

SOSa



Brazilian National Confederation of Industry

THE FUTURE OF INDUSTRY

October 2022

"Investment for Innovation" work group

Corporate Venture Capital Funds

Corporate Venture Capital

“Corporate Venture Capital (CVC) is a catch-all name used to describe a wide variety of forms of equity investment exercised by corporations”.



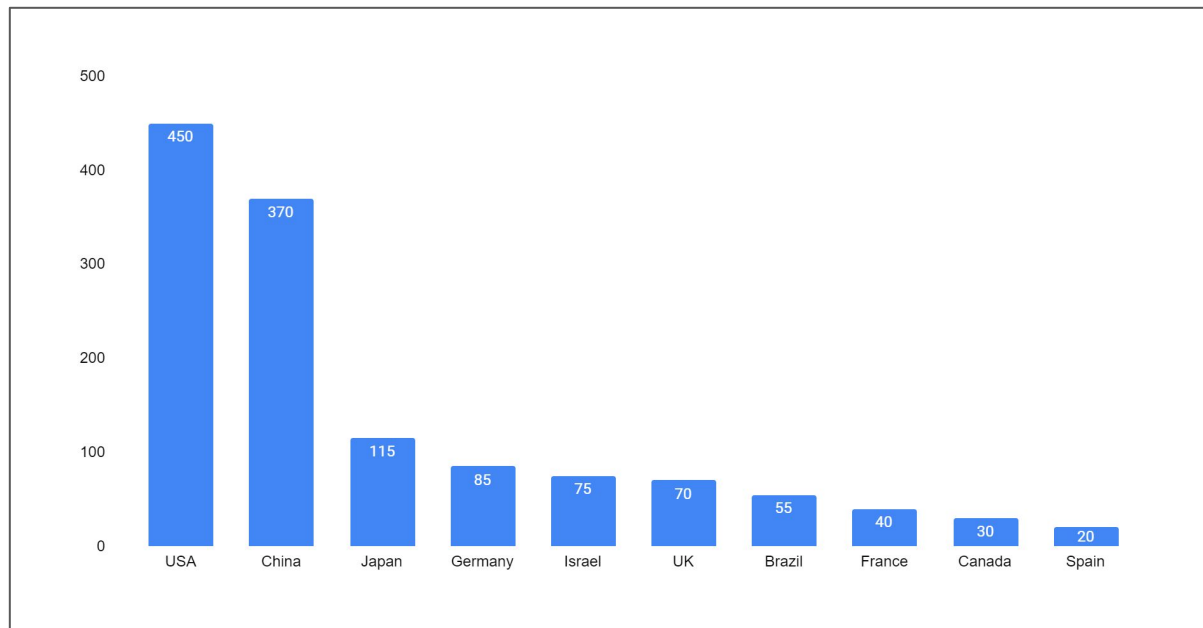
+4,000

Funds worldwide

\$65.8B

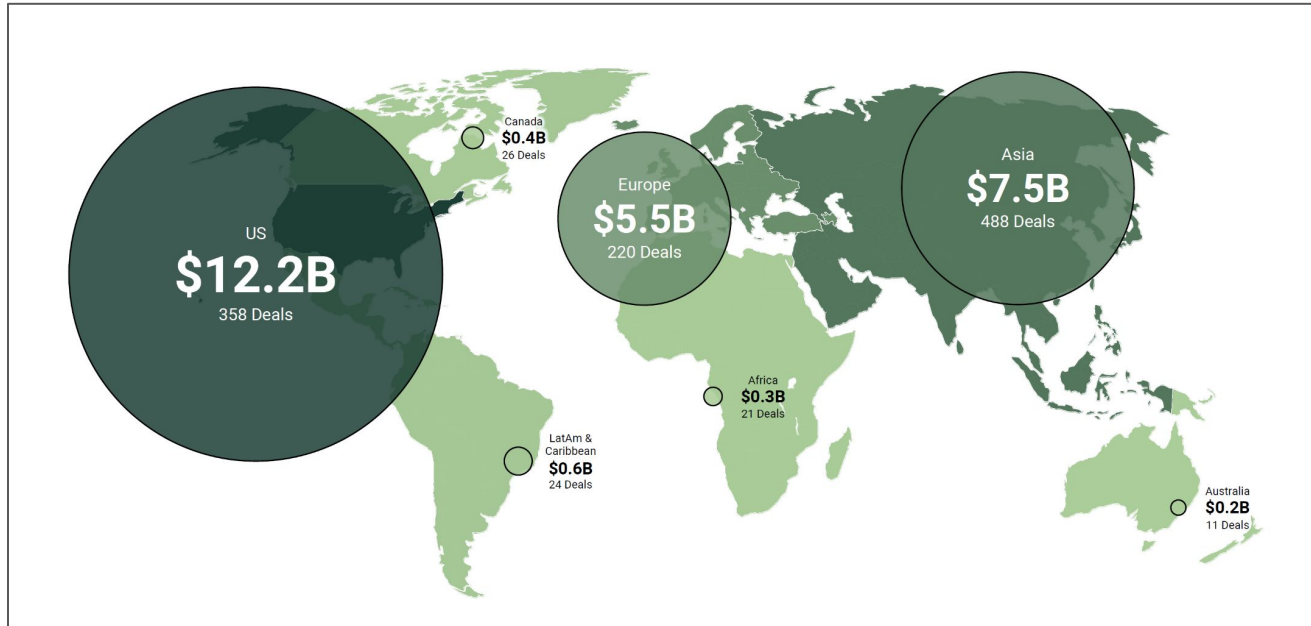
Already invested
over 2,553 deals In
H1, 2022, by CVCs

Number of funds by country*



*Rounded values | Source: SOSA (via Pitchbook, Startup Nation Central and Fundación Consejo España Brasil)

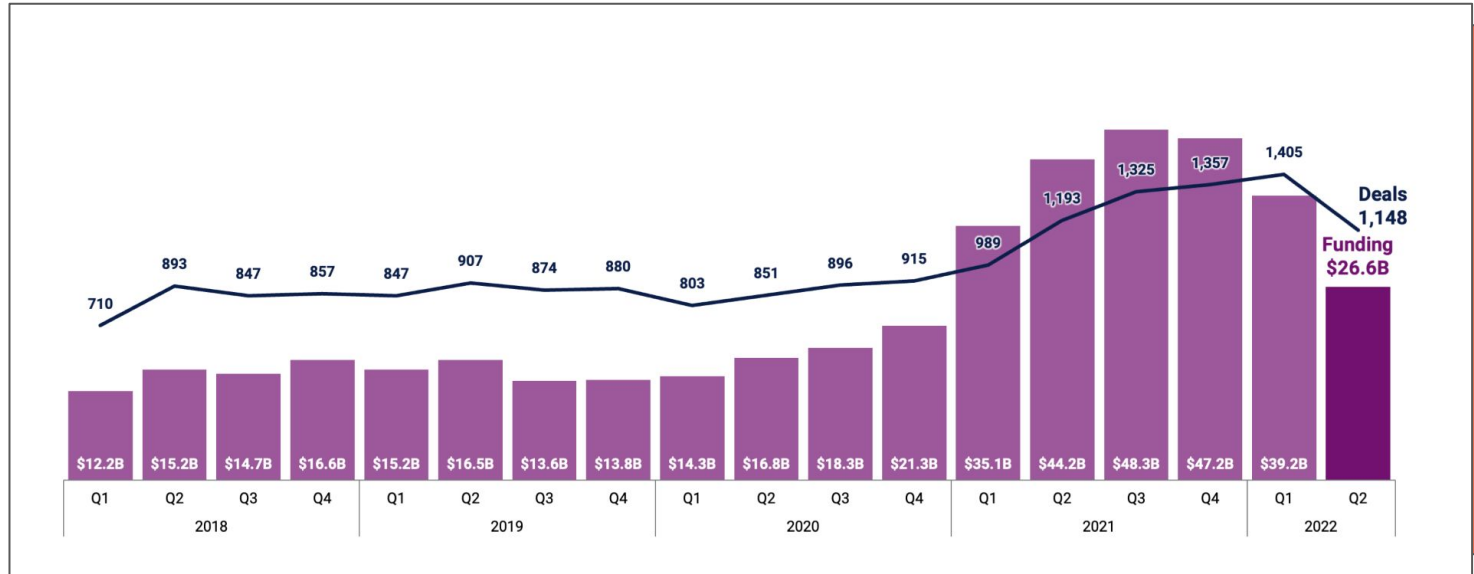
CVC-backed deals in Q2, 2022



Source: CB Insights

CVC-backed deals in Q2, 2022

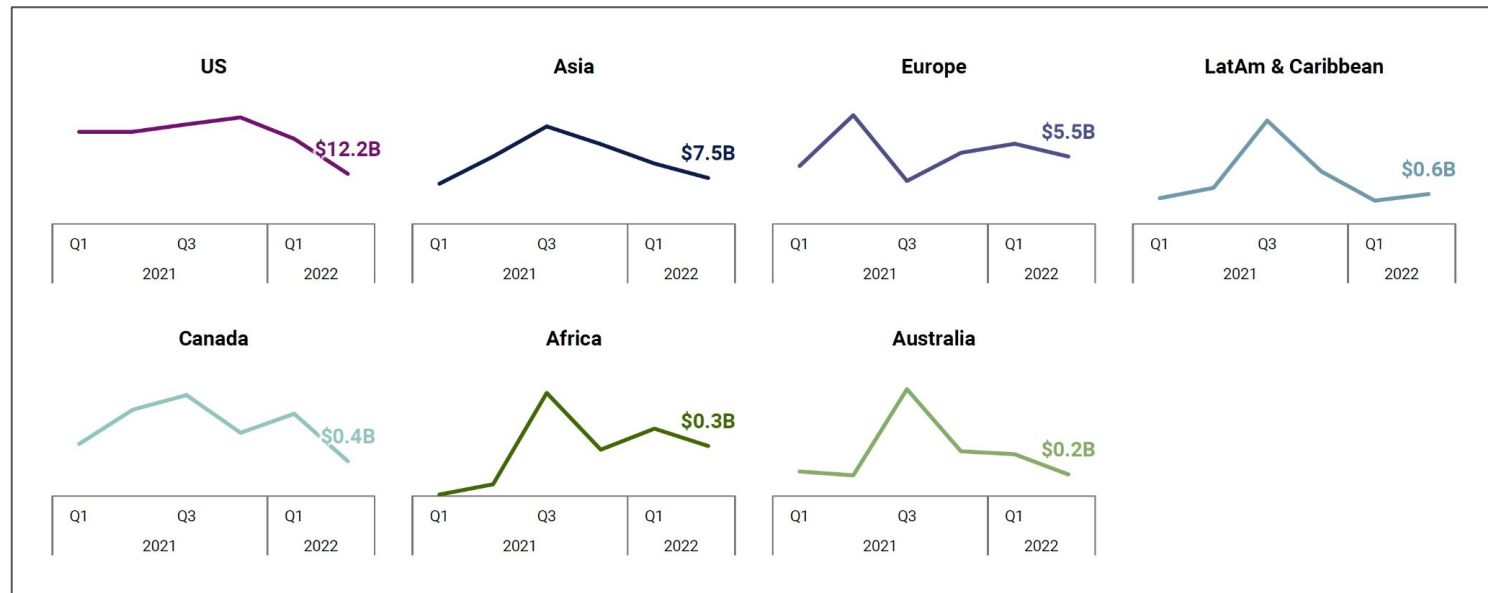
Funding with CVC participation falls 32% QoQ, yet still -
Q2, 2022 is the 6th strongest quarter on record



Source: CB Insights

CVC-backed deals in Q2, 2022

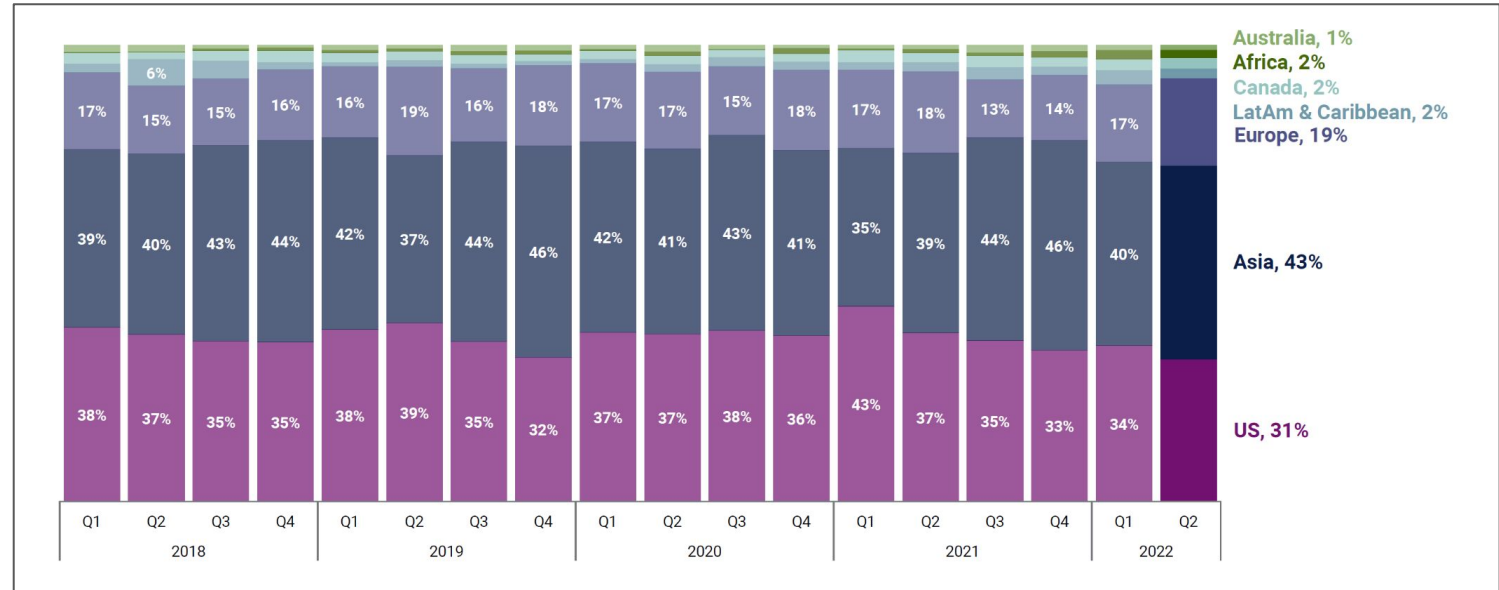
LatAm & Caribbean is the only global region to see funding increase QoQ



Source: CB Insights

CVC-backed deals in Q2, 2022

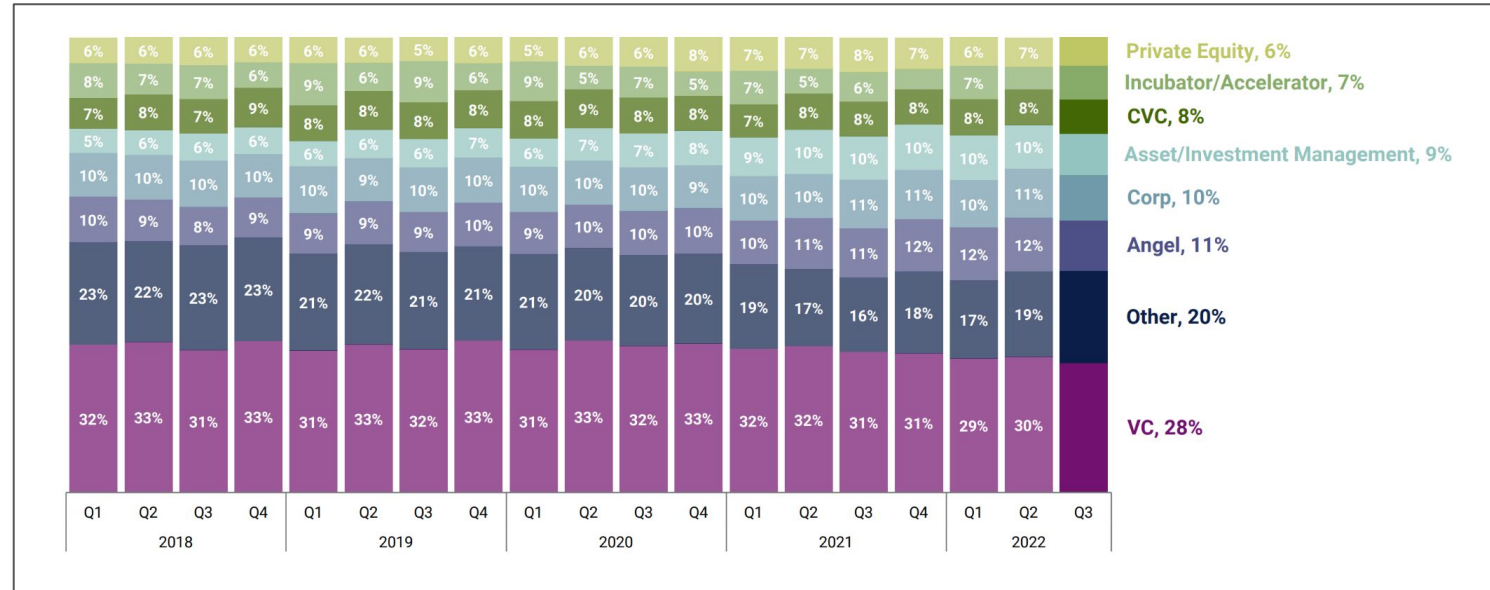
The US' share of CVC deals falls to 31%, a 4-year low



Source: CB Insights

Global investments in Q3, 2022

VC leads investor deal share in Q3'22



Source: CB Insights

Massive increase in new CVCs

Starting early 2020

“We found that of the 4,062 CVCs that invested between January 2020 and June 2021, more than half were doing so for the very first time, with just 48% having been in operation for at least two years at the time of investment”.

Sauvage, Zeisberger and Varadan
Published in Harvard Business Review, 2022



[Link to source](#)

SOSØ



Confidential

CVC types

Financial

1st priority

Investments that maximise returns.

Hybrid

1st priority

Investments leading to financial returns with mutual strategic value.

Strategic

1st priority

Investments that directly support the growth of the parent organization.



Benefits of a CVC

For corporations



An agile, independent means to engage with innovation and support commercialization.



Having a stake in tech companies helps influence their development and enjoy M&A priority.

Benefits of a CVC

For tech companies



*Access to the BUs: Validation
for product/market fit, design
partners*



*Support with GTM and
scale*

What makes a good CVCs for tech companies?

01

*Similar to a VC
in terms &
speed*

02

*Smart like a
market leader
to provide
access to
expertise*

03

*Long term
vision and
business
partnership*

04

*Much more than
an investor-
partner, expert,
potential acquirer
and more*

Standard commercial relationships

vs.

CVC partnerships

LOW

As minimal investment is made by the corporation

Risk level

MEDIUM-HIGH

Depending on resources invested into the partnership

MEDIUM-LOW

Standard partnerships usually equals "standard treatment"

Level of commitment

HIGH

Mutually beneficial to promote growth of solutions at hand

LOW

Lesser interest to customize solutions, hurting scalability.

Flexibility of solutions and roadmap influence

HIGH

Greater interest to promote strategic product development.

SOSA and CVCs



Scouting & validation for strategic initiatives

- Fuel cell based energy storage
- Energy conversion solutions
- “The train station of the future”

Global industrial conglomerate



FoodTech & Retail-Tech

- “offline” consumer behavior analysis
- Compostable & biodegradable packaging
- Alternative protein products

Large food & beverage company



Construction-Tech and RealTech

- Construction monitoring solutions
- Smart facility sensing solutions
- Consumer-grade Indoor robotics

Global industrial conglomerate

Key takeaways

01

New standard

CVCs are now considered a standard and a common/leading tool to engage with innovation.

02

Flexible

Begin with the fund type that best suits the organizational culture and aims. More flexible than VCs (time, terms).

03

High(er) stakes

Prepare for high speed and uncertainty, then reap the fruits of your labor. Build externally.

Thank you.

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Learn more.
