program from top level management.

2. SCOUTING & SELECTION PHASE

DESCRIPTION

After setting up search fields and topics, startups are scouted and the top fits are selected for collaboration. To identify promising candidates for startup engagement, it is recommendable to combine push and pull activities. Push activities include active outreaches to the startup scene, targeted searches in databases or the appointment of a startup scouting partner. Pull activities include advertisements and media coverage for the project or program which attract startups to apply or state their interest. Both push and pull activities result in the collection of a list of potential partners. As a next step, the list needs to be evaluated by the responsible business units based on predefined criteria. As a result, startups can be ranked and top fits selected for collaboration.

GOAL AND PURPOSE

The goal is to screen the market for best fitting startups and attract the best through targeted outreach and marketing. It is key to reconfirm the commitment of all internal units involved in working on future PoC projects with the selected teams.

SECONDARY KPIS TO TRACK

- # of defined hypotheses related to existing strategic initiatives
- # of selected hypotheses that are able to achieve a positive EBITDA within 24 months
- # of selected cases which have an identified customer interested in participation

EVALUATING STARTUPS LIKE A PRO

There are a large number of options to evaluate startups. These include online ratings, remote or virtual calls, pitching challenges, meetings and assessment centers. Generally, we recommend a mixed approach. First, ratings by the innovation team and experts from business units are used to eliminate irrelevant applications. In the following step, virtual calls help the business units to get a better sense for the teams and offered capabilities and answer most pressing questions. Lastly, a physical meeting or bootcamp with the best startups, with the goal of developing concrete use-cases and hypothesis for collaboration, ensures commitment from both sides.

NUMBER OF STARTUP APPLICATIONS – HOW MANY ARE ENOUGH?

The number of startup applications is probably the most commonly used KPI for corporates to announce the success of their startup engagement to the public. The number of applications, however, neither provides an indication about the quality and relevance of the scouted solutions nor the quality of the program. By contrast, a high number of irrelevant applications only adds work in evaluation and selection without providing clear value. From our experience, business units need only a small number of top startups for optimal selection. 7 – 10 relevant startups per use case is ideal to guarantee an effective selection and high quality of collaboration partners.

HOW TO

ADVICE

KEY KPIS

of relevant startup applications per topic

This describes, on one hand, the attractiveness of the offer to startups, as well as the *“effectiveness of scouting efforts”*. On the other hand, it also comprises the *range of high-quality options* from which the internal department can choose for a potential pilot project.

of meaningful interaction with BUs

To ensure business units are engaged from the beginning and committed to working with startups, they also need to be strongly involved in the partner selection process. Meaningful interactions refer to the touchpoints of employees with startups in the scouting & selection phase. These can occur in the form of startup ratings and comments in a digital tool or personal interactions during a physical selection event. We recommend one-hour meetings with business unit management to jointly select startups for collaboration.

% Startup profile fit to scouting criteria

This KPIs provides a good indication of the quality and maturity of the startup applications based on the pre-defined scouting criteria. To measure the quality / attractiveness different evaluation criteria should be considered: *The strategic fit of the solution, technology / solution itself, experience of the founder team, traction, feasibility of implementation and the time to implementation*. Each startup will be rated on the predefined criteria (e.g. 1 – 6 or 1 – 4). The average of those ratings will then indicate the quality of the overall applications.

3. PROOF OF CONCEPT (POC) PHASE

DESCRIPTION

In this phase the corporate units and startups work on concrete PoCs / pilots to test and refine a potential collaboration and larger roll-out. The PoC will provide an indication of the technical feasibility and potential business viability of the start-up solution. This will help the corporate to invest only in partnerships with startups that fit from a strategic, technical and business perspective. A PoC and a high-level business assessment will allow the corporate to test and succeed or learn fast. This helps to focus time and resources on collaborations with the highest potential for long-term success and returns.

HOW TO TRACK IF YOU ARE ON TRACK

We highly recommend creating scorecards based on the parameters of the scope of work (SoW) of each PoC. The scorecards can be used to showcase the success of the projects at steering meetings throughout the program. Additionally, they help to track the PoC progress and should provide an indication on the following topics:

- > PoC budget and milestone of SoW on track
- > Startup skills and resources sufficient for PoC and potential implementation
- > Corporate resources available
- > Clear strategic fit & business case
- > Identification of potential showstoppers

GOAL AND PURPOSE

The goal is to determine if the chosen startup solution can be implemented in the way imagined and whether it shows tangible business potential for the company.

SECONDARY KPIS TO TRACK

- # of cases relating to mentor / BU incentives (personal targets / goals)*
- # of external event participation per startup PoC*
- % (NPS) of positive customer feedback*

WHAT SHOULD BE INCLUDED IN A POST-POC PLAN?

In order to decide whether or not to continue the collaboration with a startup it is highly recommended to have a Post-PoC plan by the end of the PoC phase. This plan should include:

- > the joint customer value proposition
- > an estimation of activities, milestones and KPIs for the next 18 months
- > an estimation of required resources and financial case
- > a high-level risk assessment
- > reasoning for a stop of the collaboration

HOW TO

ADVICE

KEY KPIS

of SoW (scope of work) for PoCs defined and on track

For a PoC to be successful it is important to define a clear scope of work (SoW) and expectation in the beginning. The SoW should include quantitative and qualitative objectives as well as clearly defined resources, milestones, KPIs and budget. This will help to ensure and plan all required resources during the PoC execution and will give an estimation of required support from process partner departments like legal, procurement and IT. Additionally, it is of utmost importance to have a concrete and operationalized hypothesis for the PoC including an operationally defined outcome.

of successfully validated PoCs

This KPI is a good indicator to measure the success and quality of the PoC preparation and execution. Additionally, the positive results and outcomes of the PoC cases are a strong internal and external communication driver. PoCs in which the hypothesis was not successfully validated, provide detailed learnings on the limitations of the aspired capability. The sources of limitation can come from technology, differences in company cultures or other market factors. The advantage here is to foster a “fail and learn fast” culture which helps to avoid large sunk costs.

of approved post PoC plans

The Post PoC plan is a document in which the intended future cooperation between the start-up and the corporate is outlined. It can depict the plan to roll-out a solution on a larger scale, refine the PoC or completely stop engagement with a startup. The KPI shows the engagement and skills of BUs to make profound decisions based on pilots with startups and is a strong indicator of well-planned PoCs.

4. ROLL-OUT / IMPLEMENTATION PHASE

DESCRIPTION

The last phase is a transitional one, shifting the ownership from the innovation team towards the business unit and transferring the small-scale PoC project into a full-scale collaboration and implementation of the solution. It is usually structured in separate phases of its own and normally consists of a planning, contracting and finally roll-out / productization phase.

EXAMPLE SPECIFIC USE CASE KPI

Normally each use-case can be characterized by one of two categories. Either the collaboration will contribute to efficiency meaning long term it will save cost (cost reduction) or it will help generate more revenue. Hence, by the end of the collaboration phase each use case should be supported / augmented by BU relevant business KPIs such as e.g.:

- > Customer Acquisition Cost
- > Customer Satisfaction & Retention
- > NPS
- > Churn Prevention
- > Number of new Customers
- > Additional revenue / ARPU (average revenue per unit)
- > Overall cost savings
- > Customer impact of process improvement

GOAL AND PURPOSE

The target is the scaling of business potential. Based on the implementation plan, it concerns itself with an actionable roadmap and long-term generated business impact.

SECONDARY KPIS TO TRACK

- # of customer / users committed to pilot solution*
- # of formalized product integration within 12 months*
- # of external media mentioning's per use-case 12 month after Demo Day*

HOW TO ENSURE A SUCCESSFUL TRANSITION PHASE

To ensure a short implementation time, we recommend a guided transition and onboarding phase of around five months after the proof of concept phase ends. The following main activities should be guided by the innovation team or startup-corporate leader:

- > contract negotiations
- > implementation and set-up of IT-Infrastructure
- > planning and detailing a concrete go to market
- > roll-out plan

HOW TO

ADVICE

KEY KPIS

follow-on business

This KPI will become the main indicator for long-term success internally but also externally. It describes the quantifiable measurement of how many collaborations with startups were reached and actually resulted in some sort of new business for the company. The outcomes can vary from project-based partnerships, cost advantage and customer impact of process automation / efficiencies, a new feature to an existing product, strategic investments or Tech&Talent acquisition. Furthermore follow-on cases can build a strong pipeline for a corporate venture fund. Overall, this KPI is great for external communications as it is very tangible and will help to set the right expectations regarding outcomes and results for the future.

specific use case KPIs

Motivating BUs to join startup collaboration programs requires the proof of improved BU KPIs. Therefore, it is key that startup collaboration results in tangible outcomes for the BU rather than output in the form of new features or extensions. If startups manage to contribute towards BU goals such as a decrease in the churn rate or increased revenues through new customers, there is a good chance of receiving further support for the program.

average time to implementation

This KPI describes the time it takes on average to shift the ownership of the PoC / Use-Case from the program team towards the responsible business unit and achieve actual returns. This means that the new capability / solution is ready to be integrated into daily operations or enters the regular product introduction process. The KPI helps to manage the expectations of when cost savings or revenue generated by the new solution can be expected.

FINDINGS & KEY RECOMMENDATION

Collaboration with startups has only become a stream of innovation in the last 5 to 8 years by testing a variety of different programs and ways to engage with startups. Today, many corporates take a more structured approach towards collaboration with startups. Startup programs with engaged BUs, clearly defined use-cases & PoC projects have proven to be a highly effective format to identify and generate successful and long-term collaborations. Nevertheless, a lack of transparency of the programs' effectiveness and outcomes, can still lead to the disengagement of startup collaboration programs after 3 years on average.

This paper offers a new way of engaging with startups that is based on measuring innovation along the road from topics definition to long-term projects. It shall show that KPI tracking results in transparency regarding returns and allows collaborations to be steered in the right direction not only after but also during the engagement. Thus, KPIs become key to long-term survival and top-level support for startup programs that ultimately require returns on investment.

Lastly, we want to stress that introducing some of the mentioned KPIs is not a complex task, but does require strong collaboration between the startup / innovation manager and the BUs. Further, the decided KPI framework should not stand alone but rather relate to the BUs already existing measuring and reporting structure. Hence, this paper shows that it is key that BUs are on board from the beginning and are the most important partner to make KPI tracking work.

Providing you with first insights into the topic of innovation measuring for startup collaboration, we want to also mention that this is just a glimpse of how we at Pioneers and accoi implement KPIs in practice. The examples show that even simple KPI tracking leads to a better transparency and enable a comparability of performance to previous programs. Introducing a multi-KPIs framework requires, however, a clear process, onboarding of relevant stakeholder and easy to use tools for employees involved. Having said that we are ready to support you with our experience and discuss how KPIs can also bring your startup programs forward. Ultimately, measuring KPIs for startup collaboration is a completely new topic and it is still to be seen if it will find widespread use among corporate innovators in the short future. Let's stay curious.



AIRBUS BIZLAB

ACHIEVING HIGH-QUALITY STARTUP SELECTION BY KPI TRACKING

AIRBUS

BizLab

The Aerospace Accelerator

ABOUT THE PROGRAM

Airbus BizLab is a global aerospace accelerator, where Airbus intrapreneurs and startups work on testing the technical and financial feasibility of new technologies in a PoC with an internal business. In 4 years, Airbus BizLab has hosted 72 startups in its six-month program at the four locations – Toulouse, Hamburg, Madrid and Bangalore. The goal of the program is a roll-out or the creation of new spin-off companies.

KPI TRACKING AT THE BIZLAB

The key to success of the Airbus BizLab is the selection of high-class startups. Those startups are scouted world-wide and go through a structured process until the top 5 are selected for every campus. In every step of the process Airbus BizLab introduced KPIs to track the efforts and improve the quality of teams year by year.

A STRUCTURED AND MEASURED PROCESS OF SELECTION

- Step 1** After the scouting, applications are screened and rated by the BizLab team and experts from different units across the whole company.
- Step 2** The BizLab team tracks the interactions and rating numbers. For quality control, the average ratings of startups per campus as well as per scouting topic are evaluated.
- Step 3** After virtual pre-selection, final teams are invited to join a two-days bootcamp where a mix of Airbus experts, coaches and jury members select the winning teams. Also here the ratings and feedback of all Airbus employees involved are measured to understand the quality perceived by the company after careful face-2-face validation. Furthermore, this guarantees a strategic fit of the startup solutions with the company goals. Lastly, involving the whole company, Airbus BizLab ensures commitment of BUs to the pilot projects of the acceleration phase.



The benefits of setting up and continuously improving the KPIs to track all steps along the outcomes of each part of the program allows us to be more transparent and focus our efforts were needed.

Rey Buckman, Airbus BizLab Platform Leader Hamburg

KEY KPIs



Evaluation & Selection KPIs

- # of expert ratings
- Average rating of applications
- Average rating of startups during selection

Sourcing KPIs

- # of applications per channel
- # of applications per search field
- # of applications per country



RBI ELEVATOR LAB

ENSURING LONG-TERM GROWTH BY KPI TRACKING



ABOUT THE PROGRAM

Raiffeisen Bank International (RBI) established the Elevator Lab Fintech Partnership Program in 2017, in order to attract innovative fintech solutions and jointly develop tomorrow's banking business. Elevator Lab offers fintech startups the possibility of scaling their business across the CEE region, encompassing 13 markets including Raiffeisen's extensive customer base with over 16.7 mn clients.



» *KPI tracking allowed us to communicate clear tangible results and with this increase the relevance of the program over time.*

Tamara Valdo, Elevator Lab Program Lead

WHO MEASURES STAYS

The Elevator Lab has been successful throughout the years as a result of the structure and KPI tracking system that was established at the beginning of the program. Through this mechanism the flow of information along the stakeholders is consistent and transparent. The tangible information that Elevator Lab acquires when using KPIs consistently has been key for the success of the program, not only as means of guidance during the accelerator phase but more importantly providing quantitative results to assess the overall impact of the program on the corporate once the program is finalized.

After running 3 very successful batches, Elevator Lab established a cross-industry collaboration by partnering with Kapsch TrafficCom during the 3rd batch. Additionally, the launch of the Elevator Lab Bootcamps in 2019, a program aimed at early-stage startups and the new Elevator Lab Partnership Program setup in 2020 in which Raiffeisen banks in CEE host tracks in different areas, have led to the development that the majority of RBI's 13 network banks organize own Elevator Lab programs.

WHAT TO MEASURE AND WHEN?

What KPI?	measure when?	# in Batch 1	# in Batch 2	# in Batch 3	Learnings
# search fields derived from Innovation Strategy or BU Initiative	Phase 0	6	6	8	The first batch had a more inspirational approach regarding the search field definition and over time BLs developed concrete needs and involvement.
# mentors' / BU Involvement	Permanent	Over 40	Over 150	Over 150	Early involvement of business lines in SUP selection to ensured interest in pilot projects and helped to achieve cultural learning and change within the whole organization.
# qualitative, relevant applications	Selection	307 from 336	376 from 407	264 from 287	Beside better coverage of all geographical regions through diverse startup sourcing partner in CEE ecosystem, more focused scouting of different fintechs by the team itself.
Acceleration program outcome # extended POC # product integration / RBI portfolio inclusion # of investments out of the Elevator Lab	Permanent	- 2 1	2 1 1	4 n.a. n.a.	Focus lies on increasing group-wide solutions, business assessment and involving internal business units like procurement, IT, GDPR, security etc. as service partner to identify opportunities and critical areas for clear business decisions.

For more information visit www.elevator-lab.com

CLOSING WORDS

We hope that this paper gave you a good first understanding of how to introduce a quantitative framework to measure your innovation KPIs for startup collaborations. If you want to learn more about this topic and how you can implement KPI tracking in your company, feel free to contact us anytime at michael.wlaschitz@pioneers.io and camilla.reinhardt@accoi.com.

We are looking forward to hearing from you!

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Writing this paper in a joint partnership was an interesting and fruitful journey. We believe that our different approaches and experiences of startup collaboration brought additional depth and insights to the paper.

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ABOUT PIONEERS



Founded in 2009, Pioneers establishes and facilitates direct business relationships to foster growth and innovation. We provide holistic services in the area of intrapreneurship, startup collaboration and venture building and develop outcome-driven innovation journeys for corporations to create a prosperous future.

ABOUT ACCCOI PARTNERS GMBH



accoi partners enable corporates to strive in co-innovation and business development by startup collaboration through corporate accelerators and co-innovation programs. We help our clients to maximize the full potential that partnerships between startups and corporates create. Customers of acccoi are global corporates in fintech, agtech, smart mobility, hitech and consultant firms.

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