

## EXECUTIVE SUMMARY ICDM ADVOCACY DIALOGUE & NETWORKING

### “Corporate Venture Capital: Driving the Future of Innovation & Financial Returns”

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Corporate venture capital (CVC) is a growing trend. Today, [71% of the top 100 U.S. companies in the Fortune 500 list](#) (by market capitalisation) are engaging in CVC as compared to just 10% in year 2000. Successful CVC initiatives can lead to new revenue streams, enhancement of existing products or services and entry into new markets, allowing companies to innovate, adapt and thrive in a changing investment landscape. Recognising the value of CVC, the pressing question now is: What will it take to accelerate this momentum even further?

To address this, the [ICDM x CMM Advocacy Dialogue](#) aimed to equip board directors with insights on the role of CVC in driving innovation. We discussed on why companies should embrace it, how to approach it effectively, what to expect from it and how Boards can effectively oversee CVC funds. Here’s a quick recap of the key takeaways from the session:

- 1 Mastering the Art of Startup Investment:** Having deep understanding of market dynamics and ability to stay agile and flexible are key for companies to quickly adapt to new market trends and emerging technologies. Successful investors set clear yet flexible investment criteria and regularly refine their strategies to stay ahead and ensure alignment of CVC activities with their corporate priorities.
- 2 Building Synergy between Startups and Corporate Functions:** Companies must clearly define the broader strategic objectives for their CVC units such as investment focus, governance structure, risk tolerance and potential synergy to their overall business . A well-planned approach also helps to gain support from risk averse board.
- 3 Managing Expectations and Accountability:** Given that a typical CVC takes a minimum of 5 years to yield results, setting clear accountability structure and realistic timelines can help in managing expectations. Assembling a team of subject matter experts to oversee the CVC units enhances both accountability and the potential for transformative breakthroughs.
- 4 Measuring Success and Mitigating Risk:** Beyond financial returns, the true measure of success in startup investment lies in the long-term value created through portfolio diversification, customer acquisition, market expansion and reputation impact. By conducting thorough assessment of potential startups and diligent due diligence, board can make informed decisions to support growth.
- 5 What Matters is Time, Not Timing:** Just think of Airbnb (2008), Uber (2009), WhatsApp (2009) and Zoom (2011) - all of these emerged during economic downturns - proving that the most significant innovators can arise in challenging times. Rather than being fixated on the perfect timing to invest, look at what is out there and ask, “How can we reinvent ourselves?” The answer may just be investing in innovative startups.

**Key questions to consider for corporations seeking to foster growth through CVC:**

- What are the primary objectives for engaging in CVC and how does this investment align with the company's overall business strategy and long-term goals?
- What is the company's risk appetite and criteria used to select, manage and evaluate the investment portfolio?
- Does the company have the internal capabilities and resources to manage CVC investments effectively? What other options available to better manage the CVCs?
- What governance structure can the board establish to ensure effective oversight of the investment's progress and make informed decisions based on performance?
- What are the exit strategies in place if the investment does not meet expectations?

Special thanks to Capital Markets Malaysia and Dr Sivapalan Vivekarajah for the presentation and the panellists for this dialogue and networking session:

- Vivek Sood, NINED of CelcomDigi Bhd and Group CEO & Managing Director of Axiata Bhd
- Matt van Leeuwen, Chief Innovation Officer of Sunway Group
- Effen Khoo, Founder of Kakitangan.com



From L-R: Dr. Sivapalan Vivekarajah, Vivek Sood, Matt van Leeuwen and Effen Khoo

Do reach out to [advocacy@icdm.com.my](mailto:advocacy@icdm.com.my) for any enquiries on corporate governance, board leadership and director development.