



INTERNAL CORPORATE VENTURING -AN INTRODUCTION

INTERNAL CORPORATE VENTURING IS A WAY FOR CORPORATIONS TO CONTINUOUSLY SCAN THEIR EXISTING ASSETS AND RESOURCE STRUCTURE FOR NEW BUSINESS OPPORTUNITIES AND COMMERCIALIZATION POTENTIAL. CORPORATIONS OF ALL SORTS CAN CREATE SIGNIFICANT VALUE BY LEVERAGING ITS CORPORATE ASSETS THROUGH INTERNAL CORPORATE VENTURING. IT IS A DISTINCT APPROACH TO BUSINESS DEVELOPMENT IN ORDER TO DRIVE AND SUSTAIN ORGANIC GROWTH. ALL COMPANIES HAVE UNEXPLOITED ASSETS – WHAT IS YOUR COMPANY HIDING AND WHAT DO YOU PLAN TO DO WITH IT ONCE ITS FOUND?

What is Internal Corporate Venturing?

Internal Corporate Venturing (ICV) is the process of establishing processes, methods and tools whose primary functions are (I) the identification of potentially new business opportunities within an existing business, (II) business planning and development for new ventures, and (III) early commercialization of these ventures. The ultimate objective of the ICV strategy is to increase the level of commercialization within an organization by leveraging a corporation's assets.

The underlying principles of this strategy is to establish and communicate clear strategic opportunity areas within the organization, to give the development of new business opportunities sufficient focus, and to develop the organizational climate and structure.

Hidden assets – an unexploited opportunity

There are hidden assets in all companies that potentially could be business opportunities. This could be technologies, R&D results, brands, surplus intellectual property or entire operations.

The benefits of embracing the ICV strategy are plenty fold. It supports the identification and commercialization of unexploited opportunities. It enables the company to put the organizations innovative power and intrapreneurship in better use. It makes possible, the development of a more entrepreneurial organization which is regarded as a attractive employer of talent. It can create and release shareholder value through the generation of spin offs or new revenue streams.

How value is created and realized

The primary goal of most corporate investing is to capture strategic value. ICV operations, however, could in addition to strategic returns generate financial returns that at a minimum are equal to or greater than the firm's cost of capital.

Strategic returns include the creation of new products/services which generates revenue, corporate learning, supporting business functions, cost efficiency in R&D, etc. An ICV strategy can also be crafted to generate financial payoffs. Such mechanisms can help the corporation to unlock their ventures' value and create clear and tangible financial returns on ICV activities. There are many ways of creating financial value including spin-offs, carve-outs and spin-outs.

Nonetheless, the primary focus of ICV operations should be the creation of strategic value, due to the volatile nature of publicly traded markets.

A first step to renewal

At Googol we ask a corporation three questions to guide the initial efforts to develop and implement an ICV strategy:

- Where are new business concepts created?
- Where are new business concepts developed?
- How should value be created and unlocked?

When developing a ICV strategy, Googol takes into consideration the client's previous venturing experience (internal or external),

ESTABLISH AND COMMUNICATE CLEAR STRATEGIC OPPORTUNITY AREAS WITHIN THE ORGANIZATION

r&d resources, managerial capabilities, financial situation, technological dynamics etc. The above considerations have led us and many corporations to develop hybrid models in which we and they cooperate in joint operations with other external partners to minimize risks.

Googol is a business development company. We strive to commercialize business opportunities no matter if they arise within a blue chip corporation or as part of an entrepreneurial initiative.

If you want to know more about this issue, please feel free to contact Googol!

Googol offers services focusing on Innovation Management and Corporate Venturing. We identify, develop and commercialize hidden assets. Amongst other matters, Googol operates innovation portfolios, we develop corporate cultures, selection processes, as well as measure and manage innovation ability. With a large and dedicated network, and several cutting-edge projects, Googol is a leader in the innovation field.

In 2008 Googol initiated the network Innovation Pioneers.