

2020 CORPORATE INNOVATION REPORT

A deep dive into the Taiwan corporate innovation scene



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Editor's Note



01



As new economic models develop, industries and capital markets quickly shift and adapt to disrupt emerging markets. When this occurs, startups, new ventures, and destructive innovation emerge to take advantage of new market opportunities. Startups not only play important roles in highly competitive markets, but also challenge and push traditional industries to innovate, inspiring growth and change. On the other hand, corporations have always played an important role in shifting the market and innovation, as they typically have more resources to support and push for innovation.

In our last report, we collaborated with the FINDIT team of the Taiwan Institute of Economic Research (TIER), it was noted that over half of the startup investments happening in Taiwan are involved with corporates. In light of this interesting finding, we wanted to dig deeper, share some of our insights, and interview active corporate innovation programs in Taiwan, hoping to understand what role these corporations play and inspire readers to gain further interest in the Taiwan startup ecosystem.

We present this report to showcase how Taiwan's corporates are actually noticing the global corporate venture capital (CVC) and corporate innovation trend and how they collaborate with startups through external forces such as investment, mergers and acquisitions of new ventures, or strategic cooperation models. We hope that through reading this report, you can gain deeper insights in the Taiwan corporate innovation and investment scene.



Overview



02



Corporate Innovation Landscape

While “Innovation” has long been the buzzword and the key enabler of sustainable growth among corporations both large and small, recently corporates have been shifting their innovation approach away from the traditional “closed/internal” (e.g., R&D) toward “open/external”. The traditional pathways are too slow to supply the rates of innovation required to sustain the business and its growth under fast-changing market trends, ever-increasing industry competition, and rapid-growing technology innovation. Over 80% of CEOs believe the key is the ability to continuously: 1) challenge existing thinking and business norms, and 2) propose disruptively innovative solutions (2018 Taiwan CEO Outlook, KPMG). Corporations are enticed to explore new ways to capture innovation externally through cooperation with startups. According to KPMG’s 2018 Global CEO Outlook, over half of the CEOs surveyed have set up an accelerator/incubator program and have collaborated with startups.

TSS Perspective

In the past year, a growing number of corporates have been approaching TSS to engage startups or innovation. We are seeing corporates trying to ‘match’, ‘meet’, and ‘work’ with startups with various levels of success. TSS has a global network of 200+ startup members, 100+ mentors, 500+ investors, and 30+ corporate partners, and we have supported many organizations by hosting pitching and matchmaking sessions for innovation scouting. We also proactively curate investor reports three times a year to update our investors on Taiwan’s investment scene and handpicked fundraising teams. In the meantime, we have also observed corporates becoming more proactive and aggressive in actually “working” with startups, e.g., through a Proof of Concept (POC). However, more global entities are joining this so-called “startup ecosystem” compared to local corporates. This is, perhaps, due to the nature of TSS’ “go global” approach; the majority of the entities we engage with are MNCs, trade commissioners, or academia from overseas, but something to take note of is, local companies are actively catching up.

Reasons for corporates to engage with startups

Just like everything we set off to do in life or at work, goal-setting is the primary and foremost priority. Different objectives may lead to different approaches as well as results achieved. From various publications and our own experience, corporates have varying agendas and goals for corporate startup engagement (CSE). We have consolidated a list of commonly seen motivations.

Internal	External
Attaining financial returns	Keeping up with the game
Complementing internal R&D capacity	Tackling external environmental change
Gaining a holistic perspective of the market/tech trend	Projecting an innovative image
Accessing new customer/market	Supporting the local ecosystem or government policies/initiatives
Earning tax deductions (e.g., via investment)	Engaging in Public Private Partnership
Lowering the cost and/or risk of innovation	
Conducting potential Proof of Concept or pilot tests	
Accessing innovative talents and technologies	
Acquiring a startup/entrepreneurial/cultural mindset (speed of operation; fail quicker, succeed faster)	

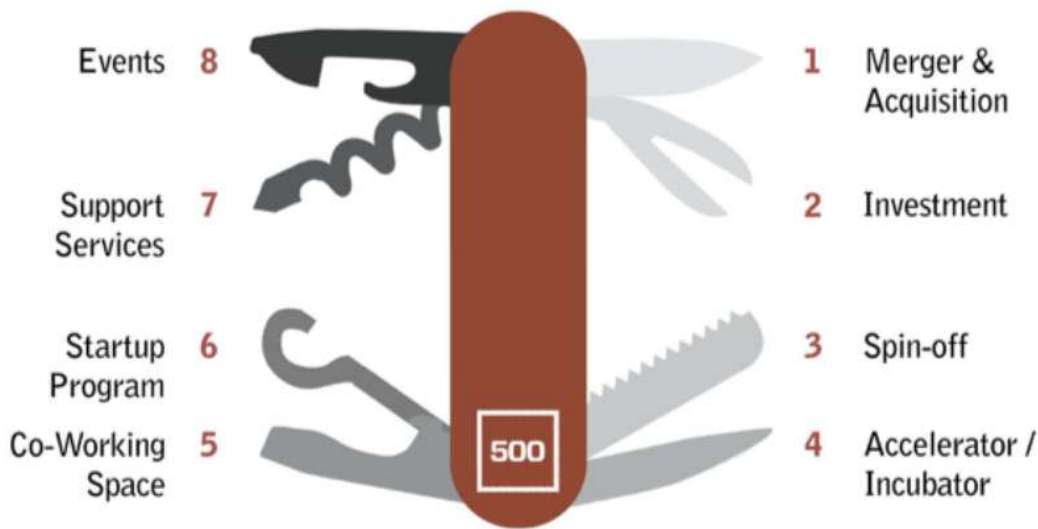
Source: Match-Maker Ventures & Arthur D. Little (2016), Innovation Leader & Techstars (2019), Taiwan Capital (2019), TSS' research and observations. (compiled by the author)



Corporate startup engagement methods

While there are wide-ranging channels for corporates to engage with startups, the Swiss Army Knife of Corporate Engagement presented in 2016 by 500 Startups and INSEAD gives a holistic view of eight precise methods (see figure below). We listed out a few well know corporates executing these methods.

They are ranked by level of time involvement, cost, risk, and time frame from 1 to 8:



Source: 500 Startup & INSEAD (2016) How do the world's biggest companies deal with the startup revolution

1. **Events (8)** : Qualcomm Innovative in Taiwan Challenge (QITC), Audi Taiwan, Amazon Web Service (AWS)

Corporates aiming to engage with startups by hosting local events, such as QITC, Audi Innovation Awards, AWS local events

2. **Support Services (7)** : KPMG, TaipeiLaw, Amazon Launchpad

Corporates aiming to engage with startups by providing professional services, such as KPMG for accounting, TaipeiLaw for legal, Amazon Launchpad for e-commerce channel

3. **Startup Programs (6)** : DigitalOcean, AWS

Corporates aiming to engage with startups by providing free credits and technical consultation, also potential PR opportunities

4. **Co-working Space (5)** : Audi Accelerator, Kafnu of Next Story Group

Spaces for events or startup co-working

5. **Accelerator/Incubator (4)** : Flytech, Advantech of StarFab; AUO, E.Sun Bank, UDN of NTUTEC

Corporates aiming to support early-stage startup companies through mentorship and often capital and a working space

6. **Spin-off (3)** : Covestro of Bayer, BerryAI of Flytech

The creation of an independent startup through the sale or distribution of new shares of an existing business or division of the parent company.

7. **Investment (2)** : 中華網家一號 of PChome and Chunghwa Telecom

Corporates investing in startups in returns of a percentage of equity

8. **M&A (1)** : Acer

Corporates purchasing a startup or when a startup becomes totally under a corporate's management.

Over half of the Forbes Global 500 are working with startups in one way or another, and there is a positive correlation between their ranking and engagement rate (500 Startups & INSEAD, 2016). Among all channels, the top 3 are CVC, startup competition, and accelerator/incubator, all of which have surged in usage over the years. Among large corporations, CVC is the most popular (BCG, 2016; 500 Startups & INSEAD, 2016). In Taiwan, we also observe rapid growth in the number of startup events, startup competitions, accelerators (especially industry-focused), and CVC investments (which accounts for 52% of total deals).

Challenges in CSE

While the number of activities is booming, corporates must acknowledge a few factors to speed up and execute a successful corporate startup engagement initiative.

* **Mindset:**

At the negotiation table, big corporate's "buyer" mindset/attitude may kill the vibe. The corporate-startup relationship is more of a collaboration, and collaboration is never a one-way street.

* **Trust:**

While corporates are sensitive with commercial data and data security, it is important to be clear about what data is shared and how. Big corporates can provide legal compliance expertise while startups ensure infrastructure for data protection.

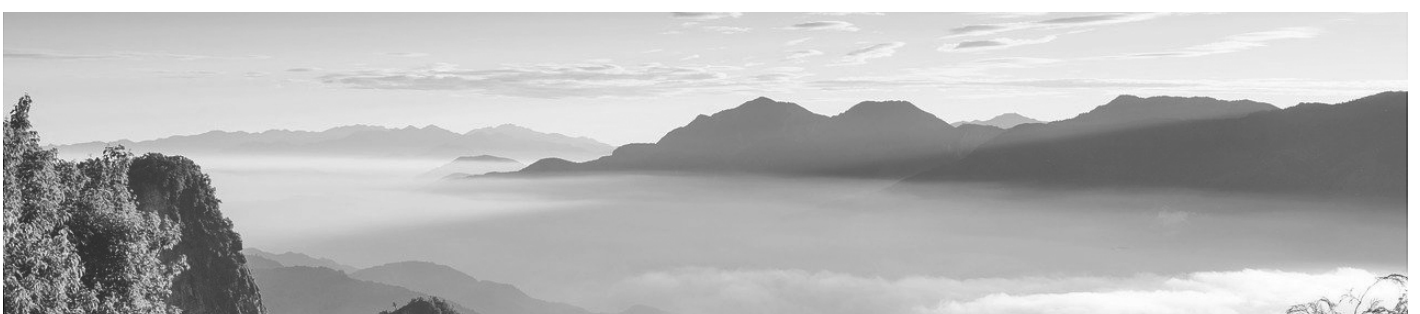
* **Cultural and expectation alignment:**

Vinod Kumar, Managing Director and Group CEO, Tata Communications explains that, "There is a challenge around aligning cultures and speeds of large companies with those of startups. Also, larger companies tend to be more inclined to keep the pie to themselves, whereas startups need to work with multiple players to test their technology and proof of concept. There's an expectation mismatch" (KPMG, 2018). Hence, while both parties are diverse in substance, corporates must work with the right partners for shared knowledge and be prepared to operate like a startup.

* **Management and communication style:**

Taiwanese corporates are often family businesses and generally adopt a top-down approach. Even if a professional manager is in place, the delicate relationship between the family and the professional manager can be complex. It is important to make sure you set clear goals, plan for resources and time required, calculate risk involved, and results expected. Note that it takes more than one person to execute at speed.

As our CEO often says, "Corporates are the new startups", as they are learning and trying to find their 'product-market fit'. The field has been activated, with more players getting involved as well as more activities being initiated. Together, let's create more success stories.



International Trends



03

The importance of external innovation

Innovation is the key driving force for the continuous growth of corporations. In the past, corporations mostly relied on internal research and development in creating the second growth curve; however, as the life cycle of products, services, and technologies become shorter, the pace of internal innovation cannot keep up with various quickly-evolving disruptive innovations and models. This is when corporations have to consider maintaining their momentum of innovation through external forces such as investment, mergers and acquisitions of new ventures, or strategic cooperation models.

The rise of CVCs

According to the 2019 White Paper on Corporate Venturing published by Taiwana Capital, starting in the 1960s, under the influence of antitrust laws, industry giants in the United States including Exxon, 3M and Dupont began diversifying their investments in new ventures to avoid excessive concentration of their businesses. From the 1970s to the early 1990s, the computer era arrived, forcing more American corporations to face the importance of new venture investments. Many corporations started outreaching to external innovation energy through VC or the establishment of CVC. With the rise of the Internet in the 1990s, the amount and number of new venture investments in European and American companies grew rapidly. Since the 21st century, the rise of social networks and smart phones have further triggered a fresh wave of new venture investments. Recently the amount of investments worldwide has hit record highs. Following the development of new technologies like AI, IoT, Biotech, and Blockchain.

International corporate venture investment history

Influence of antitrust laws

Industry giants like Exxon, 3M started investing in new ventures to avoid excessive concentration

The computer era

Corporates started outreaching to external innovation energy through VC or the establishment of CVC

The rise of social networks and smart phones

triggering a fresh wave of new venture investments



Investment amounts have reached new heights over the past few years

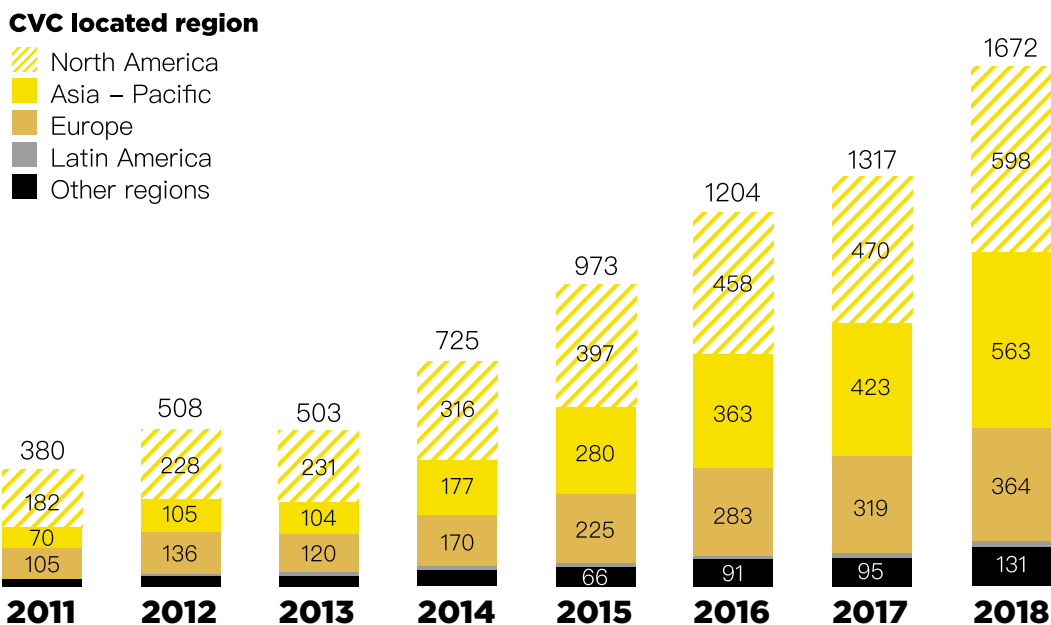
The rise of the internet

the amount and number of new venture investments in European and American companies grew rapidly

In the past, the USA was always the most dominant region in startup investments and CVCs, but in recent years Asia has gradually grown to become one of the most active regions, during 2018 taking up 34% in active CVC's right behind USA's 36%, it is quite interesting to see how this trend will eventually develop.

Based on the chart below from Taiwan Capital's 2019 White Paper On Corporate Venturing, you can see that the number of active CVCs in Asia has grown from 70 to 563 during 2011 to 2018, it is safe to say that Asia will eventually become the top region in active CVCs in the near future.

Global active CVC distribution



Source: Taiwan Capital (2019) 2019 White Paper on Corporate Venturing



Taiwan

On the right track, though still a lot to learn



04

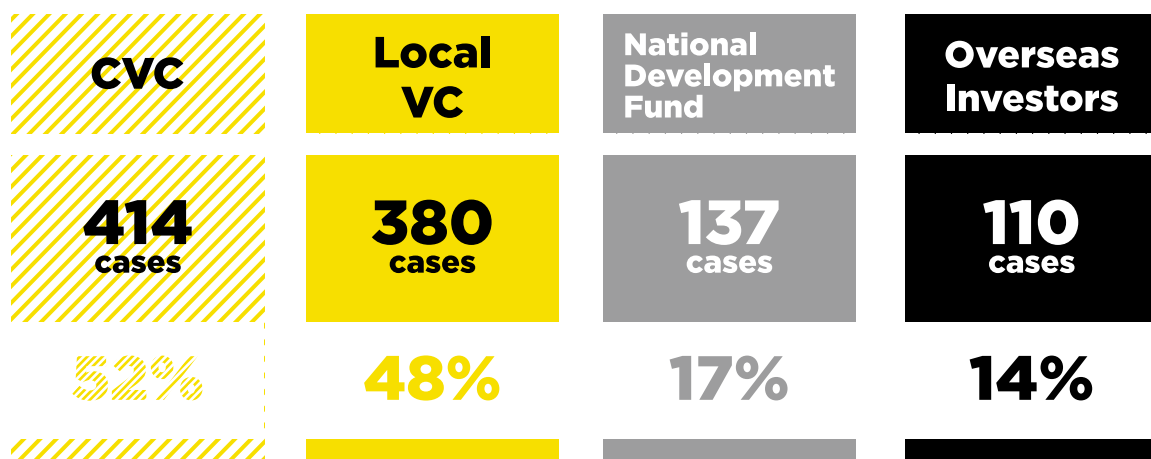
On the right track, ideology and system still developing

The startup trend has been growing in Taiwan throughout recent years. Despite being affected by the tightening capital of international markets during 2016, the number and amount of startup investments has been growing steadily, with corporates being the key source of these funds. Based on a statistic from the FINDIT team (which we included in our previous report), starting from 2015 to August 2019, within the 792 startup investment cases that happened in Taiwan, 52% of them involved a corporate investor, surpassing the percentage involving traditional VCs (48%).

If we compare Taiwan's startup investment activities to other countries, the number and size are still lower than international average standards, most investments are from a handful of corporates, and most corporates are still unfamiliar with how startup investments work. Nonetheless, Taiwanese corporates are actually quite active in the early stage startup investment scene, having invested in 52% of all startup deals from 2015–2019. This perhaps is a reason as to why there is a lack of transparency in the venture capital markets in Taiwan — corporates are strategically investing and typically do not disclose their investments to the public.

The percentage of Investor types involved in

Taiwan startup investments during 2015 - 2019 August



Note

Due to most investments involving multiple companies, VCs, or investors, the total percentage is over 100%

CASE STUDIES

When we talk about developing new and disruptive technologies like AI, IoT, Biotech, and Blockchain, Taiwan has a good reputation of having strong tech and resources, more and more Taiwanese corporations feel that internal innovation is not sufficient enough to respond to external changes. If they do not actively seek external innovation, investment, or collaboration opportunities, they may be left behind and eventually washed away.

Every corporate has different situations and perspectives on corporate innovation; there is no standard method or procedure when working with startups. We interviewed two highly active corporations in Taiwan that are doing innovation programs - Audi Taiwan and Acer, in hopes of showcasing different methods and perspectives on how overseas and local corporates initiate innovation and interact with startups. We hope that through these two case studies, you can get a better understanding of what two corporates from different backgrounds working with startups think of the Taiwan startup ecosystem, and eventually spark interest in you.





Interviewee

Angela Leibinger, Digitalization and Network Quality Team Lead;
Zoe Wan, Digital Business & Mobility Project Manager

The Audi Innovation startup scouting program was initiated in 2017 by Audi Taiwan's Digitalization and Network Quality department with the aim of identifying innovative solutions applicable to Audi. Since then, a smart mobility community, born from Audi Taiwan's partners of local accelerators, international and local venture capitalists, governmental institutions, global industry leaders, startups, and academia, has emerged in Taiwan. With its signature event, the Audi Innovation Awards, they have been able to attract over 150 local smart mobility related startups.

In 2020, with problem statements defined by Audi Taiwan, the Audi Innovation Family is looking for a partnership with startups in the Taiwan/APAC region, in order to further tap into future corporate-startup collaboration.

Why did Audi take on this initiative?

Audi Taiwan saw the potential of Taiwan with regards to startups in the fields of mobility, sustainability, and digitalization. They wanted to learn more about the ecosystem and get access to innovative solutions that could shape the future of smart mobility.

What is your target when engaging with startups?

What is your recommendation to corporates who are unfamiliar with the engagement? And how has the engagement method evolved since then?

Firstly it is very important to know what you want from the very beginning. There is a difference between an one time marketing event and a sustainable scouting program. Moreover, communication is key; No matter if it's startup scouting, internal management, or getting in touch with organizations or experienced experts.

During the first two years of Audi innovation, we were looking for smart mobility technologies and new business models which support our strategic pillars Digitalization, Urbanization and Sustainability and could be integrated with Audi from a global perspective.

Whereas the overall strategic fields remain the same in the third year, we are more targeting building initiatives in Taiwan. This year we are looking for local solutions which e.g. bring customers from online to offline, enhance online experience, solutions related to e-mobility or new sustainable materials and showroom formats.

We see the challenges that came along with COVID-19 as a chance to tap into the increasing opportunities of digitalization, different ways of doing business and we are going to try new formats. That's why we will change our main event from offline to online which enables us to provide a more global stage to our startups.



How did you overcome doing something so new? Are there any specific steps or techniques?

Taiwan has a great ecosystem and startup culture. Many big corporates set up innovation labs in Taiwan for good reasons. To build a smart mobility ecosystem and to get access to startups and innovations suitable for us, we needed to learn the basics first and get in touch with the right people

In the first step, we wanted to understand the Do's and Don'ts and learn from other partners. We got in touch with local corporates, who already successfully do startup scouting and got in touch with accelerators and incubators. We listened to their recommendations and tried to learn from their experience. We also reached out to local and international startups and VCs and tried to get a better understanding of their needs and expectations. We think reaching out to experts, getting in touch with other corporates, academia, accelerators, investors, etc is always key.

Startup scouting takes effort and time and is not a one-time business, as Audi Taiwan would like to develop and nurture a long term relationship with startups, which is a time and resource-consuming process. But as an innovative company, we see it as an investment in the future.

Communication is key. Internally and externally and no matter what tool, platform, or language you use. You need to identify the right information tools and ways to channel and evaluate the amount of data that you will receive, especially when you are working with other departments from all over the globe. For us, it was key to have a central database, where all solutions are uploaded and can be accessed globally in order to share knowledge and efficiently manage resources. Whenever startups apply to our program, their data will be stored automatically in that backend system. Besides the annual Audi Innovation Award, this way our colleagues in the headquarters and other markets can always use the data as an innovation radar. Even if the team is not relevant to us at the current stage, their solution could be identified as a fit for future problem statements.



What are the different levels of engagements with startups that Audi does?

Startup engagement varies with different startup levels and technologies. Very few solutions are mature enough to be directly integrated with Audi. Some ideas are bridged to partners in or network. This year we focus on solutions that can be specifically locally implemented with Audi Taiwan.

In addition to that startups highly benefit from our mentoring and training programs, which helps them to further improve their products as well as their presentation skills.

If you would give advice for new corporates in the game what would it be?

Be very clear about what you want to achieve. The continuous engagement is crucial. Always remember, startup scouting is never a one-time event. It takes time and effort to develop a sustainable ecosystem. The ability and willingness to constantly learn are very important in this process. We continuously think about how we ensure the quality of the overall program and engagement with startups.

For us, the right tools like the centralized database are key for communication and resource management.

Plus you have to be aware that the evaluation and integration process requires the right people in terms of expertise.

What's not a good thing to do?

Never overpromise. It is always important to set a realistic approach to get all parties on the same page.

Startup scouting is like dating, not every solution that looks appealing at the very beginning turns out as mature as you expected and relationships take time to develop. Don't underestimate the necessary effort and stay constantly engaged with the startup community.

Where are we in terms of getting our corporates in Taiwan involved in CVC initiatives or strategic investments?

That question is hard to answer from a general standpoint. It really depends on the business model. If you compare a company like Audi to for example Google or Microsoft, very often you would be looking for different kinds of solutions, even though the automotive sector is about to become more and more heterogeneous. It also depends on the field the startup is coming from, is it a new business model? Is it a sharing concept that might be interesting to adopt? Or is it something hardware related that can be potentially put into the existing supply structure? Moreover, investment is not necessarily always what startups need. At Audi Taiwan we developed one of our most successful local digital solutions with a Taiwanese startup which we brought together with another experienced company. It is more important for startups to prove that their solutions work and that they get the support they need to further develop themselves.

What are the unique characteristics of corporate innovation in Taiwan?

Taiwan is very unique as its corporate and public environment is a perfect ground to nurture innovations especially in the fields of AI, mobility and sustainability. Being a global leader in the semiconductor industry, Taiwan highly supports young AI and hardware talents in terms of great universities and corporates providing e.g. professional scouting and development programs. Being a small country with a high urbanization ratio, everything can be found in a very condensed area, which makes it easier to get access to knowledge and partners.

Moreover, Taiwan is a very open minded country with a very supportive society. We were surprised by how open and supportive local corporates, academia and accelerators are when it comes to sharing experience and knowledge.

We sometimes would like to see Taiwan startups acting more self-confident and proactive towards corporates, Taiwan startups show appreciation, and they don't take anything for granted. However, our startups often need a little bit of support and push to feel comfortable communicating with corporates.

What do you think lies ahead for Audi Innovation?

This year we are more specific and targeted – digitalization, sustainability, and urbanization. We spent a lot of time on internal workshops, and worked with consultancies to figure out what solutions we needed internally with business and with the stakeholders. We aligned our sales strategy, combining with digitalization, sustainability, and urbanization into this big umbrella concept. To give an example, when we talk about digitalization, in the past we didn't really think too much, but now we know what is still a gap between going online, we want to know how this innovation can be directly implemented into our strategies.

At the very beginning of the Audi Innovation initiative, we felt just like a startup. At first we tried to do a lot of things; when we became more mature, we narrowed down and did less, becoming more focused and gradually finding an angle and becoming more targeted. The ability and willingness to constantly learn is very important in this process.

What are the unique characteristics of corporate innovation in Taiwan?

In preparation of the innovation program this year, Audi Taiwan has hosted internal workshops, and worked with consultancies to define the problem statement and identified solutions we need for our local business.

We narrowed our requirements down and became more focused on our local needs. Ideally we can identify a solution which creates another add on to Audi Taiwan's customer experience.



Interviewee

James Hsu, Director of Growth

Founded in 1976, Acer proactively embraced change in order to be sustainable in the dynamic ICT industry. Since 2019, Acer started to adopt the dual transformation ideology to evolve today's business while creating future businesses. This strategy includes several engines, including in-house innovation, new business development, corporate VC, and a start-up acceleration program. While innovating internally is quite common in the IT industry, it is more important to collaborate with external partners to accelerate disruption; with all this innovation, Acer can continue to deliver products and services that break barriers between people and technology.

How did Acer start doing corporate innovation and engaging with startups?

In the beginning, most of the engagement Acer did with startups was initiated from the R&D department, where the emphasis is heavily geared towards technology. Now, the engagement with startups has spanned across different functions and departments. Thus, an innovation hub such as TSS is very important for a large corporate like Acer to have a platform to scout for startups and inspire innovation, especially for services such as matchmaking.

How would you advise other Taiwan corporates to initiate corporate innovation?

Innovation can start with any function within a corporation. In general, companies develop innovation through new product development and CVC initiatives. However, innovation shouldn't be limited to only such functions. Innovation should involve a full spectrum of product lines and functional departments within a corporate. Corporates can involve startups to lay out the fundamental innovation designs. Innovation has two aspects for Acer, its existing business and its new product/business development. At the end of the day, innovation should help the corporate reinvent its business model into a new one to be sustainable in the dynamic ICT industry.

Tech companies are commonly known for being the “innovators”, but the innovation is usually limited to technology enhancements. How did Acer build an innovative culture?

The biggest difference between a startup and a corporate is in its protection mechanism. Startups tend to not have rules and restrictions that limit its opportunities for growth, but on the other hand corporates have rules and SOPs to make themselves run in their own way and sometimes, innovation is lost in its protection mechanism. Corporations need to be aware of this challenge. Take Acer as an example, it's been through several transformation journeys to tackle the changes in the outside industry and building an innovative culture within our company DNA. In a competitive industry like the PC industry, corporate culture transformation happens about every 10 years, we noticed this trend and had a mindset of transforming our focus around every 10 years. It's easier to talk than to do, but once innovation became our culture, new trends and technologies have never stopped us from evolving.

What is Acer's take on corporate culture transformation?

It is very hard to completely transform the corporate culture and separate the company from its original identity as most of the companies still have a lot of room to improve when it comes to innovation. Although that being said, companies like Acer that have been through a disruption experience in the past are usually more aware and sensitive to the changes in the industry, because they would evolve into a mindset that is always on the lookout for what's going on in the outside world.

How does Acer decide its engagement methods with startups?

A lot of the engagement methods are from conversations with the outside world, There is no standard procedure. It really differentiates from different startups. Sometimes, corporates need to think outside the box. When you think just about production lines and factories, there's a lot of limitations; however when you lose that mindset and start focusing on the brand itself, everything is possible. Changing the corporate culture is most difficult when it comes to corporate innovation. Being able to transform your company culture into one that is willing to try new things at all times is the ultimate goal for corporate innovation.

How does Acer's HR look for talent with an entrepreneurial spirit?

How does Acer's HR look for talent with an entrepreneurial spirit?

This really depends on different project initiatives. When Acer looks for talents, it looks for people from various backgrounds to fill in different strengths that a team needs. Acer has a spectrum of ranging its innovation at different stages, the stages include disruptive innovation, sustaining innovation, improvement, and competition. A company should at least be at the improvement stage to garner innovation. In terms of disruptive innovation, one cool example Acer has done is combining technology with religion. Acer introduced Buddha beads and smart Catholic bracelets, a blue ocean, in the smart wearable market. Sometimes when companies want to initiate innovation, they can start with thinking about what they can do with their current technology, and how they could be extended from its current capabilities, to reach touchpoints that they've not thought of before, which is thinking outside the box.

Take Chromebook as an example, back in the early 2010s, it was hard to imagine a world collaborating everything on the cloud. When Google was looking for partners at the time, Acer saw the vision and was willing to take a risk in joining this disruptive initiative. Years after the market proved the young generation eventually accepted this cloud-driven product and service. This shows that initiating innovation always involves taking risks.



In your collaboration with startups, what are some of the best/worst takeaways?

The best thing about working with startups or participating in startup events is that you get to brainstorm with people from diverse backgrounds. Sometimes these engagements don't necessarily produce results, but they gather up people with all these awesome and crazy ideas to spark new solutions. Being able to identify a business opportunity through the process is also one of the most rewarding experiences. For example, how you can align your goal and thoughts with startups you collaborate with and create something new will always be very exciting.

The most frustrating part of working with startups is, when startups come to corporates having done some research, and then automatically assuming how the startups can help/collaborate with the corporates to drive its growth. These startups might come with quantifiable metrics to measure how the collaboration will go about. However, in a business engagement, it is important to set a realistic approach to get both parties on the same page. Startups and enterprises are different by nature, it is precious that an enterprise comes up with something very disruptive, even for companies with very strong innovation labs. Most of the time, enterprises only focus on innovation that is in the interest of its current products and services, and this means opportunities for startups.

What are some ways to solve the communication gap between startups and corporates?

It is very difficult to close the gap between startups and enterprises, even with the help of an intermediary. But usually startup founders with corporate experience are easier to communicate with, as they already have a rough idea on how big corporates think and do things.

What's the motive for Acer doing startup investments?

Startup investment sometimes is the fastest way to engage with startups. Sometimes it could be as simple as buying the rights to use certain technologies or solutions. On a different level, it is more of a strategic approach.

How do you see corporate innovation in Taiwan?

We can think about how to create the "demand generation" between corporates and startups. Through different initiatives such as TSS events, we can foster the interaction between the two. Right now, more and more corporates are working with startups. The real challenge lies within how to shift Taiwanese companies from the electronic/internet age to the new digital age.

OVERVIEW

Through both interviews, we noticed that both Audi Taiwan and Acer find Taiwan to be a great talent source and are scouting startup teams as a strategic approach. What is different is that Audi is scouting for future solution solving startups, while Acer is looking for opportunities beyond existing business units. We can also spot two totally different methods when working with startups. This is a key point that both Audi Taiwan and Acer mentioned - there is no standard procedure when it comes to startup engagement. The only thing to keep in mind is that proper communication is key. All in all, both corporates initiate corporate innovation to scout for startup teams, and have had a good experience working within the Taiwan startup ecosystem. We see great potential within both companies innovation programs, and are excited to see the results blossom into something greater and better than what we have ever imagined.



Thailand

A model for Taiwanese corporate innovation programs



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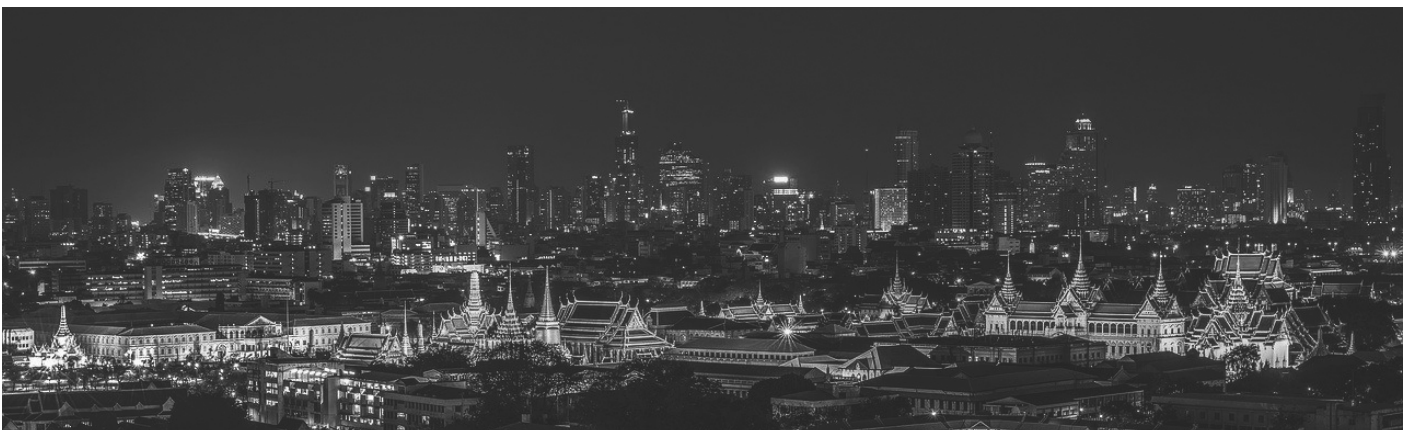
A model for Taiwanese CVCs

From TSS' recent observations and engagements in Thailand, we see there are stark differences between Taiwan and Thailand's major corporates' approach to bringing CVC units to their businesses in the pursuit of innovation. TSS's activities in Thailand—including hosting our Termsheet Bootcamp workshop in Bangkok in 2017 and 2018 and participating at the Tech-sauce Global Summit yearly since 2017.

One of the major contrasts between Thailand and Taiwan is the makeup of the corporates initiating CVC units for themselves. In Taiwan, the major CVC players are Foxconn, UMC, and Wistron. These obscure ODMs aren't your household names such as Apple or Dell, yet these B2B behemoths supply the majority of components for most of the world's ICT devices. On the other hand, some of the major CVC players in Thailand are True Corp, Krungsri Finnovate, Dtac, PTT Expresso, and Siam Cement Group. All of these Thai corporations are very diverse, include both B2B and B2C firms, and are very much part of the daily lives of the citizens in Thailand. From telco services (True, Dtac), coffee shops (PTT Unit), and banking (Krungsri, Bangkok Bank), these Thai corporates are very active with their CVC units.

We feel that there is much potential and opportunity for corporates in Taiwan to take a similar approach to their counterparts in Thailand. An immediate area where Taiwan's corporates can take a page on incorporating innovation is finance and banking. Krungsri Finnovate's "Think Digital First" concept is a great model for Taiwan banks to emulate. In their most recent introduction of increasing security and reducing customers barriers, Krungsri Finnovate was the first bank in Thailand to deploy facial recognition for e-KYC (Know your customer). This allows customers to open e-saving accounts anywhere, anytime via Krungsri Mobile App. In 2019 Krungsri Finnovate was recognized at "The Asian Banker Thailand Awards" for Best Branch Digitization and Best Digital Sales Initiative Application.

Banking and financial services is just one of the many areas that Thailand companies are integrating corporate innovation. We look forward to seeing likewise innovations coming from Taiwan banks and other major corporations in the future as Taiwan still has a lot of potential in the corporate innovation world.



Summary



Within this report, we gathered insights from partners, reports from reputable sources in Taiwan, corporates, institutes, partners, and some of our startup members.

One thing we have noticed is that there is more and more corporate involvement in the startup ecosystem beyond just investments, they are gradually becoming more aggressive in working with startups, and have become more open-minded towards innovation. With successful cases of corporate innovation like Audi Taiwan and Acer, we can see that the Taiwan startup ecosystem is on the right track and becoming complete; not tilted towards any side of the spectrum, nor missing key pieces or players, both corporates and startups have the same innovative mindset and support each other. Another important aspect regarding corporate startup investments is startup exit strategies. Because investment sizes are smaller in Taiwan, more than half are strategic investments. M&As are more likely the exit strategy for startups in Asia, which is what a lot of startups in Taiwan have in mind. Corporates can take advantage of this and gear towards this direction when working with startups.

We want to thank our partners supporting this report, through multiple cooperative efforts we really see corporates opening up to share their experiences and knowledge to the startup community, playing the role to pave the way for innovation in Taiwan like a beacon in darkness. Through writing this report, we have even more faith in the future of the Taiwan corporate innovation scene, when corporates are not hesitant to share their thoughts and supporting the community, it builds up making the startup ecosystem stronger and better, eventually inspiring corporates that don't have experience in doing innovation programs dare to give it a try.

We want to show the most gratitude towards their contribution to this report and help us showcase the Taiwan corporate innovation scene to the world. We hope that through reading the report, you can get a better understanding of what corporates and us think of corporate innovation.

All in all, we think this is a very exciting time for startups and corporations in Taiwan. The energy of corporate innovation is high and hasn't reached its peak yet. The results we gathered in this report shows that the corporate innovation scene in Taiwan is on a growing trajectory with more and more corporates getting involved. We hope this evolves into a well-balanced and supportive ecosystem, and eventually make Taiwan a great place for corporates to initiate innovation and for startups to start a business.

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