

FUTURE OF ENTREPRENEURSHIP

**CASES FROM SILICON VALLEY TO FOSTER
QUESTIONS AND REFLECTIONS**

**INNOVATION
CENTRE
DENMARK**

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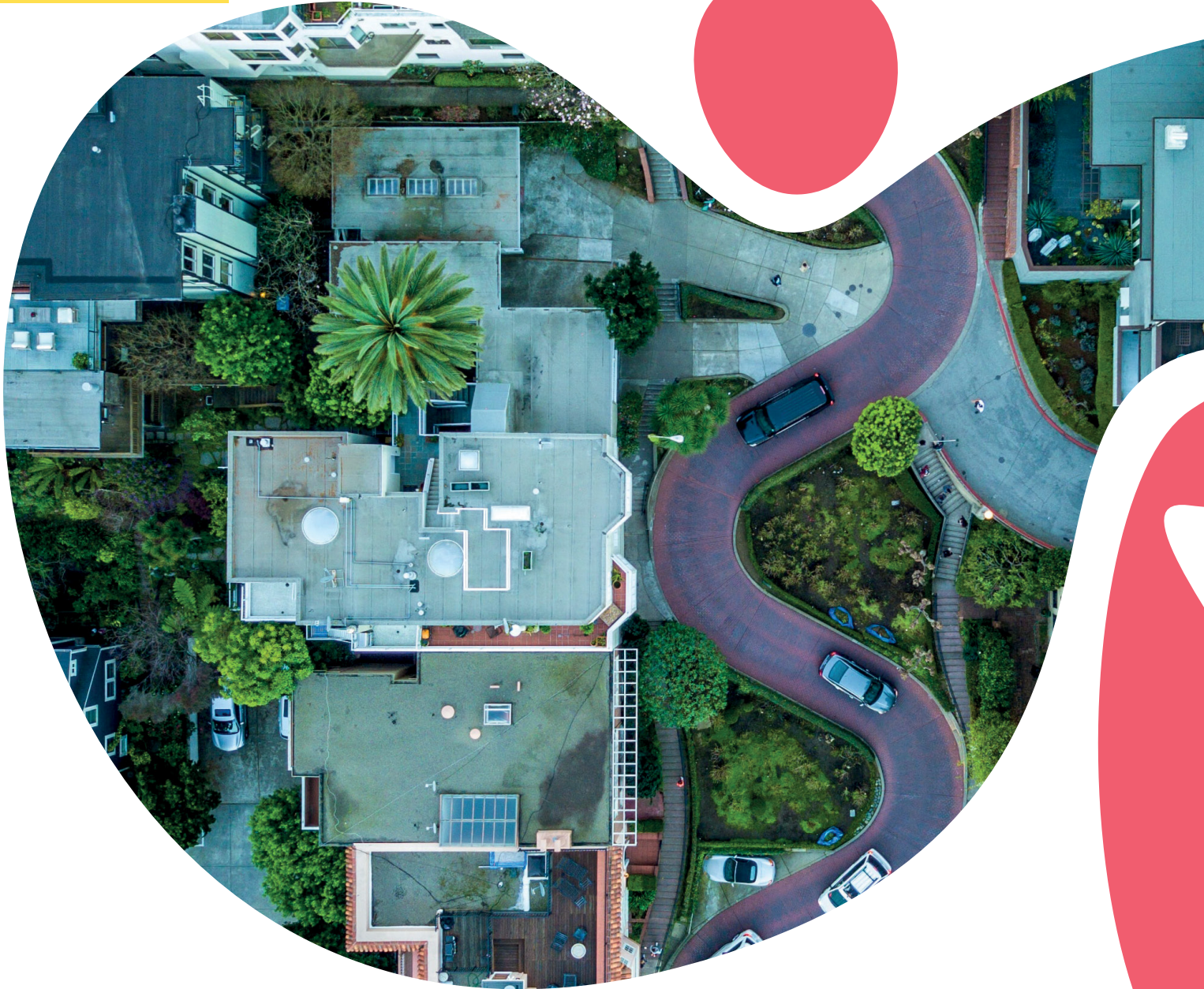
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CONTENTS

Introduction	4
Silicon Valley: Second to none	6
Mindset	8
Why is cockroach king?	10
What influences a mind jump?	12
How do you create entrepreneurial resilience?	14
Organisation	16
How can you teach entrepreneurship?	18
How do you nurture your inner Gyro Gearloose?	20
Where does your innovation start?	22
How can accelerators be for students by students?	24
Funding	26
How do you keep up with global competition?	28
How to invest collectively, alone?	30
How do you ride a tsunami?	32
What impact do you value most?	34



Entrepreneurship is the cornerstone of ideation, innovation and economic growth. Throughout time, entrepreneurs such as Henry Ford, Richard Branson, Steve Jobs, and Jeff Bezos have been praised for their groundbreaking contributions to the world.

While entrepreneurship has always existed, the evolution of technology has increased public interest in the field, and today's society eagerly observes entrepreneurs and their stories, their successes and failures. The world of entrepreneurship is continuously and rapidly changing, providing new opportunities and challenges for entrepreneurs every day. Navigating the many aspects of this can be a difficult task.

Entrepreneurship stands on the shoulders of the ecosystem supporting it, and every year, entrepreneurial ecosystems around the world advance and grow. Stakeholders such as universities, corporates, accelerators, business angels, VCs, lawyers, event organisations and more each play their own unique role in contributing to a robust entrepreneurial ecosystem.

This year, Innovation Centre Denmark (ICDK) in Silicon Valley set out to explore »



»» The Future of Entrepreneurship by providing a Silicon Valley perspective on top-of-mind topics within the Danish entrepreneurial ecosystem. Through a range of workshops, roundtables and interviews with Danish ecosystem stakeholders across student university hubs, business hubs, corporates, startup organisations and foundations, three main topics centred around Mindset, Organisation and Funding have been identified as key to get more insights on. While acknowledging that these topics are just a few aspects of what influences an entrepreneurial ecosystem, it has allowed us to take a deep dive into them and illustrate how they can be perceived in the context of student entrepreneurs, startups and corporate entrepreneurship, respectively.

The perspectives have been gathered through a range of in-depth interviews with Silicon Valley-based stakeholders across the entrepreneurial ecosystem. Each interview, lasting about 60 minutes, has been recorded, transcribed and condensed into a case presented here.

This publication seeks to provide readers with questions and perspectives that can foster a conversation about what the future of entrepreneurship might look like. Eleven cases from Boost VC, Stanford Technology Venture Program,

UC Berkeley, Volvo, Salesforce, Cardinal Ventures (Stanford), 500 Global, Angellist, Netlify, 3M and Silicon Valley scholarship programs each provide their perspectives on the topics of Mindset, Organization and Funding. We hope you will enjoy the insights, get inspired by them, and that the cases will foster new questions and reflections on the future of entrepreneurship.



SILICON VALLEY: SECOND TO NONE

Year after year, Silicon Valley is announced as the world's strongest entrepreneurial ecosystem and still today acts as the epicentre of entrepreneurship, innovation and technological development.

The uniqueness of the Silicon Valley ecosystem is rooted in its history and evolution, and today it is home to both top educational institutions such as Stanford and Berkeley and the world's largest tech companies such as Google, Meta, Microsoft and Apple. Furthermore, it is estimated that more than 1,000 venture capital funds and 40,000 startups are present in the area. Together with the rest of the entrepreneurial ecosystem, these stakeholders create an environment of highly skilled and diverse people who interact to provide some of the most innovative and disruptive ideas, solutions and products in the world.

For many entrepreneurs, their startup journey begins during their time in university. Both Stanford and Berkeley are known for fostering successful entrepreneurs and are considered top universities for teaching and learning entrepreneurship – entrepreneurship is rooted in the universities' DNA. This not only applies for the students. Being a successful professor there means not only focusing on your research, but also being able to commercialize it into a business. But how, and to what extent, can universities best foster and support future entrepreneurs? Cases on UC Berkeley, Stanford University, Cardinal Ventures and a scholarship programme provide some perspectives on these questions.

Startups evolve in many ways, and their founders are this century's Leonardo da Vincis: Their visions illuminate a new world, where technology disrupts how we live, communicate and interact. Startups are innovative by default and play an

integral part in Silicon Valley's success by being invested in the development of their technology, with the prospect of getting a chance to introduce a groundbreaking product/service to the market. In 2021, Silicon Valley-based startups raised an impressive total of \$311 billion in funding. But what are some of the aspects that make investors invest, and how can startup founders navigate the many daily decisions that will greatly affect their personal and professional lives? Cases on Boost VC, AngelList, 500 Global and Netlify provide some perspectives on these questions.

Entrepreneurship is not only related to the creation of startups. Another aspect of Silicon Valley's success is the ability of corporates to continuously innovate and thereby create internal entrepreneurship. Much research has been done on corporates' abilities to survive in a competitive market and navigate an ambidextrous organisation where they compete in mature markets while exploring new ones.

Innovation and entrepreneurship are organized by corporates in many different ways. Some collaborate with startups where the startups bring new ideas, technology and agility to the corporate in exchange for a network, a platform/brand and funding. Other corporates have an in-house innovation department that explores new opportunities that can sharpen their competitive edge. But being long-term oriented in a short-term world is a »»



\$38BN

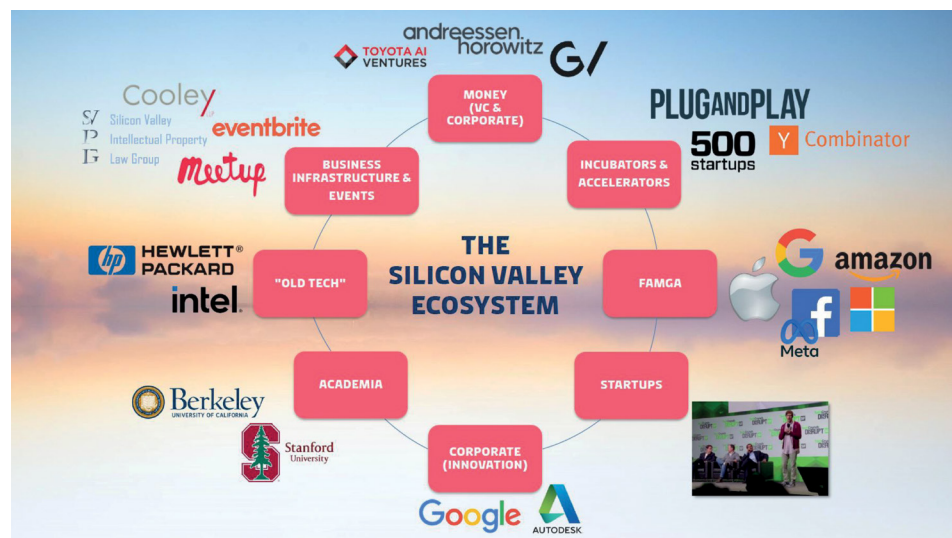
\$2TN

🚩 Ecosystem value: Denmark and Silicon Valley (2019H2–2021)

» delicate balance. It is contradictory that top management, who are responsible for the operation of a company in its current shape, are also the people who must approve the new innovative solutions, which are essentially a potential threat to the existing products and services. If the innovative products/services have to compete against the core products for the same money, it can be a self-destructive fight for

the company. So how can corporates be organized to succeed with innovation? Cases in this publication on Volvo, Salesforce and 3M provide some perspectives on these questions.

Compared to Silicon Valley, the Danish entrepreneurial ecosystem has yet to mature. Denmark has the potential to become one of the world's strongest entrepreneurial ecosystems, but still lags behind other countries, placing 18th and 31st on a pair of "best global ecosystem rankings". Some of the main challenges described are access to risk-willing capital, unexploited innovative collaboration between ecosystem actors and a missing international outlook. While every ecosystem is different, and Silicon Valley's is not easy to copy, Denmark can learn a lot from its approach to network, failure, risk and funding.



🚩 The Silicon Valley Ecosystem

Sources
Startup Genome, 2022, The Global Startup Ecosystem Report
Startup Genome, 2021, The Global Startup Ecosystem Report
StartupBlink, 2021, Global Ecosystem Index
StartupBlink, 2022, Global Ecosystem Index
CB Insights, 2021, The State of Venture

A close-up photograph showing a pair of hands using scissors to cut a piece of white paper. The word "Impossible" is written in a large, bold, black, handwritten-style font across the paper. The scissors are positioned to cut through the paper, with the blades visible. The background is a light blue-grey color, and there are large, abstract red shapes in the corners of the frame.

Impossible

MINDSET

Silicon Valley is not just a place on the map, but also a state of mind, and many seek to understand the drivers of “The Silicon Valley Mindset”. In Silicon Valley, big ideas are encouraged, and no questions are off limits. It is a place where the best ideas win, regardless of how business is usually done. The task of Silicon Valley entrepreneurs is to challenge the status quo and follow their ideas to market, whether it is in the classroom or in a startup or corporate.

Silicon Valley’s approach to risk-taking further creates a can-do atmosphere that fosters confidence and agility. An ability to learn from failure, to believe in one’s own decisions, to communicate an idea and have a long-term vision is what entrepreneurs need in order to succeed in their endeavours. This is what has shaped the entrepreneurial environment and what makes Silicon Valley so unique.

In many of our case interviews, mindset is discussed as one of the most important elements for success in entrepreneurial

“As a startup founder, you have these constant ups and downs a million times a day, and if that takes too much out of you, then it’s probably bad that you’re a founder. But if you can get energized from it and take more from the peaks than you pay for the lows, then that’s a good education found.”

Christian Bach
Co-founder, Netlify

endeavours. Silicon Valley is a highly diverse ecosystem that attracts talent from all over the world, and people come with a vision to create something important and new. This vision, along with ambition, are key drivers of the entrepreneurial mindset. With this also comes a special enthusiasm for building and nurturing a strong network, which is one of the most valuable assets for Silicon Valley entrepreneurs. Having a strong network not only serves as a source of connections and support for an individual’s own benefit, but also encourages the individual towards success and being someone in the network. Silicon Valley is known for its “pay it forward” culture, where experienced entrepreneurs and investors who have obtained success want to help younger generations do the same. This creates a “unwritten code of conduct” that gets transferred to the next generation of entrepreneurs.

It can be difficult to describe exactly what people experience when they visit Silicon Valley. The curiosity and openness of people, the networking approach, and the constant flow of new ideas as well as capital are perhaps some of the reasons why people experience a “mind jump” when they visit Silicon Valley. The purpose of the following chapter is to highlight how mindset can be an invaluable driver of entrepreneurial success. This chapter will present four cases, providing different perspectives on how, if and why mindset matters in the context of students, startups and corporate entrepreneurs.



of US' \$1 billion startups have at least one immigrant founder



of startup founders came to the U.S. as an international student

📌 *Internationals are twice as likely to become startup founders than Americans.*



WHY IS COCKROACH KING?

Based on an interview with Gus Domel, Venture Capitalist, Boost VC

Traction is one of the most applied measures used to evaluate startups, but some investors specialize in backing startups as early as possible. Founded in 2012 by Adam Draper and Brayton Williams, Boost VC invests in early-stage sci-fi tech startups, with the intention of backing the startup that will develop the next groundbreaking technology and turn into the next decade's unicorn. But as an early-stage VC, how do you perform due diligence on early-stage startups when there is usually not a lot of traction or metrics to evaluate?

The focus on the founder's mindset becomes more important, and for Boost VC, commitment and agility are two key aspects they pay attention to when they evaluate potential investment cases. The level of commitment is important, since Boost VC wants to ensure that founders are fully invested in the issue their technology is trying to solve. With a deep level of commitment, they are more likely to get through tough times. It is also important that the founders are committed to their co-founders, since startups are a challenging endeavour, and a strong team dynamic is key.

Another aspect of the mindset that Boost VC evaluates is agility. Founders will experience many changes on the journey, and even though the main goal and mission can be the same, there will

"We always tell our startups to be the cockroach. Cockroaches survive anything, you don't want them in your space and they grow throughout the world rapidly."

Gus Domel

be changes to the business model, how the market is approached, and how the product works. If the founders have a fixed mindset, they will unintentionally block out external impressions that can turn out to be vital for introducing groundbreaking technologies. This can eventually make them inflexible in their approach and thus not really invested in solving the problem, but more so their own idea. An agile mindset is important to be able to navigate changes in customer preferences and in the industry, which can change frequently.

Boost VC believes mindset matters because it affects the future resilience of a startup's founders, which is crucial for its success. By measuring commitment and agility, investors, incubators and accelerators take a different approach from using quantitative measures. They can thus test whether the founders are able

to adjust to an ever-changing competitive environment. With increased attention placed on founders' mindsets and mental health, the focus may shift from being purely financial to a more holistic approach.

For a startup, a potential IPO can be a long way away, and many obstacles will come up along the way. Very few startups actually manage to succeed, and for Boost VC, they want the foundation of a startup to be resilient to change. Finding a successful startup is about more than the technology and sharing the same vision – it is also about what qualities the founders bring to the table. Perhaps that is why Boost VC is looking for the founder cockroaches of the world.

i FACTS

- For Boost VC, sci-fi tech includes VR/AR (Virtual Reality/Augmented Reality), energy, climate, robotics, crypto, bio, AI/ML (Artificial Intelligence/Machine Learning), deep tech and more. Successful startups backed by the VC include Unstoppable Domains, InterVenn Bio, Wyre, Etherscan, Radiant, Launcher, Venus Aerospace.
- Boost VC takes on more than 20 new investments each year and has investments in almost 40 countries and over \$200 million in assets under management.

WHAT INFLUENCES A MIND JUMP?

Based on a study of the 2IP Scholarship Program, Fintech Scholarship Program and DARE Scholarship Program

Academia excels at teaching students the theoretical knowledge needed for success in their chosen field. However, knowledge is not the only factor that contributes to success as an entrepreneur, as research shows that a critical aspect of fostering successful student entrepreneurship is self-efficacy, the belief in one's own capabilities to achieve a goal. Given that self-efficacy is essential for entrepreneurship, how do we equip students with the necessary means to become world-leading entrepreneurs?

Measuring the impact of student entrepreneurship can be complicated, as it emerges at a very early stage. Traditionally, it has been measured numerically by, e.g., the number of startups coming out of a university and how much they have managed to raise during their university

"Five years after my fellowship, I see it as a transformative and crucial step in both my personal and professional development. It was without a doubt one of the best things I have ever done and experienced in my life".

Scholarship participant

years. Yet, this does not describe whether a startup company will in the end become really successful or not, or whether the student founders develop themselves as entrepreneurs. Another way to measure the success of student entrepreneurship is by looking at soft measures, such as the individual's mindset and self-efficacy. Self-efficacy influences a person's motivation, persistence and performance in a wide range of situations, which is a skill set that is crucial for aspiring entrepreneurs. Inculcating self-efficacy in students is difficult, as it requires exposing them to various unfamiliar situations and encouraging them to overcome their fears in order to attain their goals.

One way to promote self-efficacy in students can be through internships, where the student acquires entrepreneurial skills through experiential learning by being taken out of an academic context. In the US, 75% of college students complete an internship, where they get hands-on learning experience and a valuable opportunity to gain professional knowledge in a work environment. Furthermore, interns play a central role for many startups, since they give them the capability to grow and scale at low cost, while the interns in return get experience.

With the purpose of promoting self-efficacy by exposing them to Silicon Valley's entrepreneurial ecosystem, each year, several groups of Danish students

"Being in Silicon Valley makes you exposed to extremely motivated people with invaluable insights from industry. You get to experience why this is the most innovative hub in the world."

Scholarship participant

participate in a range of US scholarship programs. These programs have given the students, among other things, hands-on experience with entrepreneurship through interning at Silicon Valley startups, and thus engaged them with the startup culture. Exposing the students to the challenges that come with running a startup has provided them with a significantly higher level of self-efficacy, which is a critical element in entrepreneurship.

Being in Silicon Valley and being exposed to real-life challenges has played a large role in shaping entrepreneurs. By getting hands-on experience, students can improve their self-efficacy and create a mindset that makes them work harder to reach their goals, which is vital to creating the next generation of talented entrepreneurs.





HOW DO YOU CREATE ENTREPRENEURIAL RESILIENCE?

Based on an interview with Mo-Yun Lei Fong, Executive Director, STVP, the Stanford Engineering Entrepreneurship Center, Stanford University

Universities play a central role in preparing the next generation of entrepreneurs for how to navigate in an ever-changing, competitive world. With its vision to empower aspiring entrepreneurs to become global citizens who create and

scale responsible innovation, how does Stanford University support the evolution of future entrepreneurs and make entrepreneurship meaningful to the next generation? And to what extent can or should the success and impact of student entrepreneurship be measured?

One central element is that societal impact is rooted in the entrepreneur's own ethical compass, and at the Stanford Technology Ventures Program (STVP), this begins with the mindset of the students. Entrepreneurs will encounter situations where there are not always clear-cut »»

"You need to develop a growth mindset as well as resilience so that you won't be so afraid of failure. Ask yourself, who defines failure anyways? The answer is that you can define success and failure on your own terms by doing the work to get clear on who you are, what you're trying to achieve and how you want to positively impact the world."

Mo-Yun Lei Fong

» right or wrong answers, which is what makes leading startups for societal impact so difficult. Instead, these decisions are context-dependent. All students in STVP programs are therefore taught that honing their own ethical compass is the best way to develop a framework for making decisions in nuanced situations.

Embracing uncertainty can be difficult in a world where perfection is often the goal, but STVP teaches students that failure is a natural part of any learning process. Finding innovative solutions requires an ability to think outside the box, and it also helps to have a growth mindset. A fundamental goal for STVP is to provide students with a safe space where experimentation is welcome and students are encouraged to try new things,

"Be anchored in what your principles are and have the integrity to do what you know is best based on those principles."

Mo-Yun Lei Fong

learn and, ultimately, blossom. Importantly, regardless of what the students' career ambitions are, a growth mindset will make them more resilient, increase their mental well-being, and at the end of the day, prevent them from buckling under the strain of other people's expectations about who they are and what they should do.

Within STVP, the focus is not to measure success by output measures such as facilitating the launch of more startups. Instead, STVP focuses on outcome by helping students form strong mindsets about how they can create meaningful change in the world. For STVP, a focus on a healthy entrepreneurial mindset goes further in enhancing the student's social impact than a mere drive to launch startup after startup. Coursework, discussion and projects nurture the students' curiosity by encouraging them to wrestle with and address contemporary issues related to societal impact.

Through a focus on the exploration of one's own values and principles, as well as ways to create societal impact, STVP's entrepreneurship program equips future entrepreneurs with modern tools and frameworks to tune into and refine their ethical compass as well as navigate a variety of different scenarios that could arise in business.

i FACTS

- Stanford Technology Venture Program (STVP), the Stanford Engineering Entrepreneurship Center, was founded in 1997, and was one of the first university entrepreneurship centres in an engineering school.
- Stanford Technology Venture Program is part of an inclusive movement to promote ethics, equality and sustainability as core standards of entrepreneurship.



ORGANISATION

Organising innovation and entrepreneurship has long been a topic discussed in various aspects and contexts of the entrepreneurial ecosystem. This accounts for both how an actor organises entrepreneurial efforts inside the organisation as well as their overall role in creating value in the entrepreneurial ecosystem as a whole.

During the years, universities have transformed the way they organize their teaching to support the next generation of entrepreneurs, and concepts such as student incubators and accelerators have grown and evolved.

And while startups by nature are agile and innovative, they still need to prioritise and manage their time and resources to be able to survive in an increasingly competitive world. As for corporates, they must continuously organise and transform their organisations to keep their competitive advantage in existing markets while at the same time broadening their horizons and exploring new opportunities. One way for corporates to explore beyond their own boundaries that has lately received increased interest is the ability to collaborate with start-ups to enjoy benefits such as spill-over

effects, which may result in new products, diverse perspectives on decision-making, problem-solving and other areas that enable innovation.

While there are many different ways to organise entrepreneurship and innovation, each actor in the ecosystem seeks to better understand how they can promote entrepreneurship and innovation, both inside their organisation as well as part of an ecosystem. The purpose of the Organisation chapter is therefore to highlight how organisations can enhance entrepreneurship and innovation in different contexts. The chapter will present four cases that offer different perspectives from the world of universities and corporates.





HOW CAN YOU TEACH ENTREPRENEURSHIP?

Based on an interview with Ken Singer, Chief Learning Officer at the Sutardja Center for Entrepreneurship and Technology, UC Berkeley

The traditional method of teaching at institutions of higher education has long involved a deductive approach that focuses on knowledge transfer. Today, universities are adjusting to a rapidly changing world where entrepreneurs approach problems before they have been described academically. This sets a new type of requirement for universities and how they educate the next generation of entrepreneurs. Given this, how can teachers be equipped with the necessary skills to succeed at teaching entrepreneurship?

The Berkeley Method of Entrepreneurship (BMoE) at UC Berkeley in California takes an inductive approach to learning. It breaks down the traditional academic approach of educating students through curricula by instead focusing on developing their soft skills, such as observation, problem-solving and critical thinking, through experiential learning activities. They do this by designing lessons that reflect the real world, and the students drive each other's learning, with lecturers being seen as facilitators. Curricula are not as

important as creating spaces for students to explore new topics and ideas through active learning and encouraging them to learn by trial and error. This allows the students to take control of their learning, which expands their soft skills.

The inductive teaching approach is not only challenging for the students, who get challenged in new ways, but also creates different requirements for the teachers. In a teaching situation where the students are not provided with answers, they must learn how to find the cracks in their own thinking rather than the teachers telling them. This is difficult and can be an uncomfortable situation for both the student and teacher, because it does not reflect a traditional teaching setting. Thus, the emphasis on instructor training at UC Berkeley is to teach teachers to resist what comes naturally to them and instead give them tools so that students can learn

"Deductive education is really good for knowledge transfer, while you in inductive learning pose a question, and people have to figure out why."

Ken Singer

"You don't need to have a Ph.D. to teach practicum courses."

Ken Singer

how to approach different types of problem-solving. By using experiential learning and competitions, the students inherently become each other's teachers during class.

UC Berkeley is paving the way for new approaches of teaching entrepreneurship to students and giving teachers the right skills to succeed in teaching the new generation of entrepreneurs. By encouraging students to actively participate in their own learning, the BMoE is creating a new academic approach for both teachers and students that supplements the traditional lecture-based model. For teachers, the BMoE means taking a step back as the purveyor of knowledge, and instead requires them to explore knowledge with the student by prompting questions with no definitive answer and creating a collaborative environment for them to facilitate each other as sources of learning. For the student, this means a "back-to-basics" style of inductive learning, as they are encouraged to discover solutions to real-world problems.

HOW DO YOU NURTURE YOUR INNER GYRO GEARLOOSE?

Based on an interview with Adam Jansen, Principal Innovation Manager, Volvo Group Connected Solutions Innovation Lab, Volvo

Volvo Group has its headquarters in Sweden and its Innovation Lab in Silicon Valley. In a competitive industry that is rapidly changing due to technological advancement, it is crucial that innovative solutions find their way to the executive committee's table fast. But how can a globalised organisation keep its competitive advantage in a world where innovative development is largely driven by agile startups?

One of the reasons why Volvo has located its Innovation Lab in Silicon Valley is due to the vast number of startups and the mature innovative ecosystem there. Large corporations can learn to move faster and be more innovative from the startups, just as they provide Volvo with access to new technology. By virtue of being startups, they continuously develop new disruptive technologies and bring them to market.

"We need to have access to the technology that startups create in order to remain sustainable in the long term."

Adam Jansen

To engage with the startup scene, the Innovation Lab works as the link between them and the core of Volvo. The business units sponsor the projects in the Innovation Lab, and they are typically the ones to identify key problems, after which the Innovation Lab starts a search process to find startup solutions in Silicon Valley. Thus, the Innovation Lab is the driver of innovation and feeds this into the organisation.

At the same time, startup culture adds value to the Volvo organisation through the Innovation Lab in Silicon Valley. By promoting a culture where failure and transparency is accepted, the Innovation Lab adds agility and innovation to the core organisation. Volvo does this by evaluating the projects and the startup portfolio on an ongoing basis to ensure that resources are utilised in the best possible way. The startup portfolio is evaluated by looking into how the startup collaborations affect Volvo's engagement through the rest of the organisation and how many challenges the Lab explores, which may be similar to what other corporates assess. In the future, when the Innovation Lab matures, Volvo will use multiple indicators to measure the influence of the startup collaborations, such as cultural change, new capabilities, foresight and

"The reality for an innovation lab is that you have to be willing to fail sometimes, because that's really the only way you learn."

Adam Jansen

percentage of sales that comes from new introductions by startups. The fast pace of the startups forces the Innovation Lab to also act rapidly. By saying no quickly or stopping ongoing projects that are unlikely to succeed, Volvo can free up that bandwidth to work on something that may turn out to be more effective.

Failure is not a goal, but it needs to be accepted as a natural part of entrepreneurship. The aspiration to never fail kills innovation and leaves large players vulnerable in a highly competitive environment that is continuously disrupted by new technologies. Volvo's Innovation Lab not only accelerates innovation in the almost 100-year-old company, but also teaches that failure is not a zero-sum game, and that transparency of processes can illuminate where and how startups can make a difference for them.





WHERE DOES YOUR INNOVATION START?

Salesforce V2MOM – Vision, Values, Methods, Obstacles and Measures

Salesforce is one of the world's largest software companies and employs 80,000 people worldwide. How corporates are organised and prioritise goals and resources is important in order to stay agile and sustain a competitive advantage in an increasingly competitive environment. So how can a company that has grown from a startup to one of the world's largest software companies structure decision-making in a way that allows them retain their competitive edge?

An ingrained component in Salesforce's strategy is the people, since they are the drivers of the innovative and technological development.

Since the creation of Salesforce, an important tool has therefore been the structured communication and decision-making framework, V2MOM, that is used to assess the vision, values, methods, obstacles and measures of every employee, leader and key project in the organisation.

The components of V2MOM constitutes Salesforce's tool for making choices and enhancing communication in the company, as it gives the employees a common language to

address how each decision feeds into the strategic direction by ensuring the right prioritisation of resources. Focusing on basic elements such as vision and values, V2MOM goes beyond traditional KPI's by also taking into consideration obstacles and methods.

V2MOM is not only used as a decision-making tool by the people, but also lays the foundation for how top management evaluates performance and sets the strategic direction. The cascading process starts when leaders at the senior level present their V2MOM in the first quarter, beginning with the most senior levels to ensure that they are all aligned with the corporate V2MOM and the V2MOM of senior management. This invites leadership to discuss their V2MOM and, for example, elaborate on the chosen methods that can lead to collaborations across the different teams and business units. Thereafter, they are communicated to the rest of the organisation so that employees can align their tasks and ensure that their roles are adjusted so they contribute to the overall direction. The alignment of the leaders'

"The beauty of the V2MOM is that the same structure works for every phase in the life cycle of an organization."

Mark Beniof, Chair & CEO Salesforce

"What I like about the V2MOM is that it encourages creativity, change and empowerment."

Mark Beniof, Chair & CEO Salesforce

decisions and the thoughtful prioritisation makes this a powerful tool that promotes efficient leadership. This has a positive effect on the people in the organisation, as it helps engage and retain them by making sure they can do their most creative work.

As for startups, corporates must understand the problems they face just as the why and the how, while keeping processes and structures simple in order to remain competitive. In an industry where people and talent are part of any innovation strategy, it is important for Salesforce that the organisation is structured around the people and how they prioritise and make decisions.

i FACTS

- American-founded Salesforce is a cloud-based Service as a Software (SaaS) company.
- Salesforce's annual revenue in 2021 amounted to \$21.3 billion.
- In 2020, Salesforce completed its biggest acquisition with the \$27.7 billion-acquisition of Slack, a professional and organizational community platform.

HOW CAN ACCELERATORS BE FOR STUDENTS BY STUDENTS?

Based on an interview with Ishan Gaur, Managing Director of Cardinal Ventures, Stanford University

Universities can act as sand-boxes for new ideas, where innovations are tested without facing the risks of the world outside. These “safe spaces” act as catalysts for creativity and innovation in entrepreneurship, whilst reducing fear factors such as investor scrutiny that are associated with commercial ventures. An increasingly common source of support for student entrepreneurs is the staff-run university accelerators, but how can students support other students who aspire to become entrepreneurs?

“It’s never our goal to have them raise fast or to raise more than they should. Ideally, they raise as late as possible for as little as possible.”

Ishan Gaur

Stanford University is home to Cardinal Ventures, a solely student-run accelerator programme – for students by students. Each year, ten startups founded by students coming from all of Stanford’s programmes are selected to participate in a ten-week programme to help develop their business ideas. Cardinal Ventures provides the same type of support that staff-run accelerators do by providing mentorship, resources, capital

“If we’re all students, it’s just easier to build trust in a lateral way and not like a mentorship-mentee way.”

Ishan Gaur

and access to a network in a respective industry. This way, students can navigate the startup process in a structured environment and launch or expand their business from startup to scaling stages.

The accelerator programme serves as a prime example for student-run accelerators, as it has demonstrated that it can produce highly successful startups. With an admirable track record of 30% of startups receiving funding after participating in the accelerator and more than 50% still continuing to work on their ventures after graduating, there seems to be great merit to this approach.

While the support provided to student entrepreneurs is largely similar, the difference lies in the approach to how it is run. The latter shows, as Cardinal Ventures not only accepts startups on a rolling basis and offers support on an as-needed basis, but also garners trust in a lateral way, which in some cases can reduce the communication gap and preempt conflict caused by the misaligned goals of the involved parties.

Being of approximately the same age and circulating in the same environment creates a relaxed atmosphere, which garners trust. Not only does it promote a strong bond between the accelerator and the entrepreneur, but the fact that it is driven by students also helps the accelerator when they approach externals. Reaching out to high-profile speakers and investors in Silicon Valley can be a challenge due to the vast amount of requests, but the paying it forward principle often benefits Cardinal Ventures, as they are able to attract experienced actors from the ecosystem due to the fact that they are students.

The increase in student entrepreneurs also increases the demand for student accelerators. Most accelerators can largely provide the same support in terms of, among other things, access to capital and network, yet student accelerators have the potential to provide an important and unique kind of support, just as they themselves enjoy the benefits of the paying it forward principle.



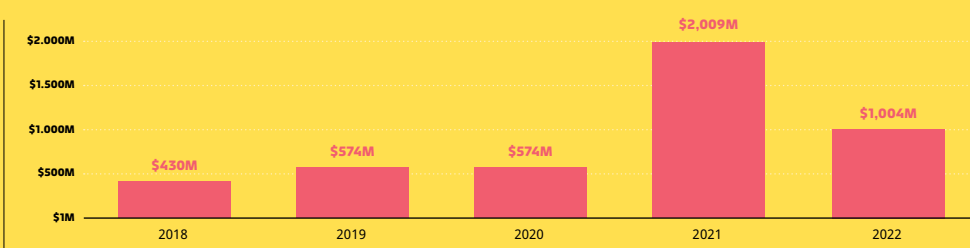


FUNDING

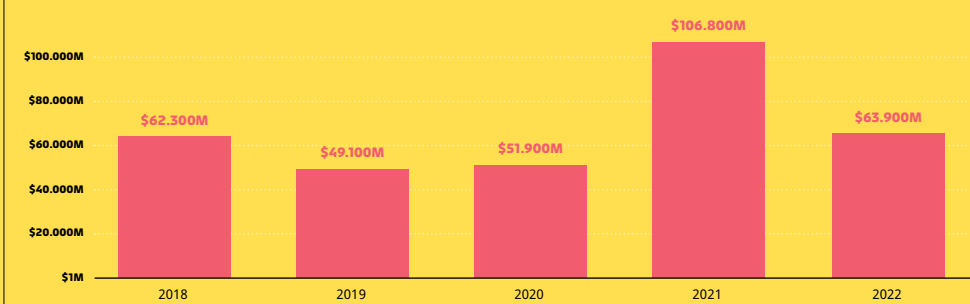
Funding is fuel to the execution of innovative ideas, and the finance landscape has evolved throughout the creation of Silicon Valley—from growth in venture capital in the 1960s to new types of more decentralized funding models occurring from the 2010s. Since its initiation, the venture capital industry has been a central factor in the evolvement of the Silicon Valley ecosystem.

Very few startups become unicorns, with some of the most well-known being Uber, Airbnb and Slack, and only one out of ten startup investments fully succeeds. In the venture capital world, that also means that the startups that become successful have to cover the losses for the ones that do not. A venture capital fund typically has a life span of seven to ten years, and with their risk-taking approach, these have been the main driver behind startups’ scaling journeys for decades. Startup venture funding typically follows a certain pattern. After a pre-seed round, they raise their first round of venture capital in a seed round, where investments often take place because of the potential of the startup rather than just based on a financial valuation or traction.

With a high percentage of startups failing on (or not choosing) the traditional venture path, other funding models have started to evolve, and more startups are looking into alternative ways to scale their company. Concept such as business angel syndicates,



Startup funding in Denmark from 2018 to 2022
Source: Danmarks Eksport & Investeringsfond, 2023, 2022 – Status på det danske venturemarked (Conversion rate: 6.97 DKK = 1 USD)



Startup funding in Silicon Valley from 2018 to 2022
Source: CB Insights, 2022, State of Venture

product-led growth, crowdfunding, founder loans, and corporate venture capital (CVC) are funding models that are becoming increasingly popular. The

purpose of the Funding chapter is to highlight how funding can drive innovation in ways different from the perspectives of startups and corporates.

HOW DO YOU KEEP UP WITH GLOBAL COMPETITION?

Based on an interview with Leonard Lee, Head of Accelerator Ops, 500 Global

Despite living in a globalised world where local trends spread worldwide, every market is different, and it is essential that startups know how to target their markets. Accelerators can provide startups with market-specific knowledge that enhances their networks and scaling opportunities. But how can a venture capital firm prepare startup founders to go global, and why does alignment of expectations matter?

Many startups dream about creating global business ventures, and a central metric that every startup will be judged on from the launch of their idea until a potential IPO is their ability to scale. Regardless of whether a startup has the ambition to scale globally or not, an accelerator programme can help them get a fundamental understanding of the right product-market fit, identify levers of growth and connect to valuable actors and resources in the entrepreneurial ecosystem. 500 Global is one of the biggest accelerators in Silicon Valley, and with more than 400 mentors in its network, they support the startups in this process and provide them with valuable knowledge and insights into the local as well as the global market. 500 Global experiences a common issue for startups, namely, that the companies have a hard time assessing whether they have found the right product-market fit, which can complicate the scaling strategy. Another major issue for startups is getting access to capital and networks, because they simply have not established these important connections yet.

"The main reason why investors are looking for US traction is that for many companies in their home markets, it's not nearly as competitive."

Leonard Lee

The journey for non-US startups to go global in many cases involves US investors. More than 50% of the startups that 500 Global works with are located outside the US, and they typically seek to raise capital from Silicon Valley investors. This is often more complicated than the startup founders expect, because the US investors pay careful attention to US traction due to the tough competition. US investors typically do not have full knowledge about the startups' home markets, and it is therefore difficult for them to assess whether or not they will be successful.

Many international startups may have one or two companies in their home market that are doing something similar, but when they come to the US, there may be ten to fifteen competitors, and they need to formulate a differentiated way to address the problem in order to survive. Therefore, it becomes increasingly important to align expectations before scaling globally and raising capital in the US. Preparing founders when it comes to funding expectations from US investors is also an important part, because even though the Silicon Valley ecosystem is the most valuable in the world,

the number of startups there is likewise relatively higher. With the regional and global programmes, 500 Global seeks to diversify the possibilities for startups to scale so that they can decide whether or not to go global.

500 Global's approach to connecting startups to regional and global networks not only strengthens the startups' business models, networks and products, but also prepares them for what to expect from the different markets before scaling globally. Moreover, being transparent about what is realistic to raise from investors in the US gives the founders an opportunity to decide whether or not to aim for that. By putting effort into showing the middle part of what it is like to found a startup and raise the required capital, 500 Global ensures that founders have realistic expectations so that it can become a sustainable business.

i FACTS

- 500 Global's regional accelerator programs cover the markets of North America, Latin America and Southeast Asia.
- 500 Global unicorns include Canva, Reddit and Carbon Health.
- 500 Global has more than \$2.7 billion in assets under management.





HOW DO YOU INVEST COLLECTIVELY, ALONE?

Based on an interview with Peter Kragelund, Capital Markets Lead, AngelList

The landscape of startup funding is changing. The main drivers behind backing early-stage startups have traditionally been venture capital funds, angel investors and corporate venture capital funds. However, in recent years, new ways of investing have emerged. How can an online investment platform accelerate startup funding, and what impact does it have on the funding landscape?

Many startups receive funding from angel investors – high-net worth individuals who use their own money to invest smaller amounts into startups. However, there is a natural limit to how much a startup can raise from a single investor. Recent years have given rise to syndicate investing, where a group of investors pool their capital to invest in startups. For an early-stage angel investor, engaging in syndicate investments can give access to deals they may not have been able to access otherwise.

For the startups, being able to pool investors can allow for reaching a capital round that may not have been possible with a single investor. Moreover, syndicates promote a democratization of investment processes, as the investments become available to a broader set of investors.

Created in 2010, AngelList is one of the platforms that are working with syndicate investments, democratizing investments in startups through their innovative infrastructure known as the AngelList Platform. The platform connects individuals who want to invest in venture funds, rolling

“We want the market to decide what a good startup is – that is not solely for AngelList to decide. When angel investors syndicate their investments on AngelList, they get to decide what they want to invest in directly. This is a step on the way to democratize venture investments.”

Peter Kragelund

funds, or in a certain startup via a syndicate. It allows each individual to build a portfolio that consist of multiple funds and syndicates, and hence, they can have small-stake investments in multiple startups. The syndicate can therefore turn into a micro venture capital.

The most popular investment instrument on AngelList Syndicates is the Simple Agreement for Future Equity (the SAFE). This investment form allows investors to convert their investment into equity in a later-priced funding round or liquidation situation. Alternatively, they can create an equity round and either collect direct investment and/or launch AngelList’s Roll Up Vehicles (RUVs), which provides founders with a link where investors can commit to and send funds online. In creating a syndicate funding round, AngelList provides access to guidelines for startups to understand legal terms and how to incorporate, and

i FACTS

- In 2021, AngelList investors invested \$3.6 billion into funds and syndicates.
- At the end of 2022, 12,000+ startups had raised money on AngelList. The platform had \$13.5 billion of assets supported, and 43% of all US unicorns had an investment in them through AngelList.
- AngelList manages the whole lifecycle of funds and syndicates on their platform.
- Uber was among the first startups AngelList helped raise capital back in 2010.

ultimately work with making the process easier for startups.

For many startups, raising a funding round is a lengthy and difficult process. And for an angel investor, investing in deals as a single individual can inhibit access to some of the most attractive deals. Syndicate investment ultimately provides great benefits for both. For the investor, the syndicate also allows for a diversified portfolio, while the startup’s heavy lifting in the funding search is a little more eased, giving them time to focus on getting the product to market, along with all the other tasks a startup founder has to balance.

Syndicates are just one way we have seen the investment landscape evolve during the last few years, but other types of investments, such a CVC, founder loans and crowdfunding, have also started to be utilized more by startups in the fundraising process. It will be interesting to follow how current investment forms evolve and discover what new investment forms will see the light of day in coming years.

HOW DO YOU RIDE A TSUNAMI?

Based on an interview with Christian Bach, co-founder and Chief Strategy Officer, Netlify

Founded in 2015, Netlify has revolutionized web development by creating a new architecture category, Jamstack. It provides serverless backend services, allowing web developers to unite different technologies, services and Application Programming Interfaces (APIs) in one workflow. In just seven years, Netlify has raised almost a quarter billion dollars in capital and grown into a 300-employee company with 3 million users. But how does a founder balance the desire to reinvest and further develop the technology with becoming profitable?

Since the creation of Netlify, its ambition has been to create a new standard and make the company a central player in the big shift in the technology industry. To attract investments, the company had to create a strong story, and they chose

"If you look at Amazon and Salesforce, they were profitable much later than when you would say that they had become successful companies. Especially in Silicon Valley, I do not necessarily think profitability and success equate."

Christian Bach

to approach this by including experienced founders from the industry to get their opinion on the technology. If more than half of the contacted founders did not see the value of the product, they would go back to the drawing board. After nine months, Netlify raised the first round of capital.

It is not an either-or situation when discussing if startups should aim for profit or technological development. However, it is a difficult balance. Startups often need to raise capital fast to get their product to market first, but if they spend money as they earn it, they will not grow fast enough, and stronger competitors may tap into the same market.

Netlify's mission is to get terminal velocity before they start thinking about profit. Therefore, they currently invest more than they earn. To Netlify, profitability is not a short-term goal, but it probably will be at some point. If the goal had been profitability, it could have been reached at an earlier stage, although it would have resulted in Netlify being a much smaller player. Once they become a more mature company, they can start to chase profit, and as the company grows, revenue will become increasingly important. In many cases, the percentage growth of revenue is an important factor of health, which is used to secure further funding. But even with large companies, too much profit can be an obstacle, as they also have to

"Profitability at a big scale might be a red flag for someone, because they should increase investments. If you have saturated this market, go international. If you have saturated both markets, expand to other categories."

Christian Bach

further develop their products, technologies and business model.

In spite of seven funding rounds, Netlify has not yet focused on generating profit. This might be a reason why they have managed to push standards. Reinvesting in the technology has allowed them to become a central player in the current big shift of web development. There is no right or wrong way to prioritize profits vs. development, and finding the right balance is difficult. But startups should be aware of how they prioritize, as it influences their ability to attract capital and their role in the technological development.



FACTS

Prominent Silicon Valley investors includes Kleiner Perkins and Andreessen Horowitz.



WHAT IMPACT DO YOU VALUE MOST?

Based on interview with Ben Wright, Vice President, 3M Ventures, 3M

With a vision rooted in science, 3M is innovative at heart. The different technology platforms of the company are utilized to leverage across markets and have for more than 100 years provided a foundation for creating differentiated products. But how can Corporate Venture Capital (CVC) enable market disruption while creating long-term value in a short-term world?

3M's venture capital arm has since 2008 worked to advance the company's innovation and growth. They also have an internal incubation team that follows an open innovation approach and builds startups within the company. Depending on which one of the two methods brings the product to market fastest, this process can start in their own lab or via a partnership with outside companies. The venture capital arm invests in startups that align to the strategies of the businesses and allows 3M to partner with companies to get early insights into new technologies that could become future drivers of growth. The partnerships must therefore create value for the startup while creating strategic value for 3M in order to be efficient.

To ensure a long-term perspective in

"We've done this on and on since the 1960s. But in our current form, we've done it since 2008. I really think it's very simple."

Ben Wright

"Every industry we operate in is disrupted by digital innovation, and we see that the pace of innovation has increased rapidly in recent years."

Ben Wright

the investment portfolio while still making it comprehensive for the involved stakeholders to work with in the present, 3M Ventures has three main tools. First, the venture capital team structures their project portfolio in three- to five-year planning windows, where the business units formulate its strategic direction. 3M Ventures hereafter assesses how this fits into the strategy of the group, and how technology will influence this.

The second tool is to break the long-term strategy down to nearer-term wins. This is not only an efficient working tool, but also makes it easier for 3M Ventures to communicate projects and investments to involved parties and to the executive committee. The third tool creates a clearly defined collaboration with externals to increase the likelihood of success for these types of investments. The plan includes the parties agreeing on the overall objective for the partnership and a timeline for the first year. As part of this, a zero- to six-month plan is formulated, as well as a zero- to twelve-month plan with milestones, so everybody involved is aligned on what to deliver and when.

By acting like a financial venture capital that drives value for 3M, 3M Ventures

tracks its own success by strategic and financial metrics. The strategic value is tracked for the overall venture group by the sales growth and cost savings, which are calculated into the rate of return on the fund. The financial value is measured by return on investments by the internal rate of return. The strategic and financial metrics are separate and viewed as equally important to the group.

The innovative history is embedded in the culture and allows 3M to have a long-term outlook. By keeping a dual focus on the financial and strategic metrics, the company has built an efficient tool to evaluate the success of its innovative investments in the short-run and in the long-run.

i FACTS

- Founded in 1902, 3M is a diversified manufacturing technology company with a long history of innovation.
- 3M has four business units: Safety and Industrial Business Group, Transportation Electronics Business, Healthcare and Healthcare Information.
- Examples of products include masking tape, hypoallergenic tape and Thinsulate™.
- 3M Ventures has since 2008 existed in its current form with a venture capital arm and an incubator team.



