



*cutting through complexity*

# NEW HORIZONS 2014

---

The annual research on the  
potential of cooperation between  
startups and corporations



**CORPORATES & STARTUPS:  
HIP, BUT NOT  
HAPPENING**

# Table of contents

---

**03** CHAPTER 1  
WAKE UP CALL  
TIME TO FACE THE  
MUSIC AND DANCE

**07** INTERVIEW MICHEL POZAS LUCIC  
DON'T WAIT TILL THE  
ROBOT'S OVER ITS  
TEETHING TROUBLES

**10** CHAPTER 2  
KEY FINDINGS

**14** INTERVIEW LASSI KURKIJÄRVI  
SANOMALAB'S GOAL:  
TO MAKE ITSELF  
REDUNDANT

**17** CHAPTER 3  
DOING IS THE  
BEST KIND OF  
THINKING

**20** INTERVIEW ARJAN VAN OS  
WE SEE OURSELVES  
AS A START-UP

**23** CHAPTER 4  
EPILOGUE

**24** INTERVIEW DAAN WEDDEPOHL  
AMBASSADORS OF  
THE COMMUNITY DRILL



**CHAPTER 1**  
**WAKE UP CALL**  
**TIME TO FACE**  
**THE MUSIC AND**  
**DANCE**

EDO ROOS LINDGREEN  
HEAD OF INNOVATION KPMG NETHERLANDS

**A** new reality is upon the business world. We are living in a time where size no longer equals power. A time where imagination is coming into power and creativity is the only relevant **lifeline** to the future. A time where there is patently more to be gained from collaboration than from the traditional hierarchic forms of working. A time where technological innovation is more or less turning all sectors upside down. A time where there are almost no guarantees any more and where **trial and error** may well be the only remaining strategy. A time of exponential acceleration on many fronts simultaneously.

You are bound to have seen it for yourself, so we need not linger too long over what this new reality looks like. What we do want to discuss in more detail is the role played by start-ups in this paradigm. They feel perfectly at home in this new reality; in fact, they're basically the ones who designed it. They see infinite opportunities to make the world function better, improve customer experiences and set up new business models. They set foot in this new world with a combination of unbridled enthusiasm,

extreme focus, great personal drive and sometimes a dash of naiveté and idealism. They often fail. But they also set an enormous wave of innovation in motion, one which strikes terror into the traditional companies.

Well-known examples which have taken hard hits are the taxi business – assailed by Uber – and the travel industry – **under siege** by Airbnb and others. Yet disruption does not stop at these **usual suspects**. While the gradual destabilisation in other sectors may be less perceptible, that does not mean it is not there. Take our own sector. It is almost certain that someone, somewhere, at this very moment, is developing an algorithm as a great alternative to take over the audit using data analysis. The question is whether we are prepared and what will we do if this scenario unfolds?

## APPLE KILLED FINLAND

It's a rhetorical question which every large company must ask itself. And the answer to that question must lead to action, for the lack of timely action can prove fatal – just like that, no messing about. 'Apple killed Finland' was what the president of Finland said earlier this year in reference to the dive taken by Nokia and the paper industry, the two mainstays of the Finnish economy. This is a scenario which can unfold for any corporate if they ignore the new reality, which is being built primarily by start-ups. The good news is that this scenario can be avoided. Because corporates themselves can sit down at the drawing board of the new reality rather than waiting to be caught off guard. So how well have they been doing in this sense?

## COLLABORATION BETWEEN CORPORATES AND START-UPS MAINLY SUPERFICIAL

Our conclusion in the second edition of our annual New Horizons report: on the face of it, the worlds seem avidly engaged in sounding each other out. Yet closer observation reveals loads of **window dressing**, as collaboration is frequently sought in 'easy' territory only rather than as a way to crack

major strategic problems. And apart from a group of corporate forerunners – who are engaged with start-ups – there is a large pack of corporates that are still rubbing the sleep from their eyes as they slowly begin to see the necessity of having connections with the community of start-ups. Read: that it's all right – indeed imperative – for them to sit down at the drawing table as well. They simply have not been doing enough, do not feel the urgency or are content to pass the buck to the periphery of the organisation.

This is perhaps understandable, for they have their hands full with their short-term challenges and the pressure to keep the financial results straightened out. Yet such a **'penny wise, pound foolish'** attitude is also the best recipe for getting overtaken by reality. Existing companies – from multinational corporations to local, family-run businesses – must embrace the new world. And that is only possible if they immerse themselves along with those businesses where the new world is created. For as one of the interviewees put it:

**'IT'S AN ILLUSION TO THINK THAT YOU, AS**

**'A US STUDY HAS SHOWN THAT COLLABORATION SIMPLY PRODUCES BETTER RESULTS THAN COMPETITION'**

**A BIG MULTINATIONAL CORPORATION, CAN ATTRACT THE SMARTEST AND MOST CREATIVE MINDS ON YOUR OWN!**

That makes seamless collaboration with communities **the name of the game**. A group of corporate forerunners have immersed themselves in this community. They forge alliances with start-ups, have started to experiment and are open to all different kinds of collaboration. Even if the business case still needs some finishing touches or if the exact possibilities have yet to take shape: it does not hold them back. Not even if things are still up in the air as to how the value of potential success is to be divided between them.

Yet the majority are still barely up to it – if at all – and are in danger of falling by the wayside. So they are risking a lot: their right to exist. As far as we are concerned, the message to them is clear:

**IT'S TIME TO FACE THE MUSIC AND DANCE. TOGETHER.**

Incidentally, this conclusion is based on more than just our own observations and this survey

amongst start-ups and corporates. It is also based on studies which show that collaboration is much more efficient than the traditional hierarchic approach where competition is king. A US study<sup>1</sup> has shown that collaboration simply produces better results than competition. It is more enjoyable, gives people self-confidence and stimulates their sense of responsibility. That is exactly what many corporates need. Once they are in an adequate position to join in with the start-up community, that's when they take back control of their future.

Simple? Certainly not. Farther down in this publication (in chapter 3) we share several experiences which could be helpful. But let us begin by going through the key findings of our study.

**Edo Roos Lindgreen**

*Head of Innovation  
KPMG Netherlands*

<sup>1</sup> <http://www.co-operation.org/wp-content/uploads/2011/01/ER.CL-Success-Story-Pub-Version-09.pdf>

**INTERVIEW**  
**DON'T WAIT TILL**  
**THE ROBOT'S OVER**  
**ITS TEETHING**  
**TROUBLES**

MICHEL POZAS LUCIC – VICE PRESIDENT  
OF CORPORATE STRATEGY & INNOVATION

**Y**ou can't buy innovation. Wait on the side-lines until a technology is market-ready, and you will find yourself lagging hopelessly behind. By then the deals in the market will have been done, with your company left ill-prepared for the future. That makes it vital to be actively involved in the world of disruptive technologies. This is serious business for Michel Pozas Lucic – Vice President of Corporate Strategy & Innovation – at Air France-KLM.

'It's clear that robotics will have a major impact on the aviation industry in the next ten years. But exactly how? And at what pace will robots be put into use? That we don't know. But what we do know is that we cannot wait around for an answer. If we bide our time until the robot is ready and over its teething troubles, then it may already be too late. By then, the deals in the market will be done, with no room left for us. Well, so much for capitalising on the opportunities the new world has to offer! Moreover, getting involved in robotics means adapting one's organisation and processes to its development. Staff must be instructed in how to use, program and maintain those robots. That takes time, so we can't afford to wait until the robots are delivered to the doorstep, as it were.

Consequently, we need to stay on top of the current disruptions and join in the experiment. We must – and truly desire to – be explicitly involved in those start-ups responsible for most of the disruption. How? Through our devotion to a variety of networks, accelerators and events. We scout out and screen hundreds of start-ups a year. And we invest via the Mainport Innovation Fund in start-ups that can help us. One good example is a particular innovation for tracking luggage. Using a special tag linked to an app, travellers can see where their luggage is at all times and, if required, they can even change its destination. Yet we also co-create with other major companies. For example, in September we held the largest big data hackathon in the Netherlands.

As a major company, it's important to stay on top of global trends, and I don't just mean trends in our own industry. The biggest disruptions often come from other industries, especially now that technological developments are driving change at an exponential rate. **Robotics, retail and big data** are just a few of our focuses. These areas are the result of an intensive process we went through last year. We started by identifying


200 trends, conducted market surveys, forced ourselves to look five to ten years ahead and then came up with 23 hot trends as a result. It turned out three of them had somewhat slipped under our radar, so that was obviously where we needed to focus next. Yet we also realised there were certain key trends where we had actually been doing rather well with strategic innovation. For instance, in recent years we have become the global leader in biofuel and sustainability.

Of course I can see that the world of start-ups is completely different to the world of the average corporation. In my opinion this is not so much a difference of ideals but more a different way of working to achieve those ideals. A corporation traditionally works on the basis of business cases. A start-up works more according to the mantra of **"fail fast and cheap"**. For us, the challenge is to adopt that approach at Air France-KLM. That's difficult, especially in aviation where a solid approach is part of our DNA, if only because safety is always our top priority. On the other hand, we can ramp up quite quickly if we really have our sights set on something.



If we want to feel confident about our future, we really do need to embrace how start-ups work and think. What we've learnt is that it sometimes takes up to two years to get true collaboration off the ground. We've also seen that the really early-stage start-ups sometimes lack the maturity. But we are making good headway and have had some success. We still have a long way to go and much to do. We make a point of organising events in the company to share the energy and stories on our collaborative efforts with start-ups. By all means, this ought not to be done in isolation. At any rate, corporations should avoid thinking in terms of "big and powerful". That's the **old way of thinking**. It's an illusion for any one company to think they've managed to pluck the best and brightest 100 people from the market.

We can and must learn from other businesses and more specifically from start-ups. But the same goes the other way around. I quite often see start-ups who haven't given much thought to their earnings model. That might sound hip and trendy, but you won't get far like that. Experience shows that those start-ups often don't make it. But, generally, it's my experience that start-ups are often good in technology but **poor in business and organisation**. And that's exactly where we can prove our great value.'



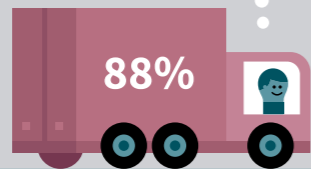
**'WHAT WE'VE  
LEARNT IS THAT  
IT SOMETIMES  
TAKES UP TO TWO  
YEARS TO GET TRUE  
COLLABORATION OFF  
THE GROUND.'**

# CHAPTER 2 KEY FINDINGS

# NEW HORIZONS '14 KEY FINDINGS

CORPORATES

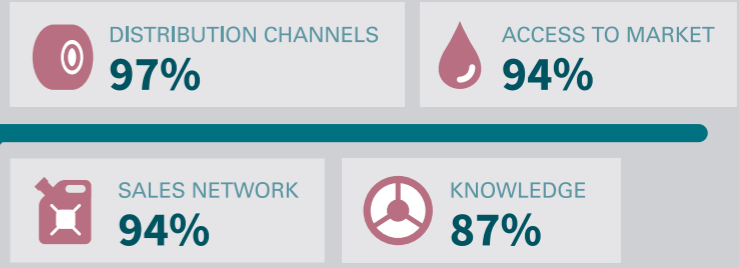
I NEED TO COLLABORATE WITH STARTUPS TO INNOVATE



STARTUPS PROVIDE INSPIRATION



DRIVERS FOR COLLABORATION

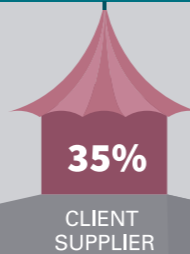


## TOP 3 GOVERNANCE MODELS FOR COLLABORATION

HAS A COLLABORATION WITH A CORPORATE  
**63%**

FINDING THE RIGHT CONTACTPERSON  
**72%**

SLOW DECISION MAKING BY CORPORATES  
**90%**



HAS A COLLABORATION WITH A STARTUP  
**72%**

STARTUP HAS TOO MUCH FOCUS ON THE PRODUCT  
**36%**

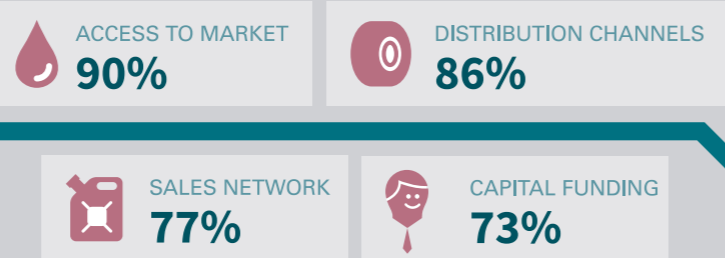
STARTUP HAS LACK OF ORGANIZATIONAL MATURITY  
**44%**

CORPORATE BUREAUCRACY  
**84%**

DIFFICULT TO FIND THE RIGHT STARTUP  
**56%**

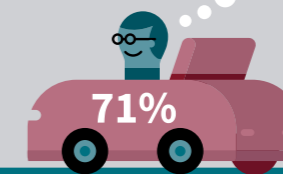
WATCH OUT: HURDLES!

WATCH OUT: HURDLES!



DRIVERS FOR COLLABORATION

I NEED TO COLLABORATE WITH CORPORATES TO BE SUCCESSFUL



STARTUPS

## THE STUDY IN A NUTSHELL

New Horizons is the name of the study conducted by KPMG for the second time in autumn 2014 on the collaboration between corporates and start-ups in the Netherlands. Our study comprised an online survey and in-depth personal interviews amongst the founders of start-ups (technology sector) as well as chief innovation officers/managers and strategists of large (listed) companies. The response was 72 surveys amongst start-ups and 32 amongst large companies. In addition, we conducted dozens of personal interviews with start-ups and large companies. This publication gives a full account of four of those interviews. The key findings of our study are presented in this chapter.

## 1. NO LACK OF APPETITE FOR COLLABORATION

- There are scores of initiatives – ranging from accelerator programmes to hackathons and awards – which show that start-ups are hot in the business establishment. The results of the study confirm this as well. More than 70% of all start-ups surveyed (71%) agree that collaboration with corporates is necessary for success.
- And as much as 88% of all corporates surveyed are of the opinion that they must collaborate with start-ups in order to innovate.
- As the main reason, 94% of all corporates say that collaboration increases their capacity to innovate. On the side of the start-ups, the main reason to work together is to achieve greater legitimacy in the market (87%).
- At the same time, collaboration is no easy task for corporates in particular; 56% say it is difficult to find the right start-ups.

**'56% SAY IT IS DIFFICULT TO FIND THE RIGHT START-UPS!'**

## 2. COLLABORATION BETWEEN CORPORATES AND START-UPS MAINLY SUPERFICIAL

- Corporates and start-ups can strengthen each other in key areas to tackle the new business reality successfully. For corporates, new concepts and techniques from start-ups can be a way to **remain relevant in a changing world**. In return, corporates can give start-ups the power to scale up, for example. Yet the reality – as shown by various questions in the survey – is that most collaboration is superficial, with little actual teamwork in such important areas.
- The reason to work together is e.g. rather 'unsophisticated': here the most important factors by far for corporates and start-ups are 'access to distribution channels' (important to 97% of corporates and 86% of start-ups) and 'access to market' (cited by 94% of corporates and 90% of start-ups). Not exactly an indication of intensive, extensive collaboration.
- That also goes for the type of collaboration. Traditional forms of collaboration such as a customer/supplier relationship and licensing are the most dominant by far. When asked to name the top three current governance

## 'WE CAN SEE THAT COLLABORATION IS NOT YET AT THE HEART OF STRATEGY.'

models, the customer/supplier model is ranked number one by 35% of all respondents, both corporates and start-ups. On the other hand, an extensive form of franchising is mentioned by only 1% of all respondents.

- From another question, we can see that collaboration is not yet at the heart of strategy. For instance, both sides think it is particularly important to keep focusing on their own mission (88% of all respondents) and on independence in their collaboration (83%). These are indications that they are still very wary.
- And finally, one last finding that backs this up: when asked if it would 'sting' if their collaboration were to fail today, only 27% of the corporates answered in the affirmative. At 65%, this rate is much higher amongst start-ups.

### 3. STILL SOME BIG DIFFERENCES

Without a doubt, the difference between the world of start-ups and the world of corporates is **like night and day**. The corporates and start-ups concur. In their experience, the main hurdles are indecisiveness (90% of all start-ups agree that this is a problem) and bureaucracy/red tape (84% agreement). In addition, start-ups find it difficult to find the right person within a corporate (72% agreement). Corporates, on the other hand, see a lack of maturity amongst start-up as an obstacle (44%) and too much focus on the product (36% agreement).

INTERVIEW  
**SANOMALAB'S**  
GOAL: TO  
MAKE ITSELF  
REDUNDANT

LASSI KURKIJÄRVI

Innovation in large companies has its limitations. Incremental improvements and efficiency gains: that's about the extent of it. Yet what is far more important is to develop new applications and products that customers want. Lassi Kurkijärvi has placed his bets on the latter with SanomaLab, where he is creating an environment in which employees can achieve great things.

The real challenge, of course, is to develop **new applications that people really want**. Innovation is more about understanding human behaviour than about technology. What makes it even more difficult is that human behaviour changes so quickly. The world can change completely overnight while we are asleep.

This calls for a different approach to innovation. In my opinion, conditions must be created in which employees can fulfil their full potential and where they are motivated to develop new business, **make the world better** and make life more pleasant. People can achieve great things when they are motivated and given room for their ideas. Before you know it, you will see the greatest accomplishments coming from the

most unexpected staff! Motivated people are a thousand times more effective than unmotivated people.


So we are doing everything in our ability to get the conditions just right. At SanomaLab we apply numerous insights and methods from the world of start-ups. One of those is the **lean start-up method**, which helps us to arrive at an end-product gradually rather than hammering out all the details up front. The ideas that we pick up along the way come to us via various channels: from our incubator programme, the business or our own lab. We also have a venture fund which can be used for investing in start-ups. We therefore take both the internal and external route and of course coordinate our efforts.

One thing we've noticed is the **high success rate** among our female colleagues: relatively speaking, a much higher proportion than in the world of start-ups. The cause of this isn't entirely clear, but I wouldn't be surprised if it had something to do with the somewhat 'hard', 'masculine' environment in which a starting entrepreneur has to find their way. Perhaps women feel more comfortable in an environment like SanomaLab.

We have been up and running for almost a year now and have developed numerous tangible results with the help of the lab. One example is SpotnShop, a fashion community. When consumers see a fashion item on the street or in the media, they can simply upload a photo and ask the community where it can be purchased. This seems to be working well: the community already has 60,000 users. We are now developing a proper business model to go with it.

Thanks to the lab, we can bring the start-up mentality to Sanoma. The result is the **best of both worlds**. On the one hand, the energy and speed of a start-up; on the other, the clout of a major company. Recently we were working on a new idea for a loyalty card in Finland. Then it certainly makes things easier when you can sit down with the payment providers as a major company.

If everything goes to plan, this lab will no longer exist in five years. It's actually a vehicle to set the transformation of the entire company in motion. We are making good progress, but at the same time it can be a bit scary. We have all

A man with a beard and a white shirt with graffiti, speaking outdoors. He is gesturing with his hands as if in conversation. The background shows trees and a building.

**'WE ARE MAKING GOOD PROGRESS, BUT AT THE SAMETIME IT CAN BE A BIT SCARY.'**

the conditions to succeed: there is a will to change, sponsorship from the top and we have good people. So if things do go pear-shaped, that won't be the reason why. But I still can't give any guarantees, except to say we are working extremely hard.

It won't happen on its own, of course, and there will be **some resistance** along the way. But that's actually a good thing because those discussions will be a great reality check. We understand all too well that we must invest in relationships throughout the entire company. The main task of one of our people – we call him “the hustler” – is to have a coffee with people and strike up those conversations. It's all about taking as many people as possible along on your journey.





**CHAPTER 3**  
**DOING IS THE**  
**BEST KIND OF**  
**THINKING<sup>2</sup>**  
**POTENTIAL STEPS FOR**  
**PRODUCTIVE COLLABORATION**  
**WITH START-UPS**

<sup>2</sup> Taken from TED Talk by Tom Chi: <http://blog.ted.com/2013/02/01/google-glass-prototyped-using-binder-clips-and-clay/>

## 'UNDERSTANDING THESE DIFFERENCES IS THE FIRST IMPORTANT STEP TOWARDS SUCCESS!'

### AWARE OF DIFFERENCES

When we talk about the world of start-ups versus the world of corporates, that is actually a gross misunderstanding of reality. Because there is no such thing as an archetypal start-up or even an archetypal corporation for that matter: there's a sliding scale with some companies more towards one end and some more towards the other. Nevertheless, **the differences can be big**.

Firstly, start-ups are often very fast at taking decisions, striking out a new course and jettisoning things that do not work. At that pace, corporates are often unable to keep up. One of the interviewees compared this to **a GTI versus a diesel**.

The business motives differ as well. In the corporate world, emphasis is often placed on business continuity and expansion, with new initiatives being held up to a business case. Start-ups have a stronger, often personal, drive to success, which is down to various reasons, ranging from the desire to get rich to the ideal of contributing to a better world.

Finally, corporates are often quite limited by a multitude of conditions in their own organisation. They are trapped in their own system, as it were. Start-ups on the other hand are free: they can still shape their own system.

Understanding these differences is the first important step towards success.

### WHAT TO DO

Based on the interviews and our own experiences, there are four main points that corporates should focus on:

#### 1 ACTIVELY SEARCH FOR A CONNECTION AND BUILD YOUR COMPETENCES TO THAT END

Corporates that struggle to work with small companies and systemically close the gates for start-ups will lose sync with the world around them. They must actively seek a connection with an ecosystem of small players. That means looking for inspiration about where potential disruption comes from, in order to understand where the risks of disrupting the current business model lie and also where the opportunities can be found.

Yet by all means, this must be more than just a non-committal exercise. What we see from the study is that collaboration is much more common for companies with a market and sales focus and much more difficult for those focusing on innovation and strategy. Nevertheless, this is where the **real challenge** lies.

To avoid being outpaced, it is time to develop the capability to work with start-ups. Large organisations need to understand that for a start-up, every minute counts. Time and decisiveness are of the essence.

## 2 CREATE AN OPEN CULTURE AND USE CONNECTORS

It takes two to tango. To make a good connection to the ecosystem, the corporate side needs to work on a culture that is open to experimenting and collaborating with start-ups. This ensures that there is at least fertile soil. Without it, there is a huge risk that collaboration with a promising start-up will be short-lived. Various experiments and forms of working can be used to target this process.

In addition, good bridge builders are crucial to enable the corporate world and the world of start-ups to work together. Matchmakers – both internal and external – **understand both worlds** and can ensure that the right doors are opened and that the procedures and systems do not stand in the way of further collaboration.

## 3 SECURE TOP LEVEL SUPPORT

It might be the worst cliché in the world, but it's the truth: without commitment and support from the top of the organisation, collaboration with start-ups will probably never flourish. That means taking managing directors out of their comfort zone and making them wake up to the world of start-ups. Here it is important to realise that board members are, by nature, primarily concerned with stability within the company in the short term; watersheds are not exactly their business. One thing that certainly won't help to alter their perception is to cry even louder that the world is changing. What does work is to offer them experiences where they can see that for themselves. Incidentally, supervisory directors can play a role here: after all, they are the ones responsible for long-term continuity.

## 4 THINK LIKE A VENTURE CAPITALIST

VCs invest in 10 out of every 1,000 companies they meet. In most cases, one or two of those companies bring in large returns, up to 10 to 15 times the return on investment in five to seven years. Applying this approach to corporate engagement with start-ups makes sense. As a consequence, corporates should:

- 1) meet a lot of potential collaboration partners,
- 2) build long-term alliances with a selection of them and have the confidence and patience to realise returns. Innovation teams need to build their business case based on a portfolio of start-up alliances instead of one business case per start-up initiative. For instance, we will embark on ten start-up collaborations this coming year, and we believe that one of these experiments will lead to a new product.



# INTERVIEW WE SEE OURSELVES AS A **START-UP**

ARJAN VAN OS

**A**rjan van Os leads the ABN AMRO Innovation Centre. The objective of this vibrant and colourful micro-cosmos in Amsterdam's South Axis business district is to make the whole company feel that innovation is the ultimate fuel for its future success, and to build a culture where new ideas are nurtured, not rejected.

'There are several things that make the financial world unique. One of these is the long horizon of the classic S-curve. As a function of how a company has to reinvent itself over and over in order to reach the top, this curve has had a much longer horizon for the financial world in recent decades than for many other industries. So bankers are not exactly accustomed to reinventing themselves. This of course has an enormous impact on an organisation's culture and attitude to innovation. At the same time, a **new reality** is clearly upon us. Disruptive forces are at play on different fronts, and they cannot be ignored. Start-ups are a good example of how to get to grips with disruption. They have a good appreciation of disruption and develop new concepts to make it work in their favour. That fills us with inspiration, which is why we are so keen

to apply their ideas and way of working in our own environment. But that doesn't just happen on its own – if only because we, as a bank, have a completely different history to that of a start-up. Start-ups come up with an idea to improve the world, go after it and sometimes don't get around to thinking about their earnings model until later. **Such an approach is less natural for a bank**, and the ultimate formula for success on how to reconcile these worlds still eludes me. As a bank, we have to work on ourselves to create the right culture. We are making good headway and learning every day.

We have made a point of taking the ideas and energy of start-ups on board here, for example by attending the annual start-up boot camp. This year we also kicked off our own Start-Up Friday every month. That's where we invite a couple of start-ups, depending on the financial topic, to pitch their story and then do some networking over drinks. These events are often jam-packed, so people are definitely interested. We have noticed, however, that start-ups need to come up with something better than just a "nice idea" in order to be convincing. It is about proof, especially in a world where people tend

to play down the impact of new concepts and technologies.

In theory, a marriage between a start-up and a corporation is a great thing. The start-up has the energy and ideas and lives and breathes change. The corporation has the clout, stability and a large customer base. To repeat: there is no formula for success for bringing these worlds together. But I am convinced that successful innovation, whether or not with the help of start-ups, requires an organisation that can absorb that the right way. That's what we're working on. And **success is certain to follow**. This is something we see, for instance, in how our crowdfunding platform Seeds is developing, how it is picked up on the business end. That takes more than just a couple of months to achieve.

We need to be an organisation that doesn't say "yes, but" to every new idea, but "yes, and". That is actually the essence of our objective as the Innovation Centre. We want to get the entire staff on our side. We aren't there yet but we're getting there, thanks to various initiatives, including the Get Inspired programme which also focuses on the mindset of employees.

Sometimes we have to shake the tree to get people to think differently; sometimes we hold a practical workshop or provide an effective tool. We have three stages of how people commit to innovation, which we call the three B's in Dutch: bereikt, betrokken, bezig (reached, involved, engaged). We use these to measure and keep track of which goals we achieve.

At the Innovation Centre, we also work **like a typical start-up**, with all the tools and techniques that start-ups use. We continuously assess what works and what doesn't. We start everything in beta and that will always remain so. That actually makes us a start-up within a corporate environment. In such an environment, killing your darlings is probably more difficult than for a start-up, which by definition is focused on putting relevant ideas into practice. After all, a brilliant idea is great, but in the end it has to be relevant. So we are extremely critical of ourselves in that respect.'

**'THAT ACTUALLY  
MAKES US A START-UP  
WITHIN A CORPORATE  
ENVIRONMENT'**

# CHAPTER 4

# EPILOGUE

**T**he Stone Age did not come to an end because they ran out of stones. The Stone Age came to an end because a better alternative had become available.

Imagine if we extended this metaphor to the business world in the year 2014. So now we have scores of new players who know how to make amazing new iron tools. And the Old Guard – the corporates – just stand there leering: they don't yet really understand the world of iron and cannot close down their stone factory without reason.

Yet corporates can be successful and adapt in this arena. All they have to do is make the **right connections** with the ecosystems of start-ups, for example. That kind of change takes a lot of energy and is often difficult going. But there's a lot in it for them; it's actually the only way to a bright future. So it's worth it.

But sometimes, only sometimes, we can't help wondering whether we should be spending so much energy on this. After all, the idea of creative destruction – the famous theory by Joseph Schumpeter – is that old paradigms have to be destroyed before new ones can be created. So why are we spending energy to make the old reality fit in with the new?

Wouldn't it be much more efficient and better for the old world to **crumble away as fast as it can** so the new world can take its place? In other words: shouldn't we just have today's dinosaurs put to sleep? And only take the dinosaurs that turn out to be crocodiles with us to the new world?

**It's just a thought.**



**INTERVIEW**  
**AMBASSADORS OF**  
**THE COMMUNITY**  
**DRILL**

DAAN WEDDEPOHL



**W**hy should 50 neighbours all own a drill when they probably only use it once every couple of years? As **CEO of Peerby, Daan Weddepohl** has an answer to that question. Peerby is a start-up that helps people in the neighbourhood share things they don't use very often – all via a website or app. Besides being convenient, it also boosts community spirit. Weddepohl's ideal world: one where we have a good model for sharing rather than owning.

'I got the idea for this company when my house burnt down. Suddenly I had lost almost everything I owned. I had to reach out for help, and that included asking to borrow things. And I realised how much fun it was. Helping each other instantly creates a bond and is really satisfying to both sides.

That experience got me thinking about whether we couldn't go about our belongings in a very different way. If you were to make a cross section of the contents of hundreds of houses in the same neighbourhood, you would see that a lot of things are hardly ever used. One of the most common examples is a drill. On average, drills are used for only 13 minutes in their entire


lifetime. This can be significantly improved if we have a model that makes the drill easy to share. That's the point of our website and app, which everyone in the neighbourhood can use to ask round to find what they need. Our concept has already gone live in all large and many smaller cities in the Netherlands and Belgium, as well as in London and Berlin, as we continue to roll it out internationally, with eight pilot cities in the USA. A team of 20 people are working on its further development here in Amsterdam.

You could say we are trying to make a dream come true: **a society based on sharing**.

This helps to create stronger social ties while promoting a more sustainable consumption pattern. These lofty ambitions don't mean we aren't interested in making money. I'm convinced that the company of the future will unite these two worlds to show both the social value and the financial profit it generates. Financial profit has traditionally been the top priority for shareholders, but that is changing. In the short term, our earnings model will be based on a guarantee that people who lend out their belongings will get them back undamaged. To take things further, we've been looking for a

suitable major partner for over two years now. Easier said than done, as many large players have a wait-and-see attitude or see no good in **our version of the future**. However, things have suddenly taken off between us and one major player. In part because I ran into an intermediary who knows how such organisations work and how to get them involved in innovation. It's like building a bridge between two worlds that are sometimes as different as night and day. For instance, I've noticed that large companies often look for any way possible to reduce their risks, while we as a start-up exist because we take risks.

One important point is that such collaborative efforts must not be allowed to cramp our style as an innovator. As a start-up, we are always growing and developing, often without knowing exactly where we will end up. That takes some getting used to for many larger players. It is also vital that we remain true to our core values. We are building a community where people share their belongings based on mutual sympathy. Peerby is a guest in that community, and we don't see its members as customers. We expect no less from our business partners.



**'ONE IMPORTANT POINT IS THAT SUCH COLLABORATIVE EFFORTS MUST NOT BE ALLOWED TO CRAMP OUR STYLE AS AN INNOVATOR.'**

We are learning more and more about how people in the community share their belongings. This information enables us to predict with increasing intelligence how best to meet their needs. It does not take much imagination to see the other possibilities of such data. But we are determined to stick to our principles; this information is not to be seen as a commercial database.

For the record, our investors also give us the room to safeguard these core values. I feel absolutely no pressure from them to make haste with an earnings model. What I do notice is that the typical American west coast investors are often more open-minded than their European counterparts. For the time being, they could hardly care less about an earnings model and urge us first to get up to size.'

**'FOR THE RECORD, OUR INVESTORS ALSO GIVE US THE ROOM TO SAFEGUARD THESE CORE VALUES.'**

## About KPMG Innovative Startups

BRIDGING THE GAP BETWEEN CORPORATES AND STARTUPS

KPMG Innovative Startups helps large organizations to identify and work with the best in class startups to spur innovation. We work with startups to build new products and services for our clients and KPMG.

## How can we help

KPMG INNOVATIVE STARTUPS CAN HELP YOUR ORGANIZATION TO:

- Create awareness through a workshop with startups. We can help you to create C-level awareness on the innovation potential of startups and the benefits for your organization. We help you to understand the opportunities and risks of startup collaboration.
- Analyse the impact of startup innovations on your company's business model through a value chain analyses. Gain insights how startups can extend your business model.
- Scan and monitor the startup ecosystem to identify potential disruptors, innovators and partners in an early stage. This enables you to swiftly respond to upcoming competition and to work with startups early on (thereby creating competitive advantage).
- Build the competency to work with startups and conduct controlled experiments to spur innovation.
- Setup an innovation lab and develop a (internal) venture program to work with startup and/or run internal innovations as a startup instead of a corporate project.

## Like to learn more?

### Daniël Horn

T: (020) 656 2487

E: horn.daniel@kpmg.nl

### Ernst Keyzer

T: (020) 656 8487

E: keyzer.ernst@kpmg.nl

## Follow us on our LinkedIn showcase page: KPMG Innovative Startups

© 2014 KPMG N.V., registered with the trade register in the Netherlands under number 34153857, is a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ('KPMG International'), a Swiss entity. All rights reserved. The name KPMG, logo and 'cutting through complexity' are registered trademarks of KPMG International.