



Mind the Bridge

OPEN INNOVATION OUTLOOK 2024

Macro-trends for 2024
in Corporate-Startup
Engagement

December 2023

Photo Credit: Mind the Bridge



WHAT 2024 HAS IN STORE FOR OPEN INNOVATION

Alberto Onetti | **Chairman, Mind the Bridge**

In December 2023, in Paris, during the closed-door session of the annual **Corporate Startup Stars Awards** - organized by **Mind the Bridge** and the **International Chamber of Commerce** - we had the opportunity to engage with the **heads of innovation** from several of the **world's top 100 most innovative corporates**.

This proved to be an invaluable opportunity to share **insights** and firsthand assess which **open innovation tools** have demonstrated success thus far, along with **future plans** of these corporates. In this brief report, we present a summary of the key outcomes from our discussions, which include the findings of a structured survey circulated at the end of the session. Some trends are clearly visible.

Innovation models are constantly evolving, adopting a more “hybrid” and “sophisticated” approach.

- **Corporate Accelerators** are experiencing a **downturn**, while **Venture Builders** are on the **rise**, albeit with some concerns.
- The **Venture Client** model maintains its status as the **favorite tool** for engaging startups.
- **Antennas, CVC and Intrapreneurship** are also **widely adopted**.

Open Innovation persists as a global play, despite current geopolitical instability.

- **Silicon Valley and Israel** remain the places to be.
- **Additional ecosystems** such as the **US East Coast, Europe, China, Australia, South Korea, and the MENA region**, are **emerging** and gaining prominence.

Budget cuts in innovation are anticipated.

- A growing number of companies are expected to **reduce their innovation spending in 2024**
- The top 30th percentile of the world's leading companies plans to **increase investments** despite challenging economic conditions.

There is a heightened focus on tracking impact and measuring results in Open Innovation.

- The majority of companies employ a **multidimensional measurement approach for Open Innovation KPIs**.
- Emphasis is shifting towards measuring **new business creation** rather than cost savings.
- **How to track strategic impact and cultural transformation** are the big elephants in the (Open Innovation) room.

GenAI and Deep Tech dominate the conversation.

Disclaimer: The data presented in this report reflects the perspectives and opinions of over 50 senior innovation leaders, the proclaimed "Corporate Startup Stars." It is essential to note that the evidence gathered may not necessarily be applicable to companies that are newly venturing into the Open Innovation landscape.



OPEN INNOVATION IS ONE AND MANY

In recent years, corporates have amassed extensive experience in collaborating with startups across various initiatives and tools.

As a result, **Open Innovation is no longer a black box** or a realm for blind experimentation; instead, best practices are increasingly emerging¹.

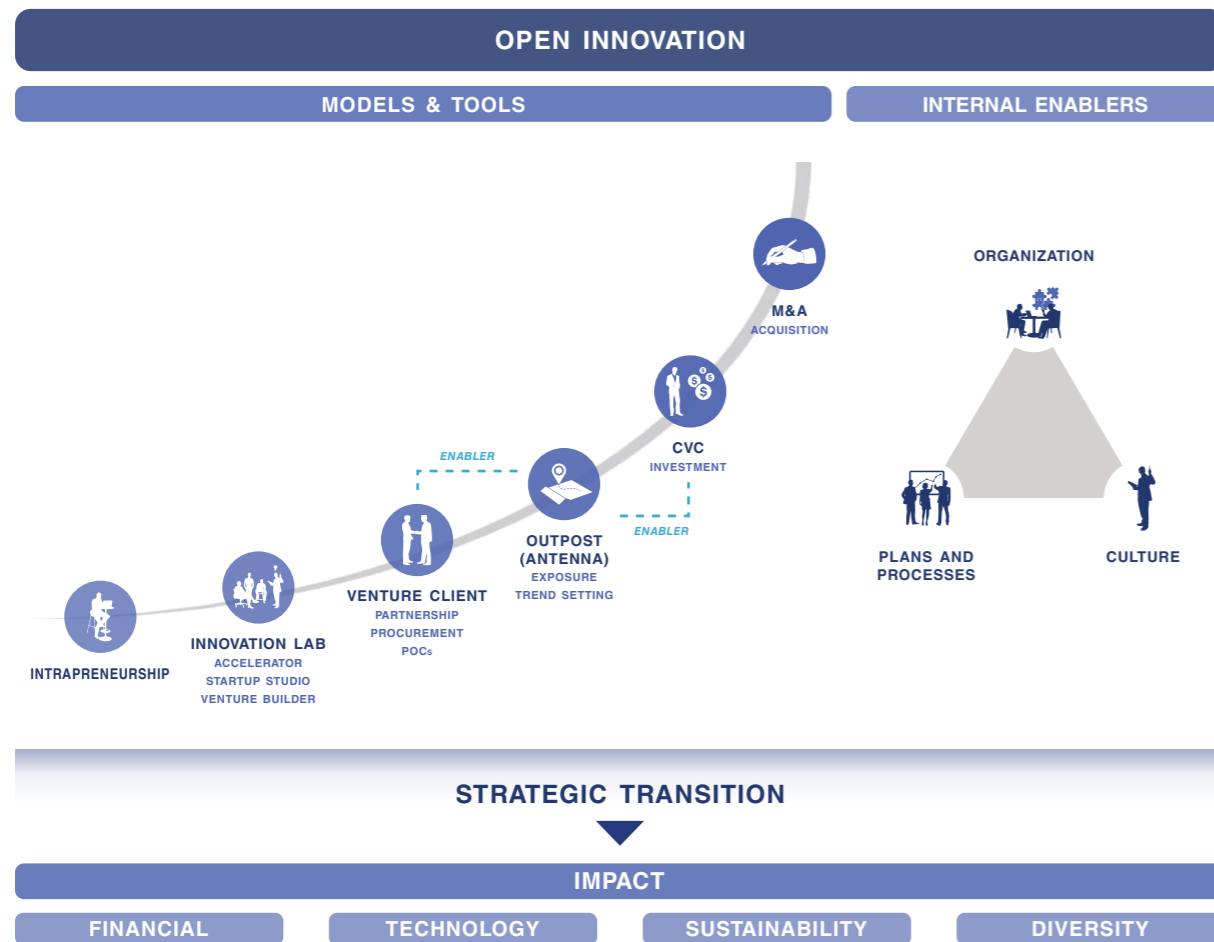
However, the **tools and initiatives** employed by corporates to engage with startups are **numerous and continually evolving**. Illustrated in Figure 1, these range from **intrapreneurship programs,**

accelerators, startup studios, and venture builders to outposts in global tech hubs (**antennas**), partnerships (**venture client**), **investments**, and acquisitions (**M&A**).

Conversely, the **internal enabling conditions**, including innovation strategy, organization and processes, and the underlying corporate culture, while less visible, are equally **critical in delivering impact** and, ultimately, **extracting strategic value**.

FIGURE 1
OPEN INNOVATION FRAMEWORK

Source: Mind the Bridge



1 - Mind the Bridge, Open Innovation: The Age of Hybridization and Results - Evolve or Be Extinct Season 2023, Paris, December 2023

OPEN INNOVATION NEEDS DEDICATED UNITS AND C-LEVEL SUPPORT

Open innovation should be viewed as a **dynamic and multifaceted play** that demands a holistic approach and dedicated support.

The experience of the top 100 Corporate Startup Stars reveals the following:

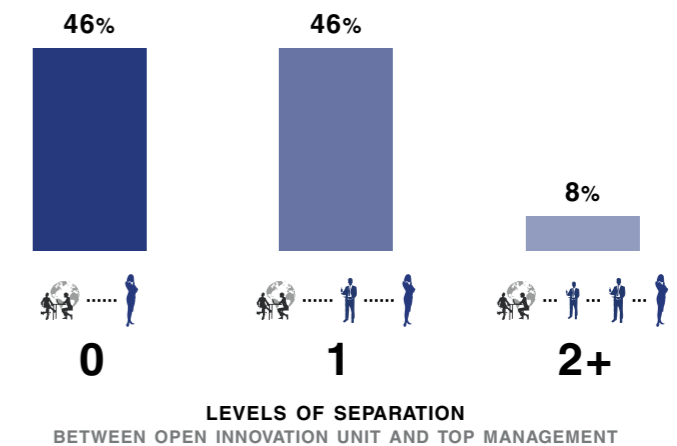
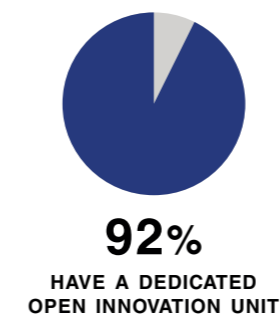
- **92%** of innovation leaders have a **dedicated Open Innovation unit**.
- For **46%** of them, Open Innovation has a **dedicated C-level executive**.

- Another **46%** have **one level of separation** between the person in charge of Open Innovation and the top management.

- In only **8%** of the top companies, **Open Innovation is distanced from the C-suite** (with 2 or more levels of separation).

FIGURE 2
OPEN INNOVATION ORGANIZATION

Source: Mind the Bridge



OPEN INNOVATION MODELS: WHAT IS TRENDING (AND WHAT IS NO LONGER)

We checked with companies which open innovation tools have been working thus far and their future plans.

The **Venture Client** model continues to be the preferred tool for engaging startups, with 95% of companies utilizing it, primarily for H1 innovation goals.

78% of top companies invest in startups, and an additional 5% plan to launch a **CVC** unit.

Top companies have a direct presence in major tech clusters, as evidenced by 87% deploying **Innovation Outposts or Antennas** (with an extra 3% planning to do so). However, 5% plan to reduce their international innovation footprint.

Intrapreneurship is adopted by 84% of respondents, with an additional 5% planning to implement it and a similar percentage considering discontinuation.

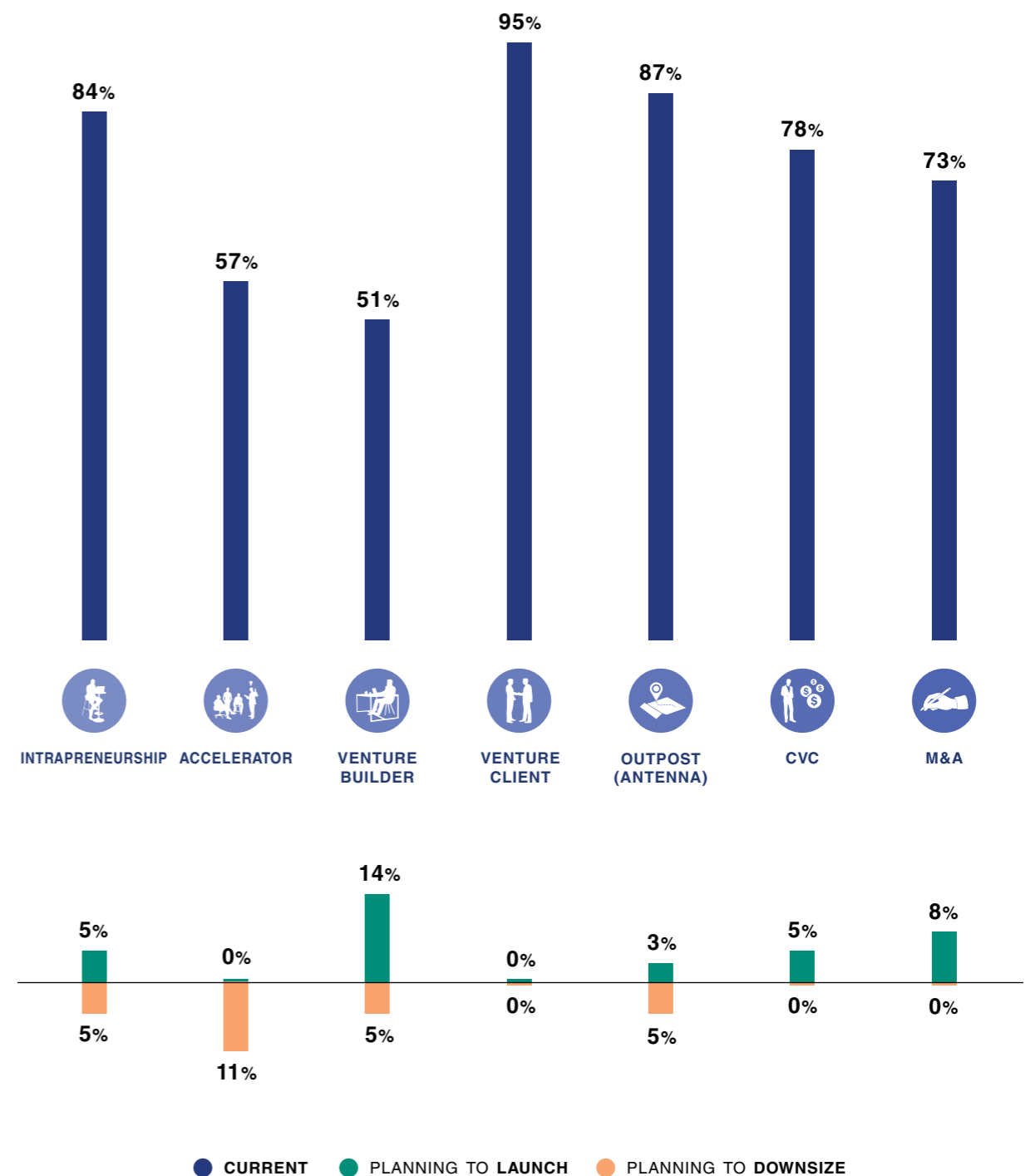
M&As are employed by 73% of companies, and another 8% are expected to join the group of startup acquirers. Nevertheless, startup M&A remains more of an occasional activity than a structured approach.

Startup Accelerators are currently used by only 57% of companies, with 11% planning to dismiss them.

Venture Builders are confirmed to be on the rise, with 51% of respondents already somewhat using this tool and 14% planning to introduce it (although 5% are considering downsizing). Various approaches emerged from the discussions, indicating that the model is still in its early stages.



FIGURE 3
OPEN INNOVATION MODELS ADOPTION: CURRENT AND FORECAST
Source: Mind the Bridge



OPEN INNOVATION WINTER IS COMING

Each December, we survey the heads of innovation of the world's top 100 companies to gather insights into their **innovation budgets** for the upcoming year.

In Figure 4, you will find their responses, comparing the data to the answers provided in the last two years.

The group of companies **increasing investments** in Open Innovation has slightly **decreased**, moving from 32% in the past two years to 27% in 2024.

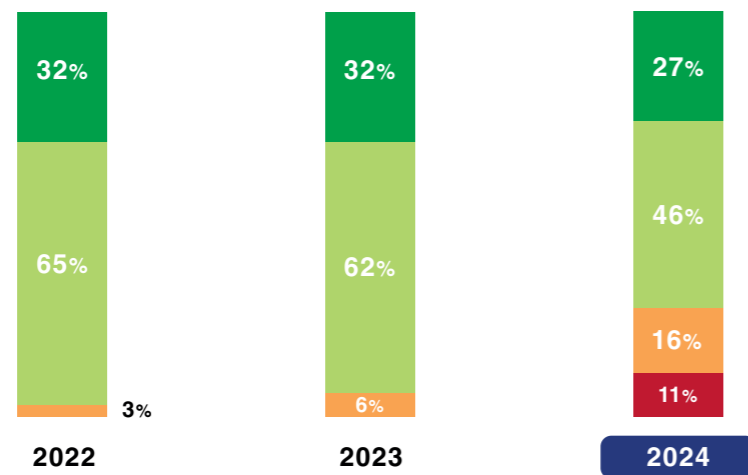
Conversely, the group of companies planning to **maintain the same level of spending** has **decreased** by 16%, dropping from 62% to 46%.

Notably, the group of companies **cutting innovation budgets** is progressively **increasing**, rising from 3% in 2022 to 27% in 2024.

In summary:

- Open Innovation remains an **area that attracts investments**.
- **The top (30th) percentile** of the best companies **continues to increase spending**.
- **A certain level of downsizing is anticipated** across the board.

FIGURE 4
INNOVATION BUDGET: FORECAST
Source: Mind the Bridge



● DECREASE SIGNIFICANTLY -20-50% ● DECREASE SLIGHTLY -10-20% ● STABLE ● INCREASE +10-20%

OPEN INNOVATION: TECHNOLOGY FOLLOWS STRATEGY

The ultimate goal of Open Innovation is to **trigger strategy evolution** rather than solely advancing Technology.

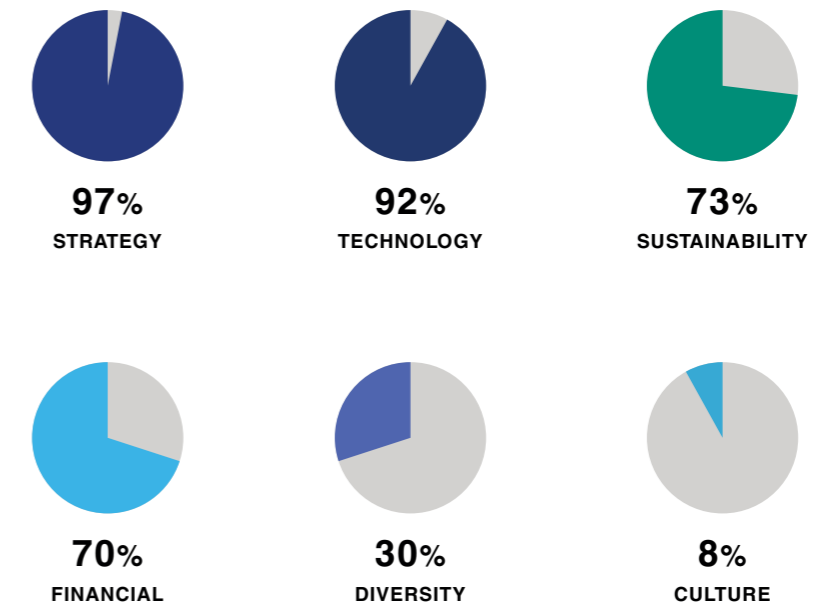
When inquiring about the ultimate impact of Open Innovation actions, the responses paint a revealing picture:

97% of companies emphasized the impact on **Strategy**, surpassing the **92%** that highlighted **Technology**.

Sustainability takes precedence over **Financial** impact, with **73%** prioritizing Sustainability compared to **70%** focusing on Financial outcomes.

A noteworthy **30%** of respondents referenced the impact on **Diversity**, while a smaller **8%** factor **Cultural** impact.

FIGURE 5
OPEN INNOVATION IMPACT
Source: Mind the Bridge



WHICH KPIS FOR TRACKING OPEN INNOVATION'S IMPACT?

Evaluating the impact of Open Innovation necessitates a **multidimensional measurement approach**.

Among the world's leading companies, **83% utilize over 3 KPIs**, and 68% track 5 or more indicators.

Not surprisingly, the vast majority try to capture the impact on **Strategy**, though there is no general consensus about the KPIs to be used for tracking it.

A particularly intriguing metric is the **time spent by the CEO engaging with startups**.

A higher percentage (**74%** compared to 62%) of companies **prioritize measuring new business creation over cost savings**.

Cultural transformation, while recognized as relevant, **proves challenging to measure**, with only half of the companies incorporating it into their metrics.

FIGURE 6
Most Used INNOVATION KPIS
Source: Mind the Bridge



INNOVATION SCOUTING: GO GLOBAL OR GO HOME

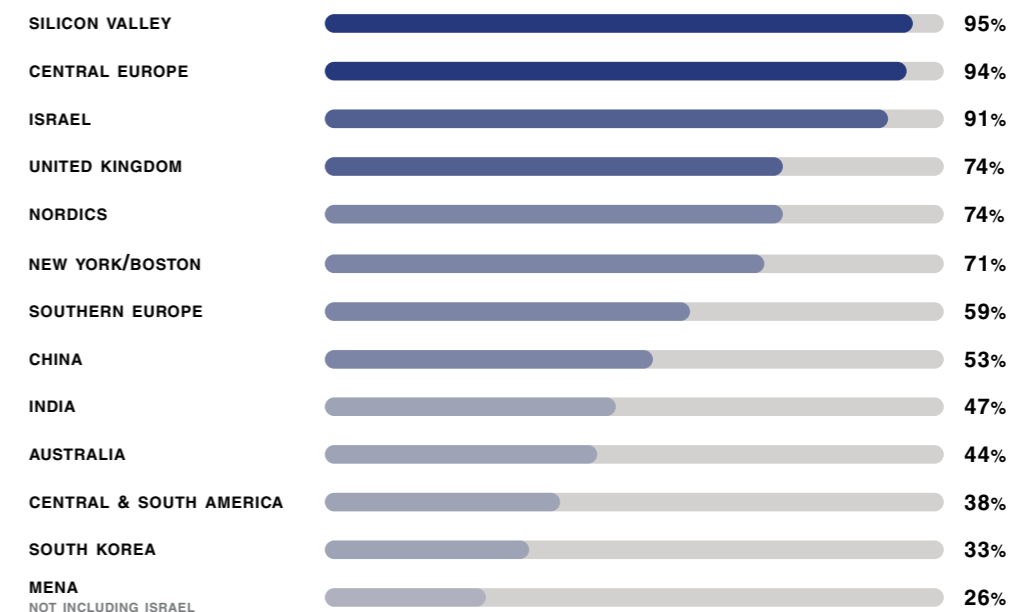
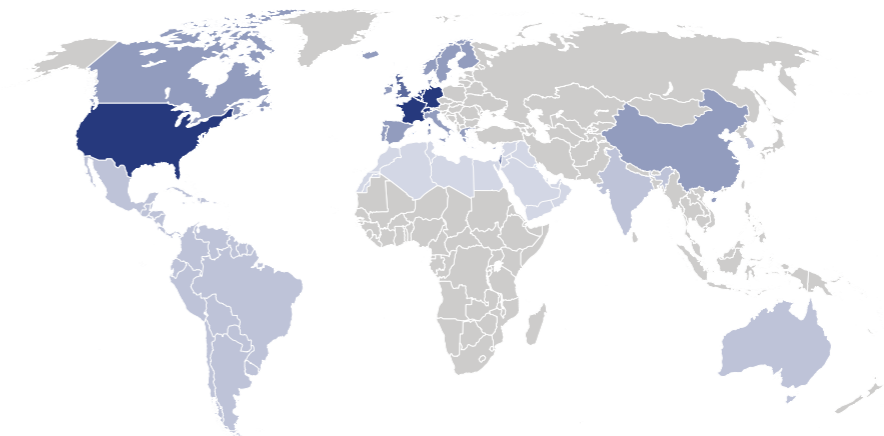
Innovation leaders actively seek startups in the primary technology hubs worldwide.

Silicon Valley remains a predominant choice (95% of respondents), closely followed by **Israel** at 91%.

Other pivotal locations deemed essential include the **UK** and **Europe**, along with the East Coast hubs of **New York** and **Boston**, and **Canada**.

Notably, **China**, **India**, and **Australia** are emerging as increasingly attractive destinations for global innovation leaders. **MENA** and **South Korea**, currently engaged by approximately one-third of the respondents, are in the future plans of many other innovation leaders.

FIGURE 7
WORLD'S MAIN SCOUTING GEOGRAPHIES
Source: Mind the Bridge



AI, SUSTAINABILITY, IMPACT

WHAT KEEPS INNOVATION MANAGERS UP AT NIGHT

This period of time is generally synonymous with making **New Year's resolutions**.

To gain insights into the priorities of innovation leaders for 2024, we asked them to identify their **top three focuses**, detailed on the pinboard in the following pages.

Unsurprisingly, terms like **GenAI** and **Deep Tech** are prominently featured. Sustainability, encompassing **climate** and **decarbonization**, emerges as an almost universal priority, alongside occasional mentions of **Diversity**.

Other **hot topics** in the realm of **Open Innovation** include:

- Achieving **closer alignment with Strategy**
- Improving and consolidating the **Innovation Structure**
- Better **involvement of Business Units**
- **Extracting results** from existing Open Innovation initiatives
- **Measuring the impact** of Open Innovation
- **Driving Cultural transformation**
- **Evolving and hybridizing** Open Innovation models
- **Expanding beyond core** and driving **Strategy transformation**

Enjoy reading their messages in the bottles.

THE NEW YEAR'S RESOLUTIONS OF GLOBAL INNOVATION LEADERS

CULTURE AND STRATEGY



BEYOND THE CORE / EVOLVING



THE NEW YEAR'S RESOLUTIONS OF GLOBAL INNOVATION LEADERS

ORGANIZATION AND PROCESSES

- HIRE AND RETAIN INNOVATION TALENT
- STRUCTURE STRATEGIC INVESTMENTS WITH ORGANIZATION AND PROCESSES
- ANCHOR GLOBAL INNOVATION ACTIVITIES
- CONSOLIDATE INNOVATION STRUCTURE
- INVOLVE MORE THE BUS IN THE INNOVATION JOURNEY
- EXPLORE OTHER WAYS TO ENGAGE WITH BUS
- ENGAGE INTERNAL PRODUCT OWNERS FURTHER (INTERNAL USERS)
- LEGAL SETUP FOR INNOVATION ACTIVITIES
- FIND GOOD BALANCE WITH CORPORATE MOTHERSHIP
- SUPPORT THE CORE BUSINESS
- REDEFINE OPEN INNOVATION GOVERNANCE
- EVOLVE OFFERING TO INTERNAL STAKEHOLDERS
- OPEN AND MAINTAIN COLLABORATION/COMMUNICATION CHANNELS BETWEEN INNOVATION SUB-UNITS
- STANDARDIZE INNOVATION INITIATIVES AND PROCESSES
- INCREASE AGILITY AND SPEED OF PROCESS
- ORCHESTRATION AMONG INNOVATION INSTRUMENTS

IMPACT AND RESULTS

- DEMONSTRATE TRUE STRATEGIC TRANSFORMATION IMPACT
- ACCELERATE IMPACT OF EXISTING VENTURE CLIENT RELATIONSHIPS
- MAXIMIZE IMPACT AND SPEED
- ROTATE AND MANAGE PORTFOLIO PERFORMANCE
- INCREASE REVENUE FROM STARTUPS
- BUILD STRATEGIC FORESIGHT CAPABILITIES
- INCREASE BUSINESS GROWTH AND CUSTOMER SATISFACTION
- SCALE VENTURE CLIENT
- DEMOCRATIZE VENTURE CLIENT APPROACH TO HONE GREATER IMPACT
- PRODUCE ECONOMIC RESULTS
- EXECUTE INVESTMENTS
- GENERATE VALUE FROM POCs (TANGIBLE, REVENUE)
- UNLEASH THE FULL POTENTIAL OF VENTURE BUILDING AND INTRAPRENEURSHIP
- DELIVER SUCCESS STORIES (= REVENUE)
- PRODUCE FINANCIAL RESULTS
- MEASURE INTANGIBLE IMPACTS (KNOWLEDGE, CULTURE, BRAND)

HYBRIDIZATION AND INTEGRATION

- FOSTER SYNERGIES BETWEEN ALL OPEN INNOVATION AND VENTURING ACTIVITIES
- MATCH INTRAPRENEURSHIP WITH VENTURE CLIENT
- DIVERSIFY FUNNEL INTAKE AND EXIT SCENARIOS (E.G. SPIN-OUTS)
- INCREASE THE NUMBER OF INCUBATED EARLY STAGE STARTUPS TO ACCELERATOR PROGRAM FOR INTERNAL ENGAGEMENT
- CVC AS A PRE-ROUND A TOOL (INTERNAL EXITS)
- INTRODUCE INNOVATION PIPELINE MANAGEMENT
- COMBINE INTERNAL R&D WITH VENTURE CLIENT

- BUILD NEW VENTURES
- REDEFINE AND IMPROVE KPIs TO MEASURE AND MONITOR VALUE IMPACT
- MAKE INVESTMENTS BASED ON MARKET INTELLIGENCE
- CLOSE THE GAP FROM EXPLORATION TO EXPLOITATION
- CREATE VALUE FOR CUSTOMERS AND BUSINESSES THROUGH NEW PRODUCTS
- INDUSTRIALIZATION (MEASURABLE IMPACT)
- DEVELOP MORE CONNECTIONS/DEALS BETWEEN STARTUPS AND CUSTOMERS
- PRIORITIZE PILOTS THAT CREATE A TRUE IMPACT (CREATE AND CAPTURE VALUE)
- FOCUS ON USER EXPERIENCE
- DRIVE MEANINGFUL IMPACT TO CORE BUSINESS VIA PARTNERSHIPS

THE (GENERATIVE) AI REVOLUTION

- EMBRACING THE (GENERATIVE) AI REVOLUTION
- SPEED UP IN UTILIZING GENERATIVE AI
- ATTRACT THE BEST DEEP-TECH STARTUPS
- OPEN AI
- FOOTPRINT ON AI ECOSYSTEMS
- AI TECH APPLICABILITY
- BECOME THE GO-TO PARTNER FOR THE DEEP-TECH ECOSYSTEM
- ADOPTING ARTIFICIAL INTELLIGENCE
- DEEP TECHNOLOGY SOURCING
- GENERATIVE AI
- NEW PARADIGM DUE TO AI AND GENERATIVE AI

SUSTAINABILITY AND DIVERSITY

- CIRCULAR ECONOMY
- DECARBONIZATION
- INNOVATE FOR SUSTAINABILITY
- ESG
- FUTURE OF BUILDING MATERIALS
- CORPORATE SOCIAL RESPONSIBILITY
- SUSTAINABLE SUPPLY CHAIN & LOGISTICS
- DRIVE DIVERSITY
- CLEANTECH
- SUSTAINABILITY
- SUSTAINABLE NUTRITION



CSS2023

CORPORATE STARTUP STARS

2023 Corporate Startup Stars



2023 Rising Star



Winner Orbit

Copyright © Mind the Bridge 2023
First published in San Francisco in December 2023





Mind the Bridge

ABOUT MIND THE BRIDGE

Mind the Bridge is a global open innovation platform, providing services and products to corporates and local startup ecosystems. Headquartered in Silicon Valley with offices in Barcelona, Seoul and Tel Aviv, and a presence in Los Angeles, New York and Milan, Mind the Bridge has been working as an international bridge at the intersection between startups and corporates since 2007.

Mind the Bridge scouts, filters, and works with 10,000+ startups a year supporting global corporations with open innovation initiatives that translate into curated deals with startups (POCs, procurement, investments, and/or acquisitions). It also provides corporates with advisory services and benchmarking on innovation strategies and structures.

Mind the Bridge developed MTB Ecosystem, a AI-powered open innovation matching platform.

Mind the Bridge regularly produces research reports with the goal of sharing insights and data about startup ecosystems, open innovation, and corporate presence in global innovation hubs. Mind the Bridge reports have been featured on the Financial Times, USA Today, El Pais, Techcrunch, and more.

Mind the Bridge, in collaboration with the International Chamber of Commerce, the 100 y.o. institution representing more than 45M businesses worldwide, annually runs the “Corporate Startup Stars” awards, which rates and awards the most startup-friendly global corporates.

For more info:

<http://mindthebridge.com> | [@mindthebridge](https://twitter.com/mindthebridge)

