Global Corporate Venturing

ASIA CONGRESS

AWARDS 2017

Global Corporate Venturing Leadership Society

Why Join?

- Support your industry
- Help shape thought-leadership and best practice to increase success
- Network with the most influential corporate venturers in the world – these could be your co-investors or partners
- Raise your company's profile to increase co-investment and deal-flow opportunities
- Increase your personal profile for your next career move
- Join sub-committees to move the industry forward in areas such as deal flow, investment models, partnership approaches, innovation excellence and intellectual property

GCV Leadership Society and ICVCA missions:

The GCV Leadership Society is for corporate venturing leaders and aims to be the pre-eminent provider of data, information, events and other services for the global corporate venturing community. The Society helps develop the corporate venturing leaders of the future.

A separate CVC trade body, the International Corporate Venture Capital Association, chaired and majority governed by practicing corporate venturers, has also been created to help the industry communicate its work to third parties, such as entrepreneurs, VCs, corporate management and through regional trade bodies and local networks that provide government lobbying.

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Committee members include:

Claudia Fan Munce
NEA

Bill Taranto
Merck

Sue Siegel
GE Ventures

Tom Heyman
J&J

Jeffrey Li
Tencent

Jaidev Shergill
Capital One

ICVCA

$499 per year

This US-based non-profit organisation is governed by the industry leaders in order to communicate with third parties, such as entrepreneurs, VCs and corporate managers. It is separate to Global Corporate Venturing (GCV) and its UK-based corporate parent, Mawsonia, although it can contract services from GCV and/or other service providers, such as data, to help in its outreach efforts. Subscribers to GCV will automatically be enrolled in the ICVCA with $499 rebated to the non-profit as GCV's contribution to the industry.

However, people can join the trade body separately to taking GCV's Leadership Society services.

GCV Industry Partner (Firm) or other industry professional (e.g. Academic, Government)

$10,000 per year*

* Non-corporate venturers will have more limited access to the ICVCA's services unless authorised by its board.

"Global Corporate Venturing represents the industry and the good citizens and leaders in the innovation capital ecosystem are part of its Leadership Society."

Claudia Fan Munce,
GCV Leadership Society Chairperson
and former Head of IBM Venture Captial

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For more information or to apply today contact James Mawson:
+44 (0) 7971 655 590 | jmawson@mawsonia.com

Global Corporate Venturing

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Asia's rise cemented in Global Corporate Venturing awards

By James Mawson, editor-in-chief

The seventh annual Global Corporate Venturing awards are the first to be hosted in Hong Kong rather than London but reflect the changing face of the venture industry as it both globalises and scales up.

From a US-dominated cottage industry of relatively small funds, the provision of innovation capital to fast-growing entrepreneurial businesses is being transformed in less than a decade by a relative handful of global corporations, with Japan-based SoftBank raising $93bn in the first tranches of its London-headquartered Vision Fund a totem for the new world order.

Entrepreneurs anywhere in the world want the same things – capital, customers, finding and retaining the best staff, support in using research to develop the next generation of products and services and help with an eventual exit either on a stock market or to a trade buyer.

Speed, capital and support really make a difference when allied to the best and brightest entrepreneurs. The winners in this year's GCV Asia Congress awards reflect this.

As Jeffrey Li, managing partner at Tencent Investment, which won multiple awards this year, said of one of its investees, once Mobike's business model was shown to be effective, it was crucial to make sure the company had enough capital to compete. "In China, speed is everything," he told GCV reporter Chris Torney, who wrote the winners' profiles.

Li added: "We could see that Mobike's business model was proven and the management team have a very strong CEO in Davis Wang. So I think that was the right time to make the investment."

One of the keys to Mobike's success, Li said, was the fact that it was able to use Tencent's platform to provide customers with access to its bike-sharing platform without having to download a dedicated app. "That reduced a lot of the churn rate from the app downloading and other associated problems, which in turn helped them become one of the most popular services."

It is a model closely watched and followed by others.

Congratulations to all the winners and shortlisted candidates, and let us know how we, as a trade paper, can better cover and support this industry over the next 12 months.

All awards profiles written by Chris Torney, reporter

GCV awards shortlist – winners in red

Unit of the year
GV
Salesforce Ventures
Microsoft Ventures
Tencent Investment
Alibaba
SoftBank
Intel Capital
GE Ventures

New entrant of the year
Honeywell
CloudFlare
AT&T
Boeing Horizon X
Henkel
Aflac
UCar
DB Ventures
Mail.ru
Ananda Development
SCG's AddVentures

Fund of the year
SoftBank Vision
Baidu Ventures/Capital
Microsoft Ventures
Microsoft's MSW Capital (in Brazil)

IPO of the year
Snap
G-bits Network
Meitu
Cloudera
MuleSoft
Line
Twilio
Delivery Hero
Mersana
G1 Therapeutics
Alteryx
ObsEva
Quantenna
Myovant

M&A of the year
UberChina
Lattice Data
AppDynamics
Jet.com
Dollar Shave Club

Large investment of the year
Didi Chuxing $5.5bn
Airbnb series F
Lyft series G

Mid-sized investment of the year
Ofo series C
Mobike series C
Sigfox series E

Sub-$50m investment of the year
Cirius
Desktop Metal
Rover

Unit of the year

Tencent Investment

The huge strides made by Tencent Investment since 2015 are largely the result of its increased appetite for dealmaking on a grand scale as well as its willingness to look outside of China for new ventures.

Jeffrey Li, managing partner of Tencent Investment, said: "If you compare what we have done in the past two years with before, the key difference is that we have started to do more and more gigantic deals.

"Before that, we passed up on several opportunities to make deals above the $500m level, only because they would have a huge impact on our cashflow. But in recent years we are more likely to do multi-$100m deals, and now $1bn and above deals, in a single transaction."

And while Tencent understandably focused on its massive domestic market in the years immediately after the $1.5bn corporate venturing program was set up in 2011, the business has started to widen its horizons.

"We used to have 90% to 95% of coverage in China, but last year and this we have become more active in the overseas market," Li said. "We have good coverage in Southeast Asia as well as in the US and Europe."

Li pointed to the June 2016 purchase of a majority stake in Finland-based games developer Supercell, a deal worth around $8.6bn, as well as more recently Tencent's backing of Germany-based flying cars developer Lilium's $90m series B round. "And this year, for example, we have become more active in the artificial intelligence (AI) space in the US market." In May, Tencent opened an AI research laboratory in Seattle, having established a similar facility in Shenzhen a year earlier.

But while Tencent is increasingly looking for international opportunities, its biggest successes so far have been in China. A report published this summer by China Money Network found that Tencent either has stakes in or directly controls 22 of China's estimated 108 unicorns – startups currently thought to be worth $1bn or more.

These include ride-hailing firm Didi Chuxing, which was valued at more than $50bn following its latest round of fundraising in April. Tencent played an important role in Didi's strategically important acquisition of its rival Uber China in August 2016, Li said.

Tencent has worked similarly closely with Mobike, the city-based bicycle rental platform which has so raised more than $1bn in funding since it was set up at the end of 2015, and which has this year expanded out of China into Southeast Asia and Europe.

Li said Tencent Investment's initial success was down to its willingness to open up its internet platforms to its investee companies. "The businesses we put money into get lots of cooperation, especially in China. Here we have a strong user base and traffic, and many times we structure the investment deal and a business cooperation at the same time.

"For us, by taking in the partners who can get customers and monetise their services through our user base, it does remove our fear of directing our traffic to other companies. And in the end, we benefit not only through the investment valuation increase but also because the user base enriches the experience of our portfolio companies."

A further advantage is that this approach means Tencent can allow its investee companies to build up businesses in many other verticals – something they are likely to be more agile and efficient at. "We used to do lots of verticals ourselves but today we are focused more on the platform side," Li explained.

Investees can also benefit from Tencent's relative longevity in the tech industry. "We are only 18 years old, but in internet terms that is a long time.

We have succeeded in China in many verticals, but at the same time we have also failed with many products in China and other countries as well. So the experience of how to build a product or deliver a service – that is a very valuable asset we can offer to our partners."

In terms of Tencent's approach to its investees, Li said a key principle was to respect the autonomy of portfolio companies. "One thing our president Martin Lau said recently is that the investee companies like us and our culture because we allow them to keep their own culture even after investment or acquisition.

"So we completely respect the independence of the entrepreneur and allow them to make their own daily operating decisions."

Moving into new markets, particularly in the west, has presented new challenges, Li added. "We are moving into different cultures and different countries, with different languages and different industrial verticals: the skills to understand those industries are very difficult to acquire.

"We are setting up new partnerships with other VC firms to try to understand new markets, and also we have fund-of-funds investments to try to get an introduction to these new countries – that can be quite an effective bridge when we enter western markets."

Li said there were no hard and fast rules for the type of business he and his team were likely to invest in. "We look at the company to understand them and try to make sure they understand us," he explained. "We fully respect the variety. This is just like how we recruit our own people – the variety of our company is tremendous. We certainly do not have a prototype or a model for how an investee company is going to look.

"Ultimately, we have a preference for companies that respect the facts and the truth, and which are really honest with us. Those are important factors in any business's success."

New entrant of the year
AddVentures

AddVentures, the corporate venturing arm of Thai conglomerate Siam Cement Group (SCG), has been named new entrant of the year in the 2017 Global Corporate Venturing Asia Congress awards. The fund was set up in June this year and will be funded by SCG to the tune of up to $85m over the next three to five years.

AddVentures' focus will be strategically aligned with that of its parent company. SCG is Thailand's largest industrial conglomerate, operating in sectors that range from chemicals and construction materials to packaging and energy efficiency.

Dusit Chairat, corporate venture capital fund manager at SCG's digital transformation office, said: "The aim of AddVentures is to invest in startups and venture capital funds in three verticals – industrial, business to business (B2B) and enterprise. We also want to enter into commercial deals with startups and technology partners.

"Overall, the mission we are trying to accomplish is to bring in some information in order to scale up the corporate."

While AddVentures had yet to make its first investment at the time of writing, Chairat said there were a handful of startup investments in the pipeline, and the fund was expected to have committed to a number of third-party venture capital funds by the end of the year. As well as local companies, the businesses AddVentures is focusing on will be those from markets such as the US, Israel and China which have the potential or desire to move into Southeast Asia.

Within the industrial vertical, the fund is looking for firms active in areas such as smart manufacturing, robotics and automation. In the B2B sector, AddVentures is keen to back businesses dealing in construction products, chemicals and logistics. And the fund also wants to work with enterprise specialists focusing on the likes of e-commerce enablement, predictive analytics and construction efficiency management.

By helping to accelerate and scale up innovations and technology in sectors such as these, AddVentures aims to help transform SCG's existing businesses and put it in a better position to respond to market disruption from new technologies and smaller competitors.

From an investee's perspective, Chairat highlighted a number of potential benefits of working with AddVentures.

"First, investee companies will be able to take advantage of our resources," he said. "SCG has a long footprint in Southeast Asia, which could be utilised by the entrepreneur.

"A second benefit is the industry that we are in. It can be particularly hard for startups to enter areas such as industrial and B2B, so we are in a good position to provide some expertise and some introductions."

Chairat added that entrepreneurs and startups could also exploit SCG's market network. "We have a large number of customers in our value chain. In our three core business units – chemicals, packaging, and building materials construction – we have a long value chain, and in each part of each node there are a lot of people that we are in contact with. They are our customers and suppliers, and our investee companies can access them."

AddVentures' five-year plan is to make early-stage investments in 25 to 35 startups and back as many as five VC funds. Chairat said that, because the VC ecosystem in Thailand was relatively undeveloped compared with economies such as Singapore or even Indonesia, corporate venturing projects such as AddVentures had a much more important role to play in financing startups and encouraging innovation and new technology.

"The Thai government has good intentions when it comes to promoting small businesses and startups," he said. "But there is certainly room for improvement."

Fund of the year

SoftBank Vision Fund

SoftBank's Vision Fund certainly has not been resting on its laurels since announcing a record-breaking initial close of $93bn in May. In the few short months that have followed, the Global Corporate Venturing fund of the year has announced a string of eye-catching high-value deals in the technology sector.

These include investing a reported $2.5bn in Indian e-commerce company Flipkart, as well as leading a $1.1bn funding round for Swiss drug developer Roviant Sciences and contributing the bulk of a $1bn capital injection into US-based sports e-commerce platform Fanatics.

The Vision Fund was originally announced in autumn 2016 and has successfully sought backing from investors ranging from Apple, Foxconn and Sharp as well as sovereign wealth funds from Saudi Arabia and Abu Dhabi.

In addition to these and many other new investments, SoftBank has agreed to transfer some of its own holdings to the fund. These include a 25% share in ARM Holdings, a UK-based chip manufacturer it acquired in 2016, as well as the company's stakes in SoFi, an online personal finance company, and OneWeb, a satellite-based internet provider.

The Vision Fund was created to help SoftBank implement its "SoftBank 2.0" strategy to help it meet future challenges. According to a spokesman, the company believes "the next stage of the information revolution is under way, and building the businesses that will make this possible will require unprecedented large-scale long-term investment".

At the first close in May, Masayoshi Son, chairman and CEO of SoftBank Group, said: "Technology has the potential to address the biggest challenges and risks facing humanity today. The businesses working to solve these problems will require patient long-term capital and visionary strategic investment partners with the resources to nurture their success."

Son added: "SoftBank has long made bold investments in transformative technologies and supported disruptive entrepreneurs. The SoftBank Vision Fund is consistent with this strategy and will help build and grow businesses creating the foundational platforms of the next stage of the information revolution."

The fund will invest in companies of all sizes, from emerging technology firms to established businesses requiring growth funding.

Its key investment sectors include the internet of things, artificial intelligence, robotics, mobile applications and computing, communications infrastructure and telecoms, cloud technologies and fintech.

Unusually for a venture capital vehicle, the $93bn raised so far consists of a significant amount of debt. While SoftBank's own commitment to the fund is purely in the form of equity, third-party contributions are reportedly made up mostly of debt. It is thought this structure has been designed at least partly to overcome the issue that many early-stage or fast-growing technology businesses face in trying to borrow against relatively low levels of revenue or cashflow.

As well as the companies mentioned above, the fund has led a $114m series C funding round in artificial intelligence specialist Brain Corp, as well as a $200m series B round in indoor farming company Plenty – both of which reflect the fund's focus on blue-sky thinking.

Brain's main focus is on developing self-driving technology for robots in both commercial and consumer applications.

Meanwhile, announcing the Plenty deal, Son said: "By combining technology with optimal agriculture methods, Plenty is working to make ultra-fresh nutrient-rich food accessible to everyone in an always-local way that minimises wastage from transport.

"We believe Plenty's team will remake the current food system to improve people's quality of life."

The fund plans to reach its $100bn goal by the end of 2017, although its $93bn close in May has already established it as the world's largest technology fund.

IPO of the year
G-bits Network

G-bits Network became China's first gaming company to complete an initial public offering on the country's A-share market in January this year.

The firm's listing on the Shanghai Stock Exchange (SSE) raised $138m and delivered a successful exit to a number of the firm's backers. These included IDG Capital Partners, Fortune Capital and Ping An Ventures, the corporate venturing arm of Ping An Insurance.

G-bits, which is based in Xiamen in southeast China, was set up in 2004 and is best known for massively multiplayer online (MMO) games, such as Underground Castle, Unbelievable Maze, Immortal War and Carefree Online. The company's most significant breakthrough came in 2006 when China's Ministry of Culture endorsed AskTao, an MMO role-playing game based on the ancient religion of Taoism, as the country's "green online game for teenagers" – thereby providing a huge publicity boost.

The January flotation valued G-bits at just under $800m, with shares initially priced on the SSE at the equivalent of $8. In the months that followed, the share price rose dramatically on the back of improved profitability figures, reaching a high of $56 in March before stabilising between $30 and $40 over the course of the summer. Nevertheless, the firm is still valued at around $5bn and G-bits' founder and chairman Lu Hongyan, who owns almost a third of his company's stock, has become China's latest technology billionaire.

Reports indicate that the Chinese online gaming market, which is evenly split between mobile and desktop or console play, is now worth well over $20bn. G-bits' initial funding round was led by IDG Capital Partners – set up as a subsidiary of research company International Data Group (IDG) before buying its parent and renaming itself IDG Capital – and took place in 2007.

Ping An Ventures took its initial stake in the firm in 2011 in the course of a $23m funding round in which Fortune Capital also participated. Ping An's corporate venturing business was set up in 2012 to make startup and early-stage investments in innovative companies in or related to China. Its main focus is on businesses in sectors such as science, technology, internet and mobility, consumption, finance and healthcare.

Meanwhile, in May this year, Ping An launched a parallel $1bn fund called Global Voyager, concentrating on financial and healthcare technology investments at an international level. The fund is run by Jonathan Larsen, former global head of retail banking at US-based Citigroup. As Global Voyager was unveiled, Larsen said: "Ping An is the most innovative financial group in China, and a leader in China's fintech and healthtech sectors. I look forward to helping Ping An access global innovations in finance and technology and build a global presence in fintech and healthtech."

M&A of the year
Jet.com

Even by the standards of the technology market, the ascent of Jet.com has been rapid. Little more than two years after the e-commerce platform's initial funding round – and just 12 months after its service first started operating – the company was bought by retail giant Walmart in a deal worth $3.3bn.

Jet.com's success has been built on its innovative approach to selling online, backed by high-quality senior management and venture investors. The firm's unique selling point was a new take on the model pioneered by Amazon. Instead of convenience and rapid delivery, Jet.com focuses on the cost-savings consumers can make by buying in bulk and encouraging customers to shop for multiple items that can be shipped from a single distribution centre – thus cutting the retailer's overheads and lowering prices.

Jet was founded in April 2014 in New Jersey by Marc Lore, a tech entrepreneur who had already recorded a notable success by selling his baby-product retailer Diapers.com site to Amazon at the start of the decade. The business received its initial $80m round of funding in mid-2014, and early-stage investors included Bain Capital Ventures, Accel and Mentor Tech.

Early the following year, a series B round raised $140m from investors including Google Ventures, now GV, Silicon Valley Bank and Singapore's sovereign wealth fund Temasek. In November 2015, China's Alibaba joined Jet's backers in a C round – led by financial services firm Fidelity – that was worth $350m and which valued the firm at around $1bn.

Walmart's decision to buy Jet.com was aimed, at least in part, at helping the company fight back online against Amazon – Jeff Bezos's firm had surpassed it in value in 2015. At the time of the acquisition, which was completed in September last year, Doug McMillon, Walmart president and CEO, said: "We are looking for ways to lower prices, broaden our assortment and offer the simplest easiest shopping experience because that is what our customers want.

"We believe the acquisition of Jet accelerates our progress across these priorities. Walmart.com will grow faster, the seamless shopping experience we are pursuing will happen quicker, and we will enable the Jet brand to be even more successful in a shorter period of time. Our customers will win."

Lore added: "We started Jet with the vision of creating a new shopping experience. I could not be more excited that we will be joining with Walmart to help fuel the realisation of that vision. The combination of Walmart's retail expertise, purchasing scale, sourcing capabilities, distribution footprint, and digital assets – together with the team, technology and business we have built here at Jet – will allow us to deliver more value to customers."

McMillon also described the takeover as "another jolt of entrepreneurial spirit being injected into Walmart", and the company is clearly embracing the potential advantages that can be offered by corporate venturing. In March this year, Walmart announced the launch of a Silicon Valley incubator called Store No 8 – named after an outlet in Arkansas, where Walmart founder Sam Walton experimented with new retail ideas.

Store No 8 has been set up to enter into partnerships with startups, VC investors and researchers in areas ranging from drone delivery and autonomous vehicles to virtual reality and artificial intelligence. The incubator was unveiled by Lore, who is now Walmart's CEO for e-commerce. He said the firms that work with Store No 8 would be "ring-fenced by the rest of the organisation and backed by the largest retailer in the world".

He added: "We will be bringing in entrepreneurs, giving them capital and giving them the opportunity to change the course of retail five or 10 years out."

Large investment of the year

Didi Chuxing

Ride-hailing service Didi Chuxing has this year become the world's second most valuable tech startup.

According to reports, the China-based firm has recently been valued at more than $50bn, behind only its US peer and co-shareholder Uber.

Didi's meteoric rise has been fuelled by more than $13bn of funding since it was founded, with a $5.5bn round, led by Japan's SoftBank, completed in spring this year.

Alongside SoftBank, Didi's backers include Chinese tech giants Alibaba, Baidu and Tencent, as well as the likes of Apple and Foxconn. The company said the latest round of funding would be used to invest in artificial intelligence technology as well as expansion into new territories.

Didi's story is one of consolidation and collaboration in what has become one of the most competitive – and potentially lucrative – markets in tech. Didi Chuxing was created through the 2015 merger of two Chinese ride-hailing platforms – Tencent-backed Didi Dache, and Kuadi Dache, which had received early-stage funding from Alibaba.

But perhaps the most significant piece of business Didi has carried out was the acquisition in August 2016 of Uber's China operations. The deal means than Didi will control the Uber brand in China, while becoming a minority stakeholder in the US firm. In return, Uber and its Chinese investors – among them, web services company Baidu – received an "economic interest" in Didi worth 20% of the business.

At the time of the transaction, which has been seen as key to Didi establishing its dominance of the ride-hailing market in China, Cheng Wei, the company's founder and CEO, said: "Didi Chuxing and Uber have learned a great deal from each other over the past two years in China's burgeoning new economy. As a technology leader deeply rooted in China, Didi Chuxing is constantly pushing the frontier of innovation to redefine the future of human mobility. This agreement with Uber will set the mobile transportation industry on a healthier, more sustainable path of growth at a higher level."

Also in the summer of 2016, and possibly of equal importance to Didi as the Uber acquisition, the Chinese government introduced a set of regulations entitled Preliminary Rules on the Management of Online Car-Booking – effectively a framework to legalise ride-hailing services in the country.

Among other things, the rules allow operators to set prices according to supply and demand, while also removing the requirement for vehicles to be mandatorily scrapped once they have reached a specific mileage limit.

In recent months, Didi has announced collaborations with the likes of Volkswagen – with which it has established a strategic partnership aimed at improving vehicle safety – and rental group Avis. As a sign of its international expansion intentions, Didi has also this year become a strategic investor in Brazil's largest local ride-share company 99, while also co-leading a new financing round in Grab, the Southeast Asian transportation and mobile payments platform.

Meanwhile, just last month, Didi revealed it had signed a strategic partnership with Taxify to support the Estonia-based firm's growth in the European and African transportation markets.

Jeffrey Li, managing partner of Tencent Investment, has had a strong association with Didi since his company put money into Didi Dache in 2012. Li said the merger of Didi Dache and Kuadi Dache, and the more recent acquisition of Uber, had put Didi Chuxing in an excellent position in both domestic and international markets. "We helped them a lot with those two merger transactions and that has released Didi from the competition in China and given them freedom into other verticals," Li explained.

As well as ride-hailing, Didi offers a wide range of other services, from bus and minibus transportation to social ride-sharing through the Didi Hitch platform and the Didi Express carpooling initiative.

Li said Tencent played a crucial role in Didi's early development by helping the company encourage both drivers and customers to engage with its app. "In all the companies we invest in, we try to build a cooperative, mutually beneficial relationship," Li said. "When Didi got into the market, their initial user acquisition was pretty difficult. They had to go to the airport and the train station to persuade drivers to install the app. That was very time-consuming, and after doing so not many of them used the app.

"Even among the people who used the app, they only used it to call the cars – they did not use it to make the payment."

This presented a significant problem for Didi – if transactions were not completed using its app, the company would be bypassed and its business model would not be effective.

"It was vital to Didi at that time that the business was a closed loop and the final transaction happened through the app."

Tencent's solution was to offer users who paid through the app what is known as a "red envelope" – a small sum of cash, randomly awarded, as an incentive. "This is very popular in China and a lot of people use it," Li explained. "Users were familiar with the rules of the red envelope, so they started using the app to make transactions rather than using cash. For Didi, that had a huge network effect."

Mid-sized investment of the year

Mobike

Bicycle rental platform Mobike has had a hugely successful 2017 so far, with two multimillion-dollar funding rounds as well as expansion out of its native China into Southeast Asia and, most recently, Europe.

Mobike, which was set up at the end of December 2015, currently has a presence in almost 100 Chinese cities, having started out in Shanghai and Beijing. The firm provides a network of bikes that riders can access for short “last mile” journeys by scanning a code on the bicycle using the Mobike app.

Unlike some city-based bike rental schemes, Mobikes do not have a docking station they must be returned to. Instead, they have a built-in lock which is disabled via the app.

In January 2017, Mobike completed a $215m series D funding round, co-led by internet group Tencent. Venture capital firms Sequoia, Hillhouse Capital and Warburg, and hotel chain Huazhu Hotels also took part in the round.

The company raised further capital from many of the same backers in June, when a fresh series E round worth $600m was finalised, taking total lifetime investment in the business past the $1bn mark. At this point, Mobike said it had more than 5 million bikes and was providing as many as 25 million rides a day.

At the time, Davis Wang, the company’s co-founder and CEO, said: “Mobike is the global leader in smart bike-sharing and through our relentless commitment to innovation we offer the world’s most advanced and user-friendly bike-sharing platform.

“We are pleased to secure the continued support of leading investors who share our vision for the transformative potential of the Mobike platform. Our platform is already revolutionising how people move in cities around the world, transforming the urban transportation landscape.”

Wang said the latest round of investment would help the company accelerate the pace of its international expansion, increase R&D spending, and invest in technology infrastructure in the fields of artificial intelligence and intelligent hardware.

Mobike took its first steps outside China in March this year when it launched in Singapore, and it has subsequently set up a UK-based subsidiary and introduced its services to Manchester.

As well as a major investor in Mobike, Tencent is acting as a strategic partner to the company. This has involved Tencent making the firm’s platform available through its hugely popular WeChat service.

In 2017, Mobike has also established partnerships with companies such as Foxconn, Dow Chemical, Hanergy and China Recycling Development, in areas ranging from supply chain management and new material R&D, to mobile renewable energy and product lifecycle management.

Jeffrey Li, managing partner of Tencent Investment, said he had been following Mobike with great interest since its angel round of funding. “We did not make an investment then, although we really liked the product – the design of the bike. But at the time, we thought, is that going to be welcomed by the consumer? Can they get enough funding even to expand into a city like Shanghai and Beijing?”

Mobike had “some difficulty” in its series A round of funding, Li said. “But then they bounced back in their B round. By the time of the C round [when Tencent made its initial investment] they had a proven consumer user case, even though at that time they were still a very small company and only operating in one city, Shanghai.

“But we could see their business model was proven and the management team have a very strong CEO in Davis Wang. So that was the right time to make the investment.” Li added that, once Mobike’s business model was shown to be effective, it was crucial to make sure the company had enough capital to compete. “In China, speed is everything,” he added.

One of the keys to Mobike’s success, Li said, was that it could use Tencent’s platform to provide customers with access to its bike-sharing platform without them having to download a dedicated app. “That reduced a lot of the churn rate from the app downloading and other associated problems, which in turn helped them become one of the most popular services.”

Li said Tencent had also encouraged Mobike to follow in its footsteps and expand internationally, albeit in a relatively cautious way. “Global expansion is never easy and we know of a lot of difficulties, not only from the user but also from the policy and culture sides. The move into the UK, however, has been mostly done by the management team. They have found a friendly British city that already has a good relationship with China.”

Since starting up in Manchester, Mobike has introduced its bicycles to the Italian cities of Florence and Milan. And the firm says it plans to launch its service in parts of London this autumn. Steve Pyer, UK general manager for Mobike, said: “We are excited to be the first council and community-backed dockless bike-sharing scheme coming to London. Mobike is committed to help develop the bike-sharing culture across the globe through its discussions and collaboration with cities – and London is key in achieving this.”

Sub-$50m investment of the year

Desktop Metal

Technology with the potential to produce complex metal components more efficiently and cheaply has underpinned the success of US-based Desktop Metal.

The firm's groundbreaking metal 3D printing process is capable of creating components for customers in industries such as automotive and robotics quicker than rival methods. This significant competitive advantage – and the fact that, by using Desktop Metal's equipment, manufacturers have a much greater ability to develop and iterate new products – means the company has this year been able to raise substantial amounts of extra capital from its corporate venturing backers.

In February, Desktop Metal's series C round raised $45m from investors such as BMW i Ventures, Lowe's Ventures, GE Ventures and GV, the Alphabet corporate venturing subsidiary formerly known as Google Ventures. This valued the company at around $350m, and took Desktop Metal's total fundraising at that point to just under $100m.

Since then, however, the company has raised a further $115m in a series D round in July, leading to reports – so far unconfirmed by Desktop Metal itself —that the business is now worth more than $1bn.

At the time of the series C round, Andy Wheeler, GV general partner, said: "The additive manufacturing industry is going through a dynamic evolution, and Desktop Metal is helping to shape that.

"The company has an impressive product vision, a proven team, and the right level of deep technical experience to bring the promise of metal 3D printing to life."

Desktop Metal was set up in 2015 by a team of metallurgy specialists from the Massachusetts Institute of Technology, led by CEO Ric Fulop, a serial entrepreneur. He said the company's fundraising in 2017 would enable it to increase its speed to market, while also expanding its sales programs and helping to boost advanced R&D efforts.

"We are on the brink of an exciting transformation in how metal parts will be designed, prototyped and ultimately mass-produced," he added. "This latest funding puts us in an ideal position to ship our studio system in the coming months and our production system in 2018, while also enabling us to grow our company globally.

"The continued support of our investors underscores the power of our metal 3D printing solutions to help engineers and manufacturers, for the first time, apply metal 3D printing for the entire product development lifecycle – from prototyping to cost-effectively mass-producing complex metal parts."

Desktop Metal's Studio System was launched in spring 2017. This is an "office-friendly" metal 3D printing system designed to help customers with rapid prototyping. The Production System, which was also introduced earlier this year, is intended to manufacture high-resolution 3D metal parts at scale.

In June, the firm was selected by the World Economic Forum as one of its Technology Pioneers for 2017. Fulvia Montresor, head of technology pioneers at the organisation, said: "Desktop Metal has made great strides in increasing the speed, range of materials and accessibility of metal 3D printing. It has the potential to greatly impact product innovation, customisation and invention."

Steve Taub, managing director of GE Ventures, first worked with Fulop a decade ago, when GE Capital invested in battery manufacturer A123 Systems, which Fulop helped to set up before its initial public offering and eventual acquisition by China-based Wanxiang.

"By the time A123 went public in 2009, we were their largest investor," Taub said. "We kept in touch with Ric, and when he decided to start Desktop Metal, GE was very interested in manufacturing, especially with metals.

"My initial impression was that, if the company could achieve what they were setting out to do, it would be pretty great. So, when the time was right in their series B round, we made an investment – and we have followed on since then."

As well as a great idea, Taub said, Desktop Metal boasts a very strong team. "As a venture investor, that is one of the key things you look for. The team will decide what is the best market to go after, how to go after it, and how to make the technology work.

"Desktop Metal has been successful because they have a fantastically talented technical team who have come up with a product that works really well and which is usable. They have made something hard relatively easy."

Taub added that what the company was doing was a classic example of disruptive technology. "It may well turn out to be disruptive to the technology we use today, so it is something that GE wants to be associated with and have a stake in."

Stephen Young, manager at Lowe's Ventures, the corporate venturing unit of the US home-improvement retailer, said his company's involvement with Desktop Metal had opened its eyes to new market possibilities. "If you look at the other investment partners, there are a lot of corporates who you would not be surprised to see," he said. "But we were the first from the consumer side. We approached them and said: 'What are you thinking about? Perhaps we can do this stuff together.' They had chatted with these big manufacturers and industrial guys, so it caught them off guard when a retailer wanted to talk to them."

Young said the partnership with Desktop Metal could offer significant benefits to Lowe's, both now and in the future. "In the short term, this technology might help us to custom replicate an old cast-iron doorknob for a customer, for example. But it is also helping us to think strategically about what this kind of innovation could do in the long term and how that could affect our business."

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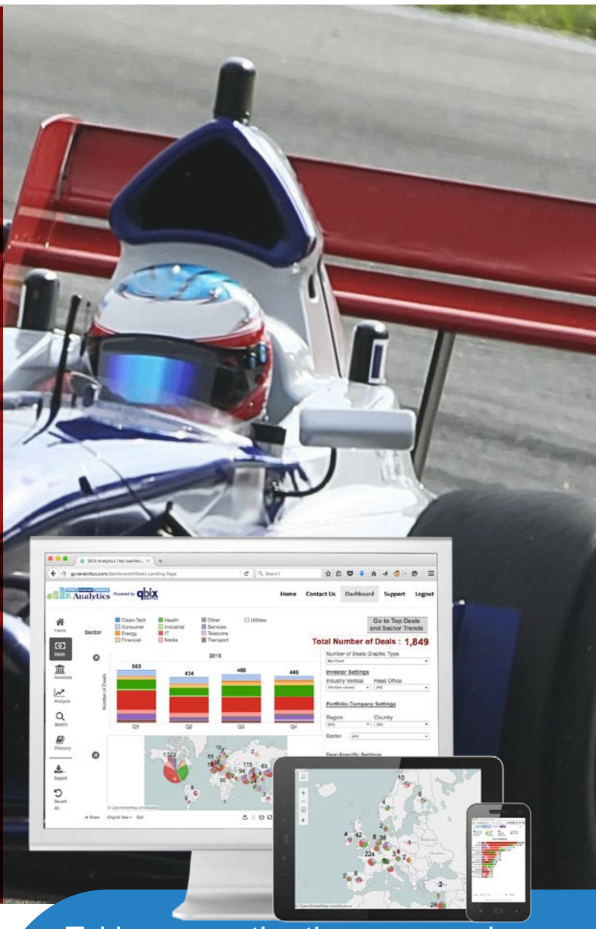

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