FINAL METHODOLOGY FOR DESIGNING AND IMPLEMENTING MATCHMAKING ACCELERATION PROGRAMMES

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1. GENERAL INTRODUCTION TO THE PROGRAMME

The Matchmaking Acceleration Programme was developed in InNow project (supported by Interreg Central Europe Programme) within the consortium of following partners: InnoEnergy Central Europe sp. z o.o. (Poland), ABC Accelerator (Slovenia), Invento Capital partners (Croatia), University of Debrecen (Hungary). The aim of the programme was to support startups and SMEs from cleantech sector to grow their business thanks to possibility of cooperation with large company and through an accelerator that acts as intermediary between the two.

In the context of the InNow matchmaking is understood as B2B matchmaking, specifically startups matching with large companies. Similar to other matchmakings, B2B matchmaking considers (exact) expectations of the sides involved and aims to provide a match between those who are looking for something and those who are offering something. It works under the presuppositions that both parties in question will

- want to work together (issue of motivation) and
- be able to work together (issue of capabilities)

In order to develop the Matchmaking Acceleration Programme it was necessary to assess needs of both startups/SMEs and large company in order to better understand how this cooperation can happen. Therefore two separate researches were made:

1. Gap analysis for the deficiencies of startups and SMEs. It was aimed to check what kind of knowledge/abilities/skills/resources these groups have versus what is needed for them to become more competitive.
2. Innovation audits of large corporates to assess how they scout for new solutions, what kind of innovation do they actually need and what kind of knowledge/abilities/skills/resources are missing in startups and SMEs (from their perspective).

Basing on outcomes of these two researches a ***Business Support Package*** was prepared that offers free training and coaching for startups, SMEs and those who want to start their business in cleantech innovation. This was an opportunity for all potential beneficiaries to get prepared for the coming call that was supposed to gather innovative ideas for large corporates.

The Matchmaking Acceleration Programme started with **call for innovative ideas** in cleantech that would address identified needs of the large company in every country and was followed by multistage evaluation. **Demo days** were crucial part of the process and they were followed by individual sessions for successful startups. The process was backed by **trainings and mentoring**

which were available for the startups/SMEs during all stages of the procedure for both successful and unsuccessful beneficiaries.

2. MAIN ASSUMPTIONS FOR METHODOLOGY

This document describes the methodology for the Matchmaking Acceleration Programme, developed in the WP3 of the InNow Project. The WP3 objective is to develop the methodology for designing and implementing matchmaking acceleration programmes for LC-s and startups/ SMEs. It includes theoretical, practical, promotional, procedural, and selection aspects for startups/ SMEs and Large Companies that are the focus of this WP. It will serve as a basis for unique programmes that will be piloted across the project, namely in all the participating regions.

The methodology, defined at the project level in cooperation with the project partners, was prepared initially by the ABC Accelerator and later on developed and adopted by InnoEnergy Central Europe.

2.1. Background

Innovation is changing. Large companies are increasingly acknowledging the fact that startups and SMEs are disrupting whole industries from the bottom up. Startups / SMEs and large companies can bring each other immense opportunities through collaborations that can create win-win situations for both. Their collaboration can result in an increased number of innovative processes, products and services launched and taken up by the market. In the long run, this can be a steppingstone in creating increased regional innovation capacity in the regions where such collaboration is established.

InNow Project, specifically WP3, aims at fostering such win-win collaboration among large companies and clean technology startups/ SMEs in the form of tailor-made matchmaking acceleration programme.

Energy plays a main role as a cross-cutting issue in all project partner countries´ (as well as in the EU in general), affecting many other sectors as well as their productivity. Therefore, strengthening innovation capacities in energy will bring countries and regions a long-term benefit. By strengthening the business capabilities of the startups /SMEs that provide clean technology solutions and empowering them to cooperate and co-create with each other and with large companies, it is expected that more clean technology solutions and services will be implemented in the partner countries.

For the purposes of the InNow project, we opt for a very broad definition: **Clean technology**, in short cleantech, is any process, product, or service that reduces negative environmental impacts through either

- significant energy efficiency improvements, or
- the sustainable use of resources, or
- environmental protection activities.

Additionally, Cleantech solutions offer products or services in a way that is less environment-intense in comparison with traditional ways of providing them.

To sum up, cleantech includes a wide range of technologies related to energy efficiency, sustainable use of resources, environmental protection activities, recycling, reuse/circular economy, smart and efficient buildings & cities, renewable energies, smart electric grid, green transport & mobility, green chemistry, and more.

3. MATCHMAKING ACCELERATION METHODOLOGY - ATTEMPTS AT A DEFINITION

3.1. Introduction

Since Y Combinator appeared as the first accelerator in 2005 in Cambridge, Massachusetts, we have seen the emergence of likeminded organizations across the world. Less than 10 years later, in 2014, the number of accelerators worldwide has been estimated to be as high as 2000.[1] The trend has not shown any signs of slowing. While the overall number of accelerators has been growing worldwide, we were unable to get the numbers for the CEE region. However, as with other aspects of entrepreneurial development, it is probably safe to assume that former communist countries are a few years behind their western role models. Our (admittedly anecdotal) experience, having established the first Accelerator in the Western Balkans region in 2015, confirms this assumption.

However, there has been very little systematic research into the methodology used in accelerators, possibly because of the newness as well as lack of comprehensive statistical data

1 Cohen and Yael, 2014, 2.

and metrics on the topic.[2] Additionally, it is difficult to assess the success of a certain approach (or methodology if you will) as most start-up will only succeed years after having concluded an acceleration program.[3] Some of this has to do with the secrecy surrounding the field – no one wants to give out information creating accelerator's competitive advantage that could lead competitors to similar success, especially as most accelerators are private entities.

Perhaps more importantly, lean methodology has become a weapon of choice for most accelerators, implying frequent changes, often before they can be systematically comprehended by researchers. Lean methodology is "an innovation method for startup companies that claims that the most efficient innovation is the one for which there is an actual demand by the users. Or put in other words: the biggest waste is creating a product or service that nobody needs. This concept is highly relevant for any strategy or method that aims at creating innovations."[4]

Startup acceleration methodology is therefore as elusive for outside observers as it is intuitive for those who have been doing it for long enough. This paper aims to fill the methodological gap when it comes to acceleration, while focusing specifically on the matchmaking opportunities of acceleration.

3.1.1. Acceleration methodology

It should come as no surprise that there is no universally recognized definition of an accelerator or its programme. The lack of definitions has been noticed as early as 2011[5], but has not improved since as practically every scientific article on the topic still points it out.

While most definitions of accelerators directly distinguish it from an incubator, a form of support for young entrepreneurs that was developed earlier, they maintain that an accelerator is an "organizational form, that aims to stimulate entrepreneurship."[6] Accelerators differ from similar organizations "by their value proposition and business model"[7] where "the business model determines how the accelerator is structured, including its choice of industry, and the value

2 Cf. Dempwolf et al., 2014, 6.

3 Cf. Cohen and Yael, 2014, 3.

4 Müller and Thoring, 2012, 105.

5 Cf. Miller and Bound, 2011.

6 Drori and Wright, 2018, 2.

7 Dempwolf et al., 2014, 16.

proposition determines what the accelerator offers to startups."[8] In other words, accelerator's unique aspects seem to be its offer and its structure.

Furthermore, while Business Angels and Incubators offer an almost unlimited support in terms of duration, accelerators usually offer an intensive, but time limited support. A definition that comes up frequently is that accelerators offer "A *fixed-term*, *cohort-based* program, including *mentorship and educational components*, that culminates in a public pitch event or *demo-day*."[9] What is left out of the definition offered is the fact that accelerators will typically also exchange its services and/or cash investment in return for equity share, a feature that makes accelerators quite selective in accepting start-ups to its programmes. In fact, some accelerators rely on future exits as their source of revenue, behaving similarly to investors themselves. On the other hand, accelerators also serve as a kind of quality assurance of the startups they support "Accelerators are organizations that serve as gatekeepers and validators of promising business innovations."[10] Understood in even broader terms, investors support accelerators "because they create a pipeline of investable companies, scouting for and filtering talent."[11] In other words, even if the accelerator does not offer a direct investment (filling the funding gap directly), it will usually serve as a broker of a kind, a connection between the perspective start-up and the interested VC (filling the information gap), making investments a focal point of acceleration[12]. When the matchmaking is successful it also serves as a legitimatization for the accelerator. "Thus, an effective accelerator is considered a bridge between those who initiate an enterprise (founders of start-ups) and those who can help an enterprise take off (investors, adopters of technology or product)."[13] In this sense accelerators operate at three distinct customer segments: startups, VCs and other investors and established large companies. While they have a different value proposition for each of the segments, they are interlinked through the matchmaking function that is inherent to the accelerator.[14]

The educational aspects of the acceleration generally emphasize the user-centric approach, as proposed by the lean methodology, with main focus on "iterative learning from potential

8 Dempwolf et al., 2014, 16.

9 Cohen and Yael, 2014, 4.

10 Drori and Wright, 2018, 2.

11 Miller and Bound, 2011, 8.

12 Cf. Dempwolf et al., 2014, 6.

13 Drori and Wright, 2018, 14.

14 Cf. Dempwolf et al., 2014, 18.

customers."[15] While there has been some debate[16] whether the authority of the mentor and the lean methodology are not in fact concepts opposed to one another, a combination of group lectures on lean method and 1 on 1 sessions with mentors, is standard acceleration approach. Other common approaches include agile and design thinking, or other user-driven methods.

3.1.2. Types of Accelerators as responses to changes

Accelerators are ever evolving and new versions are appearing all the time, as a response to the needs of the market. The most recent adaptations come as a response to the worldwide travel ban, where due to the Covid-19, we have seen an emergence of fully online accelerators. Similarly, while not so long ago all accelerators worked with batches of startups – so much so, that this became a part of a definition as seen above – these days more and more accelerators are introducing tailor-made programmes, that can be joined on a rolling basis.[17]

Accelerators are further differentiated based on the "life-cycle, content (start-ups with only an idea and a basic team versus those already with customers), technology (concept, demo, beta site), geographical location (city, region, national, international) or investment status (pre-seed, seed, round A). The selected start-ups may be similar, being part of the same industry, mainly horizontally or vertically, but diverse with regard to role and specialization." [18] Covid-19 and the switch to an online world affected these important differences. However, nobody really knows what will happen when the world opens up again. Before the crisis, we have seen a trend "towards more specialized accelerators."[19] There has even been a surge in the acceleration programmes that are intended for specific social groups that are usually less represented in the entrepreneurship, e.g women or minorities. These are often supported by public funding.

An important distinction also comes from the understanding whether the accelerator is private or public. Generally, we observe VC affiliated accelerators and corporate accelerators in the private sector, and government-backed (or municipality) and University-backed accelerators in the public sector.

15 Mansoori et al., 2019, 37.

16 Cf. Mansoori et al., 2019.

17 A famous example of this approach is 500 startups who announced this approach in March 2020. https://techcrunch.com/2020/03/26/500-startups-moves-to-rolling-admissions-instead-of-cohorts/

18 Drori and Wright, 2018, 9. [19]

Drori and Wright, 2018, 9.

Ultimately however, the role of an accelerator is to help the product/service become successful on the market, i.e. to speed up (hence the name) the validation of a proposed business model. The way this is done, whether virtually or in person, individually or in groups, locally or globally, with private or public funding, does not affect the purpose of the accelerator. Accelerators will find ways to adapt to the requests and realities from the market, adhering to the same lean methodology, that they are teaching their startups.

3.1.3. Corporate Accelerator and the concept of Open Innovation

Corporate[19] accelerator is a somewhat more recent addition to the family of accelerators.

Much as the case with the original concept, corporate accelerator has no clear-cut definition and companies will search in vain for practical instructions how to establish one.[20] The incentive comes from the fact that "established companies face several challenges with regard to innovation and retaining their competitive advantage as well as relevance within the respective industry."[21]

Most studies claim that corporations have two rather clear objectives for acceleration activities, "namely to insource innovation and to stimulate and achieve corporate innovation through interaction with entrepreneurial startups,"[22] while some recognize an additional objective as the "rejuvenation of corporate culture and talent attraction."[23]

Some corporations decide to build their programmes themselves; others turn to already established accelerators. These objectives have to do with a larger concept that corporate accelerators intrinsically build on – open innovation. In a nutshell "open innovation logic assumes that not all resources, abilities and ideas for developing and commercializing innovation need to be located inside the firm."[24] 3 different open innovation processes in corporations, depending on the direction of knowledge flows have been identified[25]:

- outside-in

19 While corporation is a word often used in scientific literature, in the context of the InNow project we prefer the term large company. For the purposes of this methodology, we use the terms interchangeably, both in the context of the established, well standing company.

20 Kanbach et al., 2016, 1762.

21 Moschner and Hestatt, 2017, 4.

22 Kanbach et al., 2016, 1762.

23 Kanbach et al., 2016, 1762.

24 Moschner and Hestatt, 2017, 4.

25 Moschner and Hestatt, 2017, 6.

- inside-out
- coupled open innovation mode that combines both

When we are talking about an effective matchmaking acceleration, we have to take into account both sides as "the collaboration is among others challenged by power imbalances, cultural differences, divergent modes of operation as well as conflicting interests and resources."[26] Too often, the acceleration focuses only on the benefits of one party, usually the corporations. Benefits of the programmes for startups seem self-evident, but often turn out to be a disappointment: "The outcome was zero. They [established company] could gloat over by saying: 'We have fancy, cool startups. The makers.' "[27] Similar disappointment was expressed by 3 other startups interviewed (a total of 11 startups were interviewed) for the study, albeit for different reasons.

Formal and informal interaction between startups and corporation employees is only rarely fostered and hence can be said that the open innovation practice is implemented in form but not internalized, a key distinction.[28] One of the aims of this methodology therefore is to propose a structure that does benefit both parties, rather than favor one. One of the biggest problems on the side of the corporation is the issue of commitment. Research shows that most startups do not have regular meetings with the corporate employees while in the programme. This is partially due to the busy schedules, as well as corporate environment expecting the startups to initiate meetings. In a sense, this is a power play. The role of an external acceleration provider should therefore also be managing and meeting expectations of both parties involved.

3.1.4. Building blocks of Acceleration

While "the benefits of supporting new businesses through their fragile early stages have been recognized for decades,"[29] acceleration impact has not been studied much. Initial research suggests that startups that have undergone an acceleration programme are indeed faster and more likely to receive venture capital, exit by acquisition and achieve customer traction. However, research also suggests that many accelerator programmes fail at this.[30] The quality of the support offered is therefore essential.

26 Moschner and Hestatt, 2017, 6.

27 Moschner and Hestatt, 2017, 11.

28 Cf. Moschner and Hestatt, 2017, 12.

29 Miller and Bound, 2011, 8.

30 Cf. Cohen and Yael, 2014, 6.

It is important to bear in mind that accelerators have different selection criteria, each hoping to attract the next unicorn[31]. Different stages of start-up development require different approaches and topics. Accelerators adapt in several ways, but one that seems to be winning in the recent years, is a kind of "buffet style"[32] of a fast-tracked school of entrepreneurship, where each startup chooses the workshops that she/he deems important for her/his business. This seems to be also what the start-up founders want, as one of them complained: "The program was not tailor made, and we spent precious time on redundant subjects, which are nice to have but not relevant to our field."[33]

Reputation of the accelerator is one of the most important reasons for startups to decide to join as it legitimizes the work that the accelerator does with startups, and also enables the potential transfer of equity. If the accelerator does not have a good reputation, it will not attract good startups, which in turn will be less likely to succeed, further damaging the reputation of an accelerator. The questions arising if a "good" accelerator can make a "bad" startup better, and if a "good" startup needs an accelerator at all, cannot be answered univocally. An important aspect to consider here is the informal knowledge and experience exchange that happens at accelerators. Both accelerator managers and the participating startups often say that the most influential ideas happened when least expected, often during the coffee breaks, chatting with other founders. Many startups pivot their ideas during the programme, under the influence of both formal and informal thought exchange and (failed) validation of the initial idea.

This experience exchange, culture sharing and healthy competitiveness are among the most often cited benefits. This same "startup culture" however can in turn be perceived as an obstacle when startups want to work with larger companies. To some extent, the impact of an acceleration programme should hence be also to "tackle many of their business models and to adopt and internalize working and thinking habits and practices that are more conductive to an orderly regime than the chaotic and informal structure characterizing start-ups in their nascent period."[34]

3.1.5. Why corporates need startups

31 In startup world a unicorn is a somewhat affectionate term used for privately owned startup that has reached valuation of 1billion$.

32 Description »buffet style« was used by one of the accelerator's managers interviewed for the article of Drori and Wright, 2018.

33 Drori and Wright, 2018, 9.

34 Drori and Wright, 2018, 9.

"Innovation, by its very nature, is risky and involves failure. This does not sit comfortably with the approach of many big businesses. As businesses get bigger, their ability to innovate is often limited by their size and the processes and procedures developed to help them achieve their objectives and, importantly, to mitigate risks."[35] "While large companies often lack speed in identifying and grasping disruptive opportunities, startups are the opposite. Innovation and disruption are at the core of these companies, so they thrive at reimagining the norm and developing new technologies".[36] That's why big businesses look for and turn to startups.

So what are the benefits of this collaboration for corporates?

First of all, "In a world where innovation, not pure efficiency, is the driving force behind long-term success, working with startups allows corporations to develop and test new technologies and solutions at lower cost and risk to their core business.

Secondly, startups are a source of fresh talent that can help rejuvenate the corporate culture[37].

Thirdly, start-ups have heads full of interesting ideas based on the latest technologies and the fresh perspective which allows to approach a given situation or challenge from a completely different perspective.

Furthermore, "the strength of small technology startups is their ability to develop not only new product and process innovations rapidly and test them on 'early adopters', but also to develop entirely new business models. For large firms, technology startups can also allow them to be part of the construction of totally new entrepreneurial ecosystems that otherwise may not be available"[38]. External innovators have more freedom to develop truly disruptive solutions.

According to the White Paper "*Collaboration between Startups and Corporates. A Practical Guide for Mutual Understanding*" published by the World Economic Forum in January 2018, the benefits are following:

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[35] *Why are big businesses looking to start ups for innovations*?, report by KPMG Australia

[36] C. Ferreira da Silva *Corporate-Startup Collaboration: Everything You Should Know* at https://www.plugandplaytechcenter.com/resources/corporate-startup-collaboration-everything-you-should-know/

[37] *Korporacje i startupy – przelotny mezalians czy strategiczna współpraca w dobie digitalizacj*i? at https://www2.deloitte.com/pl/pl/pages/technology/articles/korporacje-i-startupy-przelotny-mezalians-czy-strategiczna-wspolpraca-w-dobie-digitalizacji.html

[38] Steiber A., *Technology Management: Corporate-Startup Co-Location and How to Measure the Effects*, Journal of Technology Management & Innovation vol.15 no.2 Santiago Aug. 2020 at https://www.scielo.cl/scielo.php?script=sci_arttext&pid=S0718-27242020000200011&lng=en&nrm=iso&tlng=en

- **more innovative suppliers** - if corporates work only with established tech providers, they risk missing out on potential new sources of revenue: buying from an innovative start-up may give a corporate a competitive edge. As internal innovation is often hampered by protecting the core cash cows, collaboration with or acquisition of a startup may also facilitate the necessary disruption of one's own business model, which is difficult to achieve from within.
- **customer focus** - Startups tend to innovate closer to customer needs as they are not as standard process-driven as established corporates. They can adapt and customize solutions more easily, allowing the corporate to serve its customers better[39].

3.1.6. Barriers in the process.

When we discuss the cooperation between corporates and startups, we have to take into consideration not only the profits of such cooperation but also barriers in this process.

According to a study[40] prepared by NESTA, the Innovation Foundations of the United Kingdom distinguishes barriers of internal and external nature of a corporation.

In the first group we distinguish strategic, structural, cultural or procedural barriers, which are superimposed on those of the nature of dysfunctional internal communication or individual behaviour of actors involved in the relationship corporation startup.

- Strategic barriers. In a corporation, there is very often a lack of understanding between individual cells/teams about the role, objectives, tasks facing an external collaboration with a small entity such as a startup. It is even said that corporations (as complex, large entities) are often characterized by internally conflicting goals and objectives. People are somehow "formatted" and have a fragmented view of reality. It is often stressed that there is a lack of a unified message in corporations as to why we work with startups (internally, departments often stress that they have the ability to do on their own what they set out to do with a startup). It is emphasized that at the very beginning the management should point out precisely the direction of the corporation's innovative activity, show what we lack, and clearly, transparently the purpose of cooperation, but also point out the advantages of working with small organizations, such as

[39] White Paper "Collaboration between Start-ups and Corporates. A Practical Guide for Mutual Understanding" published by the World Economic Forum in January 2018

40 "SCALING TOGETHER OVERCOMING BARRIERS IN CORPORATE-STARTUP COLLABORATION" Siddharth Bannerjee, Simona Bielli and Christopher Haley, Nesta, March 2017.

startups. Inside a large organization, there cannot be a "two voice" on this issue. A unified understanding of these issues within the corporate structure will mitigate this type of barrier.

- **Structural barriers**. Large entities usually operate on the basis of a rigid and hierarchical organizational structure in which the decision-making process is tedious and lengthy (bureaucratic). People making decisions are often disconnected from the "heart of innovation". It is pointed out that it is best to anoint a certain person as a "Mentor/Master[41] of Innovation", who on the one hand knows and navigates the meanders of the corporation, and on the other hand has a certain legitimacy to act in terms of actually supporting innovative attitudes in co-workers as well as external innovation providers, which can be startups. The way to overcome this barrier is certainly to fully understand the "top (managers) of the "flaws" of corporate functioning and the will to minimize them. It may be helpful to create an external unit, but not in competition with corporate departments, but helpful, more flexible in operation, one that will not take over the "flaws" of the corpo communication of the tasks facing such a unit (especially in relation to corporate departments) is also a task for the manager, as well as the need for smooth communication with such a "branch".

- **Cultural barriers.** This term is related to the culture of entrepreneurship, under which we understand an environment in which creative and pro-innovative attitudes are welcomed, rewarding the willingness to take risks, but also forgiving "stumbling blocks". Meanwhile, most often employees in corporations are not encouraged to innovative attitudes, they themselves are often formatted to "their" section of the front. They fear agile, bold startups as those who bring their own sometimes hostile solutions, which in addition may take away their jobs (which is most often irrational). Teams don't want to hear about other products, they show an unwillingness to experiment. Here, once again, there is a task for managers to encourage employees to look for/invent innovative solutions, to communicate how important and crucial pro-innovation attitudes are in the company, to take the risk of introducing innovations. Here, too, there is a large role to be played by the "innovation champion". The way to achieve this is also the model of open innovation, which was mentioned in the introduction of this study.

- **Procedural barriers**. Large organizations are characterized by low flexibility in their internal processes and often try to impose similar procedures on their collaborating startups. In small startups, however, they do not have a *raison d'être* and often alienate these small organizations at the very start of the collaboration. Corporations often act this way out of fear that introducing more flexibility at home will result in disruption within the organization. This is often the case, but it is important to minimize the level of disruption by communicating the advantages of such

41 Op. cit.

changes and sometimes introducing a team/cell dedicated to working with the startup. The role of such a team also needs to be "heard" and "listened to" within the corporate structure. There should be a clear procedure for working with a startup, employees should be communicated and motivated in areas where speed of decision-making is important, bottlenecks should be removed.

External barriers include "relational" and "environmental" barriers from the point of view of a corporate

Relational barriers refer to the issue of asymmetrical relationship between a large corporation and a small startup. In startup jargon it is called "swimming with sharks".

Environmental barriers are barriers resulting from the ecosystem in which startups and corporations function and "live" (laws, taxes, government policies that support or hinder cooperation). The literature suggests that this type of barrier is not perceived as significant (vide footnote pg. 44 scalling together) it is emphasized that even when such a barrier is diagnosed (e.g. legal differences between the system in which the startup operates and the corporation result in quicker involvement of lawyers. It seems, therefore, that this barrier is relatively easy to overcome (assuming the lawyers on both sides "get along".

More attention is being paid to relational barriers. A detailed understanding of relational barriers is illustrated by the graph in "Scaling together," op. cit. p. 23. The graph takes into account the process by which startup-corporate relationships are created. We find there:

- **Initiating the relationship** - The goal is to find the right partner, i.e. the startup, and start a dialogue (it cannot be a monologue or a concert of demands). Conversations will accelerate when we find the right person/team from the corporate side. The ideal candidate(s) should be well established in the organization and have a full understanding of what the corporation is looking for as well as knowledge of what budget we are moving within.
- Establishing the relationship – Here the biggest challenge is to build trust between the startup and the corporation. The corporation must get rid of the desire to impose a narrative and use the position of the stronger/larger, the startup must not feel inferior/weaker (avoid relationship uncertainty). The corporation must take care to build a positive relationship based on trust. Communication of plans must be transparent and clear.
- Progressing the relationship – At this stage, most often the corporation verifies the status of the startup (e.g. checking the financial situation, ownership structure). The image of this stage will be determined by the form of cooperation between the startup and the

corporation, whether we will be dealing with a startup-provider of solution X or the startup will be the subject of an M&A transaction (Merger & Acquisition). This is the stage when the Non-Disclosure Agreement is signed. Keep in mind that signing too early can be seen as a lack of trust and signing too late can create a big risk for the startup.

- Sustaining the relationship - this is the stage where action is already required within the contract, i.e., a visible role for the lawyers, but the parties must still clearly and effectively communicate the pursuit of a common goal. Here, measures of success must be defined, and their achievement analysed. At this stage, there may be e.g. changes of strategic goals, personnel changes, which may lead to the desire to terminate the cooperation.

3.1.7. Basics for good cooperation of corporates with startups

Before starting the cooperation with the startup, the corporate should follow certain rules and must take following steps to be successful:

1. Firstly, the company **should define its innovation goals**. Therefore, it should ask itself the following questions:
    - *What are the most important things I need to accomplish?*
    - *What are the strategic priorities for my company (e.g. diversify revenue streams, launch new products, decrease operating costs)*
    - *What are my business objectives?*
2. Secondly, after a corporate has defined its innovation goals, it should define **why it wants to work with a startup.** The answer might be: to gain access to new technology, to execute a pivot or transformation, get an access to talent through acquisition or joint R&D.
3. Thirdly, a company should **establish key performance indicators (KPI),** such us for example: the number of initiatives and percent of initiatives successfully implemented, sales and revenue growth, cost saving[42]
4. Next, a corporate should define **collaboration incentives for startups**. "Due to the ongoing race for the best startups and fierce competitors in the startup scene, it is important to make startups an attractive offer to enter into a collaboration. At this stage companies

[42] *The Ultimate Guide to Startup Scouting and Engagement*, at https://runway.is/blog/startup-scouting-engagement/

should therefore consider what kind of cooperation can lead them closer to their defined goals and what resources they can offer that can create added value for startups. Ideally, look at the deal from the perspective of startups with which companies want to enter into a partnership[43].

3.1.8. Conclusions for the InNow Matchmaking Acceleration Programme

Where does this leave is with the InNow Matchmaking Acceleration Programme? We have seen above that every acceleration is matchmaking *per se*. The unique properties of the matchmaking program however, can only be determined when we know all the entities that will participate in the program. In the context of the InNow matchmaking is understood as B2B matchmaking, specifically startups matching with large companies. Similar to other matchmakings, B2B matchmaking considers (exact) expectations of the sides involved and aims to provide a match between those who are looking for something and those who are offering something. It works under the presuppositions that both parties in question will

- want to work together (issue of motivation) and
- be able to work together (issue of capabilities).

The first has to do with *motivating both parties* - they need to be enthusiastic about the possibilities of working together and the benefits they can get from it. Only when real interest in established, good results can come from the matchmaking. **Communication** is crucial for this part.

The second has to do with *educating and bringing both parties closer*. The fact is that new entrepreneurial teams differ significantly from the older, experienced ones. Both have advantages and disadvantages. Without knowledge of the other side and its expectations, matchmaking is futile. **Working together and building up consciously towards the expectations of the other side** is crucial for this part.

With all the *caveats* exposed above in mind, we propose the following definition for the purposes of the inNow Project: *(Matchmaking) acceleration is a unique process of limited duration aimed at a startup' s business model validation by transfer of knowledge (know what, know who, know how), and resources. This transfer involves both codified and tacit knowledge through continuous interactions between all parties.*

[43] Federspiel H., *Pioneers Insights: A guide for corporate-startup collaboration*, at: https://pioneers.io/pioneers-insights-guide-corporate-startup-collaboration/

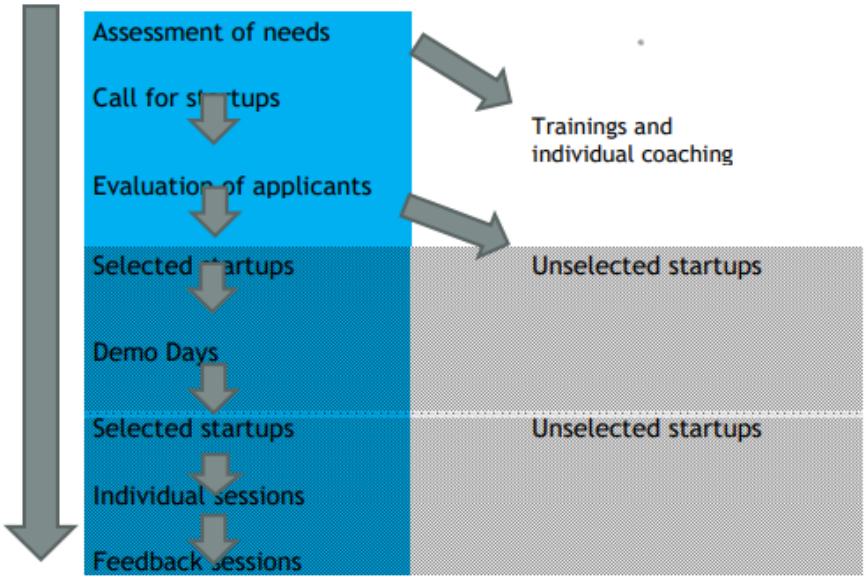
4. THE MATCHMAKING PROCESS

4.1. Preparation Phase

The project takes on customer's centric approach and aims to deliver the targeted solutions to large companies as well as to start-ups and SMEs. Therefore the goal of the matchmaking activity was to meet identified needs of selected large companies and to design the innovation support package based on them.

The process was adopted to the needs of the large company operating in the given partner country to meet requirements of internal evaluation of solutions. The process involved three types of bodies:

Startups acted as developers of new ideas. They were on different stage of development (in terms of different organisational maturity, as well as – more importantly – in terms of the technology or solution they create). **The large company** had a specific demands, for example for TRL (Technology Readiness Level). **Accelerator** (**InNow project partner**) acted as intermediary between startups and large company. Knowing best innovation environment and potential as well as deficiencies of startups it helped to shape the framework of the matchmaking in order to suit it best for both startups/SMEs and large company.
The process is presented in the chart below.



It is addressed both to startups and large company in order to get wider knowledge of existing environment and how to deal with situation. The knowledge gained at this stage allows to develop tools adequate to grow business both of startups and large company. This phase it's necessary for a successful programme. During this stage we distinguish Assessment of needs, Call for startups. In the first conducted separately for startups (in case of InNow project was addressed to cleantech sector startups and SMEs) and individual innovation audit for large company. Outcomes of these assessments statistically validated for the sample were used to design the call. The second (call) is used to gather innovative startups' ideas in order to match them with large company that is interested in their further development. Call describes what kind of ideas are welcomed. In the application it is necessary to get all basic information on the idea, team, market readiness, market competition, alternate solutions and how the proposed idea differs to them, what are their advantages and disadvantages. It is necessary to promote the call through accelerator's channels to reach the widest possible group of potential applicants. The call must be well communicated – for example through online sessions where representatives of the large corporate explain needs of their company to avoid misunderstandings and get most relevant applications possible.

4.2. Application Phase

Large companies from each partner country will be target companies around whom the Acceleration Programme will be designed and implemented. Startups/SMEs involved in WP1 and

WP2 Programmes should be encouraged to get involved in piloting Matchmaking Acceleration Programme. However, the involvement of other startups and SMEs should also be encouraged.

4.2.1. Admissibility criteria

All applications for participation in the pilot programme must be received in the written form in the electronic format specified by the Call before the deadline for applications. Startups and SMEs that have already participated in WP1 and WP2 need to apply to the Open Call too, as their previous engagement with the project is non-binding. Late applications are not to be considered under any circumstances to ensure equal treatment of applications. All applications have to be submitted either in English or in the local language via **Microsoft Form** created specifically for this purpose and offered on the official webpage of the InNow project and websites of the partners.

4.2.2. Eligibility Criteria

Startups willing to take part in the programme have to meet following criteria:

- being a **start-up** – meaning a company or project undertaken by an entrepreneur to seek, develop and validate a scalable economic model of an innovative idea or **an SME** - according to the EU definition
- active in one or more regions of the eligible programme area: Croatia, Hungary, Poland, Slovakia and Slovenia. Applicants from: Austria, Czech Republic, Germany and Italy may also apply, but priority will be given to the first pool of countries.
- express a will to work in at least one of the following CleanTech fields:
  - Energy efficiency
  - Sustainable use of resource
  - Environmental protection activities
  - Recycling
  - Reuse/ Circular economy
  - Smart and efficient buildings & cities
  - Smart electric grid
  - Green transport & mobility
  - Renewable energies
  - Green Chemistry
  - District heating
  - Energy storage (especially heat storage)
  - Energy generation
  - Other fields, related to Cleantech and or sustainability, energy efficiency and renewable energy.
  - Other fields presented by the large companies as special challenge

4.2.3. Evaluation criteria

Applications that are admissible and eligible are to be evaluated according to the following criteria:

- Clear definition of the problem that you (want to) address.
- Clear connection to the problem(s) of any of the Large Companies presented in the Open Call
- Market need for the product / service established and demonstrated by support of external sources.
- Size and skills of the team appropriate for the problem they want to address
- Scalability of the product

The criteria are reflected in the application questions – each criterion in its own explicit question.

Evaluators from large companies and from the Project Partners score applications, awarding a score on a scale from 0 to 5 on each criterion.

The decision on the choice of startups and their number depends upon the corporates engaged in the project with advisory by the Project Partners.

4.2.4. Open call procedure

The call is a single stage call.The call will be transmitted to all applicants in the public place and all applicants should receive the same information. The whole process implementation is documented by each partner. FAQ file, documenting the questions of potential applicants, is prepared by WP Leader.

Deadline for the applications is February, 15 2021, 23:59 CET. Depending on the number of applications per region, the partners may decide to prolong the call if they deem that more applicants of better quality will be the result of this prolongation. The prolongation has to be publicly announced. The prolongation can last at most until March, 5 2021, 23:59 CET.

All applications must be submitted either in English or in local language via Microsoft Form, specifically designed for this purpose. English version of the Google Forms will be prepared by the WP leader.

No applications are accepted after the closure of the call. After the closure of the call, eligibility criteria will be assessed by PPs and a list of eligible applicants will be created. Ineligible applications will be excluded and the applicants informed.

The eligible applications will be evaluated according to the published criteria (listed above) based on the information provided in the application. Each application is awarded a score a scale from 0 to 5 by each evaluator assigned (half-points are acceptable, i.e. 3.5).

To ensure fairness, openness, and equal treatment of all applicants, each PP nominates the evaluation committee that will rank eligible applications based on evaluation criteria. Each PP only evaluates those applications that have "their" Large Company identified as a point of interest. There should be one evaluation committee for each large company involved or at least 1 per country. Each committee should consist of 3 persons: 1 external evaluator, 1 Large Company representative and 1 partner representative. The PPs will take all reasonable efforts to ensure that the evaluation committee reflects the diversity of society and will ensure that there are no conflicts of interest

For those startups/SMEs who mark "I do not know, I am open to suggestions" a special committee will be formed to decide which Large Company, if any, is the best fit. The Committee wlill be composed of 1 Lead Partner Representative, 1 WP3 Leader, and 1 External evaluator nominated by WP3 Leader.

The startups/SMEs are then assigned to the evaluation committee of the said large company, as described above.

4.2.5. Indicative time for evaluation and communication of the evaluation outcome

Information on the outcome of evaluation is communicated to the applicants after the evaluation process.

The evaluation process will take place in maximum 10 working days from the deadline for submission. Information of the applicants about the evaluation outcomes: Maximum 5 working days after evaluation closure.

4.3. Implementation Phase

The tailor-made Matchmaking Acceleration Programme, specific for each Large Company involved will be designed during the period between the Final deadline for Submission.

The Progamme is designed in accordance with the specific definition of the Matchmaking Acceleration Programme and other considerations offered above. Diagnostics of the needs and expectations of both parties is strongly recommended.

The Matchmaking Acceleration Programme will run for 3 months and is specifically adopted to needs of given corporate.

This is core of the matchmaking and it has to be adopted to the specifics of given large company and to adjusted for individual startups. Therefore, whereas there are some common elements some of the activities are tailor made on an ad-hoc basis for both involved parties. During this stage we have: Evaluation of the application, which begins with the Initial evaluation. In this step from among all applications, choose the ones that could potentially start cooperation with the large company. The selection takes into account the expectations / requirements indicated by the LC, e.g:

1. Technology advancement based on TRL. The higher the TRL the more interesting potentially it can be. TRL 7 and up are strongly favoured. The company prefers solutions and technologies that are ready to be tested or that already have been tested.
2. Adjustment to market needs and regulations. Some solutions are very market specific – they need to address specifics of market and take into account existing regulation and legal framework (which varies in different countries and may change a lot).
3. Business model. The company prefers cooperation with undertakings that e.g. do not require investment in fixed assets, startups must present financial stability.
4. Implementation path. Easiness to test solution on a small scale is considered an advantage.
5. Startup's team – what are the key competencies and experience of people who are engaged in the project (this isn't considered crucial).
6. Comparison with solutions already existing in the company – to what extent and in which respect the solution scouted externally is better to the ones that already are implemented or tested in the company internally.
7. Invasiveness of the solutions – to what extent new solution/technology requires interactions or integration with established systems of company, and how complicate it would be. Solutions that can be "sandboxed" are preferred in order to avoid complications and problems with integration and security of existing systems.

8. Importance of each aspect is individual depending on given solution itself, therefore the evaluation process is long, time and resource consuming.

4.3.1. Individual sessions with selected startups

Acelerator team got in touch with selected start-ups and during the interviews with each of them tried to prepare them for the Demo day where they will get an opportunity to present their solutions and their proposal for the cooperation with LC. Invited startups have a chance to present themselves in a pitch with Q&A session and they are prepared by the project partner (InnoEnergy).

4.3.2. Demo day

DEMO DAY have been organised individually for each selected startup. After the introduction of the organizer, project, and Large Company (LC), startup presents themselves through a short pitch after which the LC asks a few questions. Start-ups prepared a 10 min presentation based on following topics:

1. Clear definition of the problem that it addresses
2. Clear connection to the (potential) problem(s) of the Large Company
3. Technology readiness level of startup's solution
4. Market need for the product / service established and demonstrated
5. Pilots implemented or readiness to conduct a pilot
6. Size and skills of the team appropriate for the problem you want to address
7. Scalability of the product

After the pitch startup representatives there is a Q&A session moderated by the person from Accelerator or from dedicated LC with questions asked by internal experts from this LC.

4.3.3. Feedback and further selection

After each stage of evaluation startups get feedback either from dedicated LC or from the Accelerator. It allows startup to see:

1. What were their advantages – what seems to be particularly interested in the solution they have.
2. What is most important for further cooperation with Veolia regarding the startup and its solution.
3. What aspects require some work and what kind of work is this.

4. In case Veolia does not decide to work further with the startup what are the reasons for this, and to what extent they depend on Veolia's own situation and to what extent it's due to the startup.

4.3.4. Mentoring and training

It is an ongoing process available (but not obligatory) for all the involved startups, both successful and unsuccessful. On each stage startups can use both online training platform and individual mentoring – the latter one is addressed directly to their case.

In practice the startups tend not use the training platform due to workload and claiming that they now the issues or that they will register there and use it later on.

4.3.5. Individual cooperation with Large Company

Each startup that has undergone the many-stages selection process starts to work individually with Veolia company that is interested in implementation of their solution. The individual phase is dedicated to technicalities and business aspects of solution offered by given startup.

4.4. Timeline of the Matchmaking Acceleration Programme

The Matchmaking Accelaration Programme - timeline

InNow project

Decision on startups chosen for acceleration	Setting initial expectations from large companies, signing NDA (non-disclosure agreement) by large company to protect IPR of startup. Decision on the necessary means for acceleration phase (adopted to individual conditions per large company). Some startups will be also offered acceleration by the project partners (without participation of large company)
Information on the outcome of the call to all applicants	The ones who are offered cooperation with large companies will be asked to sign a consent. A timeframe of activities will be set (approximately 1 per week or one bi-weekly) and moderator from respective project partner will be assigned.

	For those who will not be able to enter acceleration phase at this stage free training and coaching will be offered through greenbrother.eu platform and advisory support from the project partners.
Acceleration phase	This will cover two basic elements: 1. Business development – all elements necessary to upgrade quality of business, such as management, legal issues, risk assessment, finance, B2B strategies etc. – whichever will turn out to be necessary 2. Idea/product/service development – testing, and elaborating idea that was submitted to the call in order to foster its readiness to enter the market in cooperation with given large company
Evaluation phase	After (or possibly already during) the programme, and Demo Day will be organised where teams will present themselves, their products and the possibilities for future development and/or implementation. The teams will elaborate their products and business plans which means that the Large Company will get an actual expense & HR plan and ways to implement the idea into their core business.
Cooperation phase	After the acceleration programme large companies could offer some of the startups business agreements on further cooperation. However, this is voluntary for both parties.

The Matchmaking Accelaration Programme takes approximately 3 months.

During the programme participating startups will have a chance to be promoted through InNow project's social media and present their ideas in online events organized by the project partners.

5. RECOMMENDATIONS FOR THE FUTURE MAP

Startups and large companies are two radically different environments that share everything. They differ in size, history, communications language, management structure, speed of decision-making, and courage. It is at two poles. Between them there is an accelerator, whose task is to effectively connect them. The accelerator is a certain space where two different worlds meet: startups and corporations. Worlds that communicate differently. These two entities need to be encouraged to cooperate with each other, so there is a task on the part of the accelerator: to prepare such messages that are understandable and encouraging to both parties. LC and startup need to see the mutual benefits of participation, the sense of putting some effort into such cooperation. Give the other side a chance. Also, not to say it was a waste of time. Accelerators are a valuable component of the startup ecosystem. Indeed, they help exciting businesses make their vision and innovative ideas come to life. Therefore to make this process successful, the following activites have to be undertaken:

- defining the TRL at the very beginning to avoid unnecessary time loss
- more time for the process:
    - Call - approximately 1 month is needed;
    - Initial evaluation - 1,5 month;
    - Demo Days - depending on things needed to be prepared - up to two weeks for preparation Individual cooperation - depends on mutual interest Time is necessary for information and promotion Time is needed for internal consultations and to prepare pitches. Time depends on actions that the parties will undertake
- An already implemented pilot is a plus for startup. If there's no pilot it is necessary to undergo a very detailed procedure of evaluation by internal experts together with startup.
- Financial flows need to be examined
- In order to avoid problems with potential data leak it is advisable to have these issues coverd by NDA (Non_Disclosure Agreement).
- During the session with mentors, startups should learn something about the mentor (specialization, experience), and should prepare what they expect from the mentor, which they would like to learn.
- The accelerator should be played the role of some kind of "translator" between startup and LC.
- The programme should help to solve some problems such us:
    - Lack of business experience of the startups

- Lack of knowledge of needs of large company or of how it works
- Concentration only on technical issues of innovation and not on scalability
- On the other hand the programme should also bring better understanding of startups and their specifics in large corporate.

6. SUMMARY

The accelerator is a certain space where two different worlds meet: startups and corporations. Worlds that communicate differently. These two entities need to be encouraged to cooperate with each other, so there is a task on the part of the accelerator: to prepare such messages that are understandable and encouraging to both parties. LC and startup need to see the mutual benefits of participation, the sense of putting some effort into such cooperation. Give the other side a chance. Also, not to say it was a waste of time.

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