

Startup Engagement as Part of the Technology Strategy Planning

How Rheinmetall Automotive Increases
Innovation by Using Corporate Venturing



26th EuroAsiaSPI² Conference | Speaker: Dr. Martin Neumann
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AGENDA

- 1 / INTRODUCTION
- 2 / LITERATURE REVIEW
- 3 / CONCEPTUAL FRAMEWORK OF THE RESEARCH
- 4 / A STRATEGIC MODEL FOR CORPORATE VENTURING
- 5 / CONCLUSION

RHEINMETALL GROUP -

A high-tech enterprise for
mobility and security



RHEINMETALL GROUP



SALES **6.148 MrdEUR**

OPERATING RESULT/EBIT **492 MioEUR** ↑ 8%

HEADCOUNT **ca. 24,950**



SALES **2.930 MrdEUR**

OPERATING RESULT/EBIT **262 MioEUR** ↑ 8,9%

HEADCOUNT **ca. 12,855**



SALES **3.221 MrdEUR**

OPERATING RESULT/EBIT **254 MioEUR** ↑ 7,9%

HEADCOUNT **ca. 11,832**

RHEINMETALL AUTOMOTIVE

The auto parts supplier



KOLBENSCHMIDT

Solutions for a **sustainable reduction of emissions and reduced fuel consumption** through **minimized friction** and **efficient, low-weight design**.



PIERBURG

Solutions for **sustainable reduction of emissions and reduced fuel consumption** through comprehensive **exhaust gas recycling concepts**, efficient **electrification** of the drive train, e-mobility and intelligent **thermal management**.



MOTORSERVICE

Global spare parts business.
Serves wholesale suppliers in the free **spare parts market** as well as **repair shops** tied to automakers.



SALES BY SEGMENT IN 2018

36%

Cars to 3.5 t

Gasoline engine products

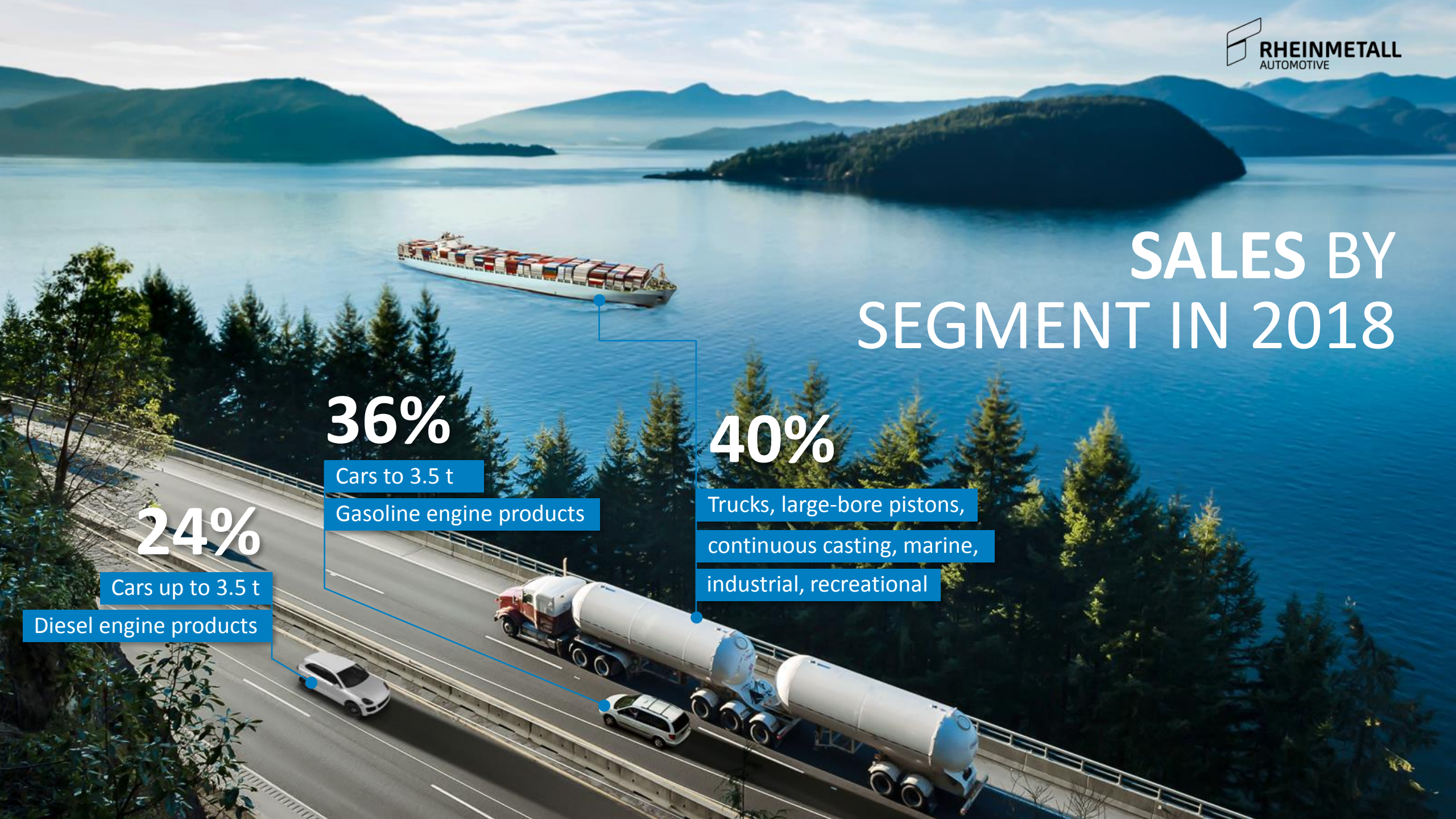
40%

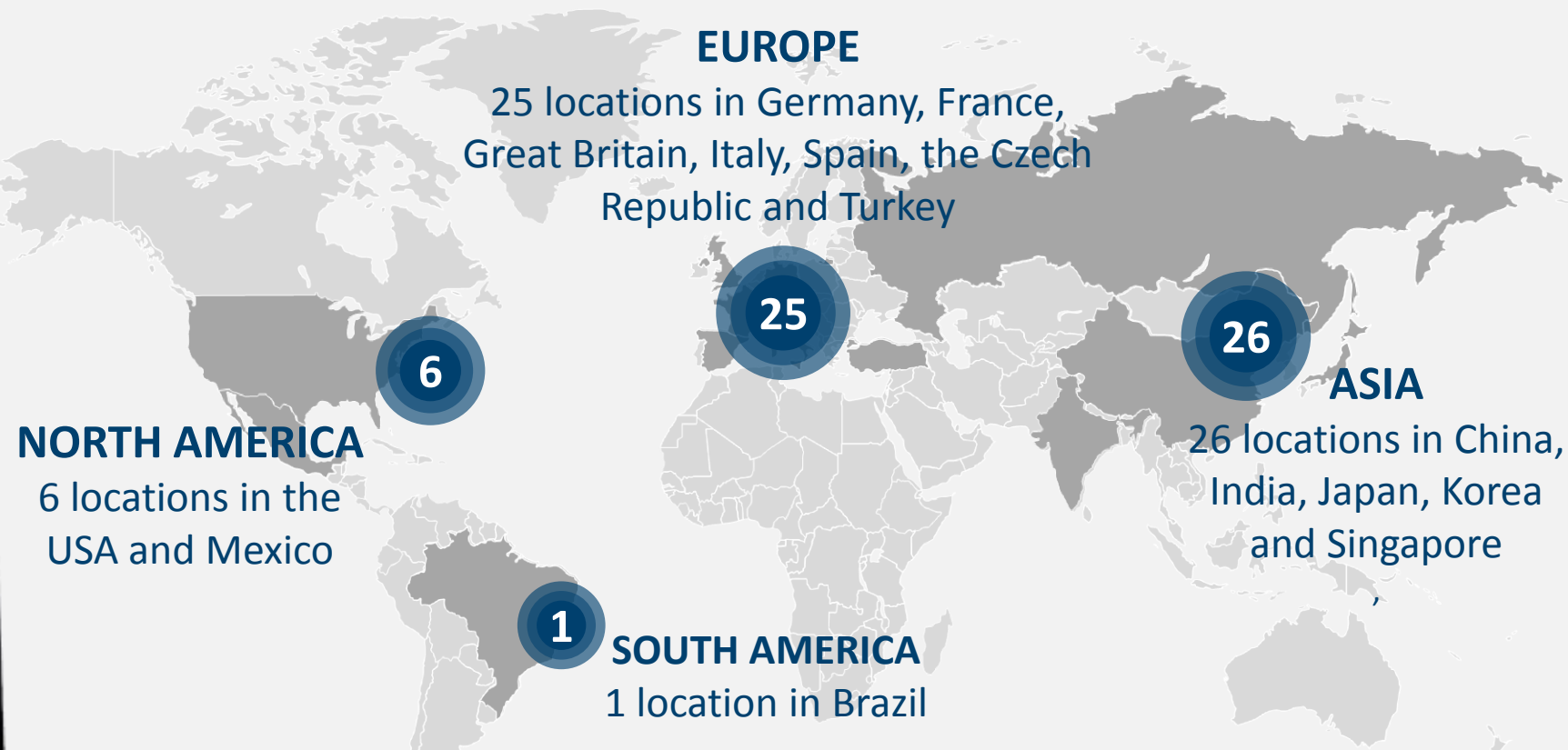
Trucks, large-bore pistons,
continuous casting, marine,
industrial, recreational

24%

Cars up to 3.5 t

Diesel engine products





OVER 50 LOCATIONS WORLDWIDE



MOBILITY IN TRANSITION



MOBILITY IN TRANSITION

Forecast for trends in car production



THE ELECTRO-MOBILITY MARKET IS

GROWING

DISRUPTIVE MOBILITY

Smart-City

ADAS

Smart Mobility

Autonomous
Driving

E-Mobility

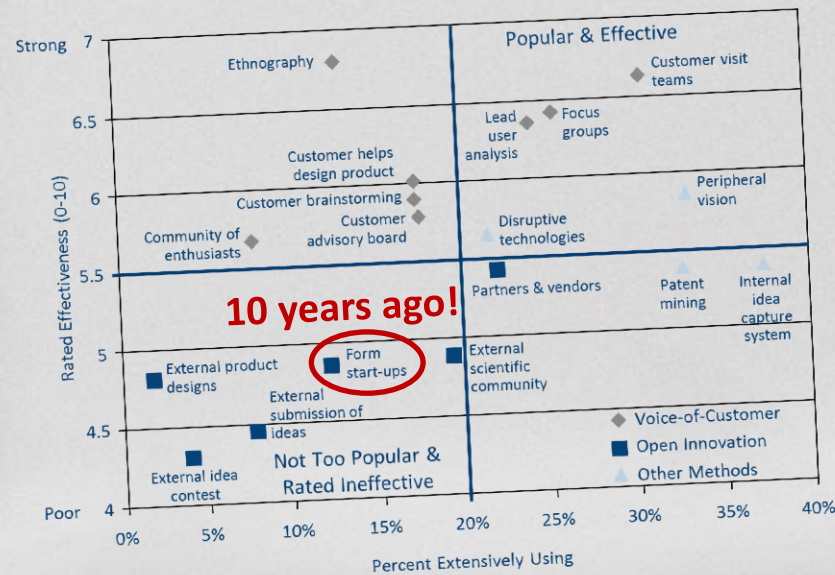
Connectivity

Rheinmetall Automotive decided to apply Open Innovation for extending the internal research and development procedures



RHEINMETALL AUTOMOTIVE NEWS

Corporate Venturing – A Worldwide, Cross-Industrial Phenomenon



- One decade ago, **Open Innovation** methods received positive comments only from a small sub-set of users.
- Now, **things have completely changed** and Open Innovation strategies, especially Corporate Venturing (CV) activities, have increasingly found their ways into business practice.
- Over the last years, numerous established companies have launched programs for **interacting with entrepreneurial startups** and internalizing these external opportunities.

STRATEGIC DIMENSIONS OF CORPORATE VENTURING

OBJECTIVES
strategic vs. financial

LOCUS OF OPPORTUNITY
internal vs. external

INVESTMENT INTERMEDIATION
direct vs. indirect

STRATEGIC LOGIC
exploring vs. exploiting

EQUITY INVOLVEMENT
yes vs. no

**LINK TO EXISTANT CAPABILITIES OR
ORGANIZATION**
tight vs. loose

LIFECYCLE STAGES OF A STARTUP



FIVE DISTINCT TYPES OF CORPORATE VENTURING

CORPORATE VENTURE CAPITAL

● *Characteristics*

- Investment in external startups
- Direct or indirect
- Aligned with business strategy
- Managed or supported by CVC experts

● *Forms of Investment*

Driving, enabling, emergent or passive

INCUBATOR

● *Characteristics*

- Long-term oriented
- Early stage startups
- Support during idea-to-market process
- Funding opportunities and basic assets

● *Forms of Incubator*

Business Innovation Center, University Business Incubator, Independent Private Incubator and Corporate Private Incubator

ACCELERATOR

● *Characteristics*

- Time frame of three to six months
- Mostly focus on late stage startups
- Scale up the business
- Corporate accelerator

● *Forms of Accelerator*

Listening Post, Value Chain Investor, Test Laboratory, Unicorn Hunter

INNOVATION LAB

● *Characteristics*

- Physical or digital environment to co-work and grow ideas
- Early stage startups
- Develop and test business models
- Integration of different stakeholders

● *Innovation Lab Forms*

Grassroot Lab, Coworking Lab, University Lab, Corporate Lab, Company Builder

HACKATHON

● *Characteristics*

- One day to one week
- Software and hardware challenges
- Number of less technical participants increases

● *Hackathon Forms*

Tech-centric or focus-centric

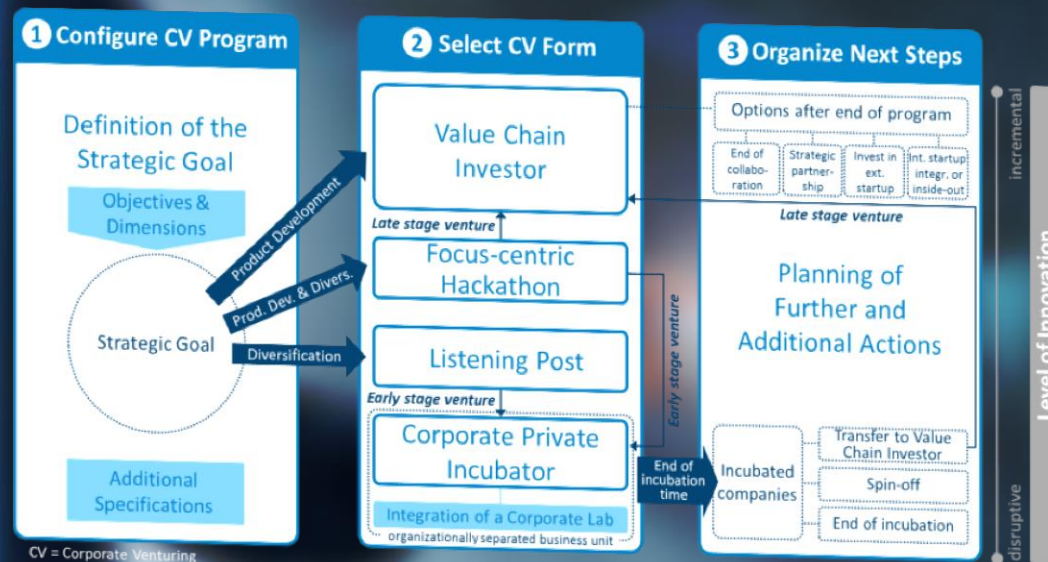
OUR CENTRAL RESEARCH QUESTION

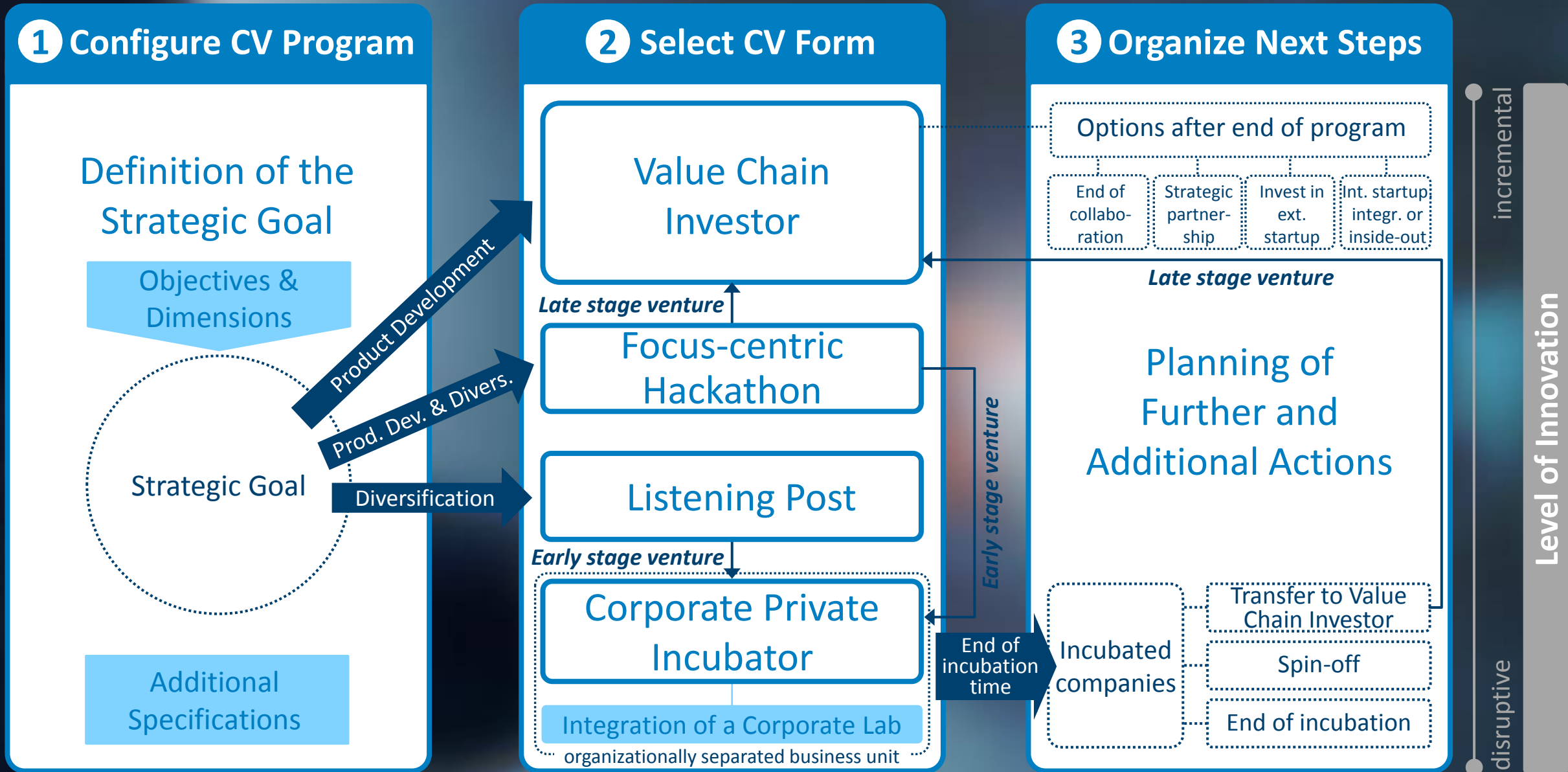
How can RHA use Corporate Venturing (CV) to increase innovation?

OUR SUB-QUESTIONS

1. What is RHA's strategic goal for CV?
2. Which form of CV should RHA use?
3. How can CV be introduced at RHA?

A STRATEGIC MODEL FOR CORPORATE VENTURING





2.80 M

 **RHEINMETALL**
AUTOMOTIVE

**OUR
START-UPS**

2.80 M

2.80 M

WAIT! START-UPS?



2.80 M



THE DRIVE SYSTEM FOR NEXT-GENERATION E-BIKES

- Superior e-bike expertise – building on tried-and-tested designs
- Individual e-bike solutions– drives, connectivity, display, batteries
- Genuine service support worldwide

www.amprio.com



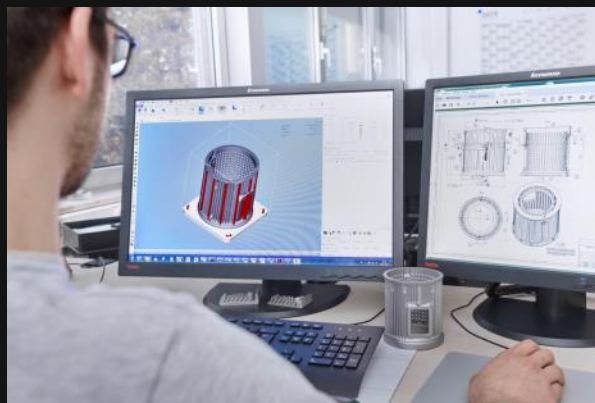
2.80 M



3D METALLIC PRINTING

- Production of complex components without machine tools
- Prototypes and small production runs
- Engineering support for 3D printing

www.solidteq.com



2.80 M



How can you speed up your
own startup engagement?

NEUTRAL

HARV

MIX

TORQUE

MID

ON/OFF

LIMITER

EF

BPF

YOUR TAKEAWAY

Think about your **motivation** for startup engagement and define clear **objectives**!

Bring your CV activities in alignment with your **overall corporate strategy**!

Integrate your **technology strategy** into your strategic goal for CV!

Take the **strategic dimensions of CV** into account and find suitable **CV forms** for you!

CV requires support of your **top-level management** and buy-in from **business units**!

Establish and continuously develop your **networks** and **collaborations**!

A clear and realistic **expectation management** is crucial!

THANK YOU VERY MUCH!



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