

The Venture Client Model and Its Challenges for Established Companies

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Abstract: Established companies aim to increase their speed and innovativeness through start-up collaboration. To access start-up solutions and integrate them into their business, they are increasingly adopting the venture client model. Thereby, established companies face several challenges implementing and operating the venture client model. A challenge overview as guidelines for future research does not exist. Based on a literature review, interviews, workshops and a world café, we identify 37 challenges in seven clusters and derive three fields of action for future research and corporate practice.

Keywords: Innovation, Innovation-Management, Open Innovation

1 Introduction

Today established companies (EC) find themselves in a situation of "rapid technology change, tight resources, shortened product-lifecycles, and intense competition" (Enkel & Sagemester, 2021). In response to these challenges, they are striving for increased speed and innovativeness (Faria et al., 2018; Corvello et al., 2021). However, being characterised by rigid organizational structures and routines for operating proven and successful business models, they are unlikely to achieve this on their own (Chesbrough 2003; Steiber et al., 2021). To surmount these barriers EC are increasingly opening their innovation systems to internalise external innovation - an approach commonly referred to as open innovation (Chesbrough, 2006). Particularly, start-ups seem to be promising innovation partners (Weiblen & Chesbrough, 2015). Start-ups are eager to collaborate with EC as they can provide extensive industry and technology know-how, resources (e.g. testing facilities) or serve as reference customers in case of a paid pilot project (Gutmann & Lang, 2022). Furthermore, start-ups are equipped with specialised expertise, an innovation-friendly culture and agile organizations and therefore ideally placed to develop breakthrough innovations quickly (Moschner et al., 2019; Kurpjuweit et al., 2020). Aiming to access start-up innovation EC implemented different corporate venturing (CV) modes (Weiblen & Chesbrough, 2015). Most popular CV modes in corporate practice as well as in the literature are corporate accelerators and corporate venture capital (Cohen et al., 2019; Kurpjuweit, 2019). Corporate accelerators create a rather loose collaboration fostering an innovation-centric culture and providing EC access to new talents and inspiration (Gutmann et al. 2020; Kurpjuweit & Wagner 2020). Corporate venture capital investments on the other hand create insights into new technologies and return on investment (Dushnitsky & Lenox, 2005). As none of them offer direct access to start-up innovation, a growing number of EC such as BMW or Miele started to adopt a new CV mode - the Venture Client Model (Jimmy et al., 2017). Using the VCLM EC become paying customers of start-ups without taking equity. In joint pilot projects they apply start-up solutions to their product, processes or business models to solve relevant business problems and create strategic impact for increased competitiveness (Haarmann et al., 2023; Mais et al., 2023). Given its recent emerge, EC face several challenges implementing and operating the VCLM. The current state of research describes different aspects of the model such as strategy, process or organizational structure at a high level (Haarmann et al., 2023). Challenges of EC are not highlighted. For this purpose, this paper seeks to contribute to the field by deriving need for future research from a practical standpoint, drawing on a compilation of real-world challenges inherent in the VCLM. To address this research gap, we derive the following research question:

Which challenges do established companies face when implementing and operating the Venture Client Model?

The paper unfolds as follows: The second chapter differentiates the VCLM from other corporate venturing mode and describes its characteristics, and benefits. In the following the research design explained. The results are presented in the fourth chapter containing insights into seven challenge clusters, 37 challenges and their frequency distribution. Based on the results we derive three fields of action for research and corporate practice in the discussion. Finally, we close with this publication's contributions and limitations as well as potential for future research.

2 Theoretical Background

The term "Open innovation" was coined by HENRY CHESBROUGH in 2003 (Chesbrough, 2003). Since then, the definition has been further developed (West et al., 2014). Recent literature understands open innovation as a "distributed innovation process based on purposively managed knowledge flows across organizational boundaries, using pecuniary and non-pecuniary mechanisms in line with the organization's business model" (Chesbrough & Bogers, 2014). Additionally,

Gutmann et al. identified further types of knowledge flows. Besides the externalization of internal knowledge (inside-out) and the internalization of external knowledge (outside-in) they describe inside-in and outside-out knowledge flows as possible types of open innovation (Gutmann et al., 2023). However, the outside-in approach has received the most attention in academic research and corporate practice (Bogers et al., 2018). It enables EC to address crucial challenges alongside the internal innovation process such as increasing development costs, resource scarcity, shorter innovation cycles or rapid emerge of new technologies (Weiblen & Chesbrough, 2015). For internalization of external knowledge EC can choose between different innovation partners. Among others the variety of partners includes suppliers, customers, universities, crowd, or start-ups (Chesbrough & Brunswicker, 2013). Under the umbrella of "corporate venturing" open innovation with start-ups gained significant momentum as both innovation partners seem to complement each other (Weiblen & Chesbrough, 2015). While EC are well equipped with resources such as capital, market access, employees testing or production facilities, they are caught in lengthy processes, complex decision making and a risk averse culture to efficiently deploy its resources to operate established and successful business models (Weiblen & Chesbrough, 2015; Corvello, 2023). Contrastingly, start-ups lack these extensive resources but are characterized by specialized expertise, an innovation-friendly culture, and agile organizational structures, enabling them to develop new innovations quickly (Moschner et al., 2019; Kurpjuweit et al., 2020). To leverage start-ups innovation potential, EC are using different CV modes ranging from hackathon over corporate incubators and accelerators to corporate venture capital and merger & acquisitions (Peter, 2019). These provide various benefits to EC such as access to talents and novel ideas, promotion of an innovation-friendly culture, insights into new technologies and markets, financial return or IP transfer (see Table 1). However, direct access to start-up solutions for increased competitiveness through innovating products, processes and business models or solving business challenges is not provided by any of the named CV modes.

Table 1: Different CV modes and their outcomes

Corporate venturing mode	Objective	Source
Hackathons	Talent recruiting, Idea generation	Valenca et al., 2020
Co-working	Trend detection, Social interaction, Corporate branding	Peter, 2019
Corporate Incubator & Accelerator	Talent attraction, Cultural change, Idea exploration	Schöll & Hirte 2018, Kurpjuweit & Wagner, 2020; Enkel & Sagmeister, 2021
Corporate Venture Capital	Insights on new technologies & markets, Financial return	Dutschinsky & Lenox, 2005; Enkel & Sagmeister, 2021
Merger & Acquisition	Acqui-Hiring, Access to complementary technology and capabilities	Peter, 2019
Venture Clienting	Solving business and innovation problems	Peter 2019; Kurpjuweit & Wagner, 2020; Haarmann et al., 2023

The solution to this challenge is found in the VCLM, a concept that originated at BMW in 2014 (Gimmy et al., 2017). Using the VCLM EC become paying customers of start-ups they become a venture client (Haarmann et al., 2023). It differs from other CV modes regarding three main aspects:

1. **Business orientation:** The collaboration between the start-up and the EC is based on a concrete business challenge or potential from business units. This is to be solved with the help of a start-up solution to increase the EC's competitiveness (Mais et al., 2023).
2. **Start-up solution, not equity:** As the EC's focus is on solving the challenge, it pays for the start-up solution and not for equity (Gimmy et al., 2017).
3. **Pilot project:** Working with start-ups is riskier than working with established suppliers, but at the same time promises a higher degree of innovation (Kurpjuweit & Wagner 2020). The EC therefore validates the added value of the start-up solution as part of a pilot project before integrating it into the company (Haarmann et al., 2023).

From these unique characteristics of the VCLM various advantages for EC and start-ups arise. Due to lean pilot projects EC can expect results after approximately six months (Veit et al., 2021). Simultaneously, start-ups benefit from pilot projects by receiving access to specialised knowhow, customer feedback and product development support (Haarmann et al., 2023). As EC purchase the start-up solution and not the start-up's equity the VCLM is associated with lower fix costs and accordingly to lower risk than other CV modes (Gimmy et al., 2017; Kurpjuweit et al., 2020). Thereby, start-ups retain their autonomy and additionally gain first reference customers (Gutmann et al., 2020). In addition, the VCLM's business orientation simplifies the transfer of start-up innovation into the core business and creates real business impact (Kurpjuweit & Wagner, 2020). Finally, the VCLM is more scalable than other CV modes as the business units and not the venture client unit provide necessary resources (e.g. budget or employees) to conduct the pilot project (Gimmy et al., 2017). Due to these manifold advantages, the VCLM is increasingly getting interest from corporate practice. Besides BMW a growing number of EC is adopting the model (Haarmann et al., 2023). However, they are confronted with a variety of challenges.

For example, they find it difficult to align venture clienting with the needs of the business units, to speed up slow purchasing, legal and IT processes, or to build acceptance for start-ups and start-up solutions within the core organization (Faria et al., 2018; Kurpjuweit, 2019). In order to develop practical solutions for these challenges associated with the VCLM, it is necessary to create a structured challenge overview as this does not exist in the literature.

3 Research Design

A four-stage process model is employed to identify the challenges related to venture clienting (see Figure 1). Firstly, a literature analysis is conducted to derive guiding questions for interviews, workshops, and a world café. In step two, data is collected using the aforementioned methods. The 156 challenges identified are grouped into seven clusters with 37 mutually exclusive challenges. Finally, the results are verified with two venture client experts.

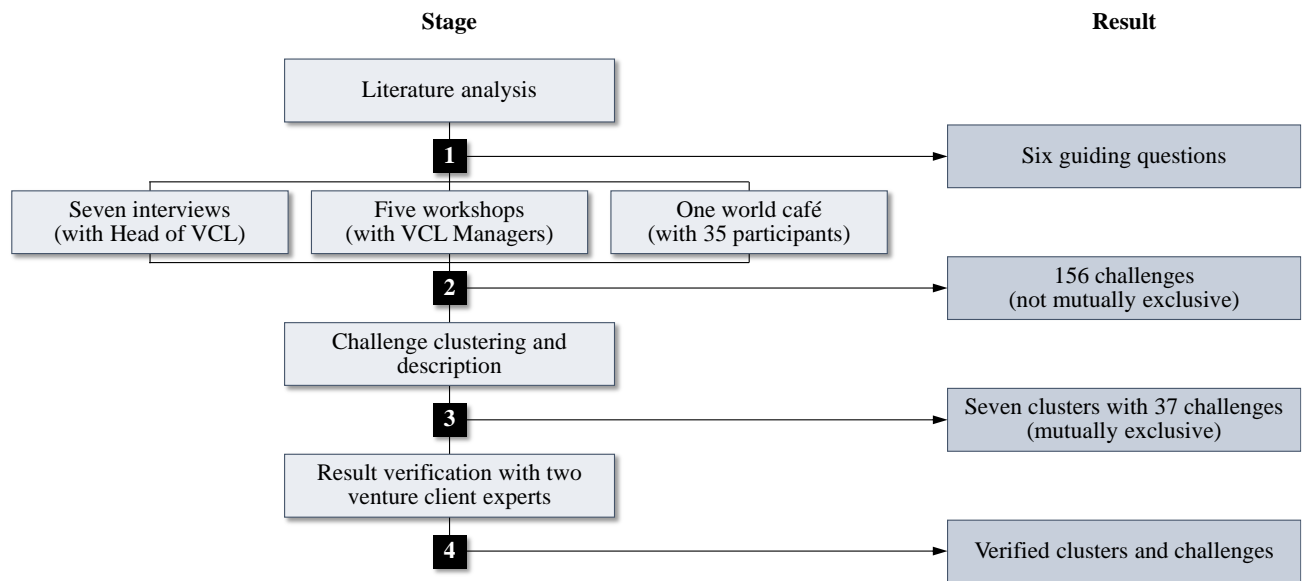


Figure 1: Research design

We build on the systematic literature review by HAARMANN ET AL., to derive guiding questions for the data collection. The publications identified in this review are examined for implicit and explicit mention of challenges. A list of relevant publications is provided in Table 2.

Table 2: Relevant publications mentioning challenges associated with the venture client model

Publication	Title
Faria et al., 2018	Venture client: Analysis of the mining lab program
Gimmy et al., 2017	What BMW's corporate VC offers that regular investors can't
Gutmann et al., 2020	Start-ups in a corporate accelerator: What is satisfying, what is relevant and what can corporates improve?
Corvello et al, 2021	Antecedents, processes and outcomes of collaboration between corporates and start-ups
Gutmann & Lang, 2022	Unlocking the magic of corporate start-up collaboration
Haarmann et al., 2023	Venture Client Model: A systematic literature review
Kurpjuweit, 2018	Partnering with new venture suppliers: A dynamic capabilities approach
Kurpjuweit & Wagner, 2020	Startup supplier programs: A new model for managing corporate-startup-partnerships
Onetti, 2021	Turning open innovation into practice: Trends in European corporates

The identified challenges are clustered to derive guiding question for each cluster. For example, the guiding question for the "culture" cluster is formulated as follows: What cultural obstacles does your company encounter while collaborating with start-ups using the VCLM? Similar questions are formulated for the "strategy", "process", "organization", "marketing", and "implementation of the VCLM" clusters.

In the second step of the process, three distinct methods are employed to identify venture client-related challenges from corporate practice - interviews, workshops and a world café. Firstly, we conduct seven semi-structured interviews in accordance with MYERS & NEWMAN (Myers & Newman, 2007). In the initial phase of the interview, participants are asked

generally about challenges associated with the VCLM, before selectively using the cluster-specific guiding questions to identify further challenges. Interviewees are exclusively people leading the venture client activities (Head of Venture Clienting) to consider a managerial perspective. Additionally, we organise five workshops, which involve two venture client managers, who are directly working with the start-ups and two scientific experts with special knowledge in the field of venture clienting. The workshops' identification and in-depth discussion of challenges adhere to Wilson's approach (Wilson, 2013). For both - interviews and workshops - the participating venture client units are carefully, ensuring the inclusion of venture client units with varying maturity levels (see Table 3). It is assumed that EC using the VCLM for the first time (beginners) are confronted with different challenges compared to those who already have a venture client unit and successfully completed first pilot projects (intermediates) or EC, who are doing venture clienting for years (experts). Thirdly, challenges are acquired through a world café with 35 participants from EC and start-ups. Following the world café according to SCHIELE ET AL., participants are segregated into three groups (Schiele et al., 2022). At first, the participants gather challenges on three unique posters before discussing and enhancing them under the control of a moderator. Finally, the groups rotate to discuss and supplement the challenges identified by the previous group.

Table 3: Overview of interview partners

Format	Revenue (bn. €)	Industry	Maturity	Interviewee
Interview	10-50	Mech. Engineering	Expert	Head of Venture Clienting
	10-50	Automotive	Intermediate	
	>50	Automotive	Expert	
	1-10	Mech. Engineering	Beginner	
	1-10	Mech. Engineering	Expert	
	10-50	Insurance	Expert	
	1-10	Electronics	Intermediate	
	1-10	Automotive	Beginner	
Workshop	1-10	Mech. Engineering	Expert	2x Venture Client Managers
	10-50	Retail	Expert	
	1-10	Technical services	Beginner	
	1-10	Electronics	Intermediate	
	1-10	Electronics	Intermediate	

In the third step the data analysis is conducted by the main author. The methodology employed is inductive categorisation, as proposed by MAYRING (Mayring, 2014). Initially, the interviews are transcribed. Thereafter, text passages containing information about challenges associated with the VCLM are extracted. The challenges identified in the workshops and the world café are digitised. Clusters are then formed based on this data. For this purpose, the first data point (e.g. “lack of acceptance of start-ups as innovation partners”) is given a concise description (e.g. “mistrust against start-ups”). This serves as the cluster name. Subsequently, all other data points are subjected to a review to ascertain their alignment with existing categories. For example, the data point “defensive attitude towards start-ups” can also be assigned to the cluster “mistrust against start-ups”. If they do not align, a new cluster is created. Once approximately 50% of the data elements are categorised, the clusters are subjected to a review to identify any potential overlaps or miss-categorisations. This categorisation process yields 37 challenge clusters. As the number of categories exceeds the value of 30 recommended by MAYRING, the 37 challenges are categorised again according to the procedure described above (Mayring, 2014). This results in seven clusters at the second level of abstraction. Finally, the number of mentions of the individual challenges is counted. In the fourth step, the results of the data analysis are verified. This is achieved through an intercoder check according to MAYRING (Mayring, 2014). Therefore, all materials, definitions and results are provided to two scientists with relevant expertise in the context of the VCLM. These scientists then check the data analysis independently of each other. Any deviations are discussed among the three scientists until a common consensus is found.

4 Results

Based on interviews, workshops and world café, we identified seven challenge clusters with 37 mutually exclusive challenges. Most of challenges are accounted for by the "process" (12) and "organization" (8) clusters. Other challenges fall under the "culture" (5), "strategy" (4), "implementation" (3), "marketing" (3) and "infrastructure" (2) clusters. Figure 5 to Figure 13 describe each of the 37 challenges in detail including number of nominations. Thereby, we differentiate between challenges that have been mentioned occasionally (1-2), partly (3-5), often (6-8) and very often (9-10).

4.1 Process

The venture client process contains six steps – request, source, match, buy, pilot and adopt (Haarmann et al., 2023). Table 4 contains twelve challenges assigned to the corresponding cluster. They range from missing knowledge about the venture client process and hurdles designing it fast and start-up-friendly to tools helping venture clients to successfully adopt start-

up solutions. Looking at the number of nominations three challenges are particularly noteworthy - process knowledge, problem identification and buy processes. Topics such as start-up scouting and assessment seem to be less challenging

Table 4: Challenges of the "process" cluster

	Detailed challenge description	Frequency
Process knowledge	Established companies lack knowledge about the venture client process, different process variants (e.g. push and pull) and tools to support (e.g. templates for problem documentation).	often
Process speed	While start-ups are known for being fast and agile, established companies are often bound by standardized processes and bureaucracy. As a result, tensions within the collaboration arise due to differing process speeds.	partly
Problem identification	Identifying problem owners with relevant business challenges and detail them for the following scouting process is associated with major difficulties.	very often
Start-up scouting	To source start-up relevant start-up solutions established companies can rely on various tools such as desk research, external scouts or start-up application forms on their websites. However, selecting the appropriate tool and designing the corresponding scouting process can be challenging.	occasionally
Start-up assessment	Established companies lack an efficient process, standardized criteria and required competencies for start-up assessment.	occasionally
Buy processes	Existing purchasing, legal and IT processes of established companies are too slow for successful start-up collaboration. They need support in accelerating them.	often
Legal documents	Start-ups lack required competencies to understand legal documents (e.g. non-disclosure agreement), which have been created by corporate lawyers. A notable gap exists in the provision of design guidelines for start-up-friendly legal documents.	partly
Pilot project definition	To ensure the success of the pilot project it needs to be defined clearly defined. Thereby established companies lack knowledge about relevant aspects need to be defined such as objectives, responsibilities or key performance indicators (KPI).	partly
Adoption-strategy selection	After the pilot project, established companies can choose from different adoption-strategies - development, buyer-supplier-relationship, or investment. Established companies need criteria to choose the most appropriate strategy.	partly
Effective adoption	Established companies struggle to transfer the results of pilot projects into successful operation. Reasons can be found in the inadequate planning of the adoption project, a lack of resources or missing priority compared to the venture client's day-to-day business.	partly
Supplier qualification	Start-ups usually do not meet supplier requirements such as certifications, production capacity or necessary IT-infrastructure. Defining a standardised supplier qualification program for start-ups poses a difficulty for established companies.	partly
Supply and warranty risk	Compared to regular suppliers, start-ups offer highly innovative and unique solutions. Therefore, multi-sourcing is not possible. As start-ups are characterized by scarcity of financial resources in addition, there is an increased supply and warranty risk for the established company.	partly

4.2 Organization

Having a venture client process in place does not guarantee successful venture clienting. It must be anchored in the organization, venture clients must provide resources to the process and its success must be measured. Table 6 describes eight related challenges in detail. Five of these challenges are mentioned often or very often - "decision making", "budgeting" and "key performance indicators" are exceptions.

Table 5: Challenges of the "organization" cluster (1/2)

	Detailed challenge description	Frequency
Organisational structure	Typically, venture client activities are coordinated by a dedicated venture client unit. How this unit is linked to the organization within the organisational chart varies. Established companies therefore struggle to find the optimal organisational structure for their venture client unit.	very often

Table 6: Challenges of the "organization" cluster (2/2)

	Detailed challenge description	Frequency
Roles	Tasks related to the venture client model are performed by different people in the organisation. For established companies, there is a lack of transparency about how these tasks are grouped into common roles and how they are distributed across the venture client unit and the organization.	<i>very often</i>
Decision making	Due to its complex structures and the involvement of top-level management decision making in established companies often tend to be difficult and slow. Implementing streamlined decision making is a prerequisite and challenging at the same time.	<i>occasionally</i>
Internal network	Venture client units needs to be well-connected within the EC to identify business challenges, to push start-ups into the organization or to organize necessary resources for pilot projects. However, identifying relevant persons within the organization and building an internal network is a major hurdle.	<i>often</i>
Buy-in	Particularly, the mid-level management, driven by operative KPI and day-to-day business is not sufficiently committed to the venture client model. For this purpose, venture client units need to find ways to create buy-in of the business units.	<i>often</i>
Resource provision	Conducting a pilot project and adopting the start-up solution requires physical and personnel resources especially provided by the VC. While they are keen to adopt the start-up solution, they are unable to commit the necessary resources at short notice, as day-to-day business often takes precedence.	<i>very often</i>
Budgeting	Established companies must allocate budget for both the operation of the venture client unit and the procurement of the start-up solution. The source of the necessary budget may vary depending on the established company's prerequisites.	<i>partly</i>
Key performance indicators	To effectively steer venture client activities and convincingly report their impact, established companies need to implement key performance indicators. They struggle selecting relevant KPI and measuring them.	<i>partly</i>

4.3 Culture

The "culture" cluster comprises five distinct challenges (see Table 7). Primarily, they pertain to the cultural disparities between EC and start-ups, the refusal of employees from EC to accept external (start-up) innovations, and the transformation of corporate culture itself. Thereby, especially the refusal of external innovation (not invented here syndrome) is viewed as a the most crucial cultural obstacle when collaborating with start-ups using the VCLM.

Table 7: Challenges of the "culture" cluster

	Detailed challenge description	Frequency
Cultural differences	Especially during the "Pilot" and "Adoption" phases, different corporate cultures can present challenges for collaboration. Start-ups are known for their motivation and willingness to take risks, while EC tend to have a more rigid, "by-the-book" approach and a culture focused on avoiding errors.	<i>occasionally</i>
Problem orientation	Employees in established companies tend to focus on problems of innovative solutions rather than their potential. Commonly used phrases in this context include "We have already tried that, but it was not successful".	<i>partly</i>
Not invented here syndrome	Staff of established companies exhibit a resistant attitude towards innovations developed externally (not invented here syndrome). They are of the opinion that these innovations can also be realised to the same extent by internal development departments.	<i>often</i>
Mistrust against start-ups	Start-ups are not considered as serious collaboration partners by the corporate's employees. They possess a mistaken view of start-ups as "tinkerers' huts", have suffered negative encounters with start-ups previously, or do not perceive any benefit in working with them.	<i>partly</i>
Cultural change	Companies lack measures and concrete approaches to drive a shift towards a more innovation fostering and collaborative corporate culture.	<i>occasionally</i>

4.4 Strategy

For EC the VCLM is one part of their innovation-toolbox. In regard to a venture client strategy EC must define how the VCLM works together with other innovation-tools (e.g. corporate venture capital), when it is used and how it is going to

be improved. The cluster "strategy" contains four challenges associated with this topic as shown in Table 8. Challenges related to this topic have been mentioned by only some of the interviewees.

Table 8: Challenges of the "strategy" cluster

	Detailed challenge description	Frequency
Strategy-alignment	To generate added value for the established company, venture clienting activities must align with the corporate strategy. However, implementing this alignment presents challenges in corporate practice.	partly
Innovation ecosystem integration	The venture client model must be integrated into the innovation ecosystem. Currently, there is a lack of transparency regarding the interfaces and synergies with other innovation tools. Additionally, solutions for their implementation are scarce.	partly
VCLM use cases	Established companies struggle to decide whether the venture client model is the appropriate innovation tool for the business challenge at hand. They lack corresponding criteria and use cases.	partly
Venture client strategy	Successful venture clienting requires a dedicated strategy. It is necessary to guide VCL activities (e.g. defining internal customers) and to structure the improvement of VCL capabilities (e.g. offering additional VCL services). Thereby, it is not clear which aspects a VCL strategy contains and how it is developed.	occasionally

4.5 Implementation

Implementing the VCLM and creating a demand for it from the business units can be challenging. The "implementation" cluster focusses three corresponding challenges (see Table 9). When examining the specific challenges mentioned, it is evident that the implementation of the VCLM poses a significant obstacle for EC.

Table 9: Challenges of the "implementation" cluster

	Detailed challenge description	Frequency
Implementation process	Established companies lack a detailed and concrete process for implementing the venture client model.	partly
Success stories	To build trust in and generate interest for the venture client model within the company, it is crucial to promptly demonstrate its benefits by successful pilot projects. However, there is a lack of recommendations to enhance the likelihood of success in these pilot projects.	partly
Pull	Established companies struggle to generate demand for start-up solutions (pull) and the services provided by the Venture Client Unit within the organisation.	partly

4.6 Marketing

The VCLM is relatively new to the public, but also to the staff of EC. As a result, the "marketing" cluster shows challenges in terms of visibility of the venture client unit and lack of understanding of the model and its benefits by the company's employees. All three challenges were mentioned with an average frequency (see Table 10).



Table 10: Challenges of the "marketing" cluster

	Detailed challenge description	Frequency
Visibility	Before employees consider solving their business challenges with startup solutions via the venture client model, they need to be aware of the existence of a venture client unit within the company. Therefore, the venture client unit requires a set of marketing tools to increase its visibility within the organization.	partly
Venture client education	Although a venture client unit exists within the company, it cannot be assumed that employees will automatically view it as a viable solution to their challenges. Often, employees lack an understanding of the venture client model and the services provided by the unit to support the application of start-up solutions.	partly
Venture client brand	Some venture client units establish brands (e.g. BMW Startup Garage) to increase visibility in the start-up ecosystem and particularly within the organization. Deciding whether to establish a brand and how to develop and promote it represents a challenge for established companies.	partly

4.7 Infrastructure

The "infrastructure" cluster contains two challenges (see Table 11). They address infrastructure needed to operate the VCLM such as start-up software or testing-infrastructure. Both challenges were mentioned less frequently.

Table 11: Challenges of the "infrastructure" cluster

	Detailed challenge description	Frequency
Start-up software	EC use excel-sheets, customer relationship systems, general innovation platforms or dedicated venture clienting-software to manage the venture client process and measure KPIs. However, it may not be clear for them which soft-ware functionalities are necessary or which software solution is most appropriate.	occasionally 
Labs and testing-infrastructure	Improving the operational processes with start-up solutions requires intervention in the ongoing production, logistics or other processes. Especially in the case of production, EC struggle to conduct pilot projects and create corresponding sandboxes without harming the running production processes.	occasionally 

5 Discussion

Establishing the VCLM as a part of the innovation toolbox: Establishing the VCLM as a part of a company's innovation toolkit is the first field of action. Two aspects need to be considered here: the implementation of the VCLM and its strategic integration into the innovation ecosystem. In addition to setting up the venture client process and organization as an integral part of the implementation process, interviewees describe further upstream and downstream steps. One interviewee stated that they did two pilot projects to validate, whether the VCLM creates value for the organization before setting up a venture client unit. Others described downstream activities such as scaling the model across the entire company. However, the literature does not provide a standardized process ensuring success in implementing the VCLM. GUTMANN & LANG describe the development of start-up collaboration programs in general (Gutmann & Lang, 2022). The corresponding process is illustrated at a high level of abstraction including the process steps "strategy", "search fields" and "operation setup". Although FARIA ET AL. refer specifically to the VCLM, they only describe the one-off implementation of venture clienting as a venture client program and not as a permanent institutionalised component of innovation management (Faria et al., 2018). Regarding the integration into the innovation ecosystem, EC have difficulties in selecting suitable use cases for the VCLM, as business challenges can also be solved by using other innovation tools. Furthermore, the identification and realization of synergies - e.g. forwarding interesting start-ups to the venture capital department - between the VCLM is challenging. KURPJUWEIT & WAGNER also acknowledge the potential of integrating the VCLM with other innovation tools. However, they restrict themselves to merely describing this phenomenon and its potentialities, without offering concrete concepts for effectively leveraging them (Kurpjuweit & Wagner, 2020).

Designing processes and structures to operate the VCLM: The design of a company-specific venture client process and organization is the most relevant and challenging fields of action as they enable EC to operate the VCLM. This is evident from the fact that over 50% of the challenges can be attributed to these two areas. Additionally, the high relevance of individual challenges further emphasizes this point. Regarding the venture client process, two aspects are particularly noteworthy. Firstly, EC often lack a detailed overview of the venture client process, including its different variants. For example, to identify business challenges venture client units use a wide variety of instruments. These range from participating in strategy workshops to conducting VCLM-specific interviews and workshops with company divisions, as well as accepting business challenges submitted by company employees. However, there is a shortage of design guidelines and tools to aid the process. These could include best practices for expediting legal, IT, or purchasing processes, or interview guidelines for identifying business challenges. Research has already identified potential solutions to these challenges. HAARMANN ET AL. provide an overview of the existing literature and describe the venture client process (Haarmann et al., 2023). With regard to tools, they also describe various scouting vehicles and start-up evaluation criteria (Haarmann et al., 2023). The latter are described by MAIS ET AL. as well as the naming of different options for business challenge identification (Mais et al., 2023). However, further research is needed to provide the necessary depth of detail to solve the challenges faced by companies in the context of the venture client process. Focusing on the venture client organization, two aspects are challenging for EC. The first aspect concerns the anchoring of the venture client process in the organization. Venture client activities are typically managed by a venture client unit. There are several ways to integrate the venture client unit within the organization, each with its own advantages and disadvantages. The same applies to the distribution of tasks within the venture client unit and the outsourcing of tasks to the core organization. EC struggle to choose the most suitable option according to their individual situation. The second aspect describes the cooperation between the venture client unit and the venture clients. This involves establishing an internal network and generating commitment from the venture client. The literature offers only a cursory examination on these two aspects. Different authors present a range of approaches to the anchoring of a venture client unit within the organization, including research & development, business development, and technology management (Kurpjuweit, 2019, Enkel & Sagmeister, 2021).

Furthermore, KURPUWEIT & WAGNER and VAN DER MEER ET AL. describe different options for assigning process steps to different people in the organisation (Kurpjuweit & Wagner, 2020; van der Meer et al., 2021). However, a complete overview of the possible variants and guidance on selecting the optimal configuration for the specific organisational context is lacking. CORVELLO ET AL. describe various aspects of a company-internal venture clienting network. This is necessary to diffuse knowledge about the process of start-up collaborations, success stories or the brand of the venture client unit within the company and to create commitment (Corvello, et al., 2023). The network consists of R&D engineers, purchasing specialists, product owners and managers (Corvello et al., 2023). However, it remains to be seen how this network will be build, organised in detail, and linked to the venture client process.

Convincing employees to use the VCLM: Having a functioning venture client process and organization in place is only one aspect of successful venture clienting. It is also crucial to convince people from the core business to utilize the VCLM. These people are operative staff who are confronted with relevant business challenges on daily basis as well as executives from e. g. production or product management who decide about budgets and the implementation of new technologies. However, this can be hindered by a lack of visibility and understanding of the model's benefits within the organization. Furthermore, different cultural aspects such as the lack of acceptance of start-ups or externally developed innovations in general (not invented here syndrome). Overcoming these hurdles through dedicated venture client marketing represents the third field of action. Therefore, EC use different marketing-tools. For instance, roadshows with different corporate divisions and working groups or websites can be used to explain the functionality and added value of working with start-ups and the VCLM. Additionally, more training opportunities can be created to enable employees to apply the VCLM themselves. Other marketing-tools, such as newsletters or LinkedIn, can be used to communicate success stories. The literature does not discuss internal marketing for venture clienting, but states its relevance to initiate cultural change (Corvello et al., 2023). Only marketing- tools to create external awareness (e.g. start-ups, network partners) such as a website, social media-presence, or an own brand are described (Jimmy et al., 2017)

6 Conclusion

The VCLM offers various benefits for EC and start-ups. However, EC face numerous challenges in implementing and operating it. As a central result, this publication describes 37 different challenges in the clusters "process", "organization", "culture", "strategy", "introduction", "marketing" and "infrastructure" as well as three fields of action for successful venture clienting. In the following we describe this paper's contribution to research and corporate practice as well as its limitations and potentials for further research. From a research perspective this publication provides significant added value in comparison to the existing literature. Previously, there has not been a comprehensive overview or in-depth analysis of the challenges faced by venture clients. HAARMANN ET AL. provide a highly abstract description of seven different problem areas, but do not delve into specific challenges. Additionally, they do not mention the "marketing" cluster nor do they describe all aspects of the "infrastructure" cluster. Other authors only sporadically and often implicitly describe challenges. From a managerial perspective this publication describes three fields of actions need to be considered by managers, who are aiming to implement and operate the VCLM successfully. Concretely, they should focus on strategically planning the VCLM's implementation and integration into the corporate's innovation ecosystem, building a venture client process and organization as well as convincing the core business to utilize the VCLM. In addition to highlighting the publication's benefits, it is important to acknowledge its limitations. It should be noted that the challenges were identified through discussions with EC, start-ups, and players in the start-up ecosystem. However, actors from venture client clusters such as Stratosfare, Combient Foundry, or BIND 4.0 and their challenges were not considered. Furthermore, limitations of the results can be observed in the context of the data analysis. Although two experts verified the challenge-clustering, it is important to note that subjective influences may still be present. Based on the discussion of the results, various potentials for further research can be derived. Firstly, further research should focus on the description of venture client clusters and their challenges. On the one hand, the challenges observed here could be similar, as the clusters support EC in individual process steps (e.g. scouting) or even take over the management of the entire process. On the other hand, it is conceivable that clusters face further challenges in the context of the business model (e.g. structuring the range of services or sources of income) and the acquisition of new cluster members. Secondly, solutions need to be developed for the challenges described in this publication. Although all clusters contain relevant challenges, the analysis shows potential focal points in the context of process and organization for venture clienting. The solutions developed here could enable EC to successfully implement and operate the VCLM.

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