November 2017

Global Corporate Venturing

Brazil: a CV nexus

INSIDE

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Global Corporate Venturing

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EDITORIAL

A singular ambition

James Mawson, editor-in-chief

You can judge the calibre of an organisation by the questions its people ask. Apple's operating chief Jeff Williams at a live-stream speech to celebrate the 30th anniversary of Taiwanese Semiconductor Manufacturing Corporation (TSMC) asked an interesting one, as reported by MacRumors: "When we look back a decade ago, the question we had was: 'Do we have enough processing power in our silicon to match our ambitions?'

"The big challenge we had as we moved into the mobile revolution was this tradeoff between performance and power, and the view at the time is you had to choose – you have got one or the other. Largely as a result of what the fabless model has done, what TSMC has done, what many people in this room have done, we have reached a point where those tradeoffs are not necessary. We have performance in thermally constrained environments.

"We believe strongly in the cloud side, but the future will be a lot of on-device processing. We believe this is the best way to deliver great features without sacrificing the responsiveness and the privacy and the security. We see in our brand-new A11 Bionic chip, which is made right here at TSMC, every time somebody takes a photo, there are over 100 billion operations. That is just mind-boggling.

"So for the next decade, the question is: 'Do we have the right ambitions to go utilise this technology in front of us?'"

So what are the "right" ambitions? Williams added: "Probably one of the most significant examples of this is our opportunity to use transistor technology advances and power scaling to revolutionise healthcare. We think the industry is ripe for change. We think there is tremendous potential to do on-device computing, to do cloud computing as well, and to take that learning, and through machine learning, deep learning, and ultimately artificial intelligence, to change the way healthcare is delivered."

> The big ambition of some tech investors seems to be to change ourselves as the worlds of bits and atoms start to merge

From an industry expressing absolute confidence in itself a few years ago when I presented to about 30 health sector corporate venturers at a Silicon Valley Bank-hosted event in California, the incumbent life sciences and care providers are facing multiple challenges from tech firms, such as Alphabet and IBM, keen to expand.

But healthcare just scratches the surface. The big ambition of some tech investors seems to be to change ourselves as the worlds of bits and atoms start to merge.

Masayoshi Son, founder and CEO of Japan-based SoftBank, during his speech at the Appeal of Conscience Foundation, mentioned the now $97bn SoftBank Vision Fund. "What is my belief and vision for this investment? I have only one belief – singularity [the hypothetical moment in time when artificial intelligence surpasses human intelligence and machine and people effectively merge]."

SoftBank is trying to gain stakes in this generation's defining companies developing the singularity around the ideas of data from sensors that artificial intelligence can help process. While concerns have been raised about how quickly the Vision Fund is being invested, Son expressed confidence he could raise multiple such funds, effectively every few years.

"This is the beginning," he told last month's Future Investment Initiative, a conference hosted by Saudi Arabia's sovereign wealth fund, as reported by Recode. "No, I would not call this a peak."

But it is hard to argue there is not some sort of peak, even if there might be sunny uplands ahead. The global economy is nearing 100 months since the end of the global financial crisis, a historically long period without a downturn, and corporations and others are mindful of geopolitical risks in a way they were not just a few years earlier. Unquestionably, prices are higher than they were last year, let alone in the golden age of corporate venturing from 2010 to the end of 2015. If an investor had to judge risk and return she might assume revision to the mean most likely.

But as Global Corporate Venturing's team discusses internally, the global scope for innovation remains far broader once you take into account geographic, gender and ethnic considerations, and with more than $200 trillion of financial assets in stocks, bonds and other securities, there is plenty of capital available. White, male graduates from Stanford might be tapped out as a source, but there are others with good ideas and ability to run scalable businesses.

The prize for backing the exponential companies able to scale and deliver the fruits of singularity could be large indeed, unless governments are able to get their act together and support antitrust action to break up these network and data oligopolies.

The prize, therefore, seems worth the risk to those with dreams.
"Der Worte sind genug gewechselt, lasst mich auch endlich Taten sehn!"
Enough words have been exchanged; now at last let me see some deeds! (Goethe, Faust I) ◆

NEWS

Thailand's SET lays down CVC network

Stock Exchange of Thailand (SET) has launched a corporate venturing network that aims to connect listed companies to investment and partnership opportunities with Thailand-based startups.

SET's Listed Corporate Venture Capital Club will be open to corporate venturers with total investments of approximately Bt15bn ($452m) as well as listed companies looking to form a corporate venturing unit. Participants will gain access to training, networking opportunities and discussions on regulatory framework.

The exchange also operates the Live startup scheme, under which teams are given the opportunity to secure seed-stage capital. SET president Kesara Manchusree cited an industry report suggesting 8,000 Thailand-based startups had been launched in the financial year ending September 2017.

She added: "The club has been set up for networking, exchanging information and organising activities to cultivate and accelerate startups via training, seminars, discussion on rules and regulations among others. This will be a great opportunity for networking between startups and corporations to establish collaboration, enhancing the startup ecosystem in Thailand."

GE promotes Sue Siegel

Sue Siegel

New York-listed industrial conglomerate General Electric has promoted Sue Siegel, CEO of its corporate venturing unit GE Ventures, to chief innovation officer (CIO).

As CIO, Siegel, who ranked fifth in this year's Global Corporate Venturing Powerlist awards, will retain responsibility for GE Ventures, which consists of equity investing, licensing and new business creation, but will now have overall responsibility for developing and accelerating GE's long-term innovation strategy. She will report directly to John Flannery, GE's chairman and CEO, the company said.

Siegel's role as CIO includes being a member of the company's capital allocation and portfolio management governance and helping it grow, incubate and accelerate horizontal, adjacent and transformational businesses.

In January, Siegel, co-chairman of the Global Corporate Venturing & Innovation Summit, told attendees "the time is now" for the industry to collaborate with entrepreneurs. She added: "We earn our stripes by being engaged in corporate strategy for our business units, educating on new business models, emerging technology trends, and working to always sense emerging trends. We have helped do this through the infusion of talent from the VC and entrepreneurial world. These are among a few things that we have done, and yet there is much more to do both internally and externally."

Davis makes beeline for B Capital

B Capital Group, a US-based venture capital firm affiliated with management consultancy Boston Consulting Group (BCG), has appointed Joe Davis vice-chairman and executive sponsor.

Davis joined BCG from household product manufacturer Procter & Gamble in 1988, and co-founded its Washington DC office in 1996. He will continue his responsibilities as BCG chairman for North America, a role he took on in 2016, and will be B Capital's executive sponsor within BCG.

B Capital announced the move alongside other board appointments, including the recruitment of Howard Morgan, co-founder of VC firm First Round Capital, as chairman. Morgan, who retired as a First Round partner earlier this year, has also been a director at incubator Idealab since 2002. He spoke at last month's GCV Synergize conference in New York.

B Capital launched in partnership with BCG to back healthcare, fintech, logistics and consumer startups, and had raised $181m for its first fund as of May 2017, according to a securities filing.

Buckner moves from GCI to ATN

Laurel Buckner

Laurel Buckner, former vice-president of corporate venture investments and mergers and acquisitions at US-based phone operator GCI Communications, has been hired by peer ATN International.

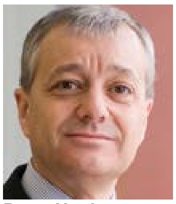
As senior vice-president at ATN, she will be managing director of its new corporate venturing unit, ATN Ventures.

ATN operates telecoms in remote areas of the US and Caribbean, and solar energy units for municipalities in the US and India. Buckner said ATN Ventures would be looking for deals in these areas, particular around software and renewable energy storage.

Buckner previously started the corporate venture department at GCI, Alaska's largest telecoms provider, at the beginning of 2014. Her move from GCI followed its acquisition by Liberty Interactive for $1.1bn earlier this year.

NEWS

Nagler finds the right chemistry in Singapore

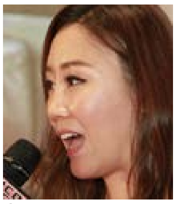

Peter Nagler

Peter Nagler, head of international innovation at Germany-based chemicals company Evonik Industries, will be moving to Singapore from the start of next year to head one of AStar's institutes.

He said: "I already had the pleasure to support Singapore in several committees, [including] AME-IAP, and one item we discussed concerning how to improve Singapore's innovation capability was about startups and venturing. I was with Evonik for 31 years, among others as chief innovation officer, and helped to build Evonik's VC unit."

Bernard Mohr, a winner of the GCV Powerlist 100 award in May, leads Evonik Venture Capital, which invests globally in startups and specialist venture capital funds and closed at least 17 investments, both direct and indirect.

Yun Xia welcomed to the Jungle


Grace Yun Xia

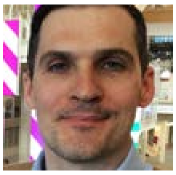
Grace Yun Xia has left China-based internet company Tencent, where she was senior director of corporate strategy and investment, to join Singapore-based venture capital firm Jungle Ventures as principal.

Yun Xia was hired partly due to her experience in Chinese markets, according to DealStreetAsia. She will be tasked with helping Jungle Ventures' portfolio companies maximise opportunities in China.

In an interview with DealStreetAsia, she said her arrival would not change the investment strategy of Jungle Ventures, which would continue to focus on Southeast Asia and India rather than looking at China-based startups.

Yun Xia joined Tencent in early 2015 and was responsible for identifying strategic opportunities in emerging markets, developing the company's international product ecosystem, overseeing deal implementation and deploying capital.

Rubasinski plots route out of Sky


Marek Rubasinski


James McClurg

Marek Rubasinski, director of UK-based media company Sky's startup investments and partnerships team, is leaving the company to pursue new opportunities.

Rubasinski has held the position since August 2015 and was in charge of Sky's engagement with technology startups, chiefly through its corporate venture capital unit, Sky Ventures. He joined Sky in 2008 from professional services firm Accenture.

Rubasinski's departure was disclosed by Emma Lloyd, group director of business development and investments for Sky, who revealed that James McClurg would now lead the corporate venturing team. McClurg is currently head of investments and has been part of Sky's corporate venturing team since 2013.

Karapataki carries herself to BEV


Christina Karapataki

Christina Karapataki, a GCV Rising Star, has left her venture principal position at Schlumberger Technology Investments, the corporate venturing vehicle for oil services group Schlumberger, to join venture capital fund Breakthrough Energy Ventures (BEV).

Founded by David Danielson, former assistant secretary to the US Department of Energy at the start of the year, BEV is an investor-led fund made up of members of the Breakthrough Energy Coalition, guided by scientific and technological expertise and committed to "investing patiently in developing new ways to live, eat, travel and build".

The coalition's leadership is made up of entrepreneurial investors and scientists, and the fund targets early-stage innovations in emissions-free energy, agriculture and consumer goods. Karapataki has an investor role at BEV.

While at Schlumberger, Karapataki was responsible for sourcing opportunities, technical evaluation and structuring joint development agreements, in addition to overseeing about half of Schlumberger's portfolio companies, with responsibility ranging from monitoring a startup's evolution to sitting on boards as a director. She led investments in semiconductor technology developer Nantero and cybersecurity service provider Onapsis while at the unit, and co-led deals for chemical analysis device developer 908 Devices and oil recovery technology producer Naturafrac.

NEWS

Beyda comes to Comcast as MD

Comcast Ventures, the corporate venturing arm of the US-based mass media company, has hired Gil Beyda as managing director and promoted Daniel Gulati to partner.

Beyda, who spoke at last month's GCV Synergize conference in New York, has spent the past nine years as managing partner of Genacast Ventures, a seed-stage fund formed in partnership with Comcast Ventures. He will continue to run Genacast while also investing in later-stage companies for Comcast Ventures.

Companies in which Beyda has led investments include behavioural data management platform Demdex, which was acquired by Adobe in 2011, and mobile productivity app Divide, which was acquired by Google in 2014.

Before joining Genacast, Beyda was the chief technology officer of targeted advertising network Tacoda. He also founded online advertising company Real Media in 1995 and computer game developer Mind Games in 1982.

Gulati joined Comcast in 2014 as principal and has since led investments in companies such as health data platform Kang Health, travel brand Away and subscription meal service MealPal. He worked for Boston Consulting Group as a consultant from 2012 to 2014, and in 2009 co-founded FashionStake, a fashion-focused daily deals site acquired by e-commerce company Fab.com in 2012.

Renard becomes a member of Hardware Club

Aymerik Renard

Aymerik Renard, formerly a director at hard disk drive producer Western Digital's corporate venturing subsidiary, Western Digital Capital, has joined US-based venture capital firm Hardware Club as a general partner.

Hardware Club makes investments in US, Europe, Asia and Israel-based consumer, industrial and enterprise-focused startups at seed and series A stage. The firm raised $28m from limited partners including contract manufacturer Foxconn for the first close of its first fund in June this year, and expects to reach a final close in the next few months.

Renard was a director at SanDisk Ventures, the corporate venturing arm of data storage technology provider SanDisk, from early 2014 before joining Western Digital Capital in 2016 after its parent company acquired SanDisk. He has been an adviser to Hardware Club since June 2016 and was named a GCV Rising Star earlier this year. Hardware Club's portfolio companies include gaming robot producer Reach Robotics, building automation startup Biscuit Labs, connected toy creator Play Impossible and intelligent security device developer Noke.

Barrett bids hello to Frazier Healthcare

Mark Barrett, formerly global head of strategy and business development at pharmaceutical firm Sanofi Genzyme, has joined the life sciences team of investment firm Frazier Healthcare Partners as entrepreneur-in-residence.

Barrett was responsible for Sanofi's global rare diseases, immunology, multiple sclerosis and oncology businesses. He led the transaction team on Sanofi Genzyme's $700m acquisition of a 12% stake in biopharmaceutical company Alnylam Pharmaceuticals in 2014. He also played a key role in Sanofi Genzyme's $65m investment in gene therapy developer Voyager Therapeutics in February 2015.

Before joining the company in 2013, Barrett was director of business development for pharmaceutical group Johnson & Johnson before being promoted to senior director of business development and new ventures.

He will perform his new role while continuing to serve as CEO of Yosemite Therapeutics, a company co-founded with Frazier that is focusing on developing treatments to address unmet medical needs in serious illnesses.

Bodas bids goodbye to Amex to join Propel

Rohit Bodas, a partner at corporate venturing arm American Express Ventures, has taken in a similar role at US-based venture capital firm Propel Venture Partners.

Rohit Bodas

A GCV Rising Star last year, Bodas joined American Express Ventures in 2012 under the leadership of Harshul Sanghi. He had previously helped to launch corporate venturing unit Hartford Ventures for US-based insurer Hartford, and held a number of innovation and engineering roles at communications technology provider Motorola from 1999. Bodas switched to venture investing in his final two years at the company.

Propel has been one of the most successful fintech-focused VC firms, after Spain-based financial services firm BBVA increased the size of its specialist financial technology fund run by Propel from $100m to $250m in 2016. Propel is run by Jay Reinemann and Tom Whiteaker, formerly executive directors of BBVA Ventures, the $100m fintech fund BBVA formed in 2013, and Ryan Gilbert, the co-founder and ex-CEO of online small business lender Better Finance.

NEWS

Dewost hardens on Vinci role

Philippe Dewost, former head of the digital economy section of the investments of the future programme at French state-owned Groupe Caisse des Dépôts (CDC), has been appointed director of Leonard, France-based construction company Vinci's innovation and foresight platform.

Dewost is a co-founder of internet service provider Wanadoo and has also been CEO of ImSense, a UK-based startup acquired by Apple in 2010.

At CDC, Dewost launched LabChain, its blockchain initiative. He has also supported La French Tech, the government's French startup ecosystem initiative, and is honorary president of the Centre des Hautes Etudes du Cyberespace.

Graillot leaves Axa for Astorya

Florian Graillot, formerly an investor at insurance group Axa's corporate venturing unit, Axa Strategic Ventures, has launched a France-based venture capital firm called Astorya.vc.

Graillot is now a partner at Astorya.vc, which will target the insurance technology sector. The move came in September, the same month as Minh Tran, another general partner at Axa Strategic Ventures, said he was leaving the unit, which has offices in San Francisco, New York, London, Paris, Zürich and Berlin.

Khatri moves to investor at J&J

Ajay Khatri has taken an investor role at Johnson and Johnson Innovation–JJDC, the corporate venturing subsidiary of US-based healthcare group Johnson & Johnson. Khatri was previously a senior finance manager in Johnson & Johnson's oncology business development team, having also been a senior finance manager for venture deals and analysis since 2014.

Domingo warms up with Spice ICO

Carlos Domingo, chief new business and innovation officer for Dubai-based telecoms company Du, has co-founded Spice Venture Capital.

Spice has launched an initial coin offering (ICO) based on the Ethereum blockchain to secure investment funds. The virtual currency model means backers are not limited by fixed terms and can instead trade their position, with the owner accessing proceeds from exits.

Dominigo, who left in September to co-found Spice, joined Du in 2015 after a year at Spanish telecoms group Telefónica as CEO of new business and innovation.

Tal Elyashiv, co-founder and managing partner at Spice, told VentureBeat: "We operate as a normal fund, only with digital tokens instead of paper shares. We see this is the beginning of the transition of all securities from analogue to digital, a move which we believe is inevitable."

Punwani takes investment director role at Takeda

Jayson Punwani has become an investment director at Takeda Ventures, the US-based corporate venture capital arm of Japan-headquartered pharmaceutical firm Takeda. Punwani came from life sciences-focused VC firm Pappas Ventures, where he was principal. He initially interned at the firm in 2011 before taking on associate and senior associate roles in 2012 and 2014 respectively.

NGP moves Masalin to partner

Nokia Growth Partners (NGP), the corporate venturing arm of communications technology provider Nokia, has promoted Walter Masalin to partner.

Masalin was a principal at the growth-stage unit since 2010, having joined Nokia's graduate scheme in 2007 before taking a business development manager position in 2009. He focuses on Europe and Israel, and said in a feature on NGP's website he was looking chiefly at the digital healthcare sector, but that the fund as a whole sought "growth-stage opportunities with a product-market fit and a strong team".

NEWS

TrueWealth aims to expand the reach of funding

A Texas-based micro-venture capital fund, TrueWealth Ventures, has been launched to take advantage of what the founders believe is an underfunded high-performing opportunity segment, female-led startups, and is raising a $20m fund.

TrueWealth co-founder Kerry Rupp, formerly CEO of startup accelerator DreamIt Ventures, said: "85% of consumer purchases in the US are made by women and gender-diverse business teams financially outperform all-male counterparts. And yet only 2.19% of venture dollars go towards startups with women CEOs."

Rupp was speaking at a Women in Venture lunch in New York, organised by Global Corporate Venturing and supported by Silicon Valley Bank and law firm Fenwick & West.

Another fund, looking to tap into this opportunity is New Jersey-based Astarte Ventures. General partner Tracy Warren said at the lunch, which was attended by 20 women from CVC and VC funds: "Astarte Ventures is dedicated exclusively to the health and wellbeing of women and children."

One of Astarte's portfolio companies is Naya, developer of an innovative breast pump, which has struggled to raise additional funding from a male-dominated VC industry, according to a recent article in Bloomberg.

A topic to be discussed at the forthcoming Global Corporate Venturing & Innovation Summit in Monterey is how corporates can, as one of their strategic venture goals, increase diversity in their venture team and investment portfolio.

GE Ventures CEO Sue Siegel, Cisco Investments vice-president Janey Hoe, and In-Q-Tel partner Eileen Tanghal will explain to attendees how their units are already embracing this approach. More at *www.gcvisummit.com*

Foxconn and IDG Capital form $1.5bn transport fund

China-based manufacturing services provider Foxconn has partnered venture capital group IDG Capital to form a RMB10bn ($1.5bn) investment fund that will focus on transport technology, Bloomberg has reported.

Foxconn and IDG will supply 10% of the capital as well as experts to run the fund. They have been in talks with state-backed funds, financial institutions and private investors for the past few months concerning the remainder, according to an investment document.

The as-yet unnamed fund will target a range of technologies, including autonomous driving software and advanced batteries, and will invest in companies based in China, Japan and the US. The fund is expected to be active for seven years. The firms said: "Our fund will encompass early and mature-stage financing, combining VC and private equity models."

SoftBank and Mubadala reunite for $400m fund...

Telecoms and internet group SoftBank is partnering Abu Dhabi's sovereign wealth fund, Mubadala Investment Company, to form $400m investment vehicle Mubadala Ventures Fund I. The fund will target investments in what Mubadala referred to as the early-growth stage, and intends to build a 25-strong portfolio of North America and Europe-based companies that span a wide range of technologies. The vehicle will form part of a drive by Mubadala to set up a dedicated venture capital arm in San Francisco that will also oversee a $200m fund of funds committing between $50m and $70m a time to US and European VC funds.

...as SoftBank begins talks for second huge fund

SoftBank has begun discussions on raising a successor fund to its $93bn Vision Fund. SoftBank CEO Masayoshi Son told Nikkei Asian Review: "The Vision Fund was just the first step, ¥10 trillion ($88bn) is simply not enough. We will briskly expand the scale. Vision Funds 2, 3 and 4 will be established every two to three years. We are creating a mechanism to increase our funding ability from ¥10 trillion to ¥20 trillion to ¥100 trillion."

Son said he expected the initial Vision Fund to exhaust its capital allocation in roughly two years, and claimed the funds may have invested in "least 1,000 companies within 10 years".

The current Vision Fund reached its $93bn first close in May 2017, with capital being supplied by limited partners including Mubadala Investment Company, Saudi Arabia's Public Investment Fund, and corporates Apple, Sharp, Foxconn and Qualcomm. SoftBank reportedly expects to achieve a $100bn second close shortly.

The LPs for the prospective second vehicle, which could be larger than the Vision Fund, could include backers of that fund, though no details have been disclosed. The second fund could form part of a $300bn asset management arm for SoftBank that Bloomberg reported earlier this month is under consideration.

The Vision Fund has so far invested in about 15 companies, including Flipkart, Slack, WeWork and OneWeb, most recently leading a $164m series C round for location services provider Mapbox. It is also closing in on a considerable investment in ride-hailing service Uber.

NEWS

RWE refines High-Tech Gründerfonds investment

RWE Generation, the power generation division of energy utility RWE, has provided an undisclosed amount of capital for the third fund raised by Germany-based venture capital investor High-Tech Gründerfonds (HTGF).

The investment was announced shortly after the launch of HTGF III, which has a target of €300m ($355m). RWE Generation invested a seven-figure sum, and will give advise on HTGF's hardware, automation, energy and industrial software, IT, telecoms and e-commerce activities.

Founded in 2005, HTGF is a German government-mandated organisation that invests in local startups at seed stage, taking funds from a range of domestic corporates. It provides up to €1m for each investment and up to €3m in total for each company. HTGF III reached a $275m first close in May this year, securing cash from 26 corporate limited partners as well as development bank KfW and Germany's Ministry for Economic Affairs and Energy. It follows a €272m first fund and a €304m second fund in 2011.

6 Dimensions seeks $450m from first fund

6 Dimensions Capital, the strategic investment vehicle formed by pharmaceutical firm WuXi PharmaTech and venture capital firm Frontline BioVentures, is raising a $450m fund, according to a securities filing.

WuXi PharmaTech combined its WuXi Healthcare Ventures unit with Frontline in May this year to create an entity with roughly $800m of assets under management. The deal was closed alongside an announcement that 6 Dimensions intended to raise both dollar and renminbi-denominated funds.

The fund, which will be run by a 24-person investment team, will target healthcare companies in the US, where WuXi Healthcare Ventures is based, and China, where both WuXi PharmaTech and Frontline are headquartered.

ING banks on corporate venturing with $348m fund

Netherlands-based financial services firm ING has launched €300m ($348m) strategic investment fund ING Ventures to target financial technology developers.

ING Ventures will act as a strategic entity, focusing on seed and early-stage deals for disruptive fintech developers, and later-stage investments in companies that already have traction in the market, in countries where ING is either operational or plans to enter.

The establishment of the fund follows some 115 investments and partnerships ING has made with fintech developers. It will form part of ING's chief innovation office and will be headed by Benoît Legrand, the firm's head of fintech, who has been appointed CEO.

New Oriental pores over strategic funds

China-based private education services group New Oriental Education and Technology plans to form a RMB2bn ($304m) fund to invest in startups, according to China Money Network.

The early-stage fund will be created alongside a $1.52bn fund that will focus on growth-stage investments and merger and acquisition deals. Both vehicles will concentrate on companies in the education sector and will seek opportunities across the globe. The corporate intends to help scale portfolio businesses, and is particularly keen on companies that exploit artificial intelligence to generate new education technologies and services.

Illumina Ventures inflates first fund to $230m

Illumina Ventures, the strategic venture capital firm formed by genomics technology provider Illumina, has increased the size of its first fund from $100m to $230m.

The firm was launched in April 2016 with $100m from Illumina, before raising the rest from undisclosed corporate, sovereign, institutional and individual investors. The fund had reached $189m in size by April this year, according to a regulatory filing.

Although Illumina Ventures is managed independently of Illumina, its focus areas – genomics and precision medicine – are similar to the corporate's field of expertise. It has invested in seven companies since beginning operations, including biotech startup Kallyope, DNA synthesiser Twist Bioscience and Biota Technology, a DNA sequencing technology developer that had not previously disclosed any funding.

Nicholas Naclerio, Illumina Ventures' founding partner, said: "The investor interest in this fund exceeded my expectations and will allow us to expand our team and support a greater number of entrepreneurs."

NEWS

GE to anchor African healthcare fund

GE Healthcare, the health technology division of diversified conglomerate General Electric, has agreed to be the anchor investor in a $200m healthcare-focused fund formed by investment bank EFG Hermes. Multilateral development finance provider African Development Bank (AfDB) has also committed, though neither revealed the size of their commitments.

The fund, Rx Healthcare Fund, has a target size of $200m and will focus on companies that can help meet the demand for high-quality and affordable healthcare across Africa. Hatem El Gabaly, formerly the Egyptian minister of health, will lead the fund.

The fund will target opportunities in the specialised hospitals, medical diagnostics and pharmaceutical sectors, in Kenya, Nigeria, Ethiopia, Egypt, Tunisia and Morocco.

Union Square Hospitality serves up $200m fund

US-based hospitality group Union Square Hospitality Group (USHG) has closed oversubscribed investment fund Enlightened Hospitality Investments (EHI) with more than $200m in capital.

The growth-stage equity vehicle included commitments from USHG and third-party investors, though the identities of those backers and the specific sums they provided were not disclosed. USHG operates a range of restaurants, cafés and bars, such as burger chain Shake Shack, together with a catering and events business and a consultancy arm.

EHI will primarily target businesses in the casual dining and hospitality technology spaces, investing between $10m and $20m in each portfolio company. UHSG may also invest in other businesses it considers have potential for scale and proven market leadership. The fund will be headed by Mark Leavitt, USHG's chief investment officer, who will be in charge of a dedicated team to identify opportunities and manage the portfolio.

EHI has already made investments in the US, providing capital to coffee shop chain and wholesale business Joe Coffee, ice cream parlour operator Salt & Straw Ice Cream and restaurant management software developer Resy Network.

iFlytek to build $150m fund

China-based speech recognition technology developer iFlyTek will launch a RMB1.02bn ($150m) fund aimed at artificial intelligence (AI) software and hardware developers, China Daily reported.

The fund will target opportunities in sectors such as consumer electronics and healthcare. It will seek to support both AI companies that lack business knowledge and startups that are successfully commercialising products but would like to integrate AI technology.

The vehicle was announced alongside iFltytek's plans to partner local governments across China to establish incubator and accelerator schemes. The programs will help startups develop their technologies and offer financial guidance, as well as providing access to hardware components and an online AI curriculum.

Companies that have received funding from iFlytek include consumer robotics manufacturer Roobo, which closed a $53.8m series B round last month, and AI chipset developer Cambricon Technologies, which raised $100m in series A funding in August this year.

Founded in 1999 out of University of Science and Technology of China, iFlytek produces speech synthesis and language processing technology that can also be used for related applications such as noise reduction and digital audio data compression. The company hopes to expand into Europe, beginning with the UK, where it has entered a partnership with Cambridge University to research image recognition technology.

Capagro Innovation harvests $146m for agrifund

France-based farming-focused venture capital fund Capagro Innovation has reached a €124m ($146m) second close, following a €66m second tranche featuring corporates Groupama, Agromousquetai, Isagri, InVivo and LSDH.

Insurer Groupama, agribusinesses Agromousquetaires and InVivo, agricultural software provider Isagri and liquids packaging producer LSDH committed capital alongside financial services firm Crédit Agricole and French state-owned investment bank BPIfrance.

Capagro Innovation invests in growth-stage, market-ready businesses in farming-related sectors such as agriculture, agro-economy, agri-food, nutrition and bioenergy. Following the second close, the fund plans to invest €10m in each portfolio company, compared with the €1m to €5m it previously targeted. Capagro also aims to increase the number of its portfolio companies from 15 to approximately 20.

BPIfrance contributed €37.5m to the fund in 2014 as part of a €58m close in January 2016 that included Crédit Agricole and Groupama. Financial services firm AG2R-La Mondiale, dairy products manufacturer Groupe Bel and Sofiprotéol, the investment arm of nutrition and renewable technology group Avril, as well as rice producer Agrica, farming cooperative Terrena, and sugar and bioethanol producer Tereos also backed the first tranche.

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Naver steers $118m more to France

Internet group Naver will invest an additional €100m ($118m) in K-Fund I, a technology fund managed by France-based venture capital firm Korelya Capital, Reuters reported.

The commitment follows a $56m investment by Naver in September 2016, alongside an investment of the same size by Line, the South Korea-based corporate's Japan-based messaging app spinout. Line said at the time it hoped to tap into the European startup ecosystem through K-Fund I.

Korelya Capital was founded, and is led by Fleur Pellerin, formerly the digital economy minister for the French government under President François Hollande from 2012 to 2016. As part of her ministerial role, Pellerin was responsible for launching the French Tech initiative in 2013, which included the creation of a €215m investment fund.

MassMutual Ventures makes second fund with $100m

MassMutual Ventures (MMV), the corporate venture capital vehicle formed by US-based insurance firm Massachusetts Mutual Life Insurance, has launched a second $100m fund.

The move doubles the amount of capital the unit has under management, and follows the launch of its first fund in 2014. It estimates it will be able to fund another 20 to 25 companies with the extra funding

MMV targets companies developing products or technology focused on insurance, digital health, financial services and benefits, cybersecurity and enterprise software based in North America, Europe or Israel. The unit has so far committed almost $80m to 20 portfolio companies, including data protection platform Digital Guardian, equity trading service IEX, risk management software provider RiskIQ and One, a developer of software for the insurance industry.

The expansion of MMV's capital reserves was disclosed alongside the hiring of Marybeth Egan as an associate. Egan, who was previously an associate at private equity firm KKR, will source investment opportunities and conduct due diligence on potential targets.

Dah Chong Hong dives into $80m fund

China-based diversified conglomerate Dah Chong Hong (DCH) said it would partner its parent company, Citic Pacific, to create an $80m fund targeting the consumer and healthcare sectors.

DCH and Citic Pacific, itself a subsidiary of investment holding group Citic, will each commit $40m to Tamar Alliance Fund. The firms will seek to raise more capital from additional investors but have not revealed a final target.

Tamar Alliance Fund will focus on companies based in Asia, particularly those that could benefit from DCH's logistics network and market expertise.

DCH operates a range of businesses, from car dealerships and vehicle financing, to food processing and distribution, and healthcare and electronic products trading.

Guardian Media Group gets into corporate venturing

UK-based media company Guardian Media Group (GMG) has launched £42m ($55.3m) corporate venturing fund GMG Ventures to make early-stage investments in media technology developers.

GMG owns The Guardian, the daily newspaper that also runs an online platform that attracts 140 million unique users each month. It was ranked second most popular UK news site, behind BBC News, by online data provider Alexa in June this year.

GMG Ventures will look to invest in startups working on technologies covering areas such as artificial intelligence and machine learning journalistic tools, adtech, reader and customer experience enhancement, payment, content distribution and tools enabling readers to respond to content through external means.

The fund will be chaired by GMG chief executive David Pemsel. Alan Hudson, the company's chief investment officer, will oversee its activities as managing partner. The fund will also manage GMG's existing investment in accelerator and incubator Founders Factory, as part of a strategic partnership agreed in January 2016.

SCG cements place in Wavemaker Partners fund

AddVentures, the corporate venture capital arm of building materials supplier Siam Cement Group (SCG), has invested in a $66m fund closed by US-based venture capital firm Wavemaker Partners.

The International Finance Corporation, the private investment arm of the World Bank, provided $10m for the fund. Singaporean-state owned firm Temasek Holdings also contributed. The fund, oversubscribed from its $50m target, will focus on early-stage business-to-business and deep technology startups in Southeast Asia, Wavemaker said.

NEWS

Educapital edges to first close of fund

France-based education-focused venture capital fund Educapital has reached the €45m ($53.1m) first close of a fund that includes several corporate limited partners.

Children's retailer IdKids, business-to-business services provider Econocom and publishers Bayard and Hachette Livre joined French state-owned investment bank BPIfrance and investment fund Education for the Many as well as undisclosed other LPs in backing the fund.

Educapital will invest in 15 education technology developers, primarily across Europe, and will focus on opportunities in France and Israel. It will consider startups in a wide range of fields, from primary school education to corporate training.

The firm is managed by partners Litzie Maarek, who has been investment director of BPIfrance's Large Venture Fund since 2013, and Marine-Christine Levet, founder and former CEO of search engine provider Lycos.

Salesforce sets up $50m impact investment fund

Salesforce Ventures, the corporate venture capital subsidiary of enterprise software producer Salesforce, has launched a $50m impact investment fund called Salesforce Impact Fund. It will invest in companies using Salesforce technology to tackle and solve issues in areas such as equality, sustainability, workforce development and the social sector. It follows the formation of another $50m fund, the Salesforce AI Innovation Fund, in September.

Salesforce also disclosed the fund's first four investments, which include its participation in off-grid solar system provider Angaza's $10.5m series B round, which was led by Emerson Collective and backed by Social Capital, Stanford StartX Fund and Rethink Impact.

The fund also represented Salesforce Ventures in a $34.6m round for female-focused investment platform Ellevest, an $8m series A round for text messaging service Hustle and a round of undisclosed size for student employment platform Viridis Learning, it said.

Akatsuki equips entertainment tech fund with $50m

Japan-based mobile game developer Akatsuki has launched a $50m investment fund that will target startups focusing on augmented reality (AR) and other entertainment technologies.

Founded in 2010, Akatsuki develops social games for use on mobile devices. It established a US-based film and TV arm called Akatsuki Entertainment USA to develop and produce feature films and other entertainment content for an international audience.

Akatsuki aims to use Akatsuki Entertainment Technology Fund to encourage startups to create new content and services in the animation, film, gaming, music, sports, e-sports, live and location based entertainment markets. The fund will initially focus on AR but will also look to invest in virtual reality and mixed reality technologies. It has already completed several investments, but Akatsuki has not disclosed details.

State Auto turns the key on $25m fund

US-based insurance firm State Auto is set to invest $25m in a strategic investment fund that will be managed by venture capital firm Rev1 Ventures.

The capital was provided by the corporate's innovation unit, State Auto Labs, and the fund will focus on transformative insurance and financial technologies. State Auto was one of the corporate limited partners in the $22m fund Rev1 closed in September 2016. The fund will target connected consumer-focused technology, software that uses big data to make decisions more effectively, startups developing new ways to interact with consumers, and products that can provide insurance across new channels.

Axiata acts to form $15m Sri Lanka fund

Axiata Digital, the digital services division of telecoms firm Axiata Group, plans to launch a $15m venture capital fund in Sri Lanka, DealStreetAsia reported. The fund will focus on digital startups and service providers.

It is expected to operate in a manner similar to the micro-VC fund launched in Cambodia in March this year by Axiata's local telecoms subsidiary, Smart Axiata, in partnership with investment management and advisory firm Mekong Strategic Partners.

The $5m Cambodia fund, Smart Axiata Digital Innovation Fund, is looking to invest $25,000 to $50,000 in digital service companies.

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Microsoft to meet AI startups in $3.5m competition

Microsoft Ventures, the corporate venture capital arm of US-based software provider Microsoft, has launched a $3.5m global competition to help uncover new artificial intelligence (AI) startups.

Microsoft is collaborating with VC firms Madrona Venture Group, Notion Capital and Vertex Ventures for the contest, Innovate.AI, which offers a total of $3.5m in funding and $2m in credits for Microsoft's Azure cloud computing services, which will be split between four prizes.

The competition is aimed at early-stage startups that have raised less than $4m in funding and are developing a product, service or platform that utilises AI in some form. Three of the prizes are awarded according to region, with $1m in funding and $500,000 in Azure credits going to the most promising startup each in North America, Europe and Israel.

As many as 10 finalists can qualify from each region and will have the opportunity to pitch their startup in person for the chance to win the regional prize.

Panasonic commits to Lai's Conductive

Japan-headquartered consumer electronics manufacturer Panasonic, which in March said it would invest $100m in corporate venture capital, has become the cornerstone investor in new venture capital fund Conductive Capital.

Shell energises India with accelerator…

Oil and gas company Shell has launched E4 (Energising and Enabling Energy Entrepreneurs), an accelerator initiative for early, pilot and post-pilot energy technology startups in India. Selected companies will work with Shell for six months and receive a fixed amount of up to $20,000 in funding.

Participants will also get access to technology and IT labs in the corporate's new Shell Technology Centre in Bangalore, as well as mentoring from executives and access to potential customers.

…as Shell Technology Ventures shuttles to China

Shell Technology Ventures (STV), the corporate venture capital arm of Netherlands-based oil and gas producer Royal Dutch Shell, is to open an office in China, Reuters has reported.

STV was launched in 1998 and invests in oil and gas, and clean energy technologies. It typically provides $2.5m to $5m for initial deals and can provide up to $20m over the lifecycle of an investment, managing director Geert van de Wouw told Reuters.

The fund's sixth global office will be in Shanghai, and it is looking to recruit three local investment professionals to help it tap into the market.

Unilever Foundry unveils Southeast Asia lineup

UK-based consumer products conglomerate Unilever has revealed the 30 startups that will participate in the Southeast Asia edition of its Unilever Foundry hub in 2017.

The scheme, Unilever Foundry 30 Southeast Asia and Australasia (SEAA), aims to develop businesses capable of impacting the technological, consumer and social ecosystems in the region. The initiative focuses on five categories – retail; media and advertising; brand and content innovation; data, insights and personalisation; and sustainability and social impact.

Participants will have the opportunity to work on business ideas alongside Unilever's consumer brands and will get co-working space in the Level3 hub at Unilever's Singapore office.

The participants include BillionBricks, Emporio Analytics, Fomo Pay, Happi, Jumper.ai, Kobe Global Technologies, Narratrs, Shopback Singapore, Silot, Sticheo, TaskSpotting, Try and Review, UShift, Vaniday Singapore, Viddsee, ViSenze and Wootag from Singapore.

The Singapore-based startups will be joined by DÄV - Digital Avatar, GetCraft and Taptopick (Indonesia), Stackla, Shippit and Genero (Australia), Crazy S.O.B (Israel), Zap (The Philippines), Neuro Flash (Germany), Moving Walls (Malaysia), LoopMe (UK), Picasso Labs (US) and Popxo (India).

Unilever has previously run three-month editions of the Foundry in the US, UK, Singapore and India that had graduated 75 startups between them as of October 2015.

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Insurers back new Hartford accelerator

Accelerator network Startupbootcamp has launched an insurance technology initiative in the US city of Hartford in partnership with insurers Cigna, Hartford, White Mountains and Travelers, and financial services group USAA.

CTNext, an incubator subsidiary of state-backed venture capital firm Connecticut Innovations, is also partnering the scheme, as is VC firm Eos Venture Partners, and the latter will make up to $1m of capital available for its participants.

InsurTech Hartford aims to scale insurance-focused technology startups. It will accept 10 to 12 applicants a year and provide each with an initial grant of $25,000, co-working space and access to a network of mentors and investors. The accelerator is looking for applications from startups with working prototypes and funding from other sources ranging from $150,000 to $500,000.

Scotiabank looks to Latin America with partnership

Canada-headquartered financial services firm Scotiabank has formed a strategic partnership with Argentina-based Latin America-focused accelerator and seed-stage fund NXTP Labs.

The collaboration will give Scotiabank access to financial technology startups in Mexico, Colombia, Chile and Peru.

Scotiabank will also award a special prize to one of the 35 startups that participated in NXTP Labs' 2017 Acceleration Program, with the winner invited to meet the firm's digital team to explore partnership opportunities.

The deal is part of a broader digital transformation strategy for Scotiabank that includes a joint venture announced in December 2016 with investment firm QED Investors to set up a venture capital platform that will nurture Latin American fintech startups.

Generali Italia vists H-Farm for accelerator initiative

Italy-based insurance firm Generali Italia has teamed with incubator H-Farm to launch a health and welfare accelerator that will supply €10,000 ($12,000) to each of its participants.

Generali Health and Welfare Accelerator is seeking early and mid-stage startups working with new technologies and exploring new business models in the areas of health and welfare prevention, and access to healthcare and treatment.

Five startups will take part in the four-month program, which starts next month. They will receive seed funding as well as guidance from a dedicated accelerator team, mentoring and workshops, advice from industry partners, and work space, room and board on the H-Farm campus.

Analysis: Private equity meets venture capital

James Mawson, editor-in-chief

A decade ago, the common reason given for private equity investors to avoid buying venture capital-backed businesses was the assumption that the sellers had maximised the price and hence limited the returns to be made by follow-on investors.

This was regardless of the fact that private equity firms happily bought secondary or tertiary buyouts from their peers. But it probably reflected the different worlds from which VCs and leveraged buyouts partners came in terms of how they made money. Last year, the Economist described the "standard operating procedures of private equity – purchasing businesses, adding debt, minimising taxes, cutting costs, and facilities and employment, extracting large fees". But what has tended to infuriate the VCs has been how their buyout peers have tended to make more money than they have through this process.

The two worlds are starting to come together more, according to Declan Kelly, head of investors at this year's Web Summit, which brought 60,000 people to Portugal for a week of conferences on multiple topics.

He said when Web Summit started around the turn of the decade in Ireland, it was focused on early-stage entrepreneurs and their seed-stage investors, but over the past two years it had moved to cover everything from early to pre-IPO and so had started attracting later-stage investors, such as TCV, TPG and SoftBank, as well as sovereign wealth funds, funds of funds and private equity firms, particularly through its Growth Summit.

This is a much-needed gathering, especially in Europe, which outside of Web Summit, Slush in Finland and our GCV Symposium of course, it has seemed to struggle to attract much attention from global heavyweights.

The change is starting to show up in dealmaking. When UK-based buyout firm BC Partners-backed PetSmart bought US-based online pet food retailer Chewy.com in April for $3.35bn, it was the largest private equity-sponsored purchase

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of a VC-backed company since at least 2007, according to the data provider PitchBook.

PitchBook's 2017 PE & VC Exits report, covering North America and Europe, said: "Acquisitions continue to be the most common exit route, for VC-backed companies, but through May, over 20% of 2017 such exits have been buyouts by private equity firms, a large proportion compared to past years – that percentage generally hovers between 10% and 12%."

PitchBook questioned the shift toward buyouts as a preferred VC exit route, and speculated one cause may be that "the IPO market has not exactly been fruitful", even though its data showed no drop in flotations.

Instead, the shift seems to be more about private equity firms' willingness to pay more given the delta is coming from reduced trade sales. Average buyout deal values are among the highest on record in the UK and across continental Europe and deals involving between €10m and €100m of enterprise value had average entry earnings before interest, tax, depreciation and amortisation multiples increase to 10.4-times for the first six months of this year from 9.5-times last year, and just above the multiples – 10.3-times – for larger deals, according to provisional data from Imperial College Business School's Centre for Management Buy-out Research.

And they are following the money. Last month, Saudi Arabia hosted its Future Investment Initiative and invited its main clients to visit and speak. Over the past year or so the country's sovereign wealth fund has given out two large cheques, one for buyout firm Blackstone to manage in an infrastructure fund, and another to SoftBank to manage in its $93bn Vision Fund targeting technology companies.

SoftBank is planning further, similar-sized funds. While the world's global financial assets – all the stocks, bonds and other securities – is about $300 trillion, according to Deutsche Bank two years ago, about $336bn was invested in tech last year by venture capital and private equity firms, according to PItchBook. If a shift of even a few basis points is made from public to private markets on the back of attempts to follow SoftBank and its moves to buy stakes in this generation's defining companies, then expect more such meetings between buyout and venture capitalists. ◆

Disclosure: I will be speaking at Web Summit and Slush in Finland, and hosting, with Helsinki Business Hub and Nestholma, a corporate venturing lunch on November 29 – let me know if you can join or meet up at either event.

Comment: Caveat emptor for buyers of IPOs

James Mawson, editor-in-chief

There is a reason traditional theories of venture capital funding looked at IPOs as just an extra round of capital rather than opportunity to exit immediately.

The agreed acquisition by Cisco Systems of Nasdaq-listed online communication and workplace collaboration tools provider BroadSoft for $1.9bn reflects the tremendous value creation in the target company since its flotation in mid-2010 at a $222.5m market capitalisation, according to Crunchbase data.

BroadSoft had raised $67.5m in its IPO and $77.5m over six rounds of venture capital starting in the final days of the original dot.com boom in the late 1990s, including from then-active corporate venturer Comdisco, according to Crunchbase.

BroadSoft used its public currency to acquire businesses before agreeing to the purchase by Cisco, itself a prolific acquirer with 154 mergers and acquisitions (M&As) on its scoresheet since the early 1990s, including the $3.7bn acquisition of AppDynamics, a business monitoring software provider, and of Perspica, a company that uses machine learning to analyse data, this year.

Rob Salvagno, Cisco's M&A lead and who will be speaking at the Global Corporate Venturing & Innovation Summit in January in Monterey, California, told Axios journalist Dan Primack not to expect Cisco's M&A engine to slow down any time soon, particularly as it continues to diversify from its hardware roots. Cisco is shifting its focus from technology hardware, such as modems and routers, to cloud-based software, which is typically sold as a subscription. This type of time to IPO and capital-raising, and use of proceeds, was fairly typical of its type, but fears are increasing that the pipeline could be breaking down.

The traditional conveyor belt of capital has come under strain as these types of merger shrink the overall numbers on the main US markets and companies wait longer to float. The number of US stocks has been shrinking for 20 years from a 1997 peak of 7,459 to 3,599 in the Wilshire 5000 Total Market Index by June, according to USA Today.

However, with global equity markets at record highs and volatility low, global IPO activity has been "brisk" this year, especially in China, according to accountant EY. Martin Steinbach, EY global IPO leader, said in its third-quarter report: "Final numbers for 2017 could fall in the range of 1,600 to 1,700 IPOs and $190bn to $200bn in capital raised and this would mark 2017 as the best year for global IPO performance since 2007."

The Asia-Pacific region continues to dominate IPO activity both by number of deals and proceeds, accounting for 60% of IPOs and 42% of capital raised worldwide in the first nine months of 2017, EY added.

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But as companies list, their filings can reveal some uncomfortable home truths. China Money Network, which tracks venture-backed companies worth at least $1bn – so-called unicorns – said last month: "As more Chinese companies go public it is becoming increasingly clear that many of them have lied about the level of funding they received as private companies, and thus their pre-IPO valuations.

"The latest example is Rong360, once listed on China Money Network's China Unicorn List with a $1bn valuation. The company is planning a US listing for its wholly-owned subsidiary Jianpu Technology, raising up to $200m, according to its IPO prospectus filed with the US Securities and Exchange Commission.

"However, a review of the 230-page prospectus shows that the company exaggerated all four of its funding rounds, by an average 40%. It also proved that Rong360 never achieved unicorn status.

"A case of one Chinese company inflating its pre-IPO valuation would not be that much of a big deal. But a review by China Money Network of several other recent IPOs shows that less-than-accurate reporting by private companies may be commonplace. For example, both Chinese peer-to-peer lending platform PPdai, which completed an IPO earlier this month, and e-book mobile app developer Zhangyue, also lied about their past financing rounds.

"The trend is significant given the number of Chinese companies going public. During the first half of 2017, a total of 312 Chinese firms completed a public float, up 203% year on year. Among them, 158 companies were backed by venture capital and private equity firms, allowing a total of 455 investment firms to exit with an average 2.69-times return, up 35.86% compared with the second half of 2016, according to data from a ChinaVenture's report."

That these companies are still accessing the public markets indicates investors are taking a view that future probity will not necessary follow past behaviour. But it is always hard for a leopard to change it spots, and if exaggerations are found in one area then other issues are probably not far behind and are likely to be revealed when the tide in public markets starts to flow the other way. ◆

Comment: Intel Capital's update sets high standards

James Mawson, editor-in-chief

With the speed and scale of the changes in the innovation capital ecosystem around the scaling of venturing from a localised cottage industry to a globalised professional asset class, it can be easy to lose sight of the fundamentals.

Intel Capital president Wendell Brooks's update on where the $566m it has invested so far this year has gone, and why, was a timely reminder of what it takes to build a world-class corporate venturing unit – thoughtfulness about what the entrepreneurs are looking for, and how they can be helped or be relevant to the parent corporation providing the money.

Brooks had indicated his intentions in his keynote at the Global Corporate Venturing & Innovation Summit in January 2016 when he took over the running of Intel Capital from Arvind Sodhani. Brooks said while it would continue investing $300m to $500m a year, the unit would shift to leading more deals, at an earlier stage, working with more diverse entrepreneurs, and that they would be more relevant deals for Intel given its shift from developing chips primarily for personal computers into what it now terms a data company, but that the focus would be on "what can we do for our portfolio companies, not what can they do for us".

The update showed how Brooks had executed on these themes. Intel Capital has led more than 70% of its 32 new investments through October this year. When he took over, Intel Capital had been leading about 40% of its deals.

Assuming this year's new deals are broadly spread over the time period, and it is comfortably doing more than five each quarter even without leading follow-on investments as would be expected, Intel Capital is in fairly limited company.

Data provider Crunchbase identified more than 1,250 separate investors that led one or more rounds, out of some 3,200 deals in the second quarter of 2017, but indicated only 20 had led at least five in that period, compared with 19 that reached this milestone in the first quarter.

Brooks also said Intel Capital had moved further to earlier-stage deals, where 60% of its dealflow is now concentrated. The 15 deals it announced most recently were concentrated on the seed and A stages, where disclosed. One of these investments, involving China-based artificial intelligence chip developer Horizon Robotics' $100m series A-plus round, indicates how far the stages have been stretched over the past few years.

As my colleague Kaloyan Andonov has noted, the median size of rounds has grown considerably over the past few years, but especially at the later stages.

Intel Capital has also been pushing slightly against the mainstream, as professional services firm KPMG, using PitchBook data, showed in its venture pulse report for the third quarter of 2017 that nearly 2,000 series A deals were announced in the first nine months of the year, while last year's series A rounds by volume had been lower than 2015's and 2014's.

Intel Capital's portfolio companies cover the waterfront of some of the most interesting areas in technology right now.

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Brooks said it was trying to be the "eyes and ears" for Intel for 2020 and beyond. In practice, this means the unit's investments were concentrated on cloud and storage; semiconductors, memory and integrated circuits – field-programmable gate array (FPGA) in the jargon; sports and entertainment; augmented and virtual reality; 5G wireless connectivity; software and security; new technologies and robotics; and artificial intelligence.

What all these areas seem to have in common is an expectation of requiring or creating more data, hence why the 15 selected for showcasing were focused in this "data" world, and why Intel is increasingly referring to itself as a data processing and storage company rather than just a chipmaker.

But while the areas might be hot, the type of entrepreneurs being backed has been changing in other ways. Brooks said in 2015 when he joined Intel Capital that 6% of its portfolio could be defined as diverse in terms of being female or ethnic minority-led. The proportion climbed to 15% in 2016, and in the first half of this year it increased to 20% as the entire Intel Capital team began to look at the issue rather than just a few partners.

Brooks also referenced a new program started this year to take one Hispanic sophomore student and four African-American students and give them a summer internship at Intel, before paying for them to come back in 2018 hopefully to work at portfolio companies.

These levels of diversification are considerably higher than most of Intel Capital's venture peers. Bryce Roberts, head of media group O'Reilly's AlphaTech Ventures corporate venturing unit, in a blog about the $97bn SoftBank Vision Fund, said: "One look at their investments and we can see this sameness already playing out – to date, they have only backed companies led by guys. One look at their team, and we can see that sameness playing out another way – the team is all men, mostly bankers. 95% of current VC dollars go to guys just like them, so it is no surprise that they are doing more of the same."

Still, when Jonathan Bullock, chief operating officer and managing director of SoftBank, spoke at the 2017 Global Corporate Venturing Symposium in London just a few days after the initial close of the Vision Fund in May, it was alongside Ana Segurado Escudero, director of Open Future at telecoms firm Telefónica, and Heidi Roizen, operating partner at venture capital firm DFJ, and the importance of building something unique through differentiation and far-sighted strategy was clear.

In SoftBank's case, the focus is on rounds of at least $100m and often $1bn or more, with a particular emphasis on data and artificial intelligence as the world moves towards "singularity" – the integration of man and machine. In this light, and given venture's historic focus on backing men, it is of little surprise the larger later-stage rounds are male-dominated, whether for SoftBank or anyone else.

The difference in future will come when the more diverse cohorts backed by Intel and other thoughtful investors such as Backstage Capital, which this summer hired Christie Pitts from Verizon Ventures as investment partner and chief of staff, mature, and whether the likes of SoftBank then back them. If so, Intel Capital will reap even more rewards than it already does.

Overall, therefore, Intel Capital's approach under Brooks is setting new standards in best practice, but the real differentiation comes in its execution. ◆

Big deal: Sea secures $884m in IPO

Robert Lavine, news editor

Singapore-based online services provider Sea raised $884m in an initial public offering that provided exits for investors including China-headquartered internet group Tencent, showing the potential for Chinese investment in the region.

Sea issued almost 59 million American depositary shares on the New York Stock Exchange at $15 each, increasing the number from 49.7 million and the price above the IPO's $12 to $14 range. If the underwriters take up the full over-allotment option, the size of the offering would rise to more than $1.01bn.

Founded in 2009, Sea runs a diversified online business that incorporates a digital media and game offering with more than 40 million monthly active users (Garena), an e-commerce marketplace with more than 4 million active buyers each month (Shopee) and a financial services playform integrated with 37 local banks (AirPay).

The company recorded a net loss of $165m in the first six months of 2017, up from $87.1m the year before, largely due to it putting significant money into marketing Shopee, while its revenue rose from approximately $167m to $195m in the same period.

Although Sea has not disclosed firm details concerning its earlier funding, Tencent invested at a relatively early stage and held a 39.8% stake pre-offering that was diluted to 35.1%, though it did buy $50m of shares in the IPO. Hedge fund sponsor Hillhouse Capital converted a $230m note to equity to come out with a 5.1% share of the company.

In addition to being an investor in Sea, Tencent is also one of its main rights partners. Sea paid it more than $32m in

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royalties and licensing fees for its games in the first half of 2017, an amount largely consistent with the three years before. It also continues to provide financing to Sea, and issued a $100m convertible note earlier this year, for which Sea has already paid $1.7m in interest.

Tencent's bet is indicative of how China-based internet companies are increasingly investing substantial sums for stakes in online-focused companies elsewhere in Asia in order to enter the local markets.

Tencent itself put up a seven-figure sum to lead a round currently being raised by Indonesia-based ride-hailing and online services provider Go-Jek that is expected to top $1bn, and which includes e-commerce firm JD.com. It has also made significant investments in Korea-based companies CJ Games and YG Entertainment in recent years.

E-commerce group Alibaba has invested $2bn to take an 83% stake in Singapore-based Lazada, and is a major investor in another online marketplace, Indonesia-based Tokopedia. It was reportedly in talks to invest in the $2bn round closed by Singapore-based on-demand ride platform Grab in July this year, but ultimately declined to take part.

Alibaba's financial services affiliate, Ant Financial, has meanwhile provided $200m for the payment spinoff of Korea-headquartered internet company Kakao, and backed Southeast Asia-based fintech companies Ascend Money, Emtek, Mynt and M-Daq.

Southeast Asia is a logical starting point for China-based internet companies to expand geographically, particularly since India's startup scene has so far proven more volatile to investors. Holding substantial stakes in startups could eventually help each of them establish a directly-linked network of services that transcend national borders.

At the other end, many China-based operators including Tencent and Alibaba have experience in backing and also running a range of online services, and can bring invaluable experience to startups looking not only to dominate their local markets but to bring in users in regions where e-commerce is relatively underdeveloped.

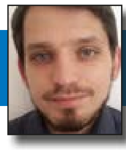
Sea's other investors include President International Development Corporation, which forms part of food producer Uni-President Enterprises, conglomerate JG Summit Holdings, Farallon Capital Management, Cathay Financial and GDP Venture, all of which took part in its $550m funding round in May.

Malaysian state-owned fund Khazanah Nasional had led Sea's $170m series D round in March 2016, and Singaporean government-owned investment firm Temasek, GDP Venture and Mistletoe supplied an undisclosed amount six months later.

Sea's shares opened at $16.25 and briefly made it as far as $16.99, before closing at $16.26, which nonetheless represents a good result for investors. ◆

SECTOR FOCUS

Financial services sector continues to grow



Kaloyan Andonov, reporter, GCV Analytics

GCV Analytics defines the financial services sector as encompassing payment technologies and crypto-currencies, alternative lenders, personal finance and wealth management products and services, crowdfunding, social investing, financial analytics and insurance technologies, among other areas.

GCV reported 667 rounds involving corporate investors from the financial services sector for the period between October 2016 and September 2017. A significant portion of those (305) took place in the US, 84 were hosted in China, 50 in the UK, 36 in India and 29 in Japan.

Most of these commitments went to emerging enterprises from the same sector (190), with the remainder going to companies in IT (103), health (102) and services (77), among other sectors.

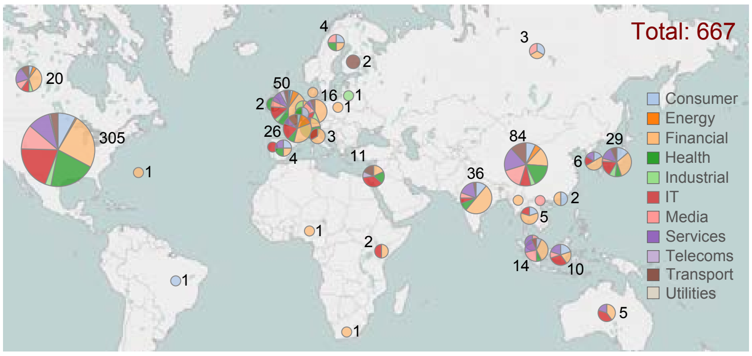
On a calendar year-on-year basis, total capital raised in corporate-backed investment rounds amounted to $42.71bn last year, up from the $26.78m in 2015, an almost 60% increase. The deal count also increased, rising by 5% from 577 deals in 2015 to 607 last year. This upward trend, which we have been seeing since 2014, may be sustained through the rest of 2017 – we had tracked 508 deals, worth an estimated $19.75bn, as of the end of September.

The 10 largest investments by corporate venturers from the financial services sector span a range of businesses.

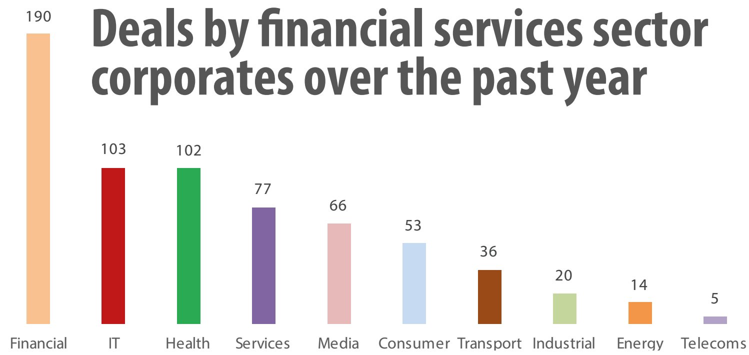
The leading corporate investors from the financial services sector were US-based investment bank Goldman Sachs, China-based financial conglomerate Legend Holdings and financial firm Fidelity. China-based Alibaba-affiliated payment technology company Ant Financial took part in the largest rounds, along with Fidelity and Goldman Sachs.

Overall, there was steady and sustained growth of corporate investment in emerging fintech enterprises from 2015 to 2016 in terms of both deal count and total capital investment. According to GCV Analytics data, $11.18bn was invested over 203 rounds in 2016, almost double the 6.47bn invested over 172 deals in 2015.

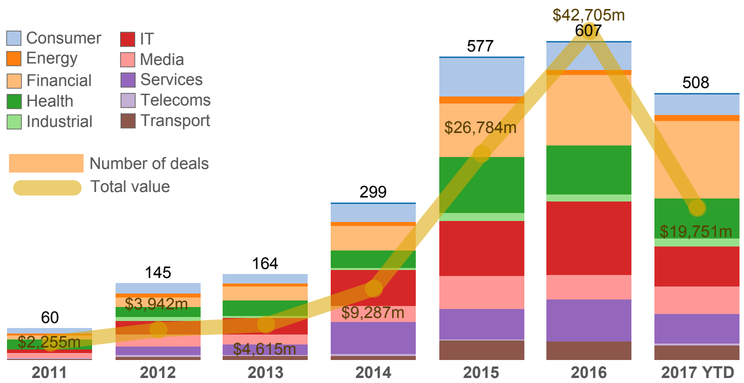
Global view of past year's deals



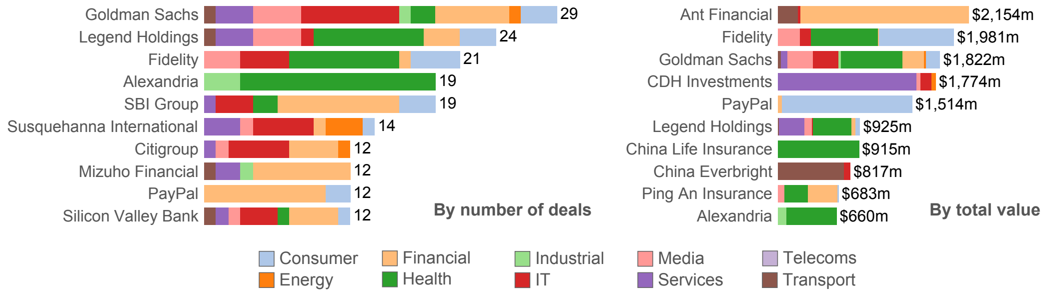
Deals by financial services sector corporates over the past year



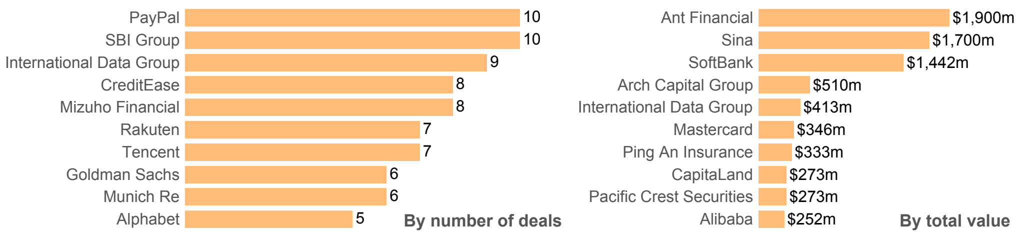
Fintech deals 2011-17



Top financial services investors



Top investors in fintech enterprises



The subsectors that have driven most of the growth of fintech since 2014 have been payment technologies and crypto-currencies, personal finance and wealth management tools as well as alternative lenders. Emerging enterprises from these sub-sectors are currently disrupting financial services *(see Corporate venturing in blockchain tech)*.

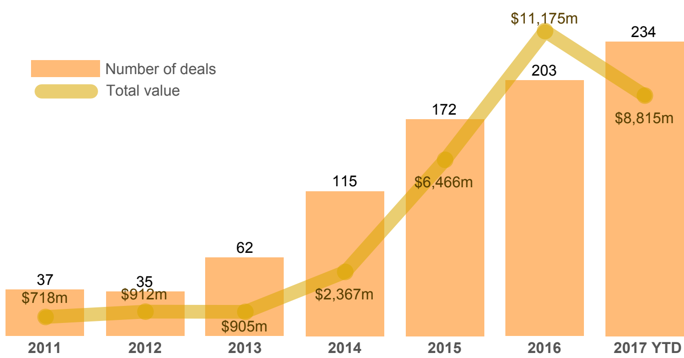
Deals

Financial services corporates invested in a number of large rounds, raised primarily by fintech, services, media and health companies. Two of the top rounds were above $1bn.

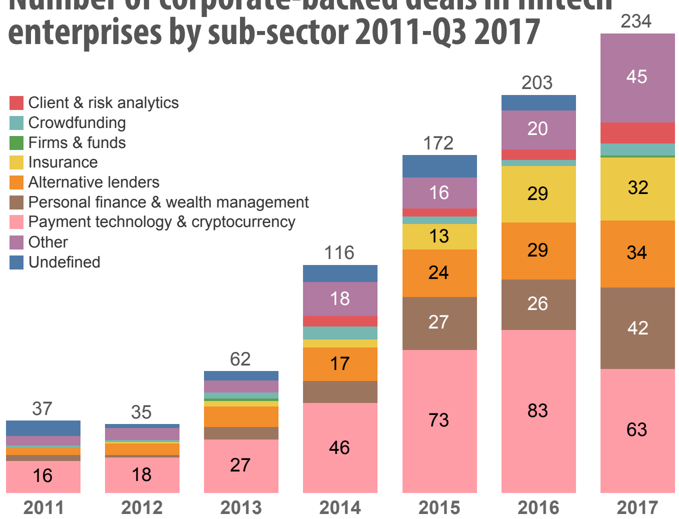
Ant Financial acquired a minority stake in Hong Kong-based financial services firm MassMutual Asia along with Yungfeng Capital, the family office of Alibaba's founder Jack Ma, which acquired a 60% majority stake. The other 40% was acquired by Ant Financial and a host of other investors including media group Sina and Singapore government-backed acquirer City-Scapes. The total size of the transaction was $1.7bn, consisting of $1bn in cash and $700m in shares. MassMutual Asia manages general insurance as well as a Mandatory Provident Fund, a compulsory pension plan for Hong Kong residents.

Koubei, an on-demand services provider launched by China-based e-commerce firm Alibaba, raised $1.2bn from investors including private equity firm Silver Lake Management. China Invest-

Investments in fintech enterprises 2011-17



Number of corporate-backed deals in fintech enterprises by sub-sector 2011-Q3 2017



SECTOR FOCUS

Top 10 deals by financial services corporate investors over the past year

Company	Location	Sector	Round	Size	Investors
MassMutual Asia	Hong Kong	Financial services	Stake purchase	$1.7bn	Ant Financial | City-Scape Pte | Sina | Yunfeng Capital
Koubei	China	Services	–	$1.2bn	CDH Investments | China Investment Corporation | Primavera Capital | Silver Lake | Yunfeng Capital
Outcome Health	US	Health	–	$600m	Alphabet | Balyasny Asset Management | Goldman Sachs | Leerink Partners | Pritzker Group Venture Capital | undisclosed strategic investors
Sea Ltd	Indonesia	Media	–	$550m	Cathay Financial Group | Farallon Capital Management | GDP Venture | Hillhouse Capital Management | JG Summit Holdings | Uni-President Enterprises Corporation
Premia Holdings	Bermuda	Financial services	–	$510m	Arch Capital Group | Kelso & Company | undisclosed strategic investors
United Imaging Healthcare	China	Health	A	$505m	Capital Venture Investment Fund | China Development Bank | China Life Insurance | Citic Securities | CMB | SDIC Fund Management | Zhongjin Zhide
Deliveroo	US	Consumer	E and beyond	$385m	Accel Partners | DST System | Fidelity | General Catalyst | Index Ventures | T Rowe Price
Hive Box	China	Services	A	$360m	CDH Investments | China Development Bank | Eastern Bell Venture Capital | Undisclosed strategic investors | Yiyao Capital
Peloton Cycle	US	Consumer	E and beyond	$325m	Balyasny Asset Management | Comcast | Fidelity | GGV Capital | Kleiner Perkins Caufield & Byers | NBC Universal | Questmark Partners | True Ventures | Wellington Management
AvidXchange	US	Financial services	–	$300m	Caisse de dépôt et placement du Québec | Mastercard | private investors | Temasek

ment Corporation (CIC), the country's sovereign wealth fund, took part in the round, as did Primavera Capital Group and CDH Investments. The round valued Koubei at $8bn. Launched in June 2015 with $1bn of funding from Alibaba and Ant Financial, Koubei operates an online platform that incorporates services such as ride-ordering, restaurant booking, food delivery and event ticketing.

US-based health intelligence provider Outcome Health raised $600m from a consortium that included Goldman Sachs Investment Partners, the venturing subsidiary of Goldman Sachs, as well as CapitalG, the growth-stage corporate venturing division of diversified conglomerate Alphabet. The round valued the company at $5bn premoney. Founded in 2006, Outcome Health has developed a platform to deliver health information and intelligence during critical moments of care to help both medical professionals and patients to make better decisions.

Indonesia-based internet company Garena rebranded to Sea Ltd, disclosing $550m in new funding from investors including diversified conglomerate JG Summit Holdings and food supplier Uni-President Enterprises. The round also featured financial services group Cathay Financial, among other investors. Founded in 2009, Sea operates a diversified internet business that includes an e-commerce platform called Shopee, online video streaming, chat, mobile gaming and a financial services platform known as AirPay.

Premia Holdings, a Bermuda-registered property and casualty (P&C) insurance and reinsurance startup, raised $510m from investors including an affiliate of insurance and reinsurance provider Arch Capital Group. The company's other founding backers include private equity firm Kelso & Company and its co-investors, as well as undisclosed senior Arch Capital members, institutional investors and Premia's management team. Premia will provide specialist P&C runoff insurance services to businesses around the world.

China-based medical imaging equipment developer United Imaging Healthcare raised RMB3.3bn ($505m) in a series A round co-led by insurance provider China Life Insurance. Founded in 2011, United Imaging is working on imaging devices that use computerised tomography, magnetic resonance imaging and digital radiography. It has also developed a full-body positron emission tomography (Pet) scanner to track the body's internal metabolic processes.

Deliveroo, a UK-based online food ordering platform backed by communications equipment manufacturer Nokia, received £285m ($384m) in new funding. Financial services group Fidelity and investment firm T Rowe Price co-led the round, which valued Deliveroo at $2bn. Founded in 2012, Deliveroo enables consumers to order food from local outlets through a mobile app and website. The food is delivered by bicycle and motorcycle couriers.

Hive Box, a China-based, corporate-backed logistics services provider, received RMB2.5bn in a series A round led by alternative asset management firm CDH Investments. The round also featured state-owned financial institution China Development Bank, which participated through its China Development Bank Capital investment arm, among other investors. Hive Box was set up in 2015 by logistics facilities provider GLP and courier companies SF Express, STO Express, ZTO Express and Yunda Express.

US-based fitness company Peloton completed a $325m series E round that included mass media group Comcast NBCUniversal and Fidelity Investments, a subsidiary of Fidelity. Founded in 2012, Peloton operates a home fitness offering that combines its custom-made exercise bike with an app-based subscription service that provides video access to

SECTOR FOCUS

Top 10 investments in emerging fintech enterprises over the past year

Company	Location	Round type	Size	Investors
MassMutual Asia	Hong Kong	Stake purchase	$1.7bn	Ant Financial | City-Scape Pte | Sina | Yunfeng Capital
One97 Communications	India	Stake purchase	$1.4bn	SoftBank
Premia Holdings	Bermuda	–	$510m	Arch Capital Group | Kelso & Company | Undisclosed strategic investors
AvidXchange	US	–	$300m	Caisse de dépôt et placement du Québec | Mastercard | Temasek | private investors
Easy Life Financial Services	China	B	$273m	CapitaLand | Chongqing Aviation Investment and Tourism Development Fund | H Capital | Jining Cultural Tourism Development Fund | Pacific Crest Securities | Shandong Bihai Tourism Development Fund
Dianrong.com	China	D	$220m	CMIG Leasing | GIC | Simone Investment Managers
Kakao Pay Corp	South Korea	–	$200m	Ant Financial
Payoneer	US	E and beyond	$180m	Ping An Insurance | Susquehanna Growth Equity Group | Technology Crossover Ventures
Stripe	US	D	$150m	American Express | General Catalyst | Sequoia Capital | Visa
Futu Securities	China	C	$146m	Matrix Partners China | Sequoia Capital | Tencent

live classes and performance-tracking metrics.

Payment services firm Mastercard invested in US-based payment services automation software provider AvidXchange as part of a $300m financing round. The round also featured pension fund manager Caisse de Dépôt et Placement du Québec, which provided $100m of the funding, Singaporean state-owned investment firm Temasek and Peter Thiel, a co-founder of online payment technology producer PayPal. Founded in 2000, AvidXchange supplies technology that automates invoice and payment processes for some 5,500 corporate clients operating in industries such as financial services, real estate, energy and construction.

Emerging fintech-focused companies also received financial backing from corporate investors from other sectors.

Telecoms and internet group SoftBank invested $1.4bn in One97 Communications, the India-based e-commerce company that owns mobile payment platform Paytm. The round valued One97 at $7bn post-money. One97 operates a diversified e-commerce and online services business but it is now best known for Paytm, the mobile payment platform it launched in 2010, which enables users to buy phone credit, pay bills and buy insurance or book travel tickets.

Easy Life Financial Services, a spinout of aviation-focused conglomerate HNA Group, received RMB1.9bn in series B-plus funding from a consortium of investors. Investors included financial firm H Capital, among others. Easy Life, which was established in January 2016, provides a range of payment services catering to the tourism industry, including foreign currency exchange, traveller's cheques, tax rebates and prepaid debit cards for international use.

Dianrong, a China-based online lending platform backed by industrial leasing company Bohai Leasing, raised $220m in a funding round led by Singapore's sovereign wealth fund GIC. The round also featured CMIG Leasing, a subsidiary of investment holding firm China Minsheng Investment Group, among other investors. Dianrong runs a peer-to-peer lending marketplace for individuals and small and medium-sized businesses. It has 28 offices across China.

Ant Financial agreed to invest $200m in Kakao Pay Corp, a mobile finance subsidiary of South Korea-based internet company Kakao. The funding will be used to launch Kakao Pay as a separate entity to Kakao. It currently provides services that include online payment, bill payments and remittance to a customer base of more than 14 million. Ant is providing the funding as part of a strategic partnership. Kakao Pay is a mobile finance subsidiary of South Korea-based internet company Kakao. Kakao Pay will distribute Ant's services in its home country.

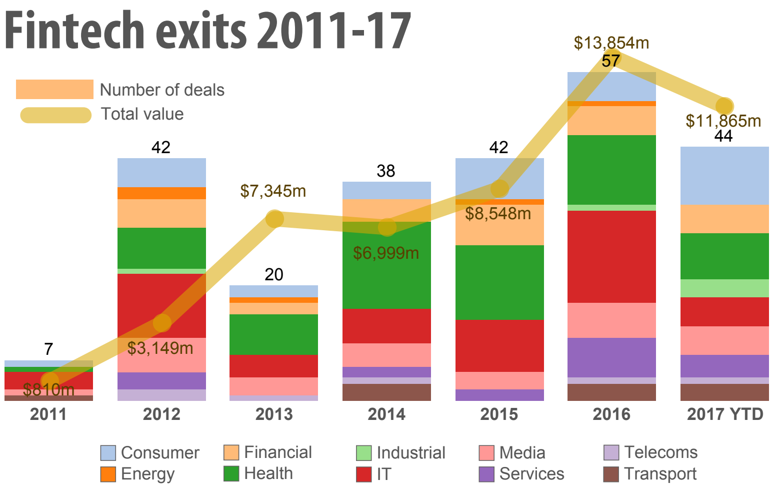
Payoneer, a US-based cross-border payments platform operator backed by insurance group Ping An, reached the first close of a $180m financing round led by growth equity firm Technology Crossover Ventures. Private equity group Susquehanna Growth Equity also participated in the funding, having initially invested in Payoneer as part of a $25m series D round in early 2014. Founded in 2005, Payoneer has built a digital platform that enables users to make quick cross-border payments. It also provides a mass payout service through which businesses can transfer money to many beneficiaries at the same time.

Sumitomo Mitsui Card Company, a credit card branch of financial services conglomerate Sumitomo Mitsui Financial Group, invested an undisclosed amount in US-based mobile payment technology provider Stripe, which provides technology that helps online merchants and service providers, including Twitter, Kickstarter, Shopify, Salesforce and Lyft, accept and process payments. Stripe was founded in 2011.

China-based brokerage firm Futu Securities raised $145.5m in series C funding from a consortium led by internet company Tencent. Venture capital firms Matrix Partners China and Sequoia Capital China also took part in the round, which valued the company at more than $1bn according to Futu founder Li Hua, though he did not reveal its precise valuation. Founded in 2012, Futu Securities operates an online stock-trading platform for invest in US and Hong Kong-listed companies.

SECTOR FOCUS

Exits



Corporate venturers from the financial sector completed 53 exits between October 2016 and September this year, including 34 acquisitions, 13 initial public offerings (IPO) and three mergers.

On a calendar year-to-year basis, GCV Analytics tracked 57 exits in 2016, a sharp and significant increase from the 42 transactions recorded in 2015. The exited capital, however, surged to $13.85bn last year, up from $8.55bn in 2015.

There were four reported transactions in which financial services corporate venturers either exited or acquired a business.

US-based visual media platform Snap closed its IPO at $3.91bn, after the IPO's underwriters took up the option to buy an extra 30 million shares. Snap floated, issuing 145 million shares priced at $17 each, which were joined by 55 million shares divested by existing backers to raise an initial $3.4bn, giving exits to investors including Fidelity, Alibaba and internet companies Tencent and Yahoo. NBCUniversal subsequently revealed that it invested $500m in Snap through the offering, giving it a stake of about 2.1%. Snap is best known for the Snapchat platform but its IPO filing indicates its long-term plans involve expanding into an all-purpose visual media company that will also delve into hardware.

The $93bn SoftBank Vision Fund made a $500m investment in China-based online insurance provider ZhongAn through its forthcoming IPO. Founded in 2013 by Ant Financial, internet group Tencent and Ping An, ZhongAn runs an online property and casualty insurance platform.

Enterprise software provider Sage Group agreed to acquire US-based financial management software provider Intacct in an $850m deal that will enable payment services provider American Express and professional services firm Deloitte to exit. Founded in 1999, Intacct has built a cloud-based platform for enterprises that incorporates cash, inventory, contract and vendor management as well as accounting, purchasing, financial consolidation, revenue recognition, subscription billing, financial reporting and project and fund accounting.

Waimai, a food delivery service launched by China-based internet company Baidu, was acquired by Rajax, the operator of food delivery company Ele.me, giving an exit to financial firm Hina Group and media company Baidu, which will continue to own a small stake. The transaction reportedly valued Waimai at approximately $800m, though the company was estimated to be worth as much as $2.5bn last year.

Berry Genomics, a China-based prenatal genetic testing company backed by Legend Holdings, completed a reverse merger with Shenzhen-listed automotive parts manufacturer Chengdu Tianxing Instrument and Meter. The transaction valued Berry Genomics at RMB4.3bn, down from its 2015 valuation of RMB10bn. Founded in 2010, Berry Genomics offers non-invasive prenatal genetic testing and diagnostics such as DNA sequencing for disease screening.

E-commerce and cloud computing group Amazon agreed to acquire United Arab Emirates-based online marketplace Souq.com for $650m, giving an exit to media and e-commerce firm Naspers, finance firm Standard Chartered and International Finance Corporation, the private investment arm of the World Bank. Founded in 2005, Souq operates the largest online marketplace in the Middle East by customer size.

IT services provider Wipro Systems agreed to acquire US-based cloud technology producer Appirio in a $500m deal, providing an exit to cloud software firm Salesforce and Fidelity Management & Research, an investment advisory branch of Fidelity. Appirio offers consultancy services and diagnostic tools to help businesses understand how best to deploy cloud computing technology, and provides technology that enables businesses to build custom cloud and mobile applications. It also operates an online crowdsourcing marketplace for designers, developers and data scientists, called Topcoder.

SECTOR FOCUS

Top 10 exits by financial services corporate investors over the past year

Company	Location	Sector	Exit type	Acquirer	Exit size	Investors
Snapchat	US	Media	IPO	–	$3.9bn	Alibaba | Benchmark | Coatue | Fidelity | General Atlantic | General Catalyst | Geodesic Capital | GIC | GSV Capital | Institutional Venture Partners | Kleiner Perkins Caufield & Byers | Lightspeed Venture Partners | Meritech Capital | NBC Universal | Sequoia Capital | SV Angel | T Rowe Price
ZhongAn Online Property & Casualty	China	Financial services	IPO	–	$1.5bn	Ant Financial | CDH Investments | China International Capital Corporation | Keywise Capital Management | Morgan Stanley | Ping An Insurance | SoftBank | Tencent
Intacct	US	Financial services	Acquisition	Sage Group	$850m	American Express | Battery Ventures | Bessemer | Costanoa Venture Capital | Deloitte | Emergence Capital Partners | Goldman Sachs | Hummer Winblad Venture Partners | JK&B Capital | Morgan Creek Capital Management | Sigma Partners | Split Rock Partners
Baidu Waimai	China	Consumer	Acquisition	Rajax	$800m	Ajisen Investment | Baidu | Hina Group
Berry Genomics	China	Health	Merger	Chengdu Tianxing Instrument and Meter	$653m	Boyu Capital | Dingfent Asset | Haitong Securities | Legend Holdings | Qiming Venture Partners
Souq.com	United Arab Emirates	Consumer	Acquisition	Amazon	$650m	Baillie Gifford | International Finance Corporation | Jabbar Internet Group | Naspers | Standard Chartered | Tiger Global Management
Appirio	US	IT	Acquisition	Wipro	$500m	Fidelity | General Atlantic | GGV Capital | Salesforce | Sequoia Capital
Blue Bottle Coffee	US	Consumer	Acquisition	Nestlé	$500m	Alphabet | Fidelity | Index Ventures | Morgan Stanley | Tetragon Financial Group | True Ventures
Best Logistics	China	Services	IPO	–	$450m	Alibaba | Brackenhill Tower | Broad Street Principal Investments | Cainiao Smart Logistics | CDH Investments | Denlux Logistics Invest | Florence Star Worldwide | Hina Group | Hong Kong Jiashi International Group | International Data Group | Orchid Development Holdings | Walden International
Turn	US	Media	Acquisition	Amobee	$310m	BlackRock | ClearBridge Investments | Fidelity | Focus Ventures | Greenspring Associates | Shasta Ventures | Trident Capital | Vilicus Ventures | Wells Fargo (Norwest Venture Partners)

Food and beverage producer Nestlé agreed to acquire a majority stake in Blue Bottle Coffee, the coffee roaster and retailer backed by internet technology group Alphabet. Nestlé declined to provide details of the deal, but the Financial Times reported it was set to pay up to $500m for a 68% stake. In addition to Alphabet, other investors that are potentially exiting are Morgan Stanley Investment Management, True Ventures, Index Ventures and various angels. Blue Bottle was founded in 2002.

There were also exits from emerging fintech enterprises involving corporate investors from other sectors.

SoftBank invested $500m in China-based online insurance platform ZhongAn Online Property & Casualty Insurance as part of its $1.5bn IPO. ZhongAn issued approximately 199 million new shares on the Hong Kong Stock Exchange at HK$59.70 ($7.64) each, at the top of the HK$53.70 to HK$59.70 range it had set. SoftBank acquired a stake of just under 5%. The offering, the largest for a fintech provider ever to take place in Hong Kong, is also the first in any country by an insurance technology producer. ZhongAn's online platform provides specialised insurance packages.

Transportation ordering platform Grab acquired Indonesia-based online payment platform Kudo for more than $100m, giving exits to media firms Emtek, Singapore Press Holdings and Gree. Kudo has built an online platform that processes payments for its customers, allowing unbanked users to make or receive payments for goods such as tickets, food, consumer goods, mobile credit or insurance.

Electronic payments company Ingenico agreed to acquire India-based payments processing firm TechProcess for Rs6bn ($88.6m), providing an exit to technology producer Nokia's investment unit, Nokia Growth Partners. Founded in 2000, Techprocess operates two payments services – electronic bill payments platform Billjunction and mobile payments gateway service Paynimo, aimed at consumers and merchants.

Game developer Nexon paid $80m for a 65.2% stake in Korbit, a South Korea-based cryptocurrency exchange backed by SoftBank. The valuation of Korbit was reported to be approximately $120m. Korbit operates an online platform that enables users to trade in cryptocurrencies such as Bitcoin, Ethereum and Ripple. It stores the majority of deposits in digital wallets unconnected to the internet to prevent cyberattacks.

SECTOR FOCUS

Top 10 exits from fintech enterprises over the past year

Company	Location	Exit type	Acquirer	Size	Investors
ZhongAn Online Property & Casualty	China	IPO	–	$1.5bn	Ant Financial | CDH Investments | China International Capital Corporation | Keywise Capital Management | Morgan Stanley | Ping An Insurance | SoftBank | Tencent
Intacct	US	Acquisition	Sage Group	$850m	American Express | Battery Ventures | Bessemer | Costanoa Venture Capital | Deloitte | Emergence Capital Partners | Goldman Sachs | Hummer Winblad Venture Partners | JK&B Capital | Morgan Creek Capital Management | Sigma Partners | Split Rock Partners
Kudo	Indonesia	Acquisition	Grab	$100m	Emtek | Gree | Singapore Press
TechProcess	India	Acquisition	Ingenico Group	$89m	Battery Ventures | Goldman Sachs | Greylock Partners | ICICI | New Vernon Partners | Nokia | W Capital Partners
Korbit	South Korea	Acquisition	Nexon	$80m	angel investors | Bam Ventures | Pantera Capital | SoftBank
Iheima	China	IPO	–	$27m	Chinese Lanchuang Media and Culture Company | Fortune Capital | Shanda | Toread | Youyou | Zhongziqi Investment
AltX	US	Acquisition	Addepar	–	Addepar | Inmobiliaria Carso | private investors | Wells Fargo (Norwest Venture Partners)

Iheima, a China-based incubator and media business, completed a RMB182m IPO. The flotation provided an exit to outdoor accessories manufacturer Toread Holdings and internet company Youyou. The company issued 17 million shares at RMB10.75 each. Founded in 2011, Iheima offers a full range of services for startups, such as entrepreneurship coaching, public relations promotion and capital raising.

Financial software provider Addepar acquired AltX, a US-based developer of a machine-learning platform for hedge fund investments, for an undisclosed sum, giving an exit to financial services firm Wells Fargo. AltX has built a platform that uses machine learning to analyse data on alternative investments and match it to a content database. Its engineering and data science teams will join Addepar while the executive team will oversee the transition.

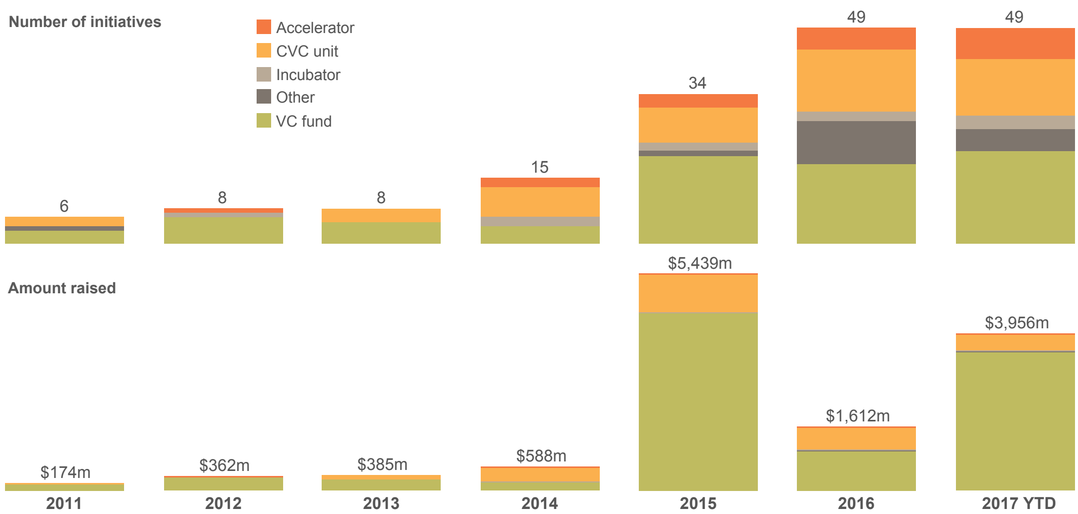
Funds

Between October last year and September 2017, corporate venturers and corporate-backed VC firms investing in the financial services realm secured over $5bn in capital through 59 funding initiatives, which included 26 corporate-backed VC funds, 16 new venturing units, nine accelerators and two incubators.

On a calendar year-to-year basis, there were more funding initiatives last year – up from 34 in 2015 to 49 in 2016 – while total capital raised went down from $5.44bn to $1.61bn last year. However, both the number of initiatives and the total investment value appear to be rebounding this year, as by the end of September, Global Corporate Venturing had reported 49 initiatives, worth an estimated $3.96bn.

Germany-based e-commerce and online services holding company Rocket Internet closed at $1bn its dedicated venture capital fund Rocket Internet Capital Partners (RICP). The final close represented RICP's hard cap, and Rocket Internet claimed it is the largest internet-focused fund in Europe. RICP will target online companies in sectors including financial technology, marketplaces, e-commerce, software and travel services. Rocket Internet itself provided approximately

Fintech funding initiatives



SECTOR FOCUS

Top 10 financial services funding initiatives over the past year

Funding initiative	Type	Funds raised	Location	Focus
Rocket Internet Capital Partners (RICP)	VC fund	$1bn	Germany	Early and growth-stage fintech, marketplaces, e-commerce, financial technology, software and travel services
Ping An Global Voyager Fund	VC fund	$1bn	China	Health and fintech startups
Baidu Fund Partnership	VC fund	$1bn	China	Mid and late-stage investments in internet-focused companies, including mobile internet, artificial intelligence and online finance technology companies
STV	VC fund	$500m	Saudi Arabia	Artificial intelligence, virtual reality, banking, logistics and digital health technology and services
Vertex Ventures III	VC fund	$150m	Singapore	Fintech startups, providing between $3m and $5m to series A-stage companies
Unnamed Project A Fund	VC fund	$148m	Germany	Fintech, human resources, insurance technology, property technology and industry 4.0 sectors
Accion Frontier Inclusion Fund	VC fund	$141m	US	Startups developing technology that can help expand the range and quality of financial services available to underserved
Tech Fund I	VC fund	$117m	France	Financial sector, including pure-play fintech, insurance technology and regulation technology
YI Capital Fund I	VC fund	$110m	China	Industrial internet startups that will participate in the accommodation, transport and financial services
Russia-China Venture Fund	VC fund	$100m	Russia, China	Fintech, big data, cloud, biotech and biomedicine, new materials, clean energy, smart technologies

$140m for the fund, which will participate in early and growth-stage deals, acting as a co-investor with Rocket Internet and investing alongside it in a four-to-one ratio.

Ping An launched the $1bn Ping An Global Voyager Fund to invest in financial and healthcare technology startups. The $1bn figure represents Global Voyager Fund's initial size, and Ping An, which has a customer base of more than 138 million, said in a statement it intended to become an "internationally leading technology investment pioneer". The fund is Ping An's second dedicated corporate venturing unit, following the establishment of its Ping An Ventures subsidiary in 2012, and the company has been an active venture capital investor.

Insurance firm China Life and internet company Baidu announced a RMB7bn private equity fund partnership, citing a Hong Kong Stock Exchange filing by China Life. The move followed a statement after a cabinet meeting last year led by state council premier Li Keqiang that state-owned companies, including insurers like China Taiping and China Life, would be allowed to set up venture funds and "insurance companies will be encouraged to invest in startups". China Life will put up as much as RMB5.6bn of the fund's capital, while Baidu will provide up to RMB1.4bn. Baidu Fund Partnership will target mid and late-stage investments in internet-focused companies, including mobile internet, artificial intelligence and online finance technology, with a "significant association" with China.

Telecoms firm Saudi Telecom formed $500m corporate venturing fund STV that it expects to begin investing by the fourth quarter of 2017. The Saudi Arabia-based company has since late 2011 invested in IT, telecoms, media and entertainment companies through independently managed venture capital fund STC Ventures. The new fund will also be managed independently and will target companies developing artificial intelligence, virtual reality, banking, logistics and digital health technology and services. It aims to invest roughly $100m a year over the next four to five years.

Vertex Ventures, the VC arm of Singapore state-owned investment firm Temasek, raised over $150m for its third fund aimed at Southeast Asia and India. The fundraising effort included a commitment from Thailand-based financial services firm Kasikornbank, the first time Vertex has sought investment outside Temasek. The $150m figure represents the fund's target, but Vertex said it would close the fund at the end of the year. It is expected to focus on fintech startups, providing between $3m and $5m at series A stage and using Kasikornbank's expertise and network.

Germany-based venture capital firm Project A closed a €140m ($148m) early-stage fund with contributions from several domestic corporates. Retailer Otto Group, broadcaster ProSiebenSat.1, diversified holding company Franz Haniel & Cie, games and toy maker Ravensburger, food producer Dr Oetker and publishers Axel Springer and Gruner & Jahr are all limited partners in the fund. EU financing agency the European Investment Fund is a cornerstone investor in the fund, which also received contributions from assorted private investors. Project A targets the fintech, human resources, insurance technology, property technology and industry 4.0 sectors. It aims expand its focus to include digital health, business-to-business and vertically integrated consumer brands.

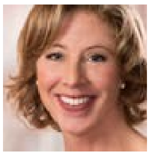
US-based microfinance non-profit organisation Accion launched a $141m financial technology and services investment fund with contributions from limited partners including insurance groups Axa, MetLife and Prudential, as well as from payment services firm Mastercard. Accion Frontier Inclusion Fund will invest in startups developing technology that can help expand the range and quality of financial services available to those currently underserved, a figure the organisation estimates at above 3 billion. The fund will in particular look to investments in sub-Saharan Africa, Latin America and Asia, where it will prioritise India and Southeast Asia.

France-based investment firm BlackFin Capital Partners achieved a first close of its Tech Fund 1, having secured more than €100m with the support of several insurance companies. The insurers, which included Vaudoise Assurances Group, Groupama Group, Sogecap, Natixis Assurances and Swiss Life. They were joined by France's public investment bank BPIfrance, which contributed directly and through its MultiCap Croissance fund, and unnamed financial services firms and family offices. The fund has a target size of more than €150m and will identify opportunities in the financial sector, including pure-play fintech, insurance technology and regulation technology.

China-based venture capital firm Yi Capital closed a first fund at RMB800m after securing home appliance manufacturer Joyoung as a limited partner. Joyoung was joined by national industrial guidance fund Zhongjin Qiyuan and Citic Industrial Fund of Funds, part of alternative investment management firm Citic, as well as additional publicly-listed companies and state-owned guidance funds. Founded in 2014, Yi is looking to back industrial internet startups that will participate in the accommodation, transport and financial services industries as well as those providing other traditionally offline services.

The Russia-China Investment Fund, backed by sovereign wealth funds Russian Direct Investment Fund and China Investment Corporation, partnered TUS Holdings, the enterprise arm of Tsinghua University's Science Park, in the $100m Russia-China Venture Fund, which aims to boost scientific and technological cooperation between the nations, focusing on sectors such as fintech, big data, cloud, biotech and biomedicine, new materials and clean energy.

People


Vanessa Colella

Vanessa Colella, who had been Citi Ventures' global head of venture investing and strategic growth initiatives since 2013, replaced Deborah Hopkins as chief innovation officer at US-listed bank Citigroup and as CEO of Citi Ventures. A Massachusetts Institute of Technology and Columbia University graduate, Colella had worn a number of hats before coming to Citi. When she was named a GCV Rising Star, she said: "Over the course of my career, I have been a partner at McKinsey, entrepreneur-in-residence at US Venture Partners, senior vice-president of insights at Yahoo, a seventh and eighth-grade science teacher and an author of a book on agent-based modelling."

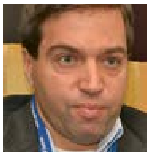

Debbie Brackeen

CSAA Insurance Group, a US-based insurer, hired Debbie Brackeen as its chief strategy and innovation officer. Brackeen was the global head of innovation at US-listed bank Citigroup, where she launched its global accelerator network. She has more than 25 years' experience at tech companies such as Apple, Sun, Cadence Design Systems, Lutris Technologies, Synchron Networks and eBay.

Victor Pascucci left reinsurer Munich Re, where he was a partner in its corporate venturing division, to join US-based venture capital firm Lightbank as managing partner. Pascucci joined Munich Re in June 2016 from financial services firm USAA where, as head of corporate development, he ran its $330m strategic VC initiative. Prior to being hired by Lightbank, Pascucci on the board of one of its portfolio companies, online insurance claims platform Snapsheet, overseeing USAA's investment in 2012.


Michelle Scarborough

Financial services firm Business Development Bank of Canada (BDC) hired Michelle Scarborough as managing director for strategic investments and its Women in Tech fund. The initiative will include startup-to-corporate "collision days", access to accelerator-run corporate programs, VC fund-to-corporate interactions and best practice training in managing a corporate venture fund. The strategy was launched at Canada's first ever Corporate Innovation Summit, which was presented by the state-owned bank's investment unit, BDC Capital, and Global Corporate Venturing (GCV) in collaboration with Business Council of Canada, a non-profit for corporate CEOs.


Ken Elefant

US-based private equity firm Sorenson Capital officially launched a venture capital arm, Sorenson Ventures, headed by Ken Elefant, a former managing director at corporate venturing unit Intel Capital. Elefant had been at Intel Capital, the corporate venture capital arm of semiconductor technology provider Intel, since 2011 and headed the software and security group at the unit. He came to Intel from VC firm Opus Capital, where he was a founding general partner.


Rumi Morales


Brandon Gath

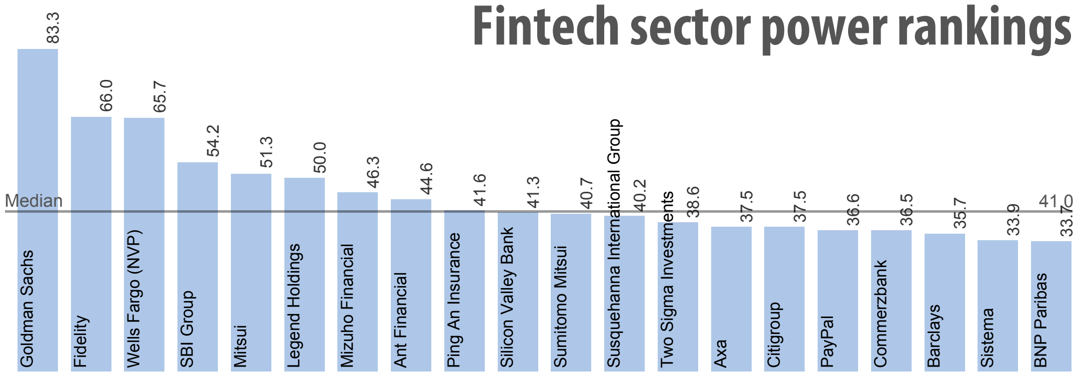
Rumi Morales stepped down as head of CME Ventures, the strategic investment vehicle for US-based exchange operator CME Group. Morales was the unit's executive director. She was previously an executive director in the company's international corporate development and finance division. Senior director Brandon Gath is also leaving the unit. He joined CME Ventures at the same time as Morales in late 2013, having previously spent four years in corporate development and finance for CME.

Jeff Allen, Mastercard's vice-president for strategic investments, became principal for strategic business development at e-commerce firm Amazon. Allen joined Mastercard in August 2009 from investment bank Sagent Advisors and was a thought-leader in the industry.

American Family Ventures, the strategic investment arm of US-based insurance firm American Family, appointed Drew Aldrich as principal. Aldrich moved from Axa Strategic Ventures, the corporate venturing vehicle of insurer Axa, where he was a senior associate for just over two years. He had been a director of France-headquartered Axa's US subsidiary, Axa Equitable, since 2012.

Ruth Foxe Blader moved from Allianz Ventures, the corporate venturing vehicle formed by insurance group Allianz, to UK-based investment and advisory firm Anthemis where she was appointed director of investments. Blader had been at Allianz since 2012 and oversaw early-stage investments in the financial technology sector. She had also been engagement director of the firm's accelerator initiative, Allianz Digital Accelerator, which she helped launch. ◆

Fintech sector power rankings



Corporate venturing in blockchain tech

Kaloyan Andonov, reporter

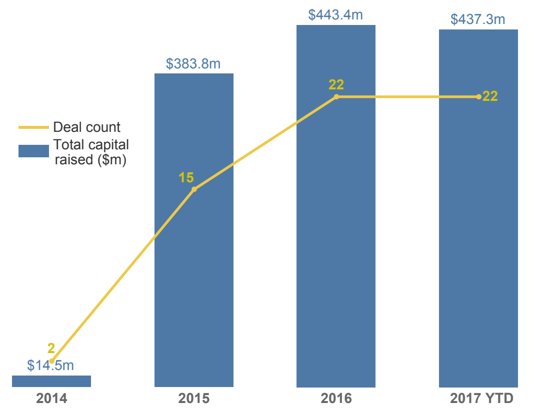
Cryptocurrencies have already become too big to be ignored by investors or regulators. By the time of the writing, the total estimated market capitalisation of tracked cryptocurrencies stood at $162bn, according to data from CoinMarketCap.com. Two cryptocurrencies actually account for the biggest proportion of this figure – Bitcoin at $91.6bn and Ethereum at $29.3bn.

The growing size of the cryptocurrency market has been driven, most recently, by so-called initial coin offerings (ICOs), in which a number of crypto-tokens are sold to investors. A lot of rising businesses have jumped on the bandwagon of raising capital through ICOs, as they see this as an alternative to having investors on board in their early stages of development *(see comment: Dissecting the data of initial coin offerings)*.

These developments have drawn the attention of regulatory authorities around the globe and their reactions have varied significantly. In September, the central bank of China was the first to make it illegal to raise money through the launch of new cryptocurrencies. Financial regulators in South Korea followed suit and banned all ICOs, saying they had a "serious concern about the fact that the current market funds are being pushed into a non-productive speculative direction", according to Business Insider.

The government of Abu Dhabi released guidelines for ICOs, according to CoinDesk, saying it would apply current anti-money-laundering and know-your-customer rules to token sales, categorising some as securities and others as commodities. In the US, regulator the Securities and Exchange Commission has already charged at least one ICO operator with fraud, as the operator falsely claimed its coin, dubbed Recoin, was backed by real estate.

Corporate-backed deals in blockchain enterprises 2014-17



Whatever the regulatory future of this space, cryptocurrencies would not have been possible without blockchain – the technology behind them. According to Investopedia, a blockchain is essentially a digitised decentralised public ledger of cryptocurrency transactions, allowing market participants to track all transactions without central record-keeping or a central authority. This is made possible by a network, in which each node – a computer – receives a copy of the blockchain, which is downloaded automatically.

The technology made the first cryptocurrency Bitcoin possible but its potential commercial applications extend beyond virtual currencies, as any type of document can be digitised, coded and inserted into the blockchain.

The blockchain technology has attracted the attention of corporate venturers over the past few years. According to

SECTOR FOCUS

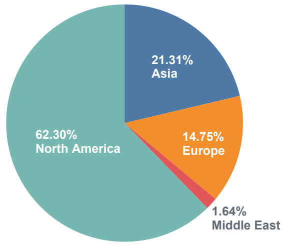
GCV Analytics data, corporate interest in blockchain tech enterprises first rose sharply in 2015, when 15 corporate-backed investment rounds in blockchain businesses took place, while total capital raised was estimated at $383m. The number of such rounds continued to grow through 2016, when we reported 22 such transactions, estimated at $443m. This interest appears to be continuing this year – at the time of writing, GCV had already tracked 22 deals worth a total of $437m.

Most of the blockchain enterprises in which corporates are interested are in the financial services sector. However, some are in the IT, services, telecoms or even health sector. The majority tend to be based in North America –mostly the US – Asia and Europe

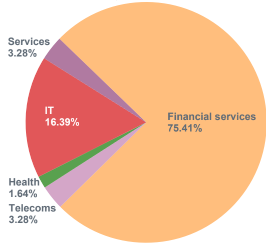
Leading corporate venturers in number of publicly-disclosed rounds were media and research company International Data Group, diversified conglomerate Alphabet, financial service provider Citigroup, financial firm Goldman Sachs and electronics manufacturer Qualcomm.

US-based cryptocurrency technology developer 21 Inc raised the largest recorded corporate-backed round in blockchain tech to date – $116m in funding from investors including Qualcomm Ventures, the corporate venturing arm of Qualcomm. The funding was raised over multiple rounds, according to digital currency news source Coindesk, and included $5m secured in late 2013 when the company called itself 21E6. Founded in 2013, 21 is still operating in stealth so the exact nature of its technology and business plan have not been disclosed. ◆

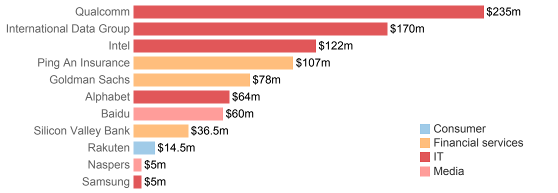
Corporate-backed blockchain enterprises by region 2014-17



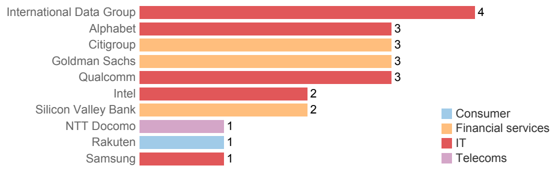
Corporate-backed blockchain enterprises by sector 2014-17



Top corporate investors in blockchain enterprises by capital raised 2014-17



Top corporate investors in blockchain enterprises by deal count 2014-17



Top corporate-backed rounds in blockchain tech 2014-17

Company	Location	Size	Round	Sector	Subsector	Investors
21 Inc	US	$116m	–	Financial services	Payment technology & cryptocurrency	Andreessen Horowitz | angel investors | Data Collective | Khosla Ventures | Qualcomm | RRE Ventures | Yuan Capital
R3	US	$107m	A	Financial services	Payment technology & cryptocurrency	Bangkok Bank | Barclays | BBVA | BNP Paribas | Commerzbank | Credit Suisse | CTBC | Daiwa Securities | Danske Bank | Deutsche Bank | HSBC | ING | Intel | Intesa SanPaolo SPA | Mitsubishi | Mizuho Financial | Natixis Private Equity | Nomura | Ping An Insurance | Royal Bank of Scotland | SEB Groupe | Societe Generale | Sumitomo Mitsui | Temasek | UBS
Coinbase	US	$100m	D	Financial services	Payment technology & cryptocurrency	Battery Ventures | Draper Associates | Greylock Partners | Institutional Venture Partners | Section 32
CloudMinds	China	$100m	A	IT	Artificial intelligence	Undisclosed strategic investors
Coinbase	US	$75m	C	Financial services	Payment technology & cryptocurrency	Andreessen Horowitz | BBVA | DFJ Growth | New York Stock Exchange | NTT Docomo | Ribbit Capital | Union Square Ventures | USAA
Circle	US	$60m	D	Financial services	Payment technology & cryptocurrency	angel investors | Baidu | Breyer Capital | China International Capital Corporation | China Wanxiang Holdings | CreditEase | Everbright Securities | General Catalyst | International Data Group
Blockstream	US	$55m	A	Financial services	Payment technology & cryptocurrency	AME Cloud Ventures | Axa | Blockchain Capital | Digital Garage | FuturePerfect Ventures | Horizons Ventures | Khosla Ventures | Mosaic Ventures | Seven Seas Venture Partners
Ripple Labs	US	$55m	B	Financial services	Payment technology & cryptocurrency	Accenture | CME Group | Santander | SBI Group | Seagate | Siam Commercial Bank | Standard Chartered | Venture 51
Circle	US	$50m	C	Financial services	Payment technology & cryptocurrency	Accel Partners | Breyer Capital | Digital Currency Group | Fenway Summer | General Catalyst | Goldman Sachs | International Data Group | Oak Investment Partners | Pantera Capital | undisclosed strategic
TenX	US	$50m	–	Financial services	Financial services	Capital G

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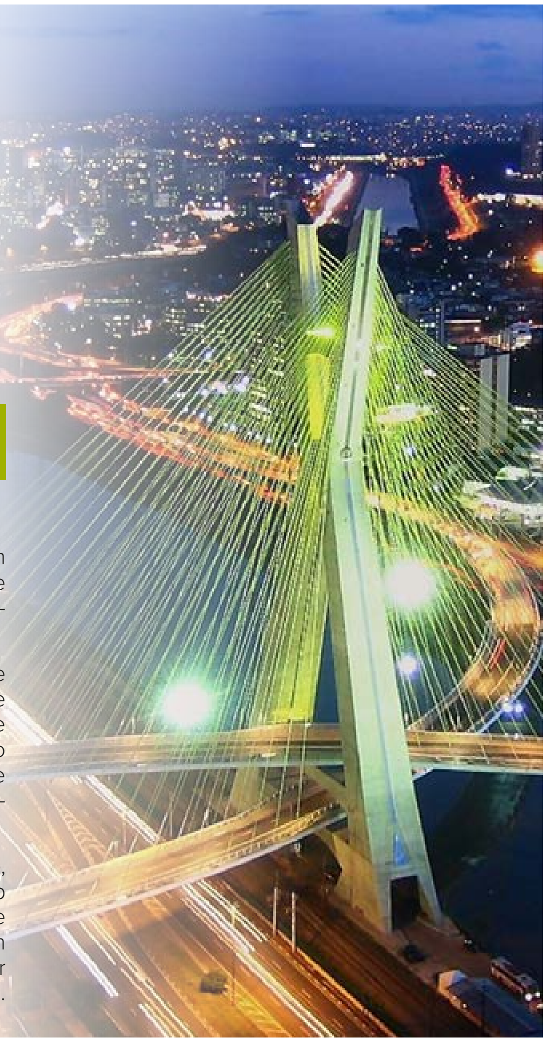
Brazil's awesome entrepreneurs come to the fore



Corporate Venture in Brasil 2017 showcases the best corporate venturers, VCs and startups in Latin America's largest economy

James Mawson, editor-in-chief

There are two essential elements for any ecosystem developing its innovation capabilities – "awesome entrepreneurs" and the investors and service providers to help them develop.

At the third annual Corporate Venture in Brasil conference last month, both sets were increasingly on display as the hosts, Apex-Brasil in partnership with Global Corporate Venturing and a range of local institutions, showcased Sao Paulo and the country's renewed optimism and confidence after its deepest-yet recession – a 7% drop in dross domestic product in two years – has passed.

Before the conference had officially started, Alan Leite, founder of the country's oldest private accelerator, Startup Farm, was one of the presenters at Cubo networking space showing the international corporate venturing delegation why there has been so much excitement about its incubator model and partnerships with IBM and Visa among others. He said its focus on "awesome founders" was the secret.

A host of entrepreneurs were shown at the main conference, including InCeres Sistemas, Sensix, Fine Instrument Technology, EDB Poliois Vegetais, Chip Inside, Pipefy, Taquion Inovacao, Lincare, Take, Omie, Configr, Resultados Digitais, HiTech Electric, Scipopulis, DLieve, Intelipost and Tbit.

This international delegation looking at the startups and meeting the local investors included Pablo Moro Casquete, manager of strategic partnerships at Telefónica Open Future, Markus Solibieda, managing director at BASF Venture Capital, Nolan Paul, head of R&D strategy and emerging technology at Driscoll's, Dan Phillips, managing director at Cultivian Sandbox, Bernardo Nogueira, venture partner at Monsanto Growth Ventures, Ignacio Estivariz, head of corporate development at MercadoLibre.com, Amit Garg, venture capitalist at Samsung Next, Rimas Kapeskas, managing director at UPS Strategic Enterprise Fund, Roberto Picchi, general manager of Visteon, and Lutz Stoeber, investment director at Evonik Venture Capital, while SAP, IBM, Oracle, Mahle, Silicon Valley Bank and Qualcomm joined the international corporations speaking at the conference.

In an opening address on the first day, Marcia Nejaim, director at Apex-Brasil, summed up the expectation that "Brazil is on a growth path".

The conference's focus in its third year was on turning the interest in open innovation and corporate venture capital into practical action to help.

Carlos Kokron, managing director at Qualcomm Ventures in Latin America, did just that. The pioneer of corporate venturing in Brazil, shared his near-20 years of wisdom and experience as the first keynote at the conference. With six unicorn exits – those worth at least $1bn – in six years, half outside the US, Qualcomm Ventures has been on a roll, and with 130 active portfolio companies more could be coming. Brazil makes up more than 10% of its global portfolio – 15 to 16 deals – including the hot 99, which has just raised $200m from SoftBank and Didi Chuxing, Mandae, Imprese, Strider,

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The opening panel

Richard Zeiger of MSW and
Cris Nacismato of ABVCap

Chat about Startup Farm

Nolan Paul of Driscoll's

Below: Apex-Brasil's Jayme
Queiros, left, leads a chat

IguanaFix, WebRadar, Memed, Loggi and Quintoandar. From an environment when Kokron started with few qualified entrepreneurs and VCs, Brazil today has 50 VC firms, more than 24 active corporate venturing units and serial and world-class entrepreneurs in a solid support system reaping the benefits of the democratisation of information and communication technologies, Kokron said.

Brazil's National Bank for Economic and Social Development (BNDES) has done much to support this development. Gabriel Gomes, head of venture at BNDES, gave his insights from the country's, and continent's, largest limited partner in venture capital funds – it has 20 venture fund commitments and three to CVCs.

Gomes said the regulator, Securities and Exchange Commission of Brazil, was making changes to allow BNDES to invest directly in limited liability companies – younger businesses – not just corporations, in which BNDES has $30bn of equity tied up, so people could expect to see more focus on innovation and tech, and joining up the ecosystem.

Gomes said new BNDES-backed funds included Criatec, Primatec, SP Ventures and an angel co-fund expected to be agreed this month.

And with Brazil's Ministry of Industry, Foreign Trade and Services at the conference, through its innovation and new businesses and transport departments, there was plenty to discuss about how regulations could be changed to support corporate venture investment while still "putting people first".

The tension to satisfy public pressure ahead of presidential elections expected next year – in which João Doria, the mayor of Brazil's largest city, Sao Paulo, could be a contender – and in the aftermath of corruption scandals, some attendees were optimistic that there would be more "room for startups" and improvements to the business environment through eased labour regulations rather than "going down the Venezuela route".

Attendees were optimistic that there would be more "room for startups" and improvements to the business environment

To avoid this latter risk, Apex-Brasil has laid out clear goals to increase exports, by making local corporations more international, and inward investment, through opening domestic markets with a strategy of using open innovation and venture capital rather than fiscal incentives as a driver.

In the first half of last year, the Harvard Business Almuni Angels Brazil surveyed 64 corporations on their venturing strategies and identified 40 local businesses and found the top performers were those that most closely engaged with its corporate parent's top leaders. However, dealflow to them has been nascent, according to GCV analytics *(see Brazil corporate venture: a quick graph summary)*.

Even so, corporations already play a significant role in the Latin American Venture Capital Association's 2017 Latin American Startup Directory. About a sixth of 144 listed tech companies that have received at least $1m in funding over at least two rounds and are still in operation have CVC backing and are based in Brazil.

In June, Raízen, one of the largest producers of sugar and ethanol in Brazil, launched startup accelerator Pulse to target agtech developers. It is based in Piracicaba, in the interior of Sao Paulo, the region responsible for 38% of Brazil's agtech startups. Raízen has been establishing partnerships and working with startups, including Space Time Analytics, Hekima, Agrosmart and Fhinck.

In October 2016, Raízen partnered Space Time to help the company predict production capacity up to a year in advance. Raízen produces about 2 billion litres of ethanol and 4.5 million tons of sugar a year, and has the capacity to generate about 940MW of electricity from the sugar cane bagasse – the residue left after extraction of juice.

In May, Brazil-based Positivo Tecnologia launched its Inove Positive accelerator in partnership with Altivia Ventures, an investment and consulting firm focused on startups. Prior to the launch of Inove, Positivo had invested in telemedicine system Hi Technologies at the end of 2014 before taking a 50% stake in the company in January 2016.

Other local companies, such as Embraco, a refrigeration technology and production company, and Natura, a cosmetics label that recently acquired UK-based Body Shop from L'Oreal for $1.1bn, have created similar programs to invest in startups operating in their respective spaces.

But international groups, such as Qualcomm, Intel, Naspers, Bertelsmann and MercadoLibre have been relatively more active.

In Brazil, Intel Capital has backed Geofusion, Mandic, Navita, Pixeon Medical Systems, WebRadar, while Qualcomm Ventures' deals include 99, Strider, Enjoei, Ingresse, Loggi, Mandae, Memed and Quinto Andar.

Oracle said in January this year it would extend its startup accelerator program to Sao Paulo as one of seven cities joining an existing centre in Bangalore, India. While Oracle will avoid investing in these startups, it hopes they will use Oracle cloud services.

Andy Tsao, managing director at Silicon Valley Bank, moderated the Corporate Venture in Brasil 2017 conference's first panel, consisting of MercadoLibre, Telefónica and BASF, to gain their insights on international investing and why Brazil was attractive.

BASF's Solibieda said Brazil was its second-largest market for agriculture but of perhaps more interest to its corporate

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Above: Apex-Brasil's Marcia Nejaim welcomes delegates

Left: MDIC's Ana Bellucci

Right: Qualcomm's Carlos Kokron

Right: Redpoint eVentures' Anderson Thees

Below: IBM's Claudio Bessa

Above: 3M's Renata Telcour

Left: SAP's Eduardo Saato

venturing unit was the new business models its entrepreneurs were developing. This, rather than technology, was the big value driver.

In a similar way, BASF Venture Capital was closing its Hong Kong and Japan offices in favour of opening one in Shanghai, China, as the country was changing the way the chemicals industry's value chain was operated. He said: "China does not care how business has been done elsewhere in the world as the past 20 years of growth has been from domestic expansion and exports."

Similarly, Estivariz of MercadoLibre pointed to China rather than the US as its closest peer for learning about corporate venturing and its strategic direction. MercadoLibre's corporate venture capital strategy was born in 2013 after its parent opened up its e-commerce platform the year before as a way of "sharing it with the world" by encouraging partners to use it, Estivariz said.

A few days earlier, Jeffrey Li, managing partner at Tencent Investment, had told the GCV Asia Congress in Hong Kong its own CVC approach had started at the end of the last decade after its WeChat platform was opened up to more partners.

MercadoLibre had now made about 20 investments, Estivariz said, of which about half were in its home country of Argentina and about five in Brazil, where it was looking to hire an investment manager and which was its main market. Estivariz said: "Corporate venturing helps the company build and enhance the e-commerce experience in Latin America and expand into new areas, such as shipping and lending."

He said the group was looking to move from the seed stage, investing about $100,000 per deal, to A rounds with up to $1m cheques.

"Corporate venturing helps the company build and enhance the e-commerce experience in Latin America and expand into new areas"

Moro Casquete of Telefónica said Open Future had also primarily written $100,000 cheques to own 5% to 10% of a startup's equity, while also having later-stage and fund capabilities.

Spain-based Telefónica has been one of the most active CVCs, particularly in Latin America but increasingly in China as well as Europe, and this issue about where and how to prioritise opportunities in a global world was captured in Amit Garg's keynote on the first day of the conference. Garg, who grew up in Brazil before moving to the US to attend university and staying on in Silicon Valley, said Samsung Next, one of the South Korea-based conglomerate's three CVC units, was focusing its $150m funding on software deals and was considering investing in Brazil, but had to consider whether it was better than opening offices in Bangalore, India or Beijing, China.

Although, as GCV Analytics and PitchBook data shows, CVCs were more likely than VCs to invest outside their home country, the world was still a big place and gaining attention and action was a challenge requiring a world-class approach and execution.

Garg said 80% of its 80 deals so far had been in the US, with about 20% in Israel.

But while corporations are increasingly active as direct investors, their role is also encouraging the VC ecosystem through commitments to VC funds and a transfer of talented personnel. Brazil's private equity and venture capital association, ABVCap, said in its annual results that corporations made up 14% of commitments in 2015.

Microsoft and Brazilian lender Banco Votorantim are investing together in financial technology startups, and Votorantim will invest an initial R$3m ($930,000) in the BR Startups fund created by Microsoft. Microsoft set up BR Startups in 2014 to fill the post-seed pre-VC niche, and the fund has now grown to R$17m with other partnerships, including one on agriculture with agribusiness Monsanto, while Grupo Algar's corporate venturing unit joined Qualcomm and Agerio in the fund in December 2016.

Robert Linton and Cristian Nascimento, investor relations and project manager respectively for ABVCap, ran two sets of VC pitch sessions at the Corporate Venture in Brasil conference to help international firms identify the best local managers, including Astella Investimentos, Cedro Capital, Redpoint e.Ventures, MSW Capital and Inseed Investimentos.

But those that have directly invested the time in the Brazilian ecosystem, such as SAP and IBM, had reaped rewards. In a fireside chat involving Claudio Bessa, head of ecosystem development unit for IBM Latin America, and Startup Farm's Leite, they talked about why IBM was the accelerator's oldest relationship going back to 2011. Bessa said the relationship had evolved over time and it was using its artificial intelligence platform Watson to help Startup Farm filter the 1,043 applications to its IBM Ahead program down to eight by using data on successful entrepreneurs globally. Leite added that following such successful track records, he expected other corporations to become closer to startups as the next step in the Brazilian ecosystem's development, having signed up Visa among other partners.

These corporations are targeting the main pillars of Brazil's economy, such as agriculture, transport, fintech and healthcare, with the second day of the conference focused on detailed insights on the first two sectors, including data presentations by GCV Analytics *(see Insights into the transport revolution)*.

Agriculture has been a mainstay of Brazil's economy but a number of mega-trends are affecting the industry, according to Nogueira of Monsanto Growth Ventures, including consolidation, as its parent is being acquired by Germany-based Bayer, while ChemChina buys Syngenta and Dow and DuPont merge.

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Left: the agtech panel.
Below: an agri-business fireside chat

Above and right: autotech panels

Keynote: Bibop Gresta, Hyperloop

Some of the pitches at the conference

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Nogueira said megatrends concerning the use of data and technology to improve yields and use less fertiliser and pesticide would be important to feed the growing population, while Paul of Driscoll's said the US-based berry company was more focused on tech to aid workers in the field, or vertical farming that could disrupt supply chains by bring produce closer to city markets.

Transport and logistics is a $100bn a year industry in Brazil's economy. Jose Gelencsir, head of sales at Mahle Metal Leve, in the final keynote, described how his company was going from a cargo ship to a speed boat in its interactions with startups by learning, pivoting and experimenting.

If the third annual conference was a fast tour of the ecosystem and its development, then attendees took away plenty of ideas and contacts to develop into business. ◆

Disclosure: GCV was paid to advise and support the Corporate Venture in Brasil conference in the third year of our partnership with Apex-Brasil.

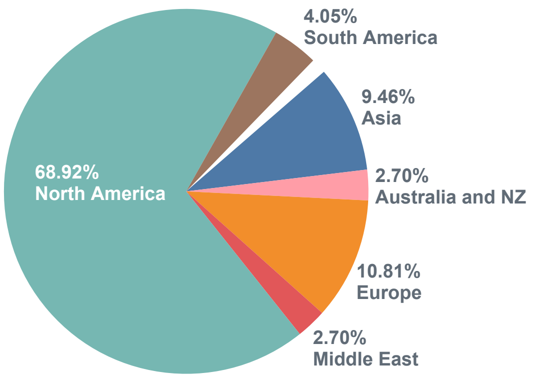
Brazil corporate venture: a quick graph summary

Kaloyan Andonov, reporter, GCV Analytics

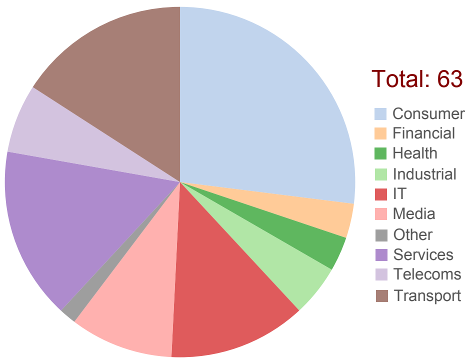
The following charts, generated by GCV Analytics, summarise some of the main points about the Brazilian realm of corporate venture capital and were presented on the second annual Corporate Venture in Brasil conferenced organised jointly by Global Corporate Venturing and the Brazilian Trade and Investment Promotion Agency – Apex-Brasil.

The Brazilian startup and innovation scene has had plenty to offer, even to the most demanding of corporate ventur-

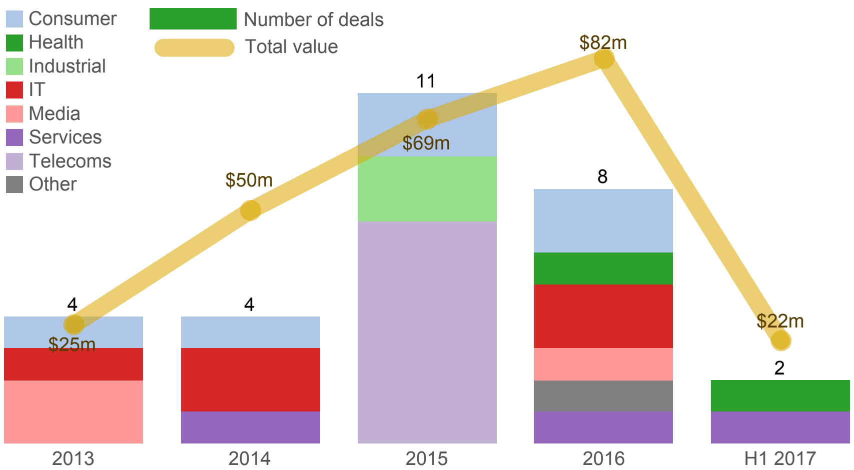
Corporate-backed agtech enterprises by region



CVC investments in Brazilian enterprises



Deals by Brazil-based corporate venturers 2011-H1 2017



INNOVATIVE REGION

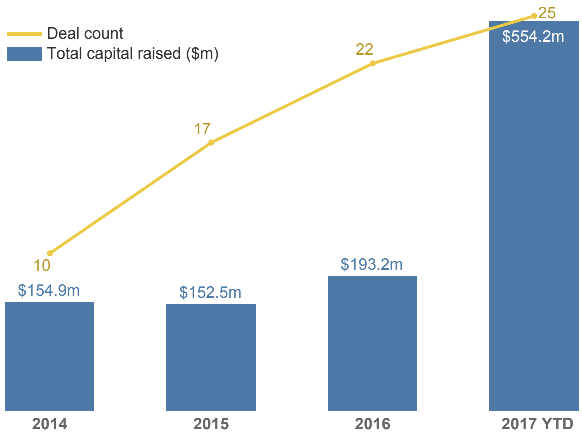
ing investors. GCV Analytics tracked 63 investment deals in Brazil-based emerging enterprises from various sectors involving such investors since 2011.

Brazilian corporate investors, on the other hand, have been also active. The most attractive geographies for those investors were actually in the domestic innovation scene along with a few US deals in which they have been involved. Since 2011, Brazilian corporates were involved in 29 disclosed rounds raised by companies, notably from the services, telecoms, consumer and IT sectors.

One of the highlights of the conference was the increasing interest in the agtech field and Brazil's place in the realm. Interest in agtech by corporate investors has risen in recent years:

The role of Brazil and other South America-based agtech enterprises is relatively small though not insignificant and with much potential to grow. ◆

Corporate-backed deals in agtech enterprises 2014-17



Insights into the transport revolution

James Mawson, editor-in-chief

Car-sharing, ride-hailing, electrification, connectivity and the rapid emergence of autonomous vehicles in passenger and industrial transportation are potentially as disruptive as the switch from horse and cart to the car and the railways, let alone rockets to Mars, flying cars with Lilium or Volocopter or the hyperloop.

Corporate venture capitalists from a widening group of industries, including insurance, logistics and software and even a vacuum-maker in Dyson, as well as the established automotive sector, are therefore seeking and backing new technologies and business models with large volumes of capital. Dyson plans an electric car in a few years.

Global Corporate Venturing has already tracked 55 auto-tech funding initiatives this year, a subset of the wider transport sector, with most of the big investors coming in from outside the sector – including Samsung with its new $300m autos fund and a series of acquisitions, including Harman, while Intel has also been betting heavily on the sector with investments and acquisitions.

There is a lot at stake. The costs of missing out on a revolution in transportation will be very high. Transportation is a trillion-dollar industry with a knock-on impact on other industries like no other. The future of big energy – utilities as well as oil and gas – hinges on the direction of transportation. For the software and tech industry, transportation is a huge undiscovered new territory ripe for commercialisation.

Venturing and the future of automotive technology is the latest in GCV's specialist reports. It follows our 2015 reports – Venturing in the advanced materials and manufacturing nexus, and New fusions in advanced materials innovation and corporate venture capital – both of which focused on materials innovation. This led us inevitably to the automotive industry, much of whose evolution has sprung from materials and several of whose corporate VCs are leading materials investors, and so to our first autos report sponsored by Denso, BP, Bright Box and others last year and presented at the SAE autos exhibition after last year's Corporte Venturing in Brasil conference.

As Tom Whitehouse, author of last year's GCV autos report, said in its introduction: "Material innovation remains fundamental to determining the future of the automotive sector, but it is just one of several factors now at play, including the rapid spread of software solutions that connect transport and make it smarter and more efficient. We are also seeing the emergence of new business models that are turning the industry on its head."

In September 2016, in remarks to investors, as reported by the Financial Times, Ford's CEO, Mark Fields, preached what will have sounded like a new automotive religion to many of his shareholders. "We are really rethinking our business models ... for years we have very much thought about the 'thing' and how much of the 'thing' we sold. Now we are thinking more about usage ... and so miles travelled becomes an important metric" – as important as the number of cars sold.

He was perhaps too slow in this sermon as he was replaced by Jim Hackett, who said Ford was nevertheless following through on this promise by investing less in traditional cars. "Ford's new chief executive Jim Hackett promised to cut $14bn in costs and divert investment from traditional cars and internal combustion engines," was the Financial Times's assessment.

Nevertheless, these "things" have to be manufactured, assembled and delivered. How we will transport ourselves in the

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short and long term is open to contentious debate, but that we will transport ourselves is not, if you heard Bibop Gresta from Hyperloop TT. Human beings need to move around and so do the goods we consume, perhaps at least until virtual reality and 3D printing reach a more advanced stage.

Or, as Bright Box's chairman, Ken Belotsky, told Whitehouse when he sold his car: "I travel so much that having a car does not make sense," adding: "I prefer Uber and Gett, or any other reliable local taxi aggregator. If I need a car for several days, I just rent it." The more you travel, the less you need a car? This is just one of the existential questions posed to the automotive industry.

But some of the smartest investors think this is unlikely and perhaps it is worth exploring some of the complicated corporate venturing links with a story:

According to reports, China-based firm Didi Chuxing 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 – for which it incidentally won Global Corporate Venturing's large deal of the year award.

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.

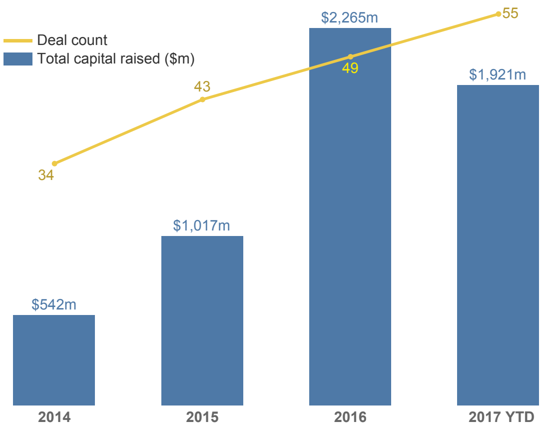
Didi's story is one of consolidation and collaboration in what has become one of the most competitive – and potentially lucrative – markets in tech. Didi Chuxing was created through the 2015 merger of two Chinese ride-hailing platforms – Tencent-backed Didi Dache, and Kuadi Dache, which had received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

"In all the companies we invest in, we try to build a cooperative mutually beneficial relationship"

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."

Corporate-backed deals in autotech enterprises 2014-17



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 told Global Corporate Venturing that 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 through its WeChat messaging service 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

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make transactions rather than using cash. For Didi, that had a huge network effect."

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, signed a strategic partnership with Taxify to invest in and support the Estonia-based firm's growth in the European and African transportation markets, backed the Middle East's Careem, and Grab to tackle the Southeast Asia market, which in turn has last month backed bike-sharing service OBike. Didi has also invested in bike-sharing service Ofo in China but the point of this list is to show the speed and scale of the expansion.

So one question for local attendees is whether 99 could do the same trick? Founded in 2012, 99 has built an app-based ride-hailing service spanning both registered taxi drivers and peer-to-peer lift-sharing. It has more than 14 million registered users and more than 200,000 drivers in its network. Mobile chipmaker Qualcomm and venture capital firm Monashees invested an undisclosed sum in 99, then known as 99Taxi, in 2013, before 99 raised $25m from Qualcomm's corporate venturing arm Qualcomm Ventures, Monashees and Tiger Global Management two years later.

However, 99's peer, Cabify, the Spain-headquartered company that is one of 99's biggest rivals in Brazil, raised $100m of a round it has aimed to close at $500m. So if the Didi-SoftBank playbook works out, perhaps there could be a merger of 99 and Cabify to come, reducing subsidisation?

Incidentally, Didi's investment in 99 came before an extension of $100m led by SoftBank and it is worth continuing this story with a look at possibly the most disruptive force in this whole sector.

SoftBank, which reached the $93bn first close of its Vision Fund, is one of the most prominent investors in the on-demand ride industry and now holds shares of 99 as well as Didi Chuxing, Singapore-based Grab and India-based Ola, with a $2bn round just being reportedly closed, and potentially deciding between Uber and Lyft for its US portfolio.

David Thévenon, managing director at SoftBank, at the time of the 99 deal said: "We see strong growth and a great outlook for the mobility solutions sector in Latin America. The 99 team has made impressive progress in Brazil, now operating in more than 400 cities and bringing positive changes to millions of users. We are committed to supporting local champions like 99, and look forward to participating in their long-term success."

Doing back-of-the-napkin maths on SoftBank's target of 20% internal rate of return – a measure of annual performance – for its Vision Fund, whether over seven years or a more traditional 10-year timeframe, Connie Loizos at StrictlyVC said this would translate to between $130bn and $430bn for SoftBank's investors, minus its initial investments, management fees, and the debt that makes up roughly $44bn of the fund's total holdings.

That is a whole lot of capital to generate for limited partners, so how does it do it? SoftBank thinks it can get there largely through ride-sharing allied to its bigger bet on the forthcoming singularity, and how data and sensors will affect society and economics. More specifically, Loizos said SoftBank was counting on the smooth evolution of today's ride-share companies into vast networks of self-driving taxis.

The question I leave attendees to the conference with is: Where will Brazil fit? ◆

This is an edited version of a speech at the Corporate Venture in Brasil conference

CONFERENCE REVIEW

Global Corporate Venturing Synergize

New York affirms corporate and venture capital synergies

Tim Lafferty, chief operating officer, Mawsonia

Global Corporate Venturing's annual conference in New York last month confirmed that corporate venturers and traditional VCs are increasingly working well together and CVCs are usually seen as important and useful players in the ecosystem.

Last year's conference, Shift, focused on this changing relationship between CVCs and VCs, and this year's event, Synergize, continued the theme. About 150 delegates registered for the event, which took place at the headquarters of the New York Times in Manhattan.

Opening the conference, Lisa Lambert, general partner of VC firm Westly Group and a former vice-president at Intel Capital, said: "By coming to GCV Synergize, you are taking a big step to show you care about the future of the VC industry and you are helping to shape it."

Lambert joined the opening panel, which was moderated by Kenneth Gatz, CEO and founder of software platform Proseeder. The panel discussed the changing perception of corporate venturing and the increasing interaction with VCs.

Will Porteous, general partner at venture firm RRE Ventures, explained how corporates understood the nuances of venturing more than in the past. He said: "We no longer talk about how corporate antibodies might kill a startup. It is just not an issue any more." Another example given by the panel was how in the past a corporate might send a 10-person team to a meeting with a startup, but now usually acted more appropriately when dealing with small companies. Corporates were also much less likely to ask for preferential investment terms, such as right of first refusal.

Barry O'Brien, a managing director at Silicon Valley Bank, noted that he often saw corporates helping startups scale globally. Lambert agreed, saying that scale was a key difference between a VC and a CVC. Lambert pointed out that when she was at Intel Capital they had a global focus, whereas in her current role at Westly Group she was more focused on the US market.

The panel also discussed how corporates approach investment decisions. George Ugras, head of IBM Venture Capital, said: "When considering investing in a startup we ask the question: what can we do working with this company that would be different if we made an investment? If the answer is 'not much' we don't invest."

Next up was a fireside chat between Thomas Mastrobuoni, chief financial officer of Tyson New Ventures, venturing arm of US-based food producer Tyson Foods, and Greg Heibel, partner at US-based law firm Orrick. Mastrobuoni used Tyson's investment in vegan burger producer Beyond Meat to explain how the company worked with startups. "We don't tell them how to run their business because it is on a totally different scale to Tyson. But we try to help them where we can."

David Horowitz, founder and CEO of corporate advisory firm Touchdown Ventures, then interviewed Allison Goldberg, group managing director of Time Warner Investments, where she has worked since 2001. She explained its investment strategy, which has both strategic and financial goals, with the majority of deals being B or C rounds with an average investment of $10m.

CONFERENCE REVIEW

Global Corporate Venturing Synergize

The opening panel

Goldberg said: "We lead about half the deals we participate in and we either take a board seat or an observer role otherwise we would not get strategic value." Its focus is on areas of interest to the three divisions of Time Warner – HBO, Warner Brothers and Turner – while the sector focus includes content, games, adtech, eSports, virtual reality and augmented reality.

A topic of great personal interest to VCs and CVCs was then discussed – compensation. Jody Thelander, founder of J Thelander Consulting, presented the results of her firm's recent compensation survey, which was then debated with Christine Leong Connors, a market manager at investment bank JPMorgan Private Wealth Management, and Melissa Taunton, a partner at VC firm New Enterprise Associates.

In total, 838 companies responded to the survey, 30% of which were VC firms and 28% corporate VCs. Nearly half, 45%, of corporate venturers received corporate stocks as part of their compensation package, in addition to salary and bonus. Only 8% receive carried interest, a way of rewarding long-term financial results which is widely used by traditional VC firms.

However the panel seemed unanimous that carried interest was not necessarily as attractive as it may seem because in many cases it was never realised. The predictability and reliability of corporate compensation, while not necessarily offering as much potential upside, could be more appealing to many. Young employees, in particular, could be put off by a carried interest scheme that might not pay out for 10 years.

"The founder steers the car and we, the investor, provide the peripheral vision – we don't ever grab the wheel"

John Riggs, a partner at consulting firm PwC, led a fireside chat with Carey Lai, managing partner at Conductive Ventures, the new corporate venturing arm of Japan-based electronics corporation Panasonic. Lai said: "It is a $100m fund with only financial goals, so we are using the Panasonic name sparingly so as not to create the impression that we are a strategic. We are looking at business-to-business software and hardware opportunities."

Natalie Hwang, head of the venture arm of property developer Simon Group, and Nicole Quinn a partner at VC firm Lightspeed Ventures, took the stage. Their chat, moderated by Deborah Zajac, a venture partner at Touchdown Ventures, highlighted how the two, corporate and VC, had co-invested together and were also friends. Quinn said: "I totally respect Natalie's vision when we have been looking at opportunities. She really understands the increasing speed of retail, such as the use of SMS to order products."

Quinn also described her approach to working with startups, not interfering with the day-to-day running of the business. "The founder steers the car and we, the investor, provide the peripheral vision – we don't ever grab the wheel."

Tim Lafferty, chief operating officer of Global Corporate Venturing, presented some global data from GCV Analytics – 50% to 60% of venture rounds involving CVCs include at least one VC firm in the round. Corporates made 212 limited partner (LP) commitments in 2016. There were 69 new, relaunched or renamed CVC units last year. *Download Lafferty's slide deck.*

Serial entrepreneur Duncan McCall, founder and CEO of location-based insights company PlaceIQ, explained to Ian Goldstein, a partner at US-based law firm Fenwick & West, how he had first come up with the idea for the company. "I was taking part in the Paris to Dakar car rally and we needed to cross a minefield in a desert. I did not want to pay $4,000 for a guide, so I downloaded some waypoints from the internet, using a route that a motorcyclist had uploaded after passing safely through. I realised then that location data on mobiles would be big." Well, they do say entrepreneurs are risk-takers.

McCall has raised several capital rounds for PlaceIQ and has had mixed experience with investors, including three corporates – including France-based marketing and PR firm Publicis Groupe and China-based e-commerce group Alibaba. "One investor, in our A round, was incredibly engaged and helpful. We had the opportunity to raise the round or sell the business and he spent five hours on the phone with me over a weekend talking it through in a very balanced way. He has continued to be very helpful. Some others have been less helpful, particularly when we have hit difficult times," he reflected. "It is important to have a good relationship with investors on your board – you are going to be working together for a long time."

CONFERENCE REVIEW

Over lunch, delegates convened at roundtables focused on a dozen themes, from quantum and real estate to blockchain and retail.

The first session of the afternoon was moderated by Steve Barsh, chief innovation officer of accelerator Dreamit Ventures, to discuss how micro-VC funds are increasingly working with corporations to support early-stage investing.

That was followed by Eric Steager, a director of healthcare group Independence Blue Cross, moderating a session about corporate LP positions. One panellist expressed shock at how some corporates lack awareness of up-and-coming competitors. Raj Singh, managing director at the technology ventures unit of airline JetBlue, explained its approach to working with startups. "We do not want technology that is specific to JetBlue. If there is not a wider need for the technology, then the company is not going to succeed."

Spence McClelland, a general partner of VC firm Noro Moseley, revealed that its seventh fund had several strategic LPs. "We work differently with each one depending on what strategic insight they are seeking," McClelland said.

The panel discussed how corporations could not usually react quickly to opportunities. One anecdote was relayed where a round needed to be closed within two weeks but a phone call with a potential corporate investor could not be arranged within that time window, let alone organising participation in the round.

There then followed a panel on artificial intelligence and fintech, moderated by Jaidev Shergill, head of the growth ventures division of Capital One bank. An anecdote was related by George Hoyem, managing director of In-Q-Tel, the US intelligence community's venture unit, Miles Reidy, a partner at VC firm QED, and Travis Skelly, a senior vice-president at the venture unit of Citi Bank.

Above: the NVCA panel. Below: the compensation discussion

Skelly kicked off the story. "We had a problem that we were not getting the data feedback we needed from the intelligence agencies in order to combat money laundering. So we gave George Hoyem a call to see if he could help."

Hoyem continued: "With our connections we were able to convene a group of interested stakeholders to try to nail the problem – the Federal Bureau of Investigation, the Central Intelligence Agency and the National Security Agency plus Citi and QED." The discussion provided a unique example of corporates, VCs and government agencies working together.

After the networking break, Bobby Franklin, president of US trade body the National Venture Capital Association (NVCA), and Tony Chao, head of Applied Ventures, the venture unit of semiconductor maker Applied Materials, and also head of the NVCA's corporate venture group, told Sandra Knox, counsel at law firm Sidley Austin, about some initiatives the NVCA was focused on.

Chao said: "We are issuing some standard models to foster best practice for corporate venturers, for example around term sheets, compliance and due diligence. Plus we are organising some industry vertical workshops around the country. If any corporates would like to host one of these gatherings, please let me know."

Franklin, who is based in Washington DC, described the way the NVCA was trying to influence government policy to help the venture ecosystem. "There are five areas we are focusing on right now – research and development tax credits, qualified small business stock, loss limitation rules, rules around capital gains on carried interest, and immigration."

On the latter point, the NVCA has filed a lawsuit in federal court in Washington aiming to defend the ability of foreign-born entrepreneurs to work in the US, via former President Barack Obama's International Entrepreneur Rule. In July, the Department of Homeland Security postponed the implementation of the rule, which the NVCA is challenging.

In the penultimate session of the day, Elaine Jones, executive director of healthcare company Pfizer's venture division, was interviewed by Neel Lilani, managing director of law firm Orrick. Jones explained how Pfizer Venture Investments was founded in 2004 and invested off the balance sheet, while more recently a second fund was created, R&D Innovate which, as the name suggests, invests in R&D-focused opportunities and requiresd the support of Pfizer's R&D division. Pfizer never takes a holding of more than 20% in a startup, always invests as part of a syndicate and always seeks a board role, she added.

In the final session, discussing incubators and accelerators, moderated by James Piacentino, who suns software company SAP's Leonardo program, Peter O'Neill, executive director of Cleveland Clinic Innovations, talked about healthcare company Cleveland Clinic and its new accelerator in Cleveland which has been launched in partnership with Plug & Play. ◆

COMMENT

China's manufacturers enable a new incubation model

Eli Harris, cofounder and CEO, EcoFlow Tech

The current chronology followed by Silicon Valley hardware startups is slow and disordered. But that could change with a new incubation model emerging from an unlikely group – China's global hardware manufacturers. Usually, when launching a hardware business, startups make prototypes, then raise capital so they can fund production. They then often turn to China, where they begin the arduous process of identifying and trying out multiple suppliers, manufacturers and logistics companies.

After a time-consuming and, frankly, painful process of speed-dating, fraught with miscommunication, startups will choose their partners. These relationships are transactional in nature, which means right from the onset, there is a fundamental misalignment of interests between volume on the supply side and quality, brand equity and sustainable growth on the startup side. Without pushing large volume, startups are unable to command quality from the supply chain. Eventually a product is produced and brought to market, though it is not always the intended original design.

Take Kickstarter campaigns, for example. Of the campaigns that successfully deliver a product, only about 15% ship on time. Many more never come to mass production. Lily, the drone startup, is notorious for failing to produce after raising $34m in a crowdfunding campaign. Even VC-backed well-funded US hardware companies struggle to align their designs with production processes and cost realities. Nest, Pebble and Jawbone are all examples of Silicon Valley-backed hot brand names that struggled to play the hardware game as prescribed by US venture capital rhetoric.

Meanwhile, China is well known for its hardware manufacturing capabilities. More than 90% of the world's electronics move through China at some point during their production process. This reputation as the world's assembly line masks

COMMENT

two things – China has best-in-class large-scale industrial production know-how, and Chinese companies have incredible engineering prowess that is reality-based, not theoretical. Many of these manufacturing goliaths are hungry to move beyond their low-margin wheelhouse.

The dawn of something new

This desire of China's manufacturing goliaths to be more than hired labour gives startups an alternative to the traditional Silicon Valley VC path. By taking their prototypes directly to manufacturers and taking a small seed round from those companies, startups are able to tear down many of the barriers that continually plague Silicon Valley hardware companies.

When the supplier has skin in the game, several interests align, as the potential profit-sharing from a startup's success can be far beyond a nominal manufacturing margin. The supplier now has an incentive to keep production costs low, a disincentive to work with any competitors or abuse the intellectual property, a sense of responsibility to maintain the highest quality controls, and an urgency to bring the product to market as quickly as possible.

Aligning interests with a supply chain partner, startups can leverage the partner to buy or lease all the production capacity needed at below-market production rates. Startups are creating products that engineers have put together using the best materials and best possible traits of existing products. It is a combination that has enabled startups to create a completely new and unique model and open up a brand new product segment that did not exist before, more quickly than ever before.

This trend is logically more prominent in manufacturing capital-intensive industries. Sunwoda, China's largest consumer battery pack manufacturer, has invested in two prominent Chinese startups, Anker and JieDian, for example. Scud, the second largest in the battery pack space, has invested in LaiDian and Xiaole. With manufacturing secured and products already on the market, these companies can later turn to VCs for growth money at more advantageous valuations.

This is done instead of diluting valuations simply to raise VC money to bargain with manufacturers on R&D costs and bridge cashflow gaps on early production runs. Moreover, when the manufacturers are on the startup's side, they can help optimise costs, mitigate frequent production errors and extend payment terms on early production. It is difficult for VCs to match that platform, and these Chinese startups have begun to realise that fact first.

Global startups starting to follow suit

When my company began designing our first product, we sought our supply chain partners prior even to incorporating. At the inception level, we gave minority equity stakes to Scud, which I mentioned above, and ESID, a consumer electronics industrial design firm. These supply chain partners became not just suppliers or investors but rather proud founding members of the team at the initial incorporation stage. They have incubated and guided our supply chain every step of the way, working with us, not for us.

In less than 11 months we designed, developed, produced, and shipped 5,000 units of our first product, a sophisticated energy storage system, to 21 countries. We have also shipped a full range of accessories and are in preproduction for a second product launch – and we have hired more than 10 full-time employees. To date, we have yet to raise a round of angel or VC funding.

Gi FlyBike is another exemplary pioneering global startup – an e-bike company founded by a group of Argentinians. After a successful crowdfunding campaign, Gi Flybike took its designs to Yadea Technology Group, a global leader in e-bike manufacturing with nearly two decades of history. The manufacturer sells more than 3 million e-bikes to five continents, with almost 15% global market share. The Gi FlyBike R&D team is based inside the Yadea Technology Group manufacturing plant, entering its first mass production stage.

Startups that hatch ready to hit the market

We are at the beginning of a new era of Chinese and Chinese-western startups that hatch ready to hit the market. The needs of these companies are, and will be, different. They are able to leverage locals in China's manufacturing centres with strong knowledge of the supply chain as well as experienced founders who know the end markets. They are creating new value in unused capacity, in back-of-envelope sketches and offbeat ideas from some great engineers.

While this hardware manufacturer incubation model could, and will, be replicated around the world, rich and hungry Chinese manufacturers are probably the most ready to engage today. It will be difficult for western manufacturers to compete with the cost, speed, niche specialisation and production scale of the new China.

There is a new cadence for global hardware companies, and it does not have to start in Silicon Valley with venture capitalists. ◆

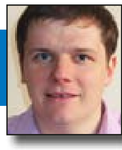
This is an edited version of an article first published on VentureBeat

COMMENT

Dissecting the data of initial coin offerings

Part one of a planned monthly series looking at the complex technology sectors tracked by market monitor Novum Insights, which recently authored a special report on blockchain startups

Toby Lewis, CEO, Novum Insights, and Martins Zeps, ICO specialist, Novum Insights



This article examines the hot trend of initial coin offerings (ICOs), which have transformed the financing markets in the past few years. As yet there is limited corporate venture capital activity within ICOs, but this is starting to change with a number of large corporations considering their own ICOs and with the rise in the use of ICOs for financing taking a bigger share of the venture capital market.

What is an ICO?

An ICO, or token sale, is a fundraising tool in which a new cryptocurrency project, typically a blockchain startup, sells part of its new cryptocurrency tokens for cryptocurrencies of immediate liquid value, the most notable two being Bitcoin and Ether, the unit of cryptocurrency used on the Ethereum blockchain. This is typically conducted over a predefined period of a week, a month or in some cases longer. The ICO will typically sell only a portion of the overall cryptocurrency in circulation and the target investment level is typically set as a goal in fiat or other cryptocurrencies. If the ICO is popular and more is raised than intended, it is said to be oversubscribed. Sometimes a cap will be set, and when that cap is reached, the ICO will complete before the defined end-date.

ICOs provide a way for cryptocurrency project creators to raise money for their operations, an alternative to turning to traditional venture capital or angel investment. Tokens created in an ICO can be traded easily, much like shares created in an initial public offering (IPO), which traditionally has been reserved only for well-established respected startup companies. However, unlike shares, tokens created in ICOs do not confer ownership rights and are not regulated or registered with any government organisation, and therefore usually hold no investor protection. The investor in an ICO hopes that the project's success will cause the tokens to rise in value, a premise that results in much market speculation.

Cryptocurrencies

Several tokens offered in ICOs will not create and maintain their own blockchain. Most will use meta-tokens built on top of a branch of the Ethereum, Bitcoin or other blockchain source code. This helps simplify the token-creation process.

The chart overleaf shows the amount raised by ICOs overlaid on the market capitalisation of the 10 largest cryptocurrencies in the world. As can be seen, both Bitcoin and Ethereum, the two most commonly used cryptocurrencies in ICOs, have well outperformed the rest of the cryptocurrency market and have increased substantially in value over the past year. Part of this performance can be attributable to the booming ICO market.

A disruptor of venture capital

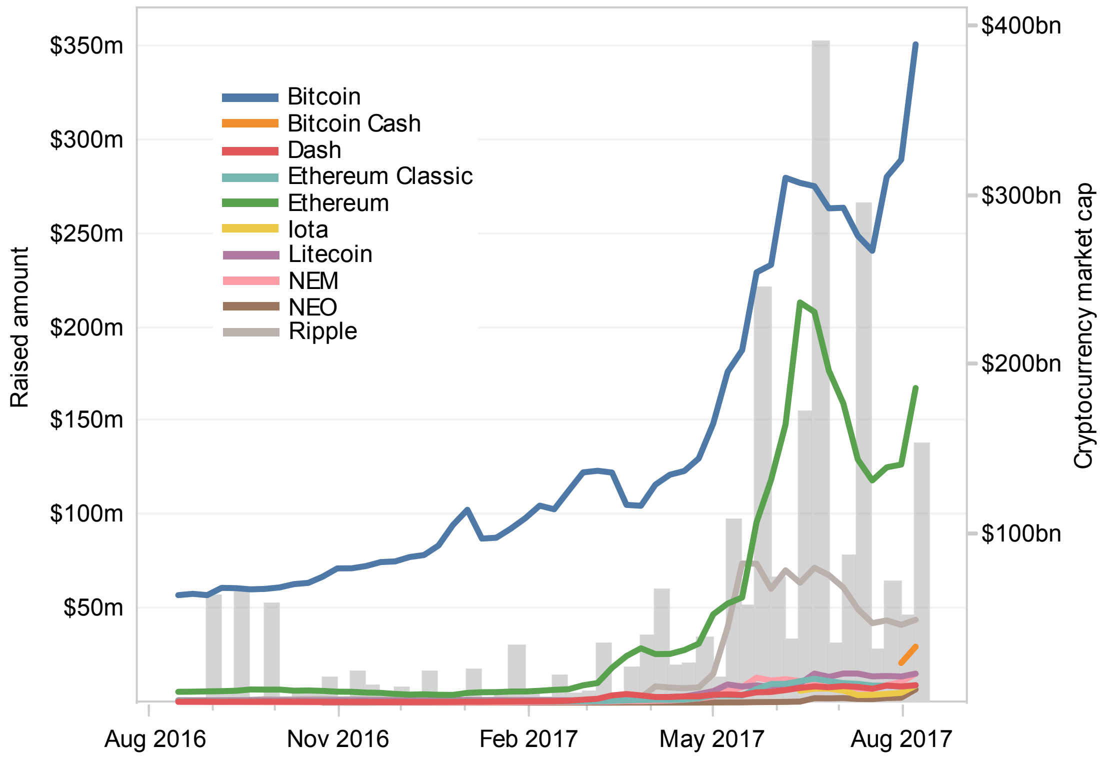
The rise of ICOs as a funding mechanism has opened new avenues of project financing for startups and other projects. The traditional financing model, in which only institutional players, high-net-worth individuals, venture capital firms and other insiders can participate in financing new ventures through restricted-access share purchases in unlisted companies, is being disrupted. The ICO promises to democratise this model by opening these investments to a much wider audience, which in turn could make the venture capital financing model for startups less used or even obsolete.

This is already happening – the numbers speak for themselves. The ICO market is booming, with no sign of slowing anytime soon. Tens and hundreds of millions of dollars of capital have been raised by projects backed by little more than a whitepaper describing the intended cryptocurrency-backed startup project.

Novum Insights has tracked more than 1,000 ICOs to date. Last year 52 notable ICOs were completed, whereas in the first eight months of this year, 216 have been completed. In the short time of their existence, ICOs have attracted $2.6bn in investment to date – surpassing all venture capital funding in the blockchain space. In the first eight months of this year, ICOs have already raised a staggering $2.2bn, roughly three times that of traditional venture capital investments in blockchain startups. There is no doubt this is a paradigm shift.

COMMENT

Cryptocurrencies vs ICOs



ICO investment analysis

At the start of last year there were only a handful of notable ICOs, Ethereum itself being one of them. At the end of the year, 24 had already raised more than $1m, the largest being Waves, which raised $16m. At this point, no ICO from 2016 is among the 10 largest ICOs – none is even in the top 20. The largest have taken place this year. EOS, with an estimated $289m raised, is the most funded ICO yet, even as it continues to raise more funds. Filecoin, with $252m raised, including its pre-ICO of $52m, closely follows in second place.

The future of ICOs

It is currently hard to judge the success of the ICO market, as the majority of funds have been raised within the past year and it takes many years to see the success of a startup project. Time will tell how many companies that have raised funds through ICOs in 2016 and 2017 will have survived, but there is no sign of the market slowing.

One can only speculate on the impact of regulation. Will early regulation benefit the long-term health of the market? Will implementing regulation too early and too strictly deflate the bubble or kill the concept? Will this be the case in China with its latest ban on cryptocurrency trading and raising ICOs? Can regulation be implemented in some jurisdictions and not others without creating a regulatory arbitrage and driving companies to less-regulated markets? Will there be a global standard and how could it be enforced? When the regulations come in, will they be backdated to include companies that have already completed their ICOs and could hence incur huge fees, as seems to be the case in China?

Whatever the answer, similar to the dot.com bubble, most likely there will be a market correction soon, and many companies born from this boom in ICOs will crash as fast as they have risen. However, a handful will rise to the top and stay there, to create the next generation of Googles and Facebooks. ◆

This is an edited version of one of the ICO chapters in market monitoring company Novum Insights' blockchain special report. Contact toby@novuminsights.com for more information. Lewis is a former editor of Global Corporate Venturing.

GAULE'S QUESTION TIME

Pursuing a dual mandate for financial and strategic returns

Andrew Gaule, left, talks to Michael Smith, assistant vice-president for corporate development, USAA

Giving us a brief introduction to yourself and to USAA.

I joined the company a little over seven years ago and have been with corporate development the entire time. The early part of my career was spent in consulting at Price Waterhouse, and after about seven years of living out of a suitcase I decided I wanted to get into a more finance-oriented career. So I ventured to your side of the pond and undertook an MBA at London Business School to springboard a career change. After business school, I spent about two years doing capital investment review and eventually made my way to United Services Automobile Association (USAA) in 2010.

I feel extremely fortunate to work for USAA. My role as a corporate development professional feels like the culmination of everything I have learned and experienced to date. Looking back, my time in consulting exposed me to strategy, technology, package software and project management, and that experience has really helped me understand and evaluate new companies and technologies. Then the experience in capital investment review provided additional exposure to financial analysis, due diligence, reading and interpreting transaction documents.

So now I have the opportunity to work with a great team at USAA, and bring new innovations and promising investment opportunities forward for the benefit of our members.

USAA was founded by the military for the military. In 1922, 25 army officers came together with the goal of insuring one another's vehicles when no other insurance company would.

It sounds ridiculous today, but these military officers and their military lifestyle were seen as too risky, so they threw their money on the table together and self-insured. So we are structured as a mutual insurance company founded by those 25 army officers.

From those beginnings we followed the same military values our founders prized. Service, loyalty, honesty and integrity. Over time we have expanded the breadth of who we serve, expanding our eligibility to other branches of the US military, enlisted personnel and military families.

We have added additional property and causality products such as homeowners' insurance, renters' and valuable personal property. We also offer life insurance and annuities. We have a direct consumer bank that offers deposit products, credit cards, mortgages, auto and consumer loans, among other products. We also have an investment management company that offers broker services, mutual funds, wealth management and retirement planning services.

How does innovation fit into corporate development and the fund you run?

The dollars we are investing are off balance sheet. Our chief investment officer has committed in excess of $300m to strategic investments. The vast majority of our net worth is invested in highly-liquid assets. We do allocate a small percentage to less liquid assets such as venture capital. This is where the corporate development team comes in.

The corporate development group got its start in 2010, as we were partnering TrueCar, a digital automotive marketplace that connects buyers and certified dealers. We made a minority equity investment in TrueCar, so we could share in the upside and value creation. That was back in 2009 and was our initial investment; and 20-plus investments later we are still going strong.

Can you confirm the size of the fund or the budget?

Just to be clear, it is not a fund, but the chief investment officer has committed over $300m to our strategic investment program. Thanks to several successful exits, we are considerably under this threshold, so our investment potential is only constrained by the number of attractive ideas we are able to identify.

What key technology and new business models do you see as an opportunity or a threat for the business?

We have four key investment themes. The first is fintech – technologies relating to payments, lending, investing and such, that enable USAA to provide simpler more effective financial solutions for its members.

InsureTech, is another key theme. These are technologies that enable connected cars and homes, wearables and opportunities that are really transforming the future of our insurance products – auto, property, life and health.

The third we call it security, data and artificial intelligence (AI), and think of these as solutions that are enabling secure authentication, identity management systems, fraud prevention, personalisation, underwriting, risk detection. Things of that nature.

The fourth is enterprise infrastructure. So the first two and possibly the third are really more member-facing solutions. Enterprise infrastructure enables solutions for members, employees and communication technologies

What I see now in a lot of organisations and corporate venture units developing what i term innovative new value chains – how technology and startups are being brought together in different forms to create new business models. Are you seeing those things occurring in the types of investments and sectors you are interested in?

We are with our members when they are making important financial decisions, and we know, probably, buying a house is the most important financial decision a person makes in their life. And buying a car could be if the person is not a homeowner but buying a car is likely to be the second most important financial transaction our members enter into. So we want to be there to support them, really from the time they see the vehicle until the time they sell it.

We have done this by partnering and investing in leading startups. TrueCar concerns researching, finding and purchasing a vehicle. We also have an investment in a really neat company, RepairPal, which is around maintaining and repairing a vehicle during the full ownership period. We want to provide our members a way to make sure they are having quality repairs done, getting price discovery and certainty as well as quality repairs.

Another is Automatic Labs. It was recently acquired by Sirius XM but we were investors. They provide vehicle telematics services. A primary use case there concerned teen safe drivers. We know when new drivers start out they do not have the experience that older drivers do, and are more accident prone. So we partnered Automatic to install devices so parents could help coach their teens to make them safer and better drivers.

Another investment is around collision. We partnered a company called Snapsheet which is using mobile technology. Members can take a picture of the damage to their vehicle using their mobile phone or tablet, and have their claim settled efficiently and conveniently.

"Any time I take a new opportunity to my investment committee, the business sponsor is at my side"

Describe some of the experience and skill of other team members?

We have a great team in corporate development from a variety of disciplines. We have eight professionals focused on strategic investments, and then two highly-qualified support personnel that help out with a variety of activities. The backgrounds of our investment professionals are varied, but everyone generally possesses an advanced degree as well as practical experience, understanding how companies operate, and assessing startup business models.

We also have a couple of individuals on our team who possess extensive operating experience at USAA, which is really critical in helping corporate development understand key business gaps and priorities, and assess fit for new technologies.

Within the broader business we have two main entities that play key roles regarding our strategic investment activities. The first is a working group of key business executives that help inform where we should consider investing. This group meets roughly once a month, and is a forum to discuss new investment ideas, obtain business support and receive direction, candidly, regarding our focus areas.

The second is our investment committee. We have a cross-functional group of the most senior executives at USAA who guide our investment decisions. We seek their formal approval prior to making an investment, and periodically review our existing portfolio investments with them, discussing both the financial and operational performance.

I should note that business sponsorship really is key for us. Any time I take a new opportunity to my investment committee, the business sponsor is at my side. Generally, when we are conducting a portfolio review, my investment committee is really as interested in hearing from the business sponsor about integration progress as my report on the financial results.

Do you find that the core business is sufficiently strategic and looking further out than just looking for a solution to today's problems?

Generally, I would say we are very forward-looking and it is something our members require from us. They are forward thinking and tech-savvy, and we have seen they adopt new technology at a pace much faster than the average consumer, largely because they are highly mobile and digital.

The military moves around quite a bit, and things that were, I would say, a legacy hindrance to our business, in terms of not having insurance agents and not having bank branches, was initially detrimental to us. But the way the future has evolved, it has been extremely favourable to us in terms of dot.com and mobile. People do not want to go into a bank branch anymore, so the fact that we never had that bricks and mortar cost structure has evolved favourably to us.

We also have a direct insurance model with a large contact centre in San Antonio, and other cities with a high military concentration. That used to be a negative to our distribution model, but has really turned out favourably.

How do you support the ventures?

GAULE'S QUESTION TIME

First, with an operating agreement. Startups would like to have us as investors, but would love to have USAA as a customer. An investment by USAA is obviously not a guarantee of an operating agreement – the portfolio company still needs to win and continually earn our business. But with that said, we are a strategic investor and we seek to partner our portfolio companies.

Second is really subject matter expertise. Many startups have great ideas, but may lack insurance, banking or investment industry experience. So a portfolio company has a partner with both the corporate development team and I have generally found our lines of business executives are generous in sharing their time and expertise.

We try to invest under terms that really encourage the success of a company. We want our portfolio companies to excel and be the dominant player in their markets. So we do not ask for terms that try to limit their market potential or exit opportunities.

We possess an excellent track record for follow-on investing. We have a long investment horizon, and are capable of continued funding for promising businesses.

The last is around press releases and customer reference calls and things of that nature. We are extremely protective of the USAA brand, which has been carefully cultivated over the past 90-plus years. But we know the value of the brand of USAA for startups, and we try to be thoughtful in our publicity.

We have a mix of board director and observer roles, and try to be thoughtful about which we pursue. For investments that are core to USAA, we are willing to dedicate the time and attention required of board directors, because we view these as critically important.

"The requirement for acceptable financial returns really is critical, because without it the program is not sustainable"

Board directors and observers are members of our corporate development team, and not lines of business, so we have tried to minimise any potential conflict of interest. We never want even the appearance of being conflicted, because as representatives of the shareholders, we are assuming the duties of care and loyalty seriously. Personally, I have the privilege and responsibility of sitting on three boards, and I am an observer to one other.

How do you measure your financial and your strategic performance?

We have a dual mandate of strategic and financial returns. And as a recovering consultant I like to think of it as a two-by-two matrix, with the X axis as mission fulfilment, and the Y axis as opportunity for financial return. So the top right box is where we want to be, high-high. And the bottom left box, low-low opportunities are an easy pass.

Where we may differ from others is we are also likely to pass on the top left box, the high financial return but low mission fulfilment. It is just outside our remit and we want to be very thoughtful with our members' money and not expose ourselves to strategic drift.

On the lower right box, high mission fulfilment with moderate to lower financial return are opportunities that we will consider, especially if there are ways to improve the financial return profile.

In terms of strategic return, let me go back to the TrueCar example, we are looking at things like the amount of money USAA members are able to save off the manufacturer's suggested retail price by utilising our car-buying service. We also know that when members are buying a car, they frequently need an auto loan or they may reprice their auto insurance. So we look at the take rates of members that are utilising our car buying service on our core products such as auto loans and auto insurance.

Then regarding financial return, we're looking at traditional metrics like internal rate of return, cash on cash. I do not want to underemphasise the importance of financial return, because while I mentioned the dual mandate, the requirement for acceptable financial returns really is critical, because without it the program is not sustainable.

What do you do to relax?

I am blessed with a beautiful family, wife and two elementary school age boys, so they keep me fairly occupied outside the office. As a family, we enjoy travelling and sports. In addition, personally, there are 53, 14,000 foot summits in Colorado, and I am trying to get all of them. I have only got nine to date, so I have kind of got my work cut out. ◆

You can listen to this and other interviews on a podcast, subscribe at gaulesqt.podomatic.com. Andrew Gaule is the author of Purpose to Performance; Innovative New Value Chains, and is CEO of Aimava, leading open innovation, venturing and corporate venturing programs to drive strategic benefit. If you have interview ideas, email *andrew.gaule@aimava.com* or James Mawson *jmawson@globalcorporateventuring.com*

GOVERNMENT HOUSE

Macron calls for disruptive innovation agency

Thierry Heles, editor, Global Government Venturing

Emmanuel Macron, president of France, is continuing to keep himself busy with radical reforms and visions for the future of his own country and that of the EU. A month ago, Global Government Venturing dedicated an editorial to Macron's call for a $12bn innovation fund to invest in the domestic healthcare, transport, energy storage and renewable energy sectors.

But Macron also made another bold statement recently and one that would have even more far-reaching consequences than his innovation fund – in a two-and-a-half-hour speech he gave at Paris-Sorbonne University about the future of Europe, he called for the creation of an EU agency dedicated to funding disruptive startups.

Macron noted that the EU should seek not only to keep pace with China and the US but to be a global leader in innovation. To achieve that leadership, Macron said education, science and technology would require significant rethinking and strengthening to equip citizens with the best possible skillset and tools.

The French president appeared particularly keen on industries such as artificial intelligence, biotechnology and digital technologies – all areas he also hopes to target with the aforementioned innovation fund.

Emmanuel Macron

Macron's call gives political weight to the idea of a European Innovation Council, first mentioned by Carlos Moedas, EU research commissioner, who said in a speech in 2015: "Europe does not yet have a world-class scheme to support the very best innovations in the way the European Research Council is the global reference for supporting excellent science.

"So I would like us to take stock of the various schemes to support innovation and SMEs under Horizon 2020, to look at best practice internationally, and to design a new European Innovation Council.

"This is not for tomorrow, but I believe we should discuss it as a major element under the mid-term review of Horizon 2020."

The two-year timeframe Macron has set himself and the EU to set up the new agency is no coincidence

In May and June 2016, the European Commission collected responses to its consultation from a wide range of actors including the UK government's innovation agency Innovate UK, Germany-based research institute Fraunhofer and the Flemish Department of Economy, Science and Innovation, as well as a host of universities and several corporations across the EU.

There is, of course, a certain irony to Innovate UK's contribution, as the country's vote late in June 2016 means no UK government agency will be a party to the European Innovation Council.

Macron, meanwhile, can confidently speak of innovation leadership. Since the EU launched its SME Instrument in 2014, it has funded more than 157 startups in France alone, and the country's public investment bank BPIfrance is a prolific investor in domestic companies as well.

The two-year timeframe Macron has set himself and the EU to set up the new agency is no coincidence. It covers the period left under the EU's research funding program Horizon 2020 – a good moment to take stock of what has worked in the program and how a council could improve on that work.

The innovation council is expected to simplify and accelerate startups' access to support in future, blending equity, grants and loans. The aim, much like the UK government's patient capital review, will be to generate more companies worth $1bn or more.

Moedas himself welcomed Macron's call, telling news publication ScienceBusiness: "I am glad we are talking about the same kind of ideas. It is a big boost for us in Brussels because it is the first time a head of state has come out and publicly called for it, and the support of France is essential for doing this."

Brexit, which has turned into a many-headed beast for the UK government, including a 3% inflation rate and much ridicule and confused comments across European media, was barely mentioned in Macron's speech. Although the country's departure is serving as a catalyst for his calls for fundamental reform of the EU, Brexit is already considered the past by the French president.

Macron has shown himself open to the idea that the UK may one day seek to rejoin the reformed EU, but he has not been shy about his view that the union will not be longing for the country's return.

The EU does need reform – Brexit and several general elections across member states that have provoked a significant shift towards the far-right prove as much – and so far, Macron's ideas seem very sensible indeed. And they are certainly good news for startups in the world's largest single market. ◆

UNIVERSITY CORNER

Stanford leads the global innovation pack

Thierry Heles, editor, Global University Venturing

UK-based news agency Reuters has released its annual ranking of the top 100 most innovative institutions across the world and recognised Stanford University as the top achiever for the third year running. The list tracks and ranks universities based on their scientific output, the invention of new technologies and their impact on new markets and industries.

Using data collated by research firm Clarivate Analytics, Reuters ranked institutions based on a range of criteria – patent volume, patent success, global patents, patent citations, patent citation impact, percentage of patents cited, patent to article citation impact, industry article citation impact, percentage of industry collaborative articles and total web of science core collection papers.

The list remained identical to last year's at the top. Behind Stanford, Massachusetts Institute of Technology (MIT) held on to second place, while Harvard University retained the third spot. University of Pennsylvania meanwhile climbed four places to fourth place.

The most innovative university outside the US, according to Reuters' analysis, is neither University of Cambridge (in 26th place) nor University of Oxford (in 31st place), two institutions widely regarded as research powerhouses. Instead, the fifth place – and thus highest place for a Europe-based university – went to KU Leuven.

The ranking noted the nearly 600-year-old Belgian institution was "one of the largest independent research and development organisations on the planet".

The most innovative university outside the US is neither Cambridge nor Oxford but Belgium's KU Leuven

Luc Sels, rector at KU Leuven, said: "This result is an incentive. It indicates that our university is not just a place for intellectual debate, research-driven education and ground-breaking fundamental research, but that we also contribute a great deal to innovation and valorisation, and, as such, to the socio-economic development of our society.

"Making up the top five together with Stanford, MIT, Harvard and University of Pennsylvania motivates us to focus on our strengths even more – the combination of fundamental and applied research, supported by KU Leuven Research & Development, a world-class tech transfer office."

On the other hand, Asia-based institutions are still playing catch-up with their western peers. Only two of them made it into the top 20 out of a total of 20 in the ranking, compared with 51 North America-based universities, 26 Europe-based institutions and three from the Middle East.

Admittedly, Korea Advanced Institute of Science and Technology came in at sixth place, a strong performance for an institution that usually does not appear on Global University Venturing's radar. Pohang University of Science and Technology was in 14th place.

Reuters primarily blames the underperformance of Japan, which relies on government R&D spending, for the lack of Asian institutions in the list. The economy has been flatlining for more than two decades, resulting in less money being available for research. The report noted that contributions from Japanese researchers to scientific journals fell from 8.4% in 2005 to 5.2% in 2015.

University of Tokyo thus dropped from 17th to 21st place, while Osaka University dropped from 13th to 24th and Keio University from 25th to 78th. Tohoku University found itself in 39th place and Hokkaido University in 95th. The only institution to rise slightly was Kyushu University, going from 79th place to 68th.

More promising signals came from China, however, where Tsinghua University climbed 15 places to become number 51 and Peking University went from 70th to 60th. Zhejiang University has managed to enter the ranking for the first time, coming in at number 100. With the largest population of any country on the planet though, a mere three universities is still something of an underperformance by the People's Republic.

Filling out the top 10, in order, were University of Washington, University of Michigan System, University of Texas System and Vanderbilt University.

The top-ranking UK institution was Imperial College London in 15th place, ahead of European peer Federal Polytechnic School of Lausanne in 19th place.

While some universities will undoubtedly be happier than others with their place in this ranking, they all wound up among the 100 most innovative institutions – an impressive feat on its own. Reuters also acknowledged that the ranking takes into account the overall output, and a low-ranking institution may very well be a world-leader in one particular field. ◆

Global Corporate Venturing
Leadership Society

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.

	ICVCA (Organisation/ Individual) $499 per year	Premium* (Company) $12,500 per year	Luminary (Company) $50,000 for 2 years
Right to join and use the *'ICVCA'* Name	✓	✓	✓
Get the Weekly Community Newsletter	✓	✓	✓
Entry in the Member App	✓	✓	✓
Pro Bono - Bridging communications to third parties	✓	✓	✓
Enhanced Company Profile in the Directory app		✓	✓
Free Ticket to either the annual Summit or Symposium		TWO	THREE
Executive Advisory Role - act as GCV Leadership Society Ambassador for a three-year period			✓
GCV Subscription** for up to 2 users for 12 months - access to the monthly magazine (pdf), news website and special reports	10% Discount	FREE	FREE
GCV Analytics for 1 user for 12 months (add an extra user for $5,000 more) - access 8,000+ deals through GCV Analytics for bespoke reports	10% Discount	FREE	FREE
Branding on Leadership Society materials as Luminary members			✓
NDA Club			✓

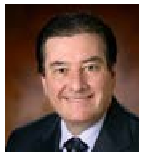
*GCV Subscribers can upgrade for a limited time. Subscription fee already paid will be subtracted from the amount due on a pro-rated basis.
**Includes access to Global Government Venturing and Global University Venturing.

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

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:
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Global Corporate Venturing

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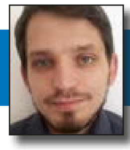
ANALYSIS

This is our data snapshot based on the past month's investment activity. The charts and tables have been generated by our data platform GCV Analytics.

Deal count drops in October

Kaloyan Andonov, reporter, GCV Analytics



There were 138 corporate-backed deals in October, down from 198 funding rounds in the same month last year. Investment value, however, doubled to $10.2bn from $5.1bn last year.

The deal count last month also dropped compared with September this year, when there were 194 rounds. October's is the lowest monthly deal count recorded this year by GCV Analytics.

Total capital invested in corporate-backed rounds in October, however, was higher than the previous month's $8.31bn, a 23% increase.

The US hosted the largest number of deals at 71 – more than half the disclosed dealflow – while China was second with 12 rounds, India third with 11 and Germany fourth with 10.

The leading corporate investors by number of deals were diversified conglomerate Alphabet, internet company Tencent, semiconductor and chipset manufacturer Intel and telecoms firm SoftBank. Tencent was involved in the largest deals, with media and research company International Data Group close behind.

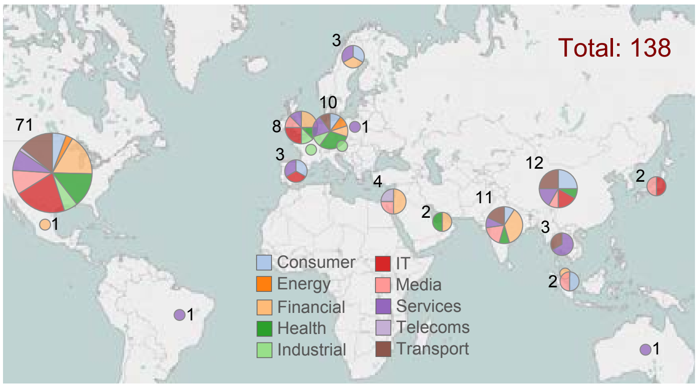
GCV Analytics recorded 27 corporate-backed funding initiatives in October, including VC funds, new venturing units, incubators, accelerators and other programs. This figure represents a substantial increase over September, when these initiatives numbered 13. The estimated raised capital in those initiatives almost doubled to $4.08bn, up from $2.44bn the previous month.

Deals

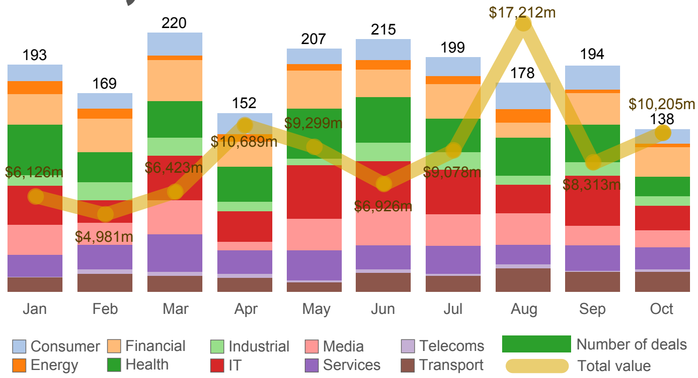
The most active corporate investors came from the financial services, IT, media and consumer sectors.

GCV Analytics data shows that emerging businesses from the financial, IT, services and health sectors secured the highest number of deals involving corporate venturers. The top deals by round size were not concentrated in any particular sector, however. They

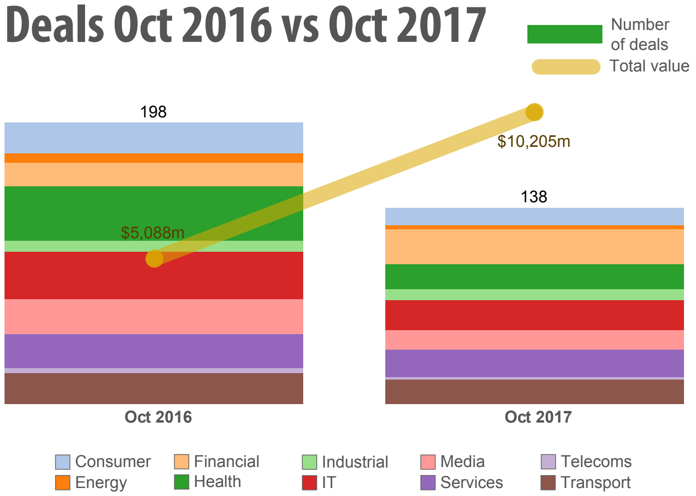
Global view of past year's deals



Deals by month Jan-Oct 2017

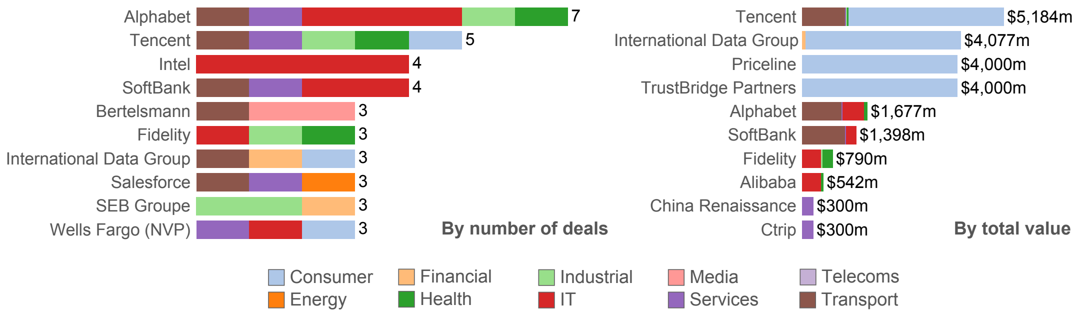


Deals Oct 2016 vs Oct 2017

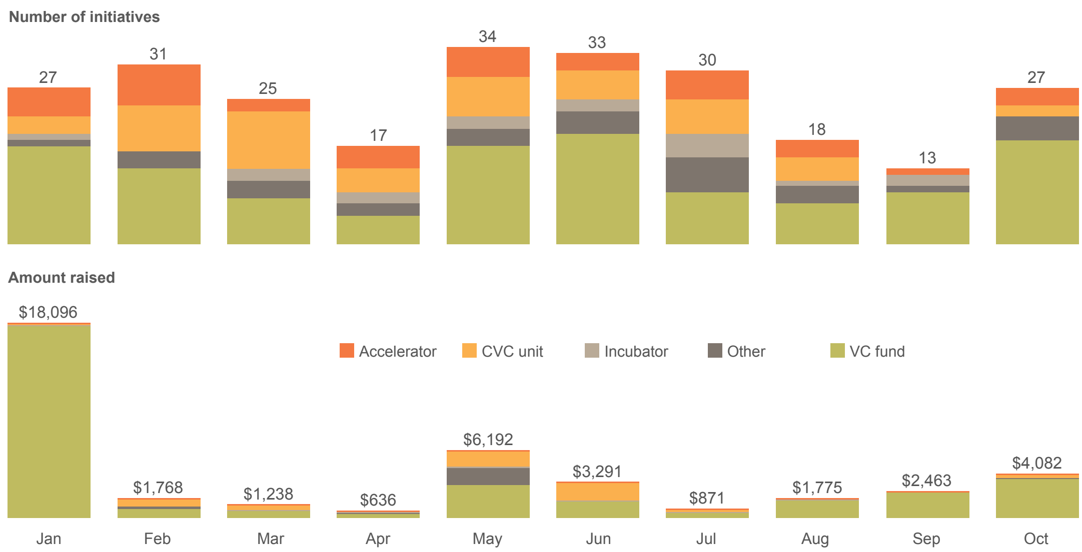


ANALYSIS

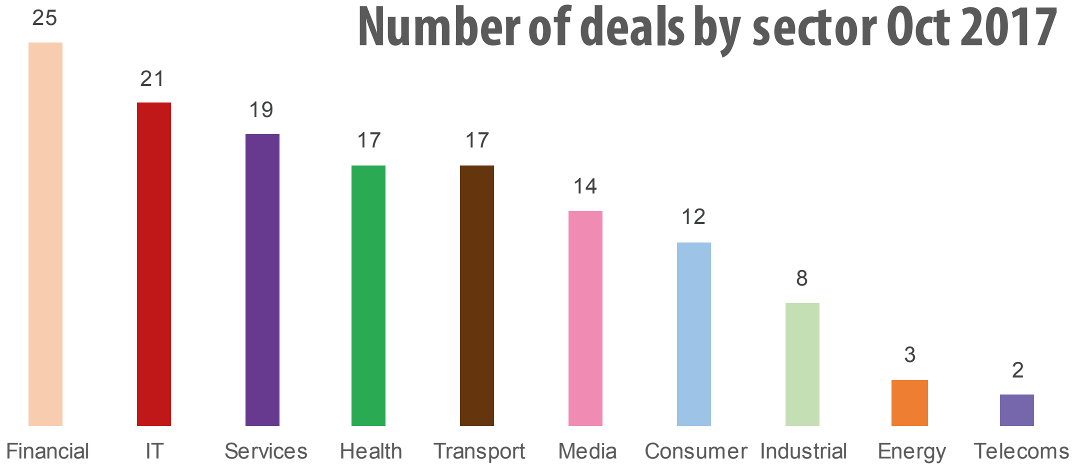
Top investors Oct 2017



Funding initiatives 2017



Number of deals by sector Oct 2017



ranged from transport and services through consumer and media and IT to health companies. Three of the largest rounds were above $1bn.

Tencent led a $4bn round for China-based online services provider Meituan-Dianping which valued it at $30bn. Travel services provider Priceline Group also participated in the round, as did IDG Capital, the venturing subsidiary of International Data Group and the Singaporean state-owned GIC, among other investors. Meituan-Dianping runs a local services

Deals heatmap for Oct 2017

	Financial services	IT	Media	Consumer	Industrial	Health	Services	Transport	Telecoms
North America	27	20	10	5	5	6	3	6	5
Asia	13	11	8	3	1		1	3	3
Europe	8	1	3	6	6	4	4	1	1
Middle East	3		1		1		1		
Australia and NZ			1						
South America							1		

and e-commerce platform that processes about 21 million orders a day, for items such as food, event tickets and flights.

India-based on-demand ride-provider Ola raised $1.1bn in a funding round led by Tencent. SoftBank also took part in the round, as did undisclosed US-based investors. Ola is reportedly in talks with additional parties in a bid to add another $1bn, taking it above $2bn. Founded in 2011 as Olacabs, the company has built an app-based ride-hailing service.

US-based ride-hailing platform Lyft raised $1bn in a funding round led by CapitalG, the growth-stage investment arm of Alphabet. Lyft has not named other investors in the round, which valued it at $11bn. The deal came shortly after Lyft entered talks with investment banks about a possible initial public offering next year. Lyft operates an on-demand platform available in approximately 300 cities across the US.

US-based augmented reality (AR) technology producer Magic Leap raised $502m in a series D round featuring media company Grupo Globo, e-commerce group Alibaba and Alphabet. Singaporean state-owned investment firm Temasek led the round, which included financial services firm JPMorgan Investment Management, Fidelity Management and Research, Janus Henderson Investors and T Rowe Price, among other investors. Magic Leap has remained largely in stealth mode since it was founded in 2011. However, details that have emerged to date suggest the company is developing an AR headset that superimposes virtual objects on physical surroundings.

US-based biopharmaceutical company Harmony Biosciences closed a $270m funding round which featured pharmaceutical firm Novo and Nan Fung Life Sciences, a subsidiary of property developer Nan Fung. Financial services group Fidelity Management & Research also took part in the round. Harmony is developing drug treatments for rare and orphan diseases, particularly those that affect the central nervous system. It is part of the Paragon Biosciences healthcare group.

The SoftBank Vision Fund led a $164m round for Mapbox, a US-based creator of a location and mapping platform for software developers. Mapbox provides map, direction and location search services.

Top 10 investments Oct 2017

Company	Location	Sector	Round	Size	Investors
Meituan-Dianping	China	Consumer	–	$4bn	Canada Pension Plan Investment Board | China-UAE Investment Cooperation Fund | Coatue | GIC | International Data Group | Priceline | Sequoia Capital | Tencent | Tiger Global Management | TrustBridge Partners
Ola	India	Transport	–	$1.1bn	RNT Capital | SoftBank | Tencent | undisclosed
Lyft	US	Transport	E and beyond	$1.0bn	Alphabet | CapitalG
Magic Leap	US	IT	D	$502m	Alibaba | Alphabet | EDBI | Fidelity | Grupo Globo | Janus Henderson Investors | T Rowe Price | Temasek
Harmony Biosciences	US	Health	–	$270m	Fidelity | HBM Healthcare Investments | Nan Fung Life Sciences | Novo | Valor Equity Partners | VenBio Partners | Vivo Capital
Mapbox	US	IT	C	$164m	DBL Partners | Draper Fisher Jurvetson | Foundry Group | SoftBank | Thrive Capital
Macro	US	Media	–	$150m	angel investors | Emerson Collective | Ford Foundation | Kellogg | Libra Foundation | Medialink | MNM Creative
Secret Escapes	UK	Services	D	$111m	Idinvest Partners | Silicon Valley Bank | Temasek
Flexport	US	Services	C	$110m	DST System | Founders Fund | Susa Ventures | Wells Fargo (Norwest Venture Partners)
Bill.com	US	Financial services	–	$100m	JPMorgan Chase | Temasek

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US-based multi-platform media production company Macro raised $150m in combined equity and debt financing from investors including entertainment company MNM Creative and business development firm Medialink. The round also featured impact investment firms Ford Foundation, WK Kellogg Foundation and Libra Foundation as well as undisclosed strategic backers. Macro did not reveal individual figures for the debt and equity portions of the round. Founded in 2015, Macro produces and finances digital series, television shows and films that target a multicultural market.

Secret Escapes, a UK-based online travel agency, previously backed by Alphabet, raised $111m in a series D round led by Temasek. The round included private equity firm Idinvest Partners and an undisclosed amount of debt financing from Silicon Valley Bank. The debt and equity portions were not revealed. Founded in 2011, Secret Escapes runs a free-to-join members-only luxury travel agency.

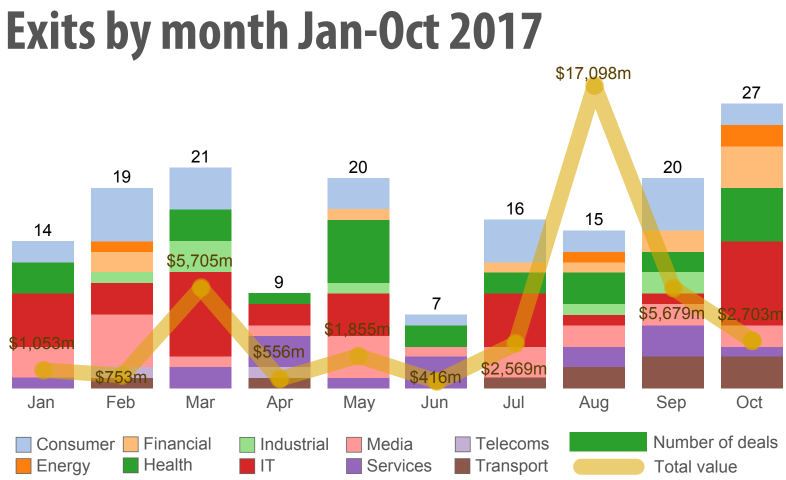
Flexport, a US-based backed freight management platform backed by media company Bloomberg and Alphabet, closed a $110m series C round. Financial services firm Wells Fargo participated as a new investor, investing through its strategic capital unit. Founded in 2013, Flexport operates a software platform that enables users to schedule, track and manage the shipping of large quantities of goods by sea or air, and provides services such as warehousing and shipping insurance.

Bill.com, a US-based payment processing network backed by payment services firm American Express, raised $100m in a round co-led by JPMorgan Chase and Temasek. Bill.com operates a processing network for business payments used by its 2.5 million members to process some $50bn of payments a year.

Exits

In October, GCV Analytics tracked 27 exits involving corporate venturers as either acquirers or exiting investors. The transactions – most of which took place in the US – included 19 acquisitions, seven initial public offerings and one merger.

This number of exits – the highest monthly figure this year, represents an increase from the 15 and 20 transactions tracked in August and September respectively. Total estimated exited capital, however, amounted to $2.78bn, significantly lower than the $5.68bn for September.



Qudian, a China-based online consumer lending service backed by financial services provider Ant Financial and game producer Kunlun Tech, raised $900m from its flotation in the US. The company priced 37.5 million American depositary shares at $24 each on the New York Stock Exchange, above the $19 to $22 range it had set earlier, giving it a market value of about $7.9bn. Founded in 2014 and formerly known as Qufenqi, Qudian runs an online platform that provides credit to mostly young customers who are underserved by traditional banks due to their lack of credit history.

Razer, a US-based gaming accessories producer backed by Intel and mobile services provider Hangzhou Liaison Interactive, raised up to $550m when it floated in Hong Kong. The company priced its shares at between HK$2.93 ($0.38) and HK$4., and had already secured $150m in commitments from cornerstone investors. Razer's core business is its gaming products range, which incorporates everything from joysticks and specialist keyboards to gaming software and laptops. It recently broadened its offering by launching an eSports platform and a virtual currency known as zGold.

Nutonomy, a US-based self-driving technology producer backed by electronics producer Samsung, agreed to a $450m acquisition by automotive components manufacturer Delphi Automotive. Delphi will pay $400m upfront, and with earn-outs the purchase price will total approximately $450m. Founded in 2013, Nutonomy is working on software called NuCore to organise large fleets of autonomous ride-hailing vehicles by enhancing image perception, mapping and localisation, motion planning and decision-making.

Apama Health, a US-based catheter developer backed by healthcare provider Ascension Health, agreed to an acquisition by medical device manufacturer Boston Scientific for up to $300m. Boston Scientific is to pay $175m in cash for Apama, with the remaining $125m dependent on clinical and regulatory milestones. Founded in 2009, Apama has been developing a radiofrequency balloon catheter system to treat atrial fibrillation, a relatively common type of heart rhythm abnormality that affects approximately 33 million worldwide.

MongoDB, a US-based database software producer backed by several corporate investors, raised $192m when it

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Top 10 exits Oct 2017						
Company	Location	Sector	Exit type	Acquirer	Size	Investors
Qudian	China	Financial Services	IPO	–	$900m	Ant Financial | BlueRun Ventures | Hangzhou Liaison Interactive Information Technology | Kunlun | Phoenix Fortune | Source Code Capital
Razer	US	Media	IPO	–	$550m	Accel Partners | GIC | Hangzhou Liaison Interactive Information Technology | Intel | Sirius Venture Partners
Nutonomy	US	Transport	Acquisition	Delphi	$450m	EDBI | Fontinalis Partners | Highland Capital Partners | private investors | Samsung | Signal Ventures
Apama Medical	US	Health	Acquisition	Boston Scientific	$300m	Ascension Health | Broadview Ventures | Incept | Medvance Incubator Partners | Onset Ventures | Silicon Valley Bank
MongoDB	US	IT	IPO	–	$192m	Dell | Flybridge Capital | Future Fund | In-Q-Tel | Intel | New Enterprise Associates | Red Hat | Salesforce | Sequoia Capital | Union Square Ventures
Rhythm Pharmaceuticals	US	Health	IPO	–	$120m	Deerfield Management | Ipsen | MPM Capital | New Enterprise Associates | OrbiMed | Pfizer | Third Rock Ventures
ForeScout Technologies	US	IT	IPO	–	$116m	Accel Partners | Amadeus Capital Partners | Aspect Ventures | Intel | Itochu | Meritech Capital | Pitango
Biom'Up	France	Health	IPO	–	$45m	Aquasourca | BPIfrance | GIMV | Lundbeck | Mérieux Développement | Sham | Sofimac Partners
Money Forward	Japan	Financial services	IPO	–	$25m	Credit Saison | Dentsu | Fenox Venture Capital | GMO Internet Group | Isetan Mitsukoshi Holdings | Jafco | Mitsubishi | Mitsui | Mizuho Financial | Shizuoka Bank | Sourcenext | Sumitomo Mitsui | Toho Bank | Yamaguchi Financial Group
Spice Digital	India	IT	Acquisition	Spice Mobility	$5m	MediaTek | Spice Mobility

floated on Nasdaq. The company priced 8 million shares at $24 each, well above the $18 to $20 range it had set earlier. This valued the company at $1.17bn. Enterprise software providers Salesforce and Red Hat, Intel and computing equipment producer Dell are all investors in MongoDB and hold stakes of less than 5% in the company. MongoDB has created a database software platform that has been downloaded more than 30 million times. It generates revenue through subscriptions and has built up a network of more than 4,300 customers. It made a $45.8m net loss in the first half of 2017, from $68m in revenue.

Rhythm Pharmaceuticals, a US-based developer of treatments for metabolic disorders, raised $120m from an IPO that provided exits to pharmaceutical companies Pfizer and Ipsen. The company priced its shares at $17, above the IPO's $14 to $16 range, and increased the number of shares it planned to issue from 6.7 million to 7.05 million. Its stock opened at $23.21 on its first day of trading and closed at $30. Rhythm is working on peptide drugs that can combat life-threatening metabolic diseases by treating rare genetic deficiencies. Its lead product candidate, setmelanotide, has completed phase 2 proof-of-concept trials for three disorders that cause extreme appetite, leading to obesity.

ForeScout Technologies, a US-based network security software provider backed by corporates Intel and Itochu, raised $116m in its IPO, after pricing its shares at $22, at the top of the $20 to $22 range it had set earlier, and increasing the number of shares offered from 4.8 million to 5.28 million. Founded in 2000, ForeScout has developed software that provides an alternative to the software agents traditionally used by big businesses for large networks.

Biom'Up, a France-based medical device developer backed by pharmaceutical firm Lundbeck and insurance provider Sham, flotated on the Euronext Paris market, raising €38.1m ($45m). The company priced more than 3.6 million shares at €10.50, in the middle of the IPO's €9.50 to €11.50 range, and achieved a valuation of €113m. Founded in 2005, Biom'Up is working on collagen-based medical devices that can be absorbed by the body.

Money Forward, a Japan-based financial management app developer backed by several domestic corporates, raised approximately $25m in its IPO. The offering took place on the Tokyo Stock Exchange's Mothers Index Futures market and valued Money Forward at $505m. The company's previous corporate backers included retail group Isetan Mitsukoshi, financial services firms Toho Bank, North Pacific Bank, Gunma Bank, Fukui Bank, Shiga Bank and Mizuho Bank, the latter through its Mizuho Capital subsidiary. The company has built app-based financial management platforms for personal and business accounting, and is the first Japan-based fintech developer to float.

India-based telecoms company Spice Mobility agreed to acquire an additional 10.8% stake in mobile services subsidiary Spice Digital from fabless semiconductor producer MediaTek, which sold its stake for $5.25m, roughly a quarter of the $20m it invested in Spice Digital in 2011. Spice Mobility thus increased its stake in Spice Digital from 89% to nearly 100%. Formerly known as Cellebrum Technologies, Spice Digital provides a range of services for mobile phone users, often through mobile apps, covering areas such as music, commerce, information and educational services. ◆

Note: Monthly data can fluctuate as additional data are reported after GCV goes to press