



Corporate

Venture Capital

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One definition of CVC success ... The one that survives two CEOs

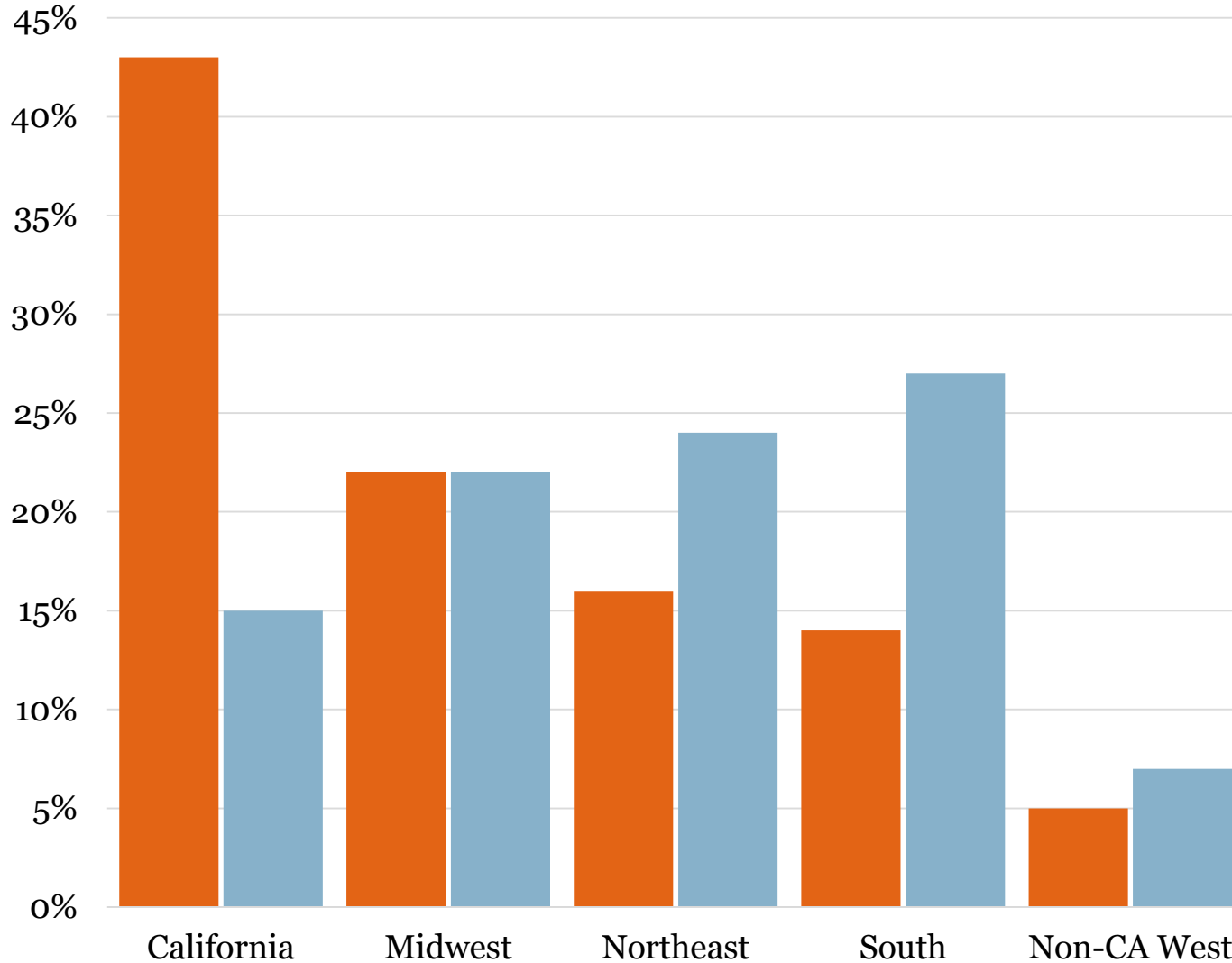


CVC unit design will determine its success



CVC GEOGRAPHY

CVC Unit HQ
S&P500 Parent HQ



Location Relative to Parent Company HQ

72% of CVCs are
in the same state

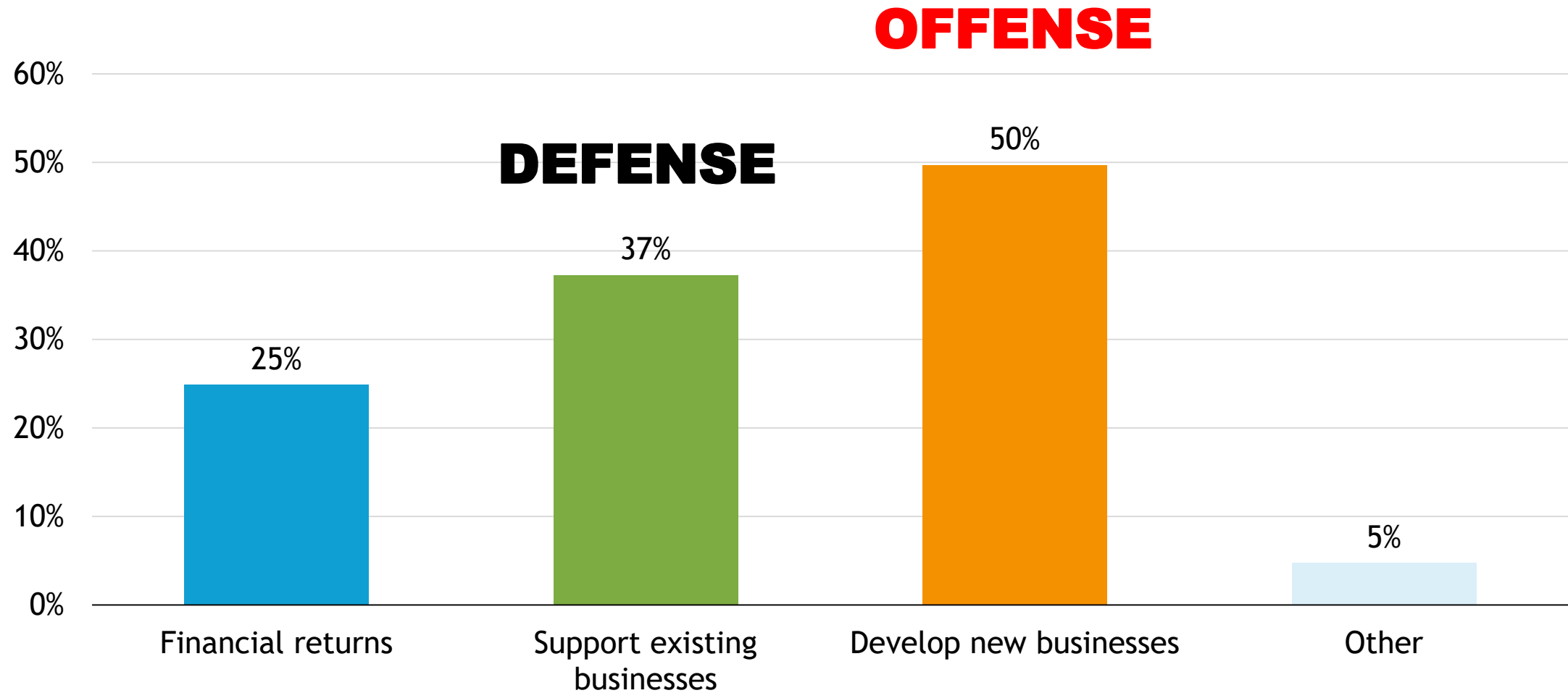
66% of CVCs are
within one mile

26% of CVCs are
> 600 miles away

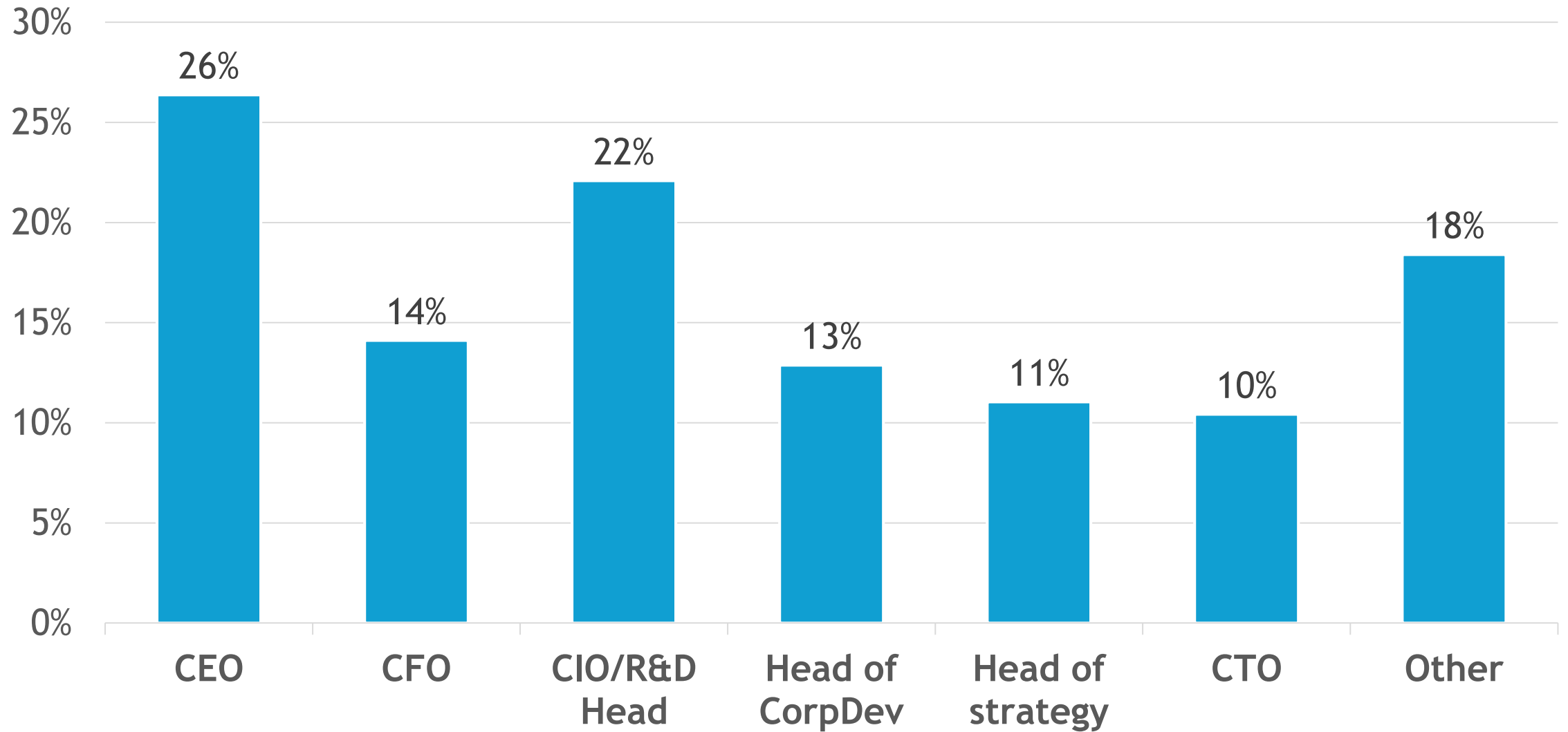
Data is based on in-depth interviews of 74 CVC units of S&P500 companies (78% of all active CVC units in the S&P500 sample)

Source: ILYA STREBULAEV & AMANDA WANG, VENTURE CAPITAL INITIATIVE, STANFORD GRADUATE SCHOOL OF BUSINESS (11/2021)

What are the main objectives?



To whom do CVC units report?

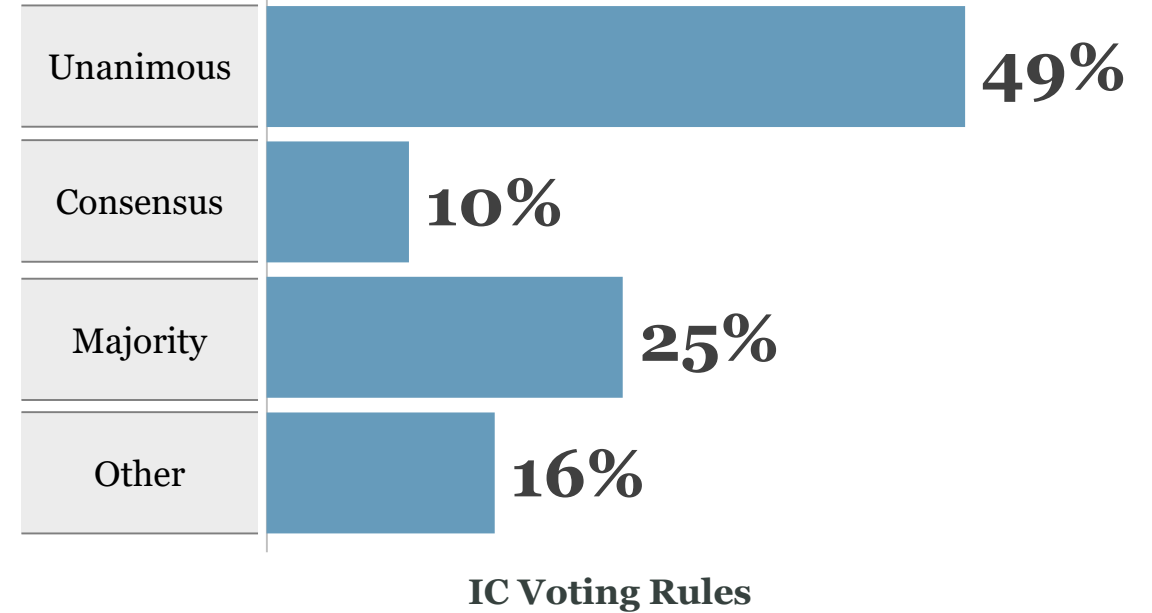
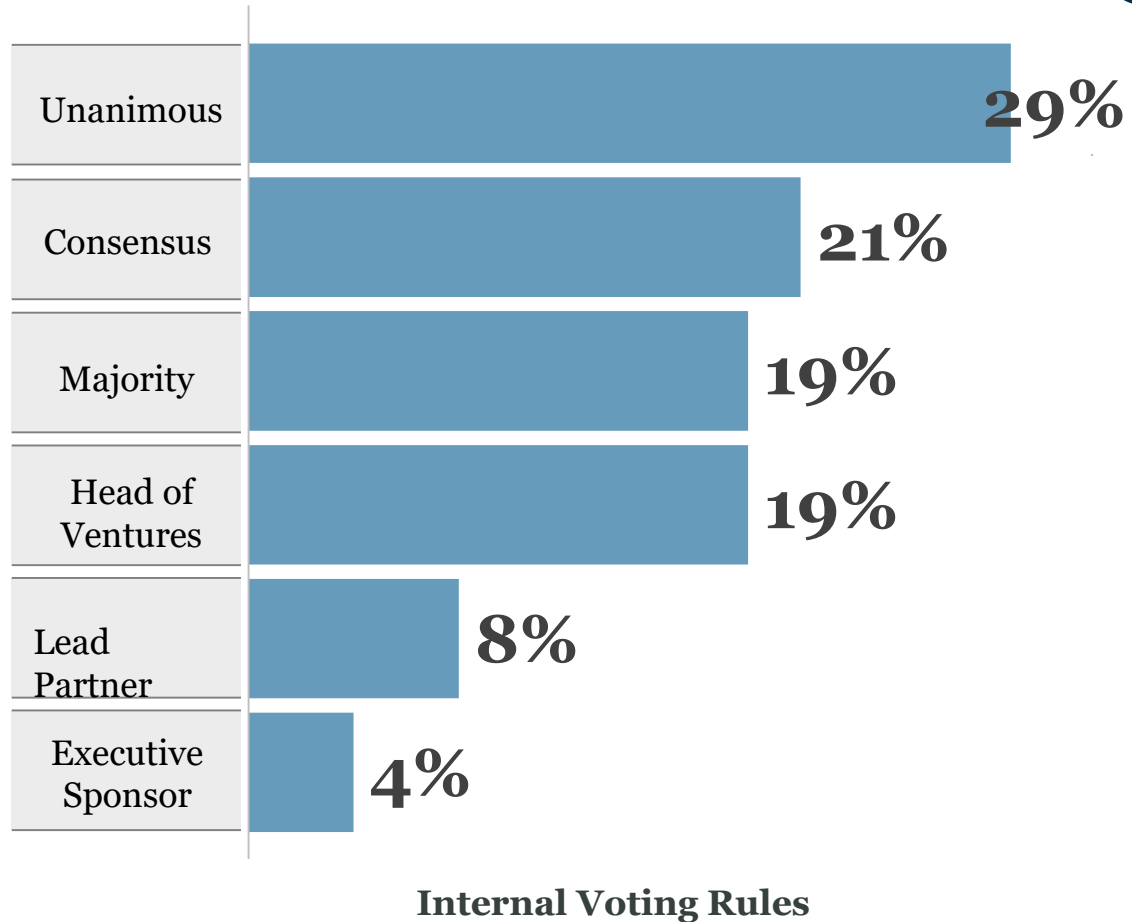


CORPORATE VC DECISION-MAKING: TWO-STEP DEAL APPROVAL PROCESS

Step 1: Internal CVC Team



Step 2: Investment Committee (IC)



93% have an IC comprised of parent executives

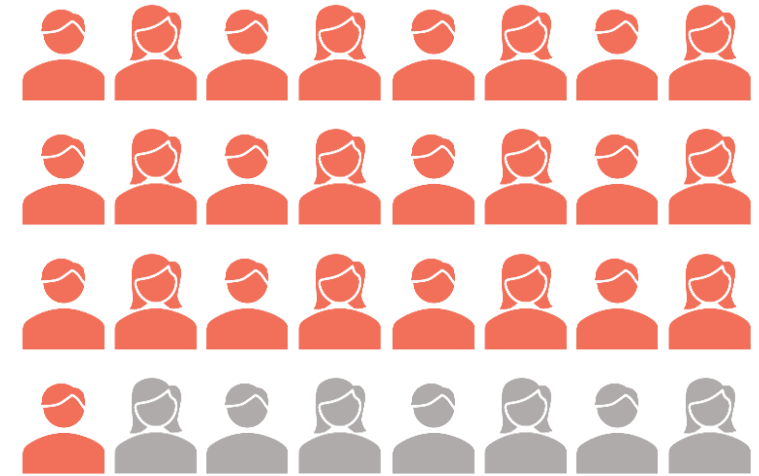
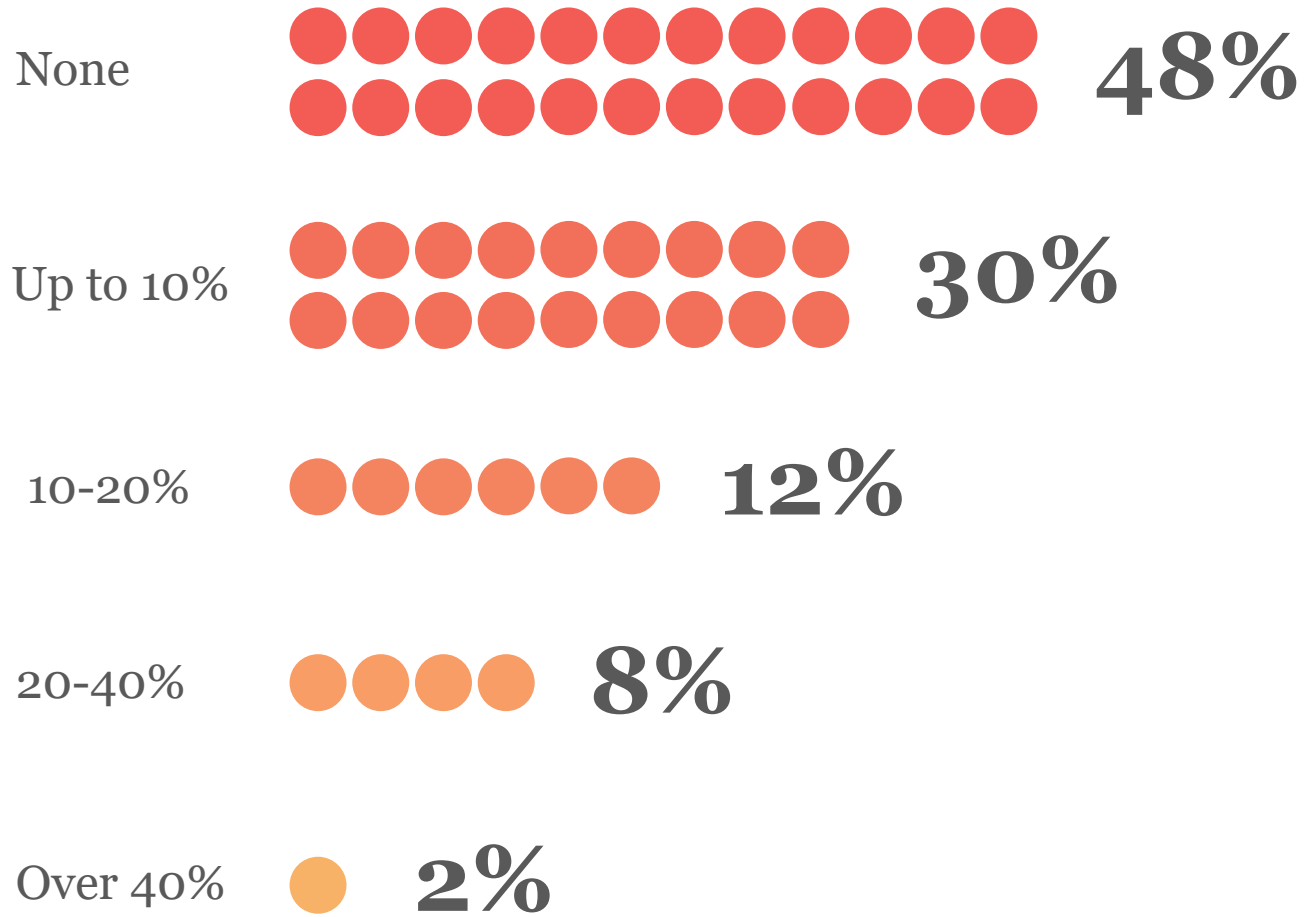
82% consider the IC a real authority

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CVC ACQUISITIONS

Percentage of portfolio acquired by the parent company



78%

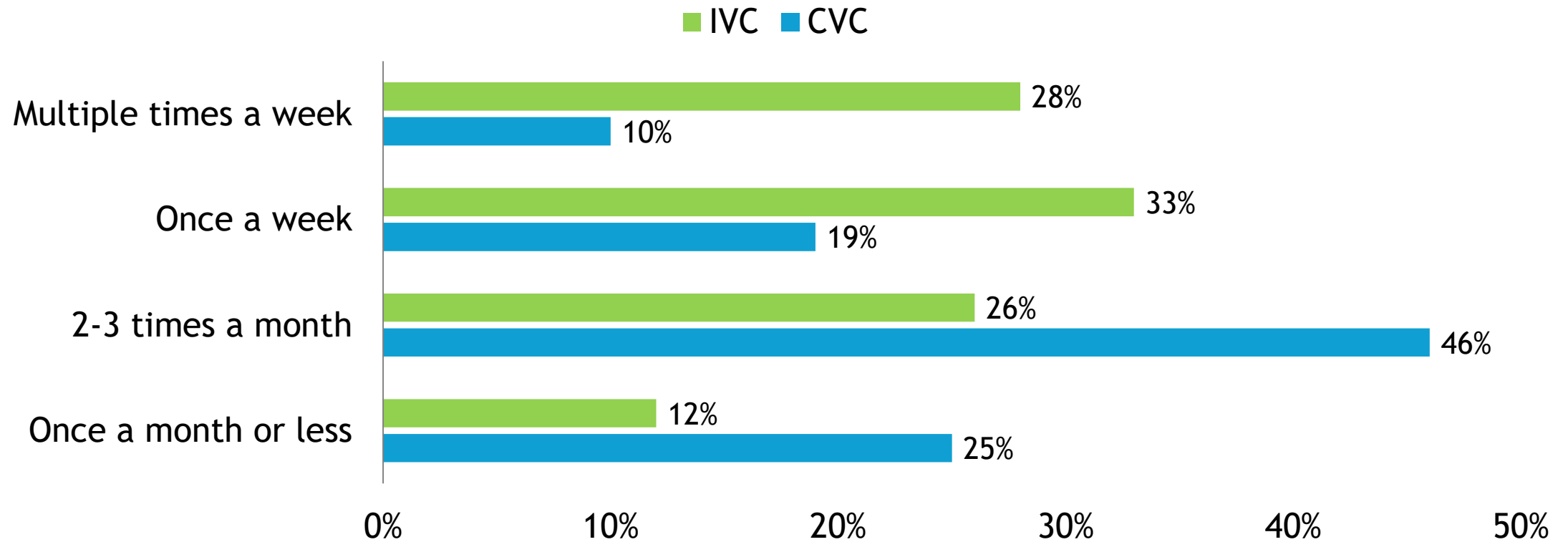
of CVCs never have or do not intend to have their parent company acquire any portfolio company

Data is based on in-depth interviews of 74 CVC units of S&P500 companies (78% of all active CVC units in the S&P500 sample)

Source: ILYA STREBULAEV & AMANDA WANG, VENTURE CAPITAL INITIATIVE, STANFORD GRADUATE SCHOOL OF BUSINESS (12/2021)

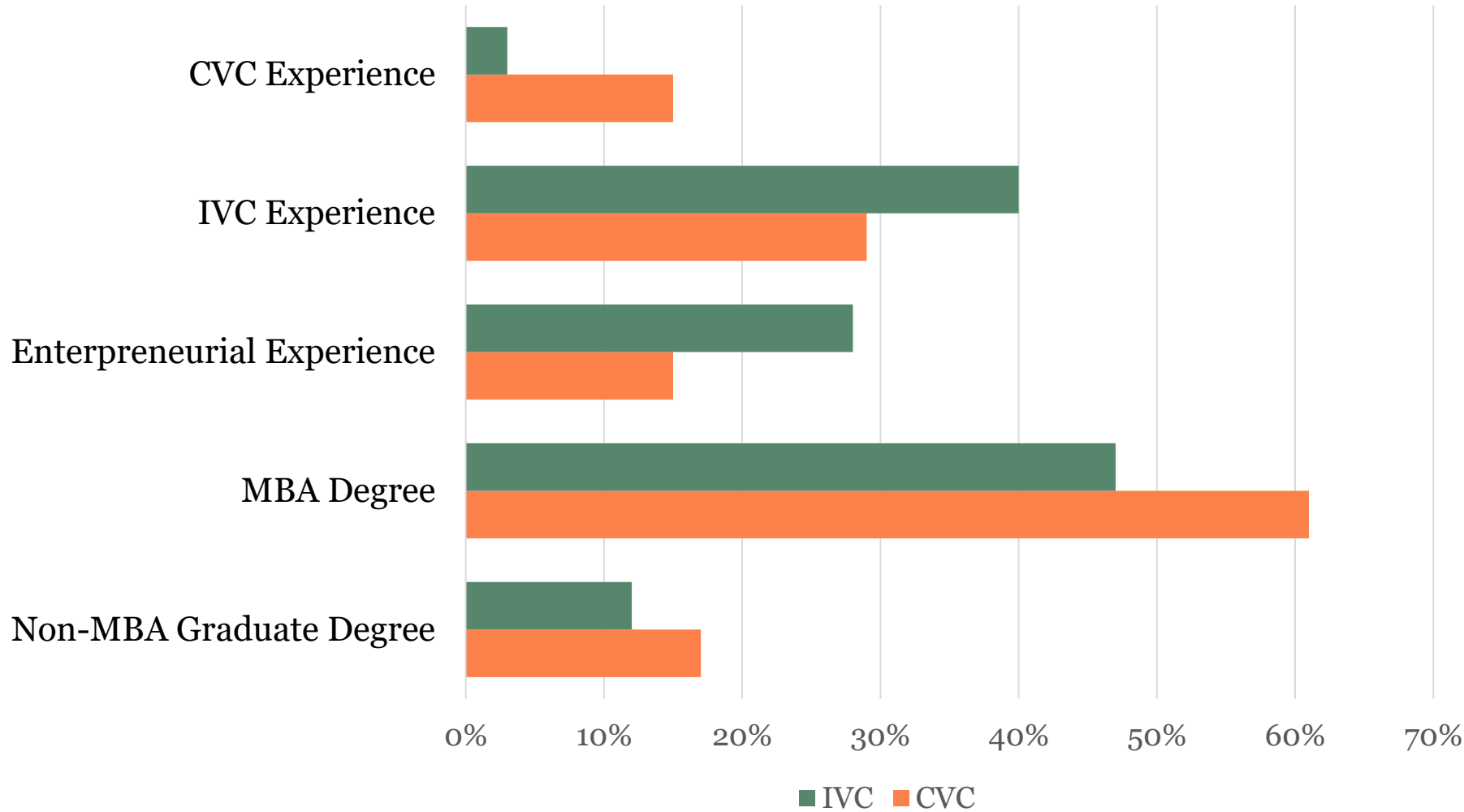
Interacting with portfolio companies

How frequently do you interact with portfolio companies?



HUMAN CAPITAL: CVC vs. IVC PRACTITIONERS

Comparison between 306 CVC professionals and 336 matched partners at IVC firms



The average CVC practitioner has spent

6 years

at their CVC unit

The average IVC practitioner has spent

8 years

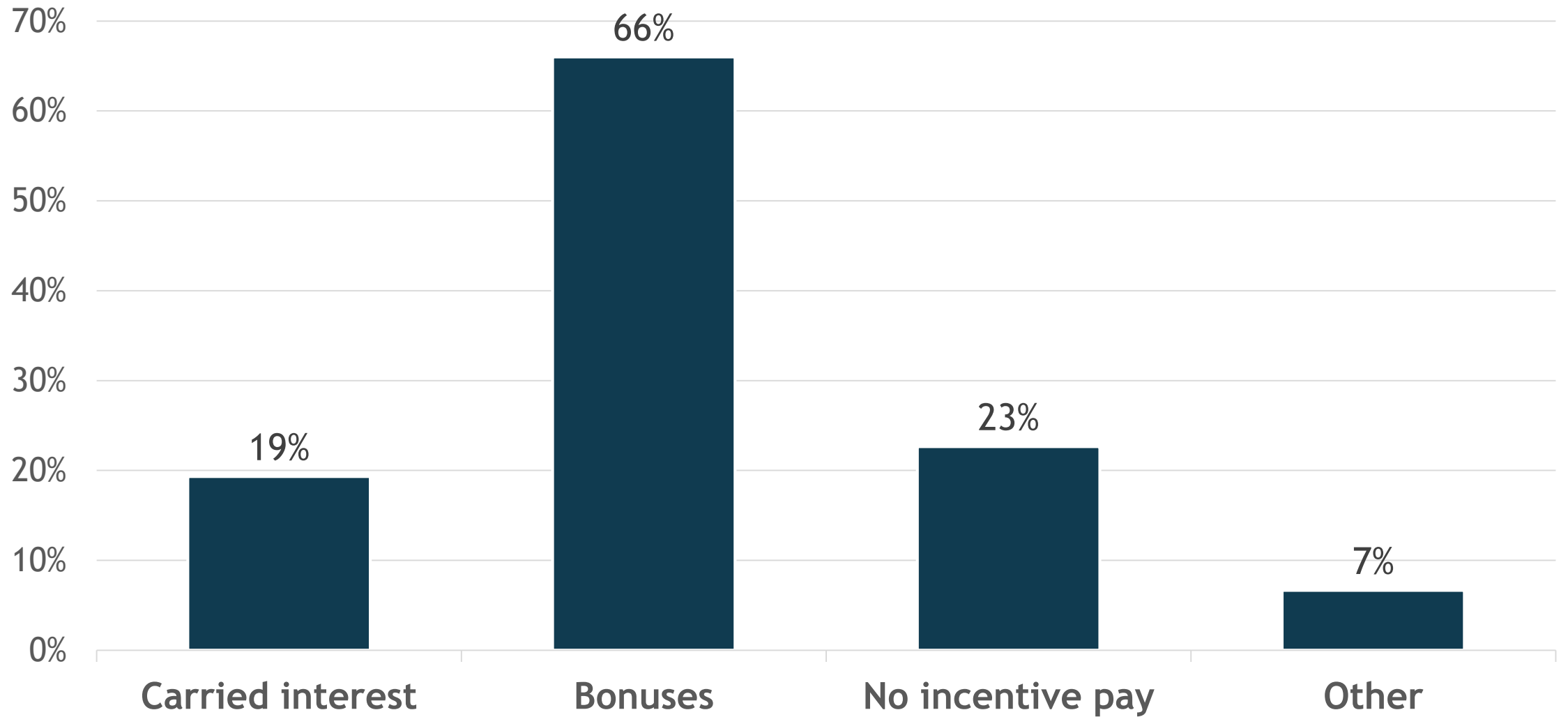
at their VC firm

Data is based on in-depth interviews of 74 CVC units of S&P500 companies (78% of all active CVC units in the S&P500 sample)

Source: ILYA STREBULAEV & AMANDA WANG, VENTURE CAPITAL INITIATIVE, STANFORD GRADUATE SCHOOL OF BUSINESS (01/2022)

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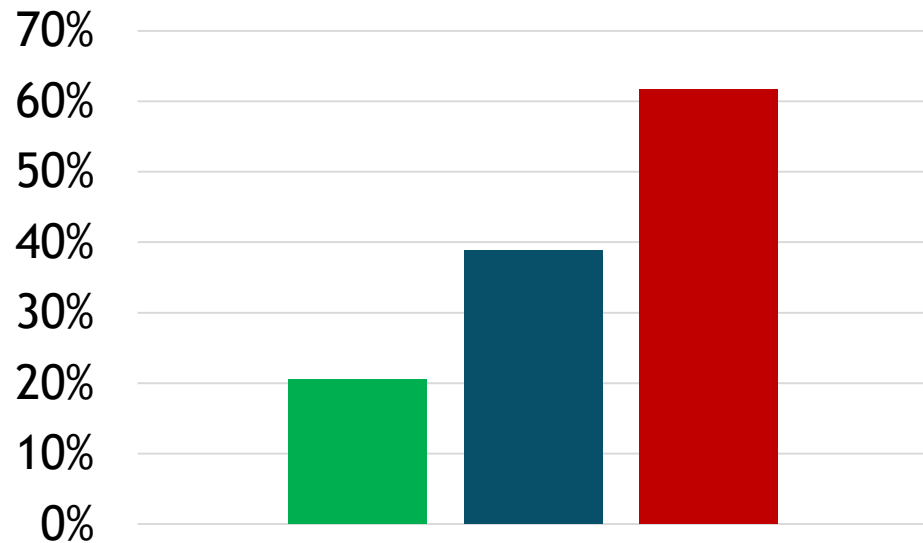
Rewarding investment performance of CVCs



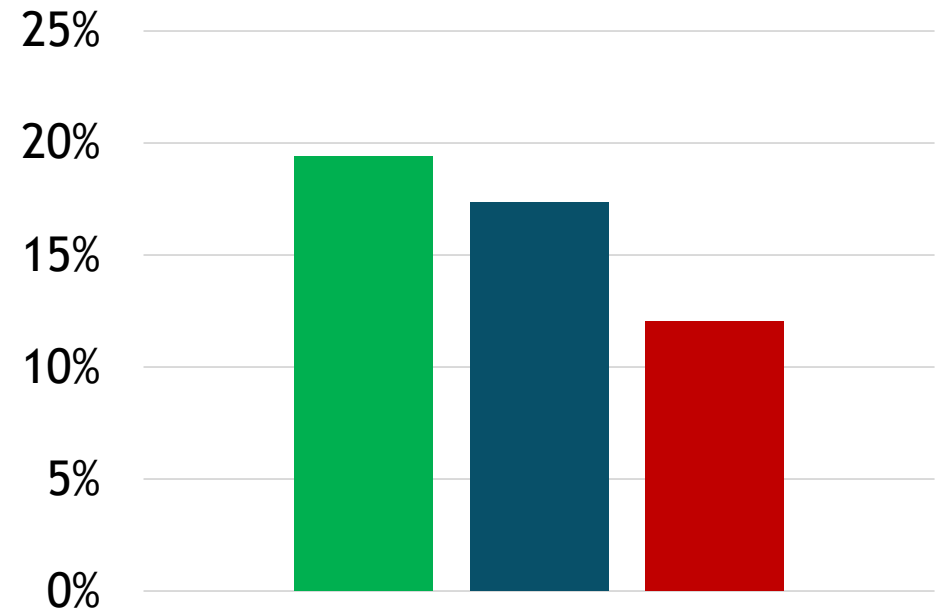
Trading off FINANCIAL and STRATEGIC goals

- Compensation Based on Financial Performance
- Compensation Based on Strategic Performance
- Even Mix

Is fit your first priority when selecting investments?



Realized IRR

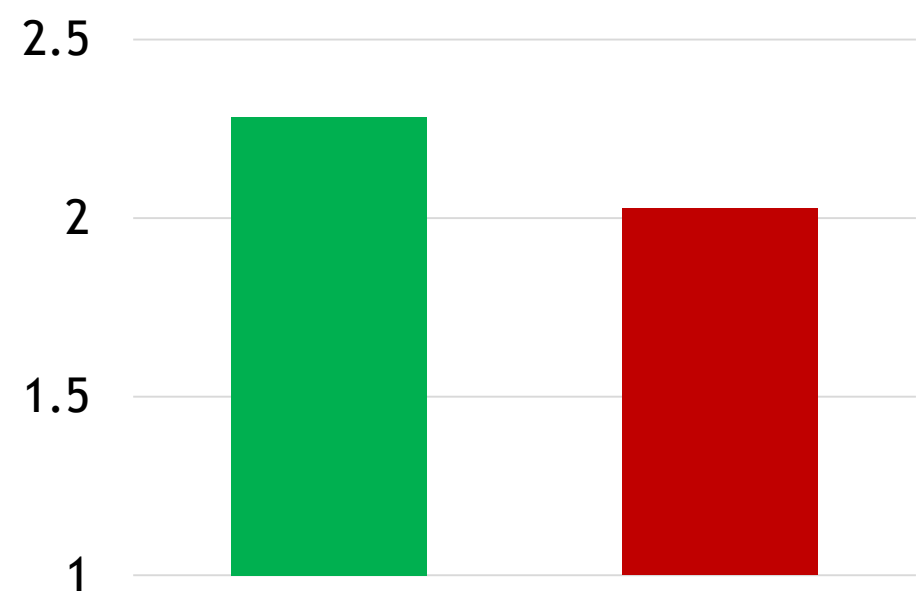


Carried interest paying CVC units outperform financially

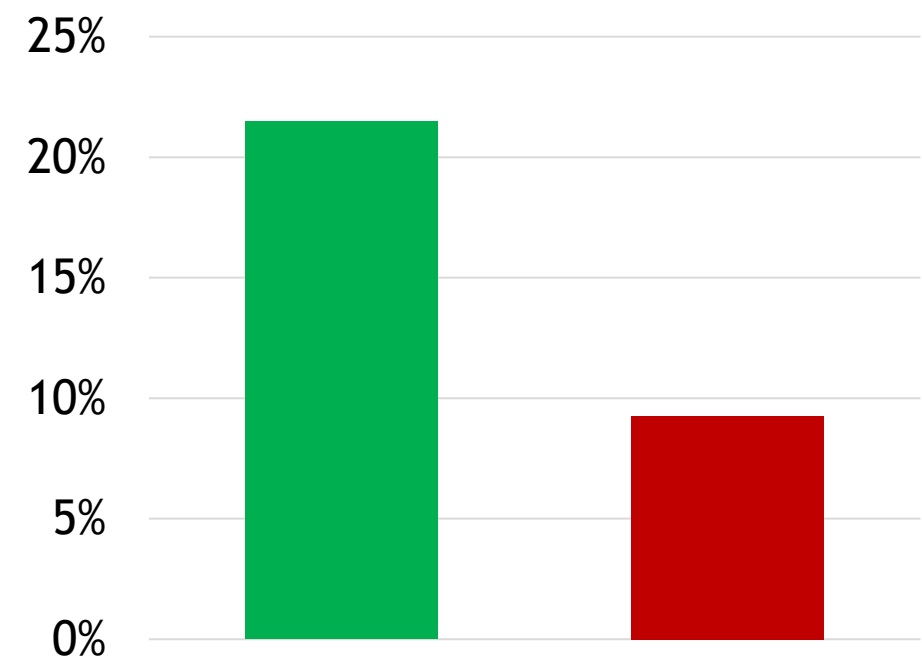
■ Carried Interest

■ No incentive pay

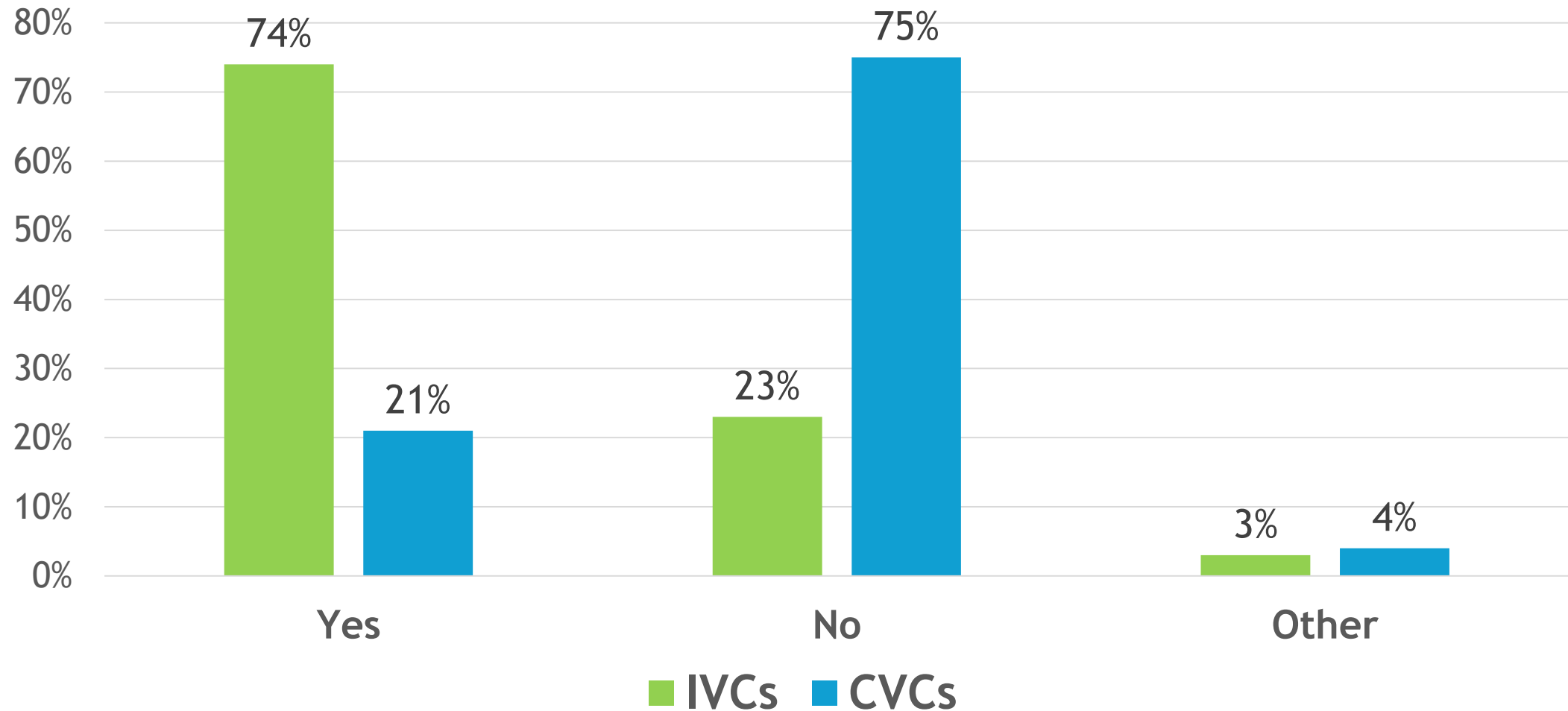
Average Cash on Cash Multiple



Average IRR



Compensation & individual success



THANK YOU

Questions?

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