September 2019

Global Corporate Venturing

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Global Corporate Venturing

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Editorial

The summer reset points to a new ‘on’ status

By **James Mawson**
Editor-in-chief

Summer breaks (for readers in the northern hemisphere) are a good opportunity to reflect and do something different, the human equivalent of switching the computer off and on again.

It feels a good time to have done so as market noise to signal seems higher than ever in terms of uncertainty about the future, even as the underlying major global economies, such as Germany’s, soften with talk of trade wars and geopolitical shocks. The overall economy remains important to corporate venturing as its history has been one of expansion in good times and shrinking in poor ones.

Signals in venture capital also seem mixed. Fewer large deals in China has affected deal values in the first half of the year, according to GCV Analytics. This downturn was partly offset by expansion in other parts of the world, such as Latin America and Japan – both sites of our next continental events, Corporate Venture in Brasil and the GCV Asia Congress – but the US continues to drive the innovation capital ecosystem in many ways. Any economic slowdown there or impact from political cutting of venture capital inward investment of through the Committee of Foreign Investment in the United States will capture people’s attention.

We are delighted to be partnering the trade associations in all these countries, the National Venture Capital Association (NVCA), the Japan Venture Capital Association (JVCA), the Brazilian Private Equity and Venture Capital Association (ABVCAP), the Argentine Association of Private Equity, Venture and Seed Capital (ARCAP), the Business Development Bank of Canada (BDC), global innovation hub Wayra as well as Innova360 from Chile, in our next annual Global Corporate Venturing survey. Their analysis of regional out of global trends and ability to reach politicians could be vital to ensuring decisions are taken using data and insight rather than fear and supposition.

The results will be shared in the World of Corporate Venturing at the GCVI Summit in Monterey to an audience of more than 800 corporate venturing leaders, plus their Rising Stars and selected portfolio companies matched with corporations through the GCV Connect algorithm. The annual review will also sift through the data on deals, funds and exits over the past year and put into context the unprecedented growth of the innovation ecosystem as this decade finishes.

But while the data provides the experiential, the survey remains the best way to get into the minds of the corporate venturers themselves. However, it remains only a snapshot of organisation structure and team management rather than the hidden wiring of how decisions are made.

If venture investors are always looking for business model innovations, not just technological ones, then perhaps one of the most interesting areas is how open or flexible to change are the decision-makers themselves. Plenty of research shows unbiasing people to different perspectives or bringing greater diversity and inclusion (D&I) to a team can improve decision-making and open up new opportunities. The GCV Leadership Society's committee on D&I is preparing its report on the topic but this issue has insights from GE and others on why and how this path can be undertaken.

But just expanding the mix of people in a team can bring risks if handled badly. The main way this can be mishandled is to underestimate the importance of the cultural and ethical bonds.

Marc Andreessen at VC firm Andreessen Horowitz, whose managing partner Scott Kupor will be speaking at the GCVI Summit, has noted the importance of looking for entrepreneurial teams with the right ethics, aptitude and attitude. And probably no one has gone further in applying effectively this approach than hedge fund manager Ray Dalio, founder of Bridgewater Associates, with his principles of radical truth and radical transparency to create a positive feedback loop for weighted decision-making.

Venture investing has been a simple, powerful agent of change, but not an easy one to do well. Those that have done it well, whether Naspers or Sequoia, have tended to be selective in what they reveal but share common traits in what risks they take as a firm, how they build teams that can succeed over time and what they do to add value to the entrepreneurs and their own customers.

It is probably no surprise, therefore, that Sequoia's Michael Moritz has co-written Leading, probably the best management book of the past decade (Dalio's book Principles has a wider scope than management), while Naspers this month looks to add to the $100bn or so of shareholder value they have added in the 2010s through a new structure in Prosus and open a new chapter for growth (see p 36).

Flexibility for iteration and sensible risk assessment and how value is added to stakeholders to build longevity into corporate venturing programs is the new 'on' setting for many as the decade goes through its final few months.

But with this comes recognition of all that has been achieved to reach this point. That more than $1 trillion of venture capital has already been invested this decade, led by corporations helping scale up a cottage, lifestyle industry, has already made the world a better place.

SoftBank sorts $108bn for Vision Fund II

Japan-headquartered telecoms and internet group SoftBank launched its second Vision Fund, disclosing it has signed memoranda of understanding (MOUs) for funding that will take its size to $108bn.

SoftBank launched its first Vision Fund in 2017 with a $100bn target and has confirmed $98.6bn of debt and equity financing for the vehicle. Much of the capital comes from Middle Eastern sovereign wealth funds and corporates as limited partners.

SoftBank plans to contribute $38bn of the capital for the new fund, up from about $33bn for the first.

Consumer electronics producer Apple and manufacturing services firm Foxconn each provided $1bn for the first fund and have signed MOUs to invest in this one, but fellow corporates Qualcomm and Sharp do not appear to be returning. Investment bank Goldman Sachs, touted as a backer in media reports, was not included either.

Software company Microsoft, insurer Dai-ichi Life, financial services firms Mizuho Bank, Sumitomo Mitsui Banking Corporation, Mitsubishi UFJ Financial Group, Sumitomo Mitsui Trust Bank and Standard Chartered are also LPs.

The list was completed by brokerage group Daiwa Securities, the state-owned National Investment Corporation of National Bank of Kazakhstan and "major participants" from Taiwan.

Saudi Arabia's Public Investment Fund and the emirate of Abu Dhabi's Mubadala Investment Company, which jointly chipped in $60bn for the first Vision Fund, were not named as LPs, though SoftBank said it is still talking to prospective backers, and the size of the fund could increase. Both are reportedly among those prospective LPs, multiple sources have told Axios, and are said to be leaning towards contributions similar to those they made for the first vehicle.

The move will ensure Vision Fund retains its considerable influence on the late-stage investment space, particularly in the artificial intelligence and online services sectors on which it concentrates. It typically provides nine and 10-figure sums in large rounds in a bid to become the largest investor in a company.

The vehicle's exits include e-commerce marketplace Flipkart, where it made $1.5bn in profit in a year, and ride hailing platform Uber, which floated in May 2019, in the largest initial public offering for five years.

Some of the fund's other largest deals include fellow on-demand ride provider Grab, workspace provider The We Company, satellite technology producer OneWeb, autonomous driving technology developer Cruise Automation and online automotive marketplace Chehaoduo.

SoftBank Investment Advisers, which manages the Vision Funds, has not disclosed any changes to its strategy now the second one has closed, but it has been increasing its presence in areas such as China and India in recent months, and may well look to invest more heavily in emerging markets.

SoftBank intends to lend up to $20bn to its own employees so they can invest in its latest Vision Fund, the Wall

Street Journal reported, after $8bn of employee contributions reportedly made up the $98.6bn closed in the first.

Katsunori Sago, SoftBank's chief strategy officer, and Rajeev Misra, chief executive of SoftBank Investment Advisers, which manages Vision Fund, are among the executives set to invest in Vision Fund II, a person with knowledge of the arrangement told the Financial Times.

Masayoshi Son, SoftBank's chief executive, is putting up $15bn of the capital for the scheme himself, according to the sources.

The news was revealed alongside figures that showed Vision Fund generated an operating profit of about $3.7bn for

"SoftBank has been increasing its presence in areas such as China and India in recent months, and may well look to invest more heavily in emerging markets"

the three months ending in June this year, taking into account increases in the valuation of portfolio companies including Slack, Oyo and DoorDash.

The company claims that the $66.8bn it has invested in a total of 81 companies is now worth more than $82bn.
The second Vision Fund will begin participating in deals when the first one has committed 85% of its capital.

SoftBank is increasingly focusing its business on the activities of Vision Fund and is in the process of selling telecommunications business Sprint to T-Mobile for roughly $54bn.

"It will not be an exaggeration to say that the future of our company will basically be the Vision Fund," said Son, according to the Financial Times.

SoftBank Ventures Asia solicits $270m for fund

SoftBank Ventures Asia, a corporate venturing vehicle for Japan-based telecommunications and internet group SoftBank, has raised 317bn won ($270m) for its latest fund, Reuters has reported.

In a statement seen by Reuters, SoftBank said the fund is set to reach a final close in the next six months, having sourced a limited partner commitment from South Korea's National Pension Service.

The unit's chief executive, JP Lee, told Reuters in March 2019 that SoftBank intends to provide as much as $500m up for the revamped fund.

SoftBank Ventures Asia rebranded from SoftBank Ventures Korea in January 2019 to reflect an expanded mandate that involves participation in investments in early-stage companies across Asia, Europe and the US.

American Family Ventures accepts $162m for third fund

American Family Ventures, the corporate venture capital arm of US-based insurance firm American Family, has raised more than $162m for a VC fund, according to a securities filing.

The fund, dubbed AmFam VC Fund III LP, has taken in $162.5m from four investors and has set a $200m target for its close.

The unit emerged from stealth in 2014 with a $50m first fund, but has not disclosed details of the size of its second fund or whether it featured external limited partners. It operates as an early-stage investment vehicle, typically supplying up to $5m per deal at seed to series B stage.

Philip Morris tilts CVC unit towards Southeast Asia

PM Equity Partner (PMEP), the venture capital and private equity arm of US-based tobacco manufacturer Philip Morris International, is looking to expand its reach into Southeast Asia, according to Tech in Asia.

The fund plans to target early-stage startups and growth companies in the region that are looking to expand internationally, focusing on sustainability, human health and healthier fast-moving consumer goods.

PMEP also plans to launch a startup competition for companies based in Indonesia, the Philippines, India, Vietnam, Thailand, Hong Kong and Singapore and other countries in the region that are developing supply chain services and fintech products.

Philip Morris International launched its strategic investment division in 2015 to target companies promoting healthier food and beverages, and startups producing reduced-risk tobacco products.

Widjaja to manage $250m BNI fund

Indonesia-based financial services firm Bank Negara Indonesia (BNI) aims to provide up to $250m for the first fund its venture capital subsidiary, BNI Ventures, will manage, according to Bloomberg.

BRI Ventures has been equipped with an initial $100m in capital, a figure BNI said it could increase to $250m. It will operate as an evergreen fund and will invest at growth and late stage.

The vehicle is being managed by Nicko Widjaja, formerly chief executive of MDI Ventures, the corporate venturing vehicle overseen by telecommunications firm Telkom Indonesia. He had joined MDI Ventures in 2015 and was also program director for its Indigo Accelerator.

DeNA will Delight in corporate venture capital

Japan-based internet company DeNA launched a ¥10bn ($92.5m) investment fund that will be managed by its new corporate venture capital (CVC) subsidiary, Delight Ventures.

The corporate announced in May 2019 that it planned to form a designated vehicle for corporate venturing initiatives, having made a number of equity investments in the past. Delight Ventures intends to leverage the global network DeNA has built.

Dai Watanabe

The unit will target investments in early-stage businesses to create an intrapreneurial culture within the parent corporate and strengthen the entrepreneurial ecosystem in Japan, generating spinoff companies and partnering external startups.

DeNA founder and chief executive Tomoko Namba and Dai Watanabe, its former vice-president of strategy and corporate development, will oversee Delight Ventures as managing partners. Watanabe is among the unit's shareholders along with additional independent founders. Its corporate venturing strategy consists of three categories: venture investments, Venture Builder and Springboard.

Thomson Reuters ignites investment program

Thomson Reuters, the US-based media and data group, revealed the TR Ignite investment program to target early-stage legal and regulatory startups in Asia-Pacific.

Applicants were invited to pitch at the TechLaw.Fest in Singapore early this month, with successful participants each receiving an investment of up to $250,000 from the corporate and partnering with Thomson Reuters though its virtual incubator.

Thomson Reuters will provide each startup with technology, data and mentoring from its Innovation Labs, as well as access to partner resources, such as $100,000 worth of Amazon Web Services credit.

The program is working in collaboration with the Singapore Academy of Law (SAL) and startups will also be offered a place on Glide, the Singapore Academy of Law's legal tech accelerator.

Prosegur locks up new fund

Spain-headquartered security services provider Prosegur has launched a €30m ($33.6m) fund managed by its corporate venturing arm, Prosegur Tech Ventures, to invest in developers of security, financial and cybersecurity technologies.

Prosegur Tech Ventures began operating in early 2018 under managing director Javier López-Huerta Martín. Having evaluated more than 400 propositions, it has backed five startups including Concil, Cognigo and Reflekt, and plans to close more deals before the end of 2019.

The vehicle will provide between €300,000 and €3m for each deal, investing in early-stage companies with business-to-business products and services pertinent to the security industry, such as internet-of-things-based alarm systems, smart sensors and innovative payment technology.

SAIC's CVC unit sets up $145m fund

SAIC Capital, the corporate investment vehicle for China-based carmaker SAIC Motor, has raised RMB1bn ($145m) for a private equity fund following limited partner commitments from investors including automotive components producer Shinry Technologies.

The fund is overseen by SAIC Capital's private equity arm, Shang Qi Capital, and its investors include SAIC Capital itself and Shanghai Diesel Engine, state-owned SAIC Motor's engine manufacturing subsidiary, as well as financial services firm Bank of Communications International Trust and venture capital firm Shanghai STVC Group.

The firm said in a statement it will target companies developing artificial intelligence and 5G technologies, as well as trends in the electric vehicles and intelligent vehicles sectors.

Fifth Wall constructs $503m fund

US-based venture capital firm Fifth Wall Ventures closed its second fund in mid-July after raising $503m from more than 50 corporate limited partners (LPs) hailing from 11 countries.

Fifth Wall identified about half the LPs in its announcement, naming real estate investment trusts Gecina, Merlin Properties, British Land, Segro, Equity Residential, Host Hotels & Resorts, Hudson Pacific Properties, Macerich and Kenedix.

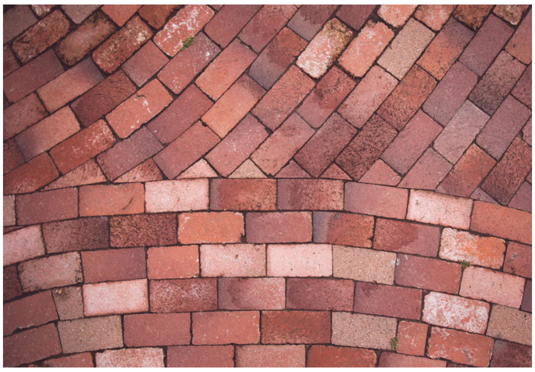
Commercial real estate company Cushman & Wakefield, home construction firms Lennar, PulteGroup, Toll Brothers and DR Horton, mortgage insurance provider Essent, infrastructure conglomerate Keppel, real estate services provider CBRE and media conglomerate News Corp have also backed the fund.

LPs also include property developers Mitsubishi Estate, Related Companies and Hines, hotel group Marriott International and MetLife Investment Management, the investment arm of insurance provider MetLife.

Fund II was oversubscribed. The firm's $212m first vehicle closed in 2017. It will focus on real estate technologies, also known as property technology or proptech, and work closely with its corporate LPs to identify opportunities and support portfolio companies.

Brick and Mortar caps off first fund

US-based venture capital firm Brick and Mortar Ventures closed its first dedicated fund at $97.2m, raising capital from a host of corporate limited partners.



The LPs include special materials producer Ardex, design software vendor Autodesk, building materials supplier Cemex, engineering consultancy FMI, construction data modelling software producer Glodon and Ferguson Ventures, the investment arm of plumbing supplies distributor Ferguson.

Construction equipment manufacturer Hilti, construction firm Obayashi and equipment rental services provider United Rentals also provided backing, along with Dysruptek, the corporate VC arm of architecture firm Haskell, and Sidewalk Labs, a subsidiary of internet and technology conglomerate Alphabet.

Founded in 2015, Brick and Mortar Ventures makes investments of $1m to $4m in seed and series A-stage software and hardware developers in the architecture, engineering, construction and facilities management sectors, and is open to providing follow-on funding.

The firm invests in North America, Europe and Australia, and is led by founder and managing director Darren Bechtel, whose family owns engineering group Bechtel.

Medicxi prescribes $450m fund

UK-based life sciences-focused investment firm Medicxi closed a €400m ($450m) fund with limited partners (LPs) including healthcare corporates Novartis, Johnson & Johnson and GlaxoSmithKline.

Verily, a life sciences research subsidiary of diversified conglomerate Alphabet, has also thrown its weight behind Medicxi III, as have a range of unnamed hospital foundations, medical institutions and other institutional investors.

Johnson & Johnson provided the money through its corporate venturing arm, and Johnson & Johnson Innovation - JJDC.

The fund will invest in discovery-stage to late-stage biopharmaceutical companies.

Shenzhen Capital cases corporates for $290m healthcare fund

Financial services firm Industrial Bank and insurance group Ping An's Real Estate Investment unit have backed the inaugural healthcare-focused fund raised by China-based venture capital firm Shenzhen Capital.

Shenzhen Hongtu Healthcare Private Equity Fund is aiming for a first close of about $116m on its way to an overall RMB2bn ($290m) figure.

State-owned vehicle Shenzhen City Guidance Fund Investment, private equity firm Before Capital and fund manager Kunpeng Capital are also among the fund's limited partners.

Founded in 1999 by Shenzhen's municipal government, Shenzhen Capital has invested $5.9bn to date and has 939 businesses in its portfolio.

Yuyue cues up $145m medical technology fund

China-based medical equipment producer Jiangsu Yuyue Medical Equipment & Supply and private equity firm Sharewin Investment are setting up a RMB1bn ($145m) healthcare investment fund, STCN reported.

The two firms will jointly manage the fund, which will targeting areas such as medical services, biopharmaceutical companies and medical instrument and equipment developers.

Yuyue and Sharewin each provided approximately $14.5m of the capital. The fund's limited partners include Danyang Investment Group, Shanghai International Trust, an affiliate of State Development & Investment Corporation and unnamed private companies.

Talanx takes Wellington Partners to $234m close

Business insurance provider Talanx is among the limited partners for a life sciences fund closed by Germany-based venture firm Wellington Partners at €210m ($234m).

Wellington Partners Life Science Fund (WPLS) V also secured contributions from European Investment Fund (EIF), European Investment Bank, the German state-owned KfW Capital and Utimco, a joint investment company of University of Texas and Texas A&M University.

Wellington Partners is stage-agnostic and typically invests between $2m and $23m in each portfolio company. The firm has backed 46 life sciences businesses.

Russian corporates get $100m fund on track

Railway operator Russian Railways and technology conglomerate Rostec have anchored a $100m Russia-based venture capital fund that will target IT technology in the transport sector, CNews has reported.

RT Invest and RZD Technologies, the subsidiaries of Rostec and Russian Railways respectively, signed a memorandum of understanding (MOU) for the vehicle at St Petersburg International Economic Forum.

The companies have agreed to anchor an investment fund by providing 20% of its capital, with the remaining cash to be sourced from domestic and international companies.

The fund will support a research and development initiative formed by the corporates that is intended to support wireless network devices and internet-of-things technologies used in Russian transport and logistics systems.

Consorcio starts corporate venturing with $20m unit

Chile-based financial services firm Consorcio launched a $20m corporate venture fund to invest in Latin America-based startups developing financial technology, BNamericas reported.

Venture capital firm HCS Capital Partners will manage the fund, which is targeting investments in Chile, Colombia, Peru and Mexico, with a particular focus on insurance technology.

The vehicle has launched with an initial $20m to invest over the next five years, though Consorico is looking to secure an additional $60m in limited partner commitments.

Eurofarma unleashes corporate venture capital fund

Brazil-based pharmaceutical firm Eurofarma has launched a corporate venturing fund that will invest up to R$45m ($11.7m) in early-stage healthcare companies, Crunchbase reported.

Axon Ventures will target startups developing technologies that have the potential to change the healthcare ecosystem, Paulo Braga, head of corporate venturing for Eurofarma, told Crunchbase.

Braga said the fund will be sector-agnostic and will focus on companies based in Brazil, though it will consider partnering with venture capital investors for deals in countries like the US and Israel.

Axon will look to invest in up to 12 companies, providing approximately $130,000 to $1m for each and preferably taking a board seat in the process.

Exigent legislates fund

UK-based legal services provider Exigent has launched and become a cornerstone investor in Bright Mind Capital Partners (BMCP), which will focus on legal and data technology startups.

Bright Minds will operate as an open-ended, evergreen fund. The size of Exigent's commitment was not revealed.

The fund will seek out opportunities in the artificial intelligence, blockchain and big data management applications, with a particularly focus on legal technology and services, data extraction, corporate data management and optimisation.

BMCP is not related to Hong Kong-based financial advisory firm Bright Minds Capital.

Anderson Strathern draws up CVC unit

Scotland-based legal services provider Anderson Strathern has launched an investment vehicle called AS Capital.

AS Capital will focus on the energy and renewable energy sectors and expects to conduct several deals alongside syndicate Equity Gap.

E.ventures receives corporate backing for $400m of funds

A host of corporate limited partners contributed to two funds launched by Germany-based venture capital firm E.ventures this summer that totalled $400m in size, according to Handelsblatt.

The vehicles in question are a $225m fund that will invest in the US out of an office in San Francisco, and a $175m Europe-oriented fund that will be based in Berlin.

Existing backers including mail-order retailer Otto Group, supermarket chain Lidl, packaged food producer Dr Oetker and automotive manufacturer Porsche were joined by new LPs like brewery owner Bitburger, cleaning device provider Kärcher and shoe retailer Deichmann.

Founded in 1999, E.ventures invests in consumer, financial and software-as-a-service technology developers, using proprietary technology to assess possible targets. It maintains offices in Europe and the US and has partners located in China, Japan and Brazil.

The new funds will look to provide between $1.5m and $10m for each deal seeking out companies from pre-series A to series B stage.

MS&AD Ventures magnifies fund to $128m

Japan-headquartered insurance group MS&AD Holdings has added ¥9bn ($84m) to an investment unit managed by its US-based corporate venture capital arm, MS&AD Ventures, tripling the size of the vehicle to ¥13.5bn.

Founded in October 2018, MS&AD Ventures targets developers of risk, insurance and financial technologies at seed to series B stage globally, supplying roughly $500,000 to $3m per deal.

Maniv Mobility carries $100m fund

Israel-based venture capital fund Maniv Mobility closed a $100m fund in mid-July with a total of 12 corporate limited partners including Alliance Ventures, the venture capital fund formed by automotive group Renault-Nissan-Mitsubishi.

Auto parts manufacturers Aptiv and Valeo, carmakers Hyundai Motor and BMW – through its investment unit BMW i Ventures – oil and gas company Shell's corporate venturing division Shell Ventures and consumer electronics producer LG Electronics have also backed the fund.

Deutsche Bahn Digital Ventures, the investment subsidiary of the rail and logistics operator, and car importer Carasso Motors are also among the limited partners.

The involvement of Lear Innovation Ventures, the corporate venture capital fund of automotive component manufacturer Lear Corporation, was disclosed in March 2019. The identity of the two remaining LPs was unknown.

East Ventures ekes out $75m for sixth fund

Indonesia-based venture capital firm East Ventures has closed its sixth fund at $75m with contributions from conglomerate Sinar Mas, media group Emtek and investment holding company Triputra Group.

The limited partners (LPs) for the fund also include Singaporean state-owned investment firm Temasek and the private equity fund it set up, Pavilion Capital, as well as investment manager Adams Street Partners and individuals including Wang Xing, Eduardo Saverin and Kaling Lim.

The LP list was rounded out by undisclosed family offices, fund-of-funds and additional sovereign wealth funds.

DNX gathers corporate support for fund

Japan-based venture capital firm DNX Ventures has added corporates including insurance provider Tokio Marine Holdings to the limited partners (LPs) of its third fund, which has a target size of ¥30bn ($277m).

Corporates having signed up to the fund also include financial services firm Mizuho Bank and industrial, mining and petroleum group JXTG Holdings.

They were joined by the Japanese state-mandated Organization for Small & Medium Enterprises and Regional Innovation, which provided ¥4bn ($37m), roughly 15% of the target, making it the largest LP to date.

Payment services firm JCB, electronics manufacturer Hitachi and investment management firm First Brothers committed capital in February. IT systems integrators Kyocera Communication Systems and Hitachi Solutions have also made commitments.

Founded in 2011 as Draper Nexus Ventures, DNX Ventures invests in business-to-business startups based in the US and Japan in sectors such as construction, healthcare and education.

Kibo seeks corporates for $111m fund

Venture capital firm Kibo Ventures is looking to corporate backers from its earlier vehicles to commit to its third digital technology-focused venture capital fund, ElReferente has reported.

Founded in 2012, Kibo Ventures backs early-stage startups focused on internet and mobile technologies. It initially invests between $1.1m and $2.2m and provides a total of up to $5.6m per company in exchange for an equity stake of up to 20%.

The fund's target is €100m ($111m) but it will aim for an initial close of undisclosed size during the fourth quarter of 2019. It has reportedly already secured commitments from unnamed funds-of-funds, pension funds and universities.

Wapi Pay whips up African startup fund

Wapi Capital, Kenya-based financial technology provider Wapi Pay's investment vehicle, has launched an investment fund in partnership with Future Hub, an incubator backed by China-headquartered mobile device producer Transsion, TechCrunch reported.

The vehicle will seek out early-stage fintech developers based in Africa and provide up to $100,000 in seed funding for each round in which it participates, Laura Li, a senior investor at Future Hub, told TechCrunch.

Founded this year, Future Hub focuses on Africa-centred mobile internet, advertising, e-commerce, logistics and media technology startups developing new business models and products. It offers portfolio companies seed capital in addition to consulting and mentoring.

Moiin to monitor $100m virtual reality fund

South Korea-based virtual reality (VR) technology developer Moiin announced it is looking to raise $100m for a venture capital fund to help spur market adoption of VR gaming systems.

Moiin has not revealed whether it has secured any external partners for its VR Development VC Fund. Its advisers include Eric Schiermeyer, former chief technology officer at defunct internet content group eUniverse, Jason Brink and Haley Kim.

Moiin intends the fund to be a watershed for VR, helping to sustain more small VR development projects. It has already collaborated with the Korean Institute of Science and Technology to devise a haptic glove technology capable of replicating the sense of touch in mid-air, by using an optical reflection technique known as Fiber Bragg grating (FBG).

Adara Ventures accumulates $73m for new fund

Spain-based venture capital firm Adara Ventures has achieved a €65m ($73m) first close of its third fund with limited partners (LPs) including security provider Prosegur, according to El País.

Fond-ICO Global, a fund-of-funds set up by Spanish government-owned financial institution Instituto de Crédito Oficial is also among the LPs, as are Catalan state-owned financial institution Catalan Institute of Finance and the European Union-owned European Investment Fund.

Venture capital firm Draper Esprit has also backed the fund. Adara said it had more than 70 institutional and private investors across its three funds and a majority of them have backed all three vehicles, though it did not share their identities.

Adara Ventures hopes to achieve the final close within nine months but has not revealed a target size. The fund will seek out early-stage deep technology developers in the business-to-business products and services industry, with applications of interest including cybersecurity and data analytics.

IQ Capital taps into National Grid for $175m fund

National Grid Partners, the corporate venturing arm of utility National Grid, backed a $175m fund closed by UK-based deep tech-focused venture capital firm IQ Capital this summer.

IQ Capital Fund III's limited partners also include British Patient Capital, an investment fund of government-owned British Business Bank.

The fund was oversubscribed, with more than 90% of limited partners from Fund II returning for the new vehicle. Their identities were not revealed, however.

The fund will focus on seed and series A-stage companies.

In addition to Fund III, IQ Capital has also launched the $125m Growth Opportunities Fund to focus on later-stage investments.

Sierra calls in corporates for $215m fund

US-based VC firm Sierra Ventures achieved the $215m final close of its 12th fund after limited partner commitments from unnamed corporations, endowments and pension funds.

The oversubscribed vehicle, Sierra Ventures XII, will invest globally with a focus on next-generation enterprise and emerging technologies, such as big data, fintech, artificial intelligence (AI), machine learning (ML), cybersecurity, augmented reality (AR) and virtual reality (VR).

Sierra's main focus is on seed and series A stage investments, though the firm said it will also make select investment in series B-stage companies.

CrowdStrike creates $20m Falcon Fund

Cybersecurity software producer CrowdStrike launched a $20m US-based investment fund in partnership with venture capital firm Accel in a bid to build an ecosystem around its products.

Falcon Fund will back startups developing products on the CrowdStrike Falcon platform, the endpoint cybersecurity software that represents the company's flagship product.

The fund will invest at seed and series A stage but is not looking to lead rounds itself, and will look to help portfolio companies with innovation and commercialisation.

Frst zeroes in on $70m fund

France-based venture capital firm Frst achieved the first close of its inaugural fund at €60m ($70m) with limited partners including Axa Venture Partners, the corporate venturing subsidiary of insurance provider Axa.

The fund, which has a target size of $90m, also secured the backing of the European Union-owned European Investment Fund, French state-owned investment bank Bpifrance and private investors such as Ilkka Paananen, Mikko Kodisoja, Michaël Benabou and Stanislas de Quercize.

Frst was spun out of Otium Venture, a venture capital firm launched four years ago with close links to the family office of Pierre-Edouard Stérin.

Frst will operate wholly independently of Stérin but will be headed by Otium's leadership Pierre Entremont and Bruno Raillard. Judith Tripard and Gabriel de Vinzelles have also joined Frst.

Capital Nuts bolts on corporates for VC fund

China-based venture capital firm Capital Nuts has closed a fund featuring corporates including G-bits Network Technology, Xiamen Torch Group, ITG Holdings Group and CreditEase at RMB300m ($43.2m).

Game developer G-bits Network Technology, construction firm Xiamen Torch Group, IT services provider ITG Holdings Group, conglomerate Good First Group and a vehicle jointly launched by online wealth manager CreditEase and VC group IDG Capital all made commitments to vehicle.

The Xiamen municipality-backed Xiamen Industrial Guidance Fund, investment manager Jimei Investment and several undisclosed private investors are also limited partners in the fund.

The technology and consumer-focused fund will target cross-border businesses based in emerging markets in the Belt and Road Initiative, a government scheme that seeks to expand maritime routes and land infrastructure networks connecting China with the rest of Asia.

OSF HealthCare boasts $75m second fund

OSF Ventures, the corporate venturing arm of US-based healthcare provider OSF HealthCare, has launched its second fund, which will be equipped with $75m.

The unit invests in early-stage developers of healthcare IT, medical devices, care services, diagnostics equipment and other healthcare technology-enabled products. OSF Ventures has provided funding for 15 companies, as well as funds managed by Ascension Ventures, the corporate venture capital vehicle formed by care provider Ascension Health, and VC platform LRV Health.

OSF said it is close to completing the fund's next investment but did not disclose the company. The new fund is the same size as OSF's inaugural vehicle, which launched with $75m in limited partner commitments in 2016.

Access Ventures accepts corporate backing

China-based venture capital firm Access Ventures has raised $20m from limited partners including corporates F&F and Nodo for a fund with a $50m target, partner Charles Rim has told DealStreetAsia.

Clothing producers F&F and Nodo contributed through their corporate venturing funds, alongside various Singaporean family offices and assorted angel investors.

Line Ventures, the corporate venture capital arm of messaging app developer Line, and financial services firm Manahusa Capital are set to also commit capital having already backed the first Access fund, Rim said.

Access Ventures focuses on startups operating in Vietnam, Indonesia and South Korea, investing between $500,000 and $2m at seed and series A stage.

NextTech initiates $10m fund

Vietnam-based e-commerce holding company NextTech Group of Technopreneurs has formed a $10m fund targeting early-stage technology developers in its home market, DealStreetAsia reported.

Founded in 2001, NextTech has at least 12 businesses in e-commerce, financial technology, logistics and education. It has subsidiaries in Vietnam, the US and five other markets in Southeast Asia.

Next100 is concentrating on startups looking to leverage technology or digitisation to improve productivity in traditional industries.

The vehicle equips seed-stage businesses with between $100,000 and $1m in funding while also providing coaching to help them strike larger deals with domestic or foreign investors.

CTA's diversity vehicle backs VC duo

Consumer Technology Association (CTA), the trade body that operates the annual CES convention, is set to back venture capital firms Harlem Capital Partners and SoGal Ventures, VentureBeat reported.

The commitments appear to be the first to be made from CTA's $10m diversity-focused fund, which backs VC firms, funds and entrepreneurship initiatives led by women, people of colour and other under-represented groups.

Harlem Capital Partners is a minority-owned VC firm that aims to invest in 1,000 founders from under-represented backgrounds over the next 20 years, while SoGal Ventures is a female-led firm focused on startups with diverse management in the US and Asia.

Play Ventures levels up fund to $40m

Singapore-based venture capital fund Play Ventures has closed its fund at $40m having raised money from limited partners including game developer Rovio, Tech in Asia reported.

Play Ventures invests in game and game service developers in Asia, Europe or North America at early-stage, providing between $500,000 and $1m per first investment and following on if necessary. It intends to participate in six to eight rounds each year and maintains an office in Finland where Rovio is based.

Rovio, the game developer best known for mobile game Angry Birds, provided $3m of capital for the fund in March this year. It had initially targeted a $30m close but has lifted that amount due to the level of interest from LPs, which include Anton Gauffin, CEO of social game publisher Huuuge Games.

The Rovio investment came three months after the firm launched with a commitment of undisclosed size by Modern Times Group, the investment holding company formed out of the entertainment holdings of investment firm Kinnevik, which increased the fund's size to $22.4m.

Tech Council tells of Evonik investment

Evonik Venture Capital, the corporate venturing subsidiary of Germany-based chemicals producer Evonik, revealed a single-digit million dollar commitment to US-based venture capital firm Tech Council Ventures' second fund at the end of July.

Tech Council Ventures is a sector-agnostic investment firm that targets early and expansion-stage companies based in the mid-Atlantic region of the US east coast.

The firm's second fund, Tech Council Ventures II, will back startups in the materials, life sciences, healthcare, internet-of-things and energy sectors, making initial investments ranging from $500,000 to $2m.

NIBC goes Outward for first fund close

Financial services firm NIBC Bank has backed UK-based venture capital firm Outward Venture Capital's first fund, which has reached a first close.

Asset management firm Investec is also among the limited partners (LPs) for the fund, which has raised roughly half of its £75m ($91m) overall target according to Private Equity Wire. Its other LPs include unnamed additional investors, and Outward is looking to add more institutional and private backers in the next year.

Founded in 2017 as INVC Fund by Investec's UK-based executives, Outward focuses on financial technology developers at late-seed to series A-stage. It has invested in payment technology provider Curve, digital banking software developer Bud and mobile bank Monese in recent months.

Facebook launches incubator program to colloborate with VC funds

US-based social media group Facebook has launched VC Brand Incubator Programme to collaborate with venture capital funds on the development of their portfolio companies, Business Standard has reported.

The corporate will provide small and medium-sized enterprises (SMEs) with training sessions across several topics to help grow their brands.

The first program began in June in collaboration with Sauce.vc, an India-based venture capital firm that targets food and beverage, personal care, apparel and lifestyle startups.

The initial cohort includes 25 companies, with Facebook holding workshops and providing each of the startups with insights into its network of apps, such as photo and video sharing platform Instagram and messaging service WhatsApp.

Earlier, Facebook invested a reported $25m in India-based social commerce platform developer Meesho. The company is not part of the VC Brand Incubator Programme but will be used to engage with other companies.

HashPort courts blockchain startups

Japan-based blockchain technology provider HashPort has co-founded an accelerator subsidiary called HashPort Accelerator with Mai Fujimoto, chief executive of industrial investment firm Grecone.

HashPort was founded as blockchain-oriented investment firm R3 Ventures before pivoting to focus on assurance, consulting and accelerator activities when it rebranded in May this year.

The accelerator will support blockchain projects from outside Japan that intend to enter the country, assisting with fundraising and localisation activities including public relations, community management, investor relations and administrative procedures related to new cryptographic assets.

Nissay Capital lists startups in 50M

Nissay Capital, the corporate VC arm of Japan-based insurer Nippon Life, has chosen the second cohort of 10 startups for its 50M accelerator.

Activated Trigger, Ascria, Appodori, Antway, TrustHub, Drips, Nendo, Hype, Better and a yet-to-be-named company featured on the roster, following the first batch of 14 companies in May 2018, 11 of which have raised a total of ¥1.74bn ($16m) in further funding.

Startups joining the six-month scheme will each receive ¥50m in funding. They will take part in 50M alumni meetings as the initiative looks to build an ecosystem.

Fosun sets up latest accelerator program

China-based conglomerate Fosun launched the fourth edition of its accelerator program this summer to focus on startups developing health, financial and insurance technology. Protechting has been launched with three of the corporate's portfolio companies; health care group Luz Saude, insurance firm Fidelidade and financial services provider Hauck & Aufhauser.

Fosun said the program will focus on developing international projects that help improve the protection of people across healthtech, insurtech and fintech, though it will have an increase focus on sustainable development issues.

The latest edition will adopt a wider scouting net than its predecessors, with partners and entrepreneurial events in South America, Africa, Europe and China.

WeWork Labs sets accelerators to simmer

WeWork Labs, the startup accelerator owned by coworking space operator WeWork, is to open a Thailand-based program focused on foodtech with partners including seafood product manufacturer Thai Union Group, Tech in Asia has reported.

Thailand's National Innovation Agency (NIA) and the science faculty at Mahidol University are also backing the scheme. The deadline for applications will close on July 31.

Max Life Insurance fleshes out accelerator

India-based insurer Max Life Insurance has launched an accelerator called Max Life Innovation Labs to support startups with the potential to bolster the corporate's business, YourStory has reported.

The initiative will target sectors such as artificial intelligence, big data, blockchain and the internet of things. Max Life is particularly interested in applications such as smart data acquisition and processing, underwriting and financial management.

Corporates head to Zone2boost

Financial services firm CaixaBank, financial technology services provider Global Payments and digital payment technology developer Ingenico have partnered to launch a Spain-based startup accelerator, Zone2boost.

The initiative was formed to support retail and financial technology developers. It will begin operating in the final trimester of this year from the city of Barcelona and counts local business school IESE as a collaborator.

Zone2boost will have an initial endowment of €5m ($5.6m) for the next three years and facilities that accommodate about 30 startups.

People

Siegel bids farewell to GE

Sue Siegel, chief innovation officer (CIO) of industrial conglomerate General Electric (GE) and chief executive of its corporate venturing unit, GE Ventures, left the roles in July.

Siegel, who came in 16th on 2019 GCV's Powerlist, has been CEO of Healthymagination, GE's healthtech program, since 2012. She became CEO of GE Ventures in 2013 to help distinguish the unit from predecessor GE Capital, before becoming CIO at its parent in 2017.

Siegel has been responsible for backing healthcare, IT, manufacturing and energy-oriented startups and managing portfolio companies on behalf of GE Ventures. She also led the unit's licensing efforts, generating value for GE's investments and capitalising returns.

The news comes at a time when GE is reported to be considering selling its portfolio, having planned to divest GE Ventures in January with Siegel joining genetic technology provider Illumina's board of directors the month after.

GE head of business development John Godsman and his team will oversee GE Ventures after Siegel's departure. The corporate business development division, which has already participated in the unit's capital allocation decisions in the past, will also incorporate the licensing business.

The new CIO, David Mayhew, will head GE Ventures under Andrea Assarat, senior managing director of business development. Patrick Patnode, president of licensing at GE Ventures, will continue in his role, reporting to Rob Duffy, vice-president of global business development.

Sue Siegel

Larry Culp, chairman and CEO of GE, said: "After seven years at GE… Sue's innovative thinking and hard work helped GE explore and enter new technologies, business models, and be more closely linked to the entrepreneurial ecosystem.

"Her impact on the company will live on in the many employees she mentored."

SoftBank Vision Fund makes a play for Pipilis

SoftBank Investment Advisers, which runs internet and telecommunications group SoftBank's Vision Fund, is considering hiring Ioannis 'John' Pipilis as head of financing, Bloomberg has reported, citing two people familiar with the matter.

Pipilis was the head of fixed income trading at financial services firm Deutsche Bank. He joined the bank in 2000 as a senior trader in its global credit trading division before being appointed global head of credit structuring in 2007.

Deutsche Bank made Pipilis head of fixed income in mid-2018 to handle areas such as corporate and sovereign credit derivatives, junk bonds and leveraged loans. He left the firm in July as part of the restructuring of its bond trading division.

SoftBank set up the first Vision Fund in 2016 and recently launched the second fund. The funds make equity investments but also make use of credit lines, and one of the sources suggested Pipilis' duties could include managing debt for the vehicles and fixed income securities for portfolio companies.

Although SoftBank Investment Advisers has yet to confirm the offer, it has hired Deutsche Bank alumni in the past, including CEO Rajeev Misra, who is also SoftBank's head of strategic finance, managing partner Akshay Naheta and Faisal Rahman, head of investments for Europe, Middle East and Africa.

Banco ABC Brasil appoints Begotti

Pedro Begotti, formerly corporate venture business developer at financial services firm Banco do Brasil, has joined peer Banco ABC Brasil as head of innovation and corporate venture.

The move follows Banco ABC Brasil's official launch of the ABC Innovation Lab unit to boost open innovation and intrapreneurship, developing digital products and businesses for the parent.

"A source suggested Pipilis' duties could include managing debt for the vehicles and fixed income securities for portfolio companies"

The lab has been in operation for more than four months and is led jointly by vice-president of products, channels, innovation and marketing Marco Mastroeni and director of digital business Gustavo Machado.

Banco do Brasil hired Begotti in early 2010 and he held a series of analyst roles over six years.

He then spent a year from October 2016 at the Brazilian Ministry of Industry, Foreign Trade and Services' special secretariat for small and medium-sized enterprises, where he led digitisation efforts for traditional industries.

Begotti returned to Banco do Brasil in September 2017 to oversee open banking partnerships and new business, before becoming corporate venture business developer in early 2018. He formulated the corporate venturing strategy for the firm, devising an equity investment fund focusing on early-stage developers of disruptive technologies.

US Cellular disassembles strategic investment vehicle

US-based mobile network operator US Cellular's strategic investments and partnerships team ceased operations in June, former business development manager Susan Bova has confirmed to Global Corporate Venturing.

The company's strategic investments and partnerships division made equity investments, focusing on startups developing 5G networking, cloud services, data, mobile payments, internet-of-things agriculture, smart cities, artificial intelligence, blockchain and cybersecurity technology.

This year's GCV Rising Star Mel Gaceta managed the unit between 2013 and 2016, and he has most recently helped packaged food and beverage producer Mondelez International set up a corporate venturing arm.

Bova told GCV she has left US Cellular "to explore other options", while Jeff Cologna, an executive that has concentrated on strategic investments and partnerships since 2007, was unable to comment on his next move.

The company restructured its management team in May, promoting Steven Campbell, its chief financial officer (CFO) and treasurer, to chief administrative officer. His new role will involve him retaining his executive vice-president role and overseeing financial planning for the company, supervising the new CFO.

Douglas Chambers, formerly senior vice-president of finance at US Cellular's parent Telephone and Data Systems (TDS), and chief accounting officer at TDS and US Cellular, took up a senior vice-president position and has taken on Campbell's CFO and treasurer duties.

Du finds his way to GM Ventures

US-based carmaker General Motors (GM) has appointed John Du, director of GM China Advanced Technical Centre, to an investment manager role at its corporate venturing subsidiary, GM Ventures.

Du was a general manager at chipmaker Intel's China-based research centre for nearly four years from 2005 before joining GM's research and development centre in Shanghai in 2009 and ascending to chief technologist at GM China in mid-2019.

Jon Lauckner, chief technical officer of GM and president of GM Ventures, told Global Corporate Venturing: "We made an arrangement with GM China leadership to define two specific roles for John.

"The first role is an investment manager for GM Ventures, responsible for evaluating investments in early-stage startup companies with a special focus on China.

Mel Gaceta

"In the second role, John will be the chief technologist for China [where he] will provide support to the president of GM China on technical topics that pertain to the China automotive landscape and their impact on GM China."

His new position will entail Du linking GM China's technical priorities with GM Ventures' investment opportunities. The unit's portfolio includes China-based Yi Wei Xing, which operates a car sharing platform called Feezu, also known as Weizuche.

Sequoia acquires GV's Maguire

Shaun Maguire has left his partner position at GV, a corporate venturing subsidiary of internet and technology conglomerate Alphabet, to reprise the role at venture capital firm Sequoia Capital.

Maguire concentrated on science-oriented deals for GV, investing in companies such as quantum computing technology developer IonQ, space launch technology provider SpinLaunch, geothermal technology producer Dandelion Energy and computer science academy Lambda School.

His new job at Sequoia will involve Maguire performing similar tasks, targeting seed and early-stage companies specialising in quantum physics, chemistry and space technology.

Before joining GV in late 2016, Maguire had co-founded two companies: Escape Dynamics, a space launch aerospace technology developer that is no longer active, and Expanse, the cybersecurity provider formerly known as Qadium, where he still serves as a board member.

"GV has been an amazing ride," tweeted Maguire. "I have joined Sequoia as a partner on the seed [and] early team, [and I am] excited to help founders build the next generation of transformative companies."

GV's Shakir shakes hands with Lux

Deena Shakir, formerly a partner at GV, a corporate venture capital subsidiary of internet and technology conglomerate Alphabet, has joined VC firm Lux Capital in a similar role.

Internet technology producer Google, which now operates as part of Alphabet, hired Shakir in 2012 with business development and global product partnership duties.

Shakir managed civic innovation investments for Google, having also overseen social impact initiatives through its philanthropic arm, Google.org, and its Google Ideas think tank, which would later become a technology incubator called Jigsaw.

Alphabet named her a partner at GV in 2017 and she conducted strategic deals in early-stage businesses developing technologies surrounding healthcare, research and machine intelligence, helping drive business development and growth for portfolio companies.

The Lux Capital position will involve Shakir concentrating on developers of healthcare, smart home and access control technologies. The firm has co-invested with GV on multiple occasions, including Desktop Metal in January this year, Ctrl-Labs in February and Cala Health in May.

Agarwal calls time on Fosun RZ gig

Vipin Agarwal has left his position as senior director for India at Fosun RZ Capital, a corporate venturing vehicle for conglomerate Fosun International, Entrackr has reported.

Agarwal was in the job for 20 months. He led 11 early and growth-stage deals, taking board seats with nine portfolio companies including online parenting network operator Mylo and human resources software producer Kredily.

A report by VCCircle suggested Agarwal was looking to launch his own venture capital fund soon, though firm details of his plans have not yet emerged.

Agarwal's departure comes as China-based Fosun RZ Capital ramps up efforts to grow its team of managing directors and analysts with a focus on the technology, media and telecommunications sectors.

Before joining the unit in January 2018, Agarwal had founded and then spent three years as chief executive of OnlineTyari, the creator of an online platform that helps jobseekers to prepare for language tests required by employers.

Fosun RZ Capital has $850m under management and focuses on companies in India, China and the US. It initially targeted series B rounds and public companies, but since June 2018 the firm has increasingly also backed early-stage startups.

Omar gets expanded AirAsia role

AirAsia Group has appointed Aireen Omar to lead its corporate venturing activities, adding to her existing leadership of AirAsia's digital-focused investment arm RedBeat Ventures, The Edge Markets has reported.

The company appointed Omar, chief executive of RedBeat Ventures ,in

Vipin Agarwal

January 2018, and she will now also be responsible for sourcing emerging technologies that fit the goals of AirAsia Group's core airline business.

Omar has been with AirAsia Group since 2006, having previously served as the firm's CEO from 2012 until 2017.

The appointment is part of a company-wide management restructuring as AirAsia looks to expand its flight booking portal, AirAsia.com, by offering auxiliary travel, e-commerce and lifestyle services.

AirAsia Group's chief executive, Tony Fernandes, will also oversee the new AirAsia.com strategy, while another CEO is expected to be found for the core AirAsia airline.

TDK expands corporate venturing team

TDK Ventures, the corporate venture capital (CVC) arm of Japan-headquartered electronics manufacturer TDK Corporation, has hired Andrew Maywah and Anil Achyuta as investment directors.

Achyuta was a US-based director of external innovation and strategy at personal care product manufacturer L'Oréal from 2016, where he led research and development partnerships, investments and mergers and acquisitions deals in materials science, medical aesthetics and digital health.

Maywah had been a China-based partner for boutique private equity firm Silver Tiger Capital since 2016 and oversaw cross-border healthcare, education and technology, media and telecommunications deals for the firm. He also co-founded tech startups in the US and China.

TDK Ventures launched a $50m CVC fund in July which will invest globally at seed to series B stage focusing on fundamental material science, especially in the health and wellness, next-generation transportation, robotics and industrial, mixed reality and internet-of-things market segments.

Downer defects from XL Innovate to Sorenson

Sorenson Ventures, the venture capital subsidiary of US-based private equity firm Sorenson Capital, has hired Chris Downer, a former principal at XL Innovate, the corporate venturing arm of insurance firm XL Catlin.

Sorenson Ventures targets enterprise software and security startups. It raised $110m for its oversubscribed debut vehicle in February 2019, and has since invested in fraud prevention technology developer NS8, financial data analytics platform MX and cybersecurity technology developer CyCognito.

Sorenson Capital's investments include content delivery software provider Fastly, healthcare data analytics software provider Health Catalyst and identity verification technology developer Socure.

Downer joined XL Innovate as an associate in 2016 before being promoted to principal in July 2018. He had previously spent five years at investment banking firm Goldman Sachs, working in its alternative investments and manager selection group.

During his three-year stint at XL Innovate, Downer was involved in the unit's insurance technology investment in the US, Europe and Asia. He was a board observer for smart sensor maker Pillar Technologies and a board member at microinsurance provider Stonestep.

Chaluangco changes from C31 to MDI

MDI Ventures, the corporate venturing arm of telecommunications firm Telkom Indonesia, has hired Shannon Lee Chaluangco as a Singapore-based investment director, DealStreetAsia has reported.

Chaluangco came from C31 Ventures, the corporate venture capital subsidiary of shopping centre operator CapitaLand, where she was an investment manager from 2017 before ascending to team lead in early 2019.

Chaluangco managed the S$110m ($79m) fund on behalf of C31 Ventures, which participated in deals for portfolio companies such as retail data analytics software provider Omnistream, restaurant booking platform Chope and mobile commerce platform Mobikon.

Concerning her new role, Chaluangco told DealStreetAsia: "While it is great to see more female representation in this highly competitive and male-dominated space, the goal for me here is to simply let our fund's performance do the talking.

"I have been impressed by the fact that it has returned 40% this year after a 28% gain in 2018. Having witnessed the firm's exit spree in July 2019 from Red Dot Payment, Whispir and Wavecell is something that also reinforced my confidence that I am helping build a winning team here."

The move follows the departure of MDI Ventures chief executive Nicko Widjaja, who joined BRI Ventures, Indonesia-based financial services firm Bank Negara Indonesia's corporate venturing subsidiary, to oversee its first fund.

Olton rolls from Symantec to Tenable

Matthew Olton has left his role as senior vice-president of corporate development for US-based cybersecurity technology supplier Symantec to take a similar position at cybersecurity software provider Tenable.

Olton has been appointed senior vice-president of strategy and corporate development at Tenable, and his responsibilities will include addressing security technology issues to help customers manage cybersecurity risk.

Symantec hired Olton in April 2018 and he conducted mergers and acquisitions and corporate venturing deals during his time at the company.

"While it is great to see more female representation in this highly competitive and male-dominated space, the goal for me here is to simply let our fund's performance do the talking"

Notable deals in Olton's tenure included Symantec's acquisition of cyber threat analysis platform Appthority in a transaction that handed an exit to its own corporate venture capital subsidiary, Symantec Ventures.

Lee leaves Citadel for SoftBank

Jenny Lee, formerly a senior talent partner at financial services firm Citadel, has joined telecommunications and internet group SoftBank's fund manager, Softbank Investment Advisers, as head of US talent acquisition.

Softbank Investment Advisers manages the group's technology investment vehicle, Softbank Vision Fund. Vision

Fund's first vehicle was formed in 2016 and Lee's move comes in the wake of the recent launch of its second fund.

Lee is expected to support Softbank's recruitment efforts, identifying, acquiring and managing human resources, mainly in the US. She will also liaise between external and internal human resources service providers.

Lee was at Citadel for seven years, spending the first five recruiting managers, analysts and associates for its global equities divisions, across several US cities in addition to London, in the UK.


Cathy Gao

Citadel then shifted Lee to oversee its fundamental strategies and global credit talent in mid-2017, hiring division leaders, project managers, chief operating officers and analysts on its behalf.

Axa's Gao goes to Sapphire Ventures

Cathy Gao has left Axa Venture Partners, a corporate venturing vehicle for insurance and financial services group Axa, to become a vice-president at venture capital firm Sapphire Ventures.

Gao's new role will focus on the enterprise software, security and vertical software segments. She had been an investor at Axa Venture Partners since January 2017, covering deal spaces such as enterprise software, internet, digital health and financial technology.

Before joining Axa, Gao worked in business operations and strategy for financial services firm Gusto between for roughly 18 months to the end of 2016.

Gao began her career in 2010 as a merger and acquisition analyst for private equity firm Blackstone Group, before leaving in 2012 to join the team at growth equity firm TA Associates as an associate.

Sapphire hired Gao at the same time as another vice-president, Nate Leung, who most recently performed the same role at VC firm Industry Ventures. He will be part of the team at Sapphire Partners, the firm's fund-of-funds unit.


Martin Scherrer

Scherrer shoots to Redstone

Germany-based venture capital management firm Redstone has hired Martin Scherrer, who was previously at reinsurance group Swiss Re's Securitas Capital and Swiss Re Alternative Investments subsidiaries, as a Switzerland-based director.

Redstone manages corporate venture capital and institutional VC funds. Its VC-as-a-service model helps corporates and venture capital firms to identify and partner innovative startups.

Funds that Redstone runs include Berliner Volksbank Ventures, DB Digital Ventures and Vogel Ventures, managing them on behalf of credit union Berlin Volksbank, rail operator Deutsche Bahn and media company Vogel Business Media, respectively.

Scherrer has worked in the entrepreneurial ecosystem for the past two decades, having spent two years from 2000 at Swiss Re's private equity arm Securitas Capital as a financial analyst before taking up an associate role at its investment unit Swiss Re Alternative Investments.

He was most recently a venture partner at France-based investment firm BlackFin Capital Partners where he sourced and backed early-stage fintech and insurtech companies for two years since 2017.

Piva assembles corporate venturing squad

PTV International Ventures Americas (Piva), the US-based corporate venture capital subsidiary of Malaysia-headquartered petroleum supplier Petronas, has hired Bennett Cohen as a partner.

Cohen had previously been a principal at Shell Ventures, the strategic investment subsidiary of oil and gas provider Shell. He joined the unit in 2015 and his areas of investment included blockchain, advanced cleantech and mobility technology.

Piva's $250m fund targets early-stage, North America and Europe-based developers of artificial intelligence, machine learning, applied robotics, speciality chemicals, advanced materials and clean technologies centred on the industrial and energy sectors.

Ricardo Angel oversees Piva as chief executive and managing partner, having set up the unit in January this year on behalf of Petronas.

Angel was a managing director at GE Ventures, the corporate venturing arm of industrial technology conglomerate General Electric, since 2013, before his departure earlier this year.

The Piva team also includes Adzmel Adznan, the former head of Piva's predecessor, Petronas Technology Venture Capital, who joined in May as partner and operating manager.

The moves come after the departures of several senior members of the GE Ventures team, including Sue Siegel, Alex Tepper, Jessica Zeaske and Lisa Suennen, as well as that of Steve McGrath from Shell Ventures.

Jessica Straus

Straus makes strides to Dundee

Jessica Straus, previously an entrepreneur in residence at GE Ventures, US-based industrial and power technology producer General Electric's corporate venturing arm, has joined Dundee Venture Capital as a venture partner.

Dundee Venture Capital is a seed-stage fund with offices in three midwestern US cities: Omaha, Chicago and Minneapolis. Straus will be based in Silicon Valley and her role entails growing portfolio companies and exploring new innovation ecosystems on behalf of the firm.

Straus wrote on LinkedIn: "As venture partner in San Francisco, I am focused on strengthening [Dundee's] network on the coasts so we can help our companies get from seed to series A and beyond."

Straus joined GE Ventures in July 2017 to concentrate on diversity and inclusion (D&I) initiatives for portfolio companies in a bid to increase competitiveness. She helped GE Ventures team up with Ideo CoLab, a subsidiary of design consultancy Ideo, to produce a D&I content portal dubbed Flux.

Schear cuts a path to Camber Creek

Camber Creek, the venture capital arm of US-based property developer Berman Enterprises, has hired Mitchell Schear as an executive partner.

Prior to joining Camber Creek, Schear spent 15 years as president of Vornado/Charles E Smith, a division of real estate investment trust Vornado Realty Trust, where he helped manage Vornado's portfolio in the Washington DC region.

Schear's role will involve him working alongside general partners Casey Berman, Jake Fingert and Jeffrey Berman to identify real estate technology-focused startups.

Andreessen Horowitz catches Acharya for GP role

Anish Acharya, who had spent two years from 2012 at GV, an early-stage corporate venturing unit of internet and technology conglomerate Alphabet, joined venture capital firm Andreessen Horowitz this summer.

Acharya's role as a general partner will involve him overseeing fintech deals on behalf of the VC firm. He most recently spent four years at credit management service provider Credit Karma.

Acharya started engaging with the startup ecosystem when he founded mobile game publisher SocialDeck in 2008 before the company was acquired by Alphabet almost three years later.

As part of the deal, Alphabet hired Acharya in 2010 as lead product manager to run Google's social media initiatives, before assigning him a partner position at GV two years later to focus on social media and adtech investments.

He became entrepreneur-in-residence at GV in 2014 and founded messaging and notification unifying app developer Snowball, raising $2.3m from the unit and other investors. Credit Karma acquired the startup in 2015 and brought him on board.

Ashurst prevails on Praill to lead development unit

UK-headquartered law firm Ashurst has appointed Tim Praill head of Ashurst Digital Ventures (ADV), its development and investment arm.

Praill was previously head of Navitas Ventures, the corporate venturing vehicle provided with approximately $29m by Australia-based education provider and parent company Navitas.

Navitas hired Praill in 2016 as global head of strategy and transformation, to focus on areas including corporate strategy, corporate transactions and cross-business growth schemes, before being promoted to head of Navitas Ventures in April 2018.

Praill conducted investments, partnerships and incubation investments in early-stage education technology developers on behalf of Navitas Ventures, whose portfolio includes student-focused career services provider Paragon One, virtual internship scheme InsideSherpa and university admissions tool developer StudyLink.

Tim Praill

Founded in May 2019, ADV is looking to build digital legal products in partnership with Ashurst employees and clients, before eventually collaborating with entrepreneurs.

Co-CEOs Tara Waters and Jamie Ng lead teams in London and Sydney respectively, while Praill is set to oversee the unit globally.

The move came shortly after private equity firm BGH formed a consortium with pension fund AustralianSuper and Navitas co-founder and former CEO Rodney Jones to acquire Navitas in June 2019 for about $1.6bn.

Diverse voices

Ahead of this month's launch of GCV's Diversity and Inclusion report, experts on the GCV Leadership Society D&I committee share their journeys

By **Liwen-Edison Fu**
Reporter

Tracy Isacke has been promoting diversity and inclusion (D&I) before it became one of the top priorities for the innovation ecosystem, she tells Global Corporate Venturing.

Having spent nearly 17 years at document technology company Xerox, where Isacke was the first woman on the UK board, she has witnessed an increase of women appointments in leadership positions in the corporate world.

After spending almost three years at Telefónica Digital, an innovation arm of Spain-headquartered telecommunications firm Telefónica, Isacke joined financial services firm Silicon Valley Bank in 2014 where she has been managing director of its corporate venturing subsidiary, SVB Ventures.


Tracy Isacke

Regarding the work she has carried out at SVB to improve female representation in startups, Isacke said: "[SVB] sponsored a competition with [software producer] Microsoft last year for female founders.

"We put up two prizes of $500,000, to invest in female-founded companies with [Microsoft's corporate venturing unit] M12, we were judges on the panel and thought about how to attract female founders.

"Statistics prove that the more diverse a team is, the more they succeed. With the diversity of opinions and a candid understanding of different creeds, the idea will more likely be successful."

Investing in female-founded companies brings higher revenues than the market average, according to multiple studies conducted by organisations such as Kauffman Foundation, MSCI ESG Research and Boston Consulting Group.

Peggy Johnson, executive vice-president of business development at Microsoft, said at the time of launching the Female Founders Competition: "We formed M12 to make smart bets on innovative people and their ideas, and [the competition] is an extension of that mandate.

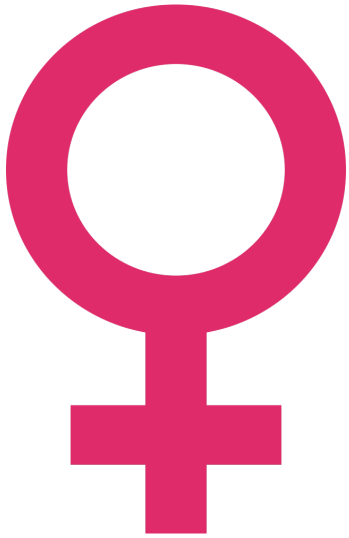
"This is not about checking a box; it is an opportunity to remind the VC community that investing in women is more than just good values, it is good business."

Isacke also stressed the importance of including all competent candidates in a competitive job market such as Silicon

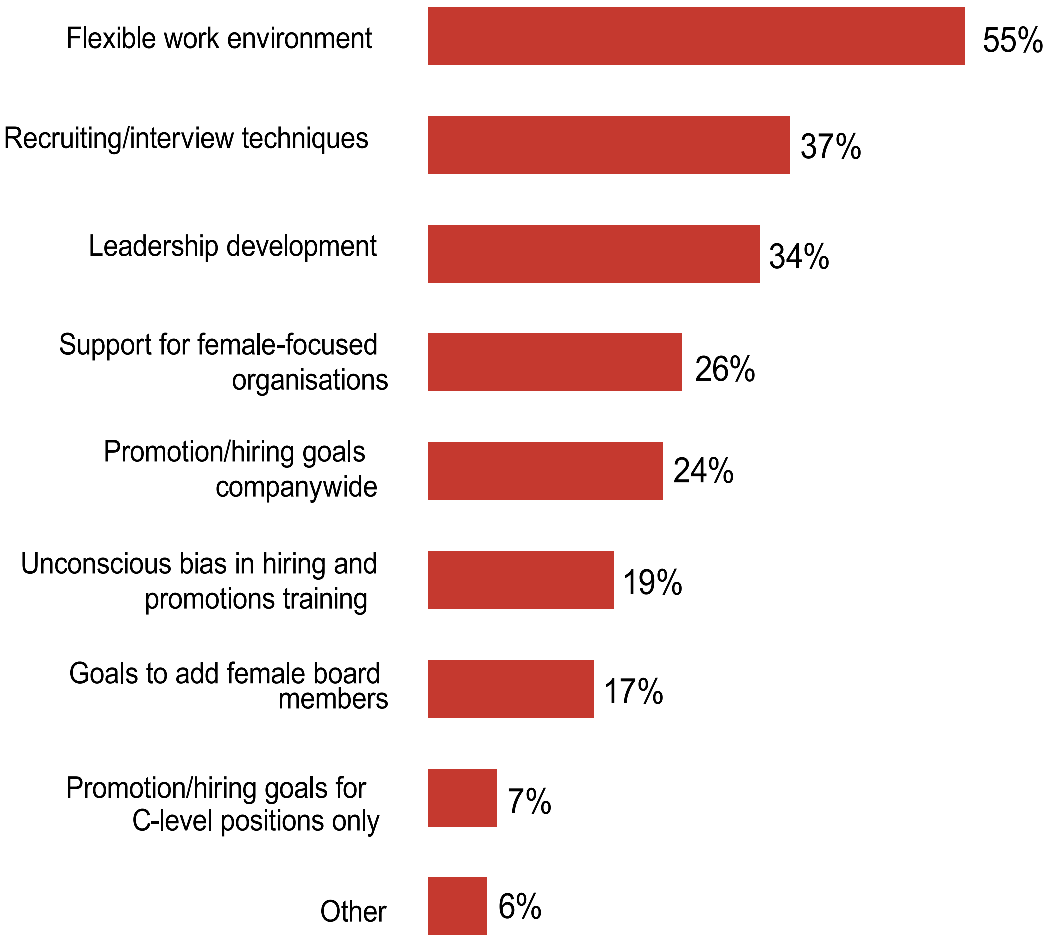
Valley, adding: "Women are 51% of the population; there is no reason why they should be a minority in most of the business areas."

Isacke also noted "inclusion goes beyond women", and to attract diverse candidates, clear policies must be in place. "We certainly look at interview policies and make sure that we have a balanced portfolio of people to interview," she said, with both SVB and SVB Ventures' portfolio companies in mind.

This year's SVB Startup Outlook survey found 56% of startups based in the US, UK, China and Canada have at least

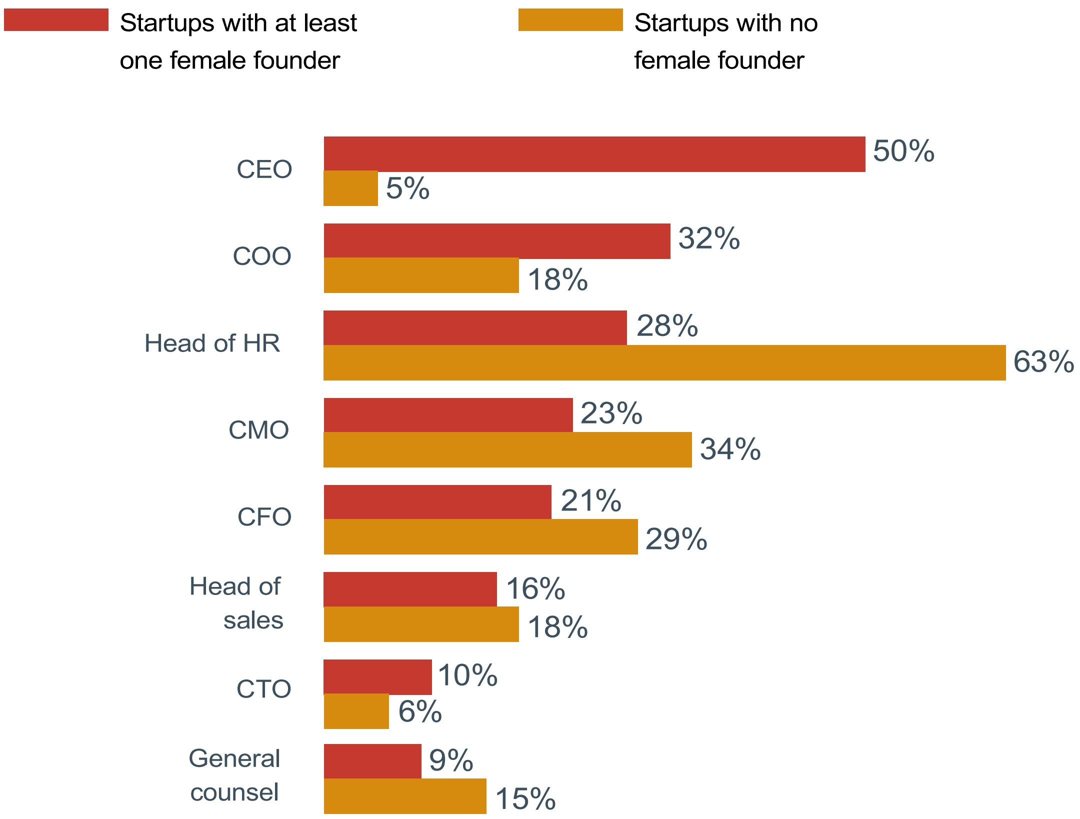


Which types of program do you have to increase the number of women in leadership?



Source: Women in Technology Leadership 2019 – Key insights from the Silicon Valley Bank Startup Outlook Survey

Percentage of startups with a woman in an executive position



Source: Women in Technology Leadership 2019 – Key insights from the Silicon Valley Bank Startup Outlook Survey

one female executive, while 40% have at least one woman on the board of directors.

Although 59% of startups have implemented a D&I-friendly scheme to boost the number of female leaders, the founding members' gender still reflects that of the executives, the survey said.

Isacke reiterated that though more women are pursuing tech careers and more progress is being made, it takes time and participation from everyone to achieve true gender parity.

D&I is crucial to success

By **James Mawson**
Editor-in-chief

James Mawson (JM): Why do you feel D&I is crucial to investment teams and portfolio companies' success?

Sue Siegel, recently chief innovation officer of industrial conglomerate General Electric and chief executive of its corporate venturing unit, GE Ventures (SS): Diversity of thought, perspective and experience are important to any team or activity. Teams benefit from these and they come with diversity of gender, age, race, disabilities, to name but a few. We felt lucky to have such diversity amongst our investment leadership team at GE Venture, with over 60% representing diverse backgrounds. What was most important to me was that they weren't just diverse, but they were world-class at what they did! Their diversity added

even more depth and dimension to how they worked with GE Ventures portfolio companies.

JM: What led you to initiate D&I practices within your corporation?

SS: I can't speak for GE any more, but it was already focused on D&I, having been one of the first companies to have a chief diversity officer dedicated

to these efforts across the company, worldwide. It had over 100,000 women in the very active worldwide Women's Network. Over the last few years, it launched 'Balance the Equation', which focused on increasing women in STEM-based roles with active recruiting for scientists and engineers. It was natural that this extended to the investing arena.

Growing up and throughout my career, being a diversity player myself (I can be categorised under woman, Asian or short), I was always keenly aware of diversity perceptions and being inclusive. I urge the men and women who might have never experienced being in the minority, to be extra mindful for those that are. They might not want to call attention to their diversity. I certainly didn't as I always wanted to perform and be measured based on my talent versus my diversity status. Understanding that can be so helpful to the individual, to have champions.

JM: What milestones do you have in place for measuring D&I success?

SS: The types of measures that one could typically make are:

- a number of diverse candidates in the candidate slate and striving to always have a diverse pool
- percentage diversity in leadership, within investors and staff
- percentage of companies considered for investment and those invested in
- percentage of diverse board of directors members
- portfolio company diversity in leadership and the types of D&I efforts they have put in place

JM: In what areas have you garnered results?

SS: A leadership team that was over 60% diversity leaders, created companies that had women co-founders or CEOs and boards had multiple women.

Don't leave out potential talent

By **Liwen-Edison Fu**
Reporter

Karen Kerr, formerly executive managing director of advanced manufacturing for GE Ventures, the corporate venturing division of industrial product and appliance manufacturer General Electric, has emphasised that the unit was very purposeful about diversity and inclusion (D&I) initiatives.

"Returns matter in corporate venture capital," Kerr said, "we want to invest in companies that will be successful and will be partners for our parent companies.

"There are a lot of data and studies that suggest diverse teams lead to better financial outcomes. One reason to [pursue D&I] is because we are investors – we are looking for better financial outcomes."

She added that most large corporations have goals around ESG (environmental, social and corporate governance) and D&I, and GE was the same. "Certainly, we had our initiatives around women in engineering, and it is important for all of the activities of a corporation to reflect those larger goals.

"We were proud to do that on the venture side. As it relates to the portfolio companies, I would go back to where I started – data suggest that it drives better financial performance for the companies, so it has to be a motivation for companies.

"Another thing that we observed, particularly in our portfolio companies that were based in places like the Bay Area with a competitive market for talent, to attract and retain the best people, you really have to be casting a really wide net; otherwise, you shoot yourself in the foot – you are leaving out potential sources of talent.

"That is a huge reason why the portfolio companies themselves need to be concerned with this issue," Kerr noted.

Karen Kerr

When Kerr joined GE Ventures, she was pleasantly surprised by the number of women leading the investment team and the overall activity; however, she would soon learn that the portfolio companies' situation was quite different.

"We conducted an analysis of our portfolio, and I was incredibly disappointed to find out that we were not doing much better than the national average in terms of women in the senior leadership teams of these companies.

"What struck me was that we, the corporate investor, were largely doing follow-on deals behind the venture capital community, so it was not surprising that we would mirror the norm, the average – that was what led us to start thinking about doing a D&I initiative."

She said earlier this year, GE Ventures partnered Ideo CoLab, the collaborative impact arm of design consultancy Ideo, to begin a content portal called Flux in a bid to promote D&I in portfolio companies. The platform provided crowdsourced resources to help portfolio companies achieve an inclusive workplace.

"The areas that you get talent for your firms are from successful entrepreneurs. And as we are helping to build our portfolio companies' staff in a diverse and inclusive way, some of them are going to run new companies, while some others will go on and become VCs or corporate VCs.

"We have an important role to play in helping the ecosystem if we just really focus on our portfolio companies and making them as diverse and inclusive as possible," Kerr concluded.

Feature: Yahoo, SoftBank and Naspers' varying venture paths

By **James Mawson**
Editor-in-chief

Three corporate venturing windfalls have resulted in three different strategies to maximise shareholder value over the long-term:

- **Yahoo sale of operating company and creation of holding company to wind up portfolio including Alibaba and Yahoo Japan stakes**
- **SoftBank leverages Alibaba and investment returns to create funds to raise hundreds of billions of dollars to invest**
- **Naspers will move operating assets to Netherlands-listed company and focus on operating businesses with corporate venture collaboration and low debt**

This is a story about different routes to creating value.

First, find your mega-growth story.

Yahoo and SoftBank's investments in Alibaba and Naspers' secondary purchase of shares from International Data Group in Tencent, all about 20 years ago, have reaped multiples on investments made but how the corporations went on to use their fortunes has varied.

As one of the investors said: "That is just so happens to be the way the dice fell. Out of 1,000 good Chinese companies around the millennium, five became mega-companies and two super-mega ones [Alibaba and Tencent]. But the three investors have different DNA and different structures, and this affected their next steps."

In 2005, internet content provider Yahoo invested $1bn for a large stake in Alibaba, five years after SoftBank had backed Jack Ma's China-based retailer with a $20m investment.

Yahoo sold part of its stake back to Alibaba in 2012 through a deal that valued the shares at $13, two years before the retailer floated in the US at $68 per share in a then-record $25bn initial public offering that valued the company at $231bn.

Yahoo kept another 15%, and in 2017, with the sale of its media assets to media and communications group Verizon imminent, set up a subsidiary, Altaba, to house the stake and other assets such as its 35.5% holding in Yahoo Japan, a local media subsidiary.

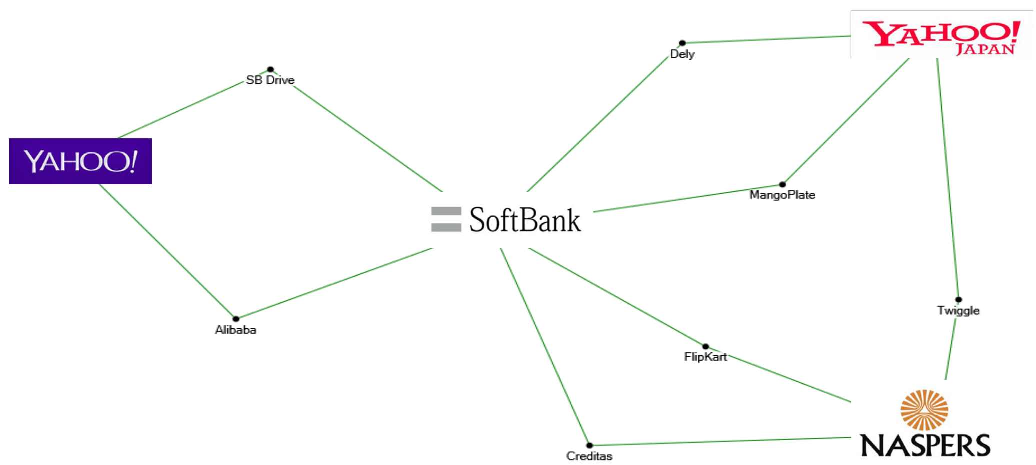
Four percentage points of Altaba's stake in Alibaba were sold in 2018. In April the company said the remainder could be sold by the end of 2019 for about $40bn, though it was unable to comment for this article.

Altaba's Yahoo Japan shares were sold in September 2018 for more than $4bn, a few months before SoftBank agreed a complicated deal for its stake in their Japanese joint venture. Yahoo and SoftBank formed it in the mid-1990s to set up the first web portal in the country and Masayoshi Son, CEO of SoftBank, also offered Jerry Yang, co-founder of Yahoo, a reported $100m in investment.

In May, the conglomerate SoftBank Group Corp said it would sell its 36% stake in Yahoo Japan back to the internet company and its telephone subsidiary, SoftBank Corp, said it would invest $4.2bn to increase its stake in Yahoo Japan to 45% from 12%.

SoftBank Group has been rearranging its telephone assets, including trying to merge its US-based carrier, Sprint, with peer T-Mobile in a $26.5bn deal going through regulatory approvals.

Co-investments of SoftBank, Tencent, Yahoo, Yahoo Japan, Naspers and Alibaba



Source: GCV Analytics

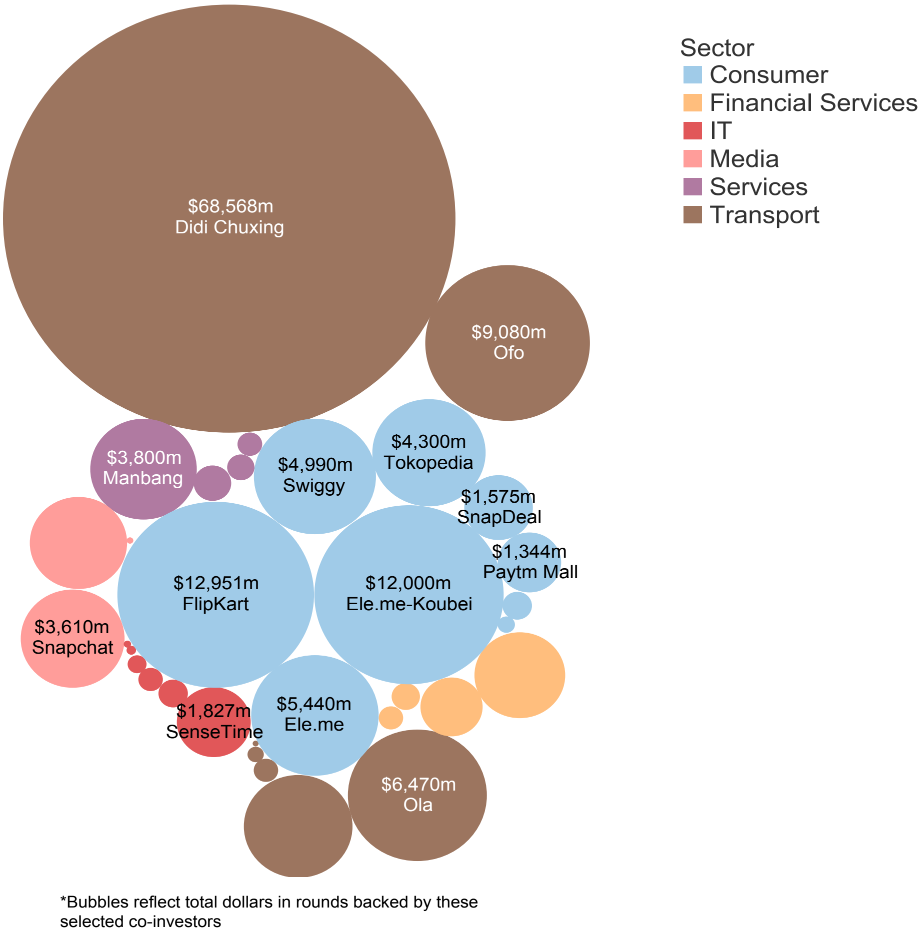
This has partly been driven by SoftBank looking to reduce its debts and free up cash for its $38bn commitment to a second Vision Fund, which it said in July had $108bn in capital. The other $70bn is reportedly mainly in the form of memoranda of understandings from corporations, such as Microsoft and Apple, according to the Financial Times.

SoftBank said electronics manufacturer Foxconn (also called Hon Hai) and other "major participants" from Taiwan had signed memoranda of understanding. The newspaper added that seven Japanese financial groups including the top three banks — Mizuho, Sumitomo Mitsui Banking Corporation and MUFG Bank — and Dai-ichi Life Insurance and Daiwa Securities were also participating.

SoftBank committed $28.1bn of equity to the first Vision Fund, which raised $97.2bn in 2017 with another $1.4bn anticipated to be added.

The first fund had $40bn in the form of debt with a 7% fixed rate of return, particularly aimed at sovereign wealth funds in the Middle East, including Saudi Arabia, which committed $45bn, and the United Arab Emirates through its Mubadala investment unit.

As at the end of March, SoftBank said the first Vision Fund was up 45% after fees for the equity investors, including itself. This is mainly based on paper returns from higher valuations based on follow-on fundings but also included some exits, such as India-based retailer Flipkart, acquired by Walmart for



Source: GCV Analytics

$16bn, and sale of shares in US-listed chipmaker Nvidia. In its annual results, SoftBank said it made about $2.8bn from these two deals.

It has also seen flotations for other portfolio companies since the end of March, including mobility service Uber and messaging service Slack, Guardant Health. It also floated for Ping An Good Doctor last year in Hong Kong with one for subsidiary Ping An HealthKonnect expected later this year.

SoftBank's website at the start of August indicated 68 deals for the first fund, with a reported about $70bn invested. The remainder is likely to have been allocated for follow-on funding. The second is ready to begin investing before a formal close, the FT said.

Further deals last month included storage provider Energy Vault and lending marketplace C2FO, as well as a securities filing for shares purchased in Berkshire Grey, a warehouse robotics company.

Before those deals, the FT had noted about 80 deals for the Vision Fund, while TechCrunch tracked 82, amid uncertainty about what is actually in the fund – SoftBank's own website reports Nvidia but not Flipkart for example. The US regulatory filing for CloudMinds Technology ahead of its initial public offering discloses the Vision Fund as shareholder (and two of the fund's partners as company directors) but the portfolio company is not on the Vision Fund's website.

GCV has tracked more than 200 SoftBank investments and exits since the start of 2017 as the corporation invests through a number of subsidiary and investment units, not just SoftBank Investment Advisers, which manages the Vision Fund out of the UK and other regional offices.

As Robert Lavine, GCV's news editor, said: "We just go by what is in the release, though in this case I would imagine it is complicated by SoftBank transferring some of their existing portfolio companies into Vision Fund.

"For instance, the 10x Genomics release clearly states SoftBank Group and not SoftBank itself. SoftBank apparently was not an investor in that [OneConnect] round according to media reports."

"As at the end of March, SoftBank said the first Vision Fund was up 45% after fees for the equity investors"

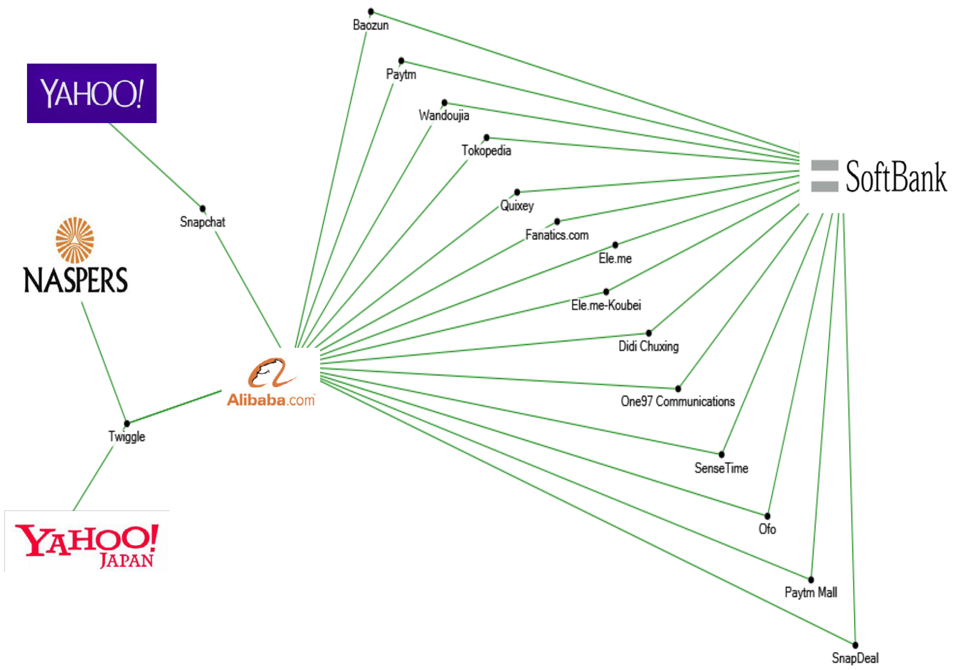
Both are now on the Vision Fund website, similar to SoftBank's purchase of chip developer Arm. SoftBank paid $32bn for UK-listed Arm and said a quarter would be held in the Vision Fund. In May last year SoftBank also agreed to transfer, subject to approval, its combined $12.9bn stakes in ride hailing services Uber and Didi Chuxing, as well as holdings in Grab and Ola, although only the last portfolio company is yet to be listed on the Vision Fund website. SoftBank was unavailable to comment.

Many of these deals have a strong focus on artificial intelligence (AI) and this approach will continue for the second fund.

SoftBank said the next Vision fund will target "market-leading, tech-enabled growth companies" to enable "the continued acceleration of the AI revolution," the FT quoted. In an earnings call, Son added: "Our image remains a telecommunications company with a lot of debt. But we're no longer that."

Going by its website at the start of

Co-investments of SoftBank, Alibaba, Yahoo and Naspers



Source: GCV Analytics

last month, SoftBank's focus areas for investment are heavily around transportation and logistics, with 19 portfolio companies, 11 in consumer business, such as Oyo and Tokopedia, eight in the health, financial, enterprise and frontier technology sectors, and six in real estate, including WeWork before its expected autumn flotation.

But what makes SoftBank different from Yahoo is Son's desire to create a structure that facilitates interconnections between portfolio companies through its 30-strong operating group. SoftBank and its other corporate and regional partners are often investors through its Vision Funds.

Son has called this a "cluster of number ones" strategy. Wired described it as a "SoftBank-led ecosystem of AI companies, spanning all industries from healthcare to transportation, from ride-hailing to robotics" and one where "the complex network of affiliated and portfolio companies whose whole is theoretically greater than the sum of its parts. An added value derived from the partnerships and business opportunities that come with being a part of the SoftBank family."

This is a global network and investment structure Yahoo moved away from after Yang left Yahoo in 2012 and focused on his personal investments, AME.

SoftBank, therefore, is reminiscent of the structure put in place by the founders of Google when they set up the Alphabet holding company to manage the cashflow from the search engine's advertising – its 'alpha' - into corporate venturing deals through its GV, CapitalG, Gradient Ventures and Google Assistant Investments units and other 'bets', with a similar focus on the data and knowledge.

Given the fees to SoftBank Investment

Advisers for managing the Vision Funds, SoftBank also increasingly resembles the diversified, listed private equity companies, such as Blackstone, KKR and Carlyle that have recently turned from partnerships into corporations as part of their own evolution.

Africa's SoftBank

The approach taken by South Africa and London-listed media group Naspers resembles Yahoo and SoftBank's, but is perhaps more understated.

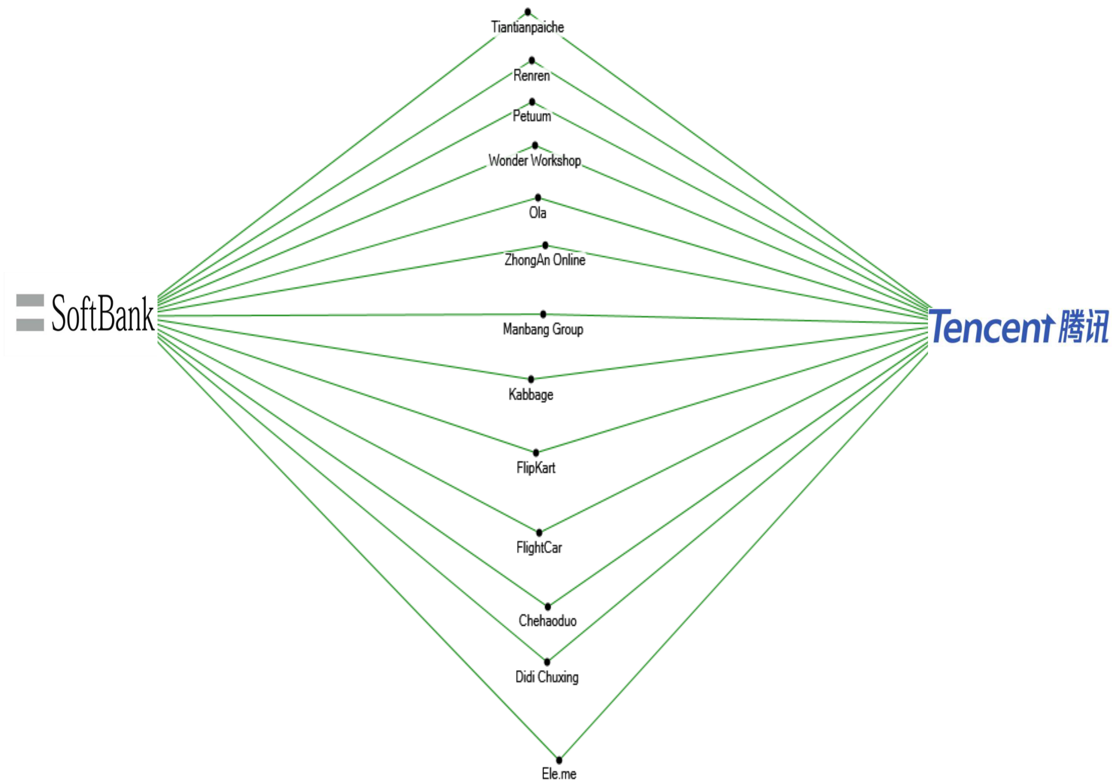
The group, which the FT called "Africa's SoftBank" in a profile in July, has set up Prosus, listed on the Euronext in the Netherlands in a Spotify-type direct listing this month. The vehicle will hold its near-30% shareholding in Tencent, worth more than $130bn, as well as other consumer internet holdings valued at about $30bn.

Naspers' weight on the Johannesburg Stock Exchange (JSE) in South Africa had grown to about 25% of the JSE index, from about 5%, and the share price's discount to net asset value from 20% to a peak of 44% before the decision to set up Prosus was announced.

By direct listing shares on Euronext, rather than issue new shares to raise money Naspers will keep fees lower and allow the share price to find its own level rather than require book building by investment banks.

The group will retain three-quarters of Prosus, with special voting rights if this economic interest falls below 50%. It spun off its African pay-television division, MultiChoice Group, in February.

Co-investments of SoftBank and Tencent



Source: GCV Analytics

Prosus will hold about 99% of Naspers' operating assets. This means it will become effectively the new vehicle for corporate venturing (and Naspers Ventures is likely to be renamed Prosus Ventures over time). However, Naspers, as its main shareholder, will retain its own corporate venturing vehicle, set up earlier this year as Naspers Foundry.

The company said: "Naspers Foundry is a startup initiative that aims to fund and develop talented and ambitious technology entrepreneurs in South Africa, who use technology to improve people's lives. Naspers has allocated R1.4bn ($91.5m) to Naspers Foundry over three years...

"In some ways [Naspers'] diversified portfolio lacks a cash cow that Google has in search engines, SoftBank has in telecoms or Berkshire Hathaway in insurance"

"We already invest in and/or operate a number of exciting technology business in South Africa, such as OLX, Takealot, Mr D Food, and Media24 and we know there is huge potential to invest in, and to support more upcoming internet start-ups through Naspers Foundry."

Having now reorganised its structure, Naspers says it "builds leading technology companies", with 41 companies listed on its website at the start of August – before last month's Meesho investment – and a ventures unit investing across food, education, big data, health, agriculture, blockchain among other assets.

In some ways the diversified portfolio lacks a cash cow that Google has in search engines, SoftBank has in telecoms or Berkshire Hathaway in insurance but the return on investment from deals beyond Tencent to include Brazil-based Movile and IFood has been impressive.

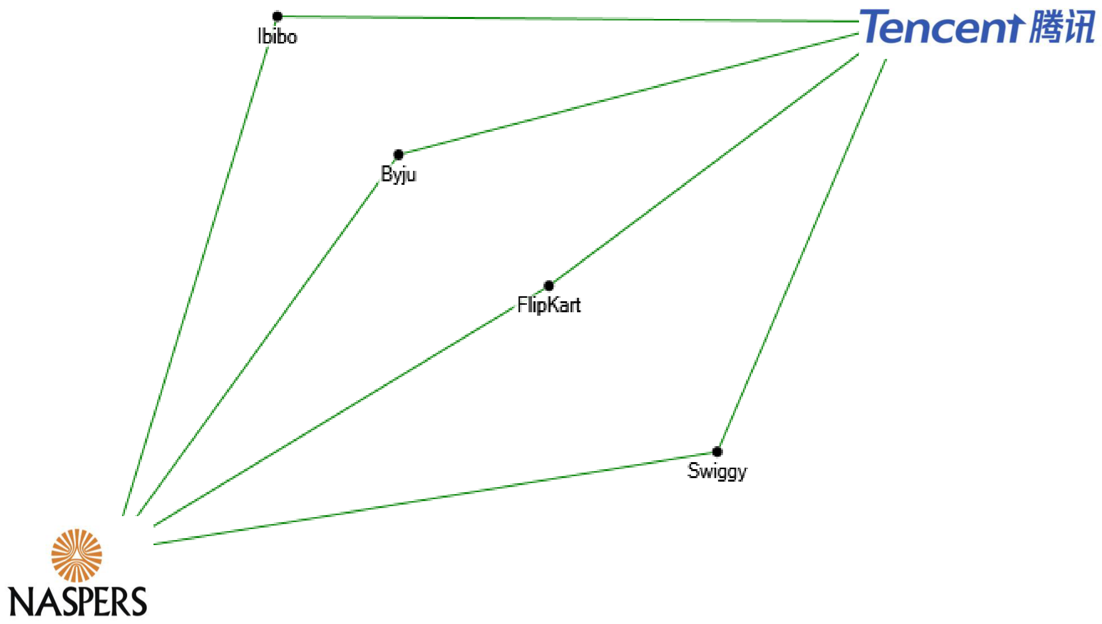
The FT noted that, since 2008, Naspers has invested just less than $15bn in businesses excluding Tencent. These assets – some of which were sold including a chunk of Flipkart, in which the Vision Fund also invested – are now valued at over $28bn by markets or analysts, according to the company. Other exits include Middle Eastern ecommerce company Souq, acquired by retailer Amazon for $580m in 2017, according to GCV Analytics' tracking of nearly 80 investments and exits this decade.

Investing on average more than $1bn per year over a decade, particularly in emerging markets such as Brazil and India as well as increasingly in the US, puts the company in the upper echelon of venture investors. However, it has been increasing its pace in part to compete with SoftBank and other investors.

A Naspers insider said it had been "cash constrained" for the past decade as it has preferred holding on to investments and reaping dividends of about $300m to $400m a year to reinvest but last year's sale of 2% of Tencent reaped about $10bn. Four billion dollars of this "war chest" has already been invested, primarily in its three main segments, food, payments and classifieds, and the rest will be put to work in the "next few years" the insider said.

Naspers views itself as an operating company as well as an investor – a hybrid in its jargon – with the sides helping each other.

Co-investments between Tencent and Naspers



Source: GCV Analytics

For example, its food segment grew out of its corporate venturing investment in Brazil-based IFood, which it said it spent "an enormous amount of time helping run", as well as Germany-based Delivery Hero, where it was active on the board.

Naspers' insider said: "We took the minority stake in Delivery Hero in part because we saw IFood's economics as attractive and good and this encouraged investment in others. Our global network and platform enables better decisions and stronger returns. The Naspers Ventures team makes smaller bets [about $20m to $50m] in big spaces, such as education, and after time to learn about the network economics and value creation and where we can add value. "In two to three years we could get to the same point and education could be another segment. Already, the aggregate value invested [in education] is about $1bn and worth $5bn to $6bn. We could do that in blockchain, health, agriculture, mobility [which are other themes in the Ventures portfolio]."

Naspers' approach comes without creating a Vision Fund-style structure to manage more cash for investment but also without quite as much risk if valuations for the tech companies do fall or debt becomes harder to service.

The Naspers insider said two years ago, it had looked closely at raising a fund with external investors but decided against it as the group "is not a VC company making money from management fees. We create value for our own business and the relationship with founders is vital.

"Having different funds and balance sheet money can bring conflicts of interest. It is also difficult to invest $50bn well at our target 20% IRR [internal rate of return, an annual performance measure], then there is the issue of leverage.

"Naspers has relatively little, at about $3bn of debt, and while we would not publicly say it, we are worried about an economic downturn looming and by having listed equity rather than a fund we can hold on to assets if required; it might affect our share price but not the value in the business. We have not sold assets in Russia because they are undervalued with economic sanctions on the country but are good businesses.

"We can sit and ride this out because we have no debt. We buy into businesses people have initially never heard of, such as Swiggy in food, or Byju in education, or Flipkart in commerce, that start small and grow.

"Naspers learned from Yahoo, which spent on share buybacks and not investing in the business so the core went backwards and was outpassed by everyone. We are paranoid about this and so invest as much to grow the business and when mature, as with pay TV [Multichoice] can return to shareholders."

If Son is right about the opportunities for data and technology if we reach the point of singularity - an upgradable intelligent agent (such as a computer running software-based artificial general intelligence) would enter a "runaway reaction" of self-improvement cycles to far surpass all human intelligence – then the risk entailed raising more than $200bn and investing a large part of it in just a few years could pay off handsomely.

If it takes longer or the market falls substantially, Naspers' more organic approach offers a resilient structure.

Regardless, the world is already a different place because of the corporate venturing strategies of Yahoo, Naspers and SoftBank, even if the first is soon to be mainly a footnote of shareholder value created and returned through Altaba.

Making WeWork pay

By **James Mawson**
Editor-in-chief

"WeWork's Bonkers IPO," said Fortune's daily newsletter. "The Weirdness of WeWork's IPO Filing", sister publication CEO Daily called it, adding: "If a recession is coming, the WeWork IPO filing… will be a fitting capstone for the peak."

The Financial Times's analysis, WeWork: You Pay, noted: "WeWork parent The We Company is about to achieve the seemingly impossible by making Uber's initial public offering look prudent. Like Uber, WeWork is around a decade old, has never turned a profit and does not deign to suggest when it might do so. Losses are vast, obligations are gigantic but in contrast to the ride-hailing company, WeWork has no intention of giving investors an equal say in its future."

But who, exactly, will pay for Uber and WeWork? Customers have benefited from effectively subsidised services from the venture capital and debt thrown at the companies. Uber raised nearly $30bn in venture capital and at its IPO had an $82.4bn valuation; WeWork raised about $13bn in VC money with a reported $47bn valuation in its pre-IPO round.

Management gained $3.9bn in stock options from Uber at its IPO, which raised $8.1bn, and taking net loss for its second quarter to $5.2bn.

Adam Neumann, the co-founder and CEO of WeWork, could receive a pre-IPO award of options of 42.5m shares, set to vest over the next 10 years, even though the company has no employment agreement with him, according to the FT. The newspaper lays out some of Neumann's personal benefits from the regulatory filing. He already effectively controls the company through his existing 2.4 million ordinary shares and control of 112 million B shares and 1 million C shares (both of which carry double voting rights).

Venture capital investors have seen these companies' valuations explode beyond their wildest dreams while even later-stage investors, such as SoftBank, have found opportunities for tens of billions of capital needing a home and can leverage the investment pace to raise subsequent pots of money.

In fact, supporting entrepreneurs able to grow the top line has been enormously valuable skill even at the risk of encouraging conflicts of interest or governance issues down the line.

However, as investment banks will reap hundreds of millions of dollars in fees for the initial public offerings and debt financings – WeWork wants another $6bn in debt if its IPO can raise at least $3bn – bonuses that side will be considerable.

In terms of other stakeholders, even hedge funds can benefit by shorting the stock if they are right that valuations are too punchy.

So, perhaps the only big category of potential losers is the big mutual funds and exchange-traded funds (ETFs) that have to buy the stocks if they are part of the market to maintain their allocation of the overall market but then face falling prices of the shorted stocks.

But if the market overall grows by 5% per year or a similar factor, then a slight dip in ETF returns because a few stocks fall will be washed out in the annual numbers and their clients, the pension or life assurance accounts of millions of people, will barely notice the difference in cumulative pennies taken out.

If Uber, WeWork and deliver on their promises to change consciousness or deliver autonomous driving or whatever their USP is, then share prices in these companies might rise, leaving hedge funds out of pocket.

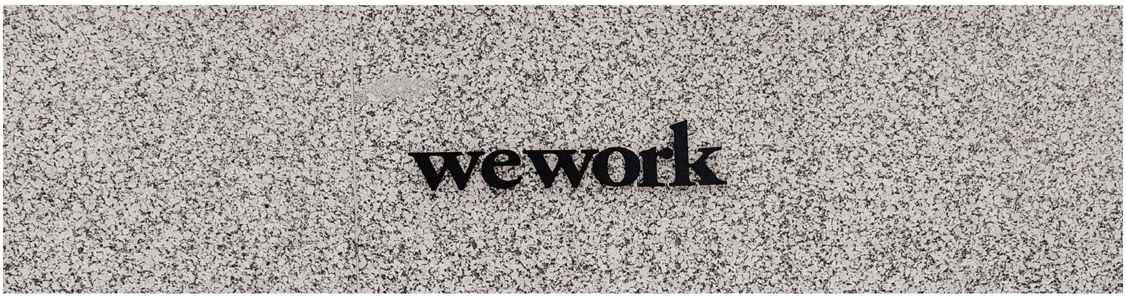
But it seems more likely that the shares will indeed fall. The real loser then would be the innovation capital funding that's been building over the past decade that has seen more than $1 trillion in venture capital invested between 2010 and the end of 2018 alone.

Markets might be a weighing machine for valuations but sentiment is important and if enough investors rush to 'safer' assets, other potential life-changing innovations can see their progress slowed through a lack of funding.

Already, Bloom Energy and half of last year's California Bay Area IPO stocks are underwater, according to analysis by BizJournal Silicon Valley, and interest rates for 10-year US Treasury notes has dropped below those for two-year Treasury bills, a warning signal for recession in the next few years, if the past 60 or so years are a reliable guide.

"WeWork parent The We Company is about to achieve the seemingly impossible by making Uber's initial public offering look prudent"

Financial Times



Digital health comes of age in IPO surge

By **Jack Hammond**
Reporter

The developing digital health sector has had to wait almost three years for the public markets to open up to it, but when they did, it was corporate venturing portfolio companies that were first through the flotation exit doors.

And the delay has perhaps been even more surprising with the performance of IRhythm Technologies, a Novo, St Jude and Kaiser Permanente-backed cardiac diagnostics technology developer that floated in October 2016 above its range at $17 per share and has continued to see a steady rise in value to $75 by mid-August this year and a market capitalisation of almost $2bn.

This summer has seen four well-received IPOs of digital healthcare companies, increasing the chances others will follow over the next year.

Of the more recent IPOs, Livongo Health, a US-based digital health company to manage chronic diseases backed by healthcare group Merck's corporate venturing unit, floated on the Nasdaq stock exchange towards the end of July at $28 per share. Livongo, whose venture capital backers included General Catalyst, Kinnevik and Kleiner Perkins Caufield & Byers (KPCB) sold 12.7 million shares, raising $355m in the IPO.

Almost a month later its share price was up more than a fifth, to give a market capitalisation of $3.1bn, but Merck had already agreed to lock in its gains. The group's Global Health Innovation Fund agreed to sell effectively its holding of just more than six million shares to a Kinnevik-led group at the IPO price in a secondary sale, according to the regulatory filing. Merck invested about $24.9m in Livongo's series C, D and E rounds, according to the filing, a profit of more than $140m from its investment.

As William Taranto, head of Merck GHIF, said: "One could look at these IPOs as validation from public markets that digital health has the potential to deliver enormous value to both society as well as shareholders and Livongo is the perfect example of a company that does just that."

Another catalyst

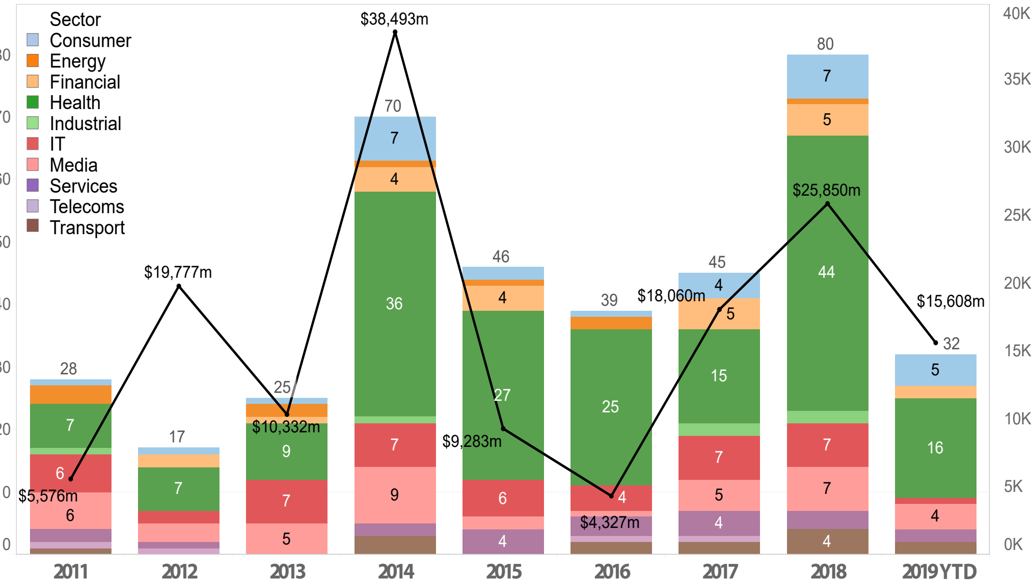
The second-largest IPO this summer, Health Catalyst, another US-based healthcare software company, saw similarly successful performance. The company, backed by healthcare systems UPMC, an academic medical centre affiliated with the University of Pittsburgh, and Partners Healthcare, affiliated with universities around Boston, started trading in late July, after pricing its IPO at $26 a share.

The stock immediately jumped 51% and closed at $39.17 a share on the first day. It has continued to trend up over the past few months to about $43 per share, valuing the company at $1.5bn.

The company raised $182m in the offering by selling seven million shares and in its regulatory filing was quick to point to the support its customers gave it.

"UPMC utilised our solution to more deeply understand their cost and clinical variation, realising $38m in clinical, financial and operational improvements over a multiyear period. As of March 31, 2019, our customers, in the aggregate, own 17.5% of our outstanding common stock on as as-converted basis."

IPOs of corporate-backed businesses by sector



Source: GCV Analytics

UPMC owned 6.3% pre-IPO dilution, having invested about $32.8m in Health Catalyst's series E and F rounds, according to the filing.

This point about having customers as investors was reinforced by Sakshi Chhabra Mittal, investment director at SoftBank's Vision Fund. In an interview with WTF Health, Chhabra Mittal said it was important to find strategic investors from the main healthcare spaces – payers, providers, patients and pharmaceuticals – on the capital table as it "gives us as investors huge comfort".

The third of the corporate venture-backed listings, by size, was for Phreesia, backed by Blue Cross Blue Shield and Ascension's corporate venturing units.

Phreesia started trading at $18 per share earlier in July, after raising $167m in its IPO, with shareholders selling a further $24.7m in stock at the offer price. After a first day jump in price, Phreesia is now trading at about $26.55 giving it a market cap of almost $1bn.

Pre-IPO, Ascension Ventures owned 10.76%; Echo Health Ventures, an investment joint venture for Cambia Health Solutions and Blue Cross Blue Shield of North Carolina, owned 8.99%; and Blue Cross Blue Shield Venture Partners owned 7.79%. Each agreed to sell a little more than 10% of its holding in the flotation, according to the regulatory filing.

Rob Coppedge, CEO of Echo Health, said: "The companies entering the public market are proven category creators that have carved unique niche, sustainable markets for their products… we are excited that they are opening up the public markets for quality tech-enabled healthcare companies by proving the value they create for the broader health care ecosystem."

Matt Hermann, senior managing director at Ascension Ventures, added: "I think the success of the recent IPOs of [the three companies] highlight the following points:

1. It is nice validation of digital health from an investment perspective given all three companies trade at market caps (more than $900m) that are multiples of venture dollars invested ($100-400m);

2. The upside for healthcare information technology (HCIT) is higher than previously thought, as investors used to think about a good

exit at more than $125m;

3. Impressive to see the size and scale of these platform companies, as 10 years ago there were only a handful of HCIT companies with more than $50m of revenue and all three of these companies have last 12 months' revenues [of] more than $70m;
4. Given each of these companies was formed more than 10 years ago, healthcare is still different from other industries, and success requires patient capital with domain knowledge;
5. These three companies are solving such different problems (chronic care management, analytics guided decision making, and optimizing patient intake experience) showcasing the diversity of healthcare problems that need to be solved and the wide range of approaches to solve them;
6. These companies are all platforms that are solving big problems versus best-of-breed solutions; [and]
7. Opportunity for unconventional approaches to create exponential change remains high."

"One could look at these IPOs as validation from public markets that digital health has the potential to deliver enormous value to both society as well as shareholders"

William Taranto

The final one of the four is perhaps more unusual. Change Healthcare, a US-based revenue-cycle-management software company, spun out of the healthcare group McKesson in June in a public offering but McKesson retained control through its holding of at least 60% of the stock through a tax-efficient structure, according to the regulatory filing. It's currently trading at about $15 a share, after pricing its offering at $13, and giving it a market cap of almost $1.9bn.

Industry investor Rock Health predicted other corporate venture-backed companies, such as ZocDoc, 23andMe, and Modernizing Medicine, could also come to the public markets.

Bill Evans, CEO of the healthcare investor and analyst, said in a blog: "The public markets are beginning to understand that these companies are transforming healthcare. They're realising that there's a lot of value to unlock."

Rock Health added in its review of the first half of 2019, Exits Are Heating Up, thqat digital health companies had raised as much as $4.2bn over 180 deals. Since 2011, $36.3bn has been invested in digital health startups and $4.1bn has been realised in the form of M&As, with $1.3 bn for IPOs.

Some of this activity has come from consolidation before filing. In the past two years, Livongo bought privately held Diabeto for $2.6m, weight-loss company Retrofit for $18.6m and behavioural-health app MyStrength for $33.5m.

Other deals have been affected by regulatory and geopolitical concerns over the use of the data. In April, China's iCarbonX (backed by Tencent) was forced to unwind its majority stake purchase of PatientsLikeMe's by the Committee on Foreign Investment in the United States (CFIUS). This meant PatientsLikeMe was forced to find a buyer and landed UnitedHealth in June.

The Financial Times reported in June Tencent-backed WeDoctor was "backpedalling on plans to list overseas... [as] China's data sovereignty rules call for all Chinese personal data to be held onshore, and industry insiders say there is increasing squeamishness about overseas listings by companies that store such data — in a mirror image of US regulators' concerns about Chinese companies acquiring personal data in the US."

Chinese medicine

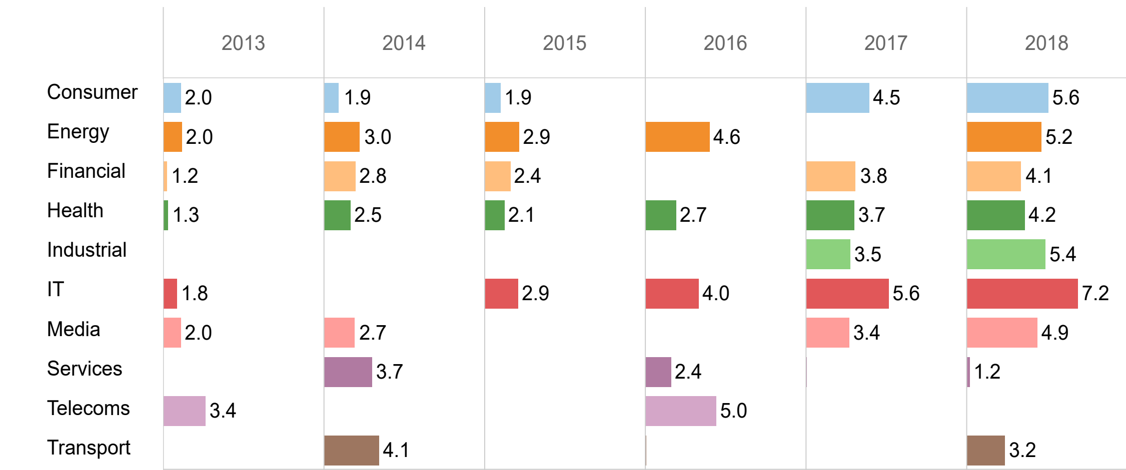
While the recent return of US-based digital health IPOs is welcome private and public market there has been perhaps even greater interest in other markets, particularly China.

WeDoctor, which has a tie-up with insurer AIA, raised $500m at a valuation of $5.5bn in May 2018, just weeks before rival Good Doctor, which is backed by insurance company Ping An, launched a $1.1bn IPO in Hong Kong, the FT added.

Galen Growth Asia, in its annual report for 2018, said China closed the year at a record $5.9bn. In the first half of this year, Galen noted $1.9bn of venture investment in healthtech deals in China, compared with the $3.7bn tracked in the US by Rock Health. With some double counting as digital health companies overlap with traditional biopharma, device, and diagnostics and tools financings, bank SVB's review of the first half identified $716m of investment in Europe. This was led by the UK, which has set up the £35m ($40m) Digital Health Technology Catalyst to support startups, such as University of Oxford's Ufonia and Star Trek-like scanner OpusVL.

The resurgence of digital healthcare exits has helped boost the overall number and value of IPOs towards the last peak, in 2014, when healthcare was also hot for the public market investors.

Average time (years) to IPO for corporate-backed companies since first disclosed corporate-backed round



Source: GCV Analytics

First-timers fuelling the CVC fire

By **James Mawson**
Editor-in-chief

With innovation in technology fast outpacing traditional business processes, corporations are increasingly turning to investments as a way of adapting to change and staying ahead of the competition.

In the first quarter of 2019, GCV Analytics tracked a record 789 funding rounds involving corporate venturers, a 23% increase over the 644 recorded in the first quarter of 2018.

Despite veteran corporate investors, such as internet and technology conglomerate Alphabet, telecommunications firm SoftBank, enterprise software provider Salesforce and internet company Tencent, continuing to remain active in the space, the uptake in investment is being fuelled by an increase in first-time CVC investors.

In Q1 2017, first-time investors accounted for 12% (65) of the corporate-backed deals tracked by GCV. However, in the first quarter of this year 143 deals (20%) were made by first-time investors.

According to data from Global Corporate Venturing, a total of 1,626 corporates completed an investment in 2018. Out the that total, approximately a third (544) of were making their first deals.

This year is on track to potentially surpass last year's total. More than 1,031 corporates have already completed a deal so far in 2019, with more than 270 of those by a first-time investor, just over a quarter of this year's deal total so far.

The data shows a trend of newcomers making a move into venturing, whether that is through a specific venturing unit or fund, or just through capital off the balance sheet.

Russia-based steel, energy and mining company Severstal is one of them, having announced the launch of a corporate venture fund, Severstal Ventures, in May last year.

The fund was awarded Global Corporate Venturing's new entrant of the year award for 2018, beating Alliance Ventures, a vehicle set up by carmakers Renault, Nissan and Mitsubishi; a corporate venturing unit established by energy management business Schneider Electric; a fund formed by oil, gas and chemicals supplier Sinopec; and an incubator and venture capital fund formed by cryptocurrency exchange Binance.

George Gogolev, previously director of corporate innovation and technology transfer at state-owned fund of funds Russian Venture Company, was bought in to support the creation of Severstal's CVC unit as head of disruptive innovation.

The vehicle's primary area of focus is bulk materials and materials for the construction, energy and automotive industries, though it also looks at coatings and production technologies with a special focus on large-scale 3D steel printing for construction.

Gogolev said the rise in corporate investments and first-time investors in the space was a reaction to innovation in technology. He added: "Generally, it is down to speed and change. The speed in which the change in technology has increased and the speed in which traditional corporates are dying out and being replaced by new and upcoming companies.

"The management and shareholders of large corporations understand that so that is a big macro factor they have to address. They are doing that through open innovation and in the last wave of corporate venturing they finally figured out they have a strategic purpose to serve, which isn't strictly financial."

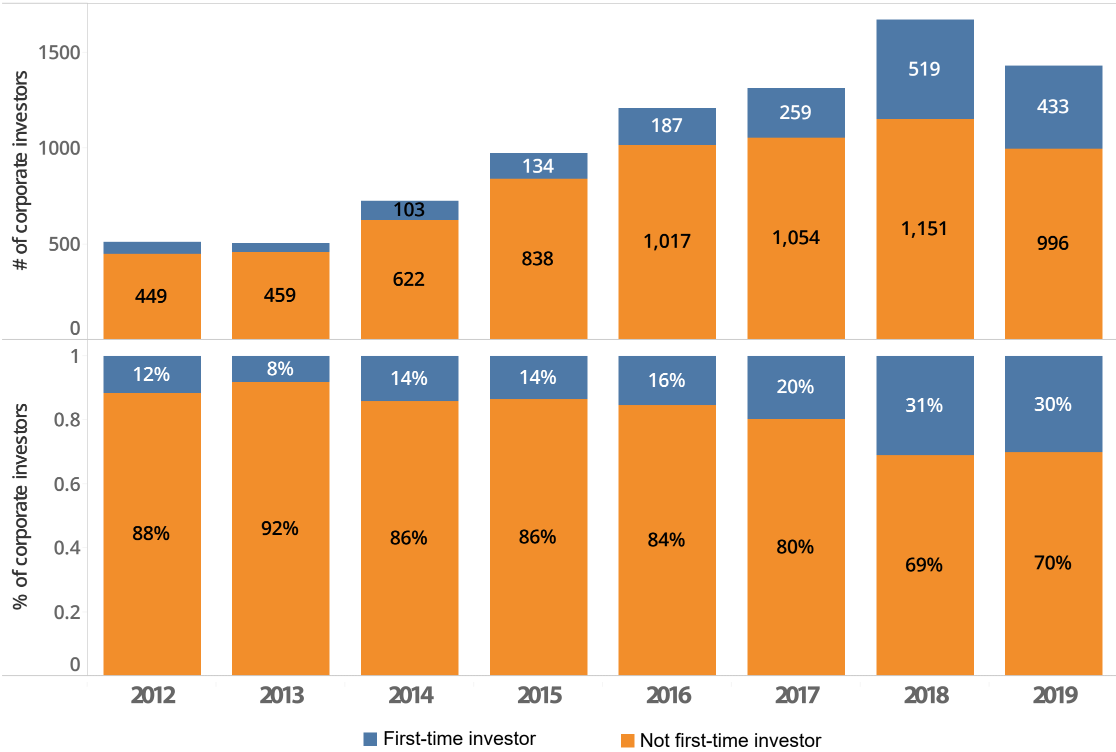
He also believes the success of traditional VCs and the returns in that segment is causing corporates to sit up and take notice.

pressure of making sure you are being "innovative as a core practice".

He added: "Part of that is solving the issue internally, no question about that. However, I think an additional part of that is making investments to keep your hands on the pulse of the industry and being able to leverage those tools internally.

"Corporates are also reacting to the fact that VCs have done extremely well making these investments without

First-time vs repeat investors



In April 2019, UK-based events and publishing group Informa also launched a corporate venturing fund to focus on seed and series A stage startups operating in the knowledge and information economy. The fund, Inform Ventures, is operating out of offices in London and New York under the leadership of managing partners Richard Stanton and Max Gabriel.

Stanton said the move from first-time CVCs was being fuelled by the need to keep up with disruption and the having a frontline view of the use cases."

In addition to Severstal and Informa, Global Corporate Venturing has tracked the establishment of more than 62 other CVC funds or units since the beginning of 2018, emerging from a range of different industries and geographies.

Equipment producer Bose has committed to provide up to $50m for a corporate venturing unit called Bose Ventures, which is designed to fund startups developing augmented reality technology. Ireland-based security product manufacturer Allegion has also formed a $50m vehicle to invest in complementary technologies.

Conglomerate BayWa Group launched BayWa RE Energy Ventures to back energy-related technologies, while the Heritage Group (THG), a diversified US-based holding company, has created HG Ventures to make strategic investments in early and growth-stage companies in THG's core sectors of infrastructure, materials, energy and environmental services.

In the healthcare space, provider Cigna launched a $250m vehicle to access innovative technology that can improve the effectiveness and efficiency of its services, while financial services firms Commercial Investment Bank (CIB) and Barclays have followed suit by establishing dedicated investment units.

Utility National Grid has also officially launched National Grid Partners (NGP) to invest in companies developing technologies that can support the transformation to an energy distribution network more heavily based on renewable energy.

While these corporates and others have established funds or dedicated units as part of their strategy, others have simply invested off their balance sheet without an established unit in place.

Property management firms Greentown Service Group and Galaxy Holdings made their first investments by contributing to a $157m series C1 round for China-based online property portal Uoko.

Property manager Invitation Homes also completed its first investment by backing a $325m series E round for US-based online real estate marketplace Opendoor.

In the financial services space, boutique advisory firm Blacksoil Group chipped into a round for online lending marketplace Rubique Technologies, consulting firm Rice Warner took part in a $11.3m series A round for digital mortgage marketplace Athena Financial and marketing and e-commerce services provider The Native reportedly paid $9.1m for a 15% stake in US-based online auctioneer Paddle8.

Vehicle refuelling and retail technology producer ORT Technologies, wireless technology producer Incon, carmaker BAIC and holiday resort operator Resorts World also made their first deals, investing in Velox, Variant Pharmaceuticals, RoboSense and TabSquare respectively.

Unit or one-by-one?

With the rise in corporate investments being fuelled by those making their first moves into space, does establishing an investment team, unit or fund have benefits over investing in one-off deals?

Severstal has so far made limited partner commitments to two funds, which has helped establish a pipeline of deals and assess opportunities in the sector. The firm's first investment has been caught up in regulatory constraints, though it is expected to be completed shortly.

Gogolev explained the reasoning behind establishing a dedicated unit as opposed to just investing in one-off deals. He said: "The unit was created as part of a new growth strategy and focusing on growth from innovation.

"What I would say is when something has a name, has a brand and has a team of people associated with it, it becomes much more real"

Richard Stanton

"There are basically three types of innovation; product innovation, process innovation and new business model innovation. We created the venture fund to understand the future in order to be better prepared. Our main investment thesis is looking at real disruption within those three areas."

Having established Informa Ventures, Stanton explained the benefits a dedicated unit has. The idea of the fund was born out of the need to target a universe of companies that are unlocking or solving problems that Informa believes exists in the industry, all lining up against a core set of hypotheses that the corporate has laid out with its divisions.

"We treat our process no different than that of an established set-aside fund. We do internal reporting, we have monthly investment committee meetings, we hold diligence sessions weekly. We are dedicated to looking at the data and trends that are associated with passed and funded deals and share that information quarterly with each other and our divisional leadership."

While Informa acts as an off-balance sheet investor, internally they are a team of professionals focused on making strategic investments, Stanton said.

"What I would say is when something has a name, has a brand and has a team of people associated with it, it becomes much more real. If you are doing that as a one off or an ad-hoc strategy, you will not have the same dedication to following that sort of rigour and process. I think that's a huge advantage for us as a committed investor."

10x Genomics files for $100m IPO

By **Kaloyan Andonov**
Reporter

SoftBank-backed genome medical research tech provider 10x Genomics has filed to go public. This may be a notable exit in the burgeoning genomics and gene technology space, which has seen much corporate backing in recent years.

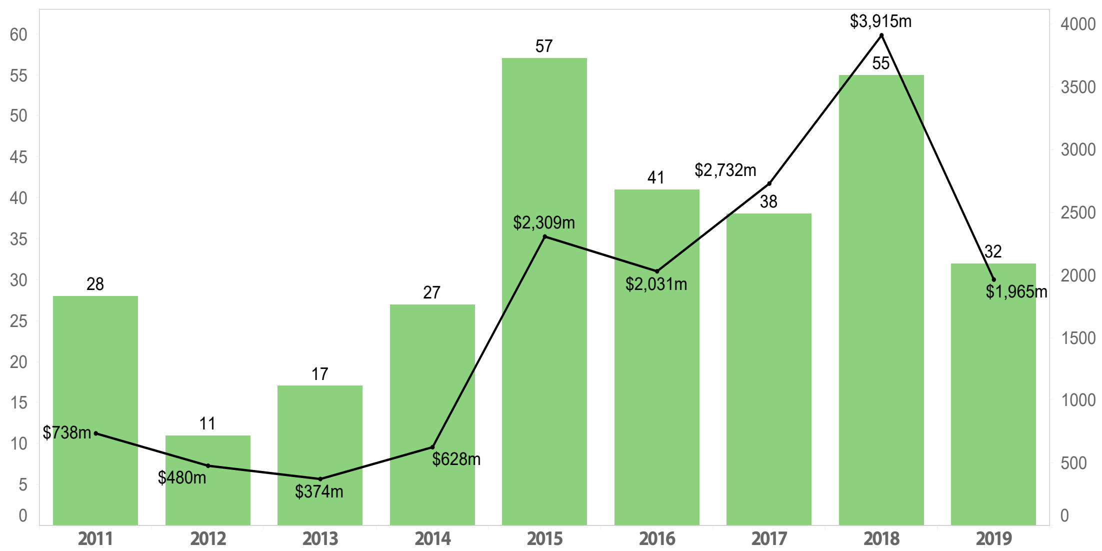
US-based medical tool developer 10x Genomics has filed for an initial public offering, aiming to raise up to $100m. The IPO would give SoftBank an exit. The group invested in the company's $85m series D round with banking firm Wells Fargo's Strategic Capital vehicle and financial services group Fidelity Management and Research (FMR),

among others. That latest round reportedly valued the enterprise at $1.28bn.

Founded in 2012, 10x develops and produces instruments and software for use in biomedical research. It has created a DNA sequencing technology to help researchers better identify subtle variations that are overlooked by technologies, which shred biological samples into tiny fragments before sequencing short stretches and using computers to assemble them into a genome. The company more than doubled its annual revenue to over $109m for the first six months of 2019 while cutting its net loss from $21.6m to $14.5m during the same period.

The genetics tech space has not stayed off the radar of corporate venturing investors. Businesses saw more corporate-backed rounds from 2015. In 2018, the number of such rounds reached 55, estimated to be worth a total of $3.92bn, up from $628m in 2014. This year, so far, we have registered 32 corporate-backed rounds, worth $1.96bn. The dollar figures clearly point to rising valuations, which are understandable in light of the potential such technologies could unlock for humanity.

Corporate-backed rounds in genetics tech enterprises



Source: GCV Analytics

Corporates reach Terminus at $283m

By **Kaloyan Andonov**
Reporter

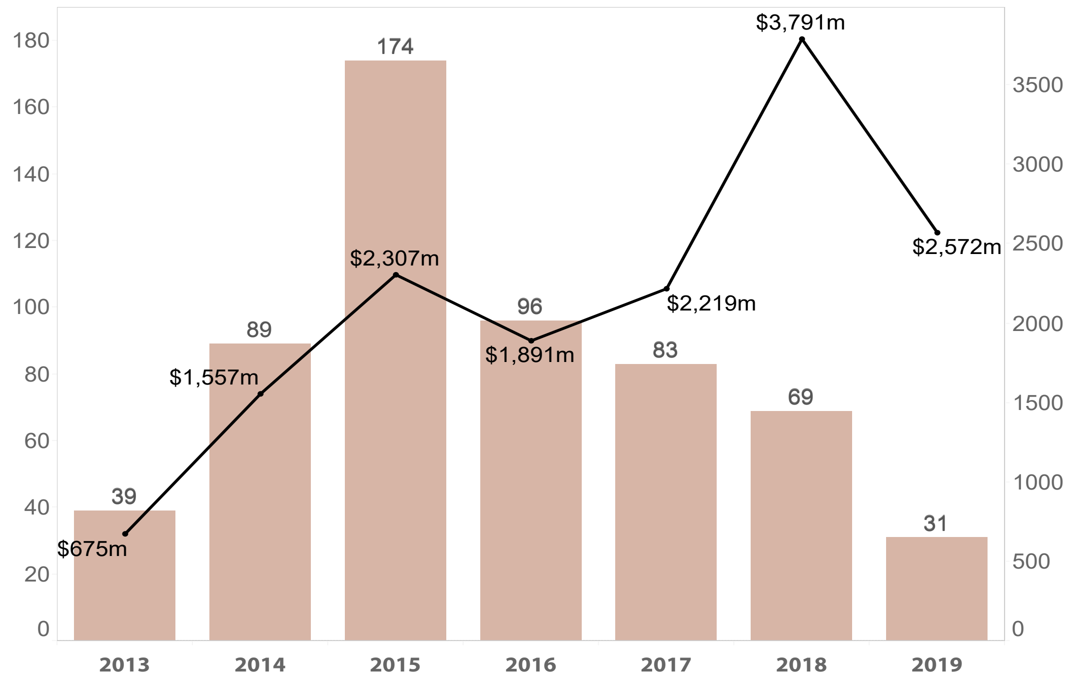
Several corporate venturers have backed IoT company Terminus Technologies in a $283m series C1 round. This round confirms an upward trend in valuations of such enterprises we have been observing for years.

China-based internet-of-things (IoT) technology developer Terminus Technologies has raised RMB2bn ($283m) in a series C1 round, which featured three corporate investors, ~~e-commerce firm~~ JD.com, property-focused conglomerate Wanda Group and voice recognition technology producer iFlytek. The round was led by asset manager China Everbright and backed by undisclosed additional investors.

Founded in 2015 and incubated by China Everbright, Terminus Technologies develops artificial intelligence-enabled industrial IoT products which can be used in public safety and urban management. The company targets governmental and private business customers.

There has been much attention in financial media on the IoT space in recent years and its wider applications – from smart factories to smart cities or homes. Corporate venture investors have also held this emerging technology on their radars. The number of corporate-backed deals in IoT reached a peak in 2015 with 174 rounds, and it has been going down ever since. However, the estimated dollars raised in these corporate-backed rounds grew significantly from $675m in 2013 to $3.79bn by the end of 2018. In

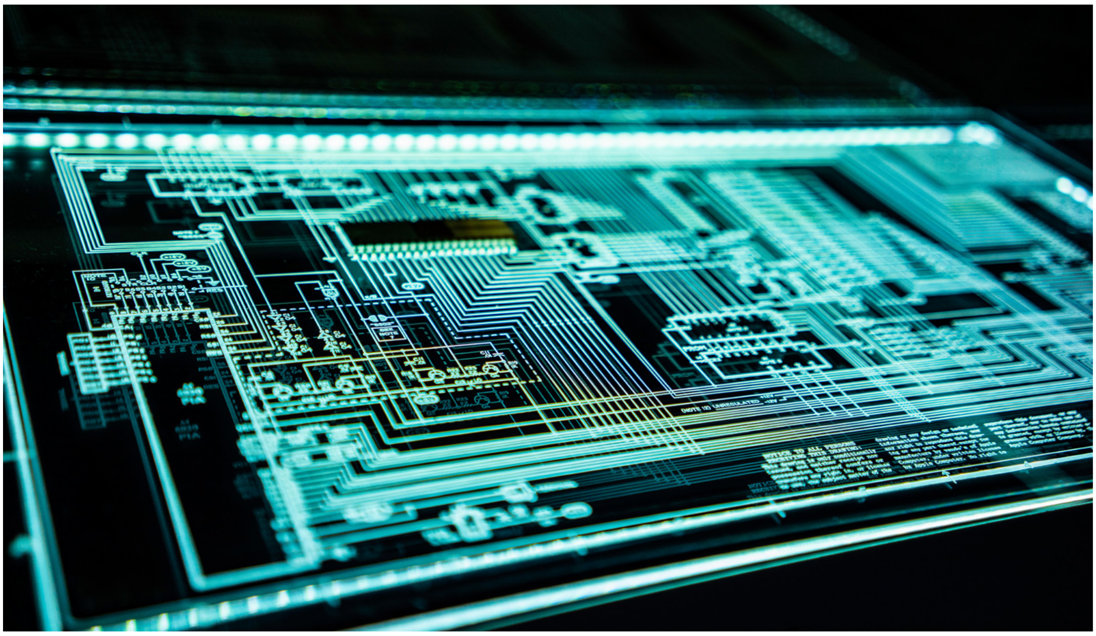
Corporate-backed deals in IoT tech



Source: GCV Analytics

other words, it appears that valuations of emerging businesses have soared.

Our data for corporate-backed deals by the beginning of August 2019 corroborates this: for the first seven months we have tracked only 31 deals in the space but their total estimated worth was $2.57bn. The latest multimillion series C1 round raised by Terminus also attest to this upward valuation trend.



IPOs of corporate-backed businesses hit post-dotcom bubble peak

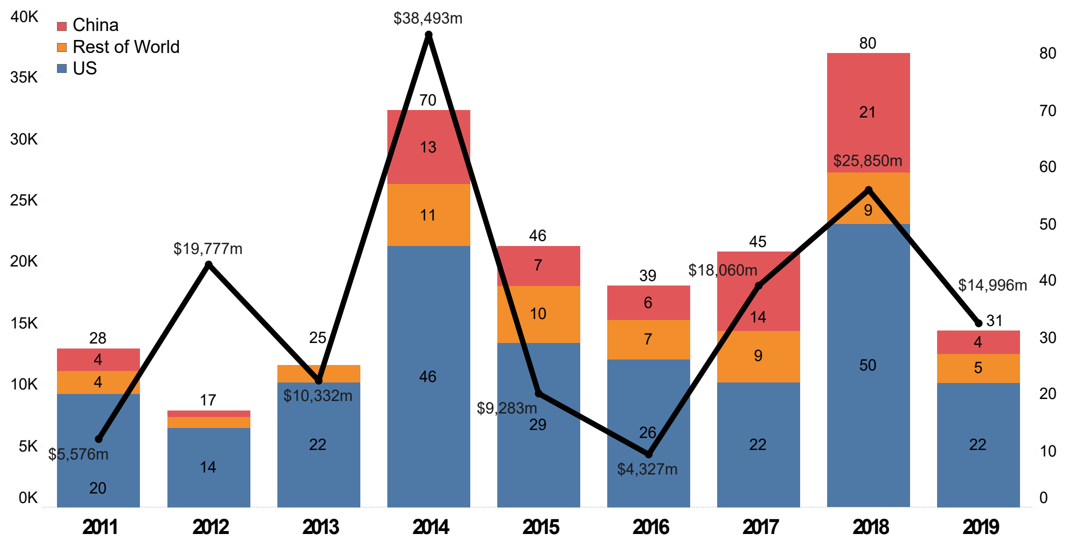
By **Kaloyan Andonov**
Reporter

Last year there was a peak in number of IPOs of corporate-backed emerging business, while the first half of 2019 hosted some much-awaited flotations like those of Uber, Lyft and Slack. We look at the broader picture for corporate-backed companies going public.

As there have been many large corporate-backed rounds ($100m and above) in recent years, it is logical to ask what proportion of the corporate-backed promising businesses venture to go public and become exits for their backers. According to data provider PitchBook, 2018 registered 194 venture-backed initial public offerings (IPOs), worth a record $249.5bn. That figure is the highest registered since the peak of the dotcom bubble in 2000, when $242bn were raised in more than 2,000 flotations.

What is the share of corporate-backed businesses going public? According to our data from GCV Analytics, in 2018, we tracked 80 of these IPOs, raising a total of $25.85bn in capital. In comparison, this constitutes about 41% of all IPOs of venture-backed businesses, according to PitchBook's figures, and roughly 10% of the total dollar value.

While this may seem reassuring at first, as it implies corporates may not have a huge share in a potential economic bubble, the share of IPOs by corporate-backed businesses was much lower



Source: GCV Analytics

in previous years (around 20-25%). Furthermore, public markets appear to be a source of liquidity for earlier investors in companies that are not yet registering positive cashflows from operations – look no further than Uber and Lyft. According data from Empirical Research Partners, the number of loss-making companies quoted on US stock markets is approaching a 30-year high, with the average company which goes public making a loss.

Monitoring nine-figure corporate-backed rounds

By **Kaloyan Andonov**
Reporter

Rounds above $100m tend to be raised by companies based in the US and China. Last year we saw a record number of corporate-backed rounds.

At the events and workshops GCV organises, we often point to the fact that a corporate investor is likely to be found among the syndicates of larger VC rounds. There are plenty of reasons for this.

On the one hand, for a variety of communication-related reasons, many corporate investors are often reluctant to publicly disclose their backing of a startup until it has reached later stages of development, which naturally tend to entail larger rounds.

On the other, some corporate venturers play the game mostly for financial returns, therefore later-stage and larger rounds – some with special classes of shares guaranteeing minimum returns should an envisioned exit strategy fail – are also alluring to them.

Corporate-backed nine-figure rounds are thus interesting to monitor on a global scale. Historically, the majority of deals sized $100m and above have been concentrated in the US and China with the rest of the world's transactions picking up in number only in the past two years.

It is also evident that it is precisely these rounds (hitting a record number of nearly 300 in 2018) that account for the vast bulk of total estimated capital in corporate venturing. For example, we tracked more than 2,800 deals worth nearly $180bn in estimated capital for 2018, of which $138bn, that is, 77%, were deployed in 298 deals that were $100m or larger.

Dollar-wise the geographical distribution is also skewed towards China and the United States.

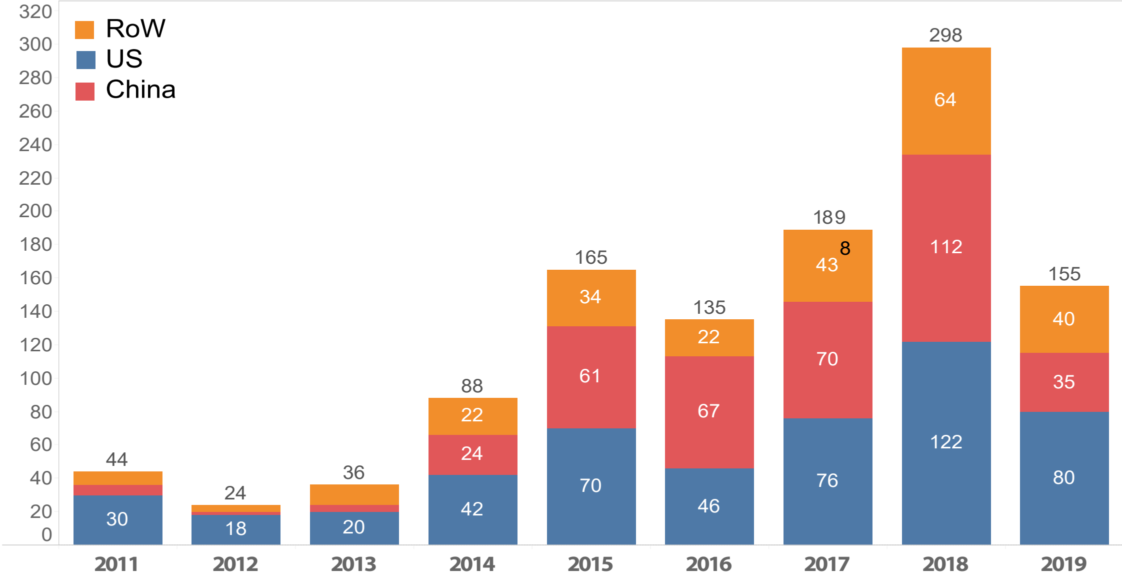
During the first half of 2019, we tracked a total of $43.7bn deployed in corporate-backed large rounds, which appears to suggest a potential slowdown by the year end.

Finally, it is worth asking what type of companies raise such gargantuan rounds. Unlike their geographical distribution, there does not seem to be a bias for companies from any particular sector among those top rounds raisers.

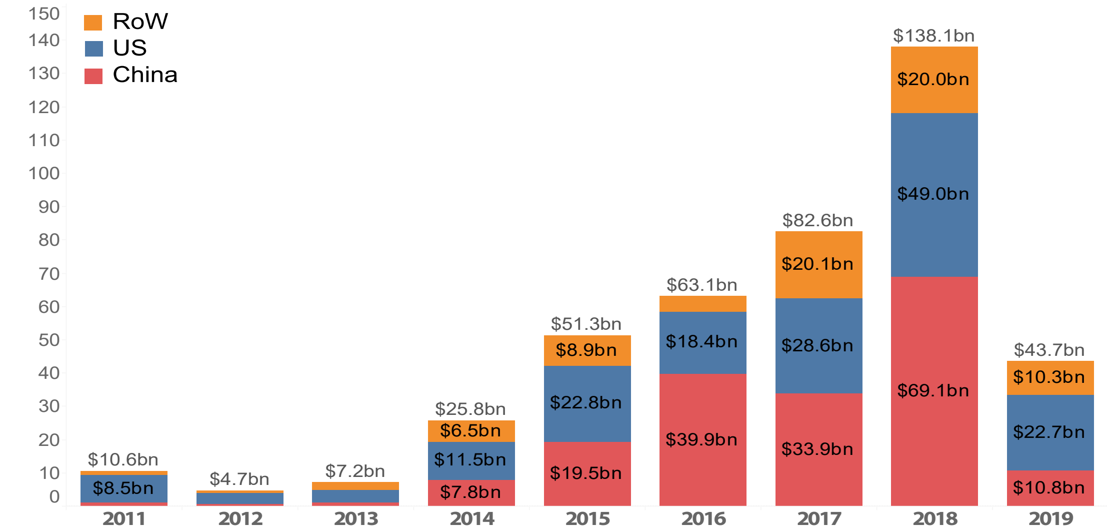
Except for some occasional peaks for companies from the transport, consumer or health sector in recent years, a promising business from almost any sector can be (almost) equally likely to raise a large round.

Corporate deals above $100m

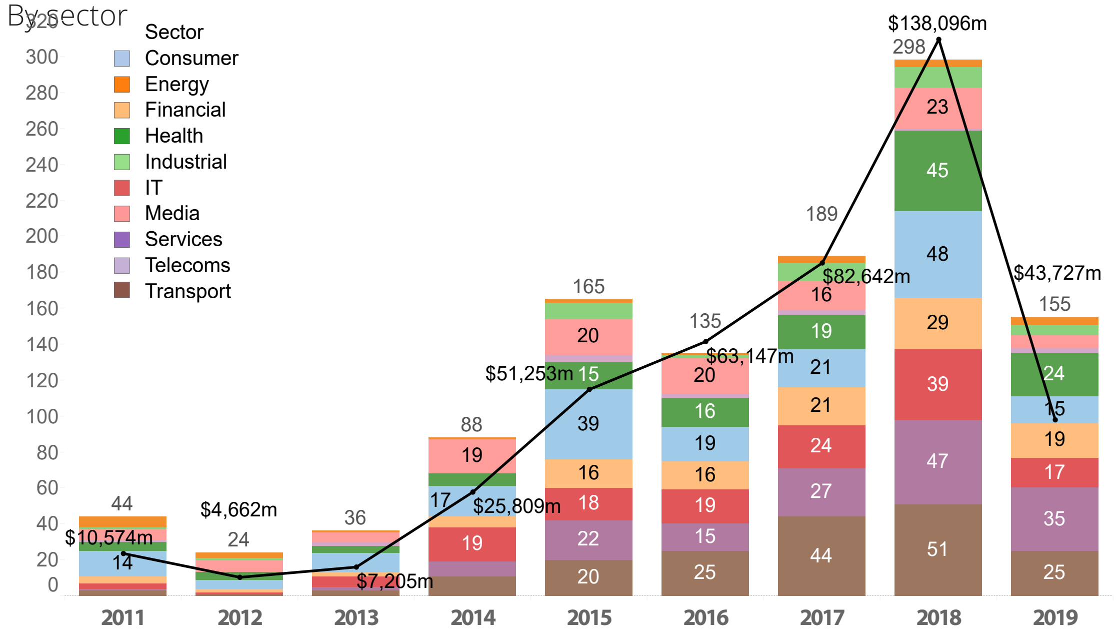
Count by country



Round size by country



By sector



Source: GCV Analytics

First-time corporate investors are increasing

By **Kaloyan Andonov**
Reporter

Since the beginning of 2018, a fifth of all corporate investors whose deals we track appear to be newcomers.

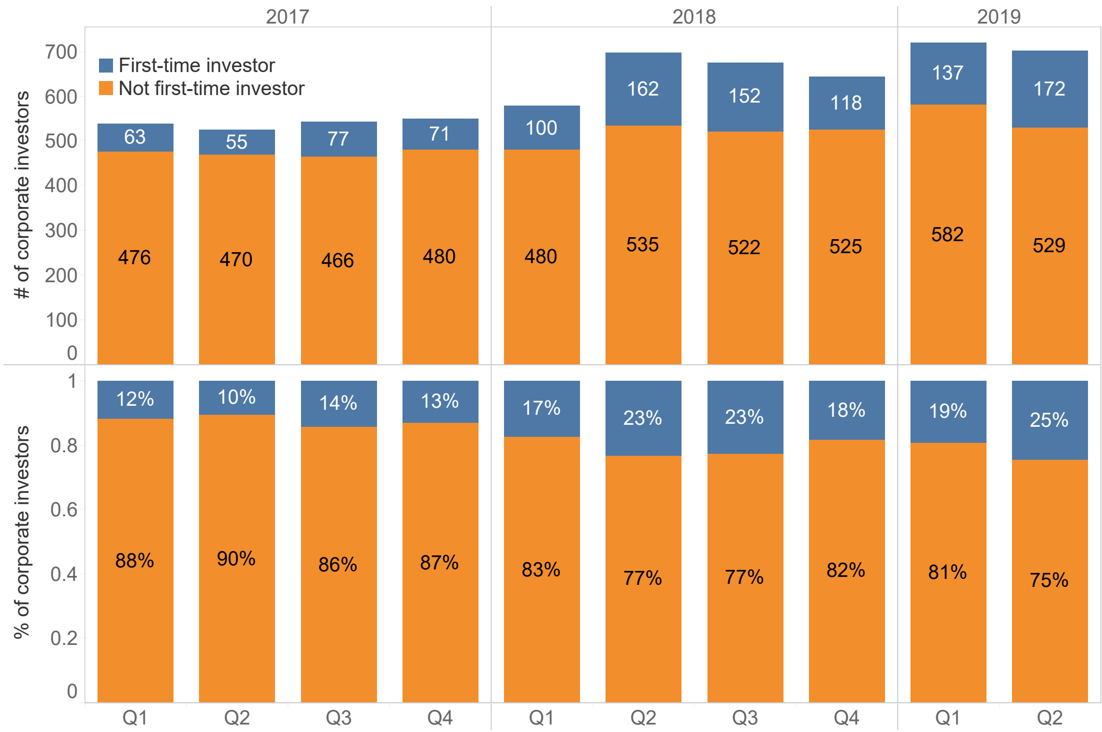
Most of the corporate investors taking minority stakes in the second quarter had done at least one previous deal (75%), leaving 25 % which were disclosing their first minority stake deal.The proportion of these "first-timers" appears to have stayed at 20% in each quarter since the beginning of 2018.

In previous years, such as 2017, this proportion was consistently lower than 20%. There is a caveat, however. It is hard to estimate how many corporates are actual newcomers to the corporate venturing game, as some of them may have done minority stake deals in emerging enterprises but not announced them.

What are the implications of this? Corporate venturing – understood in its broadest sense as minority stake investing in emerging companies – appears to have become an innovation tool to be employed by more corporations around the globe, rather than by a few global leaders.

While it may be that some of these newcomers are occasional investors in startups or, conversely, more frequent than the data suggest, this is very unlikely to be accidental in a time when valuations have reached peaks unseen since the dotcom bubble and when incumbents are increasingly fearful of disruption.

Proportion of investors investing for the first time



Source: GCV Analytics

Vungle's $750m acquisition

By **Kaloyan Andonov**
Reporter

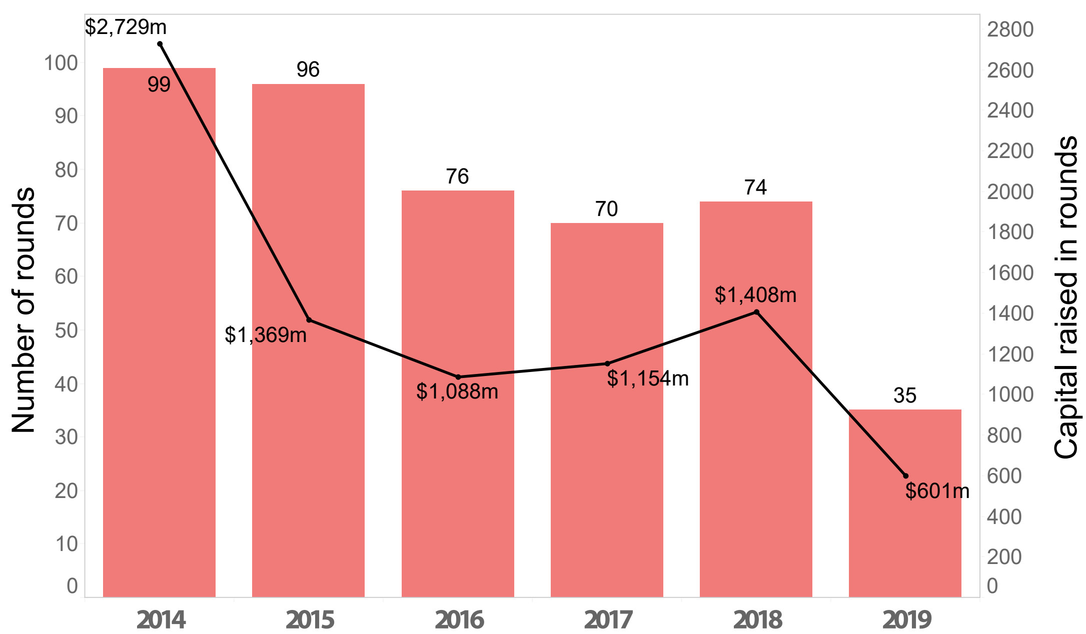
Blackstone will buy the advertising platform Vungle, giving exits to corporates Alphabet and Verizon.

Advertising technology developer Vungle, which counts internet conglomerate Alphabet and telecoms company Verizon as backers, agreed to be acquired by private equity firm Blackstone in a reported all-cash transaction at $750m. GV, the early-stage corporate venturing subsidiary of Alphabet previously known as Google Ventures, backed the company's series A and series B rounds in 2013-14. AOL Ventures, the now-defunct corporate venturing unit of mass media group Verizon's AOL unit, had also participated in the series B round.

Founded in 2011, Vungle owns a suite of digital tools that help developers monetise their mobile apps via advertising campaigns based on customer data. The company claims its technology accounts for over four billion video views a month.

Vungle is part of the broader digital marketing and adtech space, which corporate venturers are aware of. Corporate-backed dealflow in that space peaked in 2014 and 2015 – with 99 and 96 deals respectively – but has dropped to around 70 deals a year from 2016 onwards. In terms of the total estimated capital in those rounds, the story is similar. 2014 saw a peak with $2.73bn and the totals dropped to remain above $1bn in the following years. It appears to be one of the few sub-sectors of emerging tech missing a clear boom in valuations.

Corporate-backed rounds in digital and adtech enterprises



Source: GCV Analytics

Biontech gets a $325m series B round

By **Kaloyan Andonov**
Reporter

Cancer treatment company Biontech raised $325m round backed by Fidelity. The company forms part of the oncology and cancer treatment sub-sector of life sciences which has seen much growth and corporate backing in recent years.

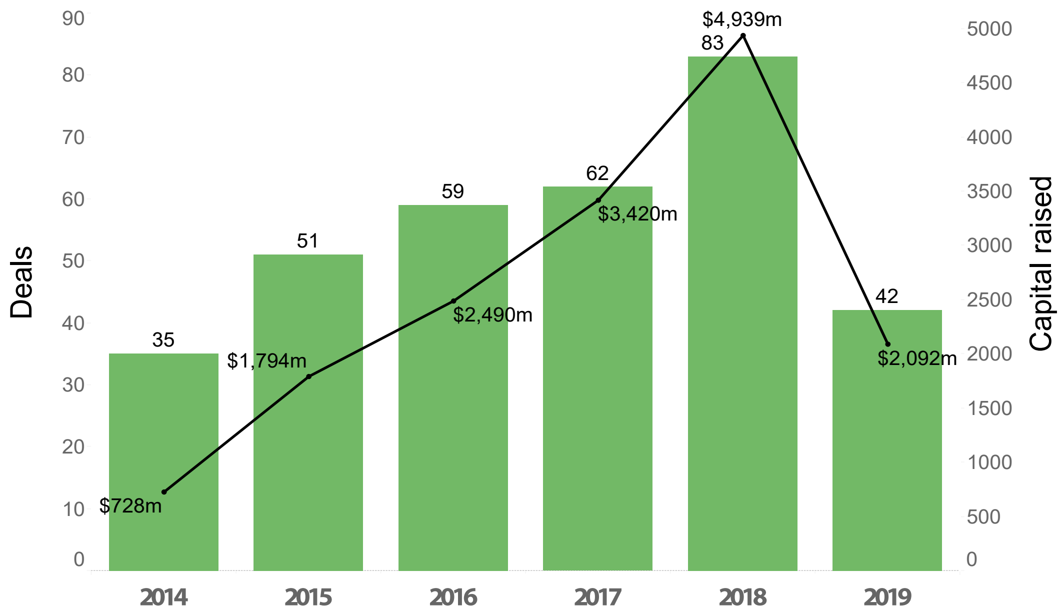
Germany-based immuno-oncology therapy developer Biontech completed a $325m series B round, led by financial services group Fidelity Management & Research. Other participants included Redmile Group, Invus, MiraeAsset Financial Group, Platinum Asset Management, Jebsen Capital, Steam Athena Capital, BVCF Management and the Strüngmann Family Office.

Biontech has previously raised rounds backed by pharmaceutical companies Sanofi and Pfizer, signing collaboration agreements with both. It was not clear whether these investors participated in this round. The funding will advance the company's pipeline and investing in its manufacturing infrastructure.

Spun out of Johannes Gutenberg University Mainz in 2008, Biontech is developing immunotherapies for cancer and infectious diseases. Its candidates are based on research by co-founder and chief executive Uğur Şahin, professor of medicine at the university.

The oncology space has received much attention from corporate venturing investors. Both deal count and estimated total value have increased progressively since 2014 – from 35 rounds worth an estimated $728m then – to 83 deals by the end of 2018, worth an estimated $4.4bn. In the first half of 2019, we have registered 42 deals in this space, worth an estimated $2.09bn. This suggests that the upward trend is sustained.

Corporate-backed rounds in oncology and cancer treatment enterprises



Source: GCV Analytics

Carbon prints out another funding round

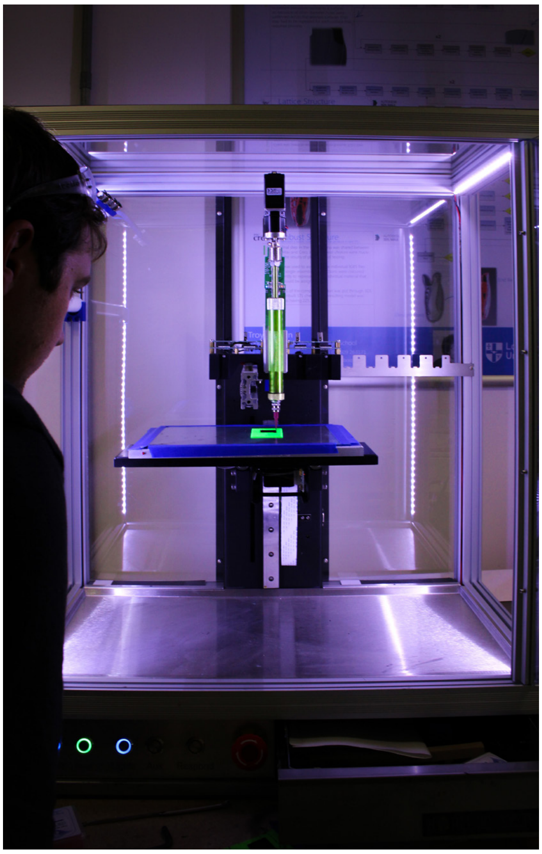
By **Kaloyan Andonov**
Reporter

3D printing developer Carbon raised a new round reaching $260m and featuring corporate backers from different sectors.

US-based additive manufacturing technology developer Carbon received more than $260m in a round featuring a number of corporate investors including pharmaceutical group Johnson & Johnson, sport apparel producer Adidas, chemicals provider Arkema and advanced materials manufacturer JSR. The round – which reportedly sought to value the company at $2.5bn – was co-led by venture capital firm Madrone Capital Partners and investment manager Baillie Gifford. It also featured investment and financial services group Fidelity Management & Research and Singapore-based government-backed firm Temasek. Earlier reports had suggested that Carbon was aiming to raise $300m.

Johnson & Johnson and Adidas are already existing investors in Carbon, which has received backing from other corporates in its previous funding rounds, amounting an estimated $680m of capital. Previous corporate backers include design software developer Autodesk, optical technology producer Nikon, automotive manufacturer BMW, payment technology producer FIS, GV and GE Ventures – venturing arms of internet conglomerate Alphabet and industrial conglomerate General Electric.

Founded in 2013 as Carbon3D, Carbon has developed a technology which aims to overcome the current



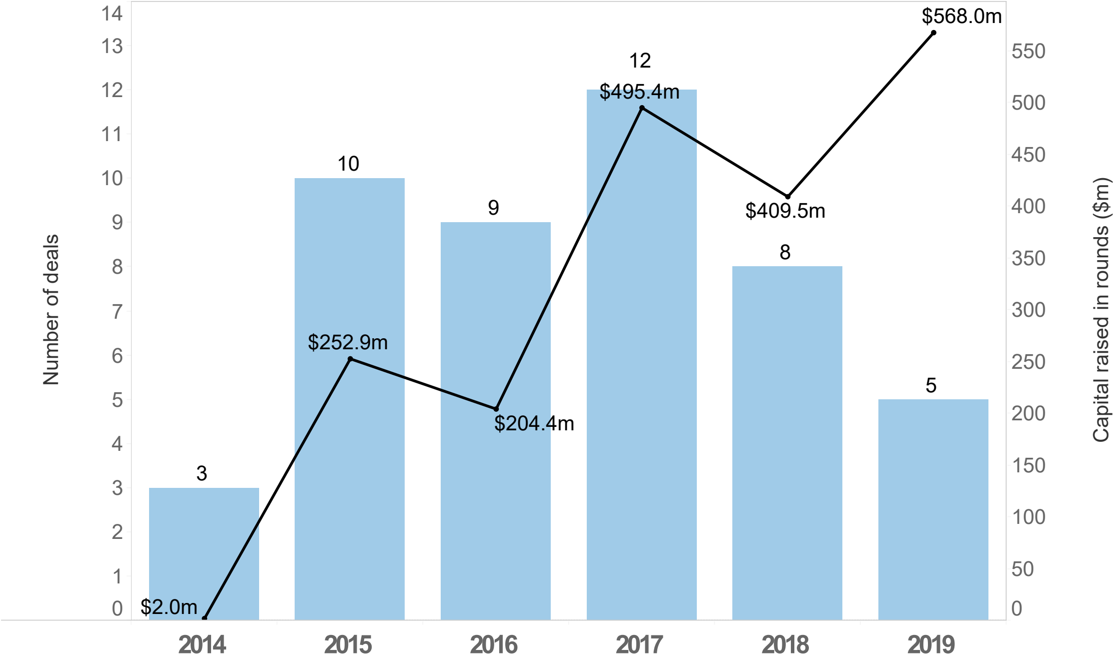
limitations of speed, mechanical properties and materials in 3D printing. It is dubbed Digital Light Synthesis and it combines digital light projection, programmable liquid resins and oxygen permeable optics to produce 3D printed components it claims have the consistency of injection-moulded parts.

The funding from this latest round will finance the completion of an R&D facility and support European and Asian growth along with the enhancement of its software and base materials.

3D printing or additive manufacturing, as it is also known, may have failed to

Corporate-backed rounds in 3D printing enterprises

Source: GCV Analytics



bring factories to people's homes but its potential applications have caught the attention of many corporate investors from various sectors as the technology may bring operation efficiencies for their corporate parents. This is evidenced by the variety of corporate backers in Carbon's syndicate.

There has been corporate interest in relatively large rounds raised by these enterprises but the number of the deals done was rather modest – eight to 12 rounds per year and going down since 2017. This is perhaps attributable to the very nature of an industrial business of this type – capital and R&D intensive, and slow to grow and bring to fruition. Thus, it is very likely there are relatively few emerging companies developing such technologies and fewer worth investing in.

Corporates take multi-billion ride with Grab

By **Kaloyan Andonov**
Reporter

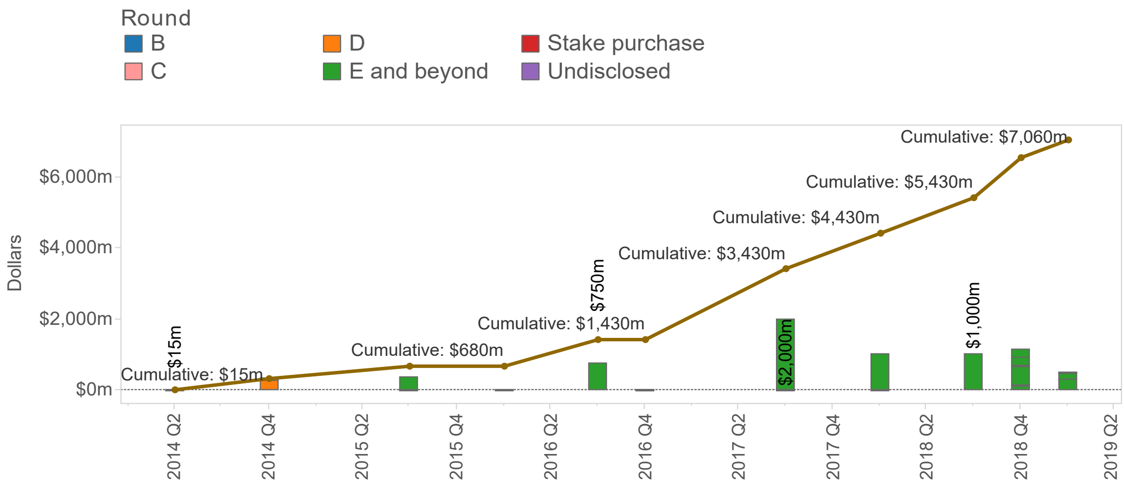
Grab has so far raised a $4.8bn series H round, after Invesco chipped in $300m in addition to the funding provided by corporate investors like SoftBank's Vision Fund, Microsoft, Toyota, Ping An since June last year.

Investment firm Invesco committed $300m to Singapore-based on-demand ride hailing platform Grab, adding to a series H round that has reached a total of $4.8bn and featured multiple corporate commitments. The platform most recently raised $1.46bn from SoftBank's Vision Fund in March 2019.

It began raising this record-breaking round in June 2018, when it closed a $1bn commitment from carmaker Toyota. Shopping centre owner Central Group, motor vehicle provider Yamaha, and software producer Microsoft also contributed later, as did travel and accommodation booking platform Booking Holdings (providing $200m) and automotive manufacturers Hyundai and Kia Motors (both with a total of $250m). Insurance provider Ping An's corporate venturing arm, Ping An Capital, also invested along with Mirae Asset - Naver Asia Growth Fund, a joint venture of internet company Naver and investment bank Mirae Asset Daewoo. In April, Grab chief executive Anthony Tan said the company was seeking a total of $6.5bn by the end of 2019. Earlier corporate investors included travel agency Qunar and ride hailing peer Didi Chuxing.

Founded in 2012 as GrabTaxi, the company runs ride hailing services across Singapore, Malaysia, Indonesia, Thailand, Vietnam, Cambodia, Myanmar and the Philippines. It started out as a taxi booking platform but has grown to offer a full range of ride hailing services, including a chauffeured service and carpooling. Grab also offers food delivery and mobile payment. The new funding is expected to enable it to consolidate its position in the financial and mobility services sectors.

This round increased Grab's funding to over $7.5bn, of which more than $7bn has been raised in corporate-backed rounds. Even though we have seen its most famous US-based peers, Uber and Lyft, go public, it appears Grab is still in expansion phase and has no dearth of investors willing to pour billions into its late rounds.



Source: GCV Analytics

Sector review

Telecoms poised for the advent of 5G

By **Kaloyan Andonov**
Reporter and analyst

Telecoms connect our digitised world. Developments in this sector facilitate the increasing digitisation of the globe and the proliferation of innovative mobile-connected technologies. With its decisive role to play in overall technological disruption, the telecoms sector is, naturally, one of the most competitive industries. To stay relevant, companies continually make significant outlays of capital and innovate, so the telecoms business is capital-intensive.

Characterised by high competition and high capital requirements, the sector is arguably among the most disrupted. The basic services carriers once provided – such as voice or texting – have been long replaced by over-the-top (OTT) providers of services like WhatsApp, Skype or Viber that operate via the internet. This has had an impact on telecoms' revenue streams and the trend is likely to deepen with the rollout of 5G and the range of connected technologies it may fuel.

This capital intensity partly helps explain why telecom corporate venturing units have looked to third parties to help fund their deals. From SoftBank with its huge Vision Funds I and II, to Swisscom, Telstra and Deutsche Telekom, the sector has developed structures and strategies in the past three years to add third-party limited partners in funds.

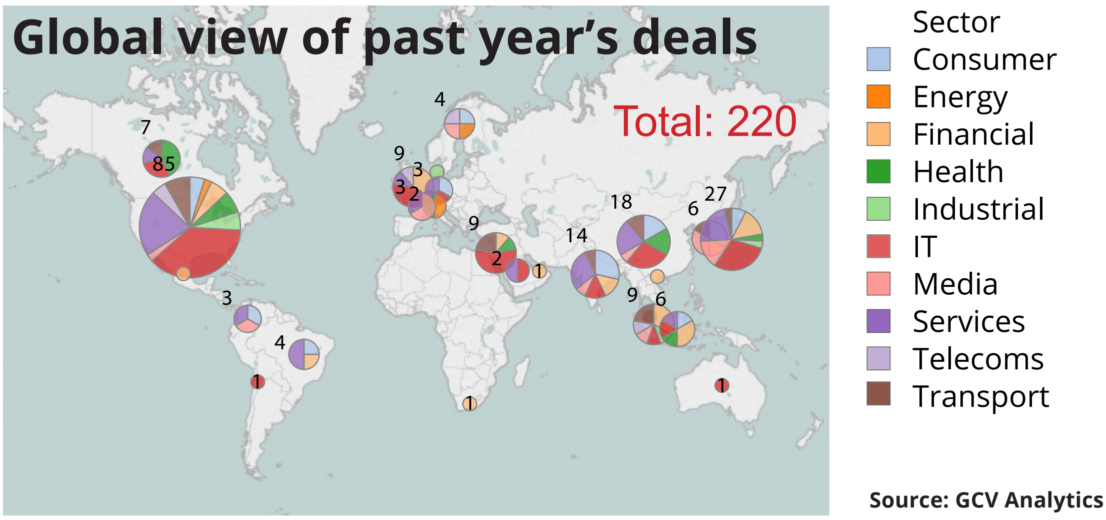
GCV Analytics' definition of the telecoms sector encompasses telecoms service providers, wireless technologies and other telecoms-related emerging businesses

Demand for capital is one thing, but getting a supply is another, which needs investors to see the potential for financial returns.

Matthew Koertge, managing partner at Telstra Ventures, which took on HarbourVest as a secondary investor last summer, said: "Things are going very well. A recent highlight was the Crowdstrike IPO which has been an excellent outcome for us. Also, the NGINX acquisition by F5 Networks for $670m was a great recent result [and last month Temenos agreed to acquire Kony]."

As the introduction of 5G wireless technology in 2020 approaches, established companies in the industry appear optimistic about opportunities. According to data consultancy firm Deloitte, 72 operators are testing 5G offerings and 25 wireless operators are expected to launch services by the end of 2019. Roughly five million 5G modems are also forecast to be sold in 2019, with the figures for 2020 much higher.

As 5G takes over developed markets, carriers are expected to roll out and scale 3G and 4G connectivity in developing ones, where the subscription base is fairly mature. The Economist's data found in



Source: GCV Analytics

sub-Saharan Africa there is an average of 104 mobile service subscriptions per 100 people, comparable to Latin (107) and North America (109).

According to a Deloitte report '2019 Telecommunications Industry Outlook', there is much to be done, as consumers display an insatiable appetite for mobile data. The report cites findings from the US, where 37% of respondents have unlimited data plans, a rise from 25% in 2017.

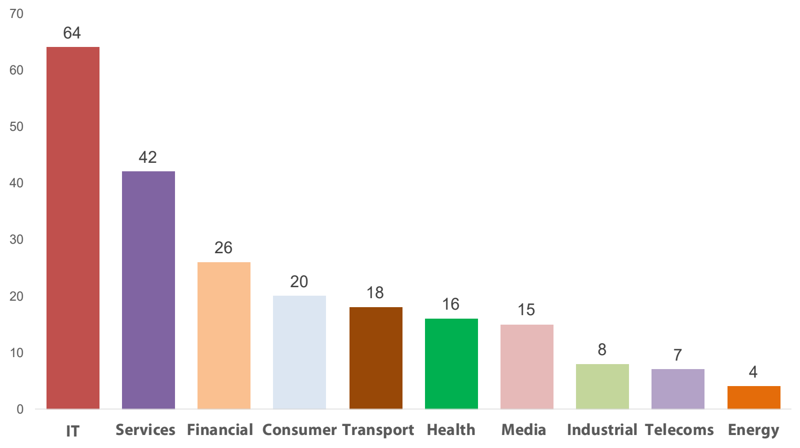
As providers offer lower prices for such plans and other services, there is a decrease in the average revenue per user (ARPU), which in turn compels providers to look for new opportunities. The report points out that such opportunities may came from "consolidations and partnerships, especially in the areas of cable and content". Data from Deloitte's latest Digital Media Trends survey show that 55% of US households subscribe to paid video streaming services, while pay-TV penetration has registered a significant decline from 75% down to 63%.

How can 5G opportunities mitigate this erosion of profits for telecoms? The key to 5G's potential is its higher speed. The last major network upgrade, 4G, took place in 2009 when our devices reached a peak speed of nearly 10 Mbps. This pales in comparison with what 5G is set to deliver – speeds of between 10 and 20 Gbps. This would drive network latency from 30ms to about 1ms, making it appropriate for a wide range of services and devices that require ultra-low latency.

The upgrade is expected to generate opportunities that would enable incumbents to gain revenue in the fixed broadband business-to-consumer and the business-to-business markets, involving rising technologies like the internet of things (IoT), smart cities and connected vehicles. The Deloitte report notes providers will have "to employ 'network slicing' to customise their offerings. In the context of 5G, this will enable sharing of a given physical network to run IoT, mobile broadband and very low-latency applications – including many connected-car and connected-home functions that have the potential to create entirely new revenue sources for providers in 2019."

The report also points out key revenue-generating opportunities await in mobile payments and mobile health: "In the area of mHealth, operators can monetise services targeted to the growing number of subscribers who have adopted healthcare-centric wearables to, for example, help them ensure they are taking the proper dosages of medications. In the world of mPayments, on the other hand, mobile operators can play a different role: as an integrator for devices, applications, methods of mobile payment, and customer identity management.” According to some estimates, telecom providers can increase their mobile payments revenues “at least fourfold by 2022”. We have seen minority stake investments by telecoms in emerging businesses in mHealth and mPayments and those are expected to continue before the rollout of 5G and even after.

Investments of telecoms venturers by sector over the past year



Source: GCV Analytics

Another technology which is poised to create opportunities for telecoms in the business-to-consumer segment is augmented and virtual reality (AR & VR). 5G connectivity will allow them to unleash their full potential, as their technology and content need extensive bandwidth and low latency. The range of opportunities for telecom providers and customers span from autonomous vehicles, virtual training and innovative edtech applications to remote healthcare and virtual reality experiences by e-commerce retailers. We are likely to continue to see interest in these technologies by telecom corporates on the venture front.

The 2019 Deloitte report also mentions the potential of blockchain technology for telecoms thanks to its potential to ensure secure connectivity and streamlining costs: “Telecoms can harness blockchain technology to simplify billing systems, cut down revenue leakage from roaming and identity fraud, and automate settlements with smart contracts and tokens. The technology also offers several other advantages that can benefit 5G networks, including the enablement of secure, error-free, peer-to-peer connectivity for thousands of IoT devices with cost-efficient self-managed networks.” The report also notes that telecom incumbents can “accelerate their progress toward 5G by using blockchain to autonomously monitor and regulate their networks”.

Agustín Moro, head of partnerships at Spain-based phone operator Telefónica, in a speech at the Innova Summit in Chile, said blockchain and edge computing were two technologies of the future.

There are also other technologies that will naturally draw the attention of telecoms – from image and speech recognition to machine learning to providing high-speed in-flight internet access. The pattern of corporate venturing investments GCV Analytics has tracked corroborates this.

Politics and regulation

The political and regulatory climate for telecoms varies greatly from region to region. There have been both favourable and not so favourable developments in key markets in recent years. In the US, the tax reduction for US-based businesses by and rescinding net neutrality have been undoubtedly positive for US-based telecoms, although by the time of writing two states (California and Washington) had already passed laws challenging the 2017 repeal of net neutrality.

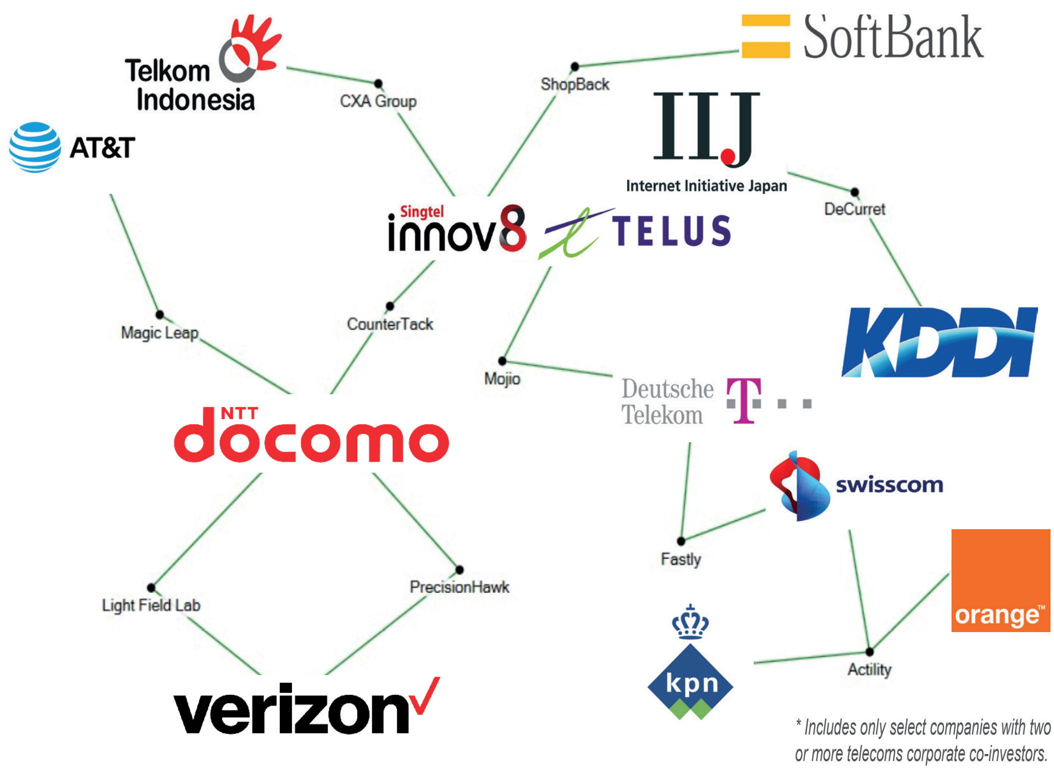
In Europe, the obligatory removal of roaming charges across member states of the EU has exerted pressure on the already squeezed margins of telecom carriers. Finally, the allegations of security and espionage threats have led to the ban of devices and network equipment from China-based electronics manufacturer Huawei, the arrest of the company's CFO in Canada and the unprecedented revocation of its Android licence.

For the period between August 2018 and July 2019, we reported 220 venturing rounds involving corporate investors from the telecoms sector. Many of them (85) took place in the US, while 27 were hosted in Japan, 18 in China, 14 in India.

The majority of those commitments (64) went to emerging enterprises from the IT sector (mostly cybersecurity, artificial intelligence, big data, semiconductors and chips) as well as into companies developing other technologies in synergies with telecoms: 24 deals in the services sector (mostly accommodation and travel, real estate tech, logistics and edtech), 26 in the financial sector (mostly payment technology), and 20 in the consumer sector (mostly e-commerce platforms and related businesses).

The network diagram of co-investments of telecoms corporates, shows the broad variety of investment interests of the sector's incumbents. The commitments

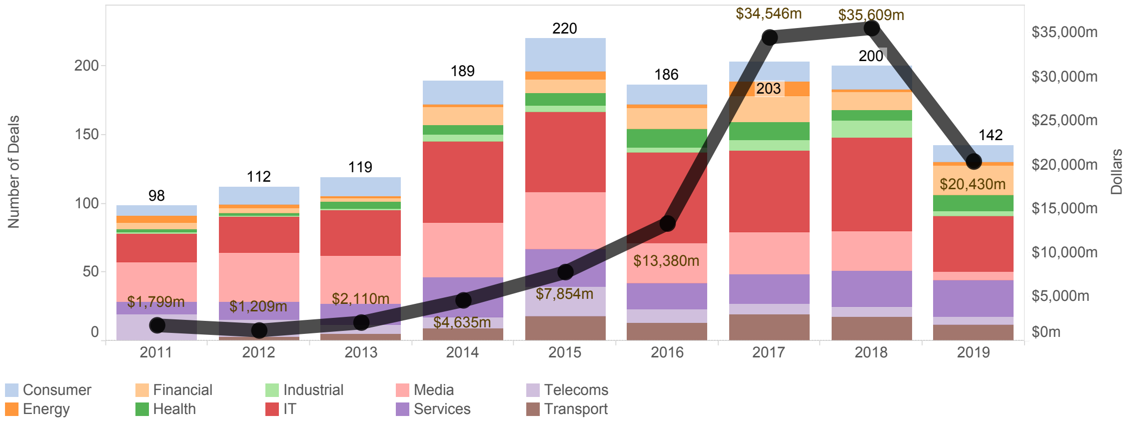
Co-investments of telecoms sector venturers 2015-19



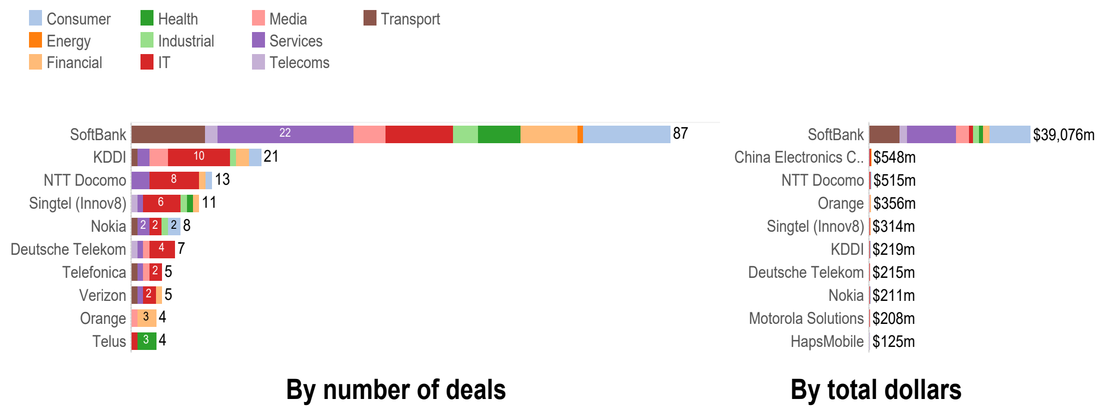
Source: GCV Analytics

Deals by telecoms corporates 2011-19

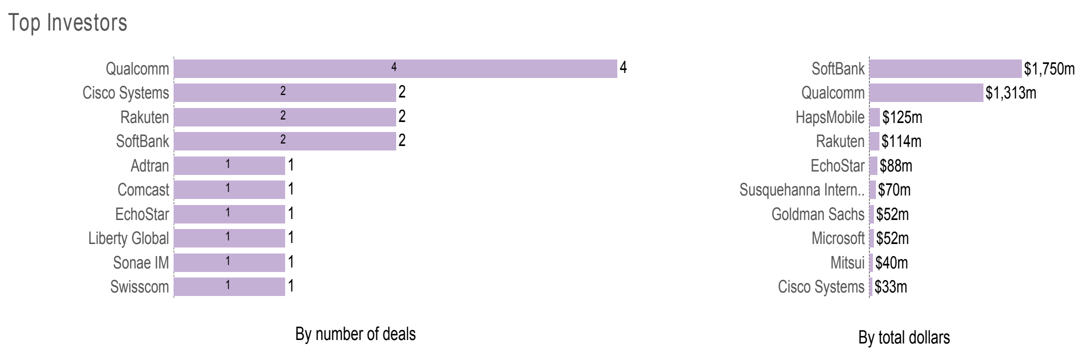
Source: GCV Analytics



Top telecoms investors over the past year



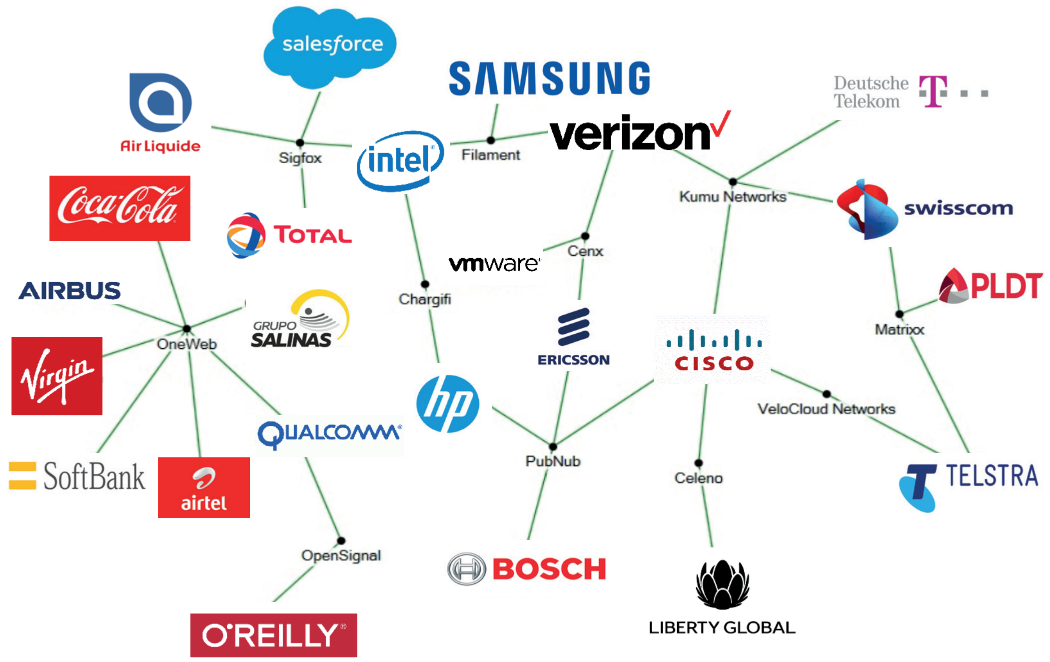
Top investors in telecoms enterprises over the past year



range from smart grid tech (Actility) and drone platforms (Precision Hawk) through cybersecurity (CounterTack), connected vehicle platforms (Mojio), holography (Ligh Field Lab) and augmented reality tech developers (MagicLeap) to e-commerce platforms (ShopBack), cryptocurrency exchanges (De Current) and insurance benefits management software (CXA Group).

Capital raised in corporate-backed rounds rose from $34.55bn in 2017 to $35.61bn in 2018, representing a 3% increase. The deal count remained at roughly the same level, with 203 deals in 2017 compared to the 200 tracked by the end of 2018. The 10 largest investments by corporate venturers from the telecoms sector were all made by SoftBank, across a diverse range of sectors.

Corporate co-investments in telecoms enterprises 2015-19



Source: GCV Analytics

The leading corporate investors from the telecoms sector in terms of largest number of deals were SoftBank and telecoms firms KDDI and NTT Docomo. The list of telecoms corporates committing capital in the largest rounds was headed also by SoftBank with telecoms equipment manufacturer China Electronics and NTT Docomo.

The most active corporate venture investors in the emerging telecoms businesses were semiconductor producer Qualcomm, networking equipment maker Cisco Systems and e-commerce firm Rakuten.

The emerging telecoms businesses in the portfolios of corporate venturers came from wireless sensors, charging and chipset technologies (Filament, Chargifi, Celeno), IoT networks (SigFox, PubNub), solutions for cloud services (Cenx, VeloCloud), online map tech (OpenSignal), full-duplex radio signalling technology (Kumu) as well as a low-orbit satellite networks for internet coverage (OneWeb).

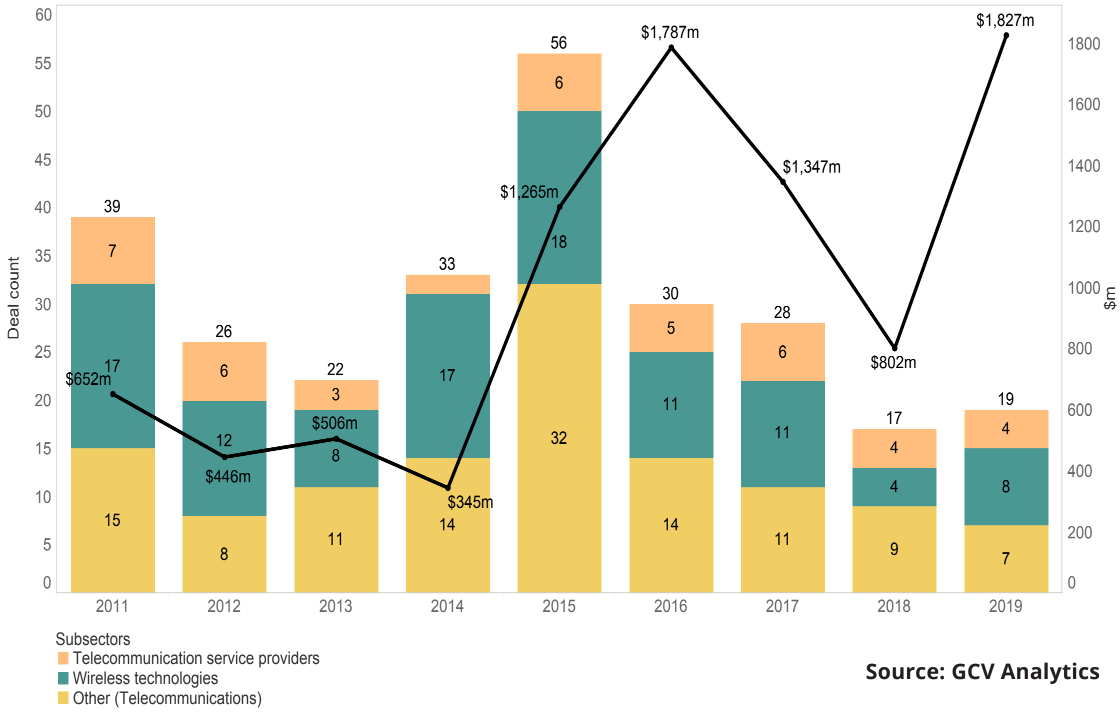
Overall, corporate investments in emerging telecoms-focused enterprises went down from 28 rounds in 2017 to 17 by the end of 2018, a 40% decrease. The estimated total dollars in those rounds dropped even more significantly, by 65%, from $1.35bn in 2017 to $802m last year. However, by the end of July this year we had already tracked 19 rounds, worth an estimated total of $1.83bn, suggesting valuations are on the rise at the moment.

Deals

Corporates from the telecoms sector invested in large multimillion-dollar rounds, raised by enterprises from the consumer, media, transport, services and other sectors. All of the top 10 deals were above the $1bn mark and featured SoftBank as an investor.

The largest was Ele.me and Koubei, the merged local services subsidiaries of e-commerce group Alibaba, which raised $4bn at a $30bn valuation. SoftBank provided its share of the funding through the Vision Fund, joining Alibaba and its financial services affiliate Ant Financial as well as private equity group Primavera

Corporate-backed deals in emerging telecoms enterprises 2011-19



Source: GCV Analytics

Capital. The capital was provided to support the merger of Ele.me, a portfolio company Alibaba fully acquired in 2018 at a $9.5bn valuation, and Koubei, a spinoff that secured $1.1bn 2017 at an $8.8bn valuation. The merged company will provide mobile users with access to a wide range of local services including retail, food delivery, travel and accommodation. Food delivery and restaurant listings specialist Ele.me served more than 167 million users in the year ending in June, and the companies jointly linked to more than 3.5 million merchants over the same period.

The second largest telecoms corporate transaction was China-based digital media company Bytedance's $3bn from investors including the Japanese mobile group, reportedly 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 active users at the start of 2018, but also runs shot-form video platform TikTok, which boasts more than 500 million monthly active users and the photo modification app Faceu. The company has also launched additional products, such as budget e-commerce platform Zhidian and social commerce app Xincao. It will put the funding toward expanding its offering and growing both domestically and internationally.

The Vision Fund invested $3bn in one of its biggest portfolio companies, US-based workspace provider WeWork, recently rebranded as the We Company. The financing was supplied in the form of warrants that gave the fund the opportunity to buy WeWork stock at $110 a share or higher by September this year. Founded in 2010, WeWork oversees a network of flexible workspaces in more than 30 countries across five continents which are leased from landlords and rented out to businesses or individuals by the desk or office. It is also branching out into managing housing, leisure and educational spaces.

At the beginning of this year, SoftBank invested another $2bn in The We

Company, reportedly at a $47bn valuation, but funding came from SoftBank itself, not the Vision Fund.

SoftBank also invested $2bn in South Korea-based e-commerce platform Coupang through its Vision Fund, reportedly at a valuation of $9bn. The company operates an online marketplace that lists more than 120 million products for sale, 4 million of which are available for one-day delivery through Rocket, its end-to-end fulfilment system. The funding will support a strengthening of the platform's technology capabilities, as it looks to cut delivery times while introducing features such as an AI-equipped product recommendation system and a one-touch payment option.

Automotive e-commerce platform Chehaoduo, based in China, secured a $1.5bn investment from the Vision Fund for technology, product and services development. It also plans to increase its marketing activities and bolster its offline presence. The spinout of classified marketplace Ganji, operates a used vehicle auction and trading platform known as Guazi and an after-sales services subsidiary, Maodou.

US-based satellite services provider OneWeb secured $1.25bn in funding from investors that included SoftBank, diversified conglomerate Grupo Salinas and Qualcomm. The corporates were joined by the government of Rwanda and the round increased the total raised by the company to about $3.4bn since it was founded in 2012. It is building a network of low earth-orbit satellites that are intended to provide high-speed internet connectivity to rural areas and other under-served parts of the world. The satellites are built through a partnership with another investor, aerospace manufacturer Airbus. The latest funding follows the recent launch of OneWeb's first six satellites and it will be used to accelerate production and increase its launches to 30 a month by the end of 2019.

An autonomous driving software developer Cruise Automation, based in the US, secured $1.15bn in funding

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

Portfolio Company	Location	Sector	Round	Round size	Investors List
Ele.me-Koubei	China	Consumer	Undisclosed	$4bn	Alibaba | Ant Financial | Primavera Capital | SoftBank
Bytedance	China	Media	Undisclosed	$3bn	General Atlantic | KKR | Primavera Capital | SoftBank
WeWork	USA	Services	Stake purchase	$3bn	SoftBank
Coupang	South Korea	Consumer	Stake purchase	$2bn	SoftBank
WeWork	USA	Services	Undisclosed	$2bn	SoftBank
Chehaoduo	China	Transport	Undisclosed	$1.5bn	SoftBank
OneWeb	USA	Telecoms	Undisclosed	$1.25bn	Government of Rwanda | Grupo Salinas | Qualcomm | SoftBank
Cruise Automation	USA	Transport	Undisclosed	$1.15bn	General Motors | Honda | SoftBank | T Rowe Price
View	USA	Industrial	E and beyond	$1.1bn	SoftBank
Tokopedia	Indonesia	Consumer	E and beyond	$1.1bn	Alibaba | SoftBank | undisclosed investors

Source: GCV Analytics

from investors including General Motors (GM) that spun off the company in 2018. Fellow carmaker Honda and the Vision Fund also participated in the round, which also featured investment manager T Rowe Price Associates. The developer was valued at $19bn post-money. Cruise is working on software that will enable driverless cars to process data from their sensors and adapt accordingly, particularly in electric vehicles such as GM's Chevrolet Bolt hatchback. The automotive manufacturer acquired Cruise for $1bn in 2016, three years after it was founded.

SoftBank's Vision Fund provided $1.1bn of funding for US-based smart glass producer View, increasing its overall debt and equity financing to more than $1.8bn. The cash will support an increase in manufacturing capabilities as well as research and development. View has created a type of glass dubbed Dynamic Glass which automatically tints according to the amount of direct light coming in, helping to decrease heating and lighting costs. It has been installed in 35 million square feet of buildings.

Indonesia-based online marketplace Tokopedia raised $1.1bn in a funding round co-led by Alibaba and the SoftBank's Vision Fund. A direct subsidiary, Softbank Ventures Korea, also participated in the round along with undisclosed existing investors. It reportedly valued the company at about $7bn. Tokopedia runs an e-commerce platform with more than 100 million products listed. The company is in the process of introducing same-day delivery for an increasing amount of goods.

Inbound investment

There were other interesting deals in emerging telecoms-focused businesses that received financial backing from corporate investors from outside their own sector.

US-based telematics technology provider Cambridge Mobile Telematics (CMT) secured $500m in an investment by the Vision Fund. CMT has built a telematics system that utilises mobile sensing, artificial intelligence and behavioural analytics technology to measure driving performance to help improve driving standards and monitor safety. The Drivewell mobile telematics platform created by the company includes dashcam video analytics, incentives and advice that can help drivers improve, and can potentially reduce accidents caused by hard braking, speeding or phone distraction. Users include several large insurance companies, and it is capable of automating parts of the claims process.

Loon, a subsidiary of technology conglomerate Alphabet that uses balloons to connect users in remote places to the internet, secured $125m from HapsMobile, a high-altitude telecoms infrastructure developer. The investment forms the basis of a collaboration agreement that also gives Loon the right to invest $125m in HapsMobile, a joint venture formed by SoftBank and unmanned aerial vehicle developer Aerovironment. The balloons float at an altitude of almost 18 kilometres and generate wireless networks boasting speeds of up to 4G.

US-based virtual radio access network technology provider Altiostar Networks officially completed a $114m series C round, which featured e-commerce firm Rakuten. The initially raised $32m from Tech Mahindra and Qualcomm Ventures, respective subsidiaries of conglomerate Mahindra and Mahindra and Qualcomm. The money will help the company expand the 4G and 5G capabilities of its software-defined infrastructure. Rakuten has secured a licence from the Japanese government to set up a mobile network and Altiostar has agreed to deploy its technology in the network and co-develop 5G products. Founded in 2011 as Radio Mobile Access, Altiostar produces virtual radio access network technology that allows telecoms

Top investments in telecoms sector enterprises over the past year

Portfolio Company	Location	Sector	Round	Round size	Investors List
OneWeb	USA	Telecoms	Undisclosed	$1.25bn	Government of Rwanda | Grupo Salinas | Qualcomm | SoftBank
Cambridge Mobile Telematics	USA	Telecoms	Undisclosed	$500m	SoftBank
Loon	USA	Telecoms	Undisclosed	$125	HapsMobile
Altiostar Networks	USA	Telecoms	C	$114m	Rakuten
Tarana Wireless	USA	Telecoms	Undisclosed	$88m	1010 Holdings | EchoStar | Khosla Ventures
Agora	Canada	Telecoms	C	$70m	Coatue | Morningside | Shunwei Capital | Susquehanna International Group
Zipwhip	USA	Telecoms	D	$52m	Goldman Sachs | Microsoft | OpenView Venture Partners | Voyager Capital
Campana Group	Singapore	Telecoms	B	$40m	Mitsui | private investors
Affirmed Networks	USA	Telecoms	Undisclosed	$38m	Centerview Capital Technology | Eastward Capital | Qualcomm | undisclosed investors
Baicells	China	Telecoms	Undisclosed	$29m	Greenland Holdings

Source: GCV Analytics

firms to deploy outdoor and indoor mobile phone networks, with operators managing interference and scaling coverage through a software interface.

Broadband technology developer Tarana Wireless, based in the US, completed a $88m round that included satellite technology and services provider EchoStar, after raising $60m in an extension to the original round. EchoStar and venture capital firm Khosla Ventures supplied the new funding. The first tranche of $28m was led by 1010 Holdings, which functions as the family office of entrepreneur Greg Wyler. Founded in 2009, Tarana has developed a fixed wireless broadband system known as G1 which avoids obstructions, interference and weather conditions by adjusting itself thousands of times per second.

Communications technology developer Agora, also based in the US, raised $70m in a series C round backed by quantitative trading and technology firm Susquehanna International Group (SIG). The round was led by hedge fund Coatue Management and included investment group Morningside and venture capital firm Shunwei Capital. Founded in 2014, Agora provides a software development kit (SDK) that enables developers to more easily integrate audio and video communications as well as livestreaming functionality into their software and games. The SDK relies on Agora's cloud-based platform, removing the need for developers to build their own infrastructure. The company claims it has clocked more than 2 billion installations of its SDK to date.

US-based business texting service Zipwhip raised $51.5m in a series D round featuring M12, the corporate venturing division of software provider Microsoft. Investment bank Goldman Sachs led the round through its private capital investing group, while OpenView and Voyager Capital also participated. Founded in 2007, Zipwhip has developed a platform that enables businesses to send text messages to their customers through existing landlines, internet protocols or toll-free phone numbers. The company has attracted more than 100 enterprise clients to date and supported 3.3 million business phone numbers. The series D round will support the development of new software and expansion of its application programming interface capabilities.

Diversified conglomerate Mitsui co-led a $40m series B round for Singapore-based internet connectivity and cloud services provider Campana Group. Founded in 2014, Campana oversees an extensive fibre optic cable network that connects clients to the internet and enables its business customers to run virtual private networks. The company is responsible for more than 4,000 km of fibre optic cable and provides cloud and data centre services. It will put the series B funding toward Sigmar, a submarine cable between Burma and Singapore.

US-based mobile networking service Affirmed Networks received $38m in a funding round that included Qualcomm Ventures. The round was led by investment firm Centerview Capital Technology and included Eastward Capital Partners and unnamed existing shareholders. Affirmed has created virtualised and cloud-native network software that helps mobile network operators manage, monetise and deploy 3G, 4G, 5G and wifi mobile services. The company plans to use the capital to invest in product development, expand its customer base and create 5G services.

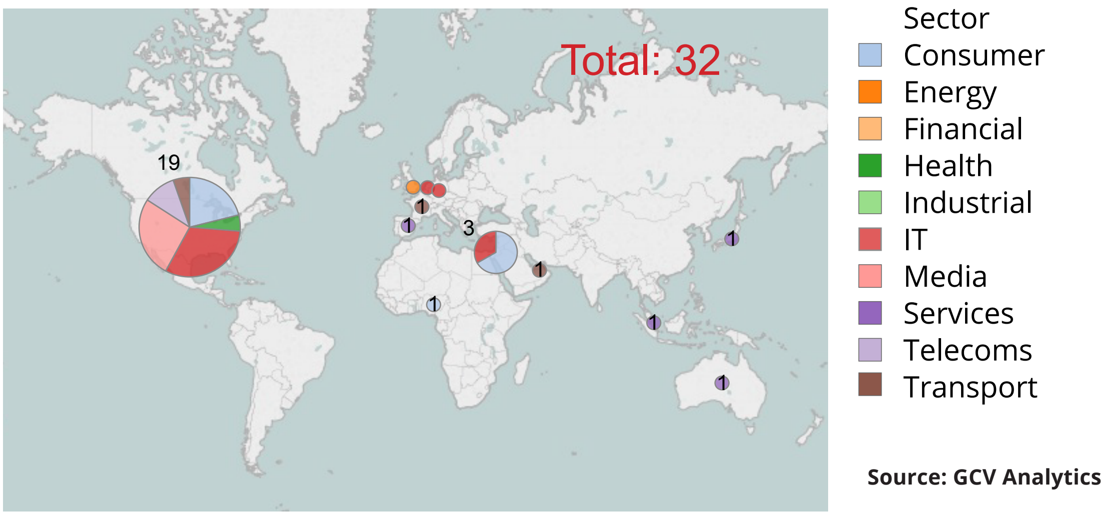
Property developer Greenland Holdings invested RMB200m ($29.1m) in China-based broadband technology provider Baicells Technologies. Internet provider Century Internet, Synergy Capital and private investor Lei Jun are also among Baicells' shareholders, though the company did not disclose details of its earlier funding. Baicells is developing long-term evolution (LTE) technology that assists customers such as mobile operators, broadband access operators, cable operators and enterprise private network providers in establishing 5G wireless broadband networks.

Exits

Corporate venturers from the telecoms sector completed 32 exits between August 2018 and July 2019 – 21 acquisitions, nine initial public offerings (IPOs), two mergers and one other transaction.

Uber, the US-based on-demand ride service backed by a range of corporate investors including SoftBank, raised

Global view of the past year's exits



Source: GCV Analytics

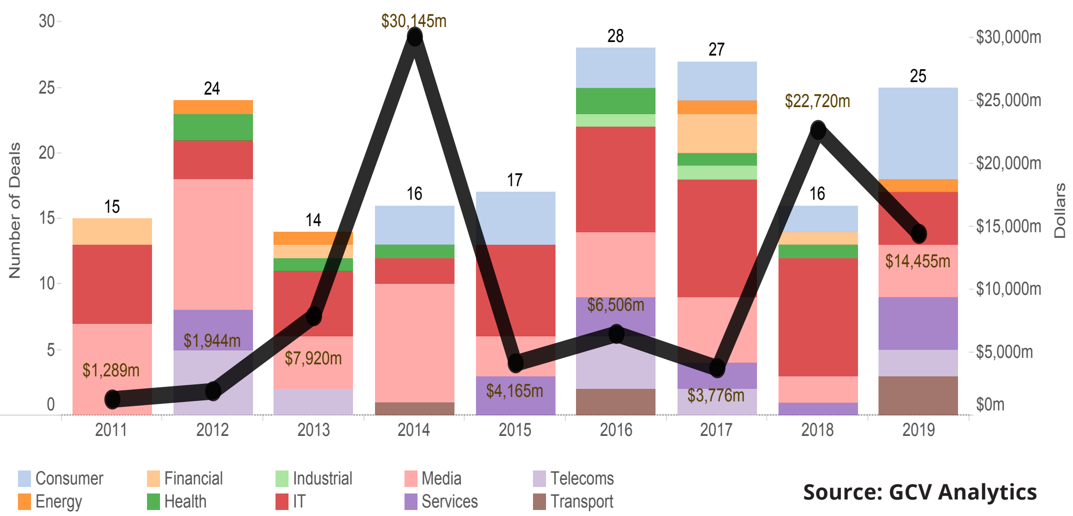
$8.1bn when it floated on the New York Stock Exchange. The company priced 180 million shares at $45 each, near the foot of the $44 to $50 range it had set earlier. It was the largest public offering since Alibaba raised $25bn in 2014 and valued the company at $82.4bn. Digital payment services firm PayPal bought an additional $500m of shares through a private placement. Uber's other previous corporate backers include carmaker Toyota, its China-based peer Didi Chuxing, software provider Microsoft, internet company Baidu, media groups Axel Springer and Bennett Coleman, as well as GV, a corporate venturing subsidiary of internet conglomerate Alphabet. Founded in 2009, Uber operates a ride hailing platform with 91 million monthly active users that ties into adjacent services such as food and freight delivery. It recently span off its autonomous driving subsidiary, Uber ATG, with $1bn of external funding.

The ride-hailing app agreed to acquire United Arab Emirates-based ride hailing service Careem for $3.1bn, providing exits for various corporates, including telecoms firm Saudi Telecom, e-commerce firm Rakuten, travel agency Al Tayyar, automaker Daimler and Didi Chuxing. The deal consists of $1.4bn in cash and $1.7bn in convertible notes, which will be convertible to Uber stock at a price of $55 per share. Careem's on-demand ride service covers more than 100 cities in the Middle East, Africa, Turkey and Pakistan in addition to a digital payment business, Careem Pay, and a last-mile delivery service called Careem Now.

Application services provider F5 agreed to acquire US-based app development technology producer Nginx for approximately $670m in a deal, allowing telecoms firm Telstra to exit. Nginx was founded in 2011 to market the open-source web server and application delivery software of the same name. The company offers a premium version helping enterprises deliver content rapidly and securely. The software is used in some 375 million websites, often for load balancing. The company's brand will continue to exist independently post-acquisition, but its product will be strengthened by F5's security and cloud technology.

CrowdStrike, the US-based endpoint protection software provider backed by internet and technology conglomerate

Exits by telecoms corporates 2011-19



Source: GCV Analytics

Top 10 exits by telecoms corporate investors over the past year

Portfolio Company	Location	Sector	Exit Type	Acquirer	Exit size ($m)	Exiting investors
Uber	USA	Transport	IPO		$8.1bn	Alphabet | Axel Springer | Baidu | Benchmark | Bennett Coleman & Company | BlackRock | Dragoneer Investment Group | Fidelity | Kleiner Perkins | Lone Pine | Menlo Ventures | Microsoft | New Enterprise Associates | Qatar Investment Authority | Saudi Arabia's Public Investment Fund | Sequoia Capital | SoftBank | Summit Partners | Toyota | TPG | Valiant Capital | Wellington Management
Careem	United Arab Emirates	Transport	Acquisition	Uber	$3.1bn	Abraaj Group | Al Tayyar Travel Group | Beco Capital | Coatue | Daimler | DCM | El Sewedy Investments | Endure Capital | Kingdom Holding | Kuwait Investment Authority | Lumia Capital | Rakuten | Saudi Telecom (STC) | SQM | STV Group | Wamda Capital
Nginx	USA	IT	Acquisition	F5	$670m	BV Capital | E.Ventures | Goldman Sachs | Index Ventures | MSD Capital | New Enterprise Associates | private investor | Runa Capital | Telstra
CrowdStrike	USA	IT	IPO		$612m	Accel Partners | Alphabet | General Atlantic | Institutional Venture Partners (IVP) | March Capital Partners | Rackspace | Telstra | Warburg Pincus
Mist	USA	Telecoms	Acquisition	Juniper Networks	$405m	Alphabet | Cisco Systems | Kleiner Perkins | Lightspeed Venture Partners | NTT Docomo | Wells Fargo (Norwest Venture Partners)
Relayr	Germany	IT	Acquisition	Hartford Steam Boiler (HSB)	$300m	B37 Ventures | Deutsche Telekom | Kleiner Perkins | Munich Re Ventures | Munich Venture Partners | Purple Arch Ventures | undisclosed investors
Drivy	France	Transport	Acquisition	Getaround	$300m	Alven Capital | Bpifrance | Cathay Innovation | Index Ventures | Mobivia Group (Via-ID) | Nokia
RealReal	USA	Consumer	IPO		$300m	Broadway Angels | Canaan Partners | DBL Partners | E.Ventures | Great Hill artners | Greenspring Associates | Greycroft Partners | Industry Ventures | InterWest | NextEquity Partners | Novel Group | Panarea Capital LP | Perella Weinberg Partners | Sandbridge Capital | Springboard Fund
Guardant Health	USA	Health	IPO		$238m	8VC | Formation 8 | Heritage Group | Khosla Ventures | Lightspeed Venture Partners | OrbiMed | Pear Ventures | Sequoia Capital | SoftBank | T Rowe Price | Temasek
Cheddar	USA	Media	Acquisition	Altice USA	$200m	7 Global Capital | Altice USA | Amazon | Antenna Group | AT&T | Broadway Video | Comcast | Dentsu | Goldman Sachs | Liberty Global | Lightspeed Ventures | New York Stock Exchange | Raine Ventures | Ribbit Capital

Alphabet, cloud services provider RackSpace and Telstra, raised $612m in its IPO. The company issued 18 million shares on the Nasdaq Global Select Market priced at $34 each, higher than the $28 to $33 range it had set. Those terms had been increased from a $19 to $23 range it had originally determined and valued the company at approximately $6.82bn when it floated. Founded in 2011, CrowdStrike has built an AI-equipped, cloud-based cybersecurity platform that detects and prevents cyberattacks at the endpoint.

"CrowdStrike, the protection software provider backed by Alphabet, RackSpace and Telstra, raised $612m in its IPO"

IT networking technology provider Juniper Networks agreed to acquire Mist Systems, a US-based developer of AI-equipped wireless networks, for $405m. Alphabet, Cisco Systems and NTT exited. Juniper is acquiring the company to expand its capabilities in the cloud-managed wireless networking space. Founded in 2014, Mist has created a wireless platform that uses AI to make wifi more reliable and predictable. It also features an AI assistant called Marvis that can help with troubleshooting while supplying precise data on how the network is operating and how clients are acting.

Germany-based industrial IoT technology provider Relayr was acquired by Hartford Steam Boiler (HSB), the equipment breakdown insurance subsidiary of reinsurance firm Munich Re, for $300m. Founded in 2013, Relayr has created a middleware software platform that relies on AI to offer data insights into new and legacy hardware. The technology makes it possible, for example, to predict when a machine is about to fail. The company will continue to operate independently but be able to tap into Munich Re's financial and engineering resources and client base.

Car-sharing service provider Getaround acquired France-based car rental marketplace Drivy in a $300m transaction that allowed car repair services provider Mobivia NGP Capital, the VC firm spun off by communications technology producer Nokia, to exit. Founded in 2010, Drivy runs a peer-to-peer car rental platform with roughly 2.5 million users across France, Germany, Spain, Austria, Belgium and the UK which enables users to book a vehicle on the platform and unlock it with a smartphone app. The merged company will have more than 5 million users across 140 US cities and 170 cities in Europe.

The RealReal, a US-based second-hand luxury items reseller backed by telecoms firm Novel Group, raised $300m in its IPO, issuing 15 million shares priced at $20 each. The company had targeted a range of $17 to $19 for its shares. The offering valued it at about $1.65bn. Founded in 2011, The RealReal operates an e-commerce platform where users can sell and buy pre-owned luxury consumer goods such as handbags, art and furniture. The company employs more than 100 art curators and other experts who verify each item before it is listed on the platform. It also maintains three brick-and-mortar locations in New York and Los Angeles.

Guardant Health, a US-based cancer diagnostics technology developer that has SoftBank as its largest shareholder, went public in an IPO sized at approximately $238m. The company issued 12.5 million shares on the Nasdaq Global Select Market priced at $19 each, above the IPO's $15 to $17 range, giving it a market capitalisation of about $1.58bn. Guardant has created liquid biopsy-based blood tests that detect advanced cancer with assistance from large datasets and data analytics, and which are intended to be cheaper and less invasive than tissue biopsies.

Broadband communications and video services provider Altice USA acquired one of its portfolio companies, US-based entertainment network Cheddar, for $200m. Cheddar operates an online television network of two channels: Cheddar Business, which focuses on technology and the innovation ecosystem, and Cheddar News, which broadcasts general news stories. The network is accessible through online streaming platforms such as DirecTV Now, Hulu and Facebook, and through more than half of smart televisions in the US. The company also operates CheddarU, a network of 1,600 television screens in gyms, cafeterias and student unions of 600 university campuses. Its subsidiaries include RateMyProfessors, where students can review their lecturers.

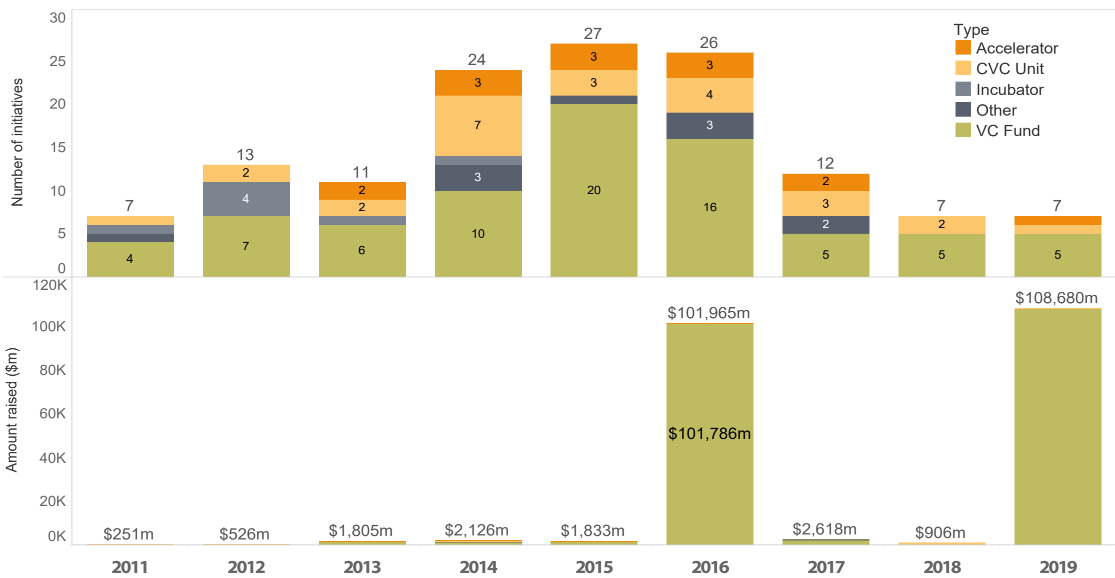
Global Corporate Venturing reported only one exit from emerging telecoms-related enterprises that involved a corporate investor.

Software virtualisation company VMware announced its intention to buy Uhana, a US-based network automation software provider backed by Telstra Ventures, for an undisclosed amount. Spun out of Stanford University, Uhana has developed cloud-based software that enables operators to predict anomalies in network operations and applications by leveraging AI and machine learning technology. VMware said it will add the technology to its telecoms cloud and edge cloud product portfolio to help operators cope with 5G networks and low latency applications that require large amounts of data to be processed in real time, such as cloud gaming, virtual reality, augmented reality and IoT systems.

Funds

For the period between August 2018 and July 2019, corporate venturers and funds investing in the telecoms sector secured over $110.81bn in capital via 14 funding initiatives, which included nine VC funds, three new CVC subsidiaries, one accelerator and one incubator initiatives. The second SoftBank Vision Fund, sized at $108bn of capital, accounts for most

Telecoms sector funding initiatives



Source: GCV Analytics

of the estimated total.

On a calendar year-to-year basis, the number of funding initiatives in the telecoms sector went down to seven in 2018, versus the 12 registered in 2017, and also significantly down from the peaks of 24 to 27 reported in 2014-16. The total estimated capital decreased from $2.62bn in 2017 to $906m but increased hugely in 2019 because of the effect of the unusually large second Vision Fund in 2019.

SoftBank launched its second Vision Fund, disclosing it has signed memoranda of understanding (MOUs) for funding that will take its size to $108bn. SoftBank launched its first Vision Fund in 2017 with a $100bn target and has confirmed $98.6bn of debt and equity financing for the vehicle, with much of the capital coming from Middle Eastern sovereign wealth funds and corporate partners. The plans to contribute $38bn of the capital for the new fund, up from about $33bn for the original Vision Fund. Consumer electronics producer Apple and manufacturing services firm Foxconn each provided $1bn for the first fund and have signed MOUs to invest in this one, but corporates Qualcomm and Sharp do not appear to be returning. Software provider Microsoft, insurance firm Dai-ichi Life, financial services firms Mizuho Bank, Sumitomo Mitsui Banking Corporation, Mitsubishi UFJ Financial Group, Sumitomo Mitsui Trust Bank and Standard Chartered are also among the LPs. Other

Telecoms sector funding initiatives over the past year

Fund Name	Type	Funds Raised	Location	Focus	Backers
SoftBank Vision Fund II	VC Fund	$108bn	Japan	Unspecified/ Sector-agnostic	Apple | Dai-Ichi Life | Daiwa Securities | Hon Hai | Microsoft | Mitsubishi UFJ Financial | Mizuho Financial | Mubadala | National Investment Corporation of National Bank of Kazakhstan | Saudi Arabia's Public Investment Fund | SoftBank | Standard Chartered | Sumitomo Mitsui
Hana Ventures	CVC Unit	$894m	South Korea	Health, IT, Telecoms	Hana Financial Group
Unnamed Fortune VC fund	VC Fund	$667m	China	IT, Media, Consumer, Telecoms, Services, Industrial	Century Golden Resources | Fortune Venture Capital
NTT Venture Capital	CVC Unit	$500m	USA	Telecoms	NTT Docomo
DTCP Fund	VC Fund	$350m	Germany	IT, Telecoms, Media	Carl Zeiss | Deutsche Telekom | HarbourVest | SK Telecom
SAIC Motor's Shang Qi Capital	VC Fund	$145m	China	IT, Telecoms, Transport	Bank of Communications International Trust | SAIC Motor Limited | Shanghai Diesel Engine | Shanghai STVC Group
BRI Ventures	VC Fund	$100m	Indonesia	Telecoms	Bank Rakyat Indonesia
The TechTransfer Fund	VC Fund	$50.8m	Portugal	Health, IT, Telecoms, Energy	Armilar Venture Partners | European Investment Fund (EIF) | Instituto superior técnico | KPN | Semapa
Genesia Ventures II	VC Fund	$45m	Japan	Industrial, IT, Media, Telecoms, Services	Genesia Ventures | JA Mitsui Leasing | Marui Group | Mixi | Mizuho Financial | Tokyu Fudosan
Telkomsel Mitra Inovasi	CVC Unit	$40m	Indonesia	Telecoms	Singtel (Innov8) | Telkom Indonesia

Source: GCV Analytics

investors are brokerage group Daiwa Securities, the state-owned National Investment Corporation of National Bank of Kazakhstan and unnamed "major participants" from Taiwan.

South Korea-based financial services firm Hana Financial Group set up a 1trn won ($894m) fund-of-funds that will provide debt financing to venture capital firms. Hana Ventures, headquartered in Seoul, plans to deploy the capital by 2021, targeting VC firms investing in biotech and information, communication and technology (ICT) product developers. The company has also put up 100bn won for a fourth Industrial Revolution fund. In addition to supplying loans, Hana is also seeking to make direct investments in investment vehicles. Despite its focus on a fund-of-funds structure, Hana Financial is the first notable financial services firm in Korea to publicly set up a dedicated corporate venturing vehicle.

China-based venture capital firm Fortune Venture Capital secured RMB4.63bn

"Hana Financial is the first notable financial services firm in Korea to publicly set up a dedicated corporate venturing vehicle"

($667m) for its latest yuan-denominated fund, from limited partners including property developer Century Golden Resources Group. Financial services firm Industrial and Commercial Bank was also among the LPs, as were Shenzhen Yunneng Fund, Kpeng Capital and the city of Shenzhen's guidance fund. Founded in 2000, Fortune VC focuses on media and telecoms, consumer goods and services, agricultural technology and the cleantech space. Its portfolio includes electronics recycling service Aihuishou and browser developer Red Core Security.

NTT raised $500m for its US-based corporate venturing fund, according to a regulatory filing. The fund, NTT Venture Capital, will be headed by Vab Goel. Goel's speciality areas include mobile, cloud, networking, security and internet technology. His investments at Norwest, which he joined in 2000, include cloud networking and security software provider Virtela, which was acquired by his new firm for $525m in 2013. The fund will focus on global innovation and digital technology. Its capital was supplied by two partners, according to the filing. NTT already makes investments through NTT Docomo Ventures, which operates as a subsidiary of its mobile division, NTT Docomo, and has formed three separate funds under the NTT Investment Partners banner which were equipped with a total of ¥45bn ($400m). NTT Docomo Ventures is based in Japan but opened an office in Silicon Valley in 2017 and manages a $100m US fund called Docomo Capital that is overseen by managing director Neil Sadaranganey.

DTCP, the investment arm of Germany-based telecoms firm Deutsche Telekom formerly known as Deutsche Telekom Capital Partners, secured external investors for a $350m fund. The corporate launched the first fund in 2014 as a successor to T-Venture, its corporate venture capital arm since 1998, supplying $140m to take the total provided by Deutsche Telekom across various funds to $620m at the time. South Korea-based telecoms firm SK Telecom and optical systems producer Zeiss are limited partners in the new fund, as are private equity firm HarbourVest Partners and investment manager Neuberger Berman. The fund will invest at growth stage, providing $5m to $50m in funding to enterprise software developers operating in areas like 5G technology, the IoT, cloud and network infrastructure, AI, cybersecurity and marketing. It will also back other funds.

SAIC Capital, the corporate investment vehicle for China-based carmaker SAIC Motor, raised RMB1bn ($145m) for a private equity fund after limited partner commitments from investors including automotive components producer Shinry Technologies. The fund is overseen by SAIC Capital's private equity arm, Shang Qi Capital, and its investors include the firm itself and Shanghai Diesel Engine, state-owned SAIC Motor's engine manufacturing subsidiary, as well as financial services firm Bank of Communications International Trust and venture capital firm Shanghai STVC Group. Founded in 2012, Shang Qi Capital invests in automotive-focused companies, with a focus on new energy technologies, high-end manufacturing and the internet of vehicles. The firm said it will target companies developing AI and 5G technologies, as well as trends in the electric vehicles and intelligent vehicles sectors.

Indonesia-based financial services firm Bank Negara Indonesia (BNI) aims to provide up to $250m for the first fund to be managed by its venture capital subsidiary, BRI Ventures. BRI Ventures was equipped with an initial $100m in capital, a figure BNI said it could eventually increase to $250m. It will operate as an evergreen fund and will invest at growth and late stage. The vehicle is managed by Nicko Widjaja, formerly chief executive of MDI Ventures, the corporate venturing vehicle overseen by telecoms firm Telkom Indonesia. He joined MDI Ventures in 2015 and was also program director for its Indigo Accelerator. MDI Ventures was reported to be helping BNI establish its corporate venturing unit, though Widjaja's move had not been revealed at that point.

Venture capital firm Armilar Venture Partners completed the first close of a €60m ($67.8m) fund following commitments from the investment arms of industrial holding company Semapa and telecoms firm KPN. The TechTransfer Fund, the Portugal-based firm's fifth, has raised more than $50.8m following an anchor investment by the European Investment Fund and limited partner commitments from a group of 10 other investors that included Semapa Next and KPN Ventures. The corporates were joined by academic institutions including engineering school Instituto Superior Técnico, unnamed family offices, founders of some of Armilar's portfolio companies and members of its team. Founded in 2009, Armilar Venture Partners targets seed and early-stage companies in Portugal, Europe and the US, focusing on healthtech, cleantech and information and communications technology. TechTransfer will invest and fund the development of companies that aim to commercialise the results of research output, focusing on Portugal and other European markets.

Japan-based venture capital firm Genesia Ventures collected $45m for the first close of its second fund, having secured limited commitments from several corporates. LPs include financial services firm Mizuho Financial Group subsidiaries Mizuho Bank and Mizuho Capital as well as 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, supplying up to $5m for each startup. The firm will seek out new economy and digital media businesses, and technologies such as AI, robotics and drones, as well as digital innovations that are redefining traditional industries such as telecoms, publishing and real estate.

Telkomsel, the mobile network subsidiary of Indonesia-headquartered telecoms company Telkom Indonesia, launched a $40m VC fund in collaboration with telecoms firm Singapore Telecommunications. The fund was jointly formed by the companies' existing corporate venturing units – MDI Ventures, and Singtel Innov8 – and will be managed by Telkomsel Mitra Inovasi (TMI), a new corporate venturing arm of Telkomsel that is intended to set up partnership deals with startups. TMI will managing investment funds and fostering collaboration with various Telkomsel businesses. The fund will target startups that have the potential to collaborate with Telkomsel, providing portfolio companies with access to the company's ecosystem and assets.

People

There were many people moves in the telecoms sector over the past 12 months.

Christopher Bartlett joined US-based telecoms firm Verizon's corporate venturing arm, Verizon Ventures, as senior vice-president for corporate development and head of ventures. Bartlett took over John Doherty's responsibilities, which include joint ventures, strategic investment activity, acquisitions and divestitures, following the latter's departure from Verizon. Bartlett came from investment banking firm Morgan Stanley, where he had been a managing director leading North American media and communications M&A for the firm for 14 years. Bartlett was based in New York but will now relocate to Basking Ridge, New Jersey.

Mark Smith, an executive director at Verizon Ventures, stepped down from his position. Smith joined the unit in 2007. He was one of GCV's Rising Stars in 2017 and involved in more than two dozen deals during his time at Verizon Ventures. He joined Verizon predecessor Bell Atlantic in 1995. Verizon Ventures typically invests in seed to late-stage companies developing products, services and technologies that can complement or leverage its parent Verizon's telecoms business.

Mark Smith

NTT Docomo Ventures hired Ken Asada as managing director. Asada comes from Intel Capital, semiconductor and data technology provider Intel's corporate venture capital subsidiary, where he was a Japan-based investment director. He was initially hired as an investment manager in 2011 and promoted two years later. His primary focus was robotics and artificial intelligence venture opportunities in Japan. NTT Docomo Ventures funds companies focusing on information and communications technology, big data, cloud and authentication security across all stages. Asada will report to Takayuki Inagawa, its president and chief executive.

DTCP appointed Irit Kahan as a managing director based in Israel. Kahan joined as an investment principal in 2015 from venture investment platform Vintage Investment Partners. She replaced Guy Horowitz, who transferred to the Silicon Valley office, as head of DTCP Israel. The firm has offices in Europe, the US and Israel, and its Israeli portfolio companies include marketing software provider Dynamic Yield and cybersecurity technology provider Morphisec. It has exited Fireglass and Replay Technologies.

MDI Ventures, the corporate venturing arm of Indonesia-based telecoms firm Telkom, hired Aldi Adrian Hartanto as head of strategic innovation. He had been head of investment at Mandiri Capital, the strategic investment vehicle for Indonesia-based financial services firm Bank Mandiri, having joined the unit in 2016, the year after it launched. Equipped with $100m of capital, MDI Ventures targets startups developing technologies in areas such as payment, advertising, big data and IoT. It also runs an accelerator called Indigo, which provides up to $180,000 in funding for each participant.

The CV arm also hired Shannon Lee Chaluangco as a Singapore-based investment director. Chaluangco came from C31 Ventures, the corporate venture capital subsidiary of shopping centre operator CapitaLand, where she was an investment manager from 2017 before becoming team lead in early 2019. Chaluangco managed the S$110m ($79m) fund on behalf of C31 Ventures, which participated in deals for portfolio companies such as retail data analytics software provider Omnistream, restaurant booking platform Chope and mobile commerce platform Mobikon.

Jamie Rowles, formerly a venture capitalist at UK-based multi-asset manager Jetstone Asset Management, joined Sky Ocean Ventures, a new £25m ($33m) corporate venturing unit for material innovation, responsible consumption and the circular economy as they apply to the plastics value chain. Rowles now serves as head of investments at Sky Ocean Ventures under group director Frederic Michel. During his time at Jetstone Asset Management, Rowles formulated fund strategy and allocated venture capital investments in deep research and technology. Sky Ocean Ventures was founded in June as a complementary unit to UK-based television broadcasting and telecoms services provider Sky's other corporate venturing unit run by Emma Lloyd and James McClurg. The vehicle wants to increase its initial funding to £100m ($131m) with the help of third-party investors.

Jamie Rowles

Pablo Moro Casquete, formerly head of innovation at insurance firm Mutua Madrileña, rejoined Spain-based telecoms firm Telefónica, as head of new business for its Telefónica Innovation Investment subsidiary. The firm runs six investment vehicles and has co-invested with public and private investors in startups based in Europe and Latin America. Its main corporate venturing fund, Telefónica Ventures, targets big data, blockchain and cybersecurity technology developers. Moro Casquete was previously at Telefónica for more than 12 years since 2006, then joined its Wayra accelerator network in 2014 as manager of global partnerships for Telefónica Open Future, before managing strategic projects and then its startup portfolio. At Mutua Madrileña, Moro Casquete's role involved devising innovation strategy for Open Innovation, which partners external startups and venture capital funds, and Internal Innovation, focusing on intrapreneurship and intra-startup programs.

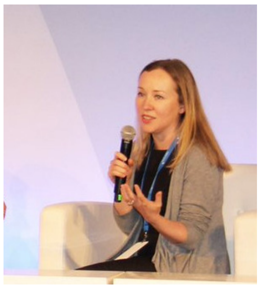
Marc Sabas, previously head of business development and partnerships of global core innovation at Telefónica, became venture principal at Centrica Ventures, the corporate venturing subsidiary of UK-based energy utility Centrica's. Sabas told GCV he had spent five years at Telefónica, and in February 2018 he co-founded an intrapreneurial unit dubbed "Internet para todos", where he identified and partnered technology companies disrupting the telecoms space. The partnerships include Project Loon and Facebook Connectivity, respective subsidiaries of internet and technology group Alphabet and social media company Facebook that seek to provide internet access to remote areas. Prior to joining Telefónica, Sabas was investment adviser for Europe and the US regions at Spain-based business-to-business (B2B) technology venture capital fund Mundi Ventures from 2015 to 2017, helping to structure and launch its fund management firm and raise two funds.

Lydia Jett was promoted to partner at the SoftBank Vision Fund. Jett joined the parent company in 2015, the year before Vision Fund was formally established, and has been leading and managing investments on behalf of the corporate in areas such as consumer internet, e-commerce, marketplaces, robotics and financial technology. Jett had spent six years as a vice-president at private equity firm M/C Partners, where she focused on communications, media and IT investments. She had previously held an associate role at investment bank Goldman Sachs and worked as an analyst at JPMorgan.

Kirthiga Reddy became venture partner at Vision Fund. Reddy joined SoftBank Investment Advisers, which manages Vision Fund, after 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. Reddy worked at software provider Phoenix Technologies and smartphone maker Motorola before Facebook. Reddy will now focus on investments in AI, robotics, health, bioengineering and the IoT technology sectors. She told TechCrunch she was "actively recruiting" staff, particularly female investors.

Carolina Brochado also joined the Vision Fund's London office after four years at venture capital firm Atomico. Atomico hired Brochado in 2014 and made her a partner two years later. During her time at the firm she sourced and led investments in portfolio companies including ethical food supplier Farmdrop, logistics platform OnTruck and market research provider Streetbees. Brochado held positions at private equity firm Madison Dearborn Partners and investment bank Merrill Lynch.

SoftBank appointed its chief operating officer Marcelo Claure as head of its $5bn Latin America-focused fund. Claure is also chief executive of Sprint, SoftBank's US telecoms subsidiary. He will be CEO of the unit and oversee its activities while continuing in his other roles. Bolivian-born Claure said: "Growing up in Latin America I witnessed first-hand the creativity and passion of the people... The SoftBank Innovation Fund will become a major investor in transformative Latin American companies that are poised to redefine their industries and create new economic opportunities for millions of people."

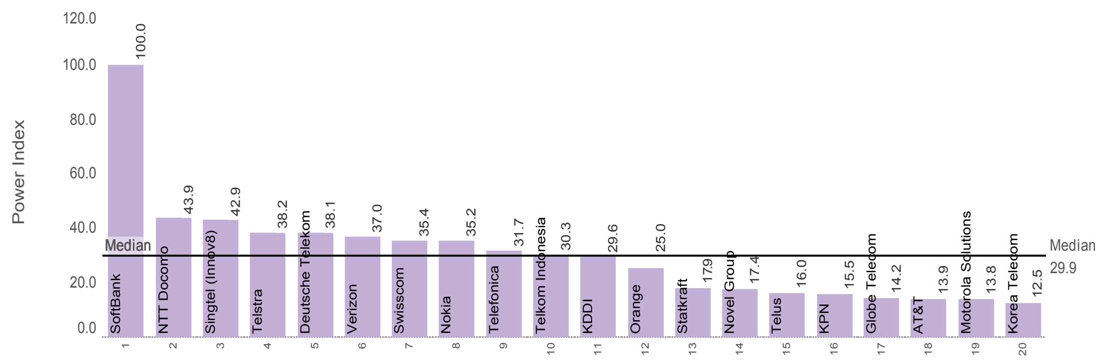


Lydia Jett

SoftBank also hired four other senior members for its Latin America Fund, its SoftBank Group International (SBGI) unit and the newly formed SoftBank Tech Hub. Venture capital firm Sequoia Capital's former chief financial officer, Chris Cooper, was recruited for the same role at SBGI, while Patricia Ménendez-Cambó, previously vice-chair at law firm Greenberg Traurig, became deputy general counsel at SBGI, serving concurrently as general counsel for the fund and Tech Hub. Francisco Sorrentino has joined the Latin America Fund and SBGI as chief human resources officer, having come from software provider Microsoft. The fund also hired its chief operating officer, Lee Bocker, who had held the same role at hedge fund manager TRG Management.

Seung Lee took on the chief financial officer position at SoftBank Ventures Asia, the rebranded corporate venturing subsidiary. Lee joined SoftBank Ventures Asia after a 15-year stint at investment bank Morgan Stanley, where he advised on M&A and helped the firm raise capital for corporate clients. Formed in 2002 as SoftBank Ventures Korea, the unit was initially a South Korea-only investor but gradually began making investments elsewhere in Asia before rebranding as

Telecoms sector power rankings



Source: GCV Analytics

SoftBank Ventures Asia with a brief to also target Europe and the US. In addition to managing SoftBank Ventures Asia's funds and limited partners, Lee will lead the financial operations of the unit's offices in China, Singapore and Silicon Valley.

Wesley Tang-Wymer, a former investor at SoftBank, joined Rucker Park Capital, the venture capital firm set up by SoftBank alumna Marissa Campise. Tang-Wymer joined the telecoms group as an investor in 2015 after two and a half years at VC firm Point72 Ventures and moved to SoftBank Investment Advisers, which manages the Vision Fund, in January 2017. Rucker Park is targeting $50m for its first fund. Its formation having emerged in June 2017. Campise was an investor for SoftBank's now shuttered SoftBank Capital unit from 2014 and 2015 before working in a direct capacity for the corporate. She left in mid-2016.

Mobile network operator US Cellular's strategic investments and partnerships team ceased operations, confirmed by former business development manager Susan Bova to Global Corporate Venturing. The company's strategic investments and partnerships division made equity investments, focusing on startups developing 5G networking, cloud services, data, mobile payments, IoT agriculture tech, smart cities, artificial intelligence, blockchain and cybersecurity.

This year's GCV Rising Star Mel Gaceta managed the unit between 2013 and 2016. He has most recently helped packaged food and beverage producer Mondelez International set up a corporate venturing arm. Bova told GCV she had left US Cellular "to explore other options," while Jeff Cologna, an executive that has concentrated on strategic investments and partnerships since 2007, was unable to comment on his next move.

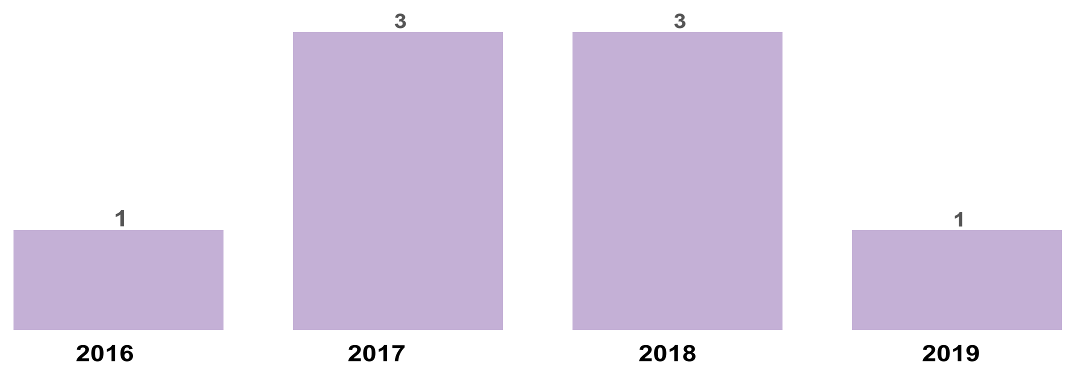
University backing

By the end of 2018, we registered three rounds raised by university spinouts developing telecoms-related technologies, much like in the previous year. The level of estimated total capital deployed in 2018 stood at $503m, up from $102m in 2017.

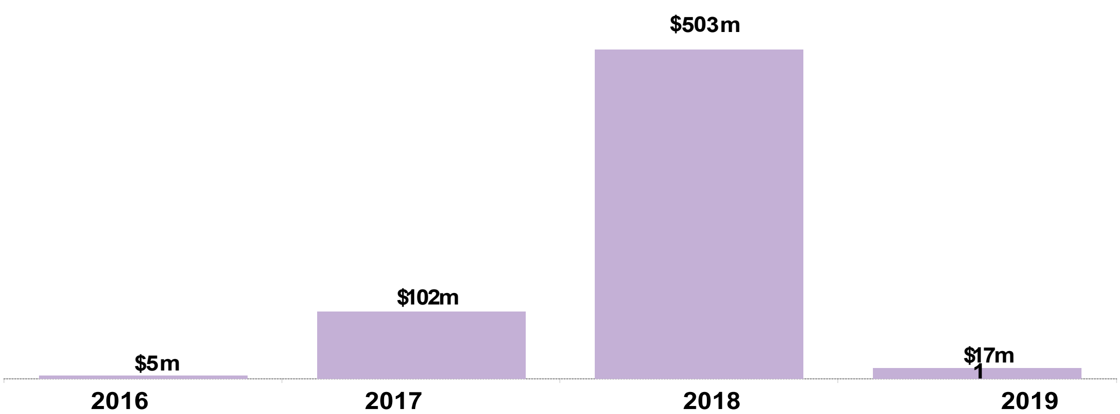
Kets Quantum Security, a quantum computing technology spinout of University College London, raised over £2m ($2.5m) in a seed round backed by database technology supplier Kx Systems. The round also featured VC fund Quantonation, plus $1.3m of grant money from two government innovation vehicles, Innovate UK and the Industrial Strategy Challenge Fund. Founded in 2016, the firm is creating a quantum computing-powered security range for communications that will work to protect sensitive information such as banking credentials and medical records. Quamtum's processing power has led manufacturers to test supercomputers based on the technology, however its widespread adoption could render cybersecurity products designed for conventional computers ineffective.

Blu Wireless, a developer of 5G communication technologies spun out of University of Bristol, obtained £12.7m ($16.6m) in growth funding from investors co-led by mobile chipset manufacturer Arm. The round was also co-led by Calculus Capital, Kendall and MGL, with participation from Guinness Asset Management. The firm, founded in 2009, supplies connectivity technology for wireless network applications that enables the operator to limit latency and instability in data speeds. The company is currently focusing on a 5G telecoms technology known as millimetrei wave that could help clients such as transport networks deliver reliable multi-gigabit speeds. Blu Wireless already has a partnership in place with train operator First Group to implement its technology in the UK, and also expects to win business from the so-called industry 4.0 segment.

Deals in university spinouts by volume



Deals in university spinouts by value



Source: GCV Analytics

Innovative region: New York

By **Liwen-Edison Fu**
Reporter

New York has one of the most vital tech ecosystems in the world, with Silicon Alley in Manhattan said to be the east coast's answer to Silicon Valley.

Scott Levine, a GCV Rising Star in 2018 who heads up the east coast office for the Samsung Catalyst Fund, an evergreen investment vehicle for the consumer electronics manufacturer, said: "Corporate venture capital in New York is growing: There were approximately three times the number of deals completed in 2018 than were being done 10 years earlier.

"That trend places the New York Metro Area second to the top-ranked San Francisco Bay Area. Will New York City catch up to the Valley? It is hard to say. But the Bay Area deal rate today is almost twice what it was a decade ago, and about twice that of New York now.

"A decade ago, the Boston area's deal rate was slightly above New York's. But around 2010, that changed, and Boston has dropped significantly given the number of deals it closes annually is now about half that of the New York area."

Regarding New York State overall, Levine said: "The deal rate is on the way up, tracking the metro area. Like the metro area, its deal rate has increased to three times the number of deals it closed 10 years ago." The New York metro area includes northern New Jersey and Philadelphia, so not all its deals contribute to the state statistics.

The global financial crisis which hit a little over a decade ago changed New York's startup scene. The city consolidated its urban ecosystem, in contrast to Silicon Valley's largely suburban character, allowing industries to interact more intimately with the local economy.

Bo Ren, ecosystem director at Samsung Next, Samsung's early-stage investment fund, said: "New York is a more culturally diverse melting pot of talent and startups. The type of tech that gets developed in Silicon Valley would not be possible in New York.

"New York companies are more driven by the intersection of industries like fashion, marketing and finance. There are more tech-enabled companies here than pure tech companies like in the Valley. Boston is naturally more MIT-Harvard adjacent so is more science and deep tech-driven."

The city's emerging tech companies received over $13bn worth of venture funding from VCs at the beginning of the year, according to the MoneyTree Report from PricewaterhouseCoopers and CB Insights. PitchBook data revealed $4.4bn was contributed by corporate venturers.

Ren continued: "There are more emerging seed funds which have made the landscape more competitive. It used to be that Union Square Ventures saw 90% of the dealflow out there. Now angels are starting to make pre-seed and seed investments. New York also has a new emerging model of venture studios like Prehype, New Lab, Redesign Health, Expa, Human Ventures, Recurse Center and AlleyCorp."

Corporates are quite active in the region – most recently telecommunications and internet group SoftBank injected $2bn in January 2019 into co-working space provider The We Company, formerly known as WeWork, while media group Comcast NBCUniversal participated in

a $550m deal in August 2018 for home fitness service Peloton Interactive, following media and e-commerce group Naspers providing $500m to e-commerce app developer Letgo earlier in the month.

The We Company later revealed that it had filed confidentially for initial public offering (IPO) in December 2018. Peloton Interactive also filed for an IPO in August 2019, intending to raise up to $500m on the Nasdaq Global Select Market.

The exits from corporate-backed emerging companies based in New York have grown considerably from three deals sized at $200m in 2011 to 21 IPOs just shy of $4bn in 2018. Although this year is barely halfway through, it has already had 26 exits – the largest number yet – with $1.4bn realised as of August, already surpassing that of 2016.

Levine said: "Over the past 10 years, we have seen the development of a vibrant ecosystem of entrepreneurs, growth-equity investors and Columbia University, New York University and Cornell Tech academics – all allowing for enormous growth in the venture business. There have also been some sizdable exits, in which founders have gone on to form new companies or have invested in other startups. Flatiron Health is just one that comes to mind.

"The Samsung Catalyst Fund joins other VC funds to invest in startups that are located in the United States, Europe and Israel. We also work with academics who help us better understanding cutting-edge technologies, such as quantum computing, while we, in turn, help them evaluate the business potential of their research."

Ren added: "Elderly care is a huge space as the baby boomer generation starts to live longer and gerontology is not really a healthcare intervention hospitals think about. I love what Umbrella is building in this space.

"Humane interfaces and products that are moving away from the time spent and data harvesting models, companies like Siempo and Privacy.com.

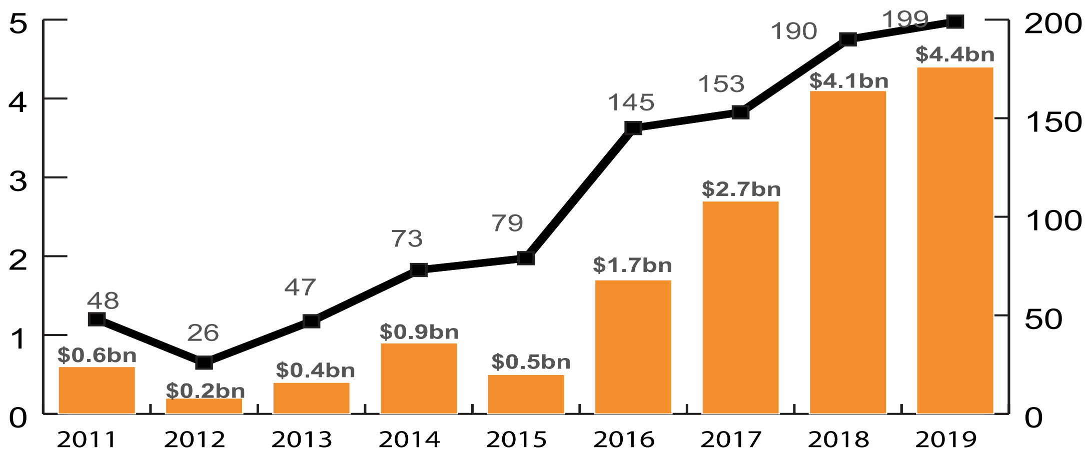
He added: "Social media companies that help Gen Z and millennials be their full selves instead of fractured performative identities online: Eternal, Muze and Are.na.

"Samsung is a strategic investor which means that we only follow-on investments. We co-invest with other institutional investors. We forge interdisciplinary partnerships with the city to help develop our thought leadership around smart cities, IoT, edge computing, vertical farming and AI."

SoftBank has been the most prolific corporate investor in New York with 98 deals through its now-defunct SoftBank Capital, while GV, the early-stage corporate venturing subsidiary of internet and technology group Alphabet, has closed 82 deals. Comcast Ventures, mass media group Comcast's corporate venturing unit, has made 70 investments, and semiconductor and data technology producer Intel's corporate venturing unit, Intel Capital, has conducted 45 deals.

As for fundraising, The We Company's financing rounds from January this year, August 2017 and October 2016 constitute the top three corporate-backed deals in New York, while robotics software provider

New York VC dealflow with corporate participation



Source: PitchBook data as of August 7 2019. *total size of rounds that include at least one CVC participating

Top VC exits with CVC participation

Company Name	Close Date	Total Invested ($m)	Exit Size ($m)	Pre Value ($m)	Post Value ($m)	Deal Type
AppNexus	15/08/2018	$2,000	$2,000		$2,000	Merger/Acquisition
Flatiron	06/04/2018	$1,900	$1,900		$2,100	Merger/Acquisition
Blue Apron	29/06/2017	$300	$1,596	$1,596	$1,896	IPO
Etsy	16/04/2015	$199	$1,576	$1,576	$1,775	IPO
Virtustream	09/07/2015	$1,200	$1,200		$1,200	Merger/Acquisition
OnDeck	17/12/2014	$186	$1,137	$1,137	$1,323	IPO
MongoDB	19/10/2017	$192	$983	$983	$1,175	IPO
Moat	18/04/2017	$850	$850		$850	Merger/Acquisition
Buddy Media	14/08/2012	$800	$800		$800	Merger/Acquisition
Athenex	14/06/2017	$66	$542	$542	$608	IPO (PIPE)

Source: PitchBook data as of August 7 2019.

UiPath's $568m series D round closed in April 2019, with participation from CapitalG, the investment arm of Alphabet, came fourth.

Online real estate transaction platform Compass raised $550m series E round, with $100m coming from investors including financial services group Fidelity Investments and $450m from SoftBank, respectively in November 2017 and the month after.

Challenges

A report published by The World Bank in 2016 identified New York's urban nature that leads to challenges including lack of technical talents, limited seed funding, limited physical workspace and a decentralised community.

One of the key issues addressed by the tech sector in New York, as with other regions, is the lack of diversity and inclusion (D&I) initiatives. Paul Daugherty, chief technology and information officer for professional services firm Accenture, who is also a board member of nonprofit Girls Who Code, told CNET News: "If you have an inclusive, diverse workforce, [what you make] is going to reflect the needs of the people in the communities that we are developing solutions for."

This year's GCV Powerlist member Jessica Peltz-Zatulove, who oversees MDC Ventures, marketing firm MDC Partners' corporate venturing unit formerly KBS plus Ventures, co-founded and manages the Global Women in VC directory.

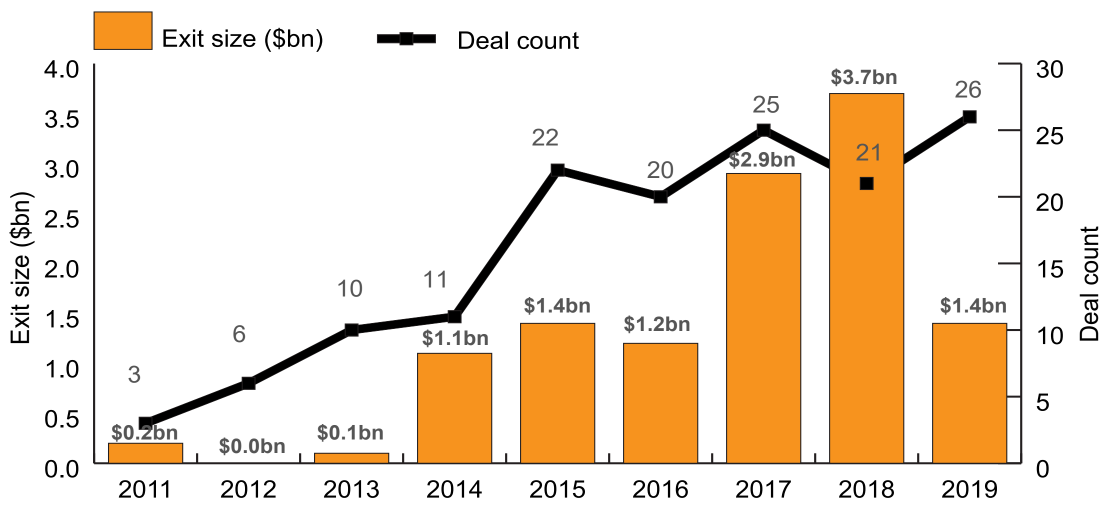
The directory includes more than 1,000 women across 590 funds in a score of countries, and shows 29% of the female investors identified are based in Silicon Valley, most of whom are partners, while 27% are based in New York, generally serving in junior capacities.

Peltz-Zatulove discovered more than two-thirds of female VC and CVC investors participate in early-stage deals and few invest in growth-stage companies because funds initiated by women tend to be in the seed stage.

Natalie Hwang, another prominent female corporate venturer based in New York on the GCV Powerlist this year, manages Simon Ventures, a multi-stage corporate venturing unit oriented towards innovation on behalf of real estate developer Simon Property Group.

Hwang has also contributed to D&I initiatives by supporting the latest financing round of female-focused online

New York VC exit activity with CVC participation



Source: PitchBook data as of August 7 2019 publisher Bustle Digital Group, scaling its monthly readership to more than 80 million women.

Having backed companies such as lifestyle membership company FabFitFun Hwang told Glossy about the trend of luxury goods producers and retailers including Amazon and retail chain Target and razor seller Dollar Shave Club building in-house media subsidiaries to engage with consumers further through digital content.

Levine also noted: "There are few VCs investing in traditional media anymore, but they are certainly interested in new media opportunities, like e-sports and sports betting. Similarly, the traditional retail experience is giving way to direct-to-consumer retailing startups like Dollar Shave, Casper and Warby Parker. And finance is seeing inroads in their traditional territories from tech providers who pull the friction out of older ways of investing and insuring."

Top corporations participating in New York VC by deal count

Investor Name	Deal Count	Investor Type	HQ State
SoftBank Capital	98	Corporate Venture Capital	New York
GV	82	Corporate Venture Capital	California
Comcast Ventures	70	Corporate Venture Capital	California
Intel Capital	45	Corporate Venture Capital	California
Bertelsmann Digital Media Investments	31	Corporate Venture Capital	New York
Bloomberg Beta	28	Corporate Venture Capital	California
MDC Ventures	26	Corporate Venture Capital	New York
WarnerMedia Investments	25	Corporate Venture Capital	New York
The New York Times	20	Corporation	New York
Fidelity Investments	20	Corporation	Massachusetts

Source: PitchBook data as of August 7 2019

Top 10 VC deals with corporate participation

Company Name	Close Date	Deal size ($m)	Deal Type	Round	Investor(s)
The We Company	August 2019	$5,000	Corporate		SoftBank Group
The We Company	August 2017	$1,700	Later Stage VC	Series G	Primary Venture Partners, SoftBank Group, Alpha JWC Ventures, StraightPath Venture Partners, Syren Capital Advisors, Catalyst Investors, SoftBank Investment Advisers
The We Company	October 2016	$690	Later Stage VC	Series F	JPMorgan Chase, China Oceanwide Holdings Group, Shanghai Jin Jiang International Hotels (Group) Company, Fidelity Management & Research, Mort Zuckerman, T Rowe Price, Benchmark (San Francisco), The Goldman Sachs Group, Wellington Management, Hony Capital, Glade Brook Capital Partners, Harvard Management Company, Troy Capital Partners, Legend Holdings, Proioxis Ventures
UiPath	April 2019	$568	Later Stage VC	Series D	Base Partners, Sands Capital Ventures, Coatue Management, IVP, Madrona Venture Group, Accel, PolyTech Ventures, Dragoneer Investment Group, Sequoia Capital, CapitalG, Wellington Drive Technologies, Greenspring Associates
Compass	December 2017	$550	Later Stage VC	Series E	Lead Edge Capital, Fidelity Investments, IVP, SoftBank Group, Wellington Capital Management
Peloton	August 2018	$550	Later Stage VC	Series F	TCV, Fidelity Investments, Felix Capital, QuestMark Partners, NBCUniversal, True Ventures, Tiger Global Management, Winslow Capital Management, Franklin Templeton Investments, G Squared, GGV Capital, Wellington Management, Balyasny Asset Management, Schechter Private Capital, Kleiner Perkins
Letgo	August 2018	$500	Later Stage VC		Bonsai Venture Capital, Naspers
VICE Media	September 2014	$500	Later Stage VC		TCV, Marco Demeireles, Times Bridge, A&E Television Networks, InterMedia Partners
The We Company	June 2015	$434	Later Stage VC	Series E	JPMorgan Chase, China Oceanwide Holdings Group, Fidelity Management & Research, Wynsun Capital Management, T. Rowe Price, Benchmark (San Francisco), The Goldman Sachs Group, Star Farm Ventures, Wellington Management, Glade Brook Capital Partners, Aleph
VICE Media	December 2015	$400	Corporate		The Walt Disney Company

Source: PitchBook data as of August 7 2019

Setting up records – 2019's first half in university venture

By **Thierry Heles**
Editor, Global University Venturing

Sister publication Global University Venturing's analysis of the second quarter of 2019 shows increased investment activity as the year progresses and record-breaking amounts generated through exits.

After a slow and steady start to 2019, it looks as though activity in the second quarter of the year has been ramping up with a respectable 230 deals across the three months.

That may be a slight drop on the 254 deals closed in the same period last year but, considering the blockbuster June 2018 that continues to tower over any other month since Global University Venturing launched more than six years ago, is actually a solid figure.

Notably, more than $5bn was invested during the past quarter – almost double the capital raised by spinouts during the first quarter of the year, which was just over $2.6bn. It is also more than the $3.5bn raised during the same period last year, despite fewer companies receiving cash.

The prediction, made by GUV in previous analyses, that 2019 may lead to fewer deals with larger rounds, appears to hold true. It is arguably no surprise, with commercialisation firms such as Allied Minds declaring that they will double down on their existing portfolios rather than spreading their attention too thin.

But actually, there were more deals in each of April, May and June than for 10 out of last year's 12 months. It remains to be seen whether this calendar year will beat last year's record, of course. As things stand, GUV tracked 792 deals last year and with 387 during the first half of 2019, there is still some catching up to do. But there can hardly be any doubt that 2019 will, at least, be the second most successful year since 2013 when it comes to the number of deals.

This year has already beaten 2013 (which counted approximately $1.8bn across 209 deals), has seen more money invested than 2017 ($4.9bn) and is close to breaking through 2016's $5.4bn across 489 deals. (If you are interested in more long-term data, take a look at our six-year analysis published in GUV's May issue.)

There were a dozen spinouts that raised more than $100m in funding during the past quarter – most of them in April and May, explaining the fact that these two months saw more investment than any month in 2018.

Notable spinouts include Thrive Earlier Detection, a US-based developer of a blood test for cancer that spun out of Johns Hopkins with $110m in series A funding from investors led by venture capital firm Third Rock Ventures in May.

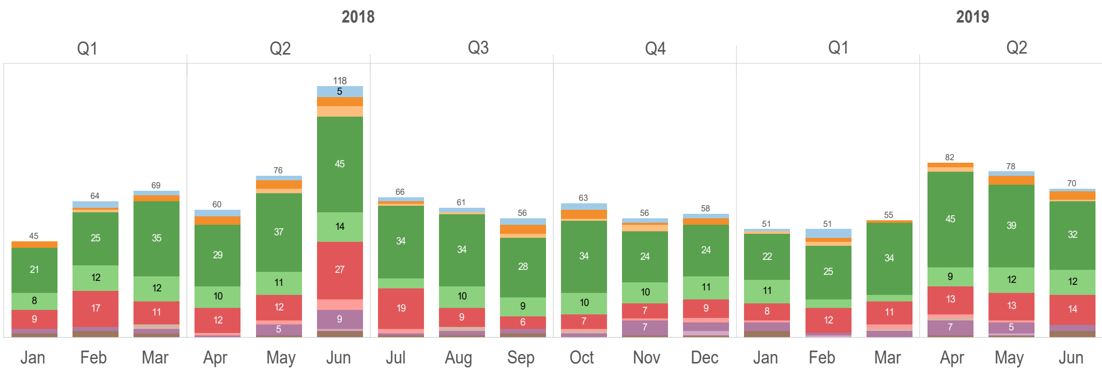
Investors in the series A round included BlueCross BlueShield Venture Partners, the corporate venturing subsidiary of health insurer Blue Cross and Blue Shield Association, and molecular diagnostics company Exact Sciences.

Then there was a $235m funding round for Asklepios BioPharmaceutical, a US-based gene therapy spinout of University of North Carolina at Chapel Hill, co-led by TPG Capital and Vida Ventures. The spinout's co-founders and board members also committed capital. The company, also known as AskBio, is an interesting beast in that it has launched multiple spinouts itself and two, Chatham Therapeutics and Bamboo Therapeutics, have been acquired by pharmaceutical firms Baxter and Pfizer, respectively.

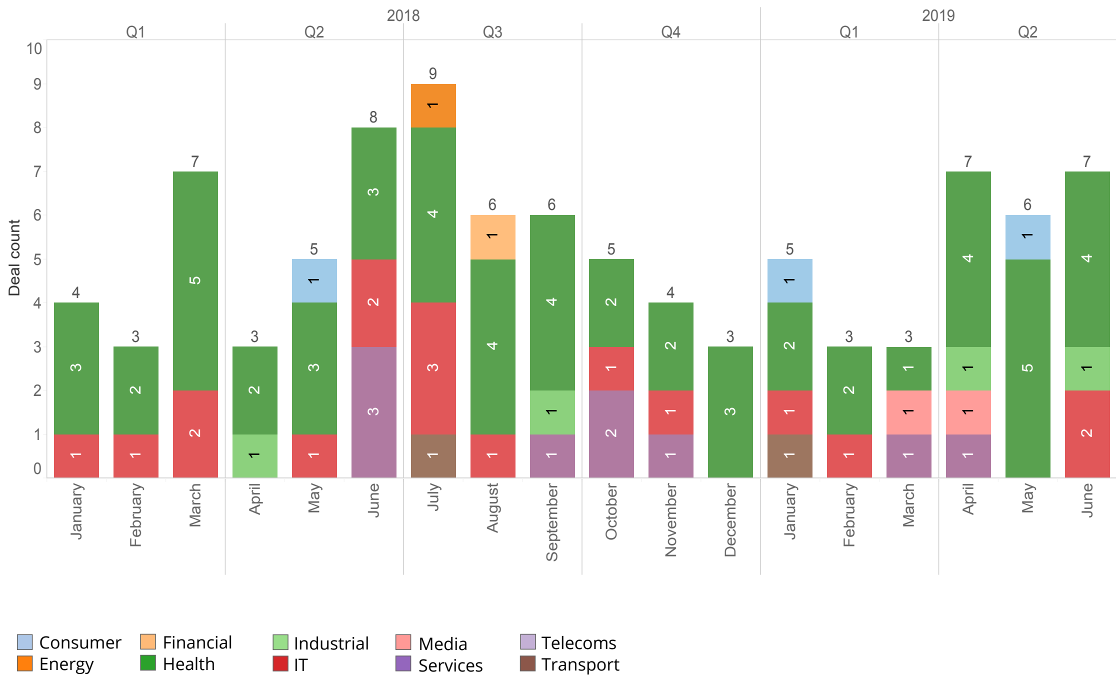
By far the biggest round during in Q2 belonged to a European company. GetYourGuide, a Germany-based travel activity booking platform spun out of ETH Zurich, raised $484m in series E funding led by SoftBank Vision Fund, the near-$100bn fund managed by SoftBank.

The round, which also featured Singapore state-owned investment firm Temasek, among others, valued

Number of deals in university spinouts



Number of exits from university spinouts



Source: GCV Analytics

GetYourGuide at $2bn, making it ETH's first unicorn spinout. The deal closed just a few days before ETH Transfer took home the GUV Award for Tech Transfer Unit of the Year.

"AskBio is an interesting beast in that it has launched multiple spinouts itself and two, Chatham Therapeutics and Bamboo Therapeutics, have been acquired by pharmaceutical firms Baxter and Pfizer, respectively"

Strong exits

When it came to exits, the second quarter was also relatively busy and featured a range of acquisitions as well as multiple initial public offerings. Among those going public was Morphic Therapeutic, a US-based biotechnology developer based on research at Harvard University, which initially raised $90m in proceeds before closing the IPO at $104m in early July.

Atreca, a US-based immunotherapeutics developer based on research at Stanford University, raised approximately $125m in an initial public offering that achieved an exit for pharmaceutical firm GlaxoSmithKline. And Personalis, a US-based genome sequencing platform for cancer research also spun out of Stanford, completed a $140m initial public offering on the Nasdaq Global Market.There were smaller listings, such as OssDsign, a Sweden-based regenerative implant producer backed by Karolinska Development, the investment arm of Karolinska Institute, which sought an additional Skr22.7m ($2.4m) from its listing on the Nasdaq First North exchange after raising $15.8m from the original allotment.

US-based exosome therapeutics developer Codiak BioSciences, which is exploiting technology developed by researchers at the universities of Gothenburg and Texas, also attempted to raise $86.3m in an IPO, but withdrew its plans in July citing unfavourable market conditions.

Most exits came in the form of mergers and acquisitions. Large deals included Tilos Therapeutics, a US-based biopharmaceutical company advancing research from Harvard University and Brigham & Women's Hospital, which agreed to an acquisition worth up to $773m by pharmaceutical group Merck & Co (known outside the US as Merck Sharp & Dohme).

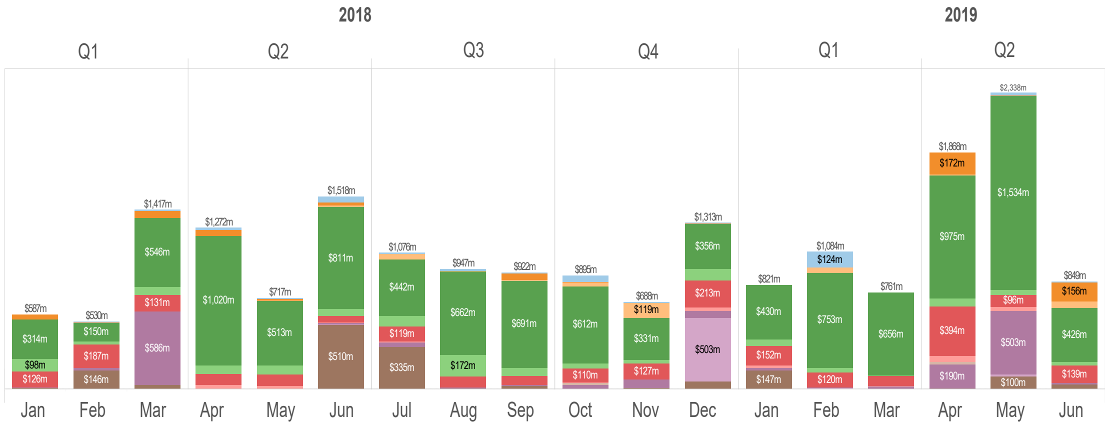
By far the largest exit however was an acquisition of Tableau, a US-based data visualisation and analytics spinout of Stanford University, which agreed to an acquisition by enterprise software producer Salesforce for $15.7bn. The figure towers over even the blockbuster multi-billion dollar acquisitions during the second quarter of 2018, such as the $8.7bn purchase of Avexis, a US-based neurological disease treatment developer commercialising Ohio State University research, by pharmaceutical firm Novartis. The acquisition of Tableau is expected to close by October 31.

Cash-in-hand

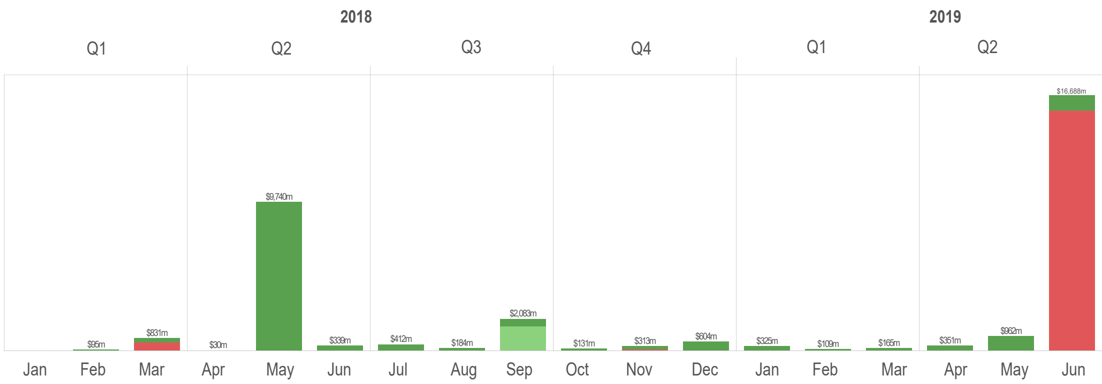
Another reason to be optimistic about 2019 is the fact that university-focused funds continue to raise big cash. Third Rock Ventures, which has incubated countless spinouts and was the lead investor in Thrive Earlier Detection, closed a $770m fifth fund last month.

Columbia University teamed up with investment firm Deerfield Management to launch the commercialisation fund

Amount invested in spinouts



Amount generated by exits



Consumer | Financial | Industrial | Media | Telecoms
Energy | Health | IT | Services | Transport

Source: GCV Analytics

Hudson Heights Innovations with $130m, making it the largest initiative out of Deerfield's increasingly long list of funds. The firm has partnered University of Illinois at Chicago, Johns Hopkins University, Vanderbilt University, Northwestern University, University of California, San Diego and University of Carolina at Chapel Hill for similar funds.

Cambridge Innovation Capital (CIC), the patient capital fund set up by University of Cambridge, closed £150m ($196m) in additional funding, bringing its total corpus to $360m. The fundraiser was anchored by the university and its endowment fund and was described by CIC as one of the largest private financing rounds held in Europe in 2019.

Mainland Europe, too, was represented with a $72.3m intermediary close for the PSL Innovation Fund, the deep tech-focused vehicle aligned with Université PSL's innovation ecosystem. Limited partners include the EU-owned European Investment Fund, plant seed supplier Vilmorin & Cie, financial services firm BNP Paribas, marine defence and energy systems supplier Naval Group and insurance provider MGEN.

University venturing in 2019 is fantastic shape. Will last year's records be broken? The odds aren't half bad – even with the Stanford-StartX Fund having halted investments and Woodford Investment Management still in a world of pain.

Can corporate engagement with startups be not-for-profit?

By **Keyoor Purani**, *Professor of Marketing, IIM Kozhikode*

First published by Entrepreneur

Engagement of large corporates with startups can contribute to innovations in a big way. Size, resources and efficient processes of big companies complement the ideas, agility and risk-taking orientation of the startups to spur innovative solutions. While innovation is at the heart of such engagements, almost all of the models evolved so far are from the corporate innovation perspective and how they capture the value from such efforts.

In India, the government has made provisions that actively push large corporates to support startups more as responsible corporate citizens, making such engagements favourable to startups. If this makes an impact in some ways, it can be an interesting way to nurture startup ecosystems in developing economies.

Provisions under section 135 of the revised Indian Companies' Act 2013 make it mandatory for corporates of larger size to provide 2 per cent of their average net profits over three years for social good.

Apart from the other obvious social causes, corporates can also qualify the financial support to startups under the 'social good' definition of the act. In addition to this, after the announcement of big Startup India drive in 2016, the government advised several large public sector undertakings – notably from petroleum sector – many of whom are in the global Fortune 500 list, to create a startup fund with the objective to support the ecosystem.

ONGC, one of the highest profit-making crude oil and natural gas giant, launched a Rs 1 billion startup fund. Other public sector oil companies such as Indian Oil, Bharat Petroleum and Mangalore Refinery and Petrochemicals also became part of the government's push to create startup funds. Such mandatory provisions for making large corporates contribute to the society are widely criticised, but if viewed from startup ecosystem perspective, they can make an interesting contribution.

Corporate-startup engagement models

In an article in California Management Review, Tobias Weiblen and Henry Chesbrough presented four models of corporate innovations through startup engagements. The Corporate Venture Capital model and Corporate Incubation model largely focus on equity-driven engagements. Equity stakes in external ventures by way of corporate funding focus on outside-in innovations and introduce corporates to the new technologies. On the other hand, intrapreneurial efforts through corporate incubators follow the inside-out approach for radical innovations to be commercialised through ventures that have grown in a start-up like environment created within the large organisation.

Apart from these traditional models, large companies have recently found models to engage with startups that revolve primarily around technology. Quite often seen in the form of Corporate Accelerator programs, outside-in innovation efforts help sponsoring corporates acquire new technologies and products through multiple startups and stake claims on the IP. The platform model of engagement, on the contrary, provides a technology platform of the large corporation to startups for building their own products as seen in cases of Apple iOS, SAP or AWS. Here, the large corporation positions itself as a technology leader and takes profit from each product built using its platform.

Corporate 'startup' responsibility

In an unequal relationship generally favouring large corporations, startups find it difficult to engage with big companies to protect ownership control and IP. In recent times, large companies like Amazon and Facebook have even earned bad reputations for alleged stealing of ideas and bullying the startups using their platforms. While large companies cannot be blamed for capturing value for their involvement with startups, for the startups to protect their interests, the entrepreneurial ecosystem has to provide its own mechanisms.

The government push in the case of oil companies to fund startups in India or mandatory CSR that also includes startup funding can indeed provide a new model of corporate engagement. It, in fact, it can be seen as an opportunity for large companies to make the economic impact beyond social or environmental causes as responsible corporate citizens.

Supporting startups should be seen contributing more by the large companies than supporting some completely unrelated causes. Models that takes the view of corporate 'startup' responsibility aim at making corporate resources available to startups without prioritising the corporate for-profit in startup engagement programs.

Making it work

Unfortunately, CSR spending on tech incubator based startups between 2014 and 2017 is estimated to be a meagre

Rs 540 million. Oil companies struggle to invest startup funds, with not even 10 per cent of the funds invested in some cases. It is unreasonable to expect large corporations to get involved in identifying, engaging and monitoring any such non-profit corporate engagement with startups without strategic interest. At the same time, it is important for them to ensure that their funds are utilised well for the larger good.

In order to make an impact with such provisions of mandatory responsibility, large companies need to integrate with the startup ecosystem. Positioning and implementation of such efforts demand partnerships with independent incubators, which are designed to support new tech ventures. University-based incubators provide credible positioning, access to fresh ideas and monitoring that go a long way in making successes out of such programmes. Such integration can lead to better access to the resources, ease of working and reasonable freedom to the startups and can possibly yield better results from any mandatory requirements that the corporates need to fulfil towards the startups.

Mandatory provisions for the large corporates can be viewed as a unique mechanism to strengthen the startup ecosystem in India. For corporates, it need not be exclusive and can co-exist with the other models of startup engagements that are equity or IP driven. Would corporates look at ‘compulsory’ social responsibility from the perspective of corporate ‘startup’ responsibility?

After the honeymoon ends: making corporate-startup relationships work

By **Michael Brigl, Stefan Gross-Selbeck, Nico Dehnert, Florian Schmieg and Steffen Simon**
Boston Consulting Group

Accelerating market forces are pressuring even well-established companies to innovate and tap new markets to stay ahead of the competition. While many corporates have been content to pursue internal, incremental change in response to global competition and disruptive technologies, others have boosted their innovation engines by collaborating with startups. These relationships give corporates access to startups' creativity, new ways of working and proficiency with new technologies. In return, startups gain access to corporates' markets, customers, and industry expertise—and the reputational boost of working with major industry players.

Such relationships often start out very positively, with a heady honeymoon period during which both sides enjoy some early successes. Over time, however, frustration can set in as one or both partners wake up to the reality that they are not achieving all of their hopes and expectations. According to BCG research conducted in Europe, 45% of corporates and 55% of startups are "very dissatisfied" or "somewhat dissatisfied" with their partnerships.

To gather data for this report, we surveyed 187 corporates and 86 startups and conducted a bottom-up analysis of 570 companies in Germany, Austria, and Switzerland. We also interviewed more than 30 leaders in the startup ecosystem, including venture capital and private equity investors, startup founders and executives at public and privately owned companies. They described a complex collaboration landscape in which a company can choose from among various types of innovation vehicles, depending on the company's size, goals, and expertise. We also identified a number of steps that companies can take to improve their likelihood of achieving long-term success.

Increasingly, corporates and startups are linking up

Companies in our sample use five types of innovation vehicles in their collaboration efforts with startups: innovation or digital labs, accelerators, corporate venture capital (CVC), partnership units, and incubators. Some types of innovation vehicles are more common than others, however.

Company size and industry sector influence the innovation approach

The number of innovation vehicles that companies use varies widely depending on company size and industry sector. Not surprisingly, large public companies are more likely than others to deploy innovation vehicles. Different industries show huge variations in how extensively the companies in the category use innovation vehicles. Companies in the media and publishing, automotive and mobility, and financial institutions and insurance industries are among the most likely to strike up partnerships with startups. About 70% of surveyed media and publishing companies use at least one type of innovation vehicle. In the automotive and mobility industry, 50% use at least one type. Among financial institutions (FI) and insurance companies, 56% use at least one type.

Most collaborations don't meet expectations

But many participants in these corporate-startup collaborations eventually realise that their relationship is not yielding the returns they expected and is not delivering on its full potential. In our survey, 45% of corporates and 55% of startups rated themselves as either "somewhat dissatisfied" or "very dissatisfied" with the relationship.

Three factors for success

Every collaboration presents its own unique challenges and opportunities. But we have identified three approaches that can help partners in any collaboration get more out of the relationship. Although our survey focused on Germany, Austria and Switzerland, we have observed similar relationship patterns around the globe in our work with clients. Moreover, all three approaches apply to both the corporate side of the partnership and the startup side.

1. Have a clear, shared rationale for the collaboration

Before entering into any agreement, both sides need to ensure that they share a rationale and a consistent set of expectations for the deal, agree on the resources and expertise that each will bring to the table, and align on the rules that they will follow to deliver on those expectations.

We have identified four basic rationales that corporates often have for choosing to partner with startups: protect the core business; optimise the business in areas such as R&D, marketing and sales, and operations; transform and move away from its core business; and grow into areas adjacent to their core businesses.

2. Adopt an investor mindset

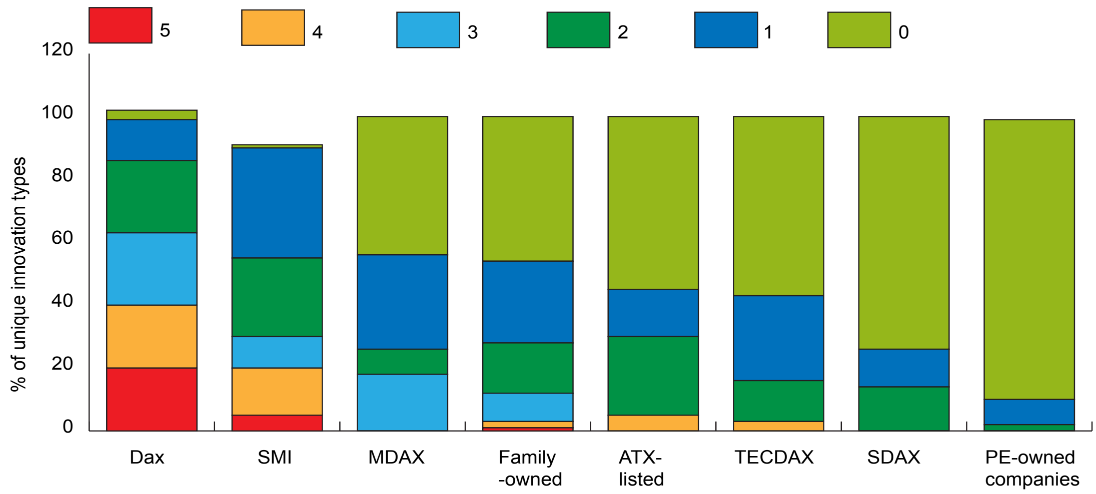
Thanks to the work being done by their CVC units, many corporates are developing a more critical investor approach. Even so, most still lack the investor mindset of a private equity or venture capital firm on such points such as managing startup portfolios, setting milestones, and establishing risk management guidelines.

Among the steps that corporates can take to develop an investor mindset, five stand out: define clear investment guidelines; sign a letter of intent establishing responsibilities and decision rights; install active governance and fast course correction capabilities; grant the startup access to required resources; and accept that some partnerships will fail.

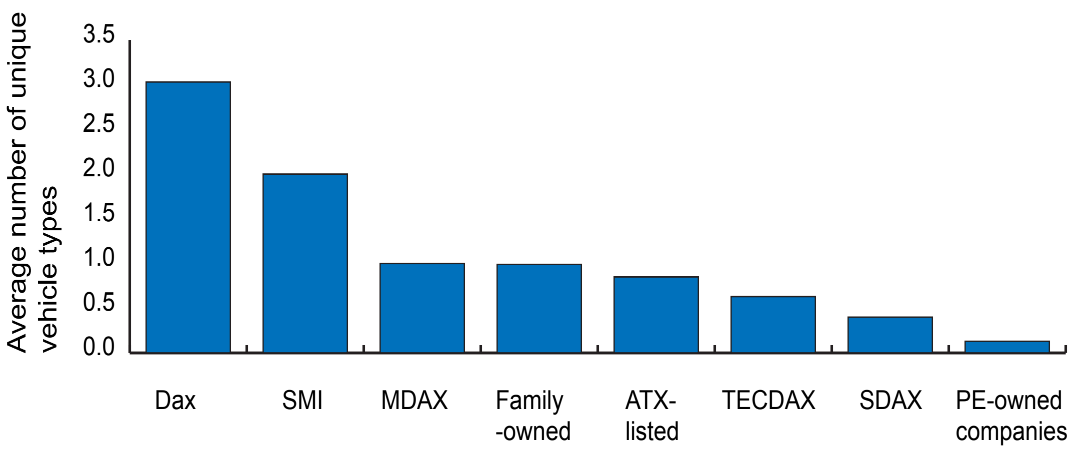
3. Create links to the core business

Startups prefer to collaborate with corporates rather than venture capitalists for one primary reason: they want to secure the "unfair advantage" that corporates give them over other startups. To deliver, corporates should grant startups access to sales channels, difficult-to-acquire customers, facilities, data and IP, industry and business expertise, deep technology understanding, corporate networks and much more – benefits that no purely financial investor can match.

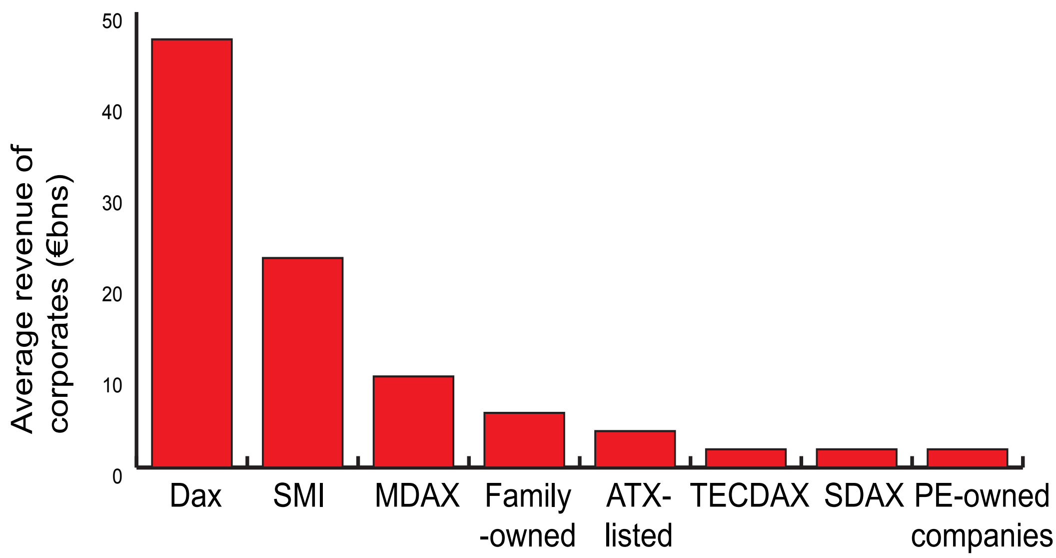
Unique innovation types by company category (%)



Average number of unique vehicle types



Average revenue of corporate (€bns)



Source: BCG. Five unique innovation vehicle types were tracked: innovation or digital lab, corporate venture capital, incubator, accelarator and partnership unit

The future of collaboration

We have identified several trends we believe will drive future partnerships:

More radical innovation.

Few corporates can radically innovate on their own, which makes external innovation their best option.

Accelerated speed of change.

As change occurs faster, corporates need more innovations in a shorter time period. It is not possible to accomplish this alone.

Shrinking barriers to entry.

Digitisation is opening up new markets around the globe, and corporates are increasingly eager to enter those markets.

Need to scale fast.

Corporate partners can help startups scale faster than financial investors can, by providing them with an "unfair advantage."

Growing experience with collaborations.

Corporates have gained valuable experience in recent years to make corporate-startup collaborations work.

Willingness to cooperate.

Corporates are increasingly willing to set aside their rivalries and combine efforts in corporate venturing and other innovation vehicles.

Combining the assets of large corporates with the speed and creativity of startups has tremendous productive potential.

This will take some hard work, but companies that succeed will be strongly positioned to withstand competitive pressures and market disruptions.

Authors

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BMW's great innovation fail – 10 ways to do better corporate venturing

By **Davorin Kuchan**
Chief executive at Sparkling Logic

The news of BMW CEO Harald Krüger's impeding 'retirement', which broke in July, was hardly a shock, as the writing was on the wall for years.

Throughout the years, I had 9 beloved BMW models all the way from 1602 (my first car) to X5. Yet over the last three years my wife and I fully switched to electric. We swapped our Mercedes and BMWs for Teslas (S and 3) and have not looked back. For anyone who had had a chance to drive a Tesla, it was obvious that the future was coming fast, and it would spell trouble for the Germans.

Nevertheless, German auto execs (not only BMW) arrogantly continued ignoring the trends, lobbying for better Blue Diesel, got caught up in emissions scandals and continued adding features to an ageing technology platform instead of putting all their efforts into disrupting themselves.

BMW even launched a corporate VC team, BMW I Ventures, which invested in a few dozen startups mostly around manufacturing, autonomous driving, shared models and peripheral technologies. What was fundamentally missing? Core business disruption, which should have been an all-hands-on-deck gathering. My guess is that Krüger had a few things to say about what was allowed to be disrupted or that the CVC team was not set up properly to influence the direction of the core tech business units.

The result of all that ignorance? Continued attrition of BMW passenger sales of 14.5% year on year in the US while Tesla model 3 market share of BMW continues to explode outselling BMW's best-selling 3 series sedans. The market cap dropped from a lofty $85.6bn in June 2015 to a recent $45bn four years later. That's $40bn in market value erased, or 1.1% of Germany's GDP. To make things worse, the other segment, light trucks (X3 and X5) is about to come under attack from upcoming Model Y in 2020. My guess: the carnage is not over yet.

After spending a 15-plus years in the corporate venture capital and Silicon Valley startups, this has all been too predictable. The slow destruction of the iconic brands and companies like BMW could have been avoided by paying attention to the history lessons. Household names and great companies like Kodak, Pan Am, Xerox, Blockbuster, Nokia, Atari, Polaroid, RIM/Blackberry, Sears, Borders, Palm, Circuit City, Toys R US and now BMW all had a common illness which led to their demise: inability to innovate and reinvent themselves in a rapidly changing world. Clayton Christiansen's 'Innovators Dilemma' should have been a required reading for world's corporations. Yet, sadly, the history repeats itself again and again.

As I am watching another high-flying company self-destruct, I can think at least 10 tenets for every fellow CEO and her or his board to consider when faced with innovation struggle:

1. Large corporates were startups once; keep the founders around – it is easy to forget that every large company was an innovative startup at one point. At some point, you bring in corporate executives who can take the figured-out business model and focus on operational efficiency, maximising profits and hiring people who can run the business efficiently, profitably and predictably. But that childish exuberance, quest for new questions and foolish innovation should always remain as part of the corporate culture for any company wishing to thrive in the future. That is why having the original founders as part of the creative team instead of pushing them out is a good idea. As Steve Jobs well put… " Stay hungry, stay foolish " or keep the foolish ones around.

"My guess: the carnage is not over yet"

2. Recognise the echo chamber when you are in one – unlike the startups, large companies behave like the business adults. They have largely solved the question of repeatable business model and are focused on becoming efficient machines of operational excellence. They measure short-term operational metrics with little to no view of fundamental risks and shifts in the industry. As a result, innovators with alternative views, radical disruptors and entrepreneurs are quickly weeded out of the echo chambers and over time, there is no one left to challenge the status quo.

3. Hire and keep disruptors – a good leader needs people who will challenge the norm, who will have those uncomfortable questions and will not agree for the sake of fitting in. Keep those misfits who ask why and ensure their perspective is heard and considered.

4. Build the culture of innovation – value and reward innovation, risk taking, entrepreneurial spirit and demand speed of change. Do not punish failure - learn from those who tried and failed. One of the reasons Silicon Valley continues to thrive is its ubiquitous social acceptance of trying and failing. We call those people… 'experienced'. We celebrate their journeys and crave for their new adventures. This should be perfected in the global corporate world, where open innovation is encouraged and rewarded, while trying and failing becomes a lesson and a platform for more opportunities.

5. Embed innovators on every level – large corporates frequently create innovation groups and sequester them in separate units (XYZ Labs, Strategic Marketing, Corporate Venture and so on). Although recognising the need for innovation and launching a CVC unit is a step forward, it is imperative that the innovation is embedded throughout the organization, both in P&L business units as well as in service entities like finance and marketing. Having innovation champions throughout the company should signal that innovation and disruption is everyone's job, not just a few mavericks who scout for radical ideas outside the company only to be shut down by corporate 'antibodies' who "know better and have tried something like that before"

6. Careful what you measure – If you hire operation-driven people and incentivise them to achieve short term objectives, that is exactly what you will get: a predictable behaviour where good corporate soldiers execute the playbook on the table and stay within well-defined parameters. The only way to get a different, more entrepreneurial behavior is to embed an element of

growth and innovation in people's objectives and compensation plans. Alternatively, you will lose them to startups or your more entrepreneurial competitors.

7. Be paranoid – continuously monitor the trends. Always look over your shoulder. The world is changing fast and a potentially devastating innovation is always around the corner. The moment you get complacent, you are in trouble. How often you hear that a company is a global leader in their industry and does not have real 'competitors'. That is a sure way that trouble may be brewing. You can start humming 'When A Cowboy Trades His Spurs For Wings' from the Coen Brothers film "The Ballad of Buster Scruggs". There is always a 'faster gun' out there around the corner.

8. Allow your business units to participate in M&A – frequently I see competition for resources as zero-sum game within corporates. Business units (BU)operate on limited budgets and have to make a decision to hire another engineer to meet quarterly goals versus invest in innovation and look outside for potentially disruptive solutions. Instead, create an active partnership where BUs can use their expertise and budget to identify and closely collaborate with finance and M&A teams. Make acquisitions something that is co-funded with BUs, celebrated and embraced and not a threat to cushy corporate existence and safe paycheck.

9. Acquire upstarts, let them operate, observe... and learn – "Resistance may be futile – yet frequently wrong". There is tendency to "Borg" the startups into submission once acquired which kills their creativity for the sake of compliance. Remember that the startups have done well on their own typically with limited resources and capital. Imagine what they could now do with a corporate parent, additional resources and the market power of a larger company. Don't over-react and squash the innovation, observe, learn. Let creative people operate independently longer and use the lessons as an opportunity to train your corporate operators on how to be more innovative and entrepreneurial. Rotate people through their organisation.

10. Continuously challenge status quo and disrupt yourself – a friend of mine once said that: "If you don't guide your children, someone else will". In the corporate world the mantra should be "If you don't disrupt yourself, someone else will." There should be a constant effort built into every business unit to seek new ways of solving existing problems while looking for new problems to solve. Seek to disrupt yourself and if not, acquire someone who is about to. Keep doing it. Repeat. Again, and again.

"Acquire upstarts, let them operate, observe... and learn"

As history has shown, the lack of continued innovation and disruption is a certain path to corporate mortality and loss of shareholder value. Any effective CEO should embed innovation seeds throughout their organisations and hold them accountable for growth, disruption even if it means hurting their own legacy products or business models.

A corporate venture and innovation CVC group is a good start. Not only it should be run by experienced innovators, investors and operators but it should include teams who come outside the company and even industry. Like the DNA pool, such broad perspective is essential to successful strategy.

As my friends at Global Corporate Venturing can attest, many corporates have stepped up to the plate and set up their CVC units. But the corporate CVC units should not be the only source of innovation or merely a checklist for boards and investors on how the company follows Silicon Valley. Best CVC units should be power brokers with the ‘licence to innovate, invest and acquire’ with designated well-motivated innovation agents throughout its enterprise. It would be interesting to hear from my colleagues at BMW iVentures on how this disruption dialogue, investment criteria and business unit dialogue went over the last five years – perhaps a good MBA case study.

But that is a topic for another chapter. Now I am off to watch another disruption the Tesla Model X with Raven update taking on Lamborghini Urus. Stay vigilant friends.

Increased corporate venture partnering in healthcare is reshaping industries

By **Dave Stevenson**
Managing director, Merck Global Health Innovation Fund

Corporate venture capitalists' growing role in financing innovation is undeniable. In 2018, according to CB Insights, CVCs invested $52bn in US startups, an historic high and more than triple the $15.2bn they invested in 2013.

But what's changing in corporate venture capital is not only the increased activity, but also a rethink of investment strategies. It's not just about chasing innovation outside the current businesses. Corporates are increasingly partnering together in syndicates to accelerate large-scale innovations that can fundamentally reshape industries.

Corporate partnerships creating greater market value

When pulling together a corporate venture syndicate, capital is seldom the scarce resource. The bigger challenges are accessing global networks, channels and scale. To address these challenges, leverage is created by bringing corporates together that has a multiplicative effect on accelerating growth.

Historically corporates come together on a formal basis to tackle industry inefficiencies through structures like exchanges, group purchasing organisations and standards bodies. It's often a difficult and lengthy process.

But corporate venture syndicates are much easier to transact. Today corporates are shaping ecosystems by investing in earlier stage companies with the potential to fundamentally disrupt the way business is done.

It's especially true in edge and cloud computing, machine learning, and precision medicine, specifically oncology. Bringing technologies together can have a profound impact on improving patient outcomes – something that benefits all players in the ecosystem.

An inside look at a corporate partnering strategy in oncology

Merck GHIF, the global venture arm of Merck, is evaluating corporate partnering opportunities more aggressively now than in years past. Our strategy is to be certain about the healthcare problem that needs to be solved and provides benefit to Merck, while ensuring we are well aware of the value and needs of other corporations.

Today Merck believes oncology patients should have timely access to the best cancer care backed by evidence. Specifically:

Typing and profiling technologies should be available to patients in all settings

Current evidence-based guidelines should be available to all physicians to enable better decisions on treatment choices

Patients should have widespread access to clinical trials

Better care management can significantly improve outcomes through real time monitoring and contextual interventions

To address these needs, Merck is actively working with life science and healthcare providers to ensure these types of solutions take root in the real world. But Merck also needs them to get bigger, which means that the firm is looking to work with tech players and providers who have what we call "Digital DNA" - robust data sets, broad networks, and powerful applications.

For example, Merck GHIF made a recent series of investments with firms that are typically perceived as our competitors. In 2017, we partnered with the venture arms of Amgen and Roche in a $30-million Series D round in Syapse, which uses precision medicine to improve cancer care. Last year, we co-invested with Pfizer's venture capital arm, leading Strata Oncology's $26-million Series B round to help accelerate adoption of its tumor profiling capabilities. Over the past three years we've worked with McKesson, Orix and the American Cancer Society to build out Navigating Cancer's oncology care management platform.

And we plan on doing much more in the near future.

Investing for impact and scale

Ultimately, our goal in corporate partnering is to provide strong venture returns. This means we must invest at scale. It also means we're fundamentally changing the way we do business. Investment success is creating a new source of revenue for the long-term of the company or dramatically lowering costs of production.

This is the challenge facing all corporate venture investors – making sure these investments are having an impact on the parent corporation. That's why corporate venture partnering is happening more and more. Given we're all in the risk business – what better way to increase the odds of success than to partner with others with similar objectives and scale?

The column initially appeared in Venture Capital Journal on July 24, 2019 and is republished with permission.

Unmasking smart capital: a taxonomy of CVC unit types

By **Tobias Gutmann, Jessica Schmeiss** and **Stephan Stubner**

Corporate venture capital (CVC) units help their ventures flourish by offering value-adding services. Effective CVC initiatives offer services that help ventures design, implement, and manage activities to create and capture value. Our qualitative multiple case study across 26 CVC units reveals a comprehensive set of value creation and value capture services that these units offer, configured in any of four different ways to provide tailor-made support for specific venture needs and sponsor strategic goals.

The configurations of CVC unit services in our data suggest a taxonomy of types derived from the service configurations and strategic focus areas of our participants. This taxonomy has four groups: Harvesters,Builders, Enablers, and Observers.

- The Harvester uses a focused configuration; it offers a high number and variety of services related to value capture and only a few services related to value creation. Its motivation is to grow the venture's revenue and increase the likelihood that the sponsoring corporation will reap returns on its investment.
- The Builder uses a comprehensive configuration; it offers services to support the full range of value-creation and value-capture activities. Its strategic motivation is to build ecosystems and drive collaborative innovation within the industry.
- The Enabler employs a focused configuration; it focuses its services on core value-creation activities. Its strategic motivation is to foster internal innovation and transformation by facilitating joint value creation between specific business units and portfolio ventures.
- The Observer operates on a basic configuration; it focuses on providing a few essential services across both value creation and value capture. Its strategic motivation is to gather strategic insights regarding novel technologies, markets, and business models.

Managerial implications

CVC investments have increased dramatically over the years, with dollar and deal activity reaching highs in 2018. For many industries, the units offer a key strategic lever for managing disruption; they enable corporations to stay abreast of emerging business models and solutions, changing customer expectations, and cutting-edge technologies while meeting financial goals. For the unit to succeed, the corporation must understand its value proposition for ventures; that understanding is paramount to incentivising participation, by ventures and by other stakeholders. Hence, designing, implementing and managing activities that help new ventures create and capture value is key.

The model we derive from our data provides an overview of the different services a CVC unit may offer and how they can contribute to both supporting ventures and maintaining strategic focus. By linking individual services to venture needs in a unique way, they can gain a competitive edge over other accelerator and incubator programs. Ultimately, the resource base and complementary assets of the corporation will determine what type of services the unit can offer.

The configuration models identified in our data reflect a general view of the strategic orientation of CVC units based on available resources and capabilities. The particular configuration emerges from a combination of factors – the sponsoring corporation's resources and capabilities, its strategic motivations and requirements, and the ventures' needs. However, ventures require different approaches at different stages, and corporations may have varying needs. Thus, units with large portfolios may combine different configuration models to meet the needs of different ventures, and those with smaller portfolios may focus on a particular venture stage or type to leverage their resources.

Which model to use

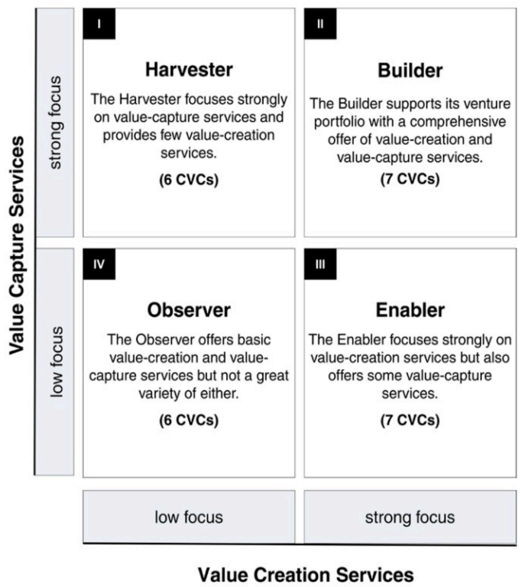
Companies should opt for the Harvester model when the CVC unit's goals are highly financially oriented. In this model, the likelihood of a positive return on investment is increased by choosing ventures for their ability to contribute to the corporation's revenue growth. At the same time, by leveraging the corporation's global business network, they help to accelerate the expansion of their portfolio ventures.

Companies should opt for the Builder model when they have the resources and capabilities to offer a comprehensive set of services across both value creation and value capture. By providing unparalleled access to the resources of the sponsoring corporation, the Builder drives effective collaboration between participating ventures and the corporation.

Leveraging the learning, technology and innovations from portfolio ventures across the corporation can power transformation in the industry and build the ecosystems to support industry-wide innovation. The ventures benefit from this collaboration through the connection to the corporation's businesses, resources, and expertise. Usually, Buildershave dedicated business development teams to manage the service offering and portfolio.

Companies should opt for the Enabler model when their strategic goal is to facilitate innovation and transformation within the corporation. By focusing on value-creation services, they help ventures develop technology and products or services that are closely aligned with the corporation.

In addition, Enablers may establish supplier relationships with ventures, integrating the ventures' technology into their own product portfolio or offer the ventures' products to the corporation's customers to create synergies. Thus,



Source: The authors

Enablers can empower

the corporation to build products and services that complement the corporation's offerings and encourage the formation and growth of new ventures.

Companies should opt for the Observer model when they have limited resources to support venturing and the unit's sole focus is being the pathfinding operation for the corporation. Hence, these units are set up to gather strategic insight relevant to the corporation.

In addition to monitoring the progress of ventures in the portfolio and gaining value through an observer presence on ventures' boards, their offerings are limited to a few essential services spread across value-creation and value-capture activities. Usually, Observer CVC units do not have dedicated business development teams; activities are performed by the investment managers.

Delivering value to ventures based on the resources and capabilities of the parent organisation is one of the key advantages a CVC unit can offer. Hence, balancing the corporation's strategic motivations with ventures' needs is crucial for CVC units to gain a competitive edge in the fast-evolving landscape of corporate venturing. Practitioners should therefore first identify what strategic motivation is driving their activities – increasing the corporation's return on the investment in venturing, building ecosystems and driving transformation within the industry, facilitating internal innovation and transformation and gaining strategic insights. Once the strategic motivation is defined, CVC managers can examine what unique resources and capabilities the corporation can offer ventures and consider how these assets can be translated into specific services that help ventures create and capture value.

Our taxonomy may provide guidance on how to configure and design those services. Above all, practitioners need to focus on the needs of the ventures and tailor their services to align with the company's and the unit's strategic motivation. As an interviewee from one of the units put it, "Ask not what your portfolio company can do for you, but what you can do for your portfolio company! ... I think that sometimes helping a startup company accelerating their progress is like raising a child. It takes a village. Without the right community and right resources at the right time it is hard for the company to scale. So the company needs the right type of investors that have the right resources the company needs."

Authors

Gutmann is PhD candidate at HHL Leipzig Graduate School of Management in Germany, Schmeiss is PhD candidate at the University of Potsdam in Germany and Stubner is the Dean at HHL Leipzig Graduate School of Management in Germany

What summer slowdown?

By **Kaloyan Andonov**
Reporter and analyst

The total count of corporate-backed deals we reported from around the globe in July and August was 535 – up slightly from the 503 registered during the same months last year. We tracked 277 in July, up 10% from the 251 funding rounds in July last year, and 258 deals in August, slightly more than the 252 the year before.

Total investment value was lower than in the summer months of year – $12.95bn in July and $7.77bn in August, down from $13.8bn and $11.43 during the same months last year, representing decreases of 6% and 32%, respectively.

In comparison with preceding months of 2019, July registered the second highest monthly result in terms of deal count, surpassed by the 291 deals in April, while August was the lowest for this year.

The US came first in the number of corporate-backed deals, hosting 176 rounds, while Japan was second with 90, China third with 64 and India fourth with 37.

The leading corporate investors by number of deals were internet company Tencent, financial services firm Goldman Sachs and semiconductor producer Intel. In terms of involvement in the largest deals, Tencent topped the list along with telecoms conglomerate SoftBank and investment bank China Renaissance.

GCV Analytics reported 38 corporate-backed funding initiatives in July and 17 in August, including VC funds, new venturing units, incubators, accelerators and other. These figures suggested an increase in July and an expected drop in activity in August. The estimated capital raised in those initiatives stood at over $111bn, due to the outlier effect of SoftBank's unusually large second Vision Fund, at $108bn.

This is our data snapshot based on the last two months' investment activity. The charts and tables have been generated by our data platform GCV Analytics.

Deals

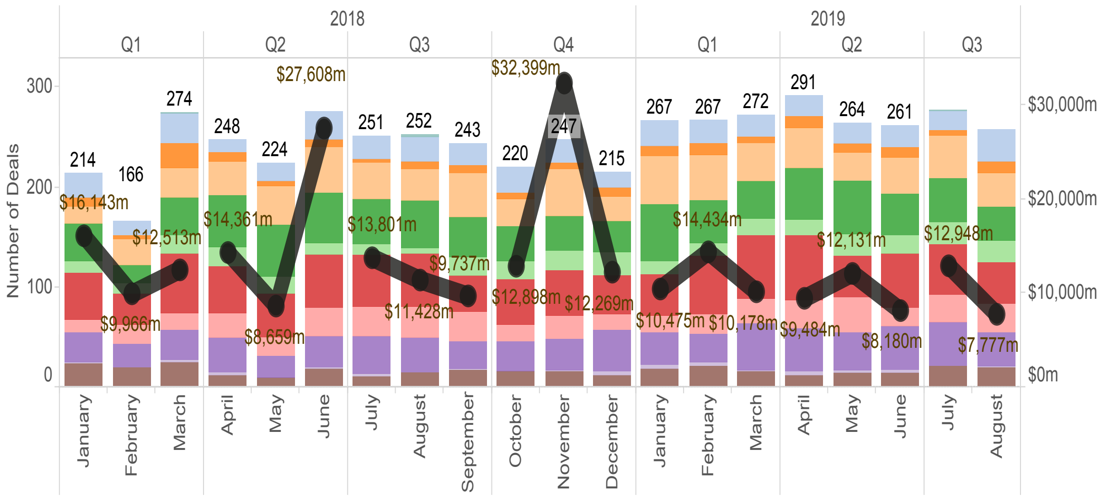
Emerging businesses from the IT, health, services, financial and media sectors led in raising the largest number of rounds during the seventh and eighth month of 2019. The most active corporate venturers came from the financial services, IT, media and industrial sectors.

Tencent invested $800m to lead a series D round for China-based real estate brokerage Ke.com sized at almost $1.2bn, which included a $50m commitment from property developer Country Garden.

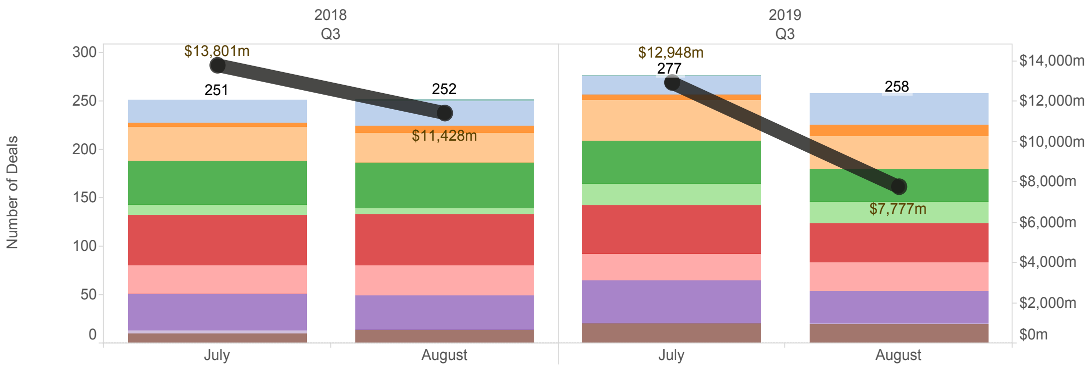
Private equity fund manager Gaw Capital Partners supplied $100m for the round, while venture capital firm Gaochun Capital invested $80m, Source Code Capital $52m, New Horizon $30m, China Renaissance unit Huaxing Capital $20m and Strait Capital $5m.Undisclosed additional investors put up a total of $113m.

The transaction valued Ke.com at $9.5bn. Spun off by online real estate portal Lianjia in 2018, Ke.com runs an online platform where users can buy

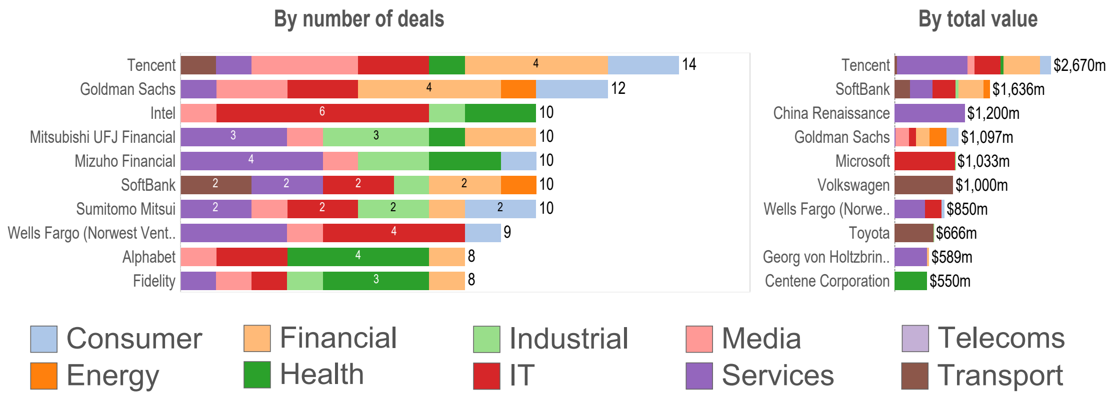
Deals Jan 2018-Aug 2019



Deals Jul-Aug 2018 vs Jul-Aug 2019

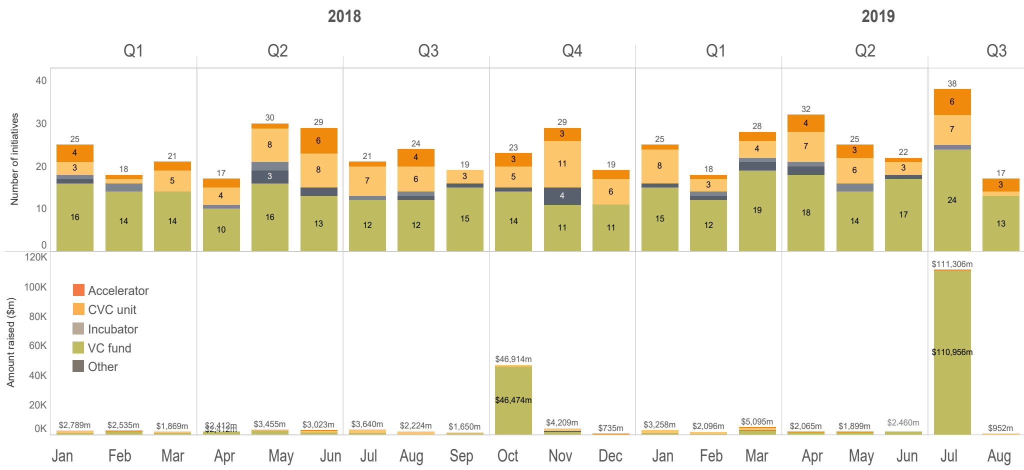


Top investors Jul-Aug 2019



Source: GCV Analytics

Fund initiatives Jan 2018-Aug 2019



new, second-hand and rental properties in some 500 cities across China and utilises virtual reality technology to help users inspect properties. The fresh cash will support an ongoing expansion in Ke.com's research and development and marketing costs in addition to increased management investment.

Software provider Microsoft invested $1bn in US-based artificial intelligence (AI) research technology provider OpenAI in a bid to enhance its own work on artificial general intelligence (AGI) technology. Microsoft intends to leverage the partnership to enhance its cloud computing platform, Azure, making it better equipped for use in supercomputing and large-scale AI systems, and allowing it to create and deploy more advanced AI models.

Founded in 2015 and overseen by a non-profit organisation, OpenAI is working on research that is intended to harness AI in responsible ways. The company is most focused on AGI, which could hypothetically combine extremely high-level knowledge of many fields to devise solutions to unanticipated complex problems.

US-based autonomous driving software developer Argo AI received $2.6bn in capital and assets from Volkswagen, valuing the company at more than $7bn. The investment forms part of autonomous and electric vehicle alliance between VW Group and Ford. Both will own an equal stake in Argo AI, although the size was not disclosed. VW has invested $1bn directly and agreed to purchase secondary shares from its peer Ford for $500m over the next three years. Argo AI has taken ownership of VW's autonomous vehicle unit, Autonomous Intelligent Driving (AID), which is valued at $1.6bn.

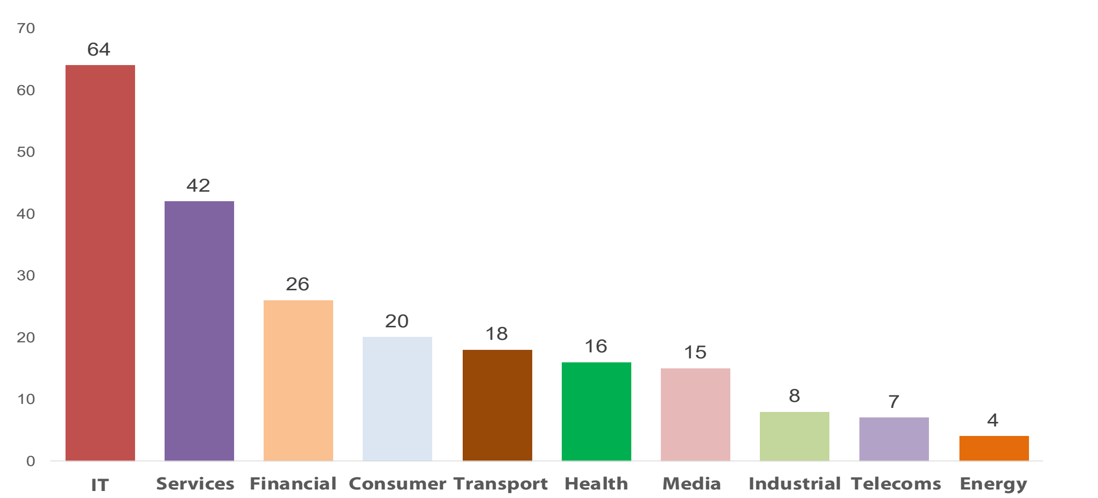
Ford will invest the remaining $600m of its existing $1bn commitment with both of the carmakers using Argo AI's technology in their self-driving vehicles. Founded in 2016, Argo AI is developing virtual driver systems and high-definition maps that are used to power and navigate self-driving vehicles. It will use AID to expand its team and establish a European headquarters in Munich.

China-based ride hailing services provider Didi Chuxing raised $600m from Toyota as part of a joint venture. The deal reportedly valued it at about $62bn. The joint venture will also involve automotive manufacturer GAC Toyota Motor –a partnership between Toyota and logistics service provider GAC – and will offer vehicular-related services aimed at drivers for ride hailing platforms, such as car leasing options. Didi Chuxing operates a series of transportation services, including on-demand ride hailing, buses, car rental, food delivery and e-bikes. It has also created a financial services platform. The company was formed through the merger of Didi Dache and Kuaidi Dache in 2015 and then acquired competitor Uber's local subsidiary. Having initially focused on the Chinese market, it has since expanded internationally into markets including Mexico.

FlixMobility, a Germany-based travel services provider backed by automotive manufacturer Daimler, scored a series F round reportedly sized at €500m ($561m). Growth equity firms TCV and Permira co-led the round, which also featured HV Holtzbrinck Ventures and European Investment Bank. Founded in 2013, FlixMobility operates inexpensive long-distance travel services – a coach service called FlixBus and a railway offering called FlixTrain. The company will use the cash to launch additional services, including ridesharing platform FlixCar. FlixMobility also hopes to strengthen its market position in the US, enter South American and Asian markets next year and expand FlixTrain into additional EU member states in 2020.

Babylon Health, a UK-based developer of AI applications for the healthcare sector, raised a $550m series C round, featuring reinsurance provider Munich Re. Health insurance provider Centene put up $50m for the round, while Munich Re reportedly invested $7m through its Ergo Fund

Deals by sector July-Aug 2019



Deals heatmap Jul-Aug 2019

	Financial Services	IT	Media	Industrial	Services	Consumer	Health	Telecoms	Transport	Energy
Asia	107	50	46	27	43	33	8	9	13	3
North America	69	34	21	27	16	10	33	16	9	7
Europe	31	9	14	14	5	8	6	4	6	8
Middle East	3	4	2	1			2	1	2	
South America	3	3		1				3		1
Australia / NZ	4	1			1					1
Africa	3	1	1			2				
Eastern Europe						1				

Top 10 deals Jul-Aug 2019

Portfolio company	Location	Sector	Round	Round size ($m)	Co-Participant List
Ke.com	China	Services	D	$1.2bn	China Renaissance | Country Garden Holdings | Gaochun Capital | Gaw Capital | New Horizon Capital | Source Code Capital | Strait Capital | Tencent | undisclosed investors
OpenAI	USA	IT	Undisclosed	$1bn	Microsoft
Argo AI	USA	Transport	Undisclosed	$1bn	Volkswagen
Didi Chuxing	China	Transport	E and beyond	$600m	Toyota
FlixMobility	Germany	Services	E and beyond	$561m	General Atlantic | Georg von Holtzbrinck | Permira | Silver Lake | TCV
Babylon Health	UK	Health	C	$550m	Centene Corporation | Kingdom of Saudi Arabia | Kinnevik | Munich Re Ventures | Vostok New Ventures
Lixiang (CHJ Automotive)	China	Transport	C	$530m	Bytedance | private investor
Klarna	Sweden	Financial Services	Undisclosed	$460m	BlackRock | Commonwealth Bank of Australia | Dragoneer Investment Group | Första AP-fonden | HMI Capital | Institutional Venture Partners (IVP) | IPGL | Merian Chrysalis Investment
Zhihu	China	IT	E and beyond	$434m	Baidu | Capital Today | Kuaishou | Tencent
Nubank	Brazil	Financial Services	Undisclosed	$400m	Dragoneer Investment Group | DST Global | Ribbit Capital | Sequoia Capital | TCV | Tencent | Thrive Capital

Source: GCV Analytics

while the Saudi Arabian government's Public Investment Fund supplied $200m. Investment firms Kinnevik and Vostok New Ventures also participated in the round, which valued Babylon at more than $2bn post-money. Babylon has built a range of AI-based health services, including a chatbot used by the UK's National Health Service to help diagnose minor ailments. Its partnerships also include a telehealth app created for private health insurer Bupa.

China-based electric vehicle developer Lixiang completed a $530m series C round, featuring a $30m investment by digital media company Bytedance. The round was led by Wang Xing, chief executive of local services provider Meituan Dianping, who invested almost $300m. Lixiang founder and chief exeuctive Li Xiang committed nearly $100m to the round, which reportedly valued the developer at approximately $2.9bn. Known as Chehejia and then CHJ Automotive, Lixiang is developing a hybrid electric sports utility vehicle known as Lixiang One, which is slated to begin commercial production in October 2019. The company has received almost 10,000 pre-orders for the vehicle, which is expected to begin shipping in November, ahead of the planned date.

Sweden-based payment technology provider Klarna secured $460m in funding from investors including financial services provider Commonwealth Bank of Australia. Investment firm Dragoneer Investment Group led the round, which included pension fund manager Första AP-Fonden, IVP, HMI Capital, Merian Chrysalis Investment Company, IPGL and funds and accounts managed by BlackRock. The round reportedly valued Klarna at $5.5bn post-money. Founded in 2005 as Kreditor, the company operates a payments platform for online merchants that enables consumers to pay for items immediately, at a later date or in instalments. It secured a full banking licence in Sweden in 2017 and is active in 14 countries. The company has partnered more than 130,000 merchants and processes 1 million transactions each day, having served more than 60 million consumers to date.

Livestreaming platform developer Kuaishou led a $434m series F round for China-based online question-and-answer service Zhihu. Internet groups Baidu and Tencent also contributed to the round with private equity firm Capital Today. It valued the company at almost $3.5bn. Founded in 2011, Zhihu runs an online platform where users can source answers to questions from an online community made up of some 220 million registered users. The company also hosts forums, an online publishing service and livestreamed Q and A sessions from verified experts and business partners. It sells online education products but still generates most of its revenue from advertising.

"In July and August, GCV Analytics tracked a total of 39 exits (22 in the former and 16 in the latter) involving corporate venturers as acquirers or exiting investors"

Brazil-based mobile financial services provider Nubank collected $400m in series F capital from a consortium led by growth equity firm TCV that featured Tencent. DST Global, Sequoia Capital, Dragoneer Investment Group, Ribbit Capital and Thrive Capital also took part in the round, which reportedly valued Nubank at more than $10bn. Founded in 2013, the firm started out by providing a fee-free credit card that users manage through a mobile app. It has since added current and savings accounts for consumers, entrepreneurs and small and medium-sized enterprises, a loyalty rewards program and a personal loans product. It is preparing an international expansion this year, having already hired teams for Argentina and Mexico.

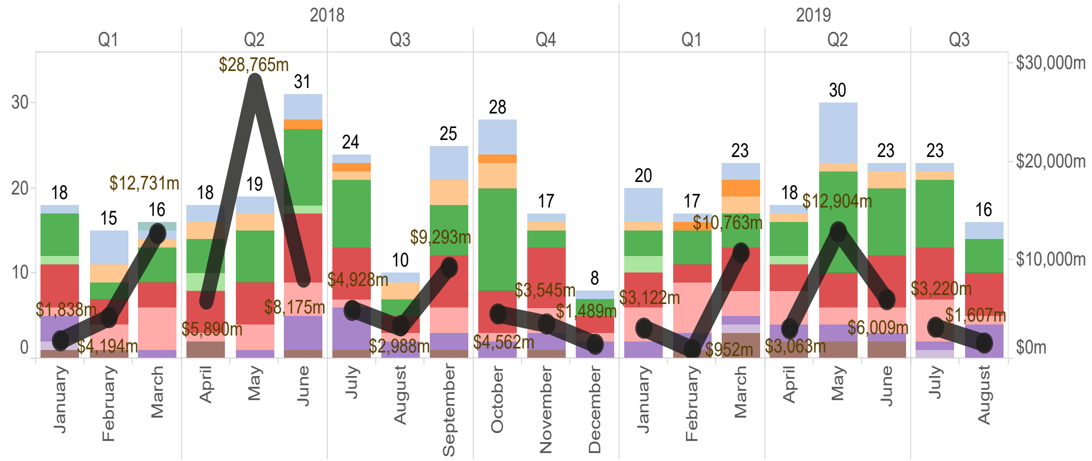
Exits

In July and August, GCV Analytics tracked a total of 39 exits (22 in the former and 16 in the latter) involving corporate venturers as acquirers or exiting investors. The transactions included 29 acquisitions and nine initial public offerings (IPOs).

The exit count figure – 23 – remained the same in July as June. August suffered a slight deceleration, registering only 16 transactions. It is important to note that this type of slowdown is expected during the summer months. The total estimated exited capital also dropped, from $6.01bn in June to $3.22bn in July and to $1.61bn in August, representing a 73% cumulative decrease. In comparison with the same months of 2018, the exit count was similar to July (24) but higher than August (10). The levels of estimated exited capital were also heading downwards in this period last year, though the estimated amounts were higher – $4.93bn in July and $2.99bn in August.

Douyu, a China-based video game livestreaming platform operator backed by Tencent, priced its shares at the low

Exits Jan 2018-Aug 2019



Source: GCV Analytics

end of its range at $11.50 and raised $775m in its IPO. The company issued 44.9 million new American Depositary Shares (ADS), in addition to 22.5 million of existing stock sold by existing shareholders. Douyu itself raised $517m and the remainder went to exiting shareholders. The company had hoped to price ADSs at up to $14 and raise as much as $944m in proceeds. It had also hoped to list on the New York Stock Exchange but delayed and altered the plans amid economic tensions between the US and China. Founded in 2014, the company has attracted more than 159 million active users and achieved a $5m net profit in the first quarter of this year, after making a $122m net loss in 2018.

Private equity firm Blackstone agreed to buy Vungle, a US-based advertising technology developer backed by internet conglomerate Alphabet and telecoms firm Verizon, in a deal reported to be worth $750m. Financial terms were not confirmed by either party. Vungle has developed a suite of digital tools that help developers monetise their mobile apps through customer data-powered advertising campaigns. The technology accounts for more than four billion video views per month.

Pharmaceutical and chemical producer Bayer acquired US-based stem cell treatment developer and portfolio company BlueRock Therapeutics which reportedly valued the company at nearly $1bn. The terms of the transaction involve Bayer paying a total of up to $600m to acquire the shares in BlueRock it did not own, investing up $240m upfront that will be followed by pre-clinical and clinical milestone payments that could reach $360m. BlueRock is looking to engineer stem cells using its proprietary induced stem cell (iPSC) platform to treat neurological, immunological and heart diseases. Its drug candidates include a potential Parkinson's disease treatment it aims to advance into the clinic by the end of 2019. The company was founded by venture capital firm Versant Ventures in 2016 and emerged from stealth the same year with $225m in series A funding from Versant and Bayer's Lifescience Center, which owned a 40.8% stake prior to the acquisition deal.

Banking software producer Temenos agreed to pay at least $559m to acquire Kony, a US-based mobile banking software developer backed by telecoms firms SoftBank and Telstra. The deal consisted of $559m upfront and a $21m earn-out. Founded in 2008, the company operates a cloud-based platform that allows enterprise clients to develop and deploy applications that

Top 10 exits Jul-Aug 2019

Portfolio company	Location	Sector	Exit type	Acquirer	Exit size ($m)	Co-Participant List
Douyu TV	China	Media	IPO		$775m	Nashan Capital | National SME Development Fund | Sequoia Capital | Shenzhen Capital Group | Tencent | Zeus Interactive
Vungle	USA	Media	Acquisition	Blackstone	$750m	500 Startups | Alphabet | AOL | Crosslink Capital | SoftTech VC | SV Angel | Thomvest Ventures | undisclosed investors | Webb Investment Network
BlueRock Therapeutics	Canada	Health	Acquisition	Bayer	$600m	Bayer | Versant Ventures
Kony Solutions	USA	IT	Acquisition	Temenos	$559m	Delta-V Capital | Georgian Partners | Hamilton Lane | Insight Venture Partners | SoftBank | Telstra | undisclosed investors
Amal Therapeutics	Switzerland	Health	Acquisition	Boehringer Ingelheim	$365m	BioMedPartners | Boehringer Ingelheim | Helsinn | High-Tech Gruenderfonds | KFW | Schroder Adveq | VI Partners
Livongo Health	USA	Health	IPO		$355m	7Wire Ventures | American Investment Holdings | China Wanxiang Holdings | Cowen Group | Draper Fisher Jurvetson | Echo Health Ventures | EDBI | General Catalyst | Kinnevik | Kleiner Perkins | Merck & Co | Microsoft | Sapphire Ventures | Zaffre Investments
Health Catalyst	USA	Health	IPO		$182m	Epic Ventures | Indiana University Health (fka Clarian Health) | Kaiser Permanente | Leavitt Partners | Leerink Partners | MultiCare Health System | OrbiMed | OSF Healthcare | Partners Healthcare | private investor | Sands Capital | Sequoia Capital | Sorenson Capital Partners | Tenaya Capital | UPMC Enterprises | Wells Fargo (Norwest Venture Partners)
Phreesia	USA	Health	IPO		$167m	Ascension Health | BlueCross BlueShield Association | CHV Capital | Echo Health Ventures | HLM Venture Partners | LLR Partners | LRVHealth | Polaris Venture Partners | VantagePoint Capital Partners
Breathe Technologies	USA	Health	Acquisition	Hillrom	$130m	DAG Ventures | Delphi | Johnson & Johnson | Kleiner Perkins | Synergy Ventures
Wavecell	Singapore	Services	Acquisition	8×8	$125m	Qualgro | Telkom Indonesia | undisclosed investors | Wavemaker Partners

Source: GCV Analytics

enable customers to perform functions such as signing up for accounts, accessing loans and making payments. Its offering includes Kony Quantum, an app development tool for financial services providers that requires minimal coding.

Amal Therapeutics, a Switzerland-based cancer-focused biotechnology spinout from University of Geneva, agreed to an acquisition worth up to €325m ($365m) by one of its existing investors, pharmaceutical firm Boehringer Ingelheim. The latter will make an upfront payment of undisclosed size, with the remainder due once clinical, developmental and regulatory milestones are hit. A total of $112m will be paid out if treatments reach certain commercial milestones. Founded in 2012, Amal Therapeutics is working on peptide-based therapeutic vaccines using a technology platform called Kisima. Its lead asset, ATP128, is aimed at stage 4 colorectal cancer. The spinout previously signed a collaboration agreement with Boehringer Ingelheim to enter ATP128 into a phase 1b clinical trial that will evaluate the candidate in combination with one of the corporate's compounds, BI754091. Boehringer Ingelheim plans on developing additional therapies by combining its own assets with Kisima's capabilities.

Livongo Health, a US-based health management technology developer backed by corporates including pharmaceutical firm Merck and care provider Humana, went public in an IPO sized at more than $355m. The IPO consisted of approximately 12.7 million shares priced at $28 each, significantly above the $20 to $23 range it had set earlier, with the number of shares also having increased from 10.7 million. Founded in 2014, Livongo helps patients living with a chronic condition manage their health through a data-driven platform that relies on smart devices and offers users personalised digital guidance and around-the-clock access to health professionals. The company is targeting users dealing with diabetes, hypertension, weight management and behavioural health. It had raised $222m in funding ahead of its initial public offering.

Health Catalyst, a US-based healthcare data analytics software provider backed by care consortium Kaiser Permanente and healthcare and insurance provider UPMC, raised $182m in its IPO. The company increased the number of shares in the offering from 6 million to 7 million and priced them at $26 each, above the $20 to $23 range it had set. They surged more than 50% on its first day of trading on the Nasdaq Global

"Livongo helps patients living with a chronic condition manage their health through a data-driven platform that relies on smart devices"

Select Market, reaching a $39.17 close and a market cap of $1.1bn. Founded in 2008, Health Catalyst has created an analytics platform that relies on AI and big data technologies to link disparate healthcare data, such as electronic health records and insurance claims, to identify potential clinical, financial and operational improvements.

US-based patient engagement technology provider Phreesia priced its shares at $18 and raised more than $167m in proceeds when it began trading on the New York Stock Exchange. The IPO provided exits to three corporate investors: BlueCross BlueShield Venture Partners, which invests on behalf of multiple BlueCross BlueShield insurers; Ascension Ventures, venturing subsidiary of care provider Ascension Health; and Echo Health

Venture, a vehicle created by hospital manager Cambia Health Solutions with health insurer Blue Cross Blue Shield of North Carolina's Mosaic Health Solutions vehicle. The company sold approximately 9.3 million shares, made up of 7.8 million newly issued stock and up to 1.5 million shares sold by certain investors owning more than 5%. Phreesia has developed cloud-based software for hospitals and care providers to manage their patient intake. The platform enables organisations to optimise staffing while improving clinical care and boosting profitability. The company has allocated approximately \$18.1m to paying a cash dividend to shareholders of senior convertible preferred stock and will use another \$17.7m to repay its revolving credit line with Silicon Valley Bank.

Medical technology supplier Hillrom agreed to acquire Breathe Technologies, the US-based respiratory aid developer backed by medical products group Johnson & Johnson, for \$130m in cash. The former already owns a number of respiratory care technologies, including portable airway-clearance vests and a non-invasive cough support system. It also offers technologies that help respiratory disease patients regain mobility earlier in the recovery process by supporting them in physical activity.

Founded in 2005, Breathe has developed a device called the Life2000 Ventilation System. It features a handheld, battery-powered ventilator that undocks from the main tabletop unit to help a patient breathe while they move through indoor environments such as households or hospitals. Life2000 has received market clearance from the US Food and Drug Administration but Breathe owns more than 100 patents for concepts that would mainly help treat respiratory disease.

Communication software provider 8 times 8 has acquired Wavecell, a Singapore-based cloud communications platform backed by telecoms group Telkom Indonesia, in a deal worth \$125m. The deal consisted of \$69m in cash, with the remaining \$56m provided as stock in 8 times 8. Founded in 2010, Wavecell has developed a cloud-based platform that enables brands to integrate text messages, chat apps, video and voice applications into their customer service offerings. The acquisition helps 8 times 8 gain a market presence in Asia, with Wavecell based in Singapore, Indonesia, the Philippines, Thailand and Hong Kong.

Note: Monthly data can fluctuate as additional data are reported after each issue of GCV magazine goes to press.