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Global Corporate Venturing

Media sector grows

INSIDE

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Global Corporate Venturing

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EDITORIAL

Entering the age of turbulence

James Mawson, editor-in-chief

We are entering an “age of turbulence” – the theme for this month’s GCV Symposium at London’s County Hall. Whether caused by eventual economic downturn, protectionism or regulatory concerns over the impact of technology-led disruption, the headwinds for those providing innovation capital to entrepreneurs are only likely to increase.

Since the golden age for corporate venturing ended after the mid-point of this decade, sparked by increasing amounts of capital flowing in to raise valuations, there has been a degree of nervousness about the direction the industry can take.

The positive aspects of increased capital have been in terms of greater professionalism caused by competition and increased numbers of experienced managers and teams and greater strategic understanding of the ways they can help portfolio and parent companies.

The macro picture remains unsteady. If culture eats strategy then a societal backlash against disruption and the cheerleaders providing the capital and resources for change in an era of power law economics could derail some of these efforts. Regulatory efforts to limit data openness or curtail a free internet are harbingers of a broader concern about artificial intelligence and biohacking.

> Protectionism makes even more likely an economic downturn

Whether protectionism limits capital flows around the world or affects global economic activity the result could be felt by the greatest exponents of globalisation, multinationals and their international-minded corporate venturing teams.

Protectionism makes even more likely an economic downturn that forces some portfolio companies out of business and reduces investment from corporate venturers. Naturally, the hope is that this time is different. Hope is a good thing but preparation makes sense too.

The thought-leaders in the community have already been taking steps to insulate their teams and portfolio companies. Larger rounds, whether privately or publicly funded through initial public offerings, are still increasing to give entrepreneurs more capital. IPOs can also help deliver capital back to parents to show positive return on investment.

Corporations are also hedging their open innovation bets. In-house corporate venture capital units and accelerators allied to limited partner or cornerstone positions in independent teams gives optionality to select and double down on the successful managers. The chaff will be blown off the wheat in terms of less productive strategies in a downturn.

Committed capital rather than balance sheet reliance will be prized. Disruption and turbulence brings opportunity for the prepared too. Partnerships formed during periods of turbulence are often the most valuable.

Creating the networks to be a safe house for troubled assets is useful but identifying the teams and groups that can navigate this era will be more so. A decade ago I sat with a pension fund manager who had written off venture capital just before one of its great periods for returns because of the lack of awareness around cyclicality in financial services.

The burst of venture capital – at about $1 trillion this decade – led mainly by the corporate venturing industry stepping up to its responsibility and potential, has changed the world for the better and helped integrate private and public markets and external and internal innovation strategies.

Now comes an era of consolidation and harder navigation. ◆

NEWS

WeWork launches food initiative

WeWork Labs, the startup accelerator owned by US-based co-working space operator WeWork, plans to invest $1m in food and agriculture startups, Eater has reported.

The unit will provide a total of $1m in equity financing for about 10 startups, with a particular interest in technology that can be utilised by food producers, according to Roee Adler, the global head of WeWork Labs. The company also launched Food Labs, a co-working space and innovation laboratory providing areas for research and development as well as a food pantry and event space.

WeWork recently restructured itself into the We Company, consisting of WeWork, accommodation-focused division WeLive and coding academy WeGrow.

Corporates join Tribe Accelerator

Tribe Accelerator, a blockchain-focused accelerator recently launched by Singapore-based venture capital firm Trive Ventures, has signed strategic partnership agreements with three corporate partners, Business Times has reported.

BMW Group Asia, a subsidiary of automotive manufacturer BMW, will provide the accelerator with insights into the mobility industry and will look to integrate new technologies, such as blockchain, into its business. Semiconductor technology provider Intel will help Tribe Accelerator participants to utilise and improve their blockchain technologies. Media data provider Nielsen will offer companies the chance to test new technologies.

Tribe Accelerator is a six-month scheme backed by Singapore government agency Enterprise Singapore. Trive will look to enhance awareness of the distributed ledger technology that powers blockchain through the accelerator, with the initial cohort made up of eight blockchain-based startups.

Mars Petcare finds Kinship with $100m fund

US-based pet food and care product supplier Mars Petcare has launched a $100m corporate venture capital fund as part of an open innovation initiative called Kinship, which is intended to combine external investment with research and partnerships with other businesses.

The Companion Fund will invest in developers of technologies and services that would benefit pets and their owners and care professionals. It is being managed by VC firm Digitalis. Kinship will also oversee Leap Venture Studio, a pet care-focused startup accelerator formed in partnership with the non-profit Michelson Found Animals Foundation that operates under the Kinship umbrella, and a pitch event for entrepreneurs known as the Pet Project.

Leap admits two classes of six startups per year, each of which receive up to $200,000 of funding through the scheme, and its first batch graduated in October 2018. In addition to investments, Kinship will operate a data and analytics hub that will involve it working with partners to uncover patterns of animal behaviour and unmet need that could improve Mars' business.

Dai-ichi backs Japanese energy fund

Insurance firm Dai-ichi Life has made a ¥1bn ($9m) commitment to a renewable energy-focused fund manged by Japan-based venture capital firm Energy & Environment Investment (EEI), DealStreetAsia reported. Founded in 2006, EEI targets energy and resource-related sectors, focusing on startups developing technology in areas such as renewable energy, electric vehicles and energy storage.

SoftBank Vision Fund seeks another $15bn

SoftBank Vision Fund, the $98.6bn investment fund managed by telecoms group SotfBank, is negotiating to raise another $15bn, Bloomberg has reported. It is seeking additional capital to keep up its investment pace and participate in follow-on deals.

SoftBank Investment Advisers, which manages the fund, has also considered raising more debt financing or requesting that sovereign wealth investors PIF and Mubadala waive their rights to $3bn in annual repayments on a $40.6bn preferred equity loan, according to Bloomberg's sources.

The extra funding would act as a sort of mezzanine contribution in advance of the close of a second Vision Fund, the sources said, adding that SoftBank had met existing backers and prospective new investors. SoftBank CEO Masayoshi Son has suggested it could add a new Vision Fund every two or three years.

NEWS

Chevron Technology Ventures launches $90m fund

Chevron Technology Ventures (CTV), US-based oil, gas and fuel provider Chevron's corporate venturing unit, has launched a $90m seventh fund. Founded in 1999, CTV backs companies developing technologies that could be applicable to its parent business, in addition to making strategic commitments to selected venture capital funds. The new fund will invest in early and mid-stage high-growth companies developing innovative oil and gas technologies, and will continue to participate in external funds as a limited partner.

Cisco makes noise with Decibel launch

Networking technology producer Cisco has launched independent US-based venture capital firm Decibel with an undisclosed level of capital. Decibel will focus on seed and series A-stage investments exclusively in the enterprise technology sector and will initially concentrate on North America. It is being led by founding partner Jon Sakoda, who was formerly a partner at VC firm New Enterprise Associates. The firm has not revealed how much it has to work with, but a securities filing in October 2018 indicated that Sakoda planned to raise $500m for a vehicle known as Catalyst Labs Fund I.

Okta verifies $50m corporate venturing vehicle

US-based identity management technology producer Okta has launched $50m corporate venture capital vehicle Okta Ventures to invest in identity, security and privacy technology startups.

Founded in 2009, Okta has developed software that enables companies to protect and verify the identity of employees and customers. The fund will target companies building innovative products in areas such as artificial intelligence, machine learning and blockchain technology. Okta Ventures will invest between $250,000 and $2m in eight to 10 early-stage businesses each year, Okta's chief operating officer, Frederic Kerrest, told TechCrunch.

Each portfolio company will also gain access to Okta's software and software development kit as well as its application program interface design partnerships and co-marketing opportunities.

Corporates buy into ByFounders' $112m debut fund

Denmark-based venture capital firm ByFounders has raised €100m ($112m) for its debut fund from limited partners including internet company Digital Garage and financial services firm Danske Bank. The government-owned Danish Growth Fund is the largest contributor. Other backers are VC investment platform Isomer Capital, VC firm Draper Esprit, several Nordic-based family offices, a group of over 50 individual investors that includes founders of Skype, Zendesk, Kahoot, Unity, Tradeshift, Sitecore and Vivino. ByFounders focuses on technology startups in the Baltic and Nordic regions. It invests across multiple rounds but favours seed-stage deals.

Informa reveals corporate venturing plans

UK-based events and publishing group Informa has launched corporate venturing unit Informa Ventures to focus on startups operating in the knowledge and information economy. Founded in 1998, Informa produces academic books, journals and data-driven intelligence publications, as well as providing services such as exhibition and conference planning to commercial, professional and academic communities in more than 30 countries. Informa Ventures, operating from offices in London and New York, will target deals at seed and series A stage. It is being led by managing partners Richard Stanton and Max Gabriel.

Chipotle wraps up Aluminaries Project bootcamp

US-based fast food chain Chipotle has completed a five-day bootcamp working with eight companies focused on sustainable food and development through its Chipotle Aluminaries Project, according to Crunchbase News. Chipotle Aluminaries Project is a seven-month accelerator Chipotle launched in partnership with non-profit foundation Uncharted in August 2018. The scheme focuses on farming and agriculture technology, alternative farming systems, innovative food products, and food waste and recovery, but Chipotle does not directly invest in the startups.

NEWS

Corporates enter Infinity for $120m vehicle

Japan-based venture capital firm Infinity Ventures has reached the first close of a $120m fund following commitments from corporates Mixi and Gree, according to DealStreetAsia. Internet company Mixi digital media company Gree are both limited partners in the firm's fourth fund, the latter through its Gree Ventures subsidiary. Private investor Kotaro Chiba also contributed capital.

Founded in 2009, Infinity Ventures targets early-stage companies based in North Asia, with a focus on internet, e-commerce and financial technology developers. The fund is expected to make early-stage investments in about 40 companies, providing between $1m to $5m, though capital will be put aside to provide follow-on investments in series B and series C rounds.

South Africa sets up $95m investment fund

South Africa has launched a R1.4bn ($95m) venture fund to invest in startups and small and medium-sized enterprises (SMEs) in the country, BusinessDay has reported. SA SME Fund has sourced limited partner commitments from African businesses and will invest in startups with annual turnover of between R20m and R500m.

The vehicle has been launched with a mandate to back 10 "significant" black-owned businesses, 200 SMEs and five black entrepreneurs in the next five years. South African president Cyril Ramaphosa said: "What we are seeking to do is address the challenge our country faces of unemployment, which is huge. There are certain initiatives we can embark on to address the unemployment challenge."

Ramaphosa also announced the launch of Business Leadership South Africa Connect, an online trading platform that enables SMEs to gain access to supply chain opportunities, according to the Register, which cited a government spokeswoman.

Fatima helps focus $20m on Pakistan

Fatima Ventures, the corporate venturing arm of diversified Pakistan-based conglomerate Fatima Group, has launched a $20m venture capital fund in partnership with VC firm Gobi Partners, DealStreetAsia has reported. The vehicle will focus on early-stage investment opportunities in Pakistan, making seed and series A investments in sectors such as travel, healthcare, education, e-commerce, industrial internet-of-things, consumer and financial technology. It will also explore technologies catering to Muslim consumers, businesses and communities – a field known as Taqwatech.

Fatima Ventures was formed in 2014 as the corporate venturing subsidiary of Fatima Group's business, which includes subsidiaries producing fertiliser, energy and sugar. It has an incubator partnership in place with Lahore University of Management Sciences.

Mitsubishi UFJ mints $180m fund

Japan-based financial services firm Mitsubishi UFJ Financial Group (MUFG) has launched a ¥20bn ($180m) fund to focus on financial technology startups in Southeast Asia, Business Times has reported.

The bank already invests through venture capital arm Mitsubishi UFJ Capital, but set up new unit MUFG Innovation Partners (MUIP) in January to oversee strategic fintech investments and strategic partnerships. The vehicle will invest in Japan and Southeast Asia, where it will focus on fintech startups looking to enter Japan. The fund will also explore artificial intelligence, the internet of things and quantum computing.

RMG enlarges FutuRx fund to $64m

US-headquartered investment banking firm RM Global (RMG) has closed a $64m fund designed to support Israel-based corporate-backed biopharmaceutical incubator FuturRx. RMGP Biopharma Investment Fund reached its $30m first close in May 2017 but has added capital from institutional, family office and strategic life sciences investors from South Korea, the US, Europe and Israel to reach a final close.

Johnson & Johnson Innovation–JJDC and Takeda Ventures, the corporate venturing subsidiaries of pharmaceutical firms Johnson & Johnson and Takeda, joined OrbiMed Israel Partners to pledge more than $28m to launch FutuRx in 2014. Companies join the FutuRx biotech incubator for three years and are each eligible to receive up to $2m, 85% of which is supplied by the Israeli government's Chief Scientist's Office.

RMGP Biopharma Investment Fund supports biotherapeutics developed in the incubator. Areas of focus include immuno-oncology, nervous system diseases and orphan diseases.

NEWS

Tyson meets Big Idea on way to $100m

US-based hybrid venture capital firm Big Idea Ventures has raised 30% to 40% of a $100m fund, securing capital from limited partners including meat producer Tyson Foods, DealStreetAsia has reported. The firm's investors include Singaporean state-owned investment firm Temasek and Enterprise Singapore, which is overseen by Singapore's Ministry of Trade and Industry, according to founder and managing general partner Andrew Ive.

Founded in January this year, Big Idea is raising money for the New Protein Fund, which will invest in companies developing plant-based food technologies and alternative protein products. In addition to VC investments, Big Idea operates accelerator, in New York and Singapore, each providing $125,000 for each of five participants in return for equity stakes of up to 8%. The firm will also consider making further investments once startups have graduated.

Ive was formerly a partner at VC firm and accelerator hybrid SOSV for three years up to late 2018, running its food technology-focused Food-X accelerator as managing director.

Co-operators works on InsurTech Fund

Canada-based insurance cooperative Co-operators has set up a fund to facilitate partnerships with insurtech firms. The fund focuses on innovative insurance products, particularly related to new transport technologies and business models. It is being led by Daniel Sinclair, vice-president of corporate development at Co-operators.

SAP.io stands ready for Singapore batch

Germany-based enterprise software producer SAP is to choose eight to 10 startups to take part in Singapore-based accelerator SAP.io Foundry Singapore, Tech in Asia has reported. The initiative will concentrate on Southeast Asian developers of technologies such as machine learning and blockchain. SAP already runs seven SAP.io Foundries in Germany, the US, France, Japan and Israel. The Singapore branch is overseen by Lalitha Bhaskara, vice-president of SAP.io Foundry Asia Pacific, Japan and China.

Amatil X ventures into Indonesia

Amatil X, the startup accelerator launched by beverage bottling service provider Coca-Cola Amatil, has expanded from Australia and New Zealand into Indonesia. The initiative is backed by AX Ventures, Coca-Cola Amatil's corporate venturing unit, and focuses on areas related to its parent's core beverage business, such as on-demand delivery, retail analytics software, supply-chain optimisation and sustainable packaging. Digitaraya, the Indonesia-based accelerator backed by internet technology provider Google's Developers Launchpad innovation hub, will help Coca-Cola Amatil run Amatil X.

Curefit creates $5m health food incubator

India-based preventative health app operator Curefit has launched a $5m incubator also backed by its health food subsidiary, Eatfit, Economic Times has reported. The corporate intends to create eight to 10 startups in the next two years through the initiative, focusing on producing organic food and healthful supplements. The incubator will help portfolio companies with funds, nutrition research and development, distribution and growing customer bases.

Curefit was founded in 2016 and has received $170m so far. It is in the process of raising a further $75m in a round set to be co-led by Accel Growth and Chiratae Ventures.

Vtron takes a seat at $72m education fund

TFTR Investment, a private equity affiliate of China-based securities brokerage Tianfeng Securities, reached the first close of a RMB500m ($72m) education-focused fund backed by education services provider Vtron Group.

Vtron-TFTR Education Industry Fund has reached a RMB300m first close. Vtron and TFTR are each committing 20% of the total capital, according to TFTR. The fund will target companies developing technology focused on children's education, providing access to promotion and distribution resources, as well its expertise in big data collection.

NEWS

Globis maps out $321m for sixth fund

Japan-based venture capital firm Globis Capital Partners has reached a ¥36bn ($321m) first close of its sixth fund, with commitments from limited partners including insurance provider Sompo Japan Nipponkoa Insurance.

Tokio Marine Asset Management, the investment management arm of insurance firm Tokio Marine, has also backed the fund – Globis Fund VI – as has financial holding company Sumitomo Trust through its Japan Vintage Fund 2019. Financial services firms Sumitomo Mitsui Banking Corporation and Bank of Yokohama, state-owned financial institution Development Bank of Japan and small business services provider Organisation for Small and Medium Enterprises and Regional Innovation, Japan, are also investors.

A range of unnamed domestic and international corporate pension funds, financial corporations and university funds have also contributed to Globis Fund VI. Institutional investors are expected to make up 80% of the $335m target.

The fund will invest up to $45m in each portfolio company and has set a goal of supporting seed-stage companies through to the unicorn stage – a $1bn valuation. It will focus on technologies such as artificial intelligence, the internet of things and blockchain, and will also offer assistance with management development and staff recruitment.

SEB pitches stall at Fairpoint

Sweden-based financial services firm SEB has formed Skr900m ($97m) external venture capital fund Fairpoint Capital to invest in developers of digital industrial technologies in the business-to-business (B2B) space.

The firm already has a corporate venturing arm, SEB Venture Capital, which focuses on information technology, life sciences and financial technology developers.

SEB is providing Skr500m for the new fund while the rest will be supplied by unnamed institutions in the Nordic region. It is concentrating on B2B services and is avoiding consumer, healthcare or fintech companies.

Frederick Johansson, who helped launch SEB Venture Capital in 1995, is chief executive of Fairpoint, while three other SEB Venture Capital alumni – Ulf Lewander, Filip Petersson and Andreas Pennervall – are investment directors.

Solvay pours cash into Longwater

Solvay Ventures, the strategic investment arm of chemicals producer Solvay, has provided funding for Longwater Advanced Materials Fund, a venture capital fund formed by China-based equity fund manager Longwater Investment. Longwater Investment provides funding for advanced materials and chemistry technology developers and services providers. Solvay Ventures runs an €80m ($91m) evergreen fund, targeting opportunities in sustainable resources including energy transition and clean mobility.

HTC helps provide $50m for Proof of Capital

Consumer electronics manufacturer HTC has anchored a $50m fund closed by US-based blockchain-focused venture capital fund Proof of Capital, TechCrunch has reported.

Proof of Capital is targeting seed-stage blockchain technology developers, focusing on Asia and covering areas such as financial technology, hardware and blockchain infrastructure. Investors include plastics producer Formosa Plastics, private investors Steve Chen and Greg Kidd, and undisclosed family offices. HTC is open to working with Proof of Capital's portfolio companies on products for Exodus, its blockchain-powered smartphone.

Corporates enter Cultivian Sandbox for $135m fund

US-based venture capital firm Cultivian Sandbox Ventures has closed its third fund at $135m, having secured commitments from limited partners including several corporate backers.

Cultivian Sandbox Food & Agriculture Fund III's investors include food processor Archer Daniels Midland, hygiene services provider Ecolab, food ingredient developer Griffith Foods, potato producer RD Offutt, Corteva Agriscience, a subsidiary of speciality chemicals and materials provider DowDuPont, agricultural cooperative Growmark, energy and chemicals conglomerate Koch Ag & Energy Solutions, animal health product maker Elanco, pork product supplier Smithfield Foods and Sumitomo Chemical America, a chemicals production subsidiary of diversified group Sumitomo.

Founded in 2008, Cultivian Sandbox invests in early-stage startups in food and agriculture. The new fund will focus on companies developing technologies to increase food production, improve food safety, increase sustainability and reduce the use of products such as fertilisers or other chemicals.

NEWS

Omnivore cultivates $97m

India-based venture capital firm Omnivore has collected $97m for its second fund, with commitments from limited partners including the corporate venturing arm of chemicals producer BASF, Economic Times has reported.

BASF Venture Capital was joined in the fund by development banks CDC Group and FMO, Swiss Investment Fund for Emerging Markets, Belgian Investment Company for Developing Countries, startup studio Mistletoe and several family offices.

Omnivore targets early-stage companies developing products to transform the agriculture industry, such as farmer-focused fintech, supply chain tools, energy management, food processing, farm automation and robotics, big data and farm storage technologies. The new fund exceeded its $75m target. It will provide up to $4m to each company.

Hitachi hands $150m to corporate venturing fund

Japan-headquartered electronics manufacturer Hitachi is launching $150m corporate venture capital arm Hitachi Ventures to accelerate startups globally, especially those based in Europe and the US. The unit has hired Stefan Gabriel, formerly president of manufactured goods conglomerate 3M's corporate venturing subsidiary, 3M New Ventures, as chief executive. It will target startups developing disruptive technologies that can integrate with the parent company's products.

Sports Tech Tokyo selects first cohort

Sports Tech Tokyo, a Japan-based sports technology accelerator launched jointly by marketing group Dentsu and venture capital firm Scrum Ventures in October 2018, has announced its first batch of 12 finalists. The startups will join the three-month program at the end of this month and will receive business development advice from sports business specialists and corporates including Itochu, Sony Music Entertainment, Microsoft Japan and CBC. The initiative will include a demo day in August where the participants will showcase technologies to investors, media and corporates.

Ayala angles for startups with $150m

Philippines-based diversified conglomerate Ayala has unveiled plans to launch a $150m corporate venture capital fund, according to the Nikkei Asian Review. Ayala intends to raise the capital from its subsidiaries, which cover sectors such as retail, education, financial services, telecoms, water utilities and renewable energy, IT, public transport, car manufacturing, healthcare, logistics and business process outsourcing.

Kickstart Ventures, the investment arm of telecoms firm Globe Telecom, will manage the fund. Globe Telecom is a joint venture between Ayala and Singapore Telecommunications. The fund will be the largest in the country if it reaches its targeted close. It will seek opportunities in areas such as fintech, automation, artificial intelligence and battery technologies, as well as other areas relevant to Ayala's subsidiaries. The vehicle is expected to invest between $2m and $10m in each portfolio company and to deploy its capital over the next five years.

Genentech helps generate funding for Start Codon

Genentech, a biotech subsidiary of pharmaceutical firm Roche, has co-founded UK-based life sciences accelerator Start Codon to invest in up to 50 seed-stage startups over the next five years.

Co-founders also include Cambridge Innovation Capital, the patient capital fund established by University of Cambridge, and Babraham Bioscience Technologies, which manages the bioscience-focused Babraham Research Campus, as well as private backers Jonathan Milner and Ian Tomlinson.

Start Codon will nurture pre-series A companies that extend life sciences and healthcare innovations from the UK and further afield, investing up to £250,000 ($325,000) in seed capital and offering access to resources from the Cambridge ecosystem to help startups prepare for series A funding. Portfolio companies will also benefit from a full-time team of mentors and will be given office and laboratory space at University of Cambridge's Milner Therapeutics Institute.

Ian Tomlinson has been appointed chairman of Start Codon's board, which includes Jo Parfrey, a non-executive director at Babraham Bioscience Technologies. The executive team will be led by Jason Mellad, former CEO of Cambridge epigenetic diagnostics spinout Cambridge Epigenetix.

NEWS

AgFunder to access Asia with new ventures

US-based agriculture-focused investment and digital media platform AgFunder is to launch two venture capital funds and an accelerator in Singapore, focusing on Southeast Asia, chief investment officer Michael Dean has told DealStreetAsia.

The accelerator will involve a 12-week schedule and will admit between eight and 10 startups in each cohort, divided equally between agriculture and food technology. The first fund will be equipped with $12m to support participants in the accelerator, and will provide up to $100,000 for a stake of between 5% and 8%. The second fund will have between $30m and $50m and will make follow-on investments in the most promising startups in each batch, supplying $500,000 to $2m in seed to series B rounds.

Areas of interest for AgFunder include nutrition, animal health products, alternative sources of protein, aquaculture and technologies facilitating indoor or small-plot farming.

Desai leaves New York-Presbyterian

Parth Desai has left the investment team of NewYork-Presbyterian Ventures, the innovation vehicle of US-based health-care provider NewYork-Presbyterian, to join venture capital firm Flare Capital Partners as a health-focused senior associate.

Desai was with NewYork-Presbyterian Ventures from January 2018 until April 2019, leading investments in two smart medical assistant-focused companies – Saykara and Syllable – as well as enterprise automation software publisher WorkFusion. Before standing down, Desai was promoted from senior associate to manager.

Before joining NewYork-Presbyterian, Desai was a consultant and then a senior consultant at accountancy firm Deloitte from 2013, leading a healthcare-focused advisory team for corporate executives that covered areas including innovation, mergers and acquisitions and growth strategy.

Leite leaves CPFL for Votorantim

Danilo Leite, formerly a strategy and innovation specialist at Brazil-based electricity supplier CPFL Energia, has joined industrial conglomerate Votorantim Group's energy unit, Votorantim Energia, as an innovation manager.

He said: "My great challenge is to build the innovation strategy of the company, based on people, process, culture and funding pillars. Besides that, I am responsible for corporate venture initiatives, defining our approach with the entrepreneurial ecosystem, building partnerships, investing in startups, focused on making Votorantim Energia a startup and innovation-friendly company."


Leite

Schmidtke splits from Saudi Aramco

Johanna Schmidtke has stepped down from her position as investment director at Saudi Aramco Energy Ventures (SAEV), the strategic investment vehicle for Saudi Arabia-based petrochemical producer Saudi Aramco, to join private equity firm Ara Partners Group as a principal. During her time at SAEV, she focused on investments in companies developing technologies for upstream and downstream oil and gas exploration, petrochemicals, water, energy efficiency and renewable energies.

SAEV hired Schmidtke in 2013, having come from professional services firm PricewaterhouseCoopers. She previously worked on corporate development and strategy at solar module producer First Solar and as an analyst at research and advisory firm Lux Research.


Schmidtke

Sabas takes Centrica Ventures position

Marc Sabas, previously head of business development and partnerships of global core innovation at telecoms firm Telefónica, has become venture principal at Centrica Ventures, UK-based energy utility Centrica's corporate venturing subsidiary.

Sabas said he had spent five years at Telefónica, and in February last year co-founded intrapreneurial unit Internet para todos, where he identified and partnered telecoms technology companies.

Before joining Telefónica, Sabas was investment adviser for Europe and the US regions at Spain-based business-to-business technology venture capital fund Mundi Ventures from 2015 to 2017, helping to structure and launch its fund management firm and raise two funds.


Sabas

NEWS

Gopinath and Yerkes go from SAP to new firm

Balaji Gopinath and Ron Yerkes left SAP.io, Germany-based enterprise software provider SAP's corporate venturing fund, at the end of 2018 to launch Twelve Venture Capital.

Gopinath joined SAP.io as global vice-president following its formation in March 2017 and Yerkes was hired as a director six months later. Yerkes was involved in startup engagement for the unit while Gopinath conducted seed and series A deals in artificial intelligence, blockchain, big data, industrial internet-of-things and business-to-business. Gopinath also helped set up SAP.io Foundries, an accelerator that works with more than 50 startups a year in Paris, Berlin, Munich, Tel Aviv, Tokyo, Singapore, New York and San Francisco.

Twelve Venture Capital will focus on the southern, southeastern and midwestern regions of the US, according to PE Hub.

EDP's Vidigal veers to Deutsche Bank


Vidigal

Cassio Carvalho Pinto Vidigal, previously head of Portugal-based energy utility EDP's corporate venturing arm, EDP Ventures, has joined Germany-based financial services firm Deutsche Bank as Brazil-based head of global subsidiary coverage.

Vidigal joined EDP subsidiary EDP Brasil as executive manager in 2013 to handle the group's capital structuring in Brazil and manage cashflow, before he was promoted to run the EDP Ventures unit last May. He previously spent a year as a Brazil-based senior trader for food provider and commodities trader Cargill, overseeing structure finance operations. He was also director of corporate banking at financial services firm BNP Paribas for a decade.

Smilovitz promoted at NY Times


Smilovitz

Jacob Smilovitz, director of mergers and acquisitions and investments for media company New York Times, has been promoted to executive director of corporate development and financial planning and analysis.

Smilovitz has held a range of strategy and development posts at New York Times since he joined in 2014, and was promoted to director of M&A and investments in February 2017. In his new role, he will manage the company's corporate venturing investments and M&A deals. He will also sit on the corporate-level financial planning and analysis team, managing the annual budget, three-year strategic plans and financial planning.

Before joining New York Times, he spent three years at digital advertising agency Rosetta, initially as an account executive before shifting to various consultant positions.

Levine leaps to Samsung Catalyst


Levine

Scott Levine has left his managing director position at WarnerMedia Investments, media group WarnerMedia's now-defunct corporate venturing unit, to join Samsung Catalyst Fund, owned by electronics manufacturer Samsung. Levine helped launch Samsung Catalyst Fund's New York office, which he now leads as managing director, focusing on developers of data-empowered technologies in the healthcare, retail and finance sectors in the eastern parts of the US and Canada.

WarnerMedia Investments, formerly known as Time Warner Investments, hired Levine in 2011. He was responsible for investments in digital media startups.

Kumar confirms Go-Ventures post


Kumar

Go-Ventures, the corporate venture capital unit formed by Indonesia-based ride-hailing service Go-Jek, has appointed Aditya Kumar as vice-president of investments.

Kumar has been vice-president of corporate development for Go-Jek since last May, having previously spent some two-and-a-half years as a senior investment associate at VC fund Openspace Ventures. He had also been a VC associate at telecoms and internet group SoftBank.

NEWS

SoftBank builds Latin American investment team

Japan-based telecoms and internet conglomerate SoftBank has selected three executives to help run its $5bn SoftBank Innovation Fund, appointing André Maciel as managing partner.

Maciel previously oversaw financial services firm JPMorgan Chase's investment banking advisory operations in Brazil. He will be based in Sao Paulo, responsible for overseeing the fund's Brazil office. He will be joined by investment partners Paulo Passoni, formerly managing director of hedge fund Third Point, and Shu Nyatta, who has held various investment roles with SoftBank since 2015.

Passoni will be based in Miami, while Nyatta will split his time between US offices in Miami and Silicon Valley. The fund will also operate from offices in San Carlos, California, and Tokyo.

SoftBank launched the vehicle in March 2019 with a $2bn anchor investment, naming Marcelo Claure as chief executive. Claure is also chief operating officer of SoftBank and chief executive of its US-based telecoms subsidiary, Sprint.

Keith to keep charge of Salesforce's Australia fund

Robert Keith, principal at customer relationship management software provider Salesforce's corporate venturing arm, Salesforce Ventures, has been promoted to head of Australia. He has moved to the unit's Sydney office. He previously worked as an investment banking analyst at financial services firm Morgan Stanley.

Pfizer's Jones to retire


Jones

After two decades in venture capital and business development applying pharmaceutical research, Elaine Jones, executive director of pharmaceutical firm Pfizer's corporate venturing subsidiary, Pfizer Ventures, will retire at the end of this month.

Jones told Global Corporate Venturing: "Taking my science background and using it as a springboard into the business end of the pharmaceutical industry, first in business development and then in venture investing, I have had three different careers – a bench scientist, a licensing professional and now a venture investor."

Jones has a bachelor of science degree from Juniata College and a virology and microbiology doctorate from University of Pittsburgh's School of Medicine. Pfizer Ventures hired Jones at the end of 2008 to drive deals and manage the unit's portfolio at the board level. She began her career in corporate finance at pharmaceutical company GlaxoSmithKline's corporate venturing unit, SR One, in 1999 as a vice-president, after which she spent five years as a general partner at EuclidSR Partners, a joint venture between SR One and venture capital firm Euclid Partners.

Jones was a director of scientific licensing at pharmaceutical firm SmithKline Beecham before the merger with peer Glaxo Wellcome in 2000, and a research scientist in SmithKline Beecham Pharmaceutical's R&D department.

Ruggeri rocks up to Kamay Ventures


Ruggeri

Gabriela Ruggeri, managing partner at accelerator Overboost, joined the founding team of Argentina-based corporate venture capital partnership Kamay Ventures when it launched in March.

Kamay Ventures is investing on behalf of Argentina-based food, agribusiness and packaging conglomerate Arcor and beverage producer Coca-Cola's Argentine subsidiary, Coca-Cola Argentina.

Ruggeri will lead Kamay Ventures with fellow managing partner Antonio Peña, founder of Overboost. Arcor president Luis Pagani said Overboost would run Kamay Ventures as a trust fund. The unit will operate from Argentine capital Buenos Aires but will also invest in startups from other Latin American countries. Ruggeri said: "Kamay Ventures is the first open corporate venture capital fund in the region where two big corporations have joined together as investors."

Fung bids farewell to JD.com


Fung

Ernest Fung has left his position as Hong Kong-based senior director and head of international corporate development at Nasdaq-listed e-commerce firm JD.com.

Fung joined China-based JD.com in 2014 and focused on mergers and acquisitions and venture deals for startups developing e-commerce, financial, logistics and retail technologies. He was a director of technology, media and telecoms investment banking at financial services firm Citigroup for a decade before joining JD.com.

NEWS

Berg bids goodbye to GM Ventures

Joshua Berg has stepped down from his position as investment manager at GM Ventures, the corporate venture capital arm of carmaker General Motors (GM).

Before joining GM Ventures in 2016, Berg held various managerial roles at its parent company and its security and roadside assistance service, OnStar. He came from law firm Zausmer Kaufman August Caldwell & Tayler, where he maintained a litigation practice until 2010.

Berg engaged in GM Ventures' activities for almost three years and was a board member or observer for some of its portfolio companies. The unit focuses on automotive and smart mobility technology.

Berg said: "I have officially left GM Ventures for an incredible opportunity. I will still be in Michigan, in corporate venture capital, and continuing in the automotive and mobility space."

Bessemer recruits M12's Robinson


Robinson

Elliott Robinson has left his partner position at software provider Microsoft's corporate venturing subsidiary M12 Ventures for venture capital firm Bessemer Venture Partners where he will be a growth equity investor.

Robinson joined M12 in November 2016, having come from Canada-based growth equity firm Georgian Partners where he was vice-president. During his time at M12, he focused on early to growth-stage investments in artificial intelligence, machine learning, cybersecurity, big data analytics, cloud infrastructure and enterprise software-as-a-service technology developers.

At Bessemer, Robinson will concentrate on growth investments and look to partner entrepreneurs building software-as-a-service and cloud software companies.

Norman nods to Bayer offer


Norman

Bayer Growth Ventures (BGV), the corporate venturing arm of Germany-headquartered life sciences and agricultural products group Bayer, has hired Derek Norman as a vice-president.

Norman was formerly head of Syngenta Ventures, Switzerland-based agribusiness Syngenta's corporate venturing unit. Syngenta Ventures managing director Colin Steen will assume Norman's previous duties. He joined Syngenta Ventures as a managing director in 2009. Four months later he was leading the unit.

BGV was known as Monsanto Growth Ventures until Bayer bought its parent company, agrochemical producer Monsanto, in mid-2018. Bayer already ran an investment vehicle called Leaps by Bayer which focused on incubating life sciences startups. Its team now runs BGV, making seed-stage investments in developers of health and nutrition technologies, like its predecessor.

Miyazawa makes way to Sekisui Chemical

Yasuo Miyazawa, previously a general manager for electronics parts manufacturer Nitto Denko, is forming a corporate venturing unit on behalf of Japan-based chemical producer Sekisui Chemical.

Miyazawa led Nitto's US-based corporate venturing vehicle, Nitto Innovations, from 2012 before returning to its headquarters in Osaka, Japan in 2018 to oversee new business development. Sekisui Chemical has already been involved in corporate venture capital, funding contract pharmaceutical manufacturer PeptiStar in March last year having participated as a limited partner of venture capital firm Pangaea Ventures a year earlier.

Miyazawa told Global Corporate Venturing that many Japan-based corporates were keen on exploring corporate venture capital.

Takano takes VP position at TIS

TIS Ventures, the corporate venturing subsidiary of Japan-based outsourcing and cloud services provider TIS, has named Shin Takano as senior vice-president. Takano came from electronic component manufacturer Murata Manufacturing, where he had been a director of its corporate venture capital arm, Murata Ventures, since 2010, having previously been a manager at the parent company for three years.

NEWS

Big deal: Uber finally files for IPO

Robert Lavine, news editor

The SoftBank Vision Fund and Alphabet are among the largest shareholders in Uber, which has filed for an offering that could value it at $100bn, a decade after it was founded. The US-based on-demand ride service has filed to raise up to $1bn in an initial public offering that will enable corporates, including telecoms firm SoftBank and internet technology group Alphabet to exit.

The company plans to float on the New York Stock Exchange, but the $1bn figure is a placeholder amount. Reports suggested it would target $10bn at a valuation of up to $100bn. Uber's ride-hailing platform has 91 million monthly active users and is present in more than 700 cities on six continents. It is the market leader in several of the 63 countries in which it operates, most notably the US, and also runs logistics platform Uber Freight and Uber Eats, a food delivery service with 15 million monthly active users.

The company increased revenue by 42% to $11.3bn in 2018 while its operating loss decreased from almost $4.1bn to just over $3bn. However, it recorded a net profit of $987m, taking into account sales of its Russian and Southeast Asian businesses during the year.

The offering comes in the wake of about $11bn in equity financing for Uber since it was founded in 2009 as UberCab. It initially secured $1.5m in seed funding at a $3.9m valuation from venture capital firms Founder Collective, Lowercase Capital and First Round, and assorted angel investors in 2009 and 2010.

VC firm Benchmark led Uber's $11m series A round in early 2011, investing alongside existing backers, before Menlo Ventures led a $39m series B round backed by Goldman Sachs, Benchmark Capital, Lowercase Capital and Bezos Expeditions later that year. Google Ventures, the Alphabet subsidiary now known as GV, invested $258m in the company as part of a $361m series C round in 2013 that included $15m from Benchmark and $88.4m from private equity group TPG, valuing it at $3.5bn. Uber raised $1.2bn in series D funding from GV, Menlo Ventures, Fidelity Investments, Wellington Management, BlackRock, Summit Partners and Kleiner Perkins Caufield & Byers the following year at an $18.2bn post-money valuation.

Internet group Baidu invested $600m in Uber as part of a $2.8bn series E round also featuring TPG, Fidelity Investments, Wellington Management, Kleiner Perkins Caufield & Byers, Menlo Ventures, New Enterprise Associates, Qatar Investment Authority, Valiant Capital Partners, Lone Pine Capital and Sequoia Capital that closed in early 2015. Goldman Sachs Group's wealth management clients provided $1.6bn in convertible debt financing for the company at roughly the same time.

Times Internet, the online services subsidiary of media group Bennett Coleman & Co, invested an undisclosed sum shortly after the series E round, and joined software provider Microsoft to provide $1bn for Uber at a $51bn valuation in August the same year. Investment firm LetterOne supplied a further $200m in early 2016 that was followed by an undisclosed amount from carmaker Toyota and then $3.5bn from Saudi sovereign wealth fund Public Investment Fund (PIF) at a $62.5bn valuation few months later.

Uber received an undisclosed amount from media company Axel Springer in April 2017, before SoftBank's Vision Fund led a consortium including TPG and Dragoneer that acquired $1.25bn of primary shares at a $68bn valuation and up to $7.2bn of secondary shares at a $48bn valuation, in December.

The company's most recent funding was a $500m investment by Toyota in August 2018 through a strategic partnership, valuing it at $72bn. Its earlier investors also include Citic Bank, Hillhouse Capital, Data Collective, CrunchFund and Innovation Endeavors. The SoftBank Vision Fund is Uber's largest investor, with a 16.3% stake, followed by Benchmark (11%), PIF (5.3%) and Alphabet (5.2%). Co-founders Travis Kalanick and Garrett Camp own 8.6% and 6% stakes respectively.

The offering is being overseen by 29 underwriters including Morgan Stanley, Goldman Sachs, Merrill Lynch, Barclays Capital, Citigroup Global Markets, Allen & Company, RBC Capital Markets, SunTrust Robinson Humphrey, Deutsche Bank Securities and HSBC Securities (USA).

SMBC Nikko Securities America, Mizuho Securities USA, Needham & Company, Loop Capital Markets, Siebert Cisneros Shank, Academy Securities, BTIG, Canaccord Genuity, CastleOak Securities and Cowen and Company are also among the underwriters. The underwriter list is completed by Evercore Group, JMP Securities, Macquarie Capital (USA), Mischler Financial Group, Oppenheimer, Raymond James & Associates, William Blair & Company, Williams Capital Group and TPG Capital.

The filing came days after Uber's largest rival in the US, Lyft, floated in a $2.34bn offering that valued it at more than $24bn. However, Lyft's share price has dropped some 18% since it went public two weeks ago, and that is sure to prove a warning for Uber. ◆

See also: Uber spins off ATG with $1bn round

NEWS

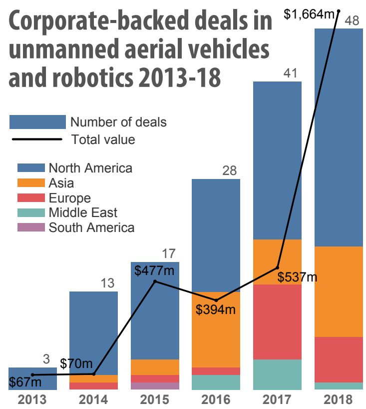
Analysis: SoftBank invests in $300m CloudMinds round

Kaloyan Andonov, GCV Analytics reporter

The SoftBank Vision Fund participated in a $300m round for China-based artificial intelligence and robotics developer CloudMinds – a deal in the wider robotics and drones space, where there has been considerable growth.

Telecoms firm SoftBank's nearly $100bn fund's investment raised its stake in CloudMinds to 30%. The fresh funding will go into scaling up production via a manufacturing line being built in Shanghai. SoftBank had already committed capital to the company as part of a $100m round in 2017.

Founded in 2015, CloudMinds has developed a cloud-based system that could connect the robots the company also produces, and enable capabilities like natural language processing, computer vision and advanced navigation. Potential applications for robots range over various sectors, including retail and healthcare. CloudMinds is planning to sell a few hundred of its robots, at about $50,000 each, in the US by the end of 2019.



The broader robotics and unmanned aerial vehicle space has been increasingly on the radar of corporate investors over the past three years. The number of such rounds has almost quadrupled from 13 in 2014 to 48 last year. The total estimated capital in those rounds surged from $70m to $1.66bn. ◆

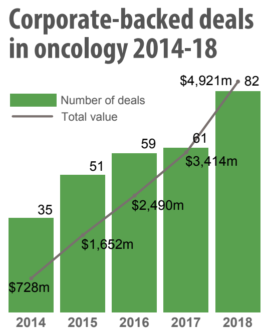
Analysis: Fusion Pharma gets $105m in series B

Kaloyan Andonov, GCV Analytics reporter

Oncology therapeutics developer Fusion Pharmaceuticals closed a $105m round featuring several corporate investors. The deal forms part of the growing oncology space, which has attracted increasing attention from corporate venturers.

Canada-based Fusion Pharmaceuticals raised a $105m series B round led by oncology technology provider Varian Medical Systems and featuring medical group Johnson & Johnson and Pivotal BioVenture Partners, the healthcare investment firm of property developer Nan Fung. Johnson & Johnson committed capital through its corporate venturing subsidiary Johnson & Johnson Innovation–JJDC. The transaction took Fusion's total funding to $151m.

Founded in 2014, Fusion develops cancer treatment employing targeted alpha therapy, in which alpha medical isotopes are combined with antibodies or other targeting molecules to destroy tumours without affecting surrounding tissue.



Cancer therapy has attracted a good deal of corporate backing in minority stake rounds. Corporate-backed rounds in such companies increased in both volume and value – from 35 deals worth an estimated $728m in 2014 to 82 rounds, worth an estimated $4.92bn – a more than doubling in deal count and nearly seven times the investment value, reflecting overall rising valuations in recent years. ◆

Analysis: Monzo wins a $130m deposit

Kaloyan Andonov, GCV Analytics reporter

UK-based mobile banking services provider Monzo, previously backed by corporate Orange and Stripe, raised $130m at a valuation of $2.6bn, making it the second most valuable fintech developer in the UK.

Monzo, which counts among its investors telecoms firm Orange and online payment technology provider Stripe, was reported to be raising the equivalent of $130m in funding from a new undisclosed US-based investor. The transaction may take several months to complete, as it is subject to regulatory approval from the Prudential Regulation Authority. If completed, it would effectively double Monzo's latest known valuation to $2.6bn – the UK's second most highly valued fintech company after digital lender OakNorth.

Founded in 2015, Monzo runs a digital banking service that allows customers to open and manage current, joint and

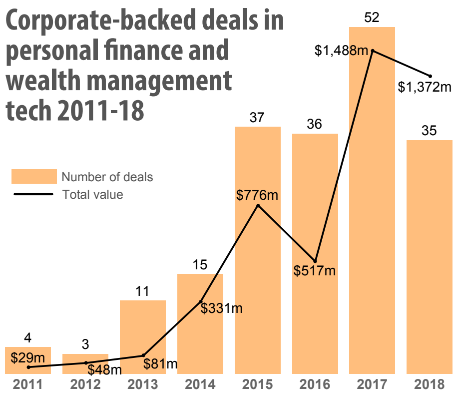
NEWS

savings accounts via a mobile app. The company secured its full banking licence in 2017, having originally offered only prepaid debit cards.

Although it has reportedly grown its customer base to 1.2 million, it has yet to become a profitable business, recording a $45.6m pre-tax loss in the year before February 2018.

The deal is part of the broader personal finance and wealth management space within fintech, which has received growing attention from corporate investors.

The number of deals in such enterprises peaked in 2017 at 52 rounds, estimated to be worth a total of $1.49bn. However, it dropped to 35 rounds worth $1.37bn last year. ◆

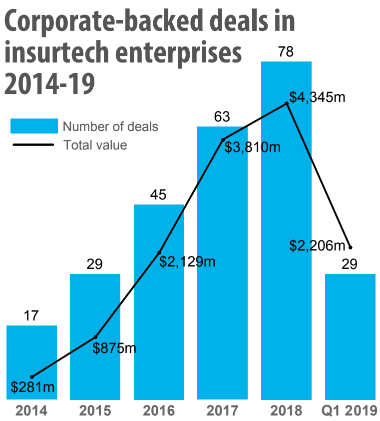


Analysis: Lemonade squeezes $300m

Kaloyan Andonov, GCV Analytics reporter

Telecoms fim SoftBank led a $300m series D round for US-based online insurance provider Lemonade, which also featured previous investors insurance provider Allianz and GV, the corporate venturing subsidiary of diversified internet conglomerate Alphabet. Equity crowdfunding platform OurCrowd also participated, as did venture capital firms General Catalyst and Thrive Capital. In past rounds the company has been backed by insurance firm XL Catlin's investment arm, XL Innovate. The valuation of this new round reportedly stood at over $2bn. Lemonade plans to use the funding to accelerate US and European marketing efforts.

Founded in 2015, Lemonade provides property and casualty insurance packages to homeowners via a platform based on artificial intelligence and behavioural economics with no brokers. Lemonade charges a fixed percentage fee and pledges part of any unclaimed premiums to non-profit organisations.



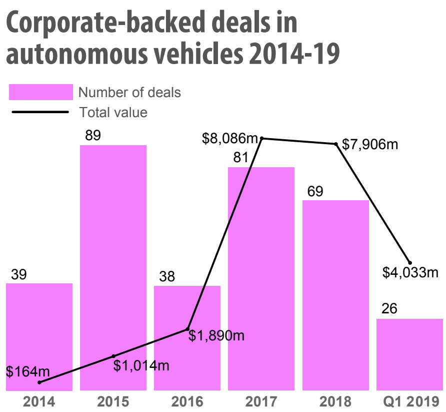
Corporate-backed rounds in emerging insurtech enterprises increased significantly from 17 rounds worth an estimated total of $281m in 2014 to 78 deals worth $4.34bn in 2018. During the first quarter of 2019, this upward trend has been sustained – with 29 rounds worth an estimated $2.21bn. ◆

Analysis: Uber spins off ATG with $1bn round

Kaloyan Andonov, GCV Analytics reporter

US-based ride-hailing company Uber spun off autonomous driving division Uber Advanced Technologies Group (ATG). The spinoff received $1bn from three corporate venturers. Automotive components manufacturer Denso and car maker Toyota agreed to invest $667m jointly while the SoftBank Vision Fund provided the remaining $333m, reportedly valuing Uber ATG at $7.25bn post-money.

Uber ATG is developing autonomous vehicle technologies including sensors and systems equipped with object perception, motion and prediction planning, mapping and visualisation technology.



The round is part of the growing autonomous vehicle tech space. The number of deals in this category first peaked in 2015, when it reached 89 corporate-backed rounds, only to go down to 38 the following year, and then up again in 2017 to 81 rounds. The total estimated capital in those rounds – a reflection of valuations – went up considerably in 2017 $8.09bn, a fourfold increase from $1.89bn the previous year. It has decreased only slightly to $7.9bn over 69 deals in 2018. During the first quarter of this year, GCV tracked 26 deals, worth an estimated $4bn. Valuations of enterprises developing such tech remain high. ◆

PROFILE

Intel Capital – the power of people

Jack Hammond, reporter, and James Mawson, editor-in-chief

Venture capital is commonly referred to as a people business. Intel Capital, the corporate venturing unit of technology company Intel, has adopted that approach more than most by accessing a diaspora of former employees to help syndicate deals, and thousands of entrepreneurial executives it has backed over nearly 30 years.

Since its launch in 1991, Intel Capital has invested a total of $12.5bn in more than 1,550 startups, focusing on artificial intelligence, autonomous technology, data centres and cloud, 5G, next-generation computing and a range of other disruptive technologies.

"I am committed to growing the CVC ecosystem by building syndicates where we provide better outcomes for entrepreneurs"
Wendell Brooks

Wendell Brooks, president of Intel Capital and chairman of the GCV Leadership Society, took the reins of the unit at the start of 2016 after the retirement of Arvind Sodhani and quickly set about installing a thesis of delivering value to its portfolio companies by focusing on the people. He has homed in on the power of partnerships, not just within Intel and its portfolio companies, but by working with other corporate venturers to improve the value proposition. The goal is for a quarter of Intel's deals to be syndicated with other CVCs.

Sodhani

Brooks previously told Global Corporate Venturing, which has set up the Connect platform to facilitate such CVC collaboration and deal syndication: "I am committed to growing the CVC ecosystem by building syndicates where we provide better outcomes for entrepreneurs."

Hutchinson

Shortly before Brooks replaced Sodhani, Intel Capital abandoned carried interest, a form of profit-sharing for the investment team if a company is sold or floated profitably. The decision to remove it, combined with a changeover at the top, led to several senior executives leaving to form new funds or take on senior positions at other entities.

Intel recently reinstated carried interest for its employees and moved towards backing a smaller number of deals with larger amounts, resulting in the firm laying off a quarter of its 60-person investment team last year. Intel capital has reduced its entire team from about 115 employees in 2014 to about 68 this year, according to data uncovered by Global Corporate Venturing from Intel, LinkedIn and other public sources, although a number of Intel Capital people have rotated from and back to the parent company, such as Arturo Litvin, Curtis McKee, Eric King, Erica Wu, Greg Scott, Manish Tangri and Vijay Reddy.

Sessions

Peter Delevett, spokesman at Intel Capital, on reviewing the GCV data and analysis said: "There were 15 names on your spreadsheet you indicated you did not know whether they were still at Intel Capital or had left. Of those 15, I can tell you nine are still here or in another part of Intel. I would prefer not to get into specific names, out of respect for individual privacy."

The decision to cut the team supported the thesis of adding the most value for its portfolio companies through a focused approach led by Tamiko Hutchinson, as well as increasing the focus on greater partnerships and co-investments with corporate venturing peers through analysis and relationships formed by Lee Sessions.

Many of those leaving Intel over the past five years have gone on to become senior leaders or founders at top firms. As a result, the corporate has amassed a network of deal-makers in both corporate venturing aned venture capital.

Victor Westerlind left to be managing director at GE Ventures, the corporate venturing arm of industrial conglomerate General Electric, while Richard Hsu is now leading Southeast Asia investments for quantitative trading and technology firm Susquehanna International Group.

Among others leaving for corporate or venture capital peers, Alexandre Villela became a managing director at Qualcomm Ventures covering Latin America, Arjun Metre has joined the board of the US National Football League's OneTeam Collective accelerator, Bhavanipratap Rana has become a partner at Amadeus Capital Partners, Harry Singh has taken on strategic partnerships and transactions at Facebook, Igor Taber became head of corporate development, M&A and

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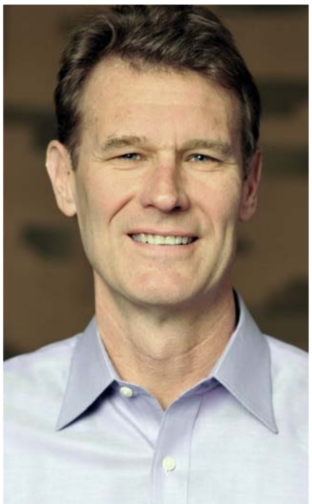


strategy at DataRobot, Ken Asada, managing director at NTT Docoomo Ventures, Kostas Katsohirakis, vice-president of M&A at Applied Materials, Tim Danford, a managing partner at Freestone River Group, Sumeet Jain, a founding partner at 7 Global Capital, Tobi Oke, a managing partner at V8 Capital Partners, and Xiaoguang Sun and Chris Pu have become head of China at Robert Bosch Venture Capital and Telstra Ventures respectively.

Outside corporate venturing, Raj Gollamudi is now at OnePrime Capital, and Rob Rueckert and Ken Elefant both have roles at private equity firm Sorenson Capital, Carey Lai has become founder and managing director of Conductive Ventures, Erik Jorgensen a venture and growth equity investor at Macquarie Capital, Karol Szubstarski and Marcin Hejka co-founders at OTB Ventures, Mahesh Vaidya, general partner at Epsilon Venture Partners, Marc Yi and Raj Gollamudi, managing partners at OnePrime Capital, Laura Oliphant, managing partner at Spirit Ventures, and David Thomas a managing director and partner at Sailing Capital Advisors (Hong Kong).

Still others have moved into entrepreneurial positions. Maxim Krasnykh is now chief operating officer at Gett, while Ricardo Arantes and Sudheer Kuppam are respective CEOs of OData and Zebi.

“One of the biggest lessons I learnt at Intel was collaboration”

Sean Cunningham

Sean Cunningham is currently managing director at investment firm Forgepoint Capital. During 25 years at Intel, he worked in multiple management roles, most recently director of strategic investments where he was responsible for enterprise and internet security technology investments. With a strong track record of deal-making and networking in the cybersecurity industry, Cunningham left Intel Capital to join a couple of industry colleagues in raising a $300m fund focused on the sector.

He told Global Corporate Venturing: “The Intel Capital platform enabled me to build a deep network of VC colleagues, entrepreneurs and CVC investors to extend my career with an institutional investment platform. One of the biggest lessons I learnt at Intel was collaboration. Intel Capital was a big machine, coupled with the business units and internal legal and finance it was imperative to collaborate. There is incredible power in leveraging these teams.”

With Intel’s training laying the foundations for his successes at Forgepoint, Cunningham is still reaping the benefits of the firm’s network. “The alumni network is deep and provides introductions, dealflow and opportunities for our portfolio companies. Having trusted former Intel Capital colleagues in influential positions in companies and multiple VC and CVC firms is a benefit that keeps on giving.”

Another former staff member making waves in cybersecurity is Marcos Battisti, formerly vice-president and head of Western Europe and Israel at Intel Capital. Since leaving in 2015 to become managing partner at C5 Capital, Europe’s first dedicated cybersecurity fund, he has co-invested on a couple deals alongside his former corporate employer.

In March 2017, C5 Capital led a $22.5m in series C round for US-based storage management technology producer Reduxio Systems, investing alongside Intel Capital. The investment firm and Intel also teamed up to back Panoply, a Tel Aviv and San Francisco-based startup working on analytics cloud infrastructure technology for enterprises,

Battisti added: “I would proactively look to Intel Capital if I feel they can bring something to the table and if it makes sense and is the right time. Intel behaves correctly, has a good approach and is serious – that goes a long way with me.”

“Intel behaves correctly, has a good approach and is serious – that goes a long way with me”

Marcos Battisti

C5 is currently evaluating a deal and Battisti said he would look to Intel as a first co-investor. However, he stressed that this was not always the case. “There is another company we are keeping an eye on, but it just would not be the right time for Intel to come in.”

For Battisti it comes down to finding the right people rather than just the big name, specifically those that have the VC mentality of building a company, echoing Intel’s push for a focus on people.

“Having Intel onboard is always a positive – there is no negative to that name – but the question for me is what positive aspect can they bring, and do they behave like investors. That all comes down to the people. I am a guy that wants to build successful companies, which was what I learnt at Intel. They have great people on board, which is why we have partnered them and will again in the future.”

In March 2018, William Kilmer, previously managing director for UK, Europe and the Middle East at Intel Capital, joined

PROFILE

Battisti at C5 to head the firm's second fund.

Marlon Nichols, a former director of investments for the Intel Capital Diversity Fund and the software and services investment sector, had a vision of building his own firm with a different investment thesis. To realise his ambition and with the experience of working for Intel, Nichols left to form early-stage VC firm Cross Culture Ventures in 2015.

Cross Culture has yet to find the right deal for collaboration with Intel, though because of his connections there he is expecting that to change in the near future. "Intel has produced many high-calibre investors that are now leading venture firms around the globe. It is a terrific network that we have the privilege of tapping into from time to time. It is one of the largest tech companies in the world with influential relationships to many of the largest companies in the world."

In addition to the network, Nichols told GCV he learned how to evaluate and negotiate deals during his time at Intel and had the privilege of learning from peoploe such as Dharmesh Thakker and Scott Goering, both now at Battery Ventures, and Alex Marquez, now at Experian Ventures.

He also worked closely with Lisa Lambert, who was previously managing director of Intel Capital's software and services group. She joined National Grid Partners (NGP), the corporate venturing arm of energy supplier National Grid, as chief technology and innovation officer in January last year.

She was not alone in making this move, NGP's founding team includes Kareem Fahmy, who spent four years as senior director of global business development at Intel Capital, Pradeep Tagare, formerly an investment director at Intel Capital India, Patrick Walsh, another director, and Daniel White, a finance manager at Intel Capital. The firm has already tapped Intel Capital connections to co-invest in a $15m funding round for US-based edge computing technology developer Pixeom.

"Intel's deep and wide network is a key differentiator in the VC market

Sanjit Dang

Another former Intel Capital executive who has used the Intel training and network as a springboard to a career in the industry is Sanjit Dang. He ended his nine-year stint as an investment director at Intel Capital in 2018 to co-create U First Capital, which provides venture-capital-as-a-service for corporations.

He said: "Most corporations are increasingly looking for growth areas from external innovation, and hence creating new venture capital funds. U First Capital is uniquely positioned in this market via a venture-capital-as-a-service model under which we create a dedicated investment fund for each corporation."

The idea is to offer high strategic value to the corporation while generating high financial returns, building on Dang's knowledge of the industry through his time at Intel. "Intel Capital is at the pinnacle of the CVC space and other corporations look up to it. The most important lesson I learnt at Intel Capital is that if you help entrepreneurs tremendously, you bring strong strategic and financial value to the corporation as well.

"Intel's deep and wide network is a key differentiator in the VC market since Intel has relationships with the CEOs of the enterprise world and it can leverage that to the benefit of its portfolio companies."

Other long-serving or high-ranking executives, such as Bryan Wolf and Christine Herron, have moved on while Joseph Ngo retired after spending more than 28 years at Intel Capital. Keith Larson, vice-president and managing director, also recently announced his decision to retire, ending nearly 23 years there.

Following the announcement, Brooks said: "Keith has had a long history of finding the best investments for Intel Capital, and we appreciate his many contributions. He has left a great legacy not only in investments but also in the people he has developed. We will miss him and wish him all the best in his retirement."

Brooks has been promoting the next generation of talent at the firm, including Nick Washburn to chief operating officer, from where he manages Lee Sessions and its CVC partnerships program, Anthony Lin to cover all ex US deals as vice-president, and Andrew Fligel to managing director.

Brooks has also notably been devolving greater responsibility to other vice-presidents, such as Dave Flanagan, Tamiko Hutchinson and Trina Van Pelt, while he links Intel Capital with the parent company's strategic growth units, including equity investing, mergers and acquisitions (M&A) and new business incubation.

As an extension of his inorganic growth efforts, Brooks headed Intel's New Technology Group last year to develop new technologies and businesses internally. Intel said: "He redefined the portfolio to align with the team's core mission and changed the model to focus on nimble innovation as the Emerging Growth Incubation Group."

Brooks also created the Intel Sports Group as a product of inorganic and organic efforts and led the acquisitions of Altera and Mobileye, both of which have been key elements of Intel's expansion into data servers and mobility.

Such smooth succession planning while maintaining deal focus is relatively difficult, even for storied institutions, such as independent venture peers Kleiner Perkins, where there was a split when Mary Meeker left to set up a growth-stage firm, Bond, and raised $1.25bn for its debut fund.

The process for succession and rejuvenation can be harder to manage during a period of strategic repositioning in the parent company. Robert Swan was formally made CEO of Intel in January having previously joined in October 2016 as chief financial officer before becoming interim CEO in June last year following the departure of Brian Krzanich. In January, Swan said: "This is an exciting time for Intel – 2018 was an outstanding year and we are in the midst of transforming the company to pursue our biggest market opportunity ever."

In this context, Intel Capital's role in this data-centric company is clear – data storage used to be a burden 30 years ago but now it is affordable and so potent that data is being described as "the new oil". Swan announced his first big decision last month to stop developing 5G mobile phone modems for Apple's iPhone. One Intel executive described the move as hugely significant for a company moulded from Silicon Valley's semiconductor heritage, but indicative the new "fewer larger deals" mandate set by Brooks that would also be coordinated more easily with other innovation strategies.

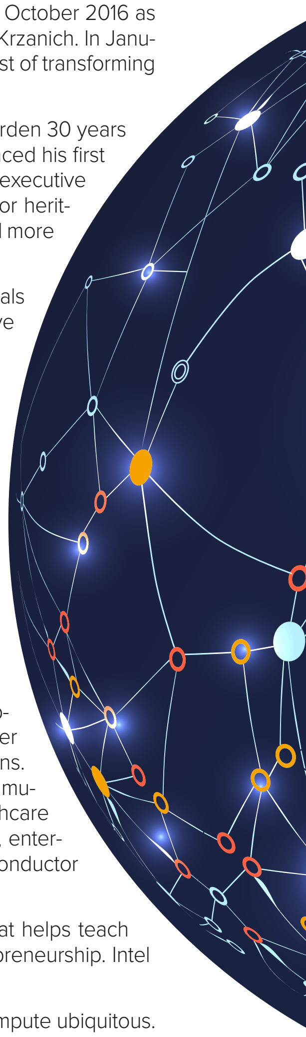
Brooks said last year: "We are deliberately reducing the number of new investments, from 60 to 70 deals per year to 30 to 40, while increasing cheque size to take leadership positions in rounds with active board seats instead of observer rights."

Intel Capital this year has already invested at least $117m in a total of 14 startups covering artificial intelligence, communications, manufacturing and healthcare technology. The deals were announced at Intel's Global Summit and form part of a planned provision of $500m annually by Intel Capital. The unit provided a total of $391m to 89 companies in 2018, of which 38 were new investments and 51 were follow-on deals, and co-invested alongside 84 other CVCs in 63% of deals, compared with $690m in 42 new and 45 follow-on deals in 2017 with 51% of deals syndicated with other CVCs.

Brooks at his summit said the investments represent "areas that will become increasingly essential in coming years as the linchpins of a smarter more connected society".

The batch includes companies headquartered in Canada, Israel, the UK and the US, and the structure of the rounds represent the unit's increasingly prevalent strategy of taking larger more strategic positions in portfolio companies. It was lead investor in 12 of the 14 deals.

The investments include AI system-on-chip technology provider Zhuhai Eeasy Technology, AI chipmaker Untether AI, e-commerce technology producer Cloudpick and SambaNova Systems, developer of a computing platform designed to provide the basis of data analytics and machine learning applications. Others included Edge computing software platform operator Pixeom, ethernet device maker Tibit Communications, 3D gaming platform Polystream, brand-focused networking platform Mighty Networks, healthcare analytics platform operator Medical Informactics, pathology technology provider Reveal Biosciences, enterprise AI technology producer Landing AI, engineering simulation software provider OnScale, semiconductor technology producer Qolibri and ProteanTecs, a developer of chip telemetry for electronic systems.



During the summit, the unit also announced an investment in HBCU.vc, a non-profit organisation that helps teach Hispanic students and students from historically black colleges and universities about VC and entrepreneurship. Intel and Intel Capital are partnering HBCU.vc to offer mentoring, training and real-world experience.

Brooks said: "Intel has driven disruption for the last 50 years, changing the way we live by making compute ubiquitous. Intel Capital is continuing that legacy of disruption with these investments."

And he might have added, with a new generation of colleagues supported by plenty of retained institutional knowledge to support them. ◆

SECTOR FOCUS

Media sector grows

Kaloyan Andonov, reporter, GCV Analytics

Media is one of the most widely disrupted industries by new technologies. Newspapers, magazines and books have gone digital. CDs, DVDs or TV channels have made way to subscription and streaming services. Games have become multiplayer "freemium" – free plus additional premuim services – online entertainment and digital marketing has taken over traditional advertising.

GCV Analytics defines the consumer sector as encompassing audio and video content, games, gaming and eSports, social media networks and instant messaging services, print and online publishing, sports entertainment and gambling, virtual and augmented reality content and other media products and services.

Disruption is overpowering, leading to mergers and new players with knock-on impact to corporate venturing vehicles, such as the closure of Time Warner's unit following its merger with AT&T. The combination of internet-connected electronic gadgets along with consumer content creation have resulted in a significant shift in the sector. An analysis by the World Economic Forum (WEF) at Davos attributes this disruption to four major waves of digitisation – file-sharing, streaming, social and mobile, which have been "driven by the impatience of consumers to access any content from anywhere in the world at any time". This trend can be expected to intensify with the rollout of 5G higher-speed internet access technologies in 2020, according to consultancy Deloitte's 2019 Media & Entertainment Industry Outlook.

According to GCV Analytics data, the major subsectors in emerging media are audio and video content, gaming and eSports, and social media and networks. The interest in such enterprises by corporate venturers reveals the perceived opportunities in those areas, given their already palpable disruptive impact.

The WEF analysis claims that "great content is no longer enough", maintaining that the next innovation wave in the industry is likely to be related to the internet of things and the "living services" concept. To face this new wave of disruption would in practice require integrating customised content into a broader user experience, offering better viewing recommendations and more relevant advertisements, among other things.

The WEF estimates that further digitisation in the media sector is likely to unlock $1.3 trillion in value over the next six years. The analysis identifies overarching digital themes – personalisation, contextualisation, content fragmentation, partnerships and industrialisation.

Personalisation and contextualisation suppose a mix of challenges and opportunities for marketers and content creators delivering personalised content and ads to engage consumers. While this implies opportunities for new technologies such as artificial intelligence (AI), big data or virtual and augmented reality, it also entails concerns and apprehensions about data privacy and transparency. It is difficult to predict to what extent such privacy concerns will lead to changes in the way corporations handle data. For the most part, media consumers are not uncomfortable giving up access to their online footprint in exchange for free services.

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Media consumers are not only subject to intense information overload through the avalanche of free content, but also split between more screens on more devices – smart TVs, smartphones, tablets and computers. The WEF analysis notes that “broadcasters will have opportunities to exploit the growing popularity of the ‘second screen’ among TV viewers by creating integrated second-screen services”. Social media platforms and instant messaging applications have begotten communities of content which may become crucial for advertising.

Just as consumer attention is split, content creation is fragmented, which generates an environment favouring partnerships across the industry. The WEF analysis points out: “Technology is enabling enterprises to partner their audiences to fund or co-create innovative content. Companies will need to harness technology effectively, setting it at the heart of the digital organisation, balancing creativity in content creation with industrialising digital processes such as production and distribution.”

These developments create opportunities for emerging media tech businesses, which media corporations may wish to partner. There are many examples for such partnerships. In 2018, media provider Comcast announced it would add Amazon Prime Video to its content – subscribers already have streaming services such as YouTube, Netflix and Pandora.

One notable media development is found in news content creation and disruptive use of AI. According to WEF data, major media publishing outlets like the Washington Post, Associated Press, the BBC, Reuters, Bloomberg, the New York Times and the Wall Street Journal are “dabbling in AI”. In the Far East, the use of AI has already reached new heights. The China-based Xinhua News Agency launched the world’s first AI-powered graphics-based news anchors, both male and female. According to a report by the Reuters Institute for the Study of Journalism, citing a survey of almost 200 editors, CEOs and digital leaders, nearly three-quarters of global media players are already employing some sort of AI technology.

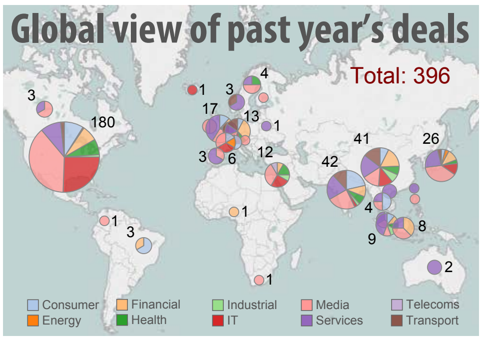
The importance of digital advertising and marketing has been gaining momentum, so much so that US digital advertising spending is expected to overtake spending on traditional advertising by the end of this year, according to a forecast by platform eMarketer, cited by TechCrunch, which predicts that digital ad expenditures will rise to an estimated $129.3bn, while traditional advertising is expected to decline to $109.5bn. This implies that much of the increased revenue will go to two leading companies that account for much of this already concentrated market – Google and Facebook. Such developments are likely to increase corporate venturers’ interest in adtech businesses.

One of the areas with great potential for advertising and entertainment is virtual and augmented reality (VR and AR) content. A report on VR and AR devices by global analyst company CCS Insight points out that, despite the wide range of applications of VR tech, gaming is the primary impetus for sales of VR devices.

An underlying trend is the growth of mobile gaming. According to the Global Video Games Industry report by consulting firm Research and Market, global video gaming industry was estimated at $96bn in 2018. The report notes that low-cost internet access and penetration of mobile devices has enabled streaming games to grow in popularity. The report also attributes the fast growth of streaming games, which it expects “to continue for the next few years”, to the growth in the number of online video viewers globally. It also notes the role of cloud computing, which speeds up the rendering of content.

A burgeoning trend within gaming is eSports. Multiplayer video-game competitions have invigorated the bottom lines of game publishers and marketers. According to Deloitte’s 2019 Media & Entertainment Industry Outlook report, the global eSports market is expected to generate $1.5bn in annual revenues by next year, mostly from advertising and sponsorship. This advertising targets an estimated global audience of 600 million, even though the phenomenon first originated in east Asia. Large-scale media companies are already taking interest – for example sports network ESPN aired the Overwatch games eSports tournament.

Regulation has affected media and content creation in Europe. The controversial new EU Copyright Directive and its articles 11 and 13 have resulted in international protests. Article 11 establishes that search engines and news aggregate platforms will have to pay to use links from news websites. Article 13 will hold larger technology companies liable for materials posted without a copyright permission. Article 13 does not apply to cloud storage services and exemptions, including parodies, such as memes. Some have criticised the measure as unfair and contrary to free exchange of information, while others have praised it for ensuring that content creators will be fairly recompensed. Implementation of this directive will create opportunities for tech companies to ensure compliance.



For the period April 2018 to March 2019, GCV reported 396 venturing rounds involving corporate investors from the media sector. A considerable number (180) took place in the US, 42 were hosted in India, 41 in China and 26 in Japan.

Many of those commitments (125) went to emerging enterprises in the same sector, mostly digital marketing and advertising, gaming, audio and video content and publishing, and with the remainder going to companies developing other technologies in synergies with media sector incumbents – 70 deals in the services sector (education and edtech, real estate tech, communication tech services and human resources), 63 in the IT sector

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(primarily artificial intelligence, big data analytics, enterprise software and cybersecurity), 41 in financial services (mostly payment tech and alternative lending) and 40 in the consumer sector (food and beverage, hygiene and beauty, fashion and apparel, and e-commerce).

The network diagram, illustrating co-investments of media corporates, shows the variety of investment interests among the sector's incumbents. The commitments range from virtual reality technology (Dreamscape Immersive, 8i) and games and sports (Drone Racing League, Niantic Lab) through news content providers (Scroll), TV and video content (NewTV, Philo) to marketing (BitStar) and e-commerce (Flipkart).

On a calendar year-on-year basis, total capital raised in corporate-backed rounds went up from $15.25bn in 2017 to $16.06bn in 2018, a 5% increase. The deal count also grew slightly, by 7% from 347 deals in 2017 to 373 by the end of 2018.

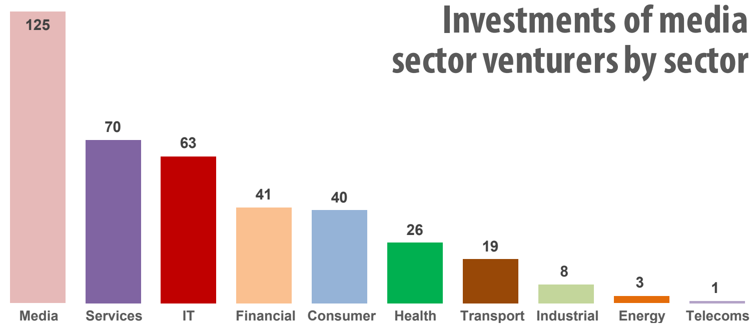
The 10 largest investments by corporate venturers from the media sector were not necessarily concentrated in the same industry.

The corporates from the media sector involved in the largest number of deals were internet media company Baidu and media groups Bertelsmann and Comcast. Those committing capital in the largest rounds were headed by media and e-commerce group Naspers, Baidu and eSports team owner Axiomatic.

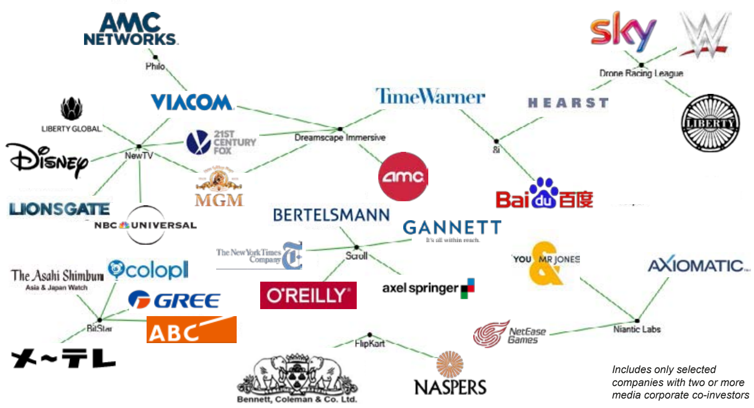
The most active corporate venture investors in emerging media businesses were internet company Tencent, e-commerce firm Alibaba, diversified internet conglomerate Alphabet, investment banking firm Goldman Sachs and telecoms firm SoftBank.

Emerging media businesses in the portfolios of corporate venturers came from the TV and video content (NewTV, Philo), sports (The Athletic, Whistle Sports Network), games and gaming (Niantic Lab), news con-

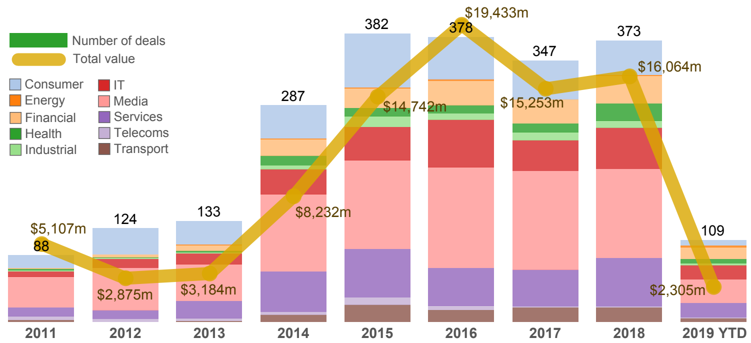
Investments of media sector venturers by sector



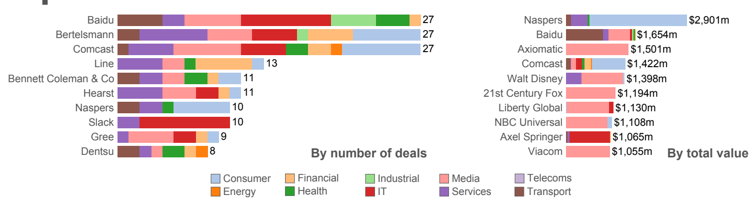
Co-investments of media sector venturers 2017-19



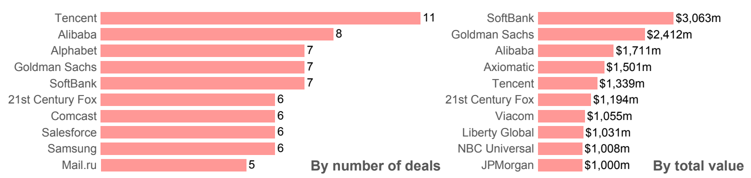
Media sector deals 2011-19



Top media sector investors



Top investors in media enterpises



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tent (The Skimm) and social media networks (Foursquare).

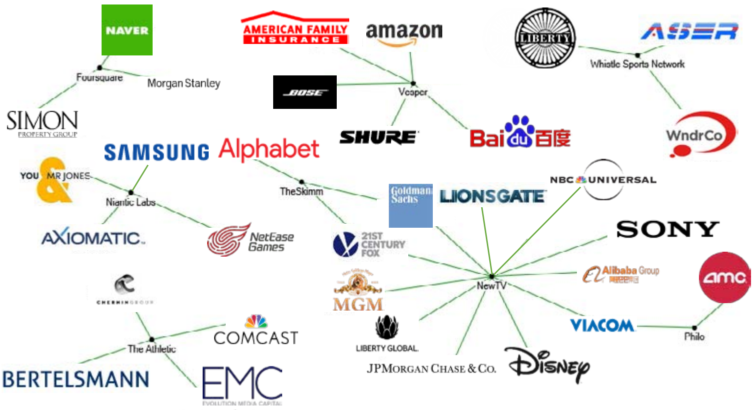
Overall, corporate investments in emerging media-focused enterprises dropped from 208 rounds in 2017 to 193 by the end of 2018, a 7% decrease. The estimated total value of these rounds, however, went up by nearly 7% from $10.74bn in 2017 to $11.47bn last year.

Deals

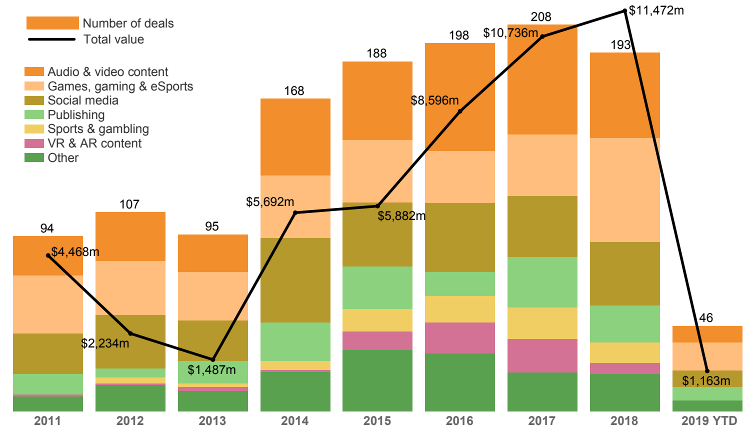
Corporates from the media sector invested in large multimillion-dollar rounds, raised mostly by enterprises from the media and consumer sectors. Three of the top 10 deals were above $1bn.

Epic Games, a US-based game developer, raised about $1.25bn from investors including Axiomatic, Smash Ventures, investment firm KKR, multi-family office Iconiq Capital, private equity firm Vulcan Capital and venture capital firms Kleiner Perkins and Lightspeed Venture Partners. The transaction reportedly valued the company at almost $15bn. Epic was originally formed in 1991 but its first big hit came in the late 1990s when it released shooting game Unreal. Epic's largest recent success has been Fortnite Battle Royale, a massive multiplayer battle game for consoles, mobile and computer. The game is free but in-app purchases drove its revenue to more than $1bn in just 10 months.

Corporate co-investments in media enterprises 2017-19



Corporate-backed rounds in emerging media enterprises 2011-19



US-based short-form video production company NewTV closed an initial $1bn round from a consortium including a range of corporate investors. Media and entertainment groups 21st Century Fox, Walt Disney, Entertainment One, ITV, Lionsgate, Metro Goldwyn Mayer, NBCUniversal, Sony Pictures Entertainment, Viacom and Warner Media were all among the investors. Alibaba, mass media group Liberty Global and investment banking firms Goldman Sachs and JPMorgan Chase also participated. NewTV is developing an online platform that will feature drama, comedy, documentaries and reality shows cut into 10-minute episodes, made with budgets comparable to high-profile cable channels or streaming services like HBO or Netflix.

Naspers invested $660m in India-based online food delivery platform Swiggy, leading its $1bn series H round. Local services platform Meituan Dianping and Tencent also took part, along with DST Global, Coatue Management, Hillhouse Capital and Wellington Management. The round reportedly valued Swiggy at $3.3bn. Swiggy runs an app-based service for ordering food from local restaurants in 58 Indian cities.

US-based AR technology developer Magic Leap closed a series D round at $963m. The round was initially backed by Alibaba, Alphabet and media company Grupo Globo. All contributed to the round's $502m first tranche, which also featured Singaporean government-owned investment firm Temasek. Magic Leap added $461m to the round – $400m from Saudi Arabia's Public Investment Fund and another $61m from a host of new investors, including media group Axel Springer's corporate venturing unit, Axel Springer Digital Ventures. The round reportedly valued the company at about $6bn. Founded in 2011, Magic Leap has developed an AR headset and operating system and is in talks with prospective content producers. Magic Leap's goggles superimpose animated graphics over reality.

Suning Sports, a sports broadcasting offshoot of China-based retail and commerce conglomerate Suning, closed a $600m series A round co-led by Alibaba and Goldman Sachs. Other participants were AI technology provider SenseTime, property developer Evergrande Group, subsidiaries of banks CCB International, Minsheng Bank and ABC International, Sports Industrial Fund of Zhejiang Province and Jiangsu Province, and private equity firm Yunfeng Capital. The round reportedly valued Suning Sports at $2.6bn. It owns the broadcasting rights to several large sporting competitions,

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Top 10 deals by media sector corporate investors over the past year

Company	Location	Sector	Round	Size	Investors
Epic Games	US	Media	–	$1.25bn	Axiomatic | Iconiq Capital | KKR | Kleiner Perkins | Lightspeed Venture Partners | Smash Ventures | Vulcan
NewTV	US	Media	A	$1bn	21st Century Fox | Alibaba | Entertainment One | Goldman Sachs | ITV | JPMorgan | Liberty Global | Lionsgate | Madrone Capital Partners | Metro-Goldwyn-Mayer Studios | NBC Universal | Sony | Viacom | Walt Disney | Warner Media
Swiggy	India	Consumer	E and beyond	$1bn	Coatue | DST Global | Hillhouse Capital Management | Meituan-Dianping | Naspers | Tencent | Wellington Management
Magic Leap	US	IT	D	$963m	Alibaba | Alphabet | AT&T | Axel Springer | Grupo Globo | Saudi Arabia's Public Investment Fund
Suning Sports	China	Media	A	$600m	ABC International | Alibaba | CCB International | China Minsheng Bank | Evergrande Group | Goldman Sachs | Jiangsu Province | SenseTime | Sports Industrial Fund of Zhejiang Province
Letgo	US	Consumer	–	$500m	Naspers
IFood	Brazil	Consumer	–	$500m	Innova | Movile | Naspers
WM Motor	China	Transport	C	$446m	Baidu | Linear Venture | Taihang Industrial Fund
Byju	India	Services	–	$400m	Canada Pension Plan Investment Board | General Atlantic | Naspers
XinChao	China	Media	E and beyond	$302m	Baidu

particularly in football – China's domestic league, England's Premier League, Spain's La Liga, Germany's Bundesliga and the Asian Champions League.

Naspers provided a total of $500m for US-based e-commerce app developer Letgo. Naspers made the investment through its online marketplace subsidiary OLX. Letgo has created an app for buying and selling second-hand goods, using an AI system that sets a category, title and price for each item based on a photo. It has been downloaded more than 100 million times and has hosted some 400 million listings. Letgo plans to use the funding to support development and monetisation of the platform, including real estate listings.

Mobile commerce platform Movile and Naspers participated in a $500m round for Brazil-based online food delivery platform iFood. The corporates were joined by private equity firm Innova Capital. Movile invested as iFood's majority owner, having held a 60% stake following a round in 2015, while Naspers is one of Movile's largest investors. Founded in 2011, iFood runs an online platform for ordering food from more than 50,000 restaurants.

Baidu led a RMB3bn ($446m) series C round for China-based smart electric vehicle manufacturer WM Motor. Chinese government-backed fund of funds Taihang Industrial Fund and venture capital firm Linear Venture also participated. WM did not disclose a valuation, but earlier reports suggested one of more than RMB20bn. Founded in 2015 and also known as Weltmeister, WM released its first vehicle, a plug-in electric sports utility vehicle, last year. The funding from this round will be allocated to research and development.

India-based educational app developer Byju's raised $400m in a round led by Naspers Ventures, the corporate venturing arm of Naspers. Canadian pension fund CPPIB and private equity firm General Atlantic both participated, with the latter also buying an undisclosed number of shares in a secondary transaction. Byju's operates an app-based learning platform aimed at students aged 10 to 18, using online video courses. It has attracted 30 million registered students and 2 million paid subscribers. The money will enable the company to support expansion efforts in India, the US, the UK and Australia, and develop a separate app aimed at younger pupils.

Baidu led a RMB2.1bn round for China-based elevator advertising service XinChao in connection with a partnership agreement between the companies. XinChao has agreed to join Baidu's advertising network, Baidu Juping, which is present in 31 Chinese provinces and regions, and it intends to leverage the corporate's AI technology to make its advertising terminals more intelligent. Founded in 2007, XinChao operates an advertising service that promotes customers through screens installed in more than 700,000 elevators across China.

Other deals in emerging media-focused businesses were backed by corporate investors from other sectors.

China-based digital media company Bytedance raised $3bn from investors including SoftBank at a $75bn valuation. Growth equity firm General Atlantic and investment firms KKR and Primavera Capital Group also took part. Bytedance's best known property is news aggregation app Toutiao, which had 120 million daily users at the start of 2018, but it also runs short-form video platform TikTok, which has more than 500 million monthly users, and photo modification app Faceu. The company has recently launched additional products, such as budget e-commerce platform Zhidian and social commerce app Xincao, and will put the funding towards expanding both domestically and internationally.

China-based online audio-streaming platform Ximalaya has completed a RMB4bn funding round featuring Tencent. The round included Goldman Sachs and growth equity firm General Atlantic and valued Ximalaya at about $3.5bn post-money. Founded in 2012, Ximalaya operates an online repository for audio content such as podcasts and radio shows covering music and information. It reportedly had more than 40 million registered users in 2018. The company has struck partnerships with carmakers BMW and Ford, which offer the service as part of their in-vehicle entertainment systems, as well as with smart device producers Haier, Skyworth and Midea, which employ it in their home devices.

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Top 10 investments in media sector enterprises over the past year

Company	Location	Round	Size	Investors
Bytedance	China	–	$3bn	General Atlantic | KKR | Primavera Capital | SoftBank
Epic Games	US	–	$1.25bn	Axiomatic | Iconiq Capital | KKR | Kleiner Perkins | Lightspeed Venture Partners | Smash Ventures | Vulcan
NewTV	US	A	$1bn	21st Century Fox | Alibaba | Entertainment One | Goldman Sachs | ITV plc | JP Morgan | Liberty Global | Lionsgate | Madrone Capital Partners | Metro-Goldwyn-Mayer Studios | NBC Universal | Sony | Viacom | Walt Disney | Warner Media
Suning Sports	China	A	$600m	ABC International | Alibaba | CCB International | China Minsheng Bank | Evergrande Group | Goldman Sachs | Jiangsu Province | SenseTime | Sports Industrial Fund of Zhejiang Province
Ximalaya	China	E and beyond	$580m	General Atlantic | Goldman Sachs | Tencent
Getty Images	US	Stake purchase	$500m	Koch Industries
XinChao	China	E and beyond	$302m	Baidu
Reddit	US	D	$300m	Tencent | undisclosed investors
Niantic Labs	US	C	$245m	Axiomatic | Battery Ventures | Causeway Media Partners | Institutional Venture Partners | Samsung
Beijing Moviebook Technology	China	D	$199m	Lang Sheng Investment | PAC Partners | Qianhai Wutong M&A Fund | SBCVC | SenseTime

US-based professional media content provider Getty Images signed an agreement with conglomerate Koch Industries' corporate venturing arm Koch Equity Development, securing a $500m investment. The company was majority-owned by private equity firm Carlyle Group until the Getty family agreed to repurchase control in a deal that reportedly valued Getty Images at below $3bn, including debt. Founded in 1995, Getty Images operates an online platform for media, business and creatives to buy photography, video and music supplied by more than 250,000 contributors who provide content from more than 160,000 news, sports and entertainment events annually.

Social media platform Reddit secured $300m in a series D round led by a $150m commitment from Tencent, reportedly valuing it at $3bn post-money. The round featured undisclosed existing backers. Reddit has Previously received backing from other corporates. Condé Nast, part of media group Advance Publications, acquired Reddit in 2006 but spun it off in 2014 through a $50m series B round. Founded in 2005, Reddit operates an online social platform with 330 million monthly users. While generating revenue of $85m in 2018, Reddit is currently said to be looking to capitalise on advertising opportunities across the platform.

US-based AR game studio Niantic secured $245m in a series C round featuring Axiomatic and Samsung Ventures, a subsidiary of consumer electronics producer Samsung. Institutional Venture Partners led the round, which included two more venture capital firms, Battery Ventures and Causeway Media Partners. It valued Niantic at almost $4bn post-money. Spun off in 2015 from internet technology provider Google, where it had been incubated since 2010, Niantic develops AR games.

China-based video advertising software provider Beijing Moviebook Technology raised RMB1.36bn in a series D round co-led by SenseTime and SBCVC, a venture capital firm formed by SoftBank. The round included media group Oriental Pearl, Qianhai Wutong M&A Fund and investment firms Lang Sheng Investment and PAC Partners. Moviebook produces video recognition technology that enables clients to advertise products in online videos through overlays designed to blend visually with the content on screen. The company also runs a data management platform that helps customers analyse the effectiveness of their online ad campaigns.

Exits

Corporate venturers from the media sector completed 43 exits between April 2018 and March 2019 – 30 acquisitions, 11 initial public offerings, a merger and a stake sale.

Retail group Walmart closed its $16bn acquisition of a 77% stake in India-based online marketplace Flipkart, enabling Naspers, SoftBank and e-commerce company eBay to exit. Although some investors, including SoftBank and eBay, exited entirely, others such as Tencent, software provider Microsoft and investment firm Tiger Global Management opted to retain stakes. The deal valued Flipkart at about $20.8bn, and the stake purchase was made alongside the provision of $2bn of equity funding. Flipkart runs an e-commerce platform that lists more than 80 million products in about 80 categories, including electronics, appliances, clothing and home goods. It also owns fashion e-commerce subsidiaries Myntra and Jabong, and payment app PhonePe.

Local services platform Meituan-Dianping agreed to acquire China-based bike-rental service Mobike for $2.7bn. Bertelsmann Asia Investments, the local investment arm of Bertelsmann, was one of the early investors in Mobike that exited. The transaction was reportedly being brokered by Pony Ma, chief executive of Tencent, which also owns a stake in Meituan-Dianping. Founded in 2015, Mobike operates an app-based dockless bike-sharing service that has attracted hundreds of millions of registered users. Mobike had Previously unsuccessfully attempted a merger with its rival Ofo.

OLX Group, a classified listings subsidiary of Naspers, paid $1.16bn to increase its stake in Russia-based online clas-

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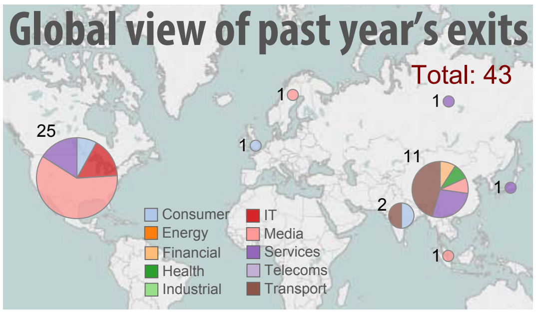
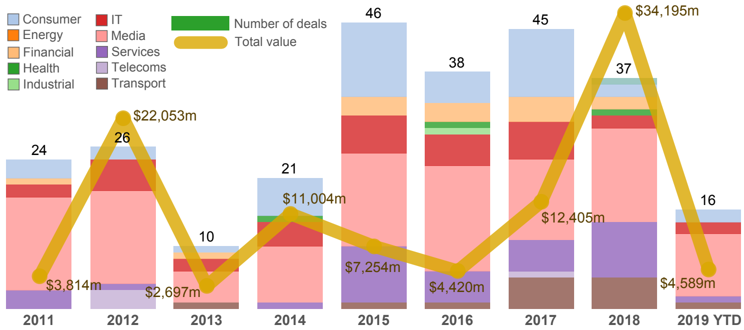
sifieds and property listings platform Avito to 99.6%. Naspers had initially provided $50m for Avito in 2013 and subsequently invested $1.2bn two years later to raise its stake from 17.4% to 67.9%. The latest investment involved it increasing its share from 70.4% and values the company at $3.85bn. Avito runs an online classified listings platform with 10.3 million daily visitors covering property, consumer goods, vehicles, services and jobs. OLX runs 17 brands covering five continents, with a total of 350 million monthly users.



China-based social media platform YY acquired its portfolio company Bigo, a Singapore-based social video livestreaming platform, for over $1.45bn. Exiting corporate backers included Bertelsmann Asia Investments and Ping An Overseas Holdings, the asset management arm of insurance firm Ping An. The deal consisted of about $343m in cash, with the rest in shares. Founded in 2015, Bigo runs Bigo Live, while also offering a short-form video-based social media service known as Like and a range of other apps such as gaming-focused streaming platform CubeTV. Bigo uses AI to eliminate sexually suggestive content from its platform.

Media sector exits 2011-19



Nio, a China-based smart electric car developer backed by domestic corporates Baidu, Tencent, electronics producer Lenovo and e-commerce firm JD.com, raised about $1bn when it floated on the New York Stock Exchange. The IPO consisted of 160 million American depositary shares at $6.26 each, almost at the bottom of the $6.25 to $8.25 range the company had set. It valued Nio at $6.4bn. Founded in 2014 as NextEV before officially rebranding in 2017, Nio is working on plug-in electric cars fitted with features including AI and autonomous driving systems. Nio's first model was released in 2016, and it launched its first commercial model, a seven-seater sports utility vehicle, in 2017.

Farfetch, a UK-based fashion e-commerce platform backed by media group Advance Publications and JD.com, went public in an IPO that raised about $885m. The company issued just over 33.6 million shares on the New York Stock Exchange while its shareholders sold an additional 10.6 million. The shares were priced at $20, above the IPO's $17 to $19 range, giving it a market cap of about $5.8bn. Founded in 2008, Farfetch operates an online marketplace for luxury and high-end fashion items from almost 1,000 producers to a 2.3 million-strong customer base worldwide.

Online classified listings operator 58.com sold part of its stake in China-based automotive marketplace operator Chehaoduo for more than $713m. The corporate did not identify the purchasing investor, but released the news on the same day that Chehaoduo secured $1.5bn from the SoftBank Vision Fund. The transaction is subject to unspecified closing conditions. 58.com will retain a minority shareholding in Chehaoduo once the deal closes. Chehaoduo was spun out of classified marketplace Ganji in 2015. It runs second-hand vehicle auction and trading platform Guazi and after-sales services platform Maodou.

US-based digital signature technology provider DocuSign floated in a $629m IPO in which Alphabet and Comcast both sold shares. The shares were priced at $29, above the $24 to $26 range the company set earlier, giving DocuSign a market capitalisation of more than $4.4bn. The company issued just over 16 million shares on the Nasdaq Global Select Market for almost $466m of proceeds, while its shareholders sold almost $164m of shares in the offering. DocuSign has developed an e-signature platform it claims has hundreds of millions of users, including some 370,000 businesses. It more than halved its net loss to $52.3m in the year running up to January 2018, while increasing revenue 36% to more than $518m.

Treasure Data, a US-based real-time data management platform backed by marketing firm Dentsu, was acquired by Arm, the semiconductor subsidiary of SoftBank. The deal is thought to form part of Arm's push into the internet-of-things sector. Founded in 2011, Treasure Data has created an enterprise customer data platform that uses machine learning and AI to extract real-time insights into users across channels such as apps and phone calls, to provide personalised offerings for customers. The company targets the internet-of-things, automotive, entertainment and retail industries.

Ascletis, a China-based hepatitis C drug developer backed by pharmaceutical company Tasly Pharmaceuticals, raised $400m from an IPO in Hong Kong. Outdoor advertising group Focus Media had previously backed the company via its Jiangnanchun Foundation. The company floated by selling 224 million shares equating to 20% of its overall share capital at HK$14 ($1.78) each, in the middle of the IPO's HK$12 to HK$16 range. Founded in 2011, Ascletis is developing

SECTOR FOCUS

Top 10 exits by media sector corporate investors over the past year

Company	Location	Sector	Exit type	Acquirer	Size	Investors
FlipKart	India	Consumer	Acquisition	Walmart	$16bn	Accel Partners | Baillie Gifford | Bennett Coleman & Co | DST Global | GIC | Greenoaks Capital | Iconiq Capital | International Data Group | Morgan Stanley | Naspers | Qatar Investment Authority | Sofina | SoftBank | Steadview Capital | T Rowe Price | Tencent | Tiger Global Management
Mobike	China	Transport	Acquisition	Meituan-Dianping	$2.7bn	Bertelsmann | Bocom International | Ctrip.com | Farallon Capital Management | Hillhouse Capital Management | Hon Hai | Huazhu Hotels Group | ICBC International | Joy Capital | Panda Capital | private investors | Qiming Venture Partners | Sequoia Capital | Temasek | Tencent | TPG | Warburg Pincus
Avito	Russia	Services	Acquisition	Naspers	$1.6bn	Accel Partners | Kinnevik | Naspers | Northzone | Vostok New Ventures
Bigo Technology	Singapore	Media	Acquisition	YY	$1.45bn	Bertelsmann | Gaorong Capital | Morningstar | Ping An Insurance| YY | private investor
Nio	China	Transport	IPO	–	$1bn	Baidu | Baillie Gifford | Citic | GIC | Hillhouse Capital Management | Hopu Investment Management | International Data Group | JD.com | Joy Capital | Lenovo | Pine Capital | Sequoia Capital | Shunwei Capital | Temasek | Tencent | TPG
Farfetch	US	Consumer	IPO	–	$885m	Advance Publications | DST Global | E.Ventures | Eurazeo | Index Ventures | International Data Group | JD.com | New Leaf Venture Partners Advent Venture Partners | private investors | Temasek | Vitruvian Partners
Chehaoduo	China	Transport	Stake sale	–	$713m	58.com | undisclosed investors
DocuSign	US	IT	IPO	–	$629m	Accel Partners | Alphabet | Bain Capital | BBVA | Brookside Capital | ClearBridge Investments | Comcast | Cross Creek Advisors | Dell | Deutsche Telekom | EDBI | Frazier Technology Ventures | Generation Investment Management | Ignition Partners | Intel | Kleiner Perkins | Mitsui | NTT Docomo | Recruit Holdings | Salesforce | Samsung | Sands Capital | SAP (Sapphire Ventures) | Scale Venture Partners | Second Century Ventures | Sigma Partners | Telstra | Visa | Wasatch Advisors | Wellington Management | WestRiver Capital
Treasure Data	US	IT	Acquisition	Arm	$600m	AME Cloud Ventures | Dentsu | Heavybit | Innovation Network Corporation of Japan | IT-Farm Corporation | private investors | SBI Group | Scale Venture Partners | Sierra Ventures
Ascletis	China	Health	IPO	–	$400m	C-Bridge Capital | Focus Media | Goldman Sachs | Hangzhou Binjiang Investment | Pavilion Capital | QianHai Equity Investment FOF | Tasly Pharmaceutical | WTT Investment

treatments for hepatitis C. It received approval from Chinese regulators for anti-viral treatment Ganovo. The company has also concluded phase 2 and 3 trials for Ravidasvir, which is taken orally with Ganovo as a joint regimen.

Global Corporate Venturing also reported exits from emerging media-related enterprises that involved corporate investors from various sectors.

Mass media company Viacom agreed to pay $340m for US-based online television streaming service Pluto TV, enabling a host of corporates to exit, including broadcaster Sky, media group ProSiebenSat.1, talent agency UTA, recording studios Universal Music Group, Samsung, mass media group Scripps Networks Interactive and TV content producer Windsor Media. Pluto operates an online platform with more than 12 million monthly users that allows them to stream content from more than 100 customised channels programmed by the company or its partners. Viacom said it was buying the company to enhance its presence in new distribution platforms and advanced advertising activities.

Gimlet Media, a US-based podcast publisher backed by marketing group WPP and diversified conglomerate Graham Holdings, was acquired by music-streaming platform Spotify for $337m. Founded in 2014 as American Podcasting Corporation, Gimlet produces and hosts narrative and scripted podcasts. It also has a branded division that creates sponsored content and has moved into television production with adaptations of two of its podcasts – psychological thriller Homecoming, and StartUp, which focuses on co-founder Alex Blumberg's journey launching the company.

US-based event ticketing and technology platform developer Eventbrite secured $230m when it floated on the New York Stock Exchange, chalking up an exit for payment technology producer Square. The IPO consisted of 10 million shares at $23 each, giving it a $1.76bn market capitalisation. The company had initially set a $19 to $21 range for the IPO, before upgrading to $21 to $23. Eventbrite has created an online ticketing platform it supplies to promoters which was responsible for a total of some 203 million tickets sold over the course of 2017. The company made a $15.6m net loss in the first half of 2018 from $142 in revenue.

Babytree, a China-based social parenting media and e-commerce platform backed by corporates Alibaba, contract

Top 10 exits from media sector enterprises over the past year

Company	Location	Exit type	Acquirer	Size	Investors
Bigo Technology	Singapore	Acquisition	YY	$1.45bn	Bertelsmann | Gaorong Capital | Morningstar | Ping An Insurance | private investor | YY
Pluto TV	US	Acquisition	Viacom	$340m	Chicago Ventures | Great Oaks Venture Capital | Luminari Capital | Pritzker Group Venture Capital | private investor | ProSiebenSat.1 | Sallfort Privatbank | Samsung | Scripps Networks Interactive | Sky | Thirdwave Capital Partners | United Talent Agency | Universal Music Group | US Venture Partners | Windsor Media | undisclosed investors
Gimlet Media	US	Acquisition	Spotify	$337m	Betaworks | Cross Culture Ventures | Emerson Collective | Graham Holdings | private investor | Stripes Group | WPP
Eventbrite	US	IPO	–	$230m	137 Ventures | DAG Ventures | Global Founders Capital | Sequoia Capital | T Rowe Price | Tenaya Capital | Tiger Global Management
BabyTree	China	IPO	–	$217m	Alibaba | Chenshan Capital | China Merchants Wealth | Fosun Group | Matrix Partners | Tal Education Group | undisclosed investors
SurveyMonkey	US	IPO	–	$207m	Alphabet | Iconiq Capital | Laurel Crown Partners | Salesforce | Social&Capital | Tiger Global Management
Huya	China	IPO	–	$180m	Banyan Partners | Engage Capital Partners | Morningside | Ping An Insurance | Tencent | private investors
Avalanche Studios	Sweden	Acquisition	Nordisk Film	$138m	Nordisk Film
Inke	US	IPO	–	$134m	Beijing Kunlun Tech | Duomi | GSR Ventures | Jiaxing Guanglian | Kunlun | Mango Wenchuang | Ningbo Anhe | Tencent | Zihui Juxin | Zihui Tianma
Qutoutiao	China	IPO	–	$84m	Advantech | Chuangban Investment | InnoVision Capital | Lighthouse Capital Partners | Shunwei Capital | Tencent | Xiaomi

manufacturer Fosun and education services provider TAL Education, raised $217m in its Hong Kong IPO, pricing shares at HK$6.80, the bottom of a range with HK$8.80 at the other end. Babytree had hoped to secure up to $1bn at a valuation of $3bn to $5bn, but its valuation dipped to $1.5bn. Babytree has created an online community where parents can share their experiences, seek advice and find information such as a vaccination checklists and dietary guides for mothers. It also operates an e-commerce platform and a video sharing app called WeTime.

SurveyMonkey, a US-based online survey management platform backed by Alphabet and cloud-based software platform Salesforce, closed its IPO at $207m – underwriters took up a greenshoe option. The company priced 15 million shares at $12 to raise an initial $180m on the Nasdaq Global Select Market. The underwriters later bought another 1.75 million shares. They closed at $16.03. SurveyMonkey's platform enables users to design and distribute online surveys and to analyse the results. In addition to the IPO, Salesforce invested $40m through a private placement.

Huya, a gaming-themed subsidiary of China-based livestreaming platform operator YY, raised $180m from an IPO on the New York Stock Exchange. The offering consisted of 15 million American depositary shares at $12 each, the top of its $10 to $12 range. YY launched the Huya platform in 2014 before it was spun out at the start of 2017. Huya operates what it claims to be China's most popular live game-streaming platform, with almost 87 million monthly users. The proceeds of the IPO will support the company's content and eSports partner ecosystem, research and development, marketing and expansion of services.

Entertainment company Nordisk Film acquired its portfolio company, Sweden-based games maker Avalanche Studios, for €117m ($138m). Nordisk already owned a minority stake. Founded in 2003, Avalanche Studios has developed games with a focus on "open world" action.

Inke, a China-based live game-streaming platform backed by online game publisher Beijing Kunlun Tech and Tencent, raised HK$1.05bn in its IPO on the Hong Kong Stock Exchange. The company priced shares at HK$3.85, the bottom of the range it had set, while increasing the number of shares in the offering from 257 million to 300 million. Founded in 2015, Inke runs a mobile-focused livestreaming platform that concentrates on gaming, allowing viewers and video creators to communicate with each other. It had about 195 million registered users as of the end of 2017. The company made a net loss of about RMB239m in 2017 from RMB3.94bn in revenue.

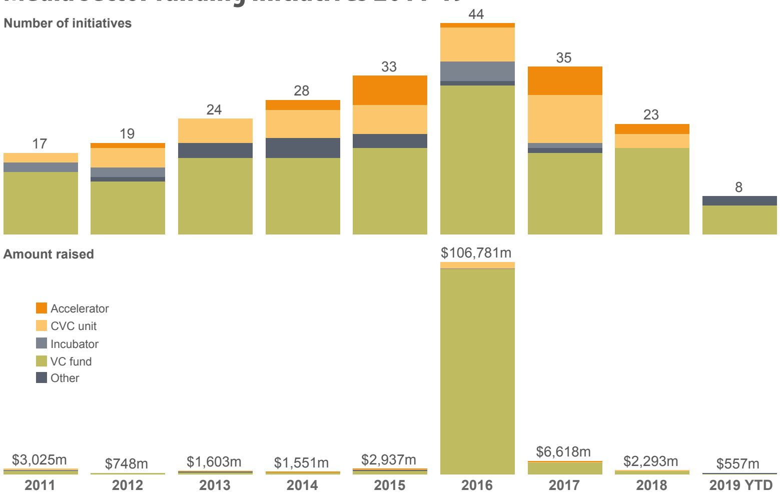
Qutoutiao, a China-based news aggregation platform backed by Tencent and smartphone producer Xiaomi, went public in an $84m IPO on the Nasdaq Global Market. The company issued 12 million American depositary shares, representing 3 million ordinary shares, at $7 each, the foot of the IPO's $7 to $9 range. An unnamed affiliate of JD.com bought about 2 million shares in the offering. Founded in 2016, Qutoutiao has created an app that aggregates articles and short videos from media companies and freelancers, personalising the feeds. It claims the platform has 62 million monthly users.

Funds

Between April 2018 and March 2019, corporate venturers investing in the media sector secured over $2.1bn in capital via 20 funding initiatives, which included 16 VC funds, two accelerators and two other initiatives.

SECTOR FOCUS

Media sector funding initiatives 2011-19



On a calendar year-to-year basis, the number of funding initiatives in the media sector went down to 23 in 2018 versus 35 in 2017 and 44 in 2016. Total estimated capital also decreased to $2.29bn by the end of last year, down 65% from the $6.62bn in 2017.

One of the oldest corporate venturing units from the media sector was shut down. US-listed media group WarnerMedia closed WarnerMedia Investments. Formed in 1998 as Time Warner Investments, WarnerMedia Investments was rebranded following the conversion of its parent company from Time Warner to WarnerMedia in 2018, after it was acquired by telecoms firm AT&T. The vehicle had built a substantial new media and media technology portfolio that included in-game communication software producer Discord, valued at more than $2bn and fantasy sports platform and fellow unicorn FanDuel, as well as NextVR and Conviva, which have each raised more than $100m.

WarnerMedia Investments' exits include online streaming management company Maker, which Disney acquired for $500m in 2014, advertising technology provider Adify, which was purchased by Cox Enterprises in a $300m deal in 2008, and content monetisation platform PlaySpan, bought by Visa in a $190m deal in 2011. Despite its history and record of success, the unit ceased to invest. Its portfolio is reportedly being managed by Priya Dogra, executive vice-president of strategy and corporate development for WarnerMedia, and could be sold to another investor. Other reports suggested it would be absorbed into WarnerMedia Innovation Lab, a new incubator and partnership hub headed by Jesse Redniss, formerly executive vice-president of data strategy and product innovation for Warner subsidiary Turner.

China-based venture capital firm Fortune Venture Capital secured RMB4.63bn for its latest renminbi-denominated fund from investors including property developer Century Golden Resources Group. Financial services firm Industrial and Commercial Bank, Shenzhen Yunneng Fund, Kpeng Capital and the city of Shenzhen's guidance fund also invested. Founded in 2000, Fortune VC focuses on media and telecoms technologies, consumer goods and services, agtech and cleantech.

China-based venture capital firm AlphaX Partners closed its first fund at RMB2bn with financial backing from online lending platform CreditEase, Focus Media and cybersecurity software producer Qihoo 360. Venture capital and startup services provider Zero2IPO Group and government guidance fund CICC were also among the fund's backers. The fund is both dollar and renminbi-denominated, and investors include unnamed US and European institutions as well as Chinese entrepreneurs. Founded in 2016, AlphaX targets Chinese high-growth companies developing technologies in sports and culture, consumer and enterprise software and AI.

SoftBank has established a $300m corporate venturing fund in China in partnership with a subsidiary of private equity group TPG. SoftBank will participate through SoftBank Ventures Korea, a Korea-based internationally-focused fund it set up in 2000, while TPG is represented by its TPG Growth division. China Ventures Fund I will back early-stage companies focusing on areas such as digital media and online content, AI and deep tech. Other investors include internet company Naver, mobile network operator LG Uplus, game producer Nexon, insurance provider KB and financial services firms KDB and NongHyup.

Venture firm ATM Capital raised $200m for the first close of a fund anchored by Alibaba's Electronic World Trade Platform and online listings platform 58.com. The corporates were joined by private investors including Xiaochuan Wang, chief executive of search engine provider Sogou. The firm has not disclosed a final target for the fund, which will focus on early and growth-stage investments in media, logistics, retail and financial technology developers operating in Southeast Asia. The firm's founding partners are Tony Qu, an associate director at Alibaba unit Alibaba Capital Partners for five years up to 2012 who went on to CDH Investments before founding Bat Capital, and Jeeves Jiang, former CEO of smartphone producer Coolpad Indonesia.

US-based venture capital firm Underscore VC closed its latest fund at about $117m, securing healthcare provider Boston Children's Hospital as a backer. Other investors include Greenspring Associates and various family offices. The capital was raised after the existing investors in Underscore's earlier fund approached the firm about a follow-on vehicle. Apart from providing funding, Underscore has created a network of entrepreneurs, executives and experts through which it pairs startups with mentors. Underscore invests in sectors such as augmented and virtual reality, AI and machine learning, marketing technology, cloud infrastructure, blockchain and the internet of things.

Media sector funding initiatives over the past year

Funding initiative	Type	Funds raised	Location	Focus	Investors
Unnamed Fortune VC fund	VC fund	$667m	China	IT, media, consumer, telecoms, services, industrial	Century Golden Resources | Fortune Venture Capital
AlphaX Partners I	VC fund	$313m	China	IT, consumer, media	AlphaX Partners | CreditEase | Focus Media | Qihoo360 Technology | Zero2IPO Group
China Ventures Fund I	VC fund	$300m	China	IT, media	KB Insurance | KDB Capital | LG Electronics | Naver | Nexon | NongHyup Financial Group | SoftBank | TPG
Unnamed ATM Capital fund	VC fund	$200m	China	Transport, services, media, financial	58.com | ATM Capital | Electronic World Trade Platform | private investors
Underscore VC II	VC fund	$117m	US	IT, financial services, services, media, industrial	Children's Hospital Boston | Greenspring Associates | Underscore Ventures
Sapphire Sport	VC fund	$115m	US	Media	Adidas | Anschutz Entertainment Group | Bank of Montreal | City Football Group | Intersect Ventures | SAP (Sapphire Ventures) | Sinclair Broadcasting | Wise Ventures | private investors
JB Nordic Fund I	VC fund	$113m	Finland	IT, industrial, media	Honda | NordicNinja | Omron Healthcare | Panasonic
Golden Gate Ventures III	VC fund	$100m	Singapore	IT, consumer, media	CTBC Group | EE Capital | Golden Gate Ventures | Hanwha | IDO Investments | Ion Pacific | Korea Venture Investment Corp | Mistletoe | Mitsui Fudosan | Naver | Temasek
Genesia Ventures II	VC fund	$45m	Japan	Industrial, IT, media, telecoms, services	Genesia Ventures | JA Mitsui Leasing | Marui Group | Mixi | Mizuho Financial | Tokyu Fudosan
Line Games-True-Kona Limited Partnership	Other	$22.7m	Thailand	Media	Kona Venture Partners | Korea Venture Investment Corp | Line | True Corporation
Propel Asia	Accelerator	–	Singapore	Services	District6 | Jones Lang LaSalle | Lend Lease | MeshMinds

Sapphire Ventures, the US-based venture capital firm spun out of software producer SAP, launched a $115m fund backed by its corporate parent. It will invest in sports, media and entertainment businesses. City Football Group, the holding company that owns football teams including Manchester City and New York City FC, was the fund's anchor investor, while baseball league Major League Baseball, American football franchise New York Jets and ice hockey team San Jose Sharks also invested. Other backers include apparel manufacturer Adidas, entertainment producer Anschutz Entertainment Group, mass media conglomerate Sinclair Broadcast Group and financial services firm Bank of Montreal. The ownership of basketball team Indiana Pacers and funds affiliated with the owners of American football team San Francisco 49ers also invested. Sapphire Sport will participate in series A and B rounds, making initial commitments of $3m to $7m. Areas of interest include next-generation media, sports betting and data analytics, digital fitness, eSports and gaming.

Finland-based venture capital fund NordicNinja VC attracted carmaker Honda and electronics companies Panasonic and Omron to its €100m inaugural vehicle. Public financial institution and export credit agency Japan Bank for International Cooperation also backed the vehicle, which is incorporated as JB Nordic Fund I and advised by venture capital firm Nordic Ventures. It will focus on deep tech companies in the virtual reality, artificial intelligence, autonomous mobility and internet-of-things sectors in the Nordic and Baltic states. NordicNinja cited ecosystems around KTH Royal Institute of Technology and universities in Odense, Denmark, and Espoo and Helsinki, Finland, as areas with promising technologies. Startups will receive between $2m and $5m and access expertise to help with expansion into Asia.

Singapore-based venture capital firm Golden Gate Ventures closed its third fund at $100m, having secured diversified conglomerate Hanwha, Naver and property developer Mitsui Fudosan as backers. State-owned investment firm Temasek and the government-backed Korea Venture Investment Corporation, were also among the fund's LPs. Founded in 2011, Golden Gate concentrates on series A-stage investments in Southeast Asia-based companies developing mobile and online-focused consumer offerings. The oversubscribed third fund reached its $65m first close, following a similarly oversubscribed second fund closed at $60m in 2016 with backing from Naver, Temasek, Hanwha subsidiary Hanwha Life Insurance and media company Hubert Burda.

Japan-based venture capital firm Genesia Ventures reached a $45m first close of its second fund, having secured commitments from several corporates. Investors include Mizuho Bank and Mizuho Capital, subsidiaries of financial services firm Mizuho Financial Group, machine leasing service JA Mitsui Leasing, payment services firm Marui Group, internet company Mixi and real estate developer Tokyu Fudosan's TFHD Open Innovation Program. Genesia will initially focus on investments in seed and pre-series A-stage companies, seeking new economy and digital media businesses, and technologies such as AI, robotics and drones, as well as digital innovations in telecoms, publishing and real estate. Targets will be based in Indonesia, Vietnam and Singapore but Genesia plans to expand to other countries in Southeast Asia.

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Thailand-based conglomerate True Corporation's True Incube incubator and Line Games, a gaming subsidiary of messaging platform Line, were among the founders of new private equity fund Line Games-True-Kona Limited Partnership, which has $22.7m to deply, according to a filing. State-backed Korea Venture Investment Corporation and True-Kona, a joint venture between True Incube and investment firm Kona Venture Partners, also backed the vehicle. The fund will make investments in early-stage companies in gaming and technology, where Line and True Incube hope to forge commercial partnerships.

People

Michael Yang left Comcast Ventures, the corporate venturing arm of Comcast, where he had been a managing director for nine years. Omers Ventures, the venture capital arm of Canada-based pension fund Ontario Municipal Employees Retirement System (Omers), hired him as a US-based managing partner to run an office it has opened in Silicon Valley. Yang led investments in healthcare, internet of things and virtual reality technology during his time at Comcast Ventures.

Eze Vidra, formerly an investment partner at corporate venturing unit GV, launched venture capital fund Remagine Ventures, as one of its two founding managing partners. Israel-based Reimagine will focus on media technology developers, and seek $40m, including media and telecoms companies as limited partners. Before setting up the fund, Vidra was chief information officer of Antidote.me, developer of a digital platform that links patients with clinical trials. Vidra joined Antidote in August 2016 having left GV, a subsidiary of Alphabet, eight months earlier. He was a general partner at the European office of GV, then known as Google Ventures, when it was set up in 2014.


Vidra

Bruce Haymes, a New York City-based managing director at Nielsen Ventures, the corporate venturing unit run by media information provider Nielsen, left to pursue an "opportunity elsewhere". Nielsen hired Haymes as senior vice-president of global business development and M&A in 2008. He subsequently led Nielsen's early-stage investment and accelerator programs linking the corporate's long-term strategies with externally developed businesses, and founded and launched Nielsen Innovate in Israel. Haymes's role was taken on, at least initially, by John Burbank, who oversees Nielsen's global corporate development and strategic innovation as well as Nielsen Ventures.


Haymes

Scott Levine left his managing director position at WarnerMedia Investments, media group WarnerMedia's now-defunct corporate venturing unit, to join Samsung Catalyst Fund. WarnerMedia Investments, formerly Time Warner Investments, hired Levine in 2011. He was responsible for investments in digital media startups and oversaw funding for portfolio companies that were later acquired.

After WarnerMedia's venturing subsidiary was closed, Allison Goldberg, a senior vice-president who was also the unit's managing director, left the company. Goldberg had been promoted to lead what was then known as Time Warner Investments after the retirement of Rachel Lam in 2017. Time Warner hired Goldberg in 2001 after she spent a year as a venture capital associate at Groupe Arnault, having jumped from media investment banking at Morgan Stanley after graduating in economics and finance from Wharton School.


Goldberg

Vincent Pieterson, formerly a managing director at RTL Ventures, Luxembourg-based media company RTL Group's corporate venturing arm, co-founded asset management firm Averest Capital. As a managing partner at Averest Capital, Pieterson will be responsible for deal execution, strategy, innovation and sustainability. The €30m fund will invest in Netherlands-based agtech, biotech, construction and retail businesses in the middle market. Each transaction will be between €5m and €10m. Before setting up Averest, Pieterson took an M&A adviser position at RTL Ventures in 2012, and was promoted to a managing director role in 2016 to oversee investments in e-commerce companies and healthcare and educational technology developers.

Jacob Smilovitz, director of mergers and acquisitions and investments at media company New York Times, was promoted to executive director of corporate development and financial planning and analysis. Smilovitz has held a range of strategy and development posts at New York Times since he joined in 2014, and was promoted to director of M&A and investments in 2017 after overseeing its $30m acquisition of product review platform the Wirecutter in 2016. In his new role, Smilovitz will manage the company's corporate venturing investments and merger and acquisition deals. Before joining New York Times, Smilovitz spent three years at digital advertising agency Rosetta, initially as an account executive before shifting to various consultant positions.

Eva Rez, formerly an investor at seed-stage venture capital fund Episode 1 Ventures, joined UK-based media company and broadcaster Sky as a senior investment manager. Rez said her position at Sky's Startup Investments & Partnerships would be her first corporate venturing appointment. Rez spent six months at Episode 1, scouting investments in UK-based deep tech developers. She also established and diversified relationships with incubators, accelerators and other VCs. Before that, she chaired the education committee at the Hungarian Venture Capital Association, helping to organise events for Hungary-based startups and VC ecosystem stakeholders.

Jen Kodner left Comcast Ventures where she had been head of talent since 2018, to join venture capital firm Draper Fisher Jurvetson as a talent partner. Kodner will now be responsible for working with DFJ's portfolio companies to identify and recruit new executives. Before that, she was a partner on the executive talent team at venture capital firm Andreessen Horowitz for nearly two years, and earlier spent over four years at cloud content management company

SECTOR FOCUS

Box, one of DFJ's portfolio companies, where she was part of the recruitment team.

Kirthiga Reddy has taken a venture partner position at the SoftBank Vision Fund. Reddy joined SoftBank Investment Advisers, which manages the fund, following an eight-year stint at social media company Facebook, having led its global marketing partnerships after spending six years as managing director for India and Southeast Asia. In her new role, Reddy will focus on investments in AI, robotics, health, bioengineering and internet-of-things technology. She told TechCrunch she was "actively recruiting" staff, particularly women investors. Before Facebook, Reddy worked at software provider Phoenix Technologies and smartphone maker Motorola.

Reddy

Marek Rubasinski left media company Sky, where he was director of its startup investments and partnerships team, to join UK-based gaming platform developer Polystream as chief commercial officer. Polystream is developing a cloud-based platform that will enable users to play any game directly on a website or platform without needing to create an account or download or install anything. As part of his new role, Rubasinski will help Polystream put together a series A round later this year while expanding its headcount as it looks to secure business and form long-term partnerships. Sky hired Rubasinski in 2008 to be its director of business development, a role that included responsibility for over-the-top video agreements with partners including gaming systems Xbox and Playstation.

Rubasinski

Jessica Verrilli left social media company Twitter to return to GV, an early-stage investment subsidiary of Alphabet. In October 2015, Verrilli returned to social media company Twitter less than six months after leaving to join GV. She left Twitter again in December 2017, having initially joined the company in 2009, rising through the ranks to become director of corporate development and strategy in 2014. Verrilli will be GV's only female investing partner and will concentrate on consumer technology with an interest in emerging technologies such as cryptocurrencies. She is also a co-founder of women's investing group #Angels, along with other female Twitter execs in 2015.

Verrilli

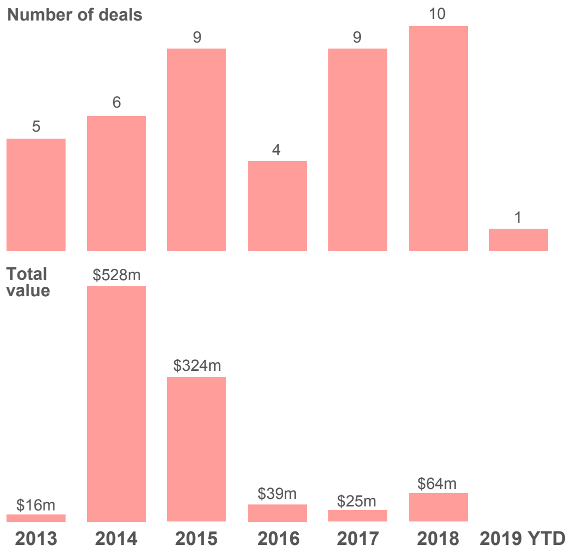
University backing for media companies

By the end of 2018, 10 rounds had been raised by university spinouts, a figure similar to the nine registered the previous year. The level of estimated total capital deployed in 2018 was $64m, more than double the $25m in 2017.

Bitmovin, an Austria-based video technology spinout from University of Klagenfurt, raised $30m in a series B round led by Highland Europe. Atomico, Constantia New Business, Dawn Capital and Y Combinator also supported the round. Founded in 2013, Bitmovin has developed technology to encode videos in the cloud, known as adaptive streaming. The technology matches quality to bandwidth, guaranteeing a constant stream and avoiding buffering. Stefan Lederer, Christopher Müller und Christian Timmerer, co-founders of Bitmovin, previously helped develop Mpeg-Dash, a video streaming standard now used by large platforms such as Netflix and YouTube. Their patent forms the basis for Bitmovin.

Vesper, a US-based microphone technology spinout from University of Michigan, completed a $23m series B round led by American Family Ventures, the corporate venturing arm of insurance provider American Family Insurance. The round also featured e-commerce and cloud computing firm Amazon's Alexa Fund, as well as microphone manufacturer Shure, computer interface developer Synaptics, Baidu and Bose Ventures, the strategic investment subsidiary of audio product supplier Bose. Vesper makes compact microelectromechanical microphones for use in devices such as voice-activated smart assistants and bluetooth headsets. The company's flagship product can act as a voice trigger in battery-powered machines while using low power.

Deals in university media spinouts 2013-19



Cerebri AI, a US-based customer engagement software provider co-founded by a University of Texas at Austin (UTA) alumnus, closed a $5m series A round backed by University of Texas's Horizon Fund. M12, the corporate venturing arm of Microsoft, led the round with contributions from venture capital firm WorldQuant Ventures and VC fund Leawood Venture Capital. Founded in 2015, Cerebri AI has created cloud-hosted software product Cerebri Values. It uses AI and machine learning to gauge customer engagement metrics such as marketing and customer service. The platform then suggests responses to help clients drive sales, revenue and other performance goals. ◆

Interview: Darcy Frisch, Hearst Ventures

Hearst Ventures' Darcy Frisch spoke to reporter Robin Brinkworth about competition, diversification and AI.

Hearst Ventures, where Darcy Frisch is managing director and vice-president, is the corporate venture capital (CVC) unit for Hearst – originally a publishing company but now billing itself as a media, information and services company with more than 360 businesses under its umbrella.

The unit's mission is, as Frisch put it, to make "investments for financial return and strategic insight about technologies and industries that matter to the Hearst corporation". Frisch defined success as delivering financial return or useful knowledge, and ideally both, whereas some strategic units may say that strategic return goes beyond "useful knowledge", and involves direct interaction with business units.

Investing from Hearst's balance sheet, Frisch said the unit had been investing since 1995, making it a good deal older than many other CVCs. The result is that Frisch and others in her team had "healthy networks of entrepreneurs and co-investors that are excellent sources of new opportunities".

Frisch's other major interactions are with the core business units of Hearst. The investment committee includes senior management from the operating divisions, which keeps the investment and business sides closely entwined. The investment team can leverage "the valuable knowledge" of their colleagues, while interacting with them "on a regular cadence to understand what matters to them, and how our portfolio could partner them".

"Sometimes I sense that technology is being hyped as AI, when in fact it is not AI at all"

Frisch acknowledged the competition across the sector, saying: "Venture investing is a competitive business, increasingly so with the amount of new capital flowing into the sector." While she did not think Hearst faced more or less competition than any other venture group, she also did not highlight Hearst's strengths, saying simply that Hearst Ventures had been committed to ensuring value-add for its portfolio companies since its inception.

Hearst Ventures was set up as the dot.com boom began to moount. Frisch said: "It was initially focused exclusively on digital media businesses." Now the unit also invested in sectors "beyond media", with Frisch seeing it as a "natural evolution" that mirrored the corporation's "expansion beyond consumer-facing media opportunities".

Hearst Ventures' parent now operates multiple business-focused media companies, and the venture team runs in tandem. Frisch said: "Current sectors of focus include transportation and logistics, real estate and insurance technology, and subscription-based consumer applications and services."

While Hearst still has investments in media publications and the services around them, such as digital media company Buzzfeed and social media scheduling tool Hootsuite, it has spread its net to include a much broader array of companies, such as delivery specialist FlashEx or inventory management software provider Systum.

That diversification is unsurprising. While Hearst made the change years ago, investment in media properties has been under pressure for some time. Corey Ford's media-focused venture fund is no longer investing, and others are betting that venture units will increasingly steer clear of publications.

Hearst's diversification has opened up new avenues of technology for Hearst Ventures to explore. Frisch is particularly excited by artificial intelligence. "It is not earth-shattering to say AI will drive technological change across every industry. In the same way new businesses and business models were built on the web, mobile and cloud, I believe we will see AI as the foundation for the most exciting tech opportunities ahead of us."

Asked about her favourite deal or startup, Frisch said: "Out of respect to my portfolio companies, I would rather not single one out over another. I don't have a favourite child, either."

Her enthusiasm is not unmitigated though, as she warned: "The term AI can be misused and misunderstood. Sometimes I sense that technology is being hyped as AI, when in fact it is not AI at all."

Frisch is currently focused on transport, looking at technologies that make moving around more efficient, greener and safer. "As individuals, enterprises and municipalities make choices about mobility and transit, tech that enables sharing, connectivity and electrification are interesting to me."

As she focuses on transportation, the Hearst team of eight will continue its global investment focus. Hearst Ventures, like many other units, invests in China, Europe, Israel and the US, focusing on those geographies due to "market size, technological innovation, and the relevance of the market to Hearst's 360-plus global businesses". ◆

Interview: The time is right – Jussi Lystimäki

Liwen-Edison Fu, reporter

The timing is right to launch a corporate venturing unit, according to Jussi Lystimäki, vice-president of Norway-listed media firm Schibsted, who was this year made vice-president of ventures at its spinoff, online classifieds company Adevinta, formerly Schibsted Marketplaces

Lystimäki said: "The timing of a new CVC is excellent – the opportunity is there. It looks like there will be a global slowdown, the hot air from marketplace startup valuations might come down over the next 12 months, automation and machine learning is getting into all verticals in marketplace businesses and enabling even faster change of user experiences, and massive amounts of VC money is available for new disruptors.

"So this is a great opportunity for people like us to be part of this rising wave of next-generation marketplaces, and help them to scale up. Surely the challenge is and will be on right timing and the scale of runways in those startups.

"Who knows when the car subscription services will hit large scales, when the automation in cars will enable mobility services as we believe will happen, or if models like US-based online real estate marketplace provider Opendoor or automated valuation-based real estate investor iBuyers can take the bear market well and change how we buy and sell properties in the long run?"

"We believe it is much more than money contributions"

Adevinta runs generalist, real estate, jobs and other types of digital marketplaces in 16 countries in Europe, Latin America and North Africa. Local brands hosted by Adevinta include France-based classifieds platform operator Leboncoin, Spain-based employment platform operator InfoJobs, Italy-based classifieds platform operator Subito, Hungary-based e-commerce platform operator Jofogás, Mexico-based used cars resale platform operator Segundamano and Brazil-based classifieds platform operator OLX.

Rolv Erik Ryssdal, chief executive of Adevinta, said in February: "We want to make a positive change in the world by helping everyone and everything find a new purpose. We believe every house can be a home, every person has a role to play and every object can live a second life – they only have to find their matching need. Our marketplaces create these matches, supporting local communities and building a sustainable future."

Localisation is Adevinta's key philosophy. Ryssdal added: "We want to have a positive impact on people's lives. We care about gaining and keeping the trust of our users and customers by acting responsibly."

Adevinta's corporate venturing arm invests in series A and B rounds for startups in the marketplace industry, focusing on real estate, mobility, jobs, education and reskilling verticals.

Lystimäki, who has more than two decades' experience in executive and board roles in the internet and digital economy globally, has launched and grown startups in Finland, the UK and Israel since the early 1990s.

Some of his companies – including Novintel, Tera Group, Prisma Consulting, Idean, Sendandsee, Tecc-Is, Mermit, Osaketieto, N-Game and Satama Interactive – were sold to industrial investors while some were listed on the Helsinki or London markets.

Lystimäki said some of the milestones attained so far at Adevinta's venturing unit were "starting the journey of building reputation, linking with the right ecosystem, founders and locations, and having good visibility to the market".

He added: "We invest across Europe, but mainly focus on hot spots where we believe next big marketplace disruptors will come from – London, Paris, Berlin, Nordics and Spain."

Adevinta Ventures has invested in three VC funds as a limited partner – seed-stage marketplace fund SpeedInvest X based in Vienna and Berlin, early-stage fund AtlanticLabs based in Berlin, and seed-stage fund Stride.VC based in London and Paris.

"In addition," Lystimäki continued, "we have done two direct startup investments as a minority shareholder, and in syndication with other VCs, such as SpeedInvest, Cherry Ventures, AtlanticLabs and Sweden-based Northzone.

"In order to learn about the space and the landscape, plus do proper homework, we did a study on future of marketplaces together with UK-based data-driven fintech platform provider Dealroom, Germany-based VC firm Point Nine Capital and SpeedInvest at the end of last year.

"Our core business is all about online marketplaces, which usually cope well with market slowdowns. Actually, they usually thrive in tough markets." Lystimäki considered the group's business strategy to be solid as Adevinta planned to go public on the Oslo Stock Exchange.

Lystimäki concluded with his and his team's mission and ambition. "As a corporate VC team, I can see a stable trend going forward and clarity to nail our mission in months and years to come. Our success comes through active and close cooperation with the founding teams in whom we have invested.

"We believe it is much more than money contributions. Our ambition is to connect them with our local marketplaces to gain relevant and low-cost traffic advantage to scale up low-cost customer acquisition cost and do remarketing, connect with our local data pipes to teach their algorithms to win over competition, and help to work on their go-to markets for countries we have a strong footprint in, such as Spain, France, Italy and Mexico." ◆

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SPECIAL REPORT

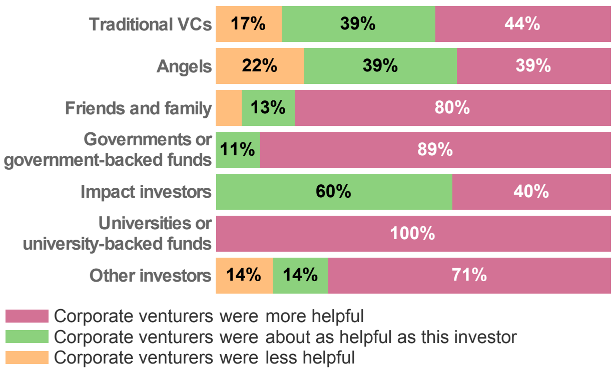
GCV founders pilot survey

In February and March this year, we conducted our pilot survey of founders of businesses receiving corporate funding and how corporates compared with other types of investor

Kaloyan Andonov, reporter, GCV Analytics

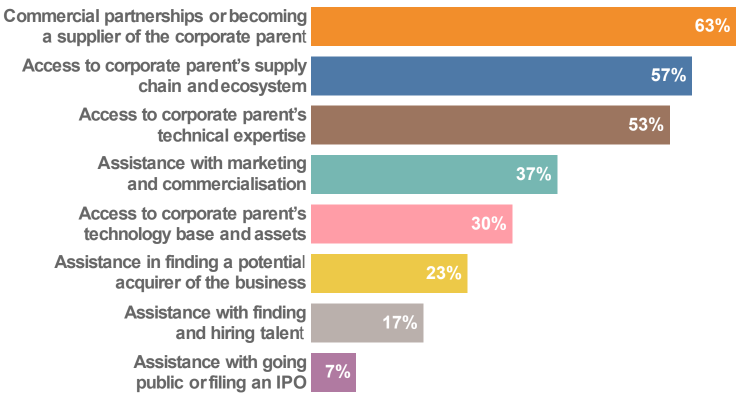
Responding anonymously, 31 portfolio companies said corporates were consistently more helpful or at least equally as helpful as other investors.

Value added by corporate investors compared with the investors below



According to our survey data, startup founders set their expectations on the value that corporate can delivery in accordance with their actual capabilities. Commercial partnership (63%), access to the corporate supply chain and ecosystem (57%), access to corporate technical expertise (53%) and active assistance with marketing and commercialisation (37%) are the top-ranked expectations.

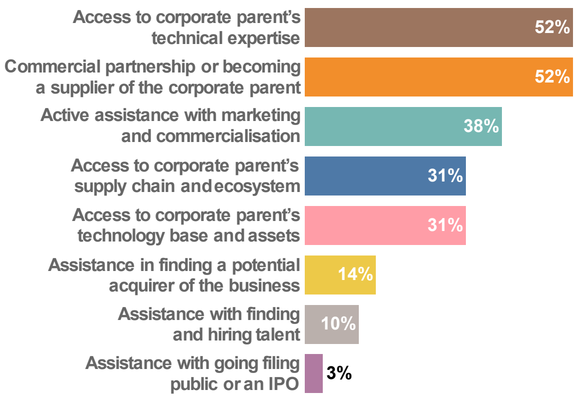
Expectation, before investment, of benefits from a corporate backer beyond financial backing



However, in terms of benefits actually obtained from corporate investors, corporates fall short on delivering access to their supply chain and ecosystem – 57% of respondents expected to obtain this benefit, while only 31% said they had actually obtained it. Corporates also fall short on assistance with potential exits. Few corporates are actively helping startups find potential acquirers – 23% of respondents expected them to but only 14% of startups received or are receiving such assistance.

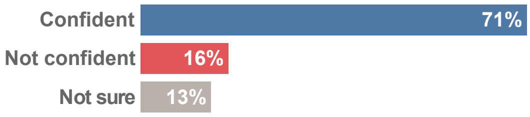
It may be argued, however, that the latter is not surprising, as corporate venturers primarily have strategic objectives in mind when committing capital, whereas financial objectives place a higher weight on an eventual exit. The fact that nearly a quarter of respondents expected corporates in their syndicate to help them look for an acquirer may reflect particular circumstances around specific businesses.

Apart from financial backing, benefits the business obtained after investment



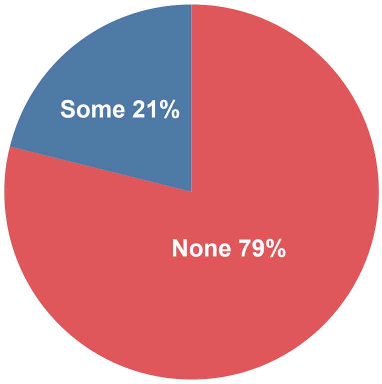
SPECIAL REPORT

Confidence that corporate venturers will continue to back the business in future rounds



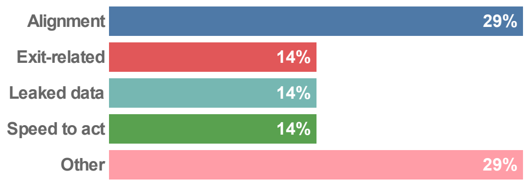
An often-cited shortcoming of corporate investors – that corporates are perceived as unreliable follow-on investors – has been dispelled by the survey. The majority of respondents (71%) say they feel confident that corporate venturers will continue to back their businesses in subsequent funding rounds.

Contentions between the business and corporate venturing investors

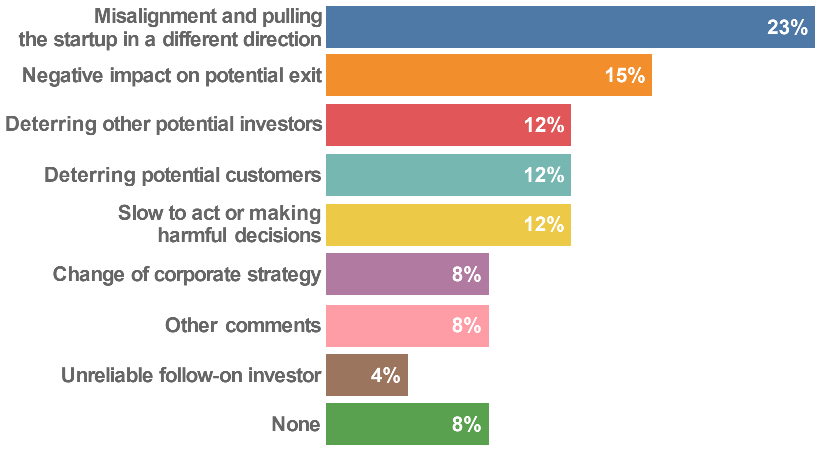


Results from our survey also appear to counter the fear that corporate venturers deal with portfolio companies suboptimally, creating friction. Nearly eight out of 10 surveyed startups said there had been no contentions in their relationship with corporate investors. The few who reported some conflicts with corporates said it was related to alignment issues, leaked data, potential exit and the corporate's poor timing in taking action.

Points of contention

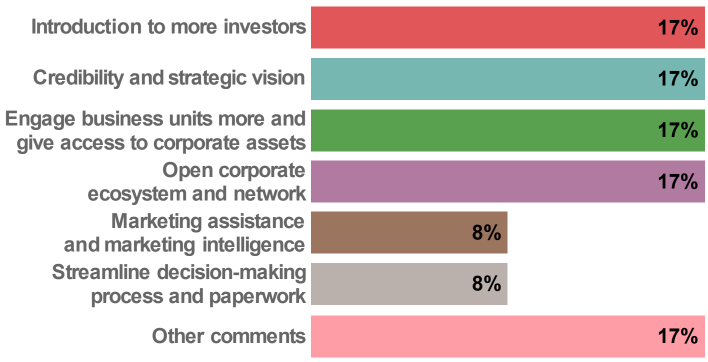


Apprehensions and fears about having a corporate venturing backer



The biggest fears founders have about corporate investors concern misalignment and corporates pulling the business in a different direction (23%), negative impact on exits (15%), deterring other potential investors – whether VCs or CVCs (12%), deterring potential customers (12%) and being be slow to act or acting harmfully with its decisions (12%).

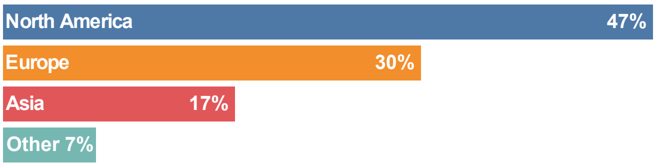
What businesses also want from corporate investors



What more could corporates do for the businesses in their portfolios? According to the emerging businesses themselves, greatly appreciated new benefits would be connecting them or introducing them to more investors – corporate or not – establishing credibility and communicating a clear vision on the CVC vehicle and its objectives, engaging business units more and giving more access to corporate assets, and opening the corporate ecosystem and network.

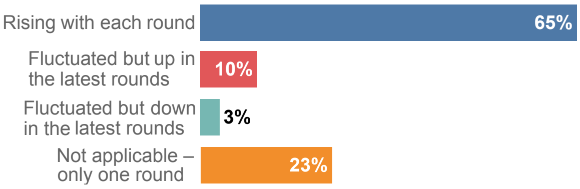
SPECIAL REPORT

Origin of respondents



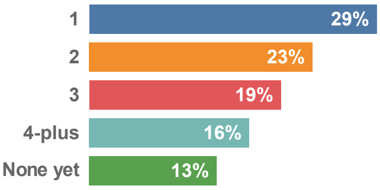
Geographically, startup founders who responded to our survey represent the world's three major regions of innovation – North America (47%), Europe (30%) and Asia (17%)

Valuation subsequent to funding rounds



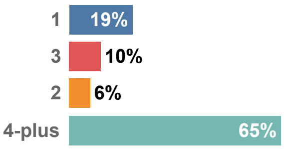
Except for about a quarter of respondents (25%) who have just raised their first venture capital round, the valuations of the majority have either gone up with each consecutive round (65%) or fluctuated but eventually gone up (10%).

Number of corporate venturers backing the business



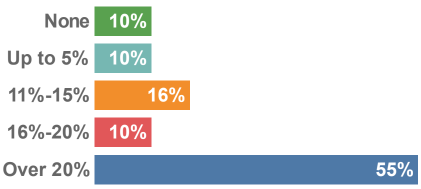
Nearly six in 10 startups (58%) have received financial backing from at least two corporate venture investors. About three (29%) out of every 10 have been backed by just one.

Number of corporate venturers considered for raising capital



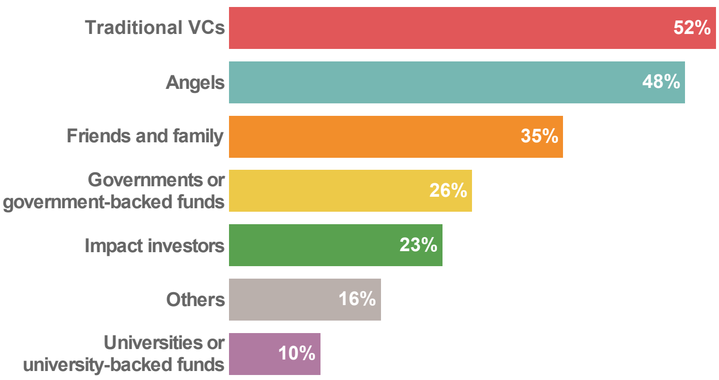
More importantly, nearly two thirds (65%) of respondents have considered raising capital from four or more corporate venturers. This suggests some degree of reluctance among startups to take cheques written by corporates and also that, in their perception, perhaps not all corporate money is created equal.

Percentage of the business owned by corporate venturers



More than half the startups in the survey (55%) said 21% or more of their business was currently owned by corporates, which suggests continuous investing in follow-on rounds by corporate venturers.

Other investors in syndicates backing the business



Nearly half the respondents said they had received money from traditional venture capital firms (52%) and angel investors (48%). Slightly more than a third (35%) have been backed by family members and friends and almost a quarter by government agency and government-backed funds (26%) or impact investors (23%). Only 10% said they had received funding from universities or university-backed funds. ◆

COMMENT

Impact investing – time to capture market potential

Philippe Le Houérou, CEO, International Finance Corporation

Sometimes one bottom line is not enough. Many investors are no longer satisfied simply by turning a profit. More and more also want their investments to generate a positive impact in the world. That means additional capital can be devoted to the globe's most urgent challenges – like tackling poverty, confronting climate change, and providing access to clean water and power. But whether investors achieve a double bottom line – profit plus impact – depends on how funds are invested and managed for impact.

This month, 60 global investment firms and development finance institutions will take the first historic step, embracing a new set of standards that will bring discipline, transparency, and credibility to the impact investing market. We now want many others to join us – it will be good for business and good for the world.

Here's why. Impact investing, now a relatively small market, is poised to grow rapidly as financial assets move from Baby Boomers to Generation X and Millennials. These younger investors are keenly interested in environmentally and socially motivated investment – and they are willing to put their money to work in ways that benefit society. According to Accenture, $30 trillion in wealth will be transferred from Baby Boomers over the next three decades in North America alone.

The opportunity is clear, thanks to this potentially transformative alignment between the demands of investors and the world's development needs, estimated at several trillion dollars annually to conform with the UN's Sustainable Development Goals.

We still need more data on whether impact investing can bring the same profits as other investments, but there are some promising examples. For instance, the long-term performance of the International Finance Corporation's own portfolio shows you can achieve impact in a wide range of developing markets without having to accept lower returns. On average, the IFC's realised equity returns outperformed the MSCI Emerging Market Index from 1988 through 2016. Even more interestingly, our average returns were higher in lower-middle-income countries than in upper-middle-income countries.

The private impact investing market is now measured in the billions, but it should be in the trillions. The IFC estimates that investor appetite for impact investment could today be as much as $26 trillion. But investors will need to have confidence that "impact" is not just a marketing slogan. They need to know exactly what constitutes an impact investment, how their funds are being managed, and how the impact is measured. Until now, there have been no clear market standards – and that is keeping investors from putting funds into impact products.

The private impact investing market is now measured in the billions, but it should be in the trillions

The new Operating Principles for Impact Management are designed to address these roadblocks and help bring impact investing further into the mainstream. They provide the first common market standard – defining impact, creating consistency for asset managers, and easing concerns about "impact washing". As a result, investors will finally have a transparent way to achieve adequate financial returns and positive measurable outcomes for society.

The principles reflect best practices across a range of public and private institutions. They were refined over a three-month public stakeholder consultation, which included input from investors, industry associations, development finance institutions and non-governmental organisations. The principles integrate impact considerations into all phases of the investment lifecycle – strategy, origination and structuring, portfolio management, exit and independent verification. Critically, the principles call for annual disclosure of how they have been implemented, thereby enhancing their credibility in the market.

Can this work? We believe so. Other similar initiatives are working well. Fifteen years ago, we worked with international banks to establish the Equator Principles, which are now the most tested and applied global benchmark for sustainable project finance in emerging markets. The Equator Principles have been adopted by 94 institutions in 37 countries and have greatly increased the attention and focus on environmental and social standards and governance.

Another example involves green bonds. This market, which started from nothing in 2007, now has the Green Bond Principles, established in 2014 to promote market discipline and transparency. Since then, annual green bond issuance has grown from $10bn in 2013 to over $180bn in 2018.

The 60 asset managers and institutions that have adopted the impact investing principles collectively hold over $300bn in assets invested for impact. This is a major first step. Other asset managers, asset owners, asset allocators, development banks, and financial institutions are welcome to join us to create a powerful market. We need an impact investing market in the trillions of dollars that gives profits to investors, helps protect the environment, creates good jobs and creates a better world for everyone. ◆

COMMENT

Rise of the venture studio

Steve Gotz, partner, Silicon Foundry

When TechStars launched TechStars Studio they described it as an environment for corporates "to rapidly envision, validate, and launch disruptive new startups". In addition to TechStars Studio, a burgeoning number of venture studios have been launched. I believe it is time to declare that studios have become the new accelerators, which means it probably makes sense for corporate strategy and innovation executives to start thinking about how studios may be an important new capability in their strategic arsenal.

Venture studios, as we know them today, have existed in one form or another for at least a decade, but until recently only a handful existed, such as IdeaLab, RocketInternet and Betaworks. Studios are different from traditional accelerators in many ways, one of the most significant being identification of opportunity. Accelerators generally wait for an entrepreneurial team to form and pitch an idea, whereas a venture studio generally relies on a core team to explore and validate new opportunities, often in collaboration with other funds or corporations. When a viable one is identified, the studio recruits a team to pursue the opportunity.

It may seem like a small difference, but in reality the advantages of this model quickly become apparent. Traditional accelerator programs need to wait for a team of entrepreneurs to find each other organically, mobilise around a shared idea and start validating an opportunity, a complex process that is fraught with inefficiencies and a multitude of existential threats to the team and company. Venture studios are an attempt to eliminate the inefficiencies of that startup process, to the greatest extent possible.

Venture studios have an additional key quality – the ability to create exceptionally talented teams of entrepreneurial operators and point them, with a laser-like focus, at the most pressing challenges and largest growth opportunities. The best venture studios I have seen are focused and intentional about validating an opportunity and then methodically finding the best team of entrepreneurial athletes to pursue the opportunity maturely and methodically.

What would you do if you knew you had at your disposal a world-class team of entrepreneurs obsessed with staying one step ahead of the competition?

Beyond these core qualities, venture studios quickly start to take on customised properties.

- Some studios collaborate with corporates (High Alpha), others operate more at arm's length (NFX).
- Some studios have their own investment fund (Union Labs), other studios operate on a consulting basis for corporates (Mach49).
- Some studios are set up as wholly-owned corporate subsidiaries, others are set up by consortia of corporates who collectively own the studio.

Based on early data, it appears that some of these tweaks can have a significant impact on the ultimate success or failure of the studio itself and the companies it has a hand in creating. It is for this reason that executives from some leading US venture studios – High Alpha, Ideo CoLab, Expa, TechStars, Pioneer Square Labs, Human Ventures, Union Labs, Science – recently gathered in San Francisco for the first meeting of the Venture Studio Collective. They came together with the goal of exploring ways to share best practices but accomplished much more.

By the end of the meeting the walls were covered with ideas to improve communication of venture studio value propositions, operating principles for engaging with entrepreneurs and, most importantly, ways to create uniform standards and key performance indicators so that performance can be measured accurately by entrepreneurs, corporate clients and institutional investors.

So what does this mean for the modern executive? Think about the possibilities. As the CEO of an incumbent corporation, what would you do if you knew you had at your disposal a world-class team of entrepreneurs obsessed with staying one step ahead of the competition?

Spanish bank BBVA asked that question and in response they setup Denizen, an innovative cross-border bank account designed for expatriates. Standard Chartered asked that question and in response it is building a new digital bank in Hong Kong. Heidelberg Cement asked that question and built the Uber of cement trucks. We are only scratching the surface with these examples – just within the financial services sector there are a broad range of areas ripe for reinvention and incumbent corporations have an important role to play in that process.

We have entered a period where technology and impatient capital markets accelerate market change through the lowering of traditional barriers to entry and emergence of unexpected rivals from previously disparate markets. In this market you can either be the disruptor – sometimes of yourself – or you will be disrupted. While it is still early, venture studios appear to be one of the best ways to pre-empt irrelevance and catalyse growth.

I do not think it is provocative to say that in the not-too-distant future most corporations will add venture studio capabilities to their strategic toolkit, in much the same way that accelerators have proliferated across the corporate landscape. The most forward-thinking organisations are already experimenting with the model. Are you? ◆

COMMENT

Entrepreneurial spillovers from corporate R&D

Tania Babina, Columbia Business School, and Sabrina Howell, NYU Stern Business School

Corporate investment in research and development creates new growth options. The optimal boundaries of the firm depend on the nature of the growth options it creates and on limits to contracting with employees. As a result, some new growth options may end up outside the firm boundary in startups founded by former employees.

Though there are many anecdotes of employee departures from innovative incumbents to entrepreneurship, it is not obvious that R&D will increase employee startups. Instead, R&D might lead the firm to grow internally or become a more interesting workplace, leading to greater employee retention. To our knowledge, this is the first paper to explore startup creation as a type of R&D spillover.

We ask how R&D affects employee departures to entrepreneurship using US census employer-employee matched panel data, or each public firm establishment year, we follow departing workers and examine whether they are on the founding team of a new firm – top five earners of a firm founded within three years of when R&D is measured.

Our baseline model shows that a 100% increase in firm R&D leads to a 8.4% increase in employee-founded startups. Over the course of the sample, above-relative to below-median R&D changes yield 10,541 additional employee-founded startups, which is 9.7% of all employee-founded startups in the data.

These R&D-induced startups are much more likely to be venture capital-backed than the average employee-founded startup, suggesting that high-risk high-reward growth options from R&D are more often reallocated.

The startup creation spillovers that we document could arise from two channels. In what we term the intellectual capital channel, R&D generates new ideas or technologies that are deployed by employees in new firms. The alternative channel is human capital, where learning-by-doing during the R&D process increases employees' entrepreneurial skills.

These spillovers are crucial to economic growth – they also seem to be large in magnitude

The cross-sectional evidence is more consistent with intellectual capital. High-tech parents and those that conduct broader research have higher effects per dollar of R&D. Further, within the population of employee startups, higher parent R&D is strongly associated with venture capital backing. This associates the effect with new ideas.

The intellectual capital channel is consistent with R&D-induced employee entrepreneurship being a direct avenue for R&D spillovers. These spillovers are crucial to economic growth – they also seem to be large in magnitude. However, they are difficult to observe, and little is known about their transmission channel. We also do not know much about the identity of spillover recipients. The literature has typically assumed that potential recipients are close in technological or geographic space. Research at the individual level has focused on inventor networks, particularly in academia.

We extend this literature by documenting a specific transmission channel for R&D spillovers, and by focusing on R&D inputs and the firm boundary rather that patents.

The loss of the employee and R&D output may be costly to the parent, but several tests suggest that the costs are not extremely large. We expect that if the effect is very costly to the firm, it will be smaller in states that enforce non-competitive covenants. Instead, those states exhibit an effect similar to states that weakly enforce non-competitive covenants. We also expect that if the effect is very costly, it will be smaller in sectors where intellectual property is easier to protect. Instead, it is equally strong in these sectors. Further, R&D-induced startups are likely not to compete in product markets with their parents, because they tend to be in different industries.

Our results have two policy implications. First, the employee entrepreneurship effect of R&D implies greater corporate underinvestment in R&D relative to the social optimum than previously thought. Second, the presence of R&D spillovers are one motivation for offering firms tax credits that lower their cost of R&D investment. The employee entrepreneurship effect of R&D is much larger in the instrumental variables model than in the fixed effects regression. This suggests, albeit in a partial equilibrium sense, that R&D tax credits are effective in that they lead to greater R&D-induced employee entrepreneurship.

A final contribution of our paper is to offer another channel for the link between industrial agglomeration and R&D spillovers, which is often attributed in part to the importance of tacit information. R&D spillovers have been found to be quite local and to decline with distance. A remarkable 88% of employee-founded startups in our data are located in the same state as the parent. ◆

Read the full paper

INNOVATIVE REGION

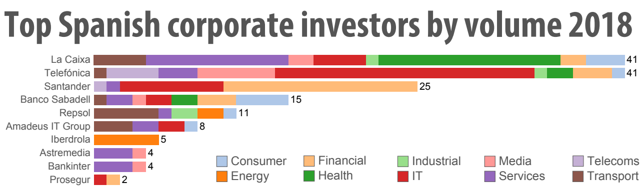
Spain flies the flag for entrepreneurs

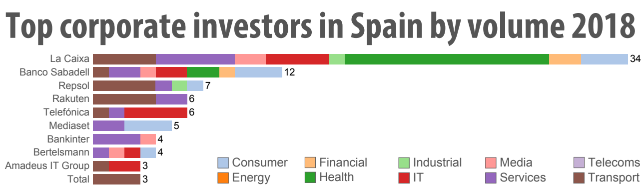
Robin Brinkworth, reporter

In 2009, Spain hit a low in terms of overall venture capital investment, with just €120m ($134m) invested. After the recession, Spain was one of the troubled economic countries known as Pigs – Portugal, Ireland, Greece and Spain. Investment has grown since, and Spain has relatively recently developed a reputation as an innovation hotspot.

Spain has undergone significant political turmoil, with a corruption scandal ending Mariano Rajoy's administration in 2018, and continuing debates surrounding Catalonia's independence. Spain's legislative agenda has not been as focused on innovation as those of other countries, and it has an effect.

Suzanna Chiu of Spain-based travel giant Amadeus pointed out that the legal framework was a problem. "Spanish law is not yet flexible enough to accommodate VC investment structures typical in the US or the UK, and investors take a higher risk under the Spanish legal framework. A lot of the promising young startups – especially serial entrepreneurs – go to the US and have their legal entity established there instead of staying in Spain."





Spain's active corporate investors are also relatively few and far between, especially compared with the UK or France, but those that are active now have more investment experience. Nearly 30 active or putative corporate venturers attended the recent GCV Connect network meeting hosted by IESE Business School *(see report)*. La Caixa and Telefónica each have 41 global investments under their belt, while Santander is now at 25. Total venture capital investment in Spain is now up to €562m ($629m) in 2018.

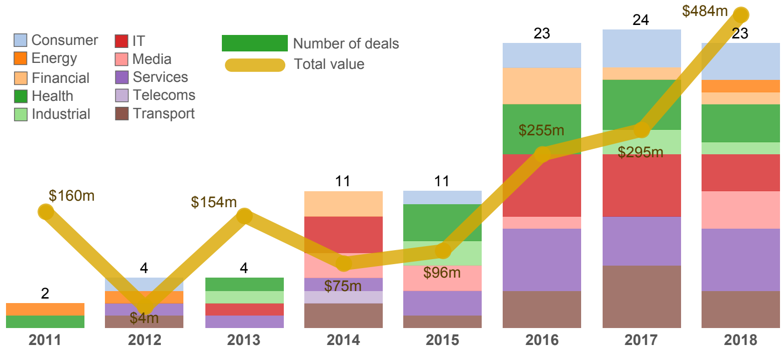
Of those investments, La Caixa has invested in Spain 34 times, while some external CVCs like Bertelsmann and Rakuten have spotted potential in Spain, backing a handful of startups each. More foreign money is flowing into Spain, with $366m of investment in 2018, compared with just $169m the year before.

This money helps the startup scene in Spain more broadly, which Chiu said would continue to grow, in part because the relative cost of talent. "There is a well-educated labour force in tech and engineering here in Spain at a fraction of the cost compared with major startup hubs."

While the talent is there, like many other European countries, Chiu sees Spain's problem as partly a function of its domestic market. "The challenge for Spain is probably quite similar to other European countries, where the domestic market is not as big and homogeneous as places like the US and China. A startup needs to go international very quickly, overcoming language and legislation barriers and competing with startups that have a bigger home market advantage. In terms of culture, tech and startups are not a mainstream career yet and the cost of failure, both personal and financial, can be huge."

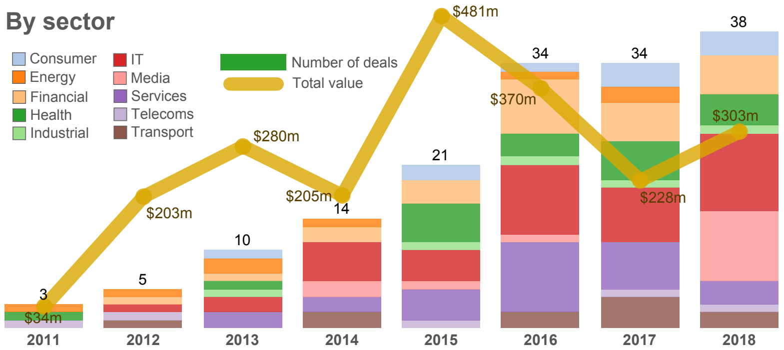
Spain's population of nearly 47 million offers a significant domestic market. Within that market, a cultural shift is under way with greater promotion of startups and a developing innovation ecosystem. Chiu cited matching funding from the public sector for certain VCs who meet eligibility criteria, and the possibility of EU funding. Chiu also noted: "US funds have started to look into Spain by investing through or co-investing with local based funds. Now with two homegrown Spanish unicorns, it helps to put Spain on to the global startup map."

Corporate investments in Spain 2011-18

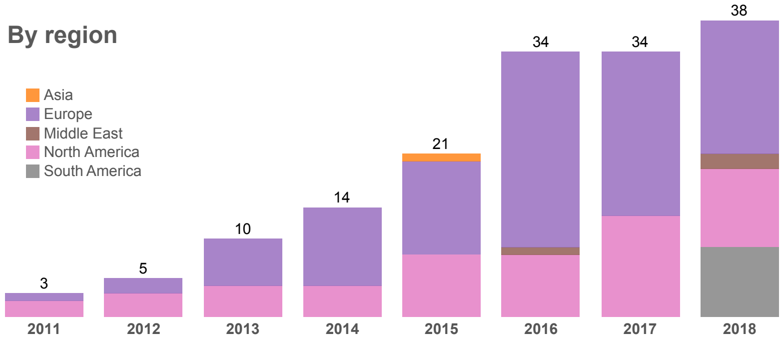


Investments by Spanish corporates 2011-18

By sector



By region



Spain enjoyed a record level of venture capital and private equity investment last year – €5.8bn ($6.5bn). Much of that investment was external, with international funds making up 77% of the total volume. However, corporate venture capital investments made up some $484m, a rise from 2017's figure of $295m.

Chiu's own company, Amadeus, is headquartered in Spain. Chiu said: "We interact a lot with the local ecosystem, work with accelerators and major business schools in the country, we sponsored startup events, and exchange dealflow and perspectives with local VCs."

Spain's corporates are starting to move, and not just within Spain. The deal count has risen from just three in 2011 to 38 last year, when Spanish corporates invested $303m globally, with a strong focus on IT and media.

An interesting development is the rise of Spanish corporates investing outside Europe and the US, which have previously grabbed the lion's share of cash. 2018 saw multiple deals done in South America. There are also signs of an increasing interest in the Middle East.

Spanish universities are increasingly becoming a source of innovation and startups. Amadeus invested in Situm, the result of years of research in the University of Santiago de Compostela.

Chiu said: "They work on the problem of indoor navigation at a fraction of the cost of mainstream solutions and it is gaining traction across industries and geographies. Telefónica, through its accelerator Wayra, plays a significant role in Spain and beyond. When corporations develop further understanding on the importance of innovation, we will continue to see vertical-specific accelerators emerging." ◆

INNOVATIVE REGION

GCV Connect brings people together in Madrid

James Mawson, editor-in-chief

Prof Juan Roure and Juan Luis Segurado from IESE business school hosted the Global Corporate Venturing Connect corporate venturing meeting in Madrid, with registrations from Amadeus IT Group, Banco Sabadell, Bankia, Caixa Capital Risc, Ferrovial, Fundacion Endesa, Globalvia Infraestructuras, Iberdrola, IBM, IMDEA Energy, Naturgy, Orange, Repsol Corporate Venturing, Santander and Telefónica, it was the Spanish business elite in their favourite home. Special thanks also to Kaloyan Andonov and Liwen Edison Fu from GCV's Madrid office for coordinating the partnership and preparing the data.

Gonzalo Martín-Villa, chief innovation officer (CIO) at Spain-based telecoms firm Telefónica, was interviewed on stage by Juan Roure, professor of entrepreneurship and negotiation at IESE Business school. The interview will form the basis of a case study on corporate venturing being developed by IESE.

Martín-Villa told the audience that, despite his background in law, he took a CIO position, as he had always enjoyed driving change internally through his 21 years in Telefónica. However, the primary push to enhance the corporate innovation kit through startups was feedback received from customers requiring more innovative products and services.

Martín-Villa said that was the reason behind investing up to €50,000 ($56,000) in startups when Telefónica´s Wayra accelerator program kicked off, initially writing cheques mostly on a one-size-fits-all basis. He also pointed out that the program had been a valuable learning tool, highlighting the importance of involving C-suite members early to demonstrate the value of technologies that may reach a level of commercial viability within three or more years.

However, convincing startups to trust Wayra was no easy task, as the first instinct of founders was to distrust the intentions of an industry incumbent such as Telefónica. So Martín-Villa and his team quickly learned some fundamental best practices for corporates working with startups – not to demand commercial exclusivity or show intentions to acquire an emerging business.

Wayra and the innovation toolkit of Telefónica have evolved since their beginnings and so has the company's culture. In addition to Wayra, which can now supply of up to €150,000 per startup, Telefónica also runs a venture capital division with 12 portfolio companies, and its Amerigo fund – a fund of funds committing capital to traditional VC funds that cover areas of strategic interest for the company.

In Martín-Villa's words, Wayra has become an "open door for startup founders who do not know who to talk to in Telefónica." The contact with startups, he said, had led to a further internal engagement within Telefónica. On its inception, Wayra needed experts to evaluate startups' pitches, so they were sourced internally via a platform dubbed "Wayra Friend",

INNOVATIVE REGION


Paul Morris, left, talks to Suzanna Chiu and Pedro Irujo

which allowed corporate employees around the globe to participate in the process.

Martín-Villa also placed an emphasis on using proper key performance indicators for an innovation initiative. He pointed out that the two most important indicators at Telefónica were the amount of revenue the corporate parent obtains from startups' products as well as the money impact from partnerships and other agreements for introducing startups' products or services internally.

He said valuations were, in principle, important but less so than a startup's strategic fit, pointing out that even in exit transactions with truly large returns, the impact on the corporate's bottom line was negligible.

This balance between strategic and financial returns is at the heart of many corporate venturing units' creation issues.

In two case studies and a question and answer session, Paul Morris, head of the GCV Academy, led a discussion with Suzanna Chiu, head of Amadeus Ventures at Amadeus IT Group, and Pedro Irujo, former founder of Cemex Ventures, the corporate venturing unit of Mexico-based cement company Cemex.

Amadeus Ventures and Cemex Ventures are both Spain-based – the former's parent is located in Spain while the latter's is in Mexico – and Irujo and Chiu talked about the advantages and disadvantages of physical proximity to the other business units. The characteristic they share is that neither of them is based in entrepreneurial hubs such as Silicon Valley or London.

Amadeus Ventures had invested in 12 portfolio companies at the time of the discussion, with another expected soon afterwards, while Cemex has backed eight.

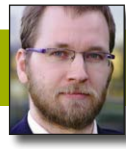
Regardless of location, they agreed that a close relationship with the senior management team and the parent organisation's business units was imperative when setting up a CVC unit. They also stressed the importance of formulating specific metrics and key performance indicators concerning strategic values.

Chiu said the focus was not on number of deals or amount to invest each year, but how many could be digested at a suitable maximum exposure – in Amadeus' case €3m. ◆


Gonzalo Martín-Villa, left, debates with Prof Juan Roure

UNIVERSITY CORNER

A first quarter to smile about



Thierry Heles, editor, Global University Venturing

The first quarter of 2019 may not have broken records, but it puts the year on track for a solid performance after the historic successes of the previous 12 months. While the first three months have not demonstrated quite as notable a trajectory in terms of deal numbers, there remains cause for optimism that this year will be another great one.

The first quarter serves as a solid footing – each month brought 49 deals for a total of 147 investments. Although this was fewer than the 174 deals in the same period a year ago, they were worth a total of nearly $2.58bn – slightly more than the $2.53bn recorded in the first quarter of 2018.

It is too early to determine whether a flurry of transactions across 2018 and smaller deal sizes will be replaced by fewer deals and bigger cheques, but the fact that the deal count has dropped only a little while more capital has flowed into spinouts is a heartening sign that the ecosystem remains in good shape.

Some of the deals were big. Passage Bio, a US-based company developing treatments for neurological diseases based on research at University of Pennsylvania, obtained an $115.5m in a series A round that included Lilly Asia Ventures, an investment vehicle for pharmaceutical firm Eli Lilly, in February. The corporate's involvement was also a reassuring sign that all the talk about the difficulty of attracting the industry's early interest is not always true.

Impressive figures were also raised outside the traditional centres of tech transfer – continental Europe is all too often seen as lagging behind the UK and the US. One such transaction was the $91.5m investment by pharmaceutical firm Sanofi in Germany-based immuno-oncology therapy developer Biontech in connection with the extension of a research and development collaboration agreement. Biontech is a spinout from Johannes Gutenberg University Mainz that has been developing immunotherapies since 2008, long before the concept became popular in the mainstream press.

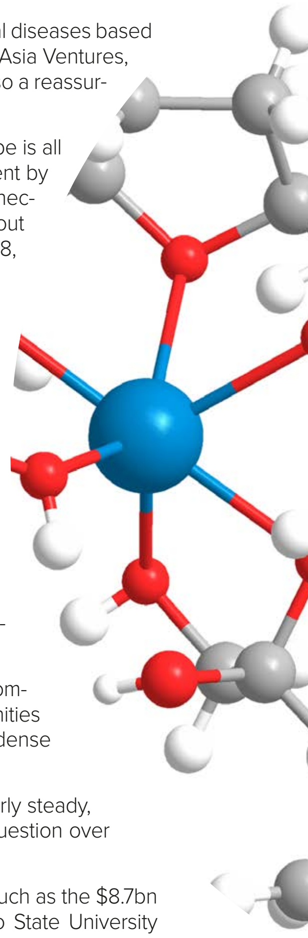
Impressive figures were also raised outside the traditional centres of tech transfer

Both these examples are healthcare-focused and this sector has always been the most important area for university commercialisation, followed by IT. However, the consumer sector experienced a surge in February and accounted for $124m of deals, while transport accounted for $147m in January.

There is another reason to be upbeat – 40 funds either were launched with a dedicated focus on spinouts or secured university capital over the first quarter. Noteworthy funds include the $273m Osage University Partners III, which reached its oversubscribed final close in March and hopes to invest in 40 to 50 university-linked businesses, and Lab1636, a $100m investment partnership between Harvard University and Deerfield Management also unveiled in March that Vivian Berlin, managing director of strategic partnerships in Harvard's office of technology development, said "may prove transformative for Harvard research".

Here, too, Europe made a splash with funds such as Fraunhofer-Gesellschaft, an association of 72 Fraunhofer applied research institutes in Germany, announcing a $68m early-stage tech transfer vehicle with the help of EU institutions including the European Investment Fund in February.

And Finland-based venture capital fund NordicNinja VC attracted carmaker Honda and electronics companies Panasonic and Omron for its $113m inaugural vehicle, also in February, to focus on opportunities arising from the ecosystem around KTH Royal Institute of Technology and thise of universities in Odense and Espoo.



Of course, money going in also means money having to come back out, and figures here too are fairly steady, with a total of 11 exits, slightly below the 14 in the same period last year. There is perhaps a bigger question over whether the same number of exits can be achieved in 2019.

May 2018 will most likely continue to tower over everything else for a long time – blockbuster deals such as the $8.7bn acquisition of Avexis, a US-based neurological disease treatment developer commercialising Ohio State University research, by pharmaceutical firm Novartis, do not come around often.

There were some fantastic wins, such as the $800m acquisition of Nightstar Therapeutics, set up to commercialise therapies for rare inherited retinal conditions based on research by Robert MacLaren, professor at the Nuffield Laboratory of Ophthalmology at University of Oxford, by biotech developer Biogen, in March. Nightstar had taken home the GUV award for Exit of the Year 2018 for its $75m initial public offering in 2017, but little did anyone know that this was just a small step in the spinout's success story.

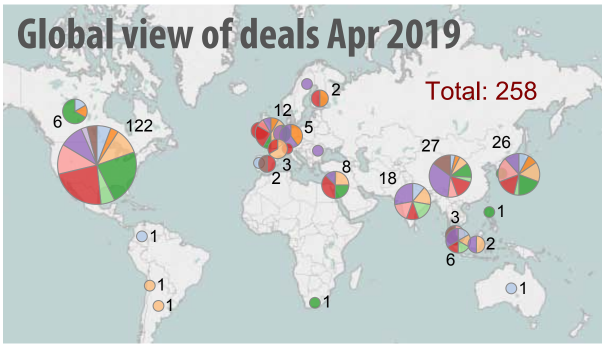
The fact that more capital has actually flowed into the ecosystem is arguably the most important takeaway from this quarterly analysis. It proves that investor appetite shows no sign of slowing down even as some economists continue to predict a recession. ◆

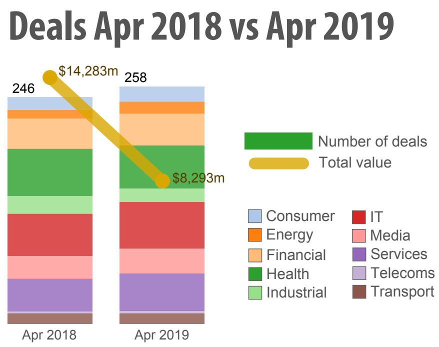
MONTHLY ANALYSIS

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

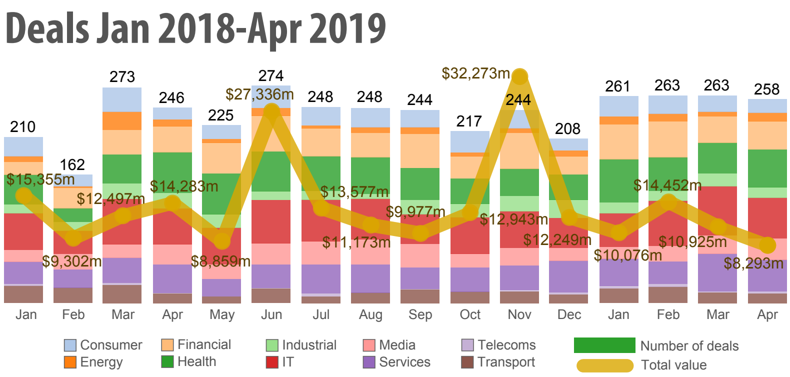
April yields mixed results

Kaloyan Andonov, reporter, GCV Analytics

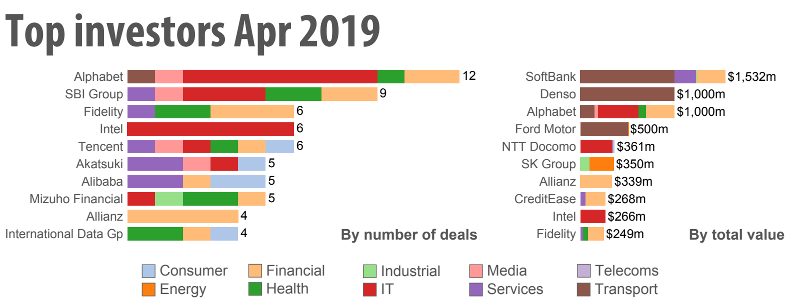




The number of corporate-backed deals reported by GCV in April was 258, up 5% from the 246 funding rounds in the same month last year. Investment value, however, plummeted by 42% to $8.29bn – down from $14.28bn in April 2018. Last month's deal count was similar to the first three months of the year. However, the total estimated capital invested was lower.



The US hosted most corporate-backed deals, 122 rounds, while China was second with 27, Japan third with 26 and India fourth with 18.



The leading corporate investors by number of deals were diversified internet conglomerate Alphabet, financial services firms SBI Group and Fidelity. The largest deals involved telecoms firm SoftBank, automotive components manufacturer Denso and Alphabet.

GCV Analytics reported 32 corporate-backed funding initiatives in April, including VC funds, new venturing units, incubators, accelerators and other. This was a slight increase over March, when there were 29 such initiatives. The estimated capital raised in those initiatives was $2.07bn, less than half the estimated $5.6bn for the previous month.

Deals

Emerging businesses from the IT, health, services, financial and media sectors raised the largest number of rounds in the fourth month of 2019. The most active corporate venturers came from the financial services, IT, media and industrial sectors.

US-based ride-hailing company Uber spun off its autonomous driving subsidiary, Uber Advanced Technologies Group

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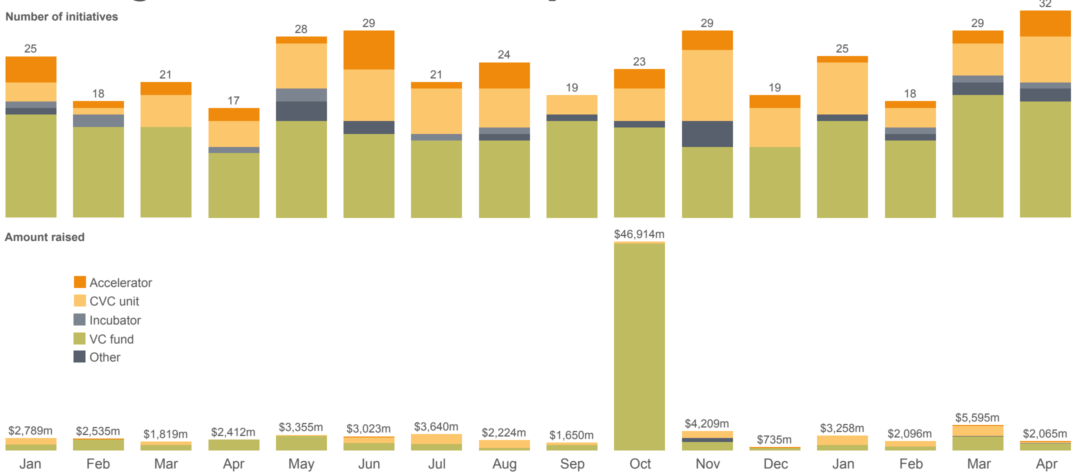
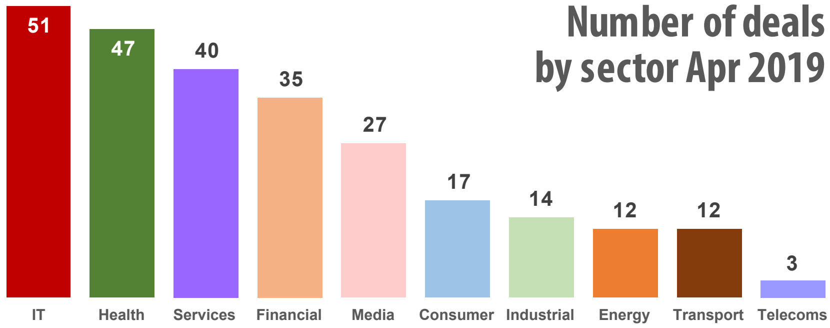
Funding initiatives Jan 2018-Apr 2019



Number of deals by sector Apr 2019



Deals heatmap Apr 2019

	Financial services	IT	Media	Industrial	Health	Services	Consumer	Telecoms	Energy	Transport
North America	34	28	26	17	18	11	6	11	5	6
Asia	26	19	15	10	3	7	11	8	5	6
Europe	10	4	9	1		3	2		3	2
Middle East	3	4		2				1	1	
South America	1	1							1	
Africa					1					
Australia / NZ							1			

(ATG). The company received $1bn from three corporate venturing investors. Car components manufacturer Denso and car maker Toyota jointly committed $667m, while the SoftBank Vision Fund provided the remaining $333m. The round reportedly valued Uber ATG at $7.25bn post-money. Uber ATG is developing autonomous vehicle technologies, including sensors and systems geared with object perception, motion and prediction planning, mapping and data visualisation technology.

Automotive manufacturer Ford invested $500m in US-based plug-in electric off-road vehicle developer Rivian. The investment came with a partnership agreement that will enable Ford to develop a truck that makes use of Rivian's flexible skateboard platform, adding to a planned range that will include electric versions of its Mustang sports car and F150 pickup truck. Founded in 2009, Rivian has created a seven-seater sports utility vehicle and a five-seater truck.

US-based digital insurance platform developer Lemonade received $300m in series D funding from a consortium led by SoftBank. Insurance provider Allianz, GV, a corporate venturing subsidiary of Alphabet, equity crowdfunding platform OurCrowd and venture capital firms General Catalyst and Thrive Capital also took part. The round reportedly valued the company at more than $2bn. Lemonade relies on artificial intelligence (AI) and behavioural economics to operate a property and casualty insurance platform. It takes a fixed percentage as a fee and donates a portion of any unclaimed premiums to non-profit organisations.

US-based augmented reality (AR) headset producer Magic Leap received $280m from mobile network operator NTT Docomo as part of a strategic partnership agreement in which Magic Leap aims to expand its ecosystem, Magicverse, internationally. Magic Leap will deliver its platform to Japan-headquartered NTT Docomo's customers by tapping into the corporate's forthcoming 5G infrastructure. The two will also work together on adapting Magic Leap's operating system for the Japanese market. The companies did not reveal the valuation at which NTT Docomo invested, but Magic Leap was valued at $6.3bn when telecoms firm AT&T invested in 2018. Founded in 2010, Magic Leap has created a

Top 10 investments Apr 2019

Company	Location	Sector	Round	Size	Investors
Uber ATG	US	Transport	–	$1bn	Denso | SoftBank | Toyota Motor
Rivian	US	Transport	–	$500m	Ford Motor
Lemonade	US	Financial services	D	$300m	Allianz | Alphabet | General Catalyst | OurCrowd | SoftBank | Thrive Capital
Magic Leap	US	IT	D	$280m	NTT Docomo
Shenzhen Londian Electrics	China	Energy	–	$250m	SK Group
Toast	US	IT	E and beyond	$250m	Bessemer Venture Partners | Lead Edge Capital | T Rowe Price | TCV | Tiger Global Management
Klook	China	Services	D	$225m	Matrix Partners | OurCrowd | Sequoia Capital | SoftBank | TCV
Segment	US	IT	D	$175m	Accel Partners | Alphabet | E.Ventures | Meritech Capital | Sapphire Ventures | Thrive Capital | Y Combinator
Branch International	US	Financial services	C	$170m	Andreessen Horowitz | B Capital | CreditEase | Formation 8 | Foundation Capital | Foxhaven Asset Management | Greenspring Associates | International Finance Corporation | Trinity Ventures | Victory Park Capital | Visa
Sila Nanotechnologies	US	Energy	E and beyond	$170m	8VC | Bessemer Venture Partners | Chengwei Capital | Daimler | Matrix Partners | Siemens | Sutter Hill Ventures

headset and operating system that superimposes 3D virtual objects on to the real world using technology it has dubbed spatial computing.

Diversified conglomerate SK Group invested $250m in Shenzhen Londian Electrics, a China-based developer of electric equipment such as energy meters. The investment involves a joint venture between the two companies, as Londian looks to become a leading international producer of copper foil and enhance its presence in advanced batteries and communications technology materials. Founded in 1996, Londian produces a wide range of power equipment products, from smart meters and distribution network automation technology to 5G communications power supply and photovoltaic equipment to lithium battery components and energy storage technology.

Toast, a US-based restaurant management software provider backed by Alphabet, raised $250m in a series E round, reportedly valuing the company at $2.7bn. Growth equity firm TCV and hedge fund manager Tiger Global Management co-led the round, which included venture capital firms Bessemer Venture Partners and Lead Edge Capital. Toast launched its platform in 2013, two years after the company was founded, and now serves tens of thousands of restaurants.

The SoftBank Vision Fund led a $225m series D-plus round for China-based travel services provider Klook. Venture capital firms Sequoia Capital China and Matrix Partners, growth equity firm TCV and equity crowdfunding platform OurCrowd also participated. Klook runs an online platform for travellers to book tours, restaurants, transportation and tickets to local attractions. The company has entered the US, Europe and Australia and the latest funding will support further international expansion, particularly in Asia.

GV co-led a $175m series D round for US-based customer data software provider Segment. The round was co-led by venture capital firm Accel and private equity firm Meritech Capital, and included Thrive Capital, Y Combinator Continuity, Sapphire Ventures and eVentures. The round reportedly valued Segment at $1.5bn. Segment has created a platform for businesses to collect, store and manage customer data for marketing, data analytics and warehousing purposes. The funding will help open offices in North America, Asia-Pacific, Europe, the Middle East and Africa.

Payment services firm Visa and venture capital firm Foundation Capital co-led a $170m series C round for US-based financial services app developer Branch International. The round included online lending platform CreditEase, the World Bank's International Finance Corporation, Andreessen Horowitz, Trinity Ventures, Formation 8, Victory Park Capital, Greenspring Associates, Foxhaven Asset Management and B Capital. Branch has a mobile-focused financial services platform with 3 million customers that has been tailored for emerging markets. It has offices in Mexico, India and Kenya, and uses alternative forms of data, as opposed to credit histories, to determine creditworthiness. The funding will support expansion in Africa, India and Latin America.

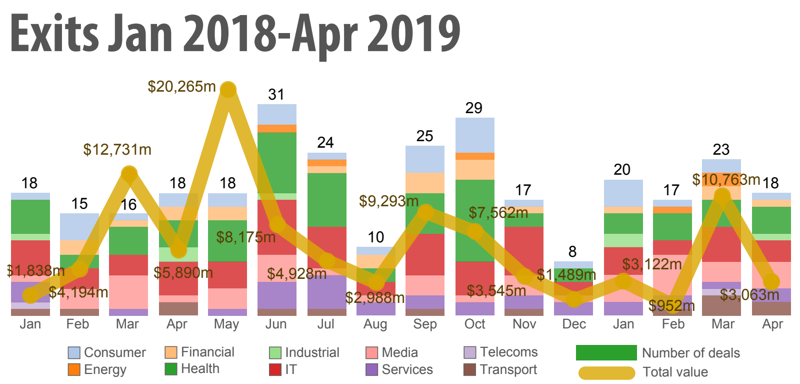
Automotive manufacturer Daimler led a $170m series E round for US-based advanced battery materials developer Sila Nanotechnologies that included industrial technology and appliance producer Siemens' Next47 unit. The round also featured 8VC, Bessemer Venture Partners, Chengwei Capital, Matrix Partners and Sutter Hill Ventures, and boosted the company's overall funding to $295m. Sila Nano is developing materials for use in lithium-ion batteries.

Exits

In April, GCV Analytics tracked 18 exits involving corporate venturers as either acquirers or exiting investors. The transactions included 11 acquisitions and seven initial public offerings. There were fewer exits than the 23 in March. The total estimated value dropped to $3.06bn compared with $10.76bn the previous month. The number of exits matched

MONTHLY ANALYSIS

the number in April last year, though the value was significantly lower than the $5.89bn in the same month last year.



Pinterest, a US-based social media platform backed by e-commerce firm Rakuten, raised $1.43bn when it floated on the New York Stock Exchange. The company priced 75 million shares at $19 each, above the $15 to $17 range it had set earlier, giving it a reported market cap of $12.6bn. Underwriters had 30 days to buy up to 11.3 million more shares, which could boost the size of the IPO to $1.64bn. Founded in 2009, Pinterest runs an online platform with more than 250 million monthly users who post and share images.

IT management software provider SolarWinds acquired Samanage, a US-based employee service management platform developer backed by enterprise software producer Salesforce, for $350m. SolarWinds expects Samanage's offering to complement its on-site IT infrastructure management software, helping to cover the requirements of customers ranging from small and medium-sized enterprises to large corporations. Founded in 2007, Samanage has a cloud-based platform that facilitates IT service management, applying AI to automate certain processes.

Car-sharing service provider Getaround acquired France-based car-rental marketplace Drivy in a $300m transaction

Top 10 exits Apr 2019

Company	Location	Sector	Type	Acquirer	Size	Exiting investors
Pinterest	US	Media	IPO	–	$1.43bn	Andreessen Horowitz | Bessemer | Fidelity | Firstmark Capital | Goldman Sachs | Rakuten | SV Angel | Valiant Capital | Wellington Management
Samanage	US	IT	Acquisition	SolarWinds	$350m	Gemini Israel Ventures | Innovation Endeavors | Marker | Morgan Stanley | Salesforce | Silicon Valley Bank | Vintage Investment Partners | Viola Ventures
Drivy	France	Transport	Acquisition	Getaround	$300m	Alven Capital | Bpifrance | Cathay Innovation | Index Ventures | Mobivia Group (Via-ID) | Nokia
Magisto	Israel	Media	Acquisition	Vimeo	$200m	Horizons Ventures | Magma Venture Partners | OurCrowd | Qualcomm | Samsung | Sandisk | Western Digital
Jumia	Nigeria	Services	IPO	–	$196m	Africa Internet Group | Axa | Millicom International Cellular | Orange | Pernod Ricard | Summit Partners
Turning Point Therapeutics	US	Health	IPO	–	$167m	Cormorant Asset Management | Eli Lilly | Foresite Capital | GSK | HBM Healthcare Investments | Nextech Invest | OrbiMed | SV Tech Ventures | VenBio Partners
Ruhnn	China	–	IPO	–	$125m	Alibaba | Fujian SeptWolves Industry | undisclosed investors
NGM Biopharmaceuticals	US	Health	IPO	–	$107m	Column Group | Merck & Co | Prospect Venture Partners | Takeda | Tichenor Ventures | Topspin Partners
Life360	US	Services	IPO	–	$104m	500 Startups | ADT | Bessemer | BMW | Bullpen Capital | DCM | Duchossois Group | EchoVC | Fontinalis Partners | Kapor Capital | Social Leverage | Venture 51
Hookipa Biotech	Austria	Health	IPO	–	$84m	Baker Brothers Investments | BioMedPartners | Boehringer Ingelheim | Forbion Capital Partners | Gilead Sciences | HBM Partners | Hillhouse Capital Management | Invus | Redmile Group | Samsara BioCapital | Sirona Capital | Sofinnova Partners | Takeda

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that gave car repair services provider Mobivia an exit. The merged company will have more than 5 million users in 140 US cities and 170 European cities. Founded in 2010, Drivy runs a peer-to-peer car rental platform with roughly 2.5 million users in France, Germany, Spain, Austria, Belgium and the UK.

Video-streaming platform Vimeo acquired Israel-based video-editing app developer Magisto for an amount reported by Globes to be about $200m. Vimeo and Magisto will work jointly on adding short-form video-creation capabilities to the Vimeo platform, while Magisto's users will gain access to Vimeo's suite of tools. Founded in 2009, Magisto has a platform that uses AI to generate short films by automatically selecting clips from a user's photos and videos.

Jumia, a Germany-based Africa-focused online marketplace backed by several corporate investors, went public in a $196m IPO in the US. The company issued 13.5 million American depositary shares on the New York Stock Exchange at $14.50 each, in the middle of the offering's $13 to $16 range, valuing it at about $1.1bn. Payment services firm Mastercard bought another €50m ($56.5m) of shares in a concurrent private placement. Founded in 2012, Jumia has an e-commerce platform that operates in 14 African countries, but which made a $195m loss in 2018 against $150m in revenue according to the IPO prospectus. The company operated through parent company Africa Internet Group, a partnership formed by e-commerce holding company Rocket Internet and telecoms companies Millicom and MTN.

US-based oncology therapy developer Turning Point Therapeutics raised about $167m from an IPO that gave exits to pharmaceutical firms GlaxoSmithKline and Eli Lilly. The IPO consisted of 9.25 million shares on the Nasdaq Global Market at $18 each, the top of the $16 to $18 range set earlier. Turning Point is developing precision small molecule cancer drugs.

China-based social marketing services provider Ruhnn secured $125m in an IPO on the Nasdaq Global Select Market that gave an exit to e-commerce group Alibaba. Ruhnn issued 10 million American depositary shares, each representing five ordinary shares, at $12.50 each, in the middle of the IPO's $11.50 to $13.50 range, valuing the company at $413m. Social media company Weibo bought $8m of shares in the offering. Founded in 2016 as Hanyi E-Commerce, Ruhnn oversees a network of social media influencers with a combined 148 million followers, providing training and connecting them to commercial partners for marketing opportunities.

NGM Biopharmaceuticals, a US-based biotechnology company backed by pharmaceutical firms Merck & Co and Takeda, filed for a $75m IPO on the Nasdaq Global Select Market. Founded in 2007, NGM is working on treatments for cardio-metabolic, liver, oncologic and ophthalmic diseases. The company has seven drug candidates in its pipeline, five of which have entered clinical trials.

Life360, a US-based family-tracking technology provider backed by home security product maker ADT, car maker BMW and real estate services company Duchossois Group, raised about $104m in an IPO in Australia. The company issued nearly 30 million shares at A$4.79 ($3.43) each, giving it a valuation of $494m when it went public on the Australian Stock Exchange. Founded in 2008, Life360 provides web and mobile apps that allow family members to locate each other on a map and receive notifications when others arrive at a certain location, such as school or work. The app also supports private and group messaging, and Life360 has also added a feature that can detect when a user is involved a car crash, automatically contacting emergency services.

Hookipa Pharma, a US-based immunotherapy developer backed by pharmaceutical firms Gilead Sciences, Takeda and Boehringer Ingelheim, floated in an $84m IPO. The company issued 6 million shares on the Nasdaq Global Select Market at $14 each, at the bottom of the IPO's $14 to $16 range, valuing it at about $356m. Hookipa is developing immunotherapies using its arenavirus platform, targeting infectious diseases and cancer, and is focusing on three lead product candidates. ◆

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