



Purpose to Performance Innovative New Value Chains

WeChat and Twitter: [agaule](#)
[@HenleyBSchool](#)

Andrew Gaule | andrew.gaule@aimava.com | +44 7798 616934

Overview



Discussion of approaches on innovation and venturing.

- Importance of Strategic Innovation
- Purpose to Performance approach to support innovation
(5Ps - Purpose, Process, People, Partners, Performance)
- Driving collaborative ventures along Innovative New Value Chain
- Culture for innovation, business and engaging staff

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Our Principles

- Aimava supports leading global corporates by
 - Providing proven frameworks
 - Building people and organisation capabilities
 - Coaching and supporting leaders and teams
 - Creating strong network insights and connections
 - Building 'Innovative New Value Chains.'[®]
- We want our clients to take ownership and embed the innovation and change.
- You will not just be following a 'process.'
- We think and work globally with clients in Europe, USA and China
- We do not want to provide an 'army of consultants.'
- If we think you are progressing a poor idea we will tell you straight.
- Aimava works with clients as partners to share in your success.



Drivers of Innovation



Do feel free to share!



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Do feel free to share!



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Industries are facing challenges in current and future innovation



Organisations need to differentiate the innovations they need as innovating in current business model is different to the new technologies and Innovative New Value Chains.



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Are you going to have a 'Kodak Moment'



1861
Stereoscope
viewer



1900
Mass market
camera



1941
colour negative
film



1948
Polaroid



1984
Disposable
Camera



1991
Photo CD

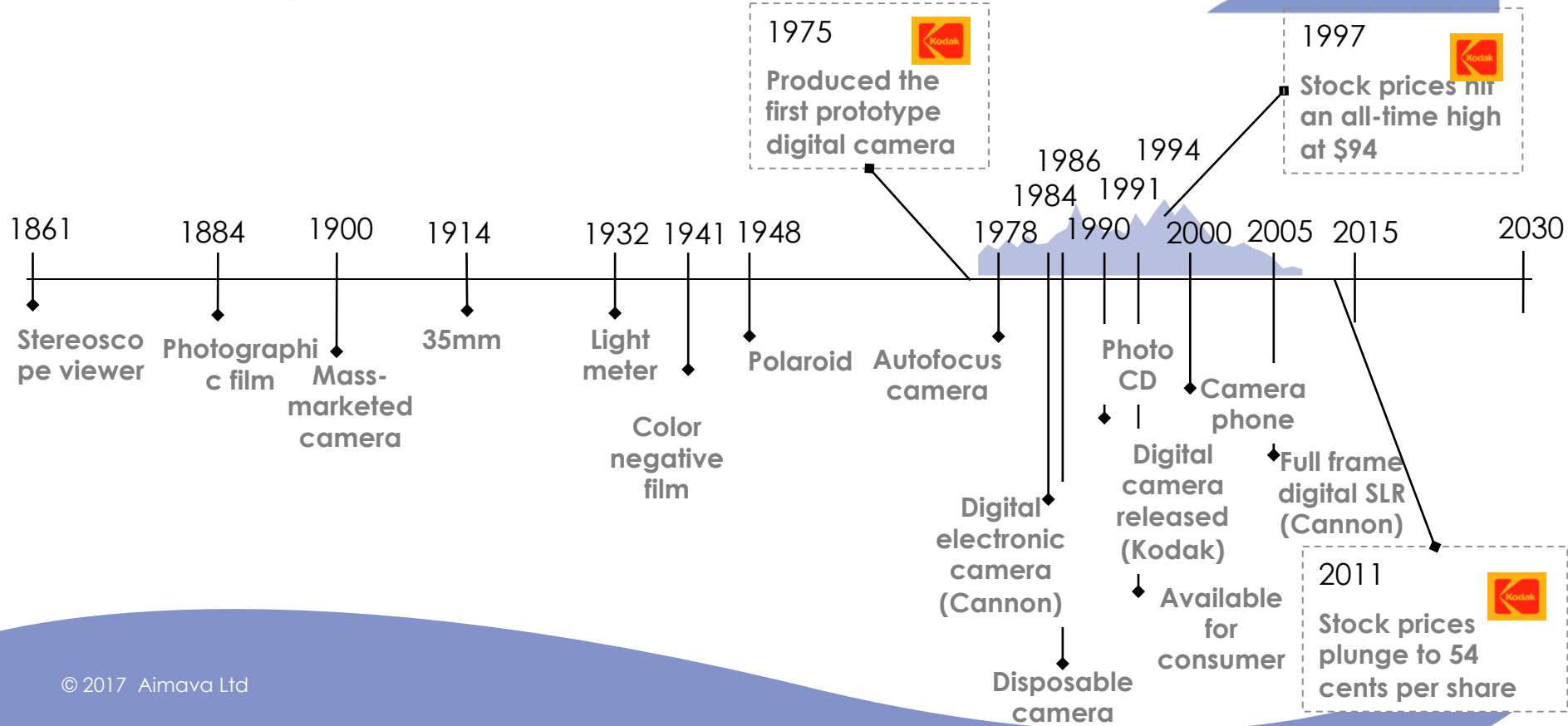
2000
Camera Phone



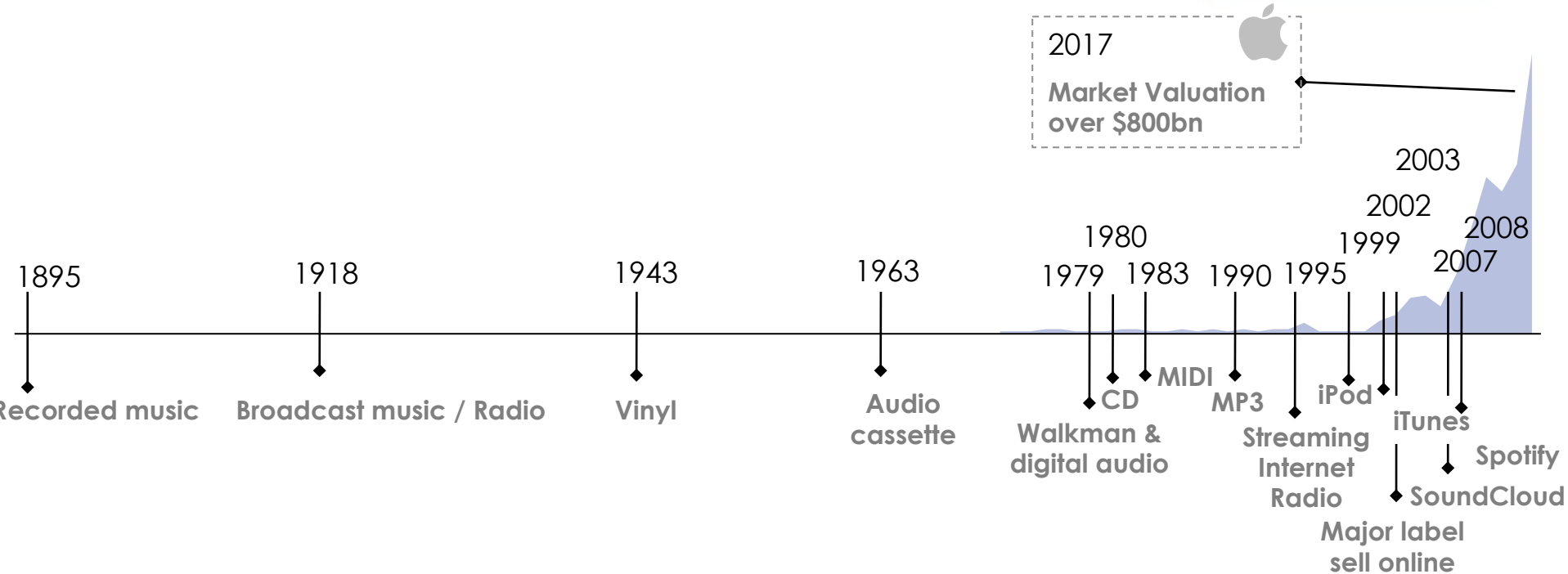
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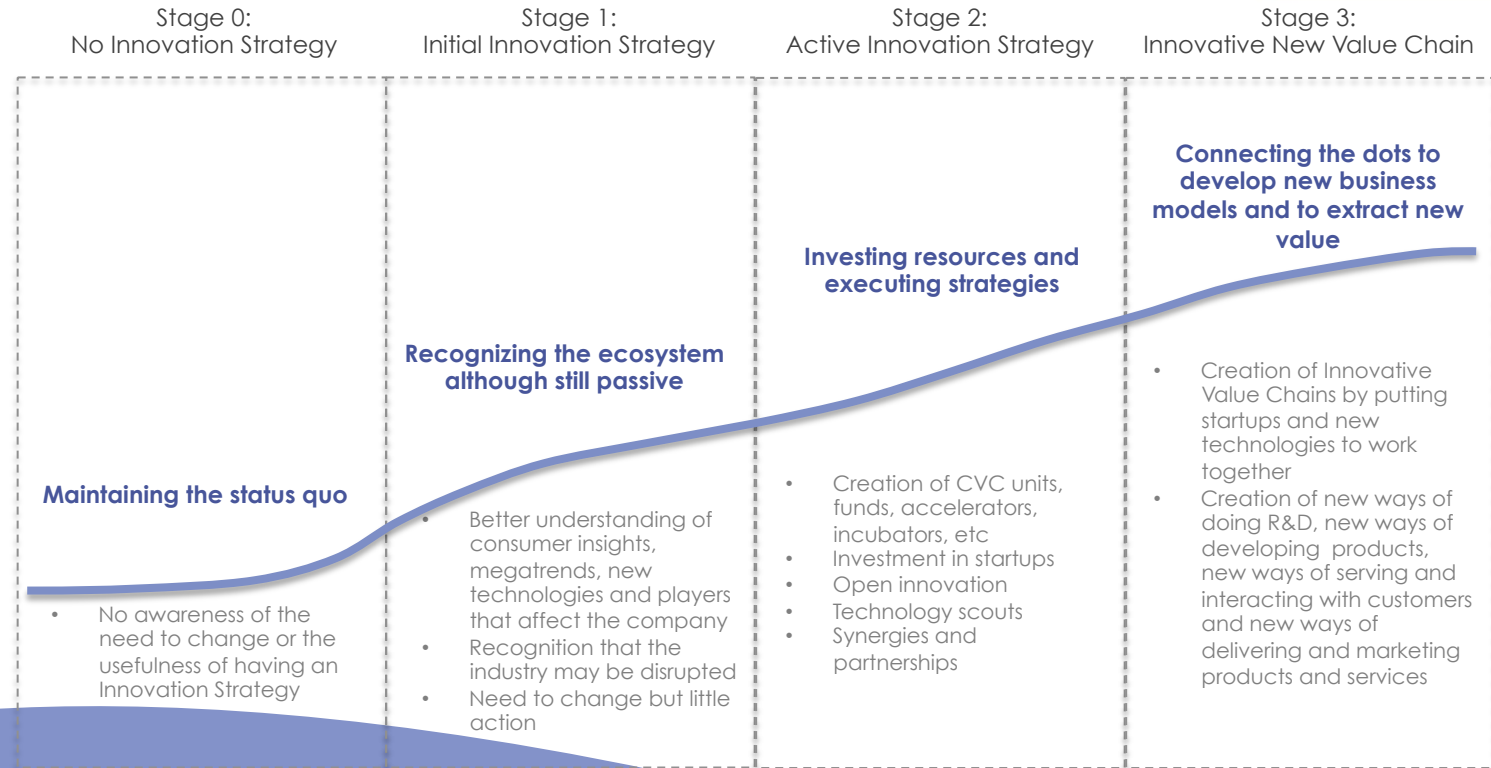
Photography Industry Timeline



Music Industry Timeline



Are you ready? – Maturity Curve



China business and technology



China a difficult place to do business
Well developed manufacture base
'Enter the Dragon' with technology and business models



Open Innovation in Action – How to be strategic in the search for new sources of value



“ *Open Innovation in Action*” summarises a number of innovation and business growth theories/strategies in a comprehensive and concise way. It is a useful thought-starter for anyone involved in driving innovation within their organisation.

Reviewing GSK innovation strategy against the 5Ps of Innovation has helped to highlight potential pitfalls and areas for improvement.

– **Frances Crewdson**, Category Director, Innovation, GlaxoSmithKline

“ *Open Innovation in Action* is a good compilation of Network tools and examples of open Innovation in various leading companies. Simple is good; otherwise it will not be put in practice.

– **Robert Kirschbaum**, VP Innovation, DSM

“ *A timely, clearly written, and convincing book that includes useful methods and case examples. Extremely relevant and timely for BAE.*

– **Glenn Gapper**, Industrial Technology Acquisition Manager, BAE Systems

” “ *Good book, demonstrating strong links to leading companies.*

– **Matthew Roberts**, Financial Advisor, Corporate Venture Funds, Nestle

5Ps of Innovation and Venturing

Key elements of
creating Innovation
and Venturing
Processes aligned with
corporate goals and
effective in the
delivery of
measurable results.

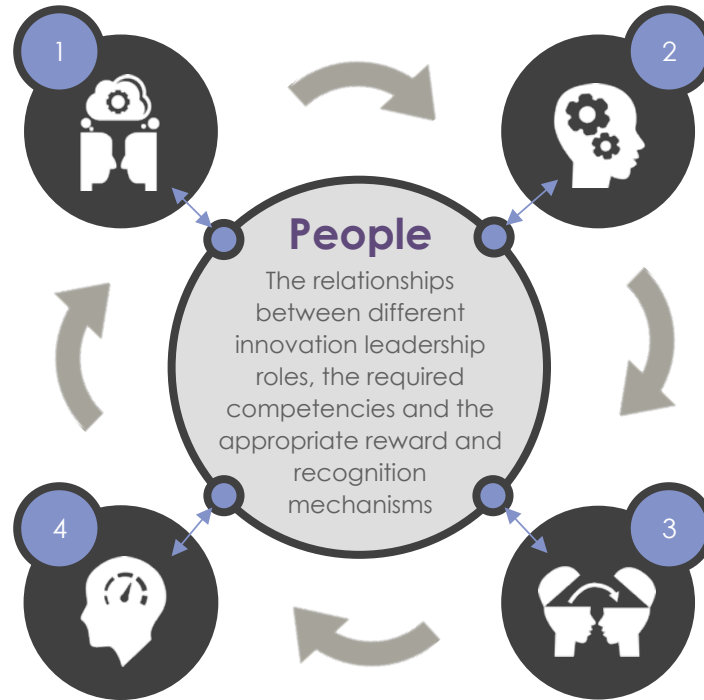
Purpose

The strategic
objectives being
sought through use
of Innovation and
Venturing tools

Performance

The processes used to
measure the
effectiveness of
investment in innovation
and venturing

Source: 5Ps in "Open Innovation
in Action" by Andrew Gaule



Process

The methods
and governance
used to nurture
and manage
the portfolio of
innovative ideas

Partners

The appropriate
use of partners
and other external
relationships

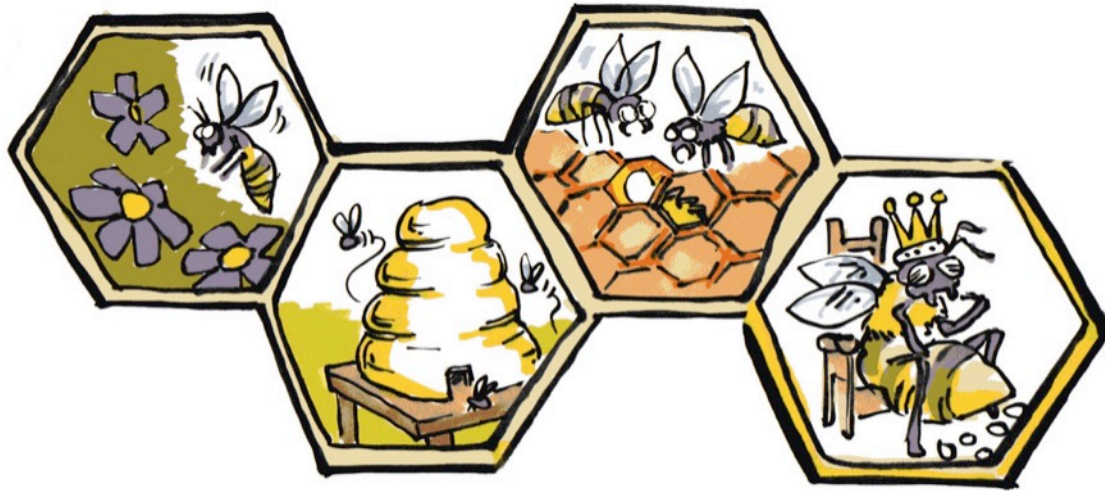
Your Approach to Innovation and Venturing



Development of effective approaches to the different means of Corporate Venturing.

Purpose Problem Strategic and Financial objectives	
Process Which is the appropriate approach to innovation, venturing and CVC	
People Governance Teams and working across business Individual capabilities	
Partners Integrating in the organisation Investment and collaboration partners	
Performance Following through to action Measuring and demonstrating financial and strategic benefit	

Scouts bringing back insights



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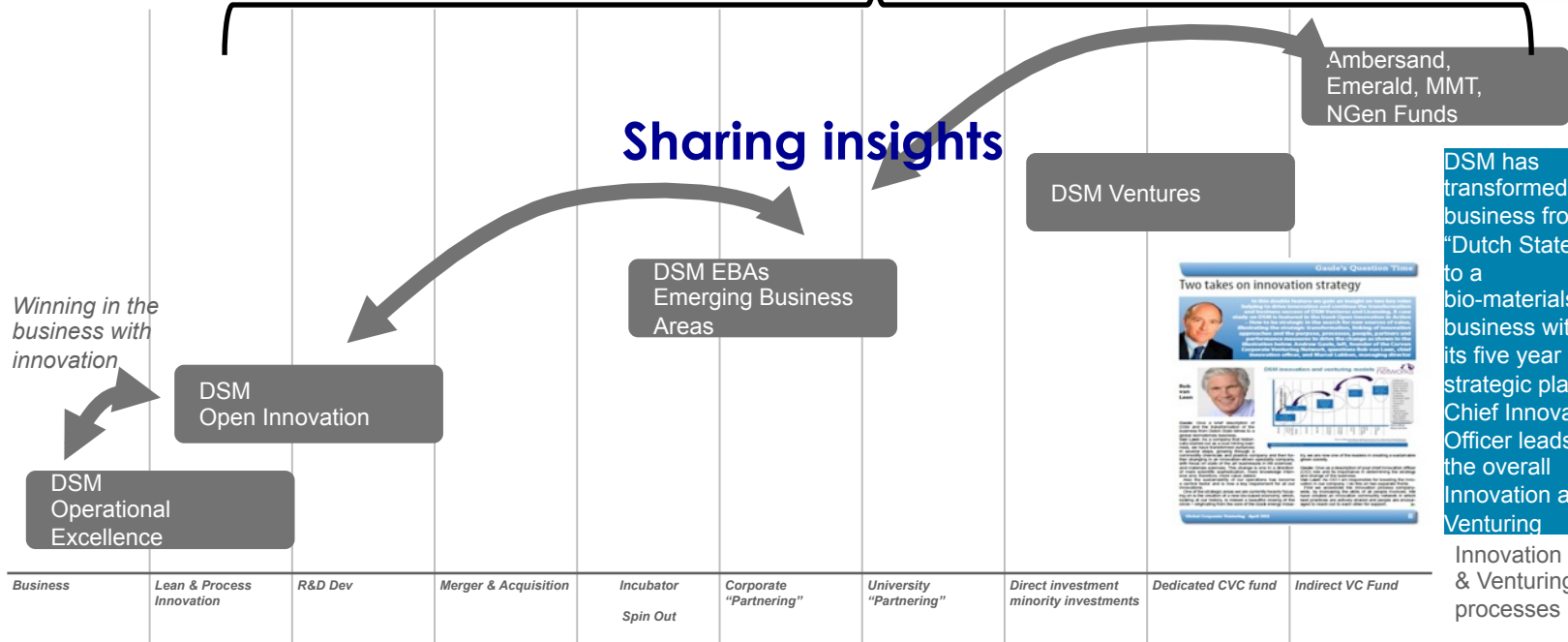
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DSM Innovation and Venturing models

Governance e.g. Chief Innovation Officer or Sub Board



Purpose of Innovation and Venturing, e.g. Horizons



DSM has transformed the business from "Dutch State Mines" to a bio-materials business with its five year strategic plans. Chief Innovation Officer leads the overall Innovation and Venturing

Innovation & Venturing processes



Source: Gaule's Question Time, Global Corporate Venturing and Case study in the "Open Innovation in Action" book by Andrew Gaule

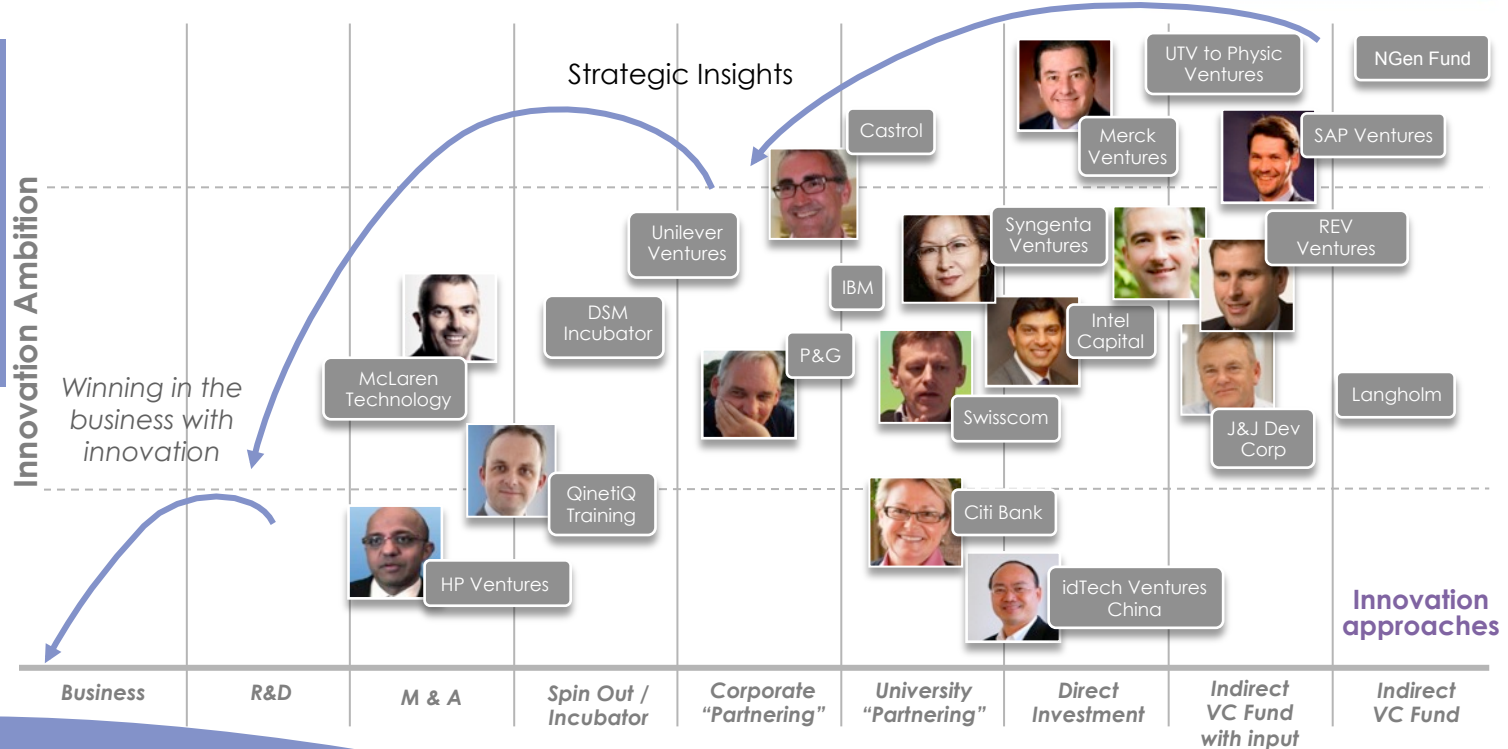
Innovation and Venturing examples



Different approaches to Innovation, Venturing and Corporate Venture Capital

Selected examples

Successful strategies recognise the importance and interrelationship of the various potential approaches.



Corporate Venture Capital – Direct Investment Model

Example structure which will vary by Industry, Technology, Geography, Economic Cycle, Corporate Aspirations, Team Capabilities etc.



Purpose	To gain an insight and be involved in new technology application and new business models which will disrupt an industry. In addition provide a financial return for the venture activity.
Size of fund	Fund size of \$100 mill Call of \$10 - \$15 mill per year
Term of fund	Investment in 0-5 years, Follow on 3 – 5 years, 8 – 10 year life.
Typical investments	Initial investment \$ 1 – 3 mill, follow on \$ 3 – 5 mill Minority stake of 5 – 15%, up to 20%
Number per year	Invest in 3 – 6 per year including follow on Estimate 15 – 20 investments per fund
Lead or co-invest	Typically co invest with financial VC and lead some Provide due diligence on technology and / or market
Team	Investment committee from corporate and 'managing partners' Managing / General Partners (Manage 2-3 investments per year) Limited Partner 100% Corporate Parent
Performance	Provide strategic insights on sectors, technology and models Cash on cash, multiple return in 3 – 5 years on individual investments Fund return over the life of fund to be risk weighted return after expenses

The challenge of CVC



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Corporate and Venture Scenario



External VC
skills

Corporate
Parent

Managing Partners
Associates for deals
Strategic Collaboration Assoc.
Legal, Tax and Admin support
(Location strategy)

Venture
Team

Venture
Investment

Venture
Investment

Venture
Investment

Venture
Investment

No Board
member

Venture Fund
Board
Observer

Venture Fund
Board
Member

Corporate
Board
Member



CV Board role



Agreeing venture future



Relx Ventures



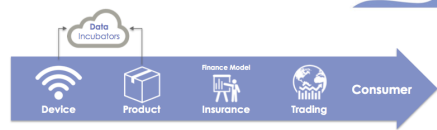
<https://youtu.be/toJxzWF3aEM>

Making Deal Flow Strategic



- Insights
- Scan and align
- Develop propositions

Innovative New Value Chain®



Fund, CVC and Start Up Scan

Relevant

Test Innovative New Value Chain

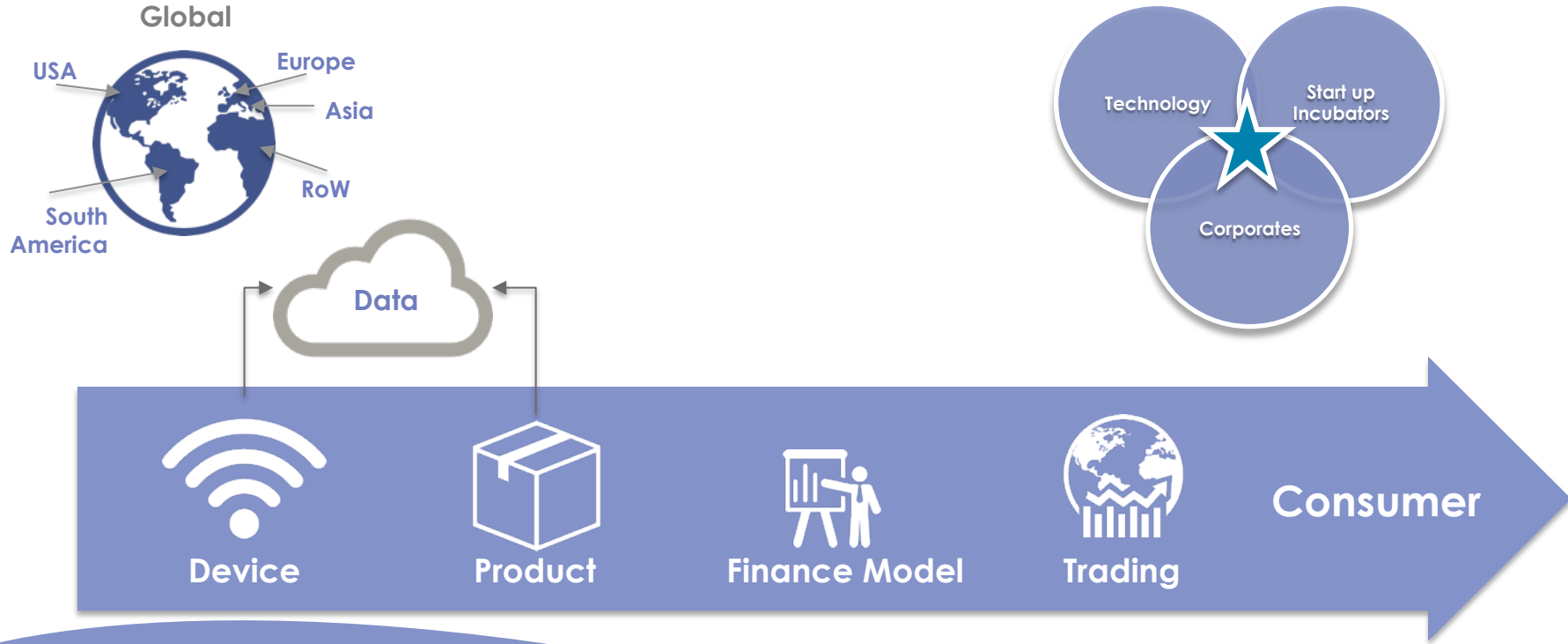
Detailed review

Due Diligence

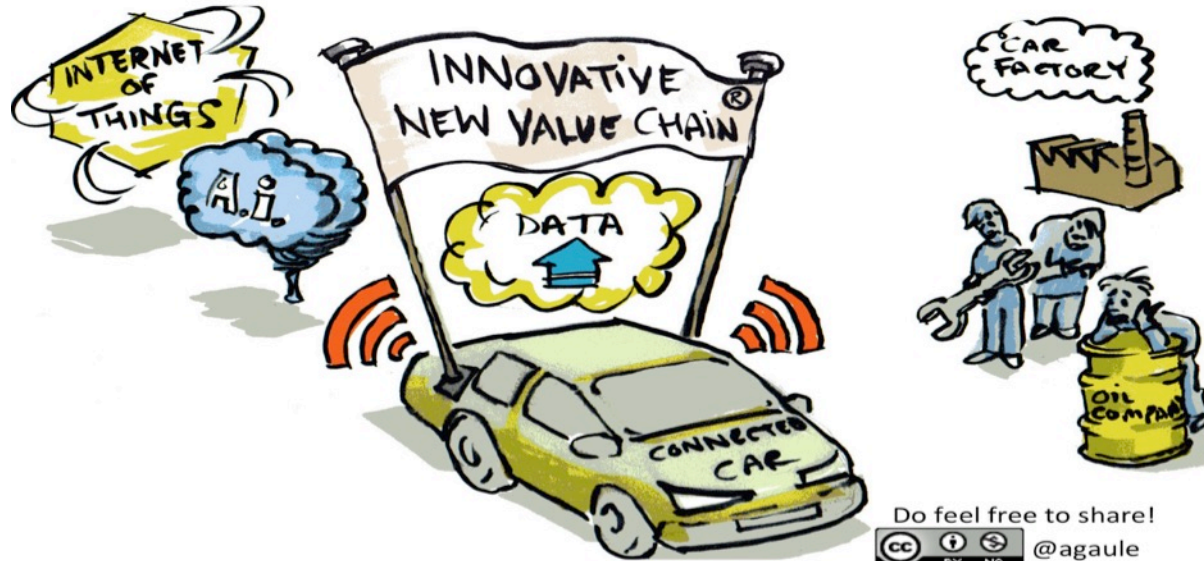
Aimava supports leading CVCs to

- Review the Purpose and Process for Strategic Innovation
- Scan using databases and background info on Funds, CVCs and Start Ups
- Develop and test hypotheses on Innovative New Value Chain
- Review and two way alignment to corporate strategy
- Support and connect for Due Diligence Review
- Connect start up and corporate eco system for Innovative New Value Chains

Innovative New Value Chains[®]



Innovative New Value Chains®



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Innovative New Value Chains®



April 2017 | 49

GAULE'S QUESTION TIME

Connecting health issues and the companies tackling them



Andrew Gaule, left, talks to Bill Taranto, president, Merck Global Health Innovation Fund



Give us a brief introduction to the Global Health Innovation Fund and to Merck. A lot has changed after our first interview five years ago.

I joined Merck – it will be actually seven years this April – to start their venture capital activities. They had not actually done any venture capital work prior to that. Before joining Merck I was at Johnson & Johnson for close to 20 years, and spending the majority of my career investing for them as well.

So today we are a \$500m fund, we have over 35 portfolio companies. We have had about seven exits to date, and Merck has actually acquired two of our companies to date, so we think we are delivering what Merck asked us to on day one, which was to try to give Merck a number of options around this non-core area of healthcare.

Give us some examples of what “connected health” means to Merck and your fund.

One of the most important things that a venture fund needs to do is have a strategy – especially a corporate venture fund. The way we think of our strategy, and healthcare is uniquely positioned to have this type of strategy, in that what happens in healthcare versus other industries is really hard to scale, because of the local and regional nature by which healthcare is practised. So you have to build a strategy around how you are going to invest and how you are actually going to scale, and then bring that value back to your parent company.

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gaulesq.t.podomatic.com



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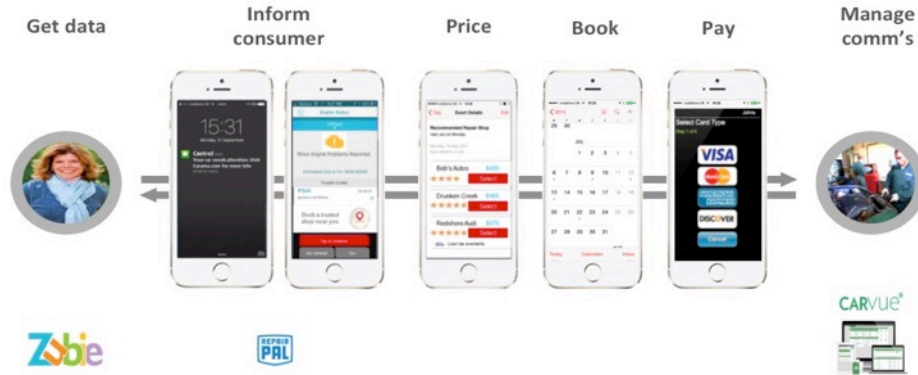
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Innovative New Value Chain[®]

Castrol example



How we deliver



Purpose to Performance Innovative New Value Chains

Kickstarter in May 2017 <https://goo.gl/3WQ9cU>



PURPOSE

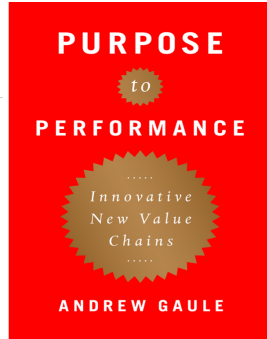
to

PERFORMANCE

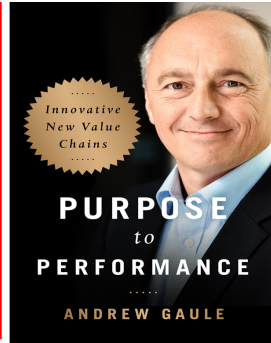
INNOVATIVE
NEW VALUE
CHAINS

ANDREW GAULE

Cover 1 - White



Cover 2: Color



Cover 3 - Photo

"In his book, Purpose to Performance Innovative New Value Chains, Andrew will outline a path to corporate venturing that helps large corporations ensure they are connected to the new technologies that will be their future growth engines".

Dr Mehmood Kahn, Vice Chairman and Chief Scientific Officer PepsiCo

"Driving Innovative New Value Chains is a testament to Andrew and offers an important view of the role organizations must play as they face both the opportunities and the challenges of the future. It should be required reading for all corporate innovation leaders!"

Sue Siegel, CEO of GE Ventures

"Already for many years Andrew Gaule is consistently helping to connect entrepreneurial people and providing insights in new forms of innovation."

Rob van Leen, Chief Innovation Officer - Member Executive Committee at DSM

"This book brings together the leading thinking Andrew delivers in his accredited corporate venturing academy and his years of experience in helping corporates drive their strategic innovation. Andrew has also been a great advocate for diversity of gender, race and age, while working globally to make corporates, the innovation ecosystem and society better."

Claudia Fan Munce, founder of IBM Ventures

Programs

- Book bundles
- Performance and Portfolio - 21 June - Henley
- Graphene INVC – 22 June - Manchester Uni
- Keeping it Legal workshop – 4 July - London
- Breakfast with Chair BVCA – 5 July – London
- VC / CVC Case study workshop in company
- IBM INVC – 27 Sep – California
- GE Ventures – 28 Sep – California
- Silicon Valley – 27 – 29 Sep - CA
- Williams Advanced Engineering – 1 Nov – Oxford
- C Suite Workshop – Tailored in company
- UpStarts4StartUps in Organization



PURPOSE



PERFORMANCE

INNOVATIVE
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UpStarts4StartUps



UpStarts for your
Organization

- A program for Young Entrepreneurs (9-14yrs) and Adults to learn the steps for innovative business
- Corporate environment
- Supporting charities
- Adults learn about children's technology and influences



To find out more please contact
Andrew Gaule or Richard Ingram at
richard@upstarts4startups.com
or call 07887 644464
UpStarts4StartUps.com

One Minute Trailer

<https://youtu.be/4yd9qLz6OyQ>

Video by UpStarts <https://youtu.be/tkOuN8CNQRY>
[Youtube Channel](#)



Also view **UpStarts4StartUps** at:

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Thank You!

Andrew Gaule | andrew.gaule@aimava.com | +44 7798 616934