How Corporate Investment Helps Startups Deploy Technology Faster Than Ever

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Deploying technology is typically a challenge among startups aiming to grow quickly. The startup understands its technology's benefits, but it may not be widely known in the marketplace. Based on my experience, it is useful for a startup to take on corporate investment as a way not only to secure financial backing but also to capitalize on the experience and expertise of corporations. Aside from helping deploy technology, research by Global Corporate Venturing indicates that having corporate investment reduces the occurrence of startup bankruptcy while increasing valuation at the time of exit.

Venture Capital-as-a-Service (VCaaS) is a unique and innovative investment model that allows corporations to invest in startups by relying on an experienced venture capital partner. This enables companies to invest in the most innovative startups globally without having to build their own venture capital organization, an exercise that is difficult and expensive. VCaaS allows the investor to align investments with their corporate strategy while easily scaling investments up or down as needed.

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Benefits of corporate investment

Let’s first look at how corporate investment helps startups succeed through technology deployment and in other ways. One benefit to startups is that corporate investors typically have strong networks of customers, suppliers, and partners. Introductions made by corporate investors help startups get their products in the marketplace more quickly. The startups can easily tap into the experience and knowledge of their corporate investors. Tapping into this expertise helps startups make better decisions quickly and avoid common mistakes entrepreneurs make.

Another benefit to startups is that most corporate investors have extensive financial resources. After they make a startup investment, the startup founders have almost immediate access to vast financial capital. This helps them invest more in technology, hire additional people, or acquire critical infrastructure. Startups often need financial capital to manufacture or purchase a higher inventory level so that if business suddenly takes off, they can keep up with it.

Startups also benefit from the established reputation of a corporate partner and investor because the corporation is likely well-known in the business community. Many corporations have globally recognized brands, and the startups they invest in typically gain value from the association. When customers or other ecosystem members see that a reputable corporation has invested in a startup, they are likely to take that startup – and its products or services – seriously.

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The role of collaboration

I believe that collaboration is critical to any business relationship and this fact is well-known in the industry.

McKinsey research indicates that 75% of startups consider corporate collaboration crucial, yet only 27% are happy with their corporate relationships. I'd like to share my insights about how to increase the success of collaboration between a startup and its corporate investment partner.

The first insight is to make sure that startup-corporate communication is clear and straightforward. Each party needs to make its objectives known at the beginning of the collaboration to avoid any confusion down the road. Ideally, they can establish mutually beneficial goals that work for both the startup and the corporation, even if they are approaching the relationship from different perspectives. Continuously clear communication is important so that startups and corporations can learn from one another and make it clear what goals they are trying to achieve.

It's also smart for startups and corporations to be honest – with each other – about what they know and don't know. If they are experts in a particular topic, then, of course, it makes sense to tap into that expertise. On the other hand, if they are less knowledgeable about certain areas, I believe it is important to seek advice elsewhere. This could be from an investment partner, third-party research, or by connecting with other startup ecosystem members. It's often possible to find people who have been in your situation before so that you can learn from their experience and expertise.

Finally, I believe that it's important in any collaborative relationship to have a flexible attitude and approach. By listening carefully to the other party and the marketplace, partners will be more successful. Rather than be set in their ways, I recommend that startups and corporate investors remain open-minded throughout the relationship. By adjusting quickly to feedback and changes, it's normally possible to adjust strategies and ultimately achieve a better result. This will likely result in more business for the startup and a more successful financial investment for the corporate investor.

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