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Mark Smith



An open relationship: startups and corporates team up to share data

Big business has spotted the value in open data startups, leading to symbiotic cooperation between the two



▲ Large corporates' engagement with startups has grown significantly in the past few years. Photograph: Alamy Stock Photo

Back in 2003, when then Harvard professor Henry Chesbrough first coined the phrase "open innovation", it's doubtful even he could have foreseen how quickly technology would come to influence how major corporations interact with smaller startups.

The explosion of the information age and the rise of disruptive industries has reinforced his claim that the old, closed model of big firms doing all their own R&D and developing ideas purely in-house is obsolete. Now, a new model of cooperation that combines their own methods with those of other firms in a way that benefits them both, is growing.

The open data startup sector has been a prime target for such working relationships, with their larger counterparts seeing the inherent value in startups that have a tech-savvy workforce and where – by their very nature – ideas and creativity are at the core of what they do.

A report (pdf) developed by Open Axel, an EU funded project managed by Telefonica Open Future – the Spanish telecom giant's entrepreneurs' network, found that 97% of European corporations have already examined the need for open innovation initiatives, and more than 500 of the world's biggest public companies now work with startups.



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"Large corporates' engagement with startups has grown significantly in the past few years due to the rapid increase of disruptive innovation impact coming from these small digital companies", says Agustin Moro, head of strategic partnerships and business development at Telefonica Open Future. "Once a good fit has been established, our business units work with the startups to develop products and solutions that could be beneficial for Telefonica's internal and external customers."

German software giant SAP launched its Startup Focus programme in 2012 to build what it calls "an ecosystem of open innovation". The scheme focuses on tech startups in the areas of big data, predictive and real-time analytics, machine learning, artificial intelligence and the Internet of Things. It forges links with them through channels such as the European Innovation Business Network incubators and accelerator network, as well as through entrepreneurship and innovation initiatives.

One of the startups it works with is Celonis, a process mining software business. It joined the programme in 2013 with fewer than 10 employees and no company valuation, but with a strong vision of the product they wanted to bring to market.

Over the past four years, the company has grown to more than 160 employees and has received multiple award nominations including fastest growing software startup in Germany by Deloitte, and entrepreneur of the year 2016 by EY. They've also raised almost \$30m (£23m) in funding and recently signed a reselling agreement with SAP that enables their product to be included as an integral part of SAP's third party product list.

Another startup forging links with SAP is weather risk insurance company Meteo Protect. By working with SAP it has been able to join several industry events such as the European Utility Week 2016 in Barcelona and the SAP Utilities Conference 2017 in Lisbon.

"The biggest added value for us using SAP was to be able to deploy our solution on a proven and robust technology that can rapidly scale up from a proof of concept to an industrial solution", says CEO Gabriel Gross. "Being part of the Startup Focus group gave us the opportunity to reach new partners, clients and prospects."

Maria Luisa Silva, global director of market enablement and global trade management at SAP Startup Focus, says their relationship with open data startups is a two-way street. "We partner with promising and highly engaged startups who get the opportunity to work with SAP's industry experts, and who receive access to SAP's network of household-name customers.



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"Market access is critical for startup companies, to help them gain visibility and traction. Startup Focus represents a bridge between these two worlds enabling the startup to learn, scale and succeed."

Another firm leveraging the open innovation model is internet search giant Yahoo. Its in-house content and tech studio Yahoo Storytellers is continuously searching for emerging new businesses in the tech space, and keeps a roster of startups they can work with or put in touch with other companies for collaboration.

Emma Jowett, head of Yahoo Storytellers, says: "Our aim is to reach pioneering new players at the beginning of their journey, and this is often simply through our own research or introductions and meet-ups, though we do attend conferences and standalone events too.

"We also find that we're introduced to new startups through those we've worked with before – there's a real sense of community and collaboration out there."

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