Current Best Practices for Corporate Accelerators

February, 2015

Key Questions:

What are the current best practices for corporate accelerators? What are the key distinctions between corporate and VC-focused accelerators? Are there opportunities for jointly-sponsored multi-company corporate accelerators? Are there opportunities to form an alliance or formal network of corporate accelerators?

Key Findings:

In 2005, pioneer venture accelerator Y-Combinator established the model for a time-limited, cohort-based, socially intense program to bring pre-VC start-ups to much greater likelihood of success, relatively quickly and relatively cheaply.

A year later follow-on accelerator TechStars not only replicated the model, but soon began running accelerators on contract for large corporations ranging from Microsoft to Kaplan Education.

Beginning in the 1990's, though, Intuit (in close partnership with IDEO), and Siemens established early foundations for the current wave of corporate accelerators.

- Intuit's Chief Innovation Officer Roy Rosin built the "design thinking" model with IDEO beginning in the early 1990's and established a fast-moving, inexpensive, market-based model for building and testing new ventures that helped Intuit spin out ten billion-dollar-

plus new businesses. The process was team-based, repeatable, and laid the foundation for the "lean start-up" methods at the core of most accelerators today.

- In 1999, Siemens launched its "Technology to Business" center (TTB) in Berkeley, to attract and nurture people and ventures with new technologies, products or businesses of potential value to the German conglomerate. The center has its own physical space, access to Siemens technologies and business-unit leaders, and a mandate to help Siemens move faster.

- In 2004, Procter & Gamble launched its Clay Street project, focused on bringing teams of P&G professionals from around the world into the highly-structured Clay Street center, typically for four to six weeks at a time. The teams go through intense, short-term training and then rapidly develop new solutions and new ways to address emerging market opportunities for the CPG giant. Clay Street looks and feels like an accelerator, but is only open to P&G teams.

Y-Combinator distilled the learnings of these predecessors, along with a range of insights from the VC community out of which it directly grew.

The key elements of the Y-Combinator approach:

1) A highly-selective sifting process. Most entrepreneurs who apply are rejected.

2) A highly structured boot-camp for enterprise building. Core learning about product development, market development, and team-building.

3) Strong mentorship.

4) Intense exposure to a peer group of other pre-VC ventures moving quickly.

5) A short time-frame and unmovable time constraints. A meaningful demo with market interest and viable operating plans must be there by a fixed date, or the game is over.

6) A structured hand-off to funders at the end of the process.

Corporate accelerators like AT&T's Foundry and the Citrix Start-Up Accelerator – in contrast to VC-focused accelerators like Y-Combinator and TechStars – tend to be exclusive to the sponsoring company (like Citrix) or to have a strong hierarchy that allows others to participate but on terms established by the sponsor.

The few multi-company corporate accelerators that exist tend to cluster around geography, like The Brandery in Cleveland, or around an industry, like Healthbox in Chicago.

- Geo-centered accelerators tend to be slow moving, in part because of the temptations to take in seemingly abundant government funds that bring along with them a fair bit of bureaucracy. A strong university partner might help, but most don't.

- Industry-centered accelerators always face issues around competitive interests among sponsors, and are more likely to emerge in quasi-public sectors like healthcare.

The only example of a strong multi-company accelerator we have found is AT&T's Foundry, which brings in supply-chain partners as site co-hosts, but with AT&T's leadership.

Opportunities for a network or association of corporate accelerators exist, but only if narrowly defined.

- The Global Accelerator Network, started by TechStars, now counts 50 members, include some corporate accelerators but with a clear cultural slant toward VC-oriented accelerators.

- Many pure-play corporate accelerators keep their cards close, and have some resistance to open sharing of experiences. Often, the kind of sharing they prefer happens when others come on-site to their facilities, and they can control the agenda.

Trident Capital partner Evangelos Simoudis has put together something of a play-book for the development and operating of corporate accelerators. His key points are worth noting:

1. **Determine** whether you need an incubator or an accelerator [often companies confuse one with other, or don't really want one at all].
2. **Obtain** and maintain executive sponsorship and funding, preferably from the CEO.
3. **Set up** dedicated funding processes for the accelerator.
4. **Recruit** the right mentors.
5. **Introduce** business unit employees into startups that were created by intrapreneurs.
6. **Provide** the right incentives for the entrepreneurs, including the intrapreneurs.
7. **Make** the incubator/accelerator part of the ecosystem it is operating in. The incubator's leadership must network extensively in the ecosystem.
8. **Create** simple contracts that define the relationship between the startup and the incubator/accelerator.

Two Strands of History: Venture-Focused Accelerators and Corporate Accelerators

Many date the rise of the "accelerator" to 2005, with the launch of Y-Combinator, and the follow-on not too long after by the multi-site TechStars accelerator. This time period does mark a striking rise in visibility of the accelerator, but a few important precedents should be noted, particularly in the world of the corporate accelerator.

A recent summary history of the accelerator movement posted by Cleveland-based accelerator The Brandery (founded in 2010), captures the limited view of history inside the venture-venture-focused accelerator movement (bad grammar and all):

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Some Accelerator History

Accelerators are now a staple in the tech startup scene. Want to know where it all started and what the ecosystem looks like now? Below outlines some key dates and statistics from the big accelerator programs. ***stats pulled from*** *">http://www.seed-db.com/accelerators*

2005: Y Combinator was founded in Silicon Valley by Paul Graham. They have graduated over 466 companies and the average raise is $2,072,978 per company. Some of Y Combinators notable graduate companies include Airbnb, Dropbox, OMGPOP, and Reddit.

2006: Modeled off Y Combinator, Techstars was founded in Boulder, CO by David Cohen, Brad Feld, David Brown, and Jared Polis. Over the next 8 years, Techstars expands it's programming to include accelerators in Boston, Seattle, NYC and San Antonio. Techstars Boulder (the first TechStars) has graduated 65 companies with an average raise of $1,715,846 per company.

2007: To kickstart the entrepreneurial scene in Europre, Seedcamp founded in London. In total seedcamp has graudated 72 companies with an average raise of $634,156 per company. Seedcamp has stepped forward as the "international accelerator" program and mentored companies from over 35 countries.

2010: As one of the first thematically based accelerators, Brandery founded in Cincinnati, OH with an emphasis on utilizing the marketing and branding talent of the region to accelerate startups. The co-founders included JB Kropp, Rob McDonald, Dave Knox and Brian Radke. The Brandery has graduated 26 companies with an average raise of $442,307 per company.

January 2011: As a way to bring together the accelerator programs across the country, Tech Stars launched the Global Accelerator Network in conjunction with Obama's Startup America Partnership, linking 22 accelerator programs internationally. The GAN network has expanded to over 50 accelerators

The key issue here is that accelerators were new to the venture-capital community in 2005 and 2006, but not new to large corporations like Intuit and Siemens who had been leaning on the accelerator model for years, but quietly.

As other companies have been launching accelerators as part of a current and powerful trend, often in partnership with venture-focused accelerator operators like TechStars, some have lost sight of the useful lessons from earlier – and ongoing – corporate accelerator programs.

Intuit and The Rise of IDEO

In the mid-1990's Intuit was among the hottest and most-profitable Silicon Valley technology companies. Roy Rosin, a senior company leader wearing two hats – SVP and Head of the Consumer Business, and Chief Innovation Officer – led the development of formal processes to

launch new businesses based on the unprecedented kinds and quantities of data the company was collecting through its Quicken financial-management products.

> "We realized at some point that with millions of users documenting how they spent their money, in exact amounts, exactly when, and in many cases exactly on what products, we had an enormous advantage in building new businesses based on what we knew," Rosin tells ILO.

Over 15 years, Rosin helped to launch ten new billion-dollar businesses, including Quicken Loans and Quicken Payroll, based on a methodology of fast, inexpensive market testing of new ideas and businesses. Intuit worked very closely with IDEO beginning shortly after that consultancy's 1991 launch.

> "There was a point where I could not tell you where my group ended and IDEO began. Many of their early employees came out of my staff, and many of my staff came from IDEO. We were working hard and fast building these new businesses, and building the model of seeing opportunities, framing challenges, and running teams that became the Design Thinking model, and really is the core of the Lean Start-Up model more recently."

From this early precedent, we can see the rise of the importance **of a replicable process for identifying and testing new ideas and opportunities – fast and cheap** – at the heart of the mature accelerator model.

Siemens TTB

In 1999, German conglomerate Siemens opened its "Technology to Business" center, known internally as TTB, in Berkeley, California.

Former TTB director Stefan Heuser explained to ILO that the center was "near Berkeley, but not at Berkeley" to take advantage of research resources at the school and in the Bay Area more broadly without significant entanglements in university sponsorship deals or full-on partnerships.

> "We wanted to have a place that could attract and seek out the individuals and small teams with new, big ideas of special relevance to our businesses, and bring them into a Siemens environment without making major investments, to see what might be possible.
>
> "Having a researcher or a very small team of two or three or four be able to move in for a little while – usually six months or a year – meant that we could expose them to the major resources for research and testing of ideas that we had, and we could see what kind of relationship we might want to pass off to our business units.
>
> "This might be an idea or a person or a piece of developing intellectual property that we should pass to our venture investment group, or a person or a couple of people maybe we want to hire to keep doing their work with us, or maybe we should license or jointly develop something that will be helpful to a Siemens business somewhere in the world."

The launch of Siemens TTB was less about fast development of new free-standing businesses than it was about the company trying out a new model of acquiring the benefits of university affiliation without the slow and expensive engagements then standard across the university corporate-partnership and sponsored-research landscape.

TTB pioneered and proved the value of **a controlled physical space apart from the core R&D and venture operations in a large company that could mix company resources with fast-moving outsiders at low cost and little risk**, even if the key relationships were founded more on potential than proven value.

Siemens TTB has also run a three-day New Ventures Forum for the past three years, operating like a mini-accelerator, with more than 100 small start-up applicants competing for 12 slots as participants in a learning, networking, and fund-seeking experience engineered to do what venture-focused accelerators typically attempt in two- to three-month timeframes.

Procter & Gamble's Clay Street, and The Brandery

In 2004, Cleveland-based consumer-packaged-goods giant Procter & Gamble launched its Clay Street center for advancing new ideas and solving key problems through the creation of highly-focused, short-term, diverse teams, and a highly-structured process driven by mentorship and a distinctive approach to defining and addressing problems.

> Clay Street was entirely devoted to internal projects and internal teams – former Co-Director of the Clay Street Project Michael Luh tells ILO that "only in the last few months, in 2015, did the vice-chairman of the whole company give permission for our first non-P&G group to be a part of a Clay Street session."

With P&G markets and operations across the globe, a very disciplined corporate culture around process and roles, "this really did have the feeling of stepping way out of the usual roles for people we recruited to be part of the process, every time," Luh adds.

The core of Clay Street is assembling teams from across functions, across different business units, and across geographies.

> "We were very focused on selecting people – making sure the people who participated represented the right range of market-exposure, process-exposure and decision-making rights, and that we had the right range of thinking styles and emotional outlook among people on the teams," Luh adds.

Being chosen to participate in a Clay Street project was and is a mark of honor at P&G, and led P&G staff from across the company to deep exposure to highly-structured team-building, problem-framing and problem-solving processes.

> "Our methods spread after a team might be resident at the center for a week or a month. They'd take back what they learned with them, and that was very much the idea."

P&G's Clay Street Project reaffirmed the importance of a replicable, fast-moving process for identifying and solving problems quickly and cheaply, and added two important wrinkles: **a careful selection of who gets the privilege of working in the accelerator**, and **structuring the process to have maximal impact across the larger enterprise** as people return to their day-jobs.

A helpful chart of Clay Street's approach and internal "offerings" is here: https://claystreet.pg.com/claystreet/offerings/clay_street_offerings.pdf

As the corporate accelerator model has risen in importance, P&G has chosen not to build its own open-to-the-world center, but instead to be a founding participant in The Brandery, a marketing-focused accelerator in Cleveland.

P&G's outsize influence can be seen in the very name of this accelerator – the company more or less invented the idea of "brand management," and brand is still king there. But P&G is also known as a fairly standoffish player in its space – more closed than open. Thus Clay Street remains a space for internal acceleration, and The Brandery stands at arm's length from P&G.

NASA's Innovative Partnerships Office

In 2006, U.S. space agency NASA launched its Innovative Partnerships Office as a new layer in the Office of the Chief Technologist, with an eye toward accelerating the growth of new private-sector players who might do what NASA itself had been doing, mostly in partnership with very large defense contractors, since the early 1960's – but at great expense and low levels of competitive efficiency.

The head of Innovative Partnerships from 2006 through 2011 was Doug Comstock, now the head of NASA's Cost Analysis division and a former leader at the federal Office of Management and Budget.

Far from a wild-eyed dreamer, Comstock understood his office as having the mission "to build an ecosystem of businesses that might move more quickly, with entrepreneurial spirit, and helpful competition in the marketplace to be a part of an economy centered on the enterprise of space." Comstock worked with ILO, bringing NASA into our membership community shortly after the creation of the office.

Our summary perspective is that after concluding that the general approach to procurement for most of what NASA did was badly broken, the Innovative Partnership Office helped find alternatives to the business-as-usual procurement process – in many cases, "procuring" without procuring, by launching contests through which solutions to challenges would be paid for by prizes and bounties rather than contracts.

NASA's Innovative Partnerships Office demonstrated the viability of using an accelerator-like constellation of projects, challenges, and small special-purpose funds to **build an ecosystem of new small enterprises to benefit the larger enterprise**.

AT&T's Foundry

Launched in 2011, AT&T's Foundry has four centers, in Palo Alto, Atlanta, Plano TX, and Tel Aviv. Like Siemens TTB, AT&T's Foundry is a key entry point for individuals and small teams with new technologies and business-models that might be of benefit to the larger AT&T enterprise.

Unlike the Siemens program, the Foundry has a special interest in working with venture-backed start-ups just ready to go to market. Especially in its Palo Alto center, the Foundry is often a key first large-scale customer for companies already on a growth plan and already funded for early-stage development, but looking for entre into major corporate customers or the markets those large companies control. Many of these companies are brought to the Foundry by notable venture capital firms. Leadership at the Foundry, particularly in the Palo Alto center, takes pride in these relationships.

Faraz Hoodbhoy, director of AT&T's Palo Alto Foundry tells ILO that

> "The Foundry is AT&T's antidote to itself. Our ambitious goal is to foment change across the organization, at all levels.
>
> "The physical lay-out of each site is extremely open, no offices, no cubes, everything on wheels. Much of the rest of AT&T is going to copy this by 2020, and the workspace model developed here is already rolling out.
>
> "Perhaps more important is the way we deal with suppliers and vendors. We are the official front door for companies seen as too small to land contracts with AT&T. We generally start with known challenges emerging from the business units, and we have them in mind as a filter as we look across the landscape at the companies that would like to come in for a 30-day, 60-day or 90-day project and work with us to adapt or prove a technology that they think and we think might have value to AT&T.
>
> "The business units are the internal clients and landing-zones for what we develop here."

AT&T spends about $100 million a year on the Foundry, and each center has a key sponsoring partner: Intel and Cisco in Pal Alto, Alcatel-Lucent and Cisco in Plano, and Amdocs in Tel Aviv. These partners generally co-locate some staff inside the AT&T Foundry sites (Cisco is a major presence in Palo Alto's center).

AT&T's Foundry program demonstrates the leverage to be gained **in becoming the first large-scale customer** of newly-formed ventures.

timeSpace at the New York Times

Beginning in 2012, the New York Times began a small accelerator program called "timeSpace," inviting in a group of eight newly-launched companies developing new technologies and business-models to operate out of shared offices inside the New York Times headquarters building, to participate in a range of activities meant to foster the growth and visibility of the ventures, and to expose New York Times leaders to their work.

Each of eight start-ups worked out of the Times building for four months, presented a series of demos across the Times organization, and was mentored by a range of Times leaders from the digital and traditional business units. A second "class" of start-ups is now in residence.

The Times extends $25,000 to each participating venture as a convertible loan, and agrees to consider participation in further rounds of funding.

Sandeep Ayyappan, CEO of start-up Wiser (formerly called Delve, prior to selling rights to the Delve name to Microsoft for a sum approaching $1 million), was in the first of two rounds of timeSpace participants so far.

> He found the experience very positive. "It got us in the room with a lot of people we otherwise probably could not have gotten access to," he tells ILO, including venture capitalists and New York-area investors.

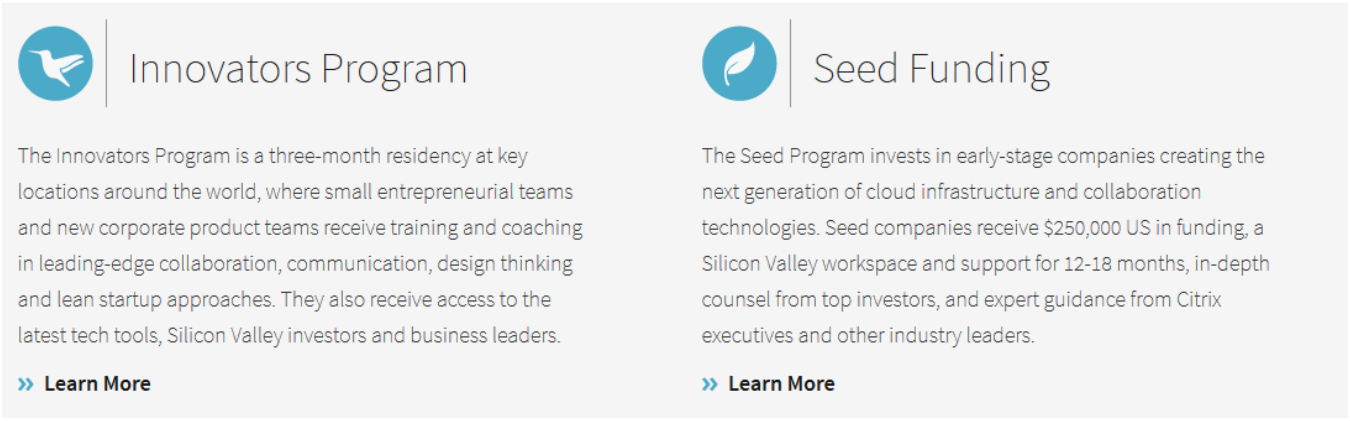
Ayyappan found the access to internal New York Times leaders educational, but not essential to the product at the core of his company – a social news aggregation service. With only small number of participants in the program, and an occasional feeling of being captive within the New York Times building, the program lacks some of the creative energy – the venture-focused froth – that pure technology incubators founded by post-IPO heroes of notable exits can deliver.

"The greatest value has come from the association with the Times. It's been a validation, and it helps," Ayyappan says.

The Citrix Start-up Accelerator: Outside and Inside

Florida-based collaboration and mobility applications company Citrix launched a start-up accelerator in 2010. The company's flagship offering has been the Go-to-Meeting virtual collaboration platform, but the company has grown since 1989 to $3 billion in sales through a broadening range of network management and virtualization offerings.

The Citrix accelerator's public-facing branding and communications emphasize the kind of outward-looking accelerator model that the venture-back accelerators operate – open to all comers. Yet in its actual operations, it looks a lot more like P&G's Clay Street: open mostly to company insiders, working on fast-moving, interdisciplinary projects that create opportunities and solve problems for the company.



Chris Fleck, Vice President for Mobility Solutions at Critix, one of the internal corporate sponsors of the Citrix accelerator, tells ILO that "the entrepreneurs are almost exclusively in-house – they get three or four months away from their regular jobs, they get the tools to build, and they get a lot of visibility.

> "The greatest value so far has probably been retaining people who would otherwise have quit and raised money and become competitors to us."

One recent success in the Citrix accelerator is the new app CubeFree that a Critix employee is just wrapping up in the accelerator:

Fleck tells ILO that "the woman who thought of this had it just as an idea, she wasn't a coder, but she mocked it up – she's a UX designer – and it looked great. But there was not business line that had the slack to invest in this, and pull a team from something else to work on it. She was really thinking about leaving to work on this, but I fought to get her a space in the accelerator. She had four months to work it out, she had some resources, and it's a big win. You can download it from the Apple app store right now. We have work to do on the business model, but the market excitement about the product is going to pull through the resources we need to make it happen."

Industry-Specific: Healthbox

Chicago-based Healthbox launched in 2012. Healthbox is a collaborative, industry-specific accelerator, matching start-ups with large companies willing to mentor and invest in successful new technologies and enterprises that can be of specific value to larger organizations.

Scott Lambert, Vice President for Innovation at the nation-wide Catholic hospital network Ascension Health, is the key sponsor of Ascension's participation in Healthbox.

> "Early on at Healthbox," Lambert tells ILO, "we had a lot of people involved coming in with a better mousetrap, and then we'd ask, OK, whose going to pay for it? That wasn't an ideal model. Starting out with the great idea and then trying to sell it inside this network of sponsors seemed counterproductive.
>
> We restructured around having an ecosystem of who might be the payers for different things – announced needs from the sponsors forming the sift upfront."

Ascension has designated Alexian Brothers Healthcare, a fast-growing network of hospitals in the Midwest and an operating unit of Ascension, as the take-up partner for Healthbox participants.

> "They're now a pilot site. We map out many of their needs and want-to-haves, and then we help Healthbox staff match prospective participants that might have some exciting answers to these questions. Building out that ecosystem of organizations that want to take the hand-offs from the companies after their work at Healthbox, mapping where the needs are, is the better starting point."

Lambert says Ascension is a happy customer of Healthbox.

> "We've gotten what we wanted. That's been less about investment, and more about exposure to ideas. Being able to see 150 applications coming from entrepreneurs from the health space, we might only choose seven to ten, but thinking about all of them might trigger things for us that we would not have thought of otherwise." The organizational impact of the accelerator experience is an added bonus: "Alexian Brothers has taken their executive team to healtbox and it has helped them to think more broadly about the bigger issues," Lambert adds.

And there's more: "Being connected with other sponsors has been valuable. Walgreens was one of the major sponsors at first. That relationship was important – we spent a half-day with them talking about their approach, talking about how we might work together."

Consulting, Too, at Healthbox

Healthbox actually runs two distinct programs – Healthbox Studios, which is the accelerator, and Healthbox Foundry, a consulting service for large companies to help them borrow ideas and methods from the accelerator model and implement them internally.

WHAT COMPANIES CAN EXPECT

Healthbox Studios are stage and location agnostic offering multiple programs throughout the year to attract the best entrepreneurs. These highly selective Studios include:

- No initial investment in exchange for equity
- 8-week program with bi-weekly modules
- No full-time, on-site requirements
- Stage specific guidance aligned with business needs
- Growth plan designed with the industry nuance in mind
- Curated access to healthcare and business experts
- Eligibility for an investment from the Healthbox Growth Fund
- Exposure to smart capital from a formal investor network

As a result, participating companies are empowered with the insider knowledge and network needed to build a breakthrough company that will beat the start-up odds of success in a complicated industry.

Y-Combinator and TechStars – From Silicon Valley to the Corporate World

Y-Combinator, created by technology pioneer Paul Graham in 2005, sparked the wave of interest in the new model of accelerators.

Graham is a hard-core technologist, responsible for Bayesian spam-filter breakthroughs and founder of Viaweb in 1995, the first commercially-viable website-building tool for e-commerce sites. Bought by Yahoo! in 1998 for $25 million in shares – then considered a major acquisition – Viaweb launched Graham's new career as an investor and advisor to internet-age start-ups.

Y-Combinator has never been a "corporate" accelerator – it operates its own investment fund and it places its graduates with funding VC as they complete the time-limited Y-Combinator "course."

Airbnb and Dropbox are among the most successful Y-Combinator alums, but among the 500 companies that have participated, dozens of notable success stories contribute to what Y-Combinator now reports as a $40 billion collective market capitalization of its alums.

The Big Six

Y-Combinator added a front-end to what most Silicon Valley VCs do.

"We tell a lot of very viable companies no, just because they need too much hand-holding," one notable Valley VC tells ILO. "But if some of these people had a way to step back, learn how to market test, learn how to drive to a base product, learn how to identify the key people they're going to need – and I didn't have to be teaching them that, or a partner here didn't have to drain their clock doing that – you'd know this was on the way to something investible. That's why I love what Paul's done with Y-Combinator. It's exactly what was missing."

The key elements that Y-Combinator combines are

1) A highly-selective sifting process. Most entrepreneurs who apply are rejected. Just being accepted is a major milestone for applications, beyond the modest funding at the start and prospect of VC funding at the end. The selectivity and honor help ensure that participants pay attention during the relatively short duration of the program.

2) A highly structured boot-camp for enterprise building. Core learning about product development, market development, and team-building are presented in a fast but firm learning cycle. The content matters, and equips business-builders to make better decisions.

3) Strong mentorship. Well-known, experienced start-up veterans work closely with each company in the accelerator. The focused attention forces entrepreneurs to make hard decisions, guided by the recent victories and mistakes of real-world start-up winners.

4) Intense exposure to a meaningful number of other pre-VC ventures moving quickly. The intense social environment of these accelerators ensures that informal learning peer-to-peer is intense. Learning from mistakes and smart moves across each cohort is valuable.

5) A short time-frame and unmovable time constraints. Not many weeks after the program starts for a cohort, it ends. A meaningful demo with market interest and viable operating plans must be there by a fixed date, or the game is over.

6) A structured hand-off to funders at the end of the process.

TechStars Builds a Bridge to Large Companies

When TechStars launched with a very similar model to Y-Combinator just a year later, it looked almost identical to Y-Combinator, except that it was based in Boulder, Colorado.

An independent, venture-focused venture at its core sites, TechStars nevertheless has become the operator of several "private label" accelerators on behalf of corporate partners.

At each site, start-ups can apply to be part of a "class" of 14 to 20 participants. Today, fewer than one percent of applicants are invited to join.

Once in the program, participating companies participate in a three-month "boot camp" of intense work with high-powered mentors and peers to sharpen their business-models, execute initial market-testing and customer engagement, and develop credible growth plan.

The capstone of the 13-week program is a demo day for the class, usually drawing hundreds of investors, potential business partners, and journalists.

Keynote accelerators owned by Microsoft, Nike, Sprint, Qualcomm, Disney, Ford Motor Company and Barclay's are run by TechStars, employing the TechStars model.

TechStars average Funding per Company: $2,211,156

Multi-Company Accelerators

Accelerators are collaborative action laboratories, by design. They invite collaboration, and joint sponsorship of corporate accelerators comes in several modes.

At the same time, large corporations are, by design, highly focused on the boundaries that keep outsiders out and protect trade secrets.

True collaboration among corporate sponsors of accelerators is less common than one might imagine. The field splits fairly neatly between independent accelerator operators with more of a VC focus, and single-company sponsored accelerators that feed the specific needs of their funders.

But there are exceptions, and they generally fall into these categories:

The Supply Chain Stack

AT&T's Foundry is owned by AT&T, run by AT&T, and driven by AT&T's strategic and operating objectives. Yet the Foundry is actually built with a layer of collaboration in all of its centers. Each of the four sites hosts staff from, and shares some cost and some governance with, a key collaborator. Microsoft, Amdocs, Cisco, Alcatel-Lucent and Ericsson fill out a tiered partnership structure. All fit somewhere in the ecosystem of AT&T customers and suppliers.

AT&T's Foundry is the only accelerator with fixed locations, long-term dedicated funding, and a supply-chain stack of partners we have identified. Most true corporate accelerators find that their parent companies prefer to be the one big brother to the start-ups they work with, though many short-term accelerator project do arise from, or drive, corporate collaborations in the supply chain. IBM's Business Value Accelerator program is a good example of a short-term collaboration model like this (http://www-935.ibm.com/services/us/gbs/accelerate/needs).

The Industry Stack

Chicago's Healthbox is one of several industry-specific accelerators operating with a cluster of non-competitive sponsors from across an industry.

Hospital operator Ascension sits beside health retailers like Walgreens and insurers including several of the Blue Cross/BlueShield entities, and together they collaborate on affirming the value of start-ups and often quickly forming partnerships to exploit newly emerging technologies and business models.

Many of the others industry-focused multi-sponsored accelerators are actually fostered by universities, who act as honest brokers and actively juggle potential conflicts. Georgia Tech's

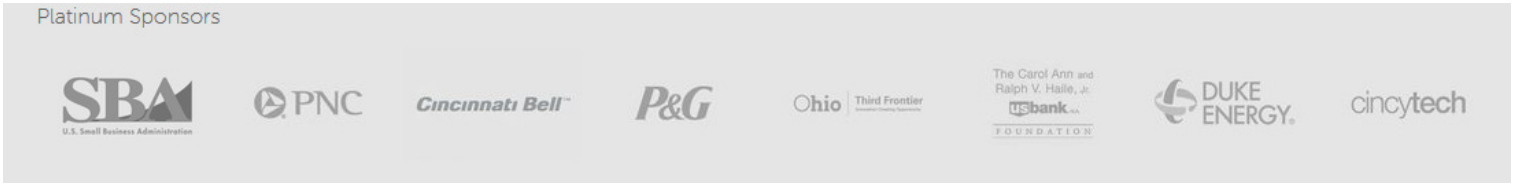
cluster of programs around supply-chain logistics is a good example of this kind of university coordination.

The Geographic Stack

While geographically-focused accelerators are the most common multi-sponsored corporate accelerators – most major cities in the U.S. have at least one – they tend to strain the definition of corporate accelerators.

Like Philadelphia's DVIRC Advanced Manufacturing Accelerator, which counts Triumph Engineering Group and Prism Engineering among its group of core sponsors, most geo-centric accelerators are driven by seemingly abundant government funding at the federal and regional level for such programs. DVIRC has more university and local-agency sponsors than corporate sponsors, and it strains the imagination to envision the fleet-of-foot accelerator model being realized there.

The Brandery in Cleveland is a better example of this model, quietly dominated by P&G as it is. Run independently, it nevertheless clusters its activities around P&G's highest priorities. Even here, though, fully half of the Brandery's "Platinum Sponsors" are either government agencies or not-for-profits. We take special note that it is US Bank's foundation, and not an operating unit, that represents the bank's sponsorship of The Brandery.



Opportunities for an Association of Corporate Accelerators

Hundreds of large corporations today are implementing accelerator programs – enterprises ranging from not-for-profit healthcare organizations to fast-growing, relatively young enterprises like Citrix.

A larger number are signing on to independent accelerators, like The Brandery in Ohio, Healthbox in Illinois, and the TechStart network across the globe.

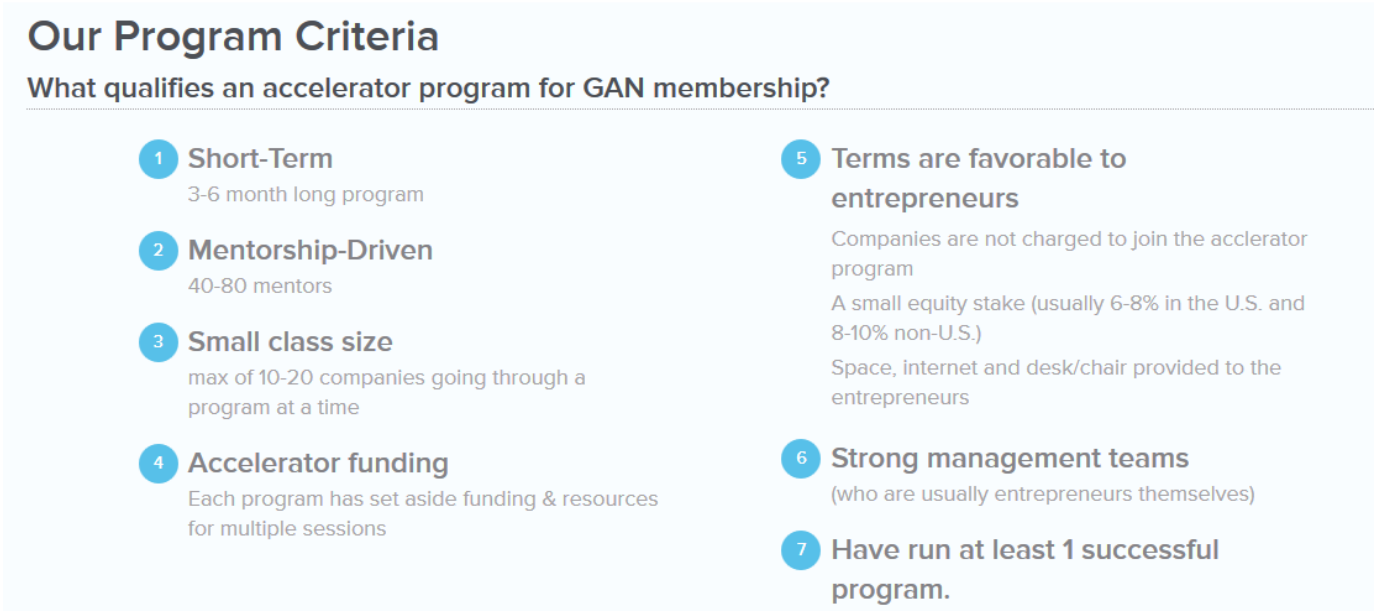
Interest certainly exists for linking the corporate accelerator community through a collaborative association.

The Global Accelerator Network

TechStars itself launched the Global Accelerator Network in 2010 – with the strong encouragement and some funding from the White House, as part of the Startup America Initiative.

> The Global Accelerator Network now counts about 50 members, and the program offers a blended peer network of venture-focused and corporate accelerators.

The GAN's criteria for membership actually serve as a useful summary of accelerator best-practices:



However, the GAN is clearly oriented to the VC-focused, independent accelerator community. Many corporate accelerators do participate, but they don't set the tone or the agenda.

An Opportunity with the ACG

The Association for Corporate Growth – a pricey collection of senior business-development executives in large companies – has recently had a number of sessions focused on corporate accelerators, and tracks in its large conferences for business-development leaders in large companies.

The moment does seem ripe for a group of corporate accelerators to partner with the ACG to help launch a focused association or network for corporate accelerators – something distinct from the GAN's agenda.

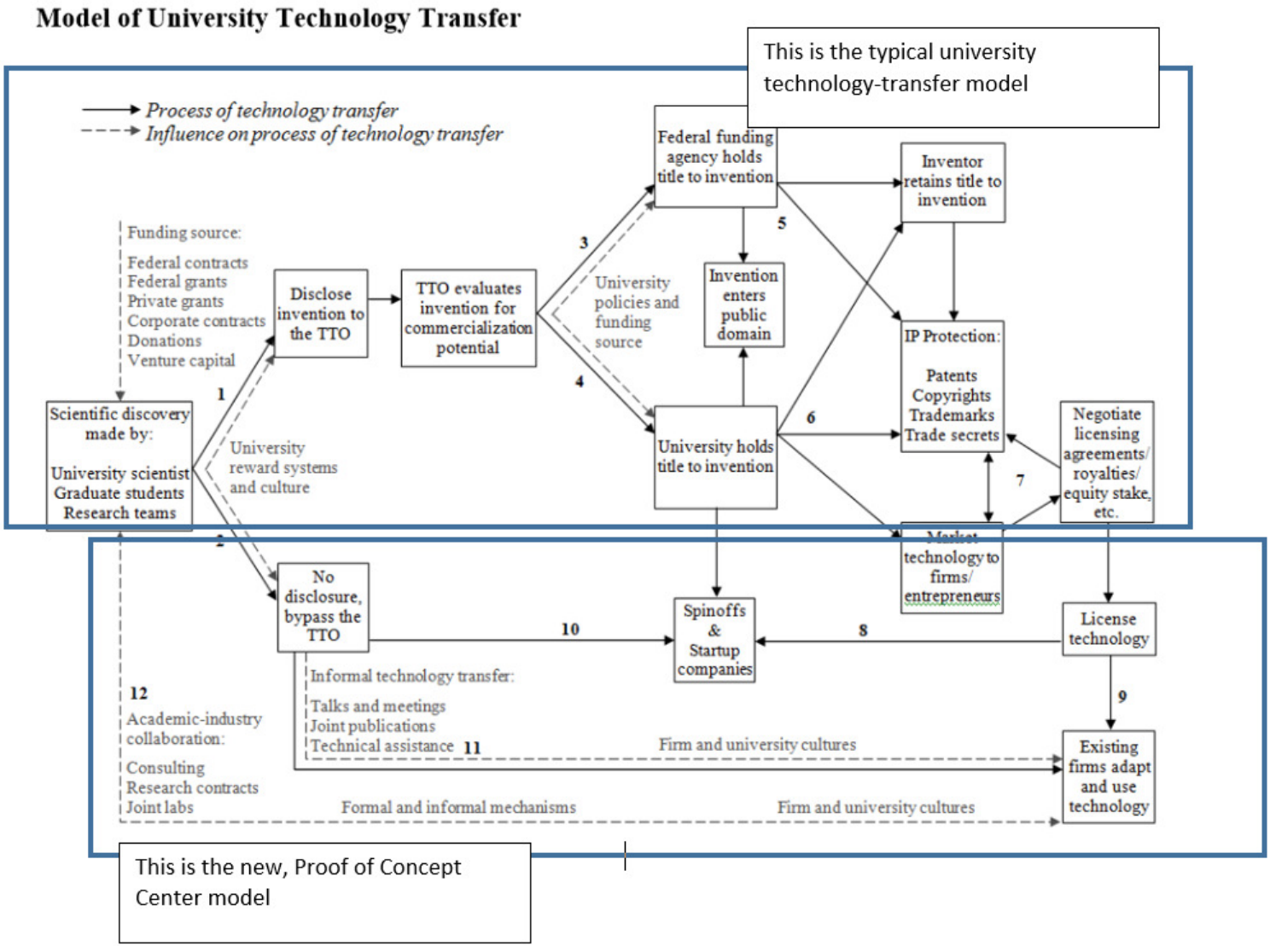
A word of caution:

While one goal of many accelerators is to get beyond the "not invented here" syndrome endemic to large enterprises, and open them to the world to at least a degree – recall the head of AT&T's Palo Alto Foundry noting that the Foundry was invented as AT&T's "antidote to itself" – we have noted a fair amount of resistance to collaboration among corporate accelerators.

Universities as Partners and Drivers of Accelerators

Beginning about ten years ago, the U.S. Department of Commerce and a number of academic researchers recognized that something special was happening at MIT. Through its Deshpande Center for Technological Innovation, MIT was proving out the accelerator model inside the university.

Samantha Bradley, a faculty researcher at the University of North Carolina at Greensboro, began writing about the new model, and offered the chart below to explain how the traditional university technology-transfer process differs with the new model.



"Typical PoC Center services include seed funding, business and advisory services, incubator space, and market research," Bradley has written. "PoCCs enable inventors to evaluate the commercial potential of their research; within PoCCs, early-stage products can be developed and prototypes can be tested." Speed is key.

Bradley identifies 32 University Proof of Concept Centers in a 2013 paper. Most are funded by federal, state or university special-purpose funds, but five are directly funded by, or otherwise connected to, large companies that benefit from the centers.

> MIT, Deshpande Center, partnering with Lockheed Martin and Sanofi Aventis
>
> Boston U, Fraunhofer Alliance for Medical Devices, Fraunhofer Gesellschaft
>
> Syracuse University, Blue Highway, a wholly-owned subsidiary of Welch Allyn
>
> U of New Hampshire, New Hampshire Innovation Commercialization Center, Elevate Communications
>
> U of Oklahoma, Oklahoma Proof of Concept Center, I2E Inc and Cowboy Technologies

Hundreds of new Proof of Concept Centers have been launched in the two years since Bradley's important paper was published, and centers like this can be expected to be among the portfolio of options at most large research universities.

ASU's Herberger Institute for Design and Arts

Arizona State University's Herberger Institute for Design and Arts Innovation Space is a joint venture of three ASU schools: the school of design, the engineering school and the school of business. The goal is to bring an interdisciplinary approach to innovation, and in particular, to designing products that have meaningful impact on the lives of ordinary people, have minimal environmental impact, and are socially responsible.

The innovation space works with corporate partners to identify innovation and design challenges. Partners include Proctor & Gamble, Herman Miller, Intel, Disney, and Dow Corning. The school selects teams of undergraduate students (typically seniors) from the schools of business, engineering, industrial design and visual communications, and pairs them with a faculty leader to work on a real project development challenge identified by the corporate sponsors.

These teams work together for a full year at a time, at the end of which the team has in hand a "comprehensive innovation proposal that tackles the company's problem or challenge," the head of operations at the institute tells ILO.

The corporations have a chance to be in the classroom and view the work of the teams up to six times a year. They can work with the teams, offer input or redirect the project if they wish. The corporate sponsor has first rights to any intellectual property that comes out of the innovation space, terms of which are negotiated by ASU's technology transfer office.

Carnegie-Mellon's Mehrabian Collaborative Innovation Center

In order to participate in the Robert Mehrabian Collaborative Innovation Center at Carnegie-Mellon University, sponsoring companies have to be invited, and they have to pay rent for on-site space, in addition to other program fees.

The center brings targeted large companies onto campus to collaborate with university researchers and students on emerging technologies of strong immediate business value. A secondary goal for the space—though it's a primary goal for city and state officials who funded the center—was to attract leading computer science companies to Pittsburgh and use this to spur economic growth.

The center was launched with an $8 million Pennsylvania state grant. About half of the center is rented out at fairly high rates for Pittsburgh to tenants, including Apple, Intel, Microsoft and Disney. CMU faculty, researchers and students working on projects such as robotics, mobile computing and machine learning occupy the other half of the space.

Because they are co-located, CMU staff and students have the chance to work collaboratively with sponsoring companies. Some, though not all, of the companies fund CMU research. "Intel in particular has been great about not only sharing information with faculty and students, but also funding projects," CMU Provost Mark Kamlet told ILO.

CMU's intellectual property rights office has dedicated staffers connected to the center, and negotiates terms between the partners as IP is developed.

Industry's Home on Campus: Robert Mehrabian Collaborative Innovation Center

The vision of the Robert Mehrabian Collaborative Innovation Center (CIC) is to create the optimal environment to serve the next generation of university–industry collaboration.

The Robert Mehrabian CIC is a four-story, 136,000-square-foot, dry-lab research facility built in 2005 to provide office and lab space for technology companies wishing to collaborate with Carnegie Mellon to create innovative new concepts and products for the marketplace.

The Robert Mehrabian CIC is a partnership between Carnegie Mellon, the Carnegie Museums, and local economic development organizations and is funded with $8 million in Commonwealth of Pennsylvania tax support.

It also represents the hub of Carnegie Mellon's engagement in the Keystone Innovation Zone (KIZ) program, a program to accelerate economic growth and encourage collaboration between colleges, universities, local economic developers, local government, and businesses within our region.

The facility promotes regional economic development as Carnegie Mellon researchers work with industry to develop new technologies, business ventures, and jobs.

Construction of the center was funded with state capital and Department of Community Development funds, Carnegie Mellon financing, and support from the City of Pittsburgh and the Regional Industrial Development Corporation.

"As Carnegie Mellon's first effort to create space on campus for joint research with industry, the building is a celebration of the goals of the KIZ program. The building creates a nexus for industry, federal, and university research—supporting start-ups, enhancing competitiveness for federal research funding, and creating a landing zone for companies," said Mark Kamlet, Carnegie Mellon provost and senior vice president. Kamlet said the building is a hotbed for next-generation wireless and mobile computing, robotics, and trustworthy computing applications.