Abstract

The purpose of this thesis, is to investigate the recent phenomenon of the corporate accelerators. While the structured support of entrepreneurial ventures is well-covered in business incubation and the research on corporate venturing has captured the entrepreneurial efforts of incumbents in the past, neither body of literature has investigated startup accelerators past acknowledging their existence. Therefore, the study aims to discover the characteristics of corporate accelerators and strives to uncover the underlying motives that incumbents followed when setting up these programs.

In order to do so, a number of relevant cases were identified in Germany and analyzed with the help of a qualitative case study methodology. As the acceleration process involved several diverse stakeholders, numerous in-depth interviews were conducted to capture the unique perspectives of entrepreneurs, accelerator managers and incumbent decision-makers.

The study finds that corporate accelerator provide entrepreneurs with a unique combination of entrepreneurial know-how, a network of mentors and access to an incumbents unique resources. In exchange, the incumbent receives an equity stake and builds an investment portfolio of entrepreneurial ventures. However, startup acceleration does not only offer financial returns. On the one hand, acceleration enables exploitation by allowing entrepreneurs to leverage the incumbent’s resources in novel ways. On the other hand, it enables the incumbent to conduct exploration by supporting entrepreneurial ventures that are finding novel ways to create value.

This establishes the corporate accelerator as a new vehicle for external corporate venturing, not only offering a window on new technologies and the specialized knowledge of entrepreneurs, but also enabling it to extract new value from existing resources. The resulting characterization should enable incumbents to setup their own program with which they can gain strategic and financial benefit from providing a structured support program to early stage entrepreneurial ventures.
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1. Introduction

In business, one thing seems for certain. Companies that have once ruled their industry as category leaders will find their demise at the hands of an innovator. In September 2013, Nokia, once the leading mobile phone manufacturer, announced that it would sell its device business unit to Microsoft just 10 years after capturing 35 percent of the market share in mobile phones (Cadman, 2013). Similarly, Kodak although having anticipated digital photography in 1975, relied heavily on the success of its traditional camera business until it was too late and unable to compete in the digital photography market (Hiltzik, 2011). Research shows that this coming and going of market leaders is not limited to high-tech industries and might eventually end the streak of any leading companies (Louca & Mendonca, 2002; Foster & Kaplan, 2001).

There is a large body of literature that argues that an organization's long-term success depends on its ability to exploit existing competencies while simultaneously exploring fundamentally new opportunities. While earlier research regarded these concepts as antagonists, proponents of the ambidextrous organization argue that both can be pursued at the same time (March, 1991; He & Wong, 2004). Ambidexterity describes an organization's ability to master a balance between innovation with the goal of improving existing products and those aimed at entering new product markets (O'Reilley and Tushmann, 1997; Katila & Ahuja, 2002; Gupta, Smith & Shalley, 2006). Balancing these corporate innovation efforts has become one of the main challenges of modern corporate leadership as management luminary Gary Hamel (2002) contends that “[t]he most important business issue of our time is finding a way to build companies where innovation is both radical and systemic”.

Especially the internet has been a daunting example as many industries were ignoring its potential and how entrepreneurs would use it to change consumer behavior. Today, the mainstream adoption of the internet has forced incumbents to change their organizations at the core to adapt to the digital age. However, despite their resource advantage, most incumbents fail to turn their digital efforts into competitive products.
and services as they face several organizational barriers inhibiting their ability to innovate (Assink, 2006). As early as 1947, Schumpeter suggested that "[i]t is in most cases only one man or a few men who see the new possibility and are able to cope with the resistance and difficulties with which action always meets outside of the ruts of established practice" (Schumpeter, 1947, p. 152).

This can often be exploited by entrepreneurial ventures which are able to identify and seize business opportunities much earlier than incumbent organizations (Block & MacMillan, 1993). Although the media seems full of entrepreneur success stories, most startups are unable to realize their full potential and subsequently go out of business. Founders often lack the managerial skills or resources required to turn their innovation into a viable operation (Bøllingtoft & Ulhøi, 2005). In the past, business incubators have tried to fill this gap by offering "a support environment for start-up and fledgling companies" (Peters et al., 2004, p. 83). These organizations offer facilities, administrative support and access to network of professionals with the goal of lowering failure rates in the early stage of a venture (Bergek & Norrman, 2008). Much like the businesses they are looking to support, incubators have been subject to change as industries and market requirements forced them to focus and refine their offerings (Grimaldi & Grandi, 2005).

In 2005, the accelerator emerged as new incarnation of entrepreneurial support format when the former entrepreneur Paul Graham invited the first batch of eight startups to go through a three month entrepreneurial training program in Silicon Valley, called the Y-Combinator. As the finale of this program participants pitched in front of a crowd of investors to receive venture capital (Jackson, 2012). Some of the most successful alumni today are Dropbox (summer 2007) and Airbnb (winter 2009) being worth billions according to the venture capitalists that are funding their growth (McDermont, 2012). Y-Combinator was followed by the Tech Stars accelerator in 2007, which defined itself a mentorship-driven seed stage investment program (TechStars, 2014). These two programs became the role model for many that followed, trying to replicate their structure and success. What started as an initiative of experienced
entrepreneurs innovating in the field of early-stage investing and entrepreneurial support, has transformed into a global trend. Companies as diverse as The Coca-Cola Company (Coca-Cola Accelerator Sydney) and Nike (Nike+ Accelerator) as well as local governments (Chile Accelerator) are poised to support under the umbrella of this new movement (Meyer, 2013; Pullen, 2013; Heim, 2013).

On June 17th 2013, the publishing giant Axel Springer AG announced the first class of startups that would spend the following three months fine-tuning their ideas and investor pitches in its newly minted Axel Springer Plug & Play accelerator in Berlin, Germany (Axel Springer AG, 2013a). Interestingly, the majority of startup accelerator programs in Germany today are hosted by incumbent corporations including Deutsche Telekom AG, Telefonica A.S. and ProSiebenSat1 Media AG.

The one thing these incumbents have in common is that their industries have been heavily influenced by the internet and risk to be disrupted by startups they are now looking to support. This has resulted in skepticism regarding their ability and motives to help entrepreneurs (Kopytoff, 2012; Knight, 2013a; Meyer, 2013).

1.1. Thesis Scope

The purpose of this thesis is to investigate the appearance of corporate accelerators in Germany between 2012 and 2013. Although startup accelerators have existed since 2005, the recent trend towards corporate involvement provides an interesting setting to investigate startup acceleration as element of corporate innovation strategy.

So far, no scientific study has been dedicated to the corporate accelerator. Although reference has been made to accelerators in the well established business incubation research (Grimaldi & Grandi, 2005), the mentioned concepts do not mirror the characteristics identified by the still nascent research on startup accelerators (Miller & Bound, 2011). Similarly, no evidence of prior studies on corporate accelerators could be found with regards to incumbents and their external and internal entrepreneurial efforts, commonly referred to as corporate venturing. However, the thesis will assess how corporate accelerators are related to existing scientific literature proposing that
features of the corporate accelerator concept are rooted in startup acceleration, business incubation and corporate venturing (see Figure 1).

**Figure 1: Research roots of corporate acceleration**

![Diagram showing the relationship between acceleration, corporate venturing, incubation, and corporate acceleration.](image)

Source: own illustration.

Therefore, the author examines these bodies of literature to find research that could assists the characterization of startup accelerators. After reviewing the small body of acceleration research, the well-established literature on business incubation is investigated. In the process, conceptual differences between the acceleration and the incubation process will surface.

At this point in the research, a corporate accelerator is roughly defined as startup accelerator that has received significant and public support of an incumbent firm. This support includes but is not limited to a financial investment, privileged access to resources and an official endorsement by the corporation as well as organizational ties to the parent organization. Given the uncertain prospects of success of entrepreneurial ventures and the unknown benefits that incumbents can gain from supporting them, the study will investigates how incumbents are leveraging these accelerators programs and how they interpret the role of the accelerator in their organization.

Thereby, the author aims to contribute to scientific literature in the field of startup, acceleration, business incubation and corporate venturing. By combining these three fields of literature, the thesis ultimately aims to provide scholars and practitioners with
an extensive understanding of how a corporate startup accelerator can be set up and how they can leveraged as a strategic tool provides a source of innovation capacity.

1.2. Research Questions

The emergence of these new corporate accelerators raises questions as to their defining characteristics and what happens inside of these organizations. With the help of a rigorous scientific process leveraging existing theoretical frameworks, the study aims to answer the following research question:

Q1: What are the characteristics of a corporate accelerator?

After investigating and describing the characteristics of a corporate accelerator, the study focuses on the incumbent role in the structured support of entrepreneurial ventures. A question remains as to the intentions that incumbents had when setting up these programs and how they are looking to benefit from them. Therefore, the second part of the research process looks to answer the following question:

Q2: Why are incumbents participating in the structured support of entrepreneurial ventures?

These research questions will guide the scientific process including the methodological decisions, the selection of appropriate cases as well as motivating the analysis process.

1.3. Thesis Structure

The following paragraphs offer an overview of the thesis' structure and the content of each chapter. The goal is to guide the reader from the known to the unknown and create new knowledge through the research conducted.

The first chapter offers an introduction to the corporate accelerator phenomenon and underscores the relevance of the topic for scientific interest. After detailing the objectives of the thesis, the chapter introduces the research questions that the author aims to answer in the course of his investigation.
The **second chapter** lays out the theoretical foundation that will be used in the analytical process and represents a thorough review of the literature on startup acceleration, business incubation and corporate venturing.

In the **third chapter**, the author introduces the scientific methodology used throughout the thesis. This will include an explanation of the scientific approach used and extend into the specific methods of data collection.

The **fourth chapter** is a multiple-case study based on the several companies that have launched or invested into startup acceleration programs in Germany. After a detailed introduction to each accelerator, the organizational context is explored.

The **fifth chapter** contains the analysis of the empirical research with the help of the theoretical foundation layed out in the literature review. On the basis of the data collected, the author investigates the research questions and argues possible insights that emerge from the data.

In the **sixth chapter**, the author summerizes the findings of the thesis and provides a detailed answer to the research questions. To complete the picture, the author will critically assess the limitations of the studies findings. Ultimately, the chapter presents avenues for further research and thereby concludes the writing of this thesis.

### 1.4. Delimitation

Although acceleration is a global phenomenon, adoption in local markets can differ significantly. While several accelerators with corporate backing can be found in the United States, national differences such as economic conditions and public perception of entrepreneurship impact the role of the accelerator in each country. When trying to investigate a global phenomenon, this can add unintentional complexity to the case selection and make comparison between the situations of each accelerator impossible. The study will therefore focus on Germany as a trend towards corporate accelerators has been observed in this market since 2012 (e.g. Knight, 2012; Knight 2013a) and market conditions can be assumed to be the same for each case accelerator.
Although the accelerator concept itself is not limited to particular type of industry, a majority of these programs focus on supporting digital ventures, meaning that entrepreneurs leverage software, technology and data to create value. Therefore, the resulting accelerator characteristics will presumably cater to their business models and resource requirements. If these types of ventures are more suitable for startup acceleration than others and how much a corporate accelerator has to be adjusted to be able to support ventures in other industries is unclear at this point and will not be part of this study.

Investments in entrepreneurial ventures follow different stages in which capital is provided by different actors and for different purposes. The first money provided to a venture is often referred to by the term "seed" or "seed round" in which the founders are able to collect money from friends, fools and family or angel investors, former entrepreneurs now supporting upcoming ventures (see Appendix 1). However, this thesis will not include a deep-dive into the mechanics of entrepreneurial finance as the accelerator's fixed investment terms are only a small part of its value proposition.

2. Literature Review

The following chapter represents a thorough review of the literature deemed relevant to answering the research question. Literature was identified through a combination of general online as well as scientific database searches based on relevant keywords and prominent authors. In addition, an “ancestry” approach (Cooper, 1998) was used to identify prior research by examining the reference lists of current articles. Due to the scope of this thesis, the review cannot provide a full assessment of all available literature on startup accelerators, business incubators and corporate venturing. Nevertheless, it aims to cover all literature necessary to answer the research question. With the goal of characterizing the corporate accelerator, the chapter will start by reviewing the limited amount of literature on startup acceleration. Afterwards, the extensive literature on business incubation is reviewed to explore a possible relationship. An exploration of the corporate venturing literature will allow for the
categorization of the accelerator and its differentiation from the types of venture units previously identified. Apart from establishing a foundation for the analysis of the corporate accelerator phenomenon, the review helped the author to derive possible discussion points for the interviews to be conducted.

2.1. Startup Acceleration

So far, startup accelerators, also known as seed accelerators (Christensen, 2009) or business accelerators (van Huijgevoort, 2012), have gotten only limited attention in scientific literature. Therefore, most studies in the field of acceleration have relied heavily on media and self-collected data rather than existing research to investigate this relatively new phenomenon. As accelerator research is still in its infancy, therefore a lot of the studies found represent early attempts at extracting knowledge from exploratory research. The results are mostly descriptive and are able to add new knowledge with varying levels of success.

The earliest work that specifically dealt with the new accelerator phenomenon was the MBA dissertation of Jed Christensen in 2009. Aptly named "Copying Y-Combinator" it dealt with the question of how to design a successful seed accelerator program in the image of Y-Combinator. Y-Combinator was founded by entrepreneur Paul Graham in 2005 and is considered to be the first and most successful accelerator to date, attracting some of the best teams in the world for its three month program in Mountain View, California. The 17 programs that were considered in his research had to meet the five criteria. Firstly, the seed accelerators have to provide funding up to seed level. Furthermore, joining companies had to consist of small teams with technical backgrounds. These companies complete the program in cohorts for a predetermined period of time. During this period, a structure education program provides founders with product and business advice. Further, the programs would provide networking opportunities to get in touch with other investors and advisors. Based on his sample, Christensen concluded that office space, whether provided free or subsidized as well as a "Demo Day" where companies present themselves to investors were optional (Christensen, 2009). The study was the first to identify
common characteristics in accelerators and thereby confirmed the existence of a new phenomenon and guided subsequent research (Miller & Bound, 2011; van Huijgevoort, 2012).

A more comprehensive report concerning accelerators was provided by the innovation agency NESTA in 2011. It published a discussion paper named "The Startup Factories" in which it offered the following criteria to define acceleration programs. The application process through which ventures entered a program is open but highly competitive. Moreover, an accelerator aims to support small teams rather than individual founders. Rather than admitting individual companies at any given time, startups go through these programs in cohorts or classes in exchange for equity, these ventures receive a so-called pre-seed investment from the accelerator, referring to the early stage of the venture life-cycle (see Appendix 1). The support program is limited in time and is supplemented with events and mentoring (Miller & Bound, 2011). The title of the report, "The Startup Factories", also compares the acceleration process to the manufacturing of a product during which the raw materials of startups, namely founders and technology are put through the same process in large numbers thereby leading to higher efficiency (Miller & Bound, 2011).

Additional research regarding the defining characteristics of accelerators support those put forth by Miller and Bound (Barrehag, Fornell, Larsson, Mardstrom, Westergard & Wrackfeldt, 2013). However, authors also acknowledged that some accelerators in their samples differed in their structure in at least one of these criteria, either not taking an equity stake in the company or offering rolling admission (Barrehag et al., 2013; Chang, 2013). While the purpose of startup accelerators is often not clearly articulated in research, several authors suggest that the access to capital and networks to be the main benefit of participating in an accelerator program. An initial survey conducted by Christensen (2009), which asked accelerator participants to rank those elements of the accelerator that they regarded as value-adding. This resulted in five components consisting of financial support and initial funding, product and business support, brand reputation and connections to future capital. Following up on
these, van Huijgevoort (2012) conducted structured interviews with a small number of entrepreneurs and accelerator managers to test their legitimacy. While confirming the results of the previous study, certain elements are not regarded as attractive on their own. Building on the work of Miller and Bound (2011), there is also evidence that social interaction with the accelerator management team, mentors and other participants are regarded as valuable by entrepreneurs (van Huijgevoort, 2012; Christensen, 2009). A reason for this could be that startups fight a large competence gap that exists in the early stages of their ventures development while the capital requirements of running their operations are still rather low (Frimodig, 2012).

How the other parties involved are benefitting from their participation in the accelerator largely depends on their role in the process. Barrehag et al. (2013) identified two stakeholders apart from startups, namely the advising mentors and investors looking for new opportunities. While the accelerators benefit greatly from the credibility and knowledge that mentors provide to the program, it remains unclear how mentors themselves benefit from their involvement. However, Miller and Bound are the first to point out that accelerators create a pipeline for angel investors and venture capitalists (2011). During the course of the acceleration program investors and mentors have the ability to conduct an extended due diligence by interacting with the startups (Barrehag et al., 2013). Due to their for-profit nature, accelerator managers have a bias towards selecting ventures that will succeed despite the value added by acceleration, thereby not only offering access to higher-quality leads but also signaling venture potential (Chang, 2013). Existing research has yet to investigate the training and education provided during the acceleration. Moreover, the stakeholder analysis of Barrehag et al. (2013) needs to be expanded to include the accelerator’s sponsors that is responsible for the provision of the capital to cover the investments as well as the cost of space and operations. Although not covered in prior research, examples such as Y-Combinator show a partnership between accelerators and venture capitalists.

Several authors have investigated the relationship of accelerators and venture capital investors as they both represent a potential source of funding to entrepreneurial
ventures (Hoffmann & Radojevich-Kelley, 2012; Chang, 2013). In a comparison between the selection criteria of accelerators and venture capitalists based on research conducted by MacMillan, Siegel and Narasimha (1986), found strong similarities. Chang (2013) attributes minor differences to the early stage in which accelerators commonly invest. However, it is also likely that venture capitalists have changed their criteria in the past 30 years.

2.1.1. Startup Accelerator Performance

While no rigorous quantitative research has been able to prove the positive impact of acceleration, anecdotal evidence and self-reported data suggest that between 60 and 70 percent of the accelerator graduates are able to attract follow-on funding (Hoffmann & Radojevich-Kelley, 2012; MacManus, 2010). This implies that acceleration enables a large amount of its graduates to attract investors. However, due to the investor relationship between an accelerator and their graduates, Chang (2013) found that measures of performance can differ. According to Paul Graham, the founder of Y-Combinator, only the largest exits have a significant financial impact and offset failures as well as those companies that do not gain significant size. Success was therefore defined as an "exit", meaning a liquidity event in which money is returned to the investors such as an initial public offering or an acquisition by another company (Chang, 2013). Furthermore, Y-Combinator has established relationships with venture capitalists that guarantee to fund every company that graduates from the program (Miller & Bound, 2011) making follow-on funding a moot point. The accelerator industry database seed-db.com attempts to monitor accelerator performance tracking organizations that meet the criteria put forth by Miller and Bound (2011). Of the 2921 companies accelerated by the 172 accelerators in their database, only 169 exited amount to a mere six percent of the overall population while similar data regarding Y-Combinator shows an average of 13 percent of its graduates reached an exit (Chang, 2013; Seed-DB, 2013).

What makes an accelerator program successful is still not clear and poorly researched. Contributing factors however can be found as direct and indirect results of previous
study. The accelerator's founders and their background have been argued to be the most important driver of accelerator success, ideally having the right network and skills to provide meaningful support to startups. Designing the program to be distinctive and compelling for entrepreneurs by leveraging unique capabilities and resources will enable programs to set themselves apart from others. Decisions regarding the funding provided, size of class and other details of the acceleration process, have to be adjusted to the industrial focus and goal pursued by the programs sponsor (Christensen, 2009). Which structure is likely to produce the best outcomes is not investigated at this point.

2.1.2. Previous use of the accelerator term

In the past, the terms incubator and accelerator have sometimes been used interchangeably in academia and press as private incubators tried to differentiate themselves in the wake of strong competition during the dot-com era. Looking for an accelerator definition in peer-reviewed journals, one can therefore find Grimaldi and Grandi (2005) mention accelerators in the context of independent private incubators. They argue that accelerators represent a sub-type of incubators that do not intervene during the business concept definition phase, but rather provide specific injections of capital or know-how once a business has been launched. This however, does not match the focus on seed-stage ventures of the organizations analyzed in the previously mentioned sources. Nonetheless, business incubation as broader concept seems to follow the same intent as business acceleration, to provide "a support environment for start-up and fledgling companies" (Peters et al., 2004, p. 83).

Every study reviewed included a brief evaluation of the relationship between business incubation and startup acceleration (Miller & Bound, 2011; Hoffmann & Radojevich-Kelley, 2012; Barrethag et al., 2013; Chang, 2013). A study conducted in 2012, tried to solve this problem by placing the accelerator into the context of the "Business Incubator Continuum" introduced by Allen and McCluskey in 1990. This framework distinguishes between incubators based on three generations that differ in their value proposition, mission and structure of the program. The third generation incubator and
accelerator are found to be similar in their for-profit orientation, a focus on the high-technology sector and the provision of network connections (van Huijgevoort, 2012). While differences in the length of the incubation and selection remain, the author ultimately suggests that acceleration should be considered as distinct model of business incubation. This is in line with this studies theoretical considerations, making a review of this more established body of literature necessary.

2.2. Business Incubation

The establishment of the Batavia Industrial Center in 1959 is commonly accepted as the birthplace of the incubator concept. A large manufacturing plant had closed in Batavia, New York prompting a reaction from the surrounding community. As the result, one of the abandoned buildings was purchased and small partitions of the building were sublet to a variety of tenants, some of whom were in need of business advice creating the first mixed-use incubator (e.g. Schwartz, 2008; Wiggins & Gibson, 2003; Hackett & Dilts, 2004a).

Smilor and Gill (1986, p.1) define the incubator as "...an apparatus for the maintenance of controlled conditions for cultivation. To incubate fledgling companies implies an ability or desire to maintain some kind of prescribed and controlled conditions favourable to the development of new firms. The incubator seeks to give form and substance – that is structure and credibility – to start-up or emerging ventures”. Using metaphors connected to the medical and biological incubators, this definition emphasizes the need of controlled conditions for the development of new firms.

Since 1986, the business incubator definition as found in scientific literature has gone through several iterations. While incubators of the first generation were tasked with job creation and real estate appreciation, the second generation expanded their offering to enterprise development with the help of knowledge intensive services as well as access to external partners and venture capital. The third and arguably current generation concentrates on supporting promising technology start-ups (Aerts, Matthyessens & Vandenbempt, 2007). Around the year 2000, the incubator concept
experienced a revival resulting in a growth of private and corporate for-profit incubators. Focused on investing into dot-com companies, these new incubators often took an equity stake in the new venture as fee, which had previously been reserved for business angels and early-stage venture capitalists (Grimaldi & Grandi, 2005; Hansen, Chesborough, Nohria & Sull, 2000). In this new era of incubation, tangible assets such as office space and administrative services became less important and more emphasis was put on the procurement of networks, knowledge and synergies (Hansen et al., 2000). Some of these new incubators were backed by publically-listed funds offering private investors to participate in the gold-rush like market environment (Chinsonmboon, 2000).

As they hype subsided and the speculation bubble burst, approximately 300 incubators disappeared as part of the bust (Peters, Rice & Sundararajan, 2004). Questioned about his optimistic assessment of incubators at the time, Henry Chesborough admits the following: “I think the thing we missed was that many of the dot-com incubators were too highly specialised and many of the companies they were trying to create were spending a lot of money” (Miller & Bound, 2011). In spite of this shakeout, the incubator marketplace continued its growth trajectory and enjoys the interest of public and private decision-makers (Peters et al., 2004; European Commission, 2002; Knopp, 2007).

During this development, business incubator became an “umbrella term”, covering a heterogeneous reality in which it referred to anything between a distinct property-bound organization and a vague geographical region (Aernoudt, 2004; Phan, Siegel & Wright, 2005). Hackett and Dilts (2004a, p. 57) developed the following definition as part of an extensive review of incubator literature to offset this heterogeneity problem: "A business incubator is a shared office-space that seeks to provide its incubatees (...) with a strategic, value-adding intervention system (...) of monitoring and business assistance". Establishing definitions is important as the specific name of an incubator is often chosen by its stakeholders, which might like to identify a business incubator as accelerator or technology centre as part of their marketing strategy.
(Schwartz & Hornych, 2010). In the same vein, incubatees referring to the ventures making use of the incubators offerings are known by many names. Most incubator studies use the term "tenant" as reference to the rental-type of relationship between the incubatee and the incubator. However, due to the evolution of incubator offerings, this type of relationship is not always given (Chinsonboom, 2000; Brandstad, 2010).

Similarly, scholars have not formed a unified opinion, on which stage of a venture's development incubation efforts to focus on. General understanding however is, that incubators take on tenants at an early-stage of their development without specifying boundaries (e.g. Aernoudt, 2004; Grimaldi & Grandi, 2005; Bergek & Norrman, 2008). Over time, specialization and differentiation based on local and industry needs have led to evolution of incubator models. As a result, the difficulty of establishing a common definition of incubators and the incubation process has increased (Kuratko & LaFollette 1987, in Hackett & Dilts, 2004a). Even so, this evolution is seen as important to satisfy the needs of ventures in different industries and geographies (Grimaldi & Grandi, 2005).

In the course of incubator research, different taxonomies have been developed in order to be able to group incubators with similar characteristics for comparison. This categorization was often informed by the source of the incubator's financial sponsoring, the origin of entrepreneurial talent and different industries or business areas that the incubator focused on (Hackett & Dilts, 2004a). After 20 years of observing incubator development, Grimaldi and Grandi (2005) argue that incubators can be classified into two main incubating models. Model 1 encompasses public incubators aiming to provide entrepreneurs with tangible assets and market commodities. Model 2 incubators are privately run and assist ventures in securing investments and intangible high-value assets exhibiting a more short-term time horizon. This is in line with their strategic orientation and can be reduced to non-profit orientation (Model 1) and a for-profit orientation (Model 2).
2.2.1. Business Incubation as a Process

With regard to what happens inside of the incubator, rather than how it can be defined and categorized, we return to Smilor and Gill (1986). They propose that, "[t]he business incubator seeks to effectively link talent, technology, capital and know-how in order to leverage entrepreneurial talent and to accelerate the development of new companies" (Smilor & Gill, 1986, p.1). Although, the business incubator concept has gone through several generations of iteration and refinement as discussed in the previous section, the same is still regarded as true twenty years later as Grimaldi and Grandi (2005) contend that the incubation process, "...seeks an effective means to link technology, capital and know-how in order to leverage entrepreneurial talent, accelerate the development of new companies and thus speed the exploitation of technology" (p. 111).

Bergek and Norrman (2008) provide a rough categorization of an incubator's mission by contending that incubators, regardless of their status as for-profit or non-profit organization, follow two goals. On the one hand, incubators are to facilitate regional entrepreneurship by increasing survival rate and growth of startups, thereby enhancing economic development and reducing unemployment. On the other hand, they assist the commercialization of emerging technologies originating in research institutions and private firms. Due to their mission of supporting entrepreneurs and assisting them in the development of their companies, incubators could be deemed the practical schools of entrepreneurship (Albert & Gaynor, 2003). From a resource perspective business incubation as a process seeks that to improve and complement the existing resource base of a venture (Aernoudt, 2004; McAdam & McAdam, 2008). It establishes the incubator as a buffer between market forces and the new venture, mitigating resource deficits and thereby reducing their liability of newness (Schwartz & Hornych, 2010; Bøllingtoft & Ulhøi, 2005).

So far, only few studies have adressed differences in the incubation processes, with regard to how and in what way they provide support. Therefore, the following paragraphs will investigate literature offering insights to specific parts of the
incubation process. The selection, support and networking practices will be covered as they are regarded to be the main distinguishing factors of incubator models (Bergek & Norrman, 2008).

2.2.2. Incubatee Selection

The admission of an incubatee into the incubator is governed by a selection process. Hackett and Dilts (2008) believe incubator management to use selection criteria such as the experience and expertise of the team, the size and dynamics of the market pursued as well as the actual product or service and its market potential. Bergek and Norrman (2008) tried to expand the selection perspective. Although condensing the criteria for selection to an overarching focus on the idea or entrepreneur, they also consider the selection approach. This is done by distinguishing between the attempt to select potentially successful ventures before the incubation period termed "picking-the-winners" and a more market-mediated self-selection that happens during the incubation period defined as "survival-of-the-fittest" (Bergek & Norrman, 2008).

To facilitate an idea-focused selection process, incubator managers will have to exhibit a high amount of experience and knowledge of technology fields and the viability of the ideas presented. For an entrepreneur-focused selection to be successful, managers have to be able to evaluate an entrepreneur on the basis of their personality as well as the prior experience and skills in their relevance to entrepreneurship (Bergek & Norrman, 2008). Apart from the resulting portfolio, a focused selection process can have a positive impact on the delivery of services to incubatees as many authors consider incubator specialization to impact performance positively (Aerts et al., 2007; Grimaldi & Grandi, 2005; Schwartz & Hornych, 2008; Schwartz & Hornych, 2010).

These selection criteria could also be case-dependent and not follow a portfolio approach as startups have unique characteristics that could represent a funding arguments as suggested by Hackett and Dilts (2008). Relating back to the arguments for specialized business incubators, a stringent selection process will result in a portfolio of tenants that will actually be able to benefit. Furthermore, selecting
managers need to be wary of their personal bias which can be mitigated by involving several stakeholders into the selection process.

2.2.3. Business Incubator Service Profile

Even though historically incubators have differed in their focus and mission, all seem to have delivered a minimum service portfolio consisting of different flavors of administrative services and the provision of infrastructure such as office space (e.g. Bøllingtoft & Ulhøi, 2005; Chan & Lau, 2005; Colombo & Delmastro, 2002). Channeling an extensive selection of recent research Bergek and Norrmann (2008, p. 21) identify four components of the modern incubator:

- office space rented out under favorable conditions
- shared administrative services to reduce overhead costs
- professional business advice
- connection to internal and external networks

While office space and administrative support mirrors the intention to reduce cost of business by traditional incubators, the provision of business advice and connection to the entrepreneurial network reflect more strategic growth oriented services. With regard to business advice, incubator staff can help entrepreneurs during the development of business and marketing plans, the building of a multi-skilled management team as well as the collection of financing such as venture capital (Grimaldi & Grandi, 2005). Moreover, some researchers found for-profit incubators to provide early-stage venture capital or encouraging them to do so (Grimaldi & Grandi, 2005; Arnoudt, 2004) These support mechanisms can fluctuate in the amount of time that management devotes to assisting incubatees, the comprehensiveness of the service portfolio as well as its quality and therefore the underlying value of the service (Hackett & Dillts, 2004b). An incubator’s management controls and links these resources facilitating the positive development of the incubatee while simultaneously limiting the cost of their potential failure. However, Hackett and Dilts (2004a, p.57) believe that incubators are more than the sum of their offered services stating that,
"[t]he incubator is not simply a shared-space office facility, infrastructure and mission statement. Rather, the incubator is also a network of individuals and organizations (..)."

2.2.4. Network Mediation

The incubator can function as a bridge between the incubatee and the internal and external incubator environment. Bergek and Norrman (2008) deliberately separate network mediation from the traditional networking to account for the difference in the incubator's own networking with its more important role as an intermediary for the incubatee. In this role, of the incubator assists the new venture with the formation of partnerships, recruitment of talent and connection to experts based on the local network it has previously established (Bøllingtoft & Ulhøi, 2005; Hansen et al., 2000). Thereby, networking can unlock access to tangible and intangible resources critical to its development. While the ability to connect internally is impacted by the structure of the incubator space, the interest and willingness to network is mediated by potential synergies among the incubatees (Tötterman & Sten, 2005). Apart from the active mediation of network connections, the entrepreneurs benefit from the perceived expert assessment of its future potential signaled by being selected to join the incubator. Thereby, a venture can gain credibility with external stakeholders such as suppliers, customers and new employees based on the reputation of the incubator (McAdam & Marlow, 2007).

While the support of the incubator is seen as beneficial in the early growth stages of a venture, there is evidence that incubation might be subject to diminishing returns. Although the incubator brand can lend credibility to new ventures, it signals vulnerability and inexperience even after the business has established itself (McAdam & McAdam, 2008; Chan & Lau, 2005). This means, that as ventures mature, the service profile of the incubator might fail to cover their changing needs (McAdam & Marlow, 2008). If a venture has reached such a level of maturity, it should be encouraged or even forced to graduate in order to avoid constraining its development. In this way, the incubator can prevent becoming a barrier to entrepreneurial independence and the resulting turn-over could allow more companies to benefit from incubation.
Incubation periods between three to five years can be found in literature (e.g. European Commission, 2002; Schwartz & Hornych, 2008). However, there are ways to graduate incubatees based on their revenue, limiting incubation periods to one to three years and gradually raising rent to force non-performing startups to leave the incubator (Hackett & Dillts, 2004b; Peters et al., 2004).

2.2.5. Incubator Performance

What constitutes incubator success and how it is measured depends largely on the intentions of its sponsor and the circumstances of graduation from the incubator. This mission can range from the assurance of incubatee survival across the graduation of self-sustainable companies to accelerated firm growth (Aernoudt, 2004; European Commission, 2002; Hackett & Dilts, 2004b). The scale of Hackett and Dilts (2008) takes the goal-approach and measures success with the help of tenant survival and financial growth trajectory at the time graduation. They concluded that survival was not sufficient to be regarded as success in absence of financial growth. However, a failure to graduate was also considered as success if the waste of incubator resources was minimized. Vanderstraeten and Matthyssens (2010) conclude that apart from differences in relevant indicators, researchers have investigated incubation results in different areas, stakeholders and organizational levels. Furthermore, the timeframe in which performance was measured seemed to fluctuate or not be specified. Therefore, almost every study that has been concerned with incubator performance has only captured a small part of reality rendering them inconclusive (Vanderstraeten & Matthyssens, 2010).

As part of their research, several authors have considered different vehicles of corporate venturing as incubators including corporate venture capital and spin-offs (e.g. Wiggins & Gibson, 2003). This underscores the observation by Sharma and Chrisman (2007) that find corporate entrepreneurship as a discipline suffers from definitional ambiguity. The following chapter will present a review of literature on
corporate venturing given the corporate accelerators ability to connect incumbents and entrepreneurial ventures.

2.3. Corporate Venturing

Corporate venturing as a concept is part of a wider set of formal and informal organizational activities known as corporate entrepreneurship that lead to the creation of a new organization, instigate renewal and spur innovation within that organization (Sharma & Chrisman, 2007; Ireland, Covin & Kuratko, 2009). Some researchers argue that the systematic study of corporate venturing has been limited by a lack of fixed theoretical frameworks (Reimsbach & Hauschild, 2012; Narayanan et al., 2009). This study will subscribe to the widely used definition by Sharma and Chrisman (2007, p. 93) that defines corporate venturing as all "... corporate entrepreneurial efforts that lead to the creation of new business organizations within the corporate organization. They may follow from or lead to innovations that exploit new markets, or new product offerings, or both. These venturing efforts may or may not lead to the formation of new organizational units that are distinct from existing organizational units in a structural sense...".

Historically, corporate venturing has experienced three waves of heightened activity. The first wave of corporate venturing started in the mid 1960s and ended with the rising recession of 1973. As a result, the viability of venturing was questioned given the churn created by in operating a venture unit alongside the existing business. Corporate venturing had its second coming in the early 1980s fuelled by the growth of the computer and electronics sectors. It did not last long as recession within the same decade led to the end of many efforts which had been plagued by operational problems that corporate ventures were facing. The third wave began during the technology boom of the mid-1990s and peaked in the year 2000 before falling steeply. Jumping on the dot.com bandwagon, corporate venturing activities tried to imitate the success of venture capital firms by investing in internet-based start-ups. This resulted in mayor losses as the speculation bubble had already peaked. Despite a major decline following the end of this wave, levels of corporate venturing activity stabilized and a
number of new investing firms emerged. While the first two waves were directed primarily towards internal business opportunities, the third marked an increasing importance of external venturing including the creation of new venturing vehicles that continues until today (Birkenshaw, van Basten Batenburg & Murray, 2002; Birkenshaw & Hill, 2005; Hill, Maula, Birkenshaw & Murray, 2009). A fourth wave of corporate venturing after the peak of 2000 has not been identified in literature but Block and Macmillan (1993) observed that venturing cycles last ten years. Consequently, the year 2013 could mark the start of the fifth wave that focuses on early-stage venture capital investments and structured support of entrepreneurs.

A relatively common scientific approach towards corporate venturing has been the development typologies or taxonomies in order to make sense of the multitude of observable objectives and activities undertaken under the umbrella of corporate venturing (Hill & Birkenshaw, 2008). Reimsbach and Hauschild (2012) attempt to link the most popular constructs in a three-dimensional model consisting of the following three axes:

(x) internal - external

This first dimension has seen different uses in corporate venture research. In some cases it refers to the source from which opportunities originate, which can either be inside (internal) or outside (external) the boundaries of the organization (Miles & Covin, 2002, Narayanan, Yang, & Zahra, 2009). In other cases it denotes the location of the unit through which venturing is exercised as either inside or outside the organizational domain (Keil, 2000; Sharma and Chrisman, 2007).

(y) explorative - exploitative

This distinction separates venturing activities by the strategic role they have been endowed with based on March (1991). Those tasked with performing explorative activities provide access to new assets and capabilities. Whereas those that leverage existing assets and capabilities of the organization are
pursuing as exploitative activities (Hill & Birkenshaw, 2008; Ford, Garnsey & Probert, 2010; Schildt, Maula & Keil, 2005).

(z) direct - indirect

The third dimension was contributed by Miles and Covin (2002), which enables classification between those venturing activities that are directly carried out by the organization and those conducted indirectly by an autonomous intermediary such as an independent venture capital fund.

Most, if not all corporate venturing units and activities, can be classified through this three-dimensional model. The following paragraphs will put emphasis external venturing, such as licensing, acquisition, spin-offs and joint ventures (e.g. Keil, 2000; Sharma & Chrisman, 2007; Phan, Wright, Ucbasaran, & Tan, 2009). Particularly, corporate venture capital and corporate incubation will be described in detail as these types of venturing mirror the investment and incubation component of corporate acceleration.

2.3.1. Corporate Venture Capital

Maula and Murray (2001) define corporate venture capital as "equity or equity-linked investments in young, privately held companies where the investor is an intermediary owned and controlled by a nonfinancial corporation". Operationalizing this definition Chesbrough and Tucci (2002) propose that corporate venture capital investments can be identified with the help of four criteria. In order to qualify, receiving ventures have to be separate legal entities which the corporation invests in to gain financially or strategically. These investments are made in exchange for equity rather than debt and are carried out by an independent fund or internal program to make such investments again in the future. More generally, corporate investment relationships can be described as exchanges in which established firms ("corporate") offer large financial and operational resources in exchange for indirect access to the new firm’s ("venture") technological resources (Katila, Rosenberger & Eisenhardt, 2008). The value-added that corporate venture capital investors can provide to ventures in addition to money
differs from their independent peers. Maula, Autio and Murray (2005) identify the corporate investor's skill set as "commerce building" related to their experience in trading and the commercial environment. In product and market areas rather than organizational issues of a new venture, the corporate investors can leverage their experience and knowledge.

Apart from the financial returns that can be gained from corporate venture capital, this type of venturing also offers strategic benefits as indirect payoffs of this financial activity. It creates firm value by offering a window on new technologies and practices that could drive the companies own innovation efforts. Additionally, scanning the environment for novel technologies that could threaten or complement core businesses will allow the investor to procure these through licensing or acquisition. Ventures that create complementary products and services can increase the future demand of corporate products if supported. Therefore, it is invaluable that corporate venture capitalists that want to benefit strategically, facilitate the transfer of knowledge between the venture and the organization (Dushintsky & Lenox, 2005; Dushintsky & Lenox, 2006). Chesbrough and Tucci (2004) observe that corporate venture capital investments often fuel formal innovation rather than substituting it.

2.3.2. Corporate Incubation

Another type of corporate venturing activity relevant to the research question is corporate incubation as it bridges the incubation and corporate venturing literature. Corporate incubators can be defined as, "specialised corporate units that hatch new businesses and enhance a corporation's technology base to support its overall development and growth" (Gassmann & Becker, 2006, p. 21). Unlike their independent for-profit peers, corporate incubators do not pursue purely financial goals but conduct strategic resource investments designed to develop technologies and partnerships that the parent corporation can benefit from (Becker & Gassmann, 2006). An important differentiator from other corporate venturing efforts is the multi-venture character, offering support to external and internal entrepreneurial ventures and the provision of physical resources. Organized as a subsidiary of the parent organization provides the
incubator with a certain degree of autonomy, while being able to leverage all of the incumbents resources (Becker & Gassmann, 2006; Gassmann & Becker, 2006; Evald & Bager, 2008). The parent corporation makes a resource investment to set up the incubator. In turn, the corporate incubator supports the development of each entrepreneurial venture with resources as part of the incubation process (Gassmann & Becker, 2006; Ford, Garnsey & Probert, 2010).

With the help of 25 case studies Becker and Gassmann (2006) identified four corporate incubator archetypes based on their mission and the type of knowledge relevant to the incubation process:

1. The **fast-profit incubator** leverages entrepreneurial knowledge by commercializing non-core technologies and patents to be spun-off as new ventures.
2. The **leveraging incubator** aims to profit from organizational knowledge by connecting the research and development with market units to drive growth from current and future core technologies.
3. The **in-sourcing incubator** functions as a technology radar tasked with identifying and developing high-potential startups that could expand the corporation's core competencies.
4. The **market incubator** is tasked with supporting the development of ventures that provide complementary technologies which increase the demand for the corporations own products.

This categorization mirrors the work of Covin & Miles (2002), by identifying exploitative venturing such as the internal fast-profit incubator and explorative venturing as in the external in-sourcing incubator. However, some researchers considers incubators to be purely internal corporate venturing units (Evald & Bager 2008; Ford, Garnsey & Probert, 2010).
2.3.3. Corporate Venturing Performance

Corporate venturing as well as its several forms have also attracted criticism due to the mixed performance in the past. However, Hill and Birkenshaw (2008) found a significant correlation between a venture unit's strategic role, the organizational role and its short to medium-term performance. Regardless of their strategic objective, explorative or exploitative, those venture units performed better which showed a better alignment between its strategic profile and organizational profile. However, the same variables did not have significant impact on survival. As for survival, only those units concerned with internal and external exploitation which focused on leveraging a firm's assets and capabilities, tended to survive longer. On the other hand, those units tasked with an exploratory role are likely to be terminated early, regardless of their performance (Hill & Birkenshaw, 2008). Strategic benefits are often not captured by the financial criteria employed to assess the impact of venturing. The effects of venturing are indirect and result in an enrichment organizational environment by promoting innovation and risk taking (Block & Macmillan, 1993; Narayanan et al., 2009).

Nevertheless, critics have especially singled out corporate venture capital as “dumb money” that gets into the venture capital market at its peak and exits as soon as the market start to decline (Chesbrough & Tucci, 2002). A root cause of failure is adverse selection of low-quality ventures which seemed to be good opportunities. Information asymmetries arise as critical information about the future prospects of a venture is not directly observable by the investor. This problem is said to be particularly common in corporate venture capital investments since promising ventures are hesitant to share information with established firms fearing they might steal their innovations (Dushintsky & Lenox, 2006). Furthermore, Birkinshaw, van Basten Batenburg and Murray (2002) find that best-practices such as strategic-alignment with the incumbent, high-level sponsorship and a sufficient amount of autonomy are often ignored by incumbents. A reason for this could be that, although the popularity of corporate venturing goes through cycles, many of the firms participating in each of these cycles have little experience in systematic venturing (Keil, 2004).
For example, Gompers and Lerner (2000) find that when incumbents aligned their investments with their own strategic efforts, performance was competitive with those of private venture capital funds similar to the findings of Hill and Birkenshaw (2008). This suggests that positive relationship between the success and survival of a corporate venture capital unit and the strategic orientation of the parent organization. There has also been some discussion as to what impact incentive and organizational structure of corporate venture capital units have on their success. Corporate investment managers are often compensated as employees rather than fund managers. Research by Gompers and Lerner (2000) shows further that corporate venture capital units do not have to mimic private investors to be successful. Similarly, Birkenshaw and Hill (2005) suggest that the organization does not want investment managers to sacrifice longer-term strategic goals for short-term financial gains. Equity-linked incentives are at risk to become a distraction rather than an advantage in venture units that do not follow a solely financial objective.

With regards to corporate incubators, a different pattern emerges as externally focused incubators had higher survival rates, reflecting the shift that organizations are making towards tapping external sources of knowledge to drive innovation. This is supported by findings of Evald and Bager (2008), who suggest that internal venturing has only had limited success in the past. Depending on the corporate incubator type and its corresponding needs, incubator management needs to be adapted to be able to provide support. These managers function as an interface between the incubator and the parent corporation and define the relationship between the different departments, facilitate communication and a proper exchange of knowledge (Becker & Gassmann, 2006).

An illustration was created to visualize the multiple initiatives of corporate entrepreneurship and its relationship to the venturing activities described above. However, as it does not add significant value to the analysis, it has been moved to the Appendix (see Appendix 2).
3. Methodology

The following chapter will outline how research will be conducted in the course of this study. This action plan is scientifically referred to as research design (Yin, 2003). In its structure, the research design of this thesis roughly follows the so-called "research onion" described by Saunders, Lewis & Thornhill (2011) and peeling back each of its layers describes a step in the researchers methodology (see Figure 2).

Figure 2: Research Design

Source: own illustration based on Saunders et al. (2011)

3.1. Research Philosophy and Approach

As part of a scientific study, the researcher has to address the philosophical dimensions of social science by pondering and selecting an appropriate research paradigm. A research paradigm represents the set of propositions and beliefs as to how the world is perceived which in turn serves as a framework that guides the researcher's thinking and research (Guba & Lincoln, 1994). Some of the competing paradigms are positivism, realism, interpretivism (anti-positivism) and pragmatism. Each represents the researchers assumptions concerning the inter-related concepts of ontology (reality), epistemology (knowledge), and methodology (Baxter & Jack, 2008; Holden & Lynch, 2004; Saunders et al., 2011). It is not in the scope of this chapter to review all paradigms and their possible impact on the study. For the sake of
comparison this section will present two contrary paradigms and the considerations that led to the selection of interpretivism.

On the one hand, there is the positivist paradigm which regards reality as objective and independent of social actors. Due to its concrete structure, positivist reality is quantifiable and phenomena follow fundamental laws and regularities that can be identified and reduced to the simplest elements. In positivism scientific knowledge is only credible when consisting of observable facts and commonly the first step in such a positivist study is the development of hypotheses based on existing theory. On the other hand, there is the interpretivist paradigm in which reality is believed to be socially constructed meaning that multiple realities may be perceived and may change over time. Similarly to reality, knowledge is believed to be subjective and complex. On this basis, interpretivism is widely held to be more suitable for the investigation of phenomena in business (Saunders et al., 2011). Interpretivist research is not seen as motivated by the urge to uncover truth but to investigate phenomena deemed as interesting. Uncovering meaning is valued over measurement. For that reason, sense making is based on detailed, personal accounts rather than minimal, quantifiable data points. In the process, theory is not created "from scratch", but judged and refined throughout the process (Saunders et al., 2011). The author of this thesis adopted the interpretivist worldview to investigate the corporate accelerator phenomenon and inform the existing bodies of literature in startup acceleration, business incubation and corporate venturing.

Based on the interpretivist stance taken, induction seems the most appropriate research approach as it looks to discover patterns and associations based on the observation of the world. Its counterpart, the deductive approach, intends to generate propositions and probe hypotheses based on a logically derived process (Ritchie & Lewis, 2003). Literature was reviewed alongside the collection of data, requiring a flexible research approach that allows for changes of emphasis based on new insights. Similarly access to data had to be negotiated as part of the research process. Therefore, an inductive approach was followed keeping in mind that, "good social
science is problem driven and not methodology driven in the sense that it employs those methods that for a given problematic, best help answer the research questions at hand” (Flyvbjerg, 2006, p. 242).

3.2. Research Method & Nature

When investigating a research question, the researcher faces a decision between qualitative and quantitative methods. These methods differ in the way in which data is collected, analyzed and presented. While qualitative research mainly focuses on words and their meaning, quantitative research revolves around numbers and facts. According to Maxwell (1998), qualitative research is particularly useful to develop an understanding of the meaning that participants give to certain events, situations and actions in which they are involved as well as their experiences. Furthermore, researchers are able to explore the context in which the actions of the participants are embedded and how these actions have been influenced by this context. Qualitative methods are also adaptable to the discovery of unexpected phenomena and influences, thereby creating new, grounded theory in the process. Ultimately, it helps the researchers to develop an understanding of the process in which events and actions have taken place allowing them to explore causal explanations. Consequently, the research has two main purposes: Firstly, it aims to be descriptive by painting an accurate picture of the characteristics of a corporate accelerator. Secondly, it will be exploratory by investigating corporate accelerators as a phenomenon in the incumbents organizational context.

A qualitative research problem is often based on an immature concept due to the lack of theory and previous research in the particular field of interest. Alternatively, the available theory maybe inaccurate, inappropriate or incomplete and thus unable to explain a phenomenon. The researcher finds himself in need to explore and describe a new phenomenon and to develop theory accordingly. Therefore, the very nature of such undertaking makes it unfit for quantitative methods (Morse, 1991 in Creswell, 2003). Qualitative research is often framed by existing concepts, models and theories. On this basis, a literature review was conducted in the fields of startup acceleration,
business incubation and corporate venturing to inform the research. The available data is analyzed within existing frameworks and findings discussed in relationship to this existing knowledge. Thereby, the researcher is able to highlight his contribution to the knowledge base of the given field of research (Merriam, 1998). So far, only limited research has been carried out regarding startup accelerators as a whole and none has investigated corporate accelerators so far. Filling this research gap promises to contribute insights to new research fields such as acceleration as well as the more established business incubation and corporate venturing.

Qualitative research is fundamentally interpretive as result are the researcher’s interpretation of the collected data. This interpretive process includes the development of a description of an individual or setting and the analysis of data for themes or categories. Subsequently, the researcher interprets the results and draws personal and theoretical conclusions resulting in the lessons learned and further avenues of investigation (Wolcott, 1994 in Creswell, 2003). All data collected is inevitably filtered through a personal lens that results as the combination of specific sociopolitical and historical context in which the researcher is situated. Therefore, a researcher cannot escape the personal interpretation brought to qualitative data analysis (Creswell, 2003). Qualitative research is conducted in its natural setting, rather than studying carefully isolated variables in a laboratory setup that the qualitative researcher becomes part of the space in which the behaviors and events occur.

The goal of qualitative research can be described as either theoretical, concerned with enhancing the academic thinking in a particular discipline, or as applied, using the acquired knowledge to contribute to the interpretation of contemporary issues. On the one hand, this study is theoretical by contributing to the literature on corporate venturing by introducing the corporate accelerator as new type of external venturing activity. On the other hand, it also has an applied research component in the sense that it helps the reader understand corporate startup acceleration. This mirrors the common conception that research is most useful when informed by theory and applied during investigation (Ritchie & Lewis, 2003).
3.3. Research Strategy

A research strategy represents the link between the philosophy adopted and the resulting data collection and analysis. The researcher can select from a variety of qualitative strategies such as case study, action research, ethnography and grounded theory (Saunders et al., 2011). Given the interpretive philosophy subscribed to and the exploratory nature of the research, a case study was selected as the most appropriate method as it provides structured way to collect rich data, analyze it and display the results to foster an in-depth understanding of the phenomenon at hand (Baxter & Jack, 2008).

In its process, a case study is able to facilitate the collection of a variety of perspectives from the participants and allows the usage of multiple data collection techniques (Merriam, 1998). Yin (2003, p. 23) defines a case study as an empirical investigation of a contemporary phenomenon within its real-life context. This underlines the case study's applicability to this emerging phenomenon and the ability to investigate how corporate accelerators impact organizations in the real world. Corporate involvement in accelerators as a phenomenon in Germany is less than twelve months old and more organizations are considering to set up their own operations (e.g. Knight 2012; Knight 2013a). Therefore, it represents a contemporary phenomenon impacting not only entrepreneurs in Germany, but also the managerial decisions of incumbents that are running these programs as well as those considering their benefit, providing for an interesting real-life context.

A multiple-case study was chosen as most suitable for the research intended as it enables the examination of several cases highlighting possible similarities and differences between them. This type of case study is used to predict similar results (a literal replication) or contrasting results but for predictable reasons (a theoretical replication) (Yin, 2003). In this thesis, a multiple-case study is utilized to investigate accelerators and their characteristics. Comparing different accelerators with corporate involvement, literal replication of the corporate accelerator phenomenon is intended.
An advantage of case study research is the use of multiple data sources, also known as triangulation, which also enhances data credibility. Potential sources of data may include, but are not limited to: interviews, documentation, archival and historical records, physical artifacts and different types of observations (Yin, 2003). In the analysis process, the collected data is converged rather than being examined individually. Each piece being added contributes to the researcher’s understanding of the whole phenomenon. This convergence adds strength to the findings as the various insights are brought together to establish a greater understanding of the case (Baxter & Jack, 2008).

As suggested by Myers (1997) the development of the case study will go through four distinct stages. Firstly, the author will have to determine the current situation. Then he will gather information regarding context and background up until the present. Based on this information, more specific data is collected to provide for in-depth exploration of the phenomenon. Concluding, findings and recommendations are prepared based on the cases analyzed.

The author uses stratified purposeful sampling, intentionally selecting cases that offer to highlight common patterns as well as unique characteristics of each case. Using this non-random method enables the selection of cases that are particularly rich in information and their ability to inform the research question (Patton, 2002). During the research process, more than 40 for-profit accelerators and incubators were identified as operating in Germany during the research period. A subset of 17 of these was selected for further investigation based on one or more of the following criteria: self-identifying as accelerator, having accelerator as part of their name or being referred to as an accelerator in the press (see Appendix 3). This selection was screened with the help of the accelerator characteristics found in the literature review and accelerators were marked as such. This analysis surfaced several cases of corporate startup acceleration given the preliminary definition. However, this process identified a possible case of corporate acceleration carried out by a private accelerator. With literal replication in mind, this case remained in the final selection. To be able to yield
rich data, the selected cases also had to have finished the acceleration of at least one batch of startups to be able to draw conclusions about the full process and its impact on both accelerator participants and the organization. Therefore, the Microsoft Venture Accelerator did not qualify despite meeting the accelerator requirements found in literature. This process was informed by different sources of data, the collection of which will be described in the next section.

3.4. Data Collection & Analysis

Data collection in exploratory research is often deliberately less structured than quantitative methods to account for emerging themes. While the collection of primary data was realized between August and November 2013, secondary data was collected throughout the whole research period starting in April 2013 and ending in November 2013 when the thesis was handed in. The collection process included in-depth interviews and direct observation, to generate primary data as well as collect secondary data such as news reports, press releases and video recordings. Throughout the process, a notebook and a voice recorder were used to capture information in interviews and during observation. The information captured was mostly descriptive but also included reflective remarks as well as possible topics to be investigated further during the course of an interview. A digital compilation of secondary data was accumulated to allow for easy access during documentary analysis. This method allowed the inclusion of public accounts of the phenomenon to verify information collected in private settings (Ritchie & Lewis, 2003). A limited amount of direct observation was carried out during the interviews at accelerator facilities and events. Observing participating entrepreneurs during different stages of their development in an accelerator program, gave form to an otherwise abstract concept and enabled a glimpse into the acceleration process.

In-depth interviews were chosen as the main method of data collection, as they enable the interviewees to share their perspectives, stories and experience related to a particular social phenomena allowing for rich and contextual information (Wahyuni, 2012). Interviews were set up as semi-structured allowing the researcher to combine
structure and flexibility. Before conducting the interviews, the researcher identified themes to be explored and built an interview topic guide consisting of the topics and issues to be covered. Thus it provides a structured plan that can ensure that all relevant topics can be covered during the course of the interview. However, the interview process is flexible enough to permit topics to be covered in the order most suited to the flow of the conversation. This allows the researcher to be responsive to relevant new issues raised by the interviewee that should be explored further by following up interesting topics to expand the penetration, explanation and exploration of topics by using probes and other techniques (Ritchie & Lewis, 2003). The interviewees were approached by email or through an introduction by a previous interviewee. Prior to every interview, participants were informed about the general purpose of the study and asked about their willingness to be recorded. Only after this introduction to the topic of interest, the recording was started. If possible, the interviews were conducted in person while some respondents preferred a phone or Skype interview due to time constraints. Interviews were mostly conducted in one-on-one settings in a location chosen by the interviewees (see Appendix 4).

Although the study was conducted in English, not all interviews could be recorded in English due to the German research setting of the phenomenon. A selection of respondents was interviewed in German to facilitate a better interview experience and make them more comfortable. Despite the fact that, that contextual meaning might be lost during translation this adjustment allowed for a more diverse set of interview partners and their succinct elaborations on the topic. Out of the 19 interviews conducted, 12 were held in English and seven were completed in German. Questioning was facilitated with the help of a question guide that was partially adapted to the type of stakeholder interviewed. This guide consisted of open-ended questions designed to yield rich answers and ensure the coverage of the most important topics.

In the beginning of the data collection, the relevance of and access to participants played a strong mediating role in the interviewee selection process. Initially, all potential accelerators were contacted with the help of online forms and public email
addresses. As expected, not every potentially valuable respondent was interested in participating and initial interviews were held with those accessible. These interviewees were able to identify accelerators suitable for the case study as well as providing information about the role of startup accelerators in the German startup industry. An additional survey could have added additional methodological depth to the study. However, the limited amount of suitable cases and the large impact which organizational context has on the phenomenon, rendered it unfeasible to add significant value to the study.

Once contact had been established with a potential case accelerator, the goal was to interview different stakeholders to create a rich data set. This should allow not only an outside view at the accelerator but also one from the inside of it. The stakeholders interviewed include, but are not limited to entrepreneurs that have completed a program, managers that are responsible for the selection and program management and executives responsible for the corporate involvement in the accelerator. The following list contains the name, position and affiliation of those interviewees who contributed directly to the cases:

**StartupBootcamp Berlin**

Alex Farcet - Founder, StartupBootcamp

Clement Adam - Marketing Manager, StartupBootcamp Berlin

Aritra Ghosh - Product Manager, Daimler Business Innovation

Kevin Valdek - Chief Technology Officer, High-Mobility

Espen Systad - Founder and Chief Executive Officer, Capsule.fm

**Axel Springer Plug & Play**

Luise Gruner - Senior Associate, Axel Springer Plug & Play

Saeed Asimi - Founder and Chief Executive Officer, Plug & Play Tech Center
Even though the remaining interviews could not be directly attributed to one of the cases, they indirectly contributed to understanding the phenomenon. All of the organizations contacted offer financial or managerial support to entrepreneurs, but were not necessarily offering an accelerator program at the time. Those that did either had no corporate involvement or refused to cooperate past the initial contact. However, each interviewee contributed a unique perspective on the German startup scene and a particular relationship to startup acceleration concept and corporate acceleration. A detailed list of the interviews conducted can be found in the Appendix 4. Most importantly, the collection process was carried out with ethical considerations in mind as the researcher is obligated to the respect the rights, values and needs of the informants (Creswell, 2003). Therefore, all recordings were made with the informed consent of the participants. To honor the confidentiality of their statements, two participants and their contributions remain anonymous.

3.5. Quality of Research

Despite their popularity, qualitative methods are often criticized in regards to the generalizability of findings. To evaluate the quality of qualitative research, the following four criteria are considered to be more suitable measures of trustworthiness: credibility, transferability, dependability and conformability (Wahyuni, 2012). The
following paragraph will explain what each of them is concerned with and how they will be addressed in the study.

Credibility, reflecting internal validity, aims to ensure that a study accurately reflects the phenomenon it aims to investigate, in this case corporate accelerators. The selection of appropriate cases itself, consisted of a long analytic process that reduced the initial sample of more than 40 potential accelerators to three high-quality cases. Furthermore, triangulation was pursued by collecting data from several different sources as well as by conducting interviews with different stakeholders within the same accelerator. Triangulation thereby utilizes multiple sources of data to construct a more complete picture of a phenomenon. This is said to increase the credibility of a study. Transferability, comparable to the question of external validity of a study, refers to the level of applicability of the research in another settings or situations. A rich account of the case companies' circumstances and characteristics can enhance transferability by allowing the identification of similar cases in other industries or settings. Accordingly, the case study does not only describe the inception of each accelerator, but also contains a brief description of the corporate sponsor's current challenges. Dependability answers the call for reliability of a study by ensuring that research can be replicated or repeated. This is said to be achieved by providing a detailed explanation of the research design to enable the reproduction of a similar research framework by future researchers. Therefore, a detailed account of the data collection process is given including full details on participants and process (see Appendix 4). Confirmability can be linked to the demand of objectivity. It asks researchers to ensure that the results in fact represent the insights mined in the scientific process rather than the researchers own opinion. Thorough documentation of the process proves that conclusions emerged from the research. In the same vein, the case studies have been member checked with the interviewees by providing them respective case study, to ensure accuracy of the researcher's account of the corporate accelerator and the incumbents involvement (Wahyuni, 2012).
4. Case Studies

The following case study consists of three corporate accelerator programs and presents their structure, inception and the organizational context of each incumbent involved.

4.1. Startupbootcamp Berlin

The first case is the Startupbootcamp Berlin which is an accelerator with six programs across Europe that run annually in cities such as Amsterdam, Eindhoven, Dublin, London and Haifa. The first track in Berlin was held in 2012, with a first batch of teams working out of the Webworker Berlin co-working space before the accelerator moved into its current location. Alex Farcet, one of the bootcamp's founders, relocated to Berlin to oversee the development of the program in the startup hotspot and put together a team to organize and operate the accelerator. Although taking place in Germany, the accelerator admits international teams and English is spoken exclusively throughout the program. As a result, the accelerator received 406 applications from 53 countries for its class of 2013, all hoping to become the final ten to attend the program (Startupbootcamp, 2013b).

For the structure of the accelerator the founders did not reinvent the wheel and followed its role-model, the TechStars accelerator, making minor adjustments throughout the years. Startups that are selected during the admission process are invited to become accelerated for three months. To cover some of their expenses, every team receives 15,000 Euros in exchange for eight percent of equity in the startup which is provided in partnership with venture capitalists. The accelerator then houses all the participating teams in an open office environment to spur collaboration and peer support. These facilities, including a kitchen and meeting rooms, are provided free of charge (A. Farcet, personal communication, October 28, 2013). One of the aforementioned adjustments is the addition Entrepreneurs in Residence. With the goal of providing more resources to the teams, these six international entrepreneurs joined the accelerator to fill knowledge gaps, become co-founders, or build their own
companies. (Moore, 2013) During the three month period, a total of 120 mentors consisting of successful entrepreneurs and industry experts are available to hold private sessions with specific ventures as well as general events for the whole class. These mentors are hand-picked and represent the true source of value for the program. As Farcet notes: "It is a mentorship program so the first 20 mentors you recruit are going to be the dominos that make everybody else come. I spend six months recruiting the first mentors [in Copenhagen]. (...) It is all volunteer based. I ask every single mentor on why they do it. (...) By teaching you probably learn a lot more than by doing because you have to understand what you do that works. Great connections, (...) some of them are investors, [it is] a very good due diligence process to be a mentor" (personal communication, October 28, 2013).

One chance to benefit from the experience of these mentors is the so-called "Failure Day" in which former entrepreneurs and investors shared their entrepreneurial failures with the crowd. These events are open to the public, intended to connect the teams with the local entrepreneurs and potential hires. Furthermore, every program is joined by local sponsors that offer access to specialized knowledge and administrative services such as legal advice amounting to another 450,000 Euros of extra value available to the teams. To join the accelerator, every team submits an online application of which the twenty most promising are invited to a selection day. During a type of speed-dating the teams get to present their team and idea to a group of alumni, mentors and accelerators' managers, ultimately selected the best ten (E. Systed, personal communication, November 7, 2013). When the teams join the program, their products are at various stages in their development. While some teams already have their product on the market, others could be running test with early-adopters, a so-called "beta". These teams have often been working on their products before the program has started. No matter what each team joined the accelerator with, the goal is to have a product "live" and ready for the public after the acceleration period (Knight, 2013c). The three month acceleration period is conceptually split into three phases: Shape, Build, Sell. While each team has its own pace, the first month should see the refinement of the initial idea with the help of market data and feedback
from the mentors. The second month is centered on releasing a product for testing and to refine the business model used to generate revenues. As part of the third month, teams hope to validate their business model and attract customers as well as funding. While teams are invited to stay in the office space for six months in total, the acceleration finds its climax after three months, symbolized by the Demo Day (Rivera, 2011). On this day, each team pitches in front of a crowd of 400 investors, mentors and the press to garner follow-on funding (own observation, November 6, 2013). During this accelerator in Berlin participants were able to attend 31 workshops, had 82 one-on-one sessions with mentors. As proof of the development of the attendees as a result of the acceleration, the program reported 29 hires across all teams, 51 press articles and significant growth in their social media following, 900 new LinkedIn contacts as proof of network building as well as an investment of 150,000 Euros before the actual Demo Day (Startupbootcamp, 2013c).

This first Startupbootcamp was hosted in Copenhagen, Denmark in 2010. Since its inaugural class it has become the largest accelerator in Europe by programs, has moved its headquarters to London and is looking to expand even further in the future (Wood, 2013) The inception of the first program began in 2009 when Alex Farcet became aware of TechStars, one of the earliest accelerators in the United States. When he contacted the TechStars founder David Cohen to find out if they were coming to Europe any time soon, he found out that there were no plans to expand in the near future and offered him to launch a program affiliated with TechStars. Farcet began to gather a team around the idea and was able to convince Rainmaking, a self-proclaimed company factory consisting of serial entrepreneurs to support him. This leading to the launch of their first accelerator program in 2010. As for its structure, it was closely modeled after TechStars and became the first foreign program in the TechStars Network of accelerators (A. Farcet, personal communication, October 28, 2013).

Nowadays, some of Startupbootcamp's programs run under themes that present the technology or market focus of the teams the accelerator is looking to support. These themes function as a filter during the admission process as well as guiding the setup of
mentoring and educational sessions. For its accelerator in Berlin in 2013, the program partnered with Mercedes-Benz, HDI and Bosch. After an initial planning period of six months, these companies emerged as sponsors of a themed program titled SBC2go revolving around the technology trends Mobility, Connectivity and Big Data. The ability of attracting qualified startups to such a specialized program became apparent during an exchange with Kevin Valdek, Chief Technology Officer of High-Mobility who noted: "[This] is in fact the only accelerator that we applied to. The program got our interest specifically for the partnership with Daimler and Bosch. The other strong factor were the people involved. We participated in the Selection Days that already got us in touch with great mentors" (personal communication, October 31, 2013). In turn these corporate partners provided access to corporate resources such as engineering experience, distribution channels and marketing expertise (Startupbootcamp, 2013a). Alongside the other corporate partners, Daimler was actively involved in the design of the program, including focus areas and the admission process. While none of the companies had managers permanently present at the accelerator, they enhanced the existing roster of mentors with experts from their fields.

The Daimler Business Innovation is a diverse team of technical and business managers based in Stuttgart, Beijing, Sao Paolo, Palo Alto and Buenos Aires (Startupbootcamp, 2013a). It is tasked with identifying and creating new business ideas and opportunities complementary to the company’s core automotive manufacturing business. As part of this mission, the team uses different channels to search for new ideas. These include an internal market-place, university collaborations, corporate partners and startups explained Aritra Ghosh, Product Manager at Daimler Business Innovation (personal communication, October 28, 2013). The team evaluated the possibility of establishing their own incubator or accelerator facility and identified several prerequisites that needed to be fulfilled in order to establish a successful program. These building blocks were a strong industry network, the availability of mentors with a wide variety of skills, an open space as well as an experienced management team with a spirit and track record of entrepreneurship. In order to attract good teams, reputation was also considered to be a huge factor. Around this time, the Business Innovation team was
introduced to the SBC concept in Amsterdam and started exploring a possible partnership (A. Ghosh, personal communication, October 28, 2013). As the project’s manager Dr. Frank Spennemann stated: "Partnering with Startupbootcamp Berlin will accelerate our access to innovation and will plug us into an impressive community of alumni, mentors and investors. At the same time we support start-ups in developing business ideas and increase their market value. Due to our global presence we can open doors to new markets" (Startupbootcamp, 2013a).

While there is one venture that operates in the automotive space directly, the others are giving Daimler valuable insights into technology components that could be used by Daimler in the future. The venture High-Mobility, is working on a device that will connect a car’s infotainment system with their mobile phone was invited to workshops at the company’s headquarters in Stuttgart, Germany. Furthermore, the team was selected to spend one week at its research and development facilities in Palo Alto. Kevin Valdek underlined the value of Daimlers participation in the accelerator program by saying: “Daimler as a partner in the program has made all the difference as we quickly found the right person in the organization to talk to. (...) The depth of the calls and insights have (...) been very valuable to us and helped us form our current business model” (personal communication, October 31, 2013). Daimler currently does not operate a venture capital arm as it sold all the remaining assets of its corporate venture capital fund DaimlerChrysler Venture in 2004 (Cipio Partners, 2004). However, it does establish strategic partnerships and is looking to collaborate with partners rather than acquiring them outright. Nevertheless, almost 70 percent of its current projects are the result of internal efforts with the team reaching out to partners after the initiation of their projects (A. Ghosh, personal communication, October 28, 2013).

Bosch participated in Startupbootcamp through its corporate venture capital arm, the Robert Bosch Venture Capital GmbH which has invested in 14 ventures since 2008. The Bosch Group is consider to be one of the leading global technology and services providers, active in the fields of automotive, energy and industrial technology as well as consumer goods. In the past 20 years, the company has invested heavily into its
internal research and development activities and now employs 42,000 men and women in 86 R&D locations around the world. The company's efforts now focus on the internet of things, "...linking the physical with the digital world in order to develop new services that enhance the quality of life," as stated by Dr. Claus Schmidt (Startupbootcamp, 2013a). Apart from sponsoring a batch at Startupbootcamp in 2013, Bosch has also sponsored a chair at University of St. Gallen that focuses on the Internet of Things and made a strategic commitment to Springboard, a UK based incubator (Ferber, 2012).

The third sponsor is the insurance provider HDI which, as part of the Talanx Group, has become one of the leading providers of complex insurance solutions in the German market with strong ties to the automotive industry. For Gerhard Frieg, one of the executives involved, the accelerator offers a great opportunity as "...one of the focuses for the value chain in insurance business is digitisation, for example in conjunction with insurance concepts based on telematics. Mobility, connectivity and big data are a top priority in this environment" (Startupbootcamp, 2013a).

4.2. Axel Springer Plug & Play Accelerator

The Axel Springer Plug & Play Accelerator is corporate accelerator program started in 2013 and is hosted in Berlin, Germany with the goal of attracting entrepreneurs from around Europe to join the program. Each year, the program aims to accelerate two cohorts of ventures. Every team receives an investment of 25,000 Euros in exchange for five percent of their company. In turn, the team is offered desks in a shared office space which is located close to the main campus of Axel Springer AG ("Axel Springer" in the heart of Berlin (L. Gruner, personal communication, September 21, 2013). Furthermore, entrepreneurs are provided with mentoring sessions by a roster of 73 experienced entrepreneurs and relevant stakeholders from within the organization that is growing steadily. For some teams, these mentoring sessions brought major change to their products as acceleration also leads companies to breaking points much faster (U. Schmitz, personal communication, September 25, 2013).
On September 5th 2013, a Demo Day marked the end of the first program. A variety of international and local investors were invited to the event during which the accelerated teams presented a five minute pitch of their products and services (Bild, 2013). As a result of the acceleration, majority of the startups has been able to attract financial investments of which most have not been made public yet. ZenGuard for example, a company developing a browser security plug-in, received an investment by the Berlin-based incubator Project A. The team moved into the facilities of the incubator and receives office space as well as operational support (Project A, 2013). Most of these investments are not the direct result of the Demo Day but rather of an ongoing solicitation process throughout the course of the program. As a learning from its first batch in 2013, the accelerator is hoping to attract more developed ideas in the future as these startups could benefit even more from acceleration process. Nevertheless, no adjustments will be made to the program until the second batch has been accelerated to allow for a larger experience-base to judge from (U. Schmitz, personal communication, September 25, 2013).

The selection process started with an online application through which the 30 most promising ventures were identified. These are invited to a "Pitching Days" during which they present their idea and team to a jury of experts consisting of employees tasked with Axel Springer's digital venturing activities and the Plug & Play Tech Center (Berlin Valley, 2013). Throughout the process, only ventures with digital business models are considered. Once selected to join the accelerator, the ventures go through a three stage program that is not necessarily directly allocable to the months spend in the accelerator. In the first stage, teams receive a seed investment, move into the office space in Berlin and take part in the onboarding week. The second stage of the program revolves around learning and networking opportunities consisting of two mentoring days, one-on-one training sessions, networking events and introductions to the corporate network. In the third stage, teams review and improve their slide decks and receive additional pitch training in preparation of the the Demo Day. Promising ventures have the chance to be invited to travel to Silicon Valley and get introductions
to potential business partners and investors of Plug & Play Tech Center (L. Gruner, personal communication, August 21, 2013).

However, this accelerator is not a solo-effort as the publishing giant Axel Springer AG decided to cooperate with an experienced partner, Plug & Play Tech Center, forming the joint-venture that is Axel Springer Plug & Play accelerator. The Plug & Play Tech Center was founded by Saeed Amidi in 2006 with the mission of helping entrepreneurs to launch and grow technology businesses. He describes the organizations development the following way: "The last seven years we have had approximately 1400 companies come through Plug & Play and in the beginning we did not call it sort of an accelerators because companies could come and they could be here. We would give them some money, we would also help them meet other investors, help them meet corporate partners and the whole acceleration would happen automatically. (...) I believe actually that the biggest accelerator in the world is Silicon Valley as a whole" (personal communication, August 27, 2013).

Today the Plug & Play organization presents a unique setup as it is part co-working space, part incubator and part venture capital investor. Headquartered in Sunnyvale, California the organization is deeply rooted in Silicon Valley and connects ventures, investors and universities. Its seed and early-stage investment arm Amidzad Partners has been in operation since 1998 and has provided capital to more than 200 startups including success stories such as PayPal, Dropbox and SoundHound (Plug & Play Tech Center, 2013). Moreover, startups that have joined one of its programs have been able attract more than USD 1,5 billion worth of venture capital (S. Amidi, personal communication, August 27, 2013).

Apart from supporting entrepreneurs in its locations in Silicon Valley, Plug & Play Tech Center has specialized in transferring its experience in supporting entrepreneurs and has established localized accelerators in countries such as Spain, Singapore and Russia (Schubarth, 2013). This specialization, however, is not limited to geographies as it has partnered with corporations such as Volkswagen to establish industry-specific programs. Therefore, the Tech Center’s team has been able to develop significant
experience in the field of acceleration, startup support and fulfilling the needs of partnering organizations (S. Amidi, personal communication, August 27, 2013).

While most of the program's operative tasks are conducted by a team of Axel Springer employees, experienced members of the Plug & Play Tech Center support the accelerator during the design and setup of each program as well as during selection days (L. Gruner, personal communication, August 21, 2013). The best of startups of each graduating class are offered to join Plug & Play Tech Center "Expo" in Silicon Valley. This is a showcase that highlights 30 promising ventures, offering entrepreneurs access to its network and resources in Silicon Valley. Saeed Amidi contends that the joint-venture is able to provide, "the best of both worlds, you have their access of German people and German connections and you have our access of Silicon Valley and our experience. I don’t think one plus one equals two but one plus one will equal 10" (personal communication, August 27, 2013).

The partnership was a result of the ongoing shift that Axel Springer AG is trying to make towards becoming a digital company. In the fiscal year of 2012 the company was able to generate more than a billion Euros in revenue from its digital media activities - more than any other operating segment. Following this announcement, the company's chief executive officer Mathias Döpfner outlined his vision for the future: "We intend to accelerate the digital transformation of the entire Group, in order to further bolster our position of digitization pioneers. We intend to accelerate the pace of innovation, further increase the efficiency of capital employed, and shape the fundamental structural transformation of the media industry. Although our print media will continue to make an important contribution to the success of our business for a long time, our goal is clear: We want to become the leading digital media group" (Axel Springer AG, 2013b).

Uli Schmitz, one of the executives directly involved in the joint-venture, stressed that especially media publishing has been impacted by the internet forcing publishers to reinvent every part of their former value chain including content, distribution and advertising (personal communication, September 25, 2013).
digital business model and with the aim of digitalizing its entire organization, Axel Springer AG sold off two of its largest print publications in Germany. While this move will free up resources to invest into its transformation into a digital publisher, it also signaled to the market that its ambitions are serious (Budden, 2013; Höppner, 2013).

In the past, Axel Springer AG has done growth and late-stage investments in four selected verticals such as classifieds, commerce, content & community and TV & radio with the help of a late stage corporate venture capital fund called Axel Springer Venture. These investments were strategic rather than financial in nature and generally resulted in a majority stake that established the company as a partner alongside the founders and management team. Axel Springer also struck a deal to form a joint-venture with the venture capitalist General Atlantic looking to expand its online classifieds business into foreign markets and grow these businesses further (U. Schmitz, personal communication, September 25, 2013).

The accelerator purpose is to conduct early-stage venture capital investments and the joint-venture structure provides it with a certain amount of independency, enabling commitment to high-potential ventures that do not have to be strategically aligned with Axel Springer’s core business. Nevertheless, companies wanting to join the accelerator have to exhibit a certain type of fit with the companies capabilities to enable startups to gain leverage from joining the corporate accelerator. This leverage can only be gained if the startups can benefit from access to Axel Springer’s core assets, knowledge-base and industry network (U. Schmitz, personal communication, September 25, 2013). Apart from the managerial skills and experience this corporate can provide, it offers the unique access to highly-circulated print and digital media outfits which can be used to promote the accelerator and provide media exposure to the attending startups (L. Gruner, personal communication, August 21, 2013).

More recently the publisher has established an internal venturing unit called Axel Springer ideAS which aims to create innovative offerings from the inside of the organization (B. Schmitz, personal communication, August 23, 2013). Shortly after, Axel Springer also invested into the private incubator and company builder Project A
(Fowler, 2013c). All these efforts are aimed at creating new growth opportunities in the digital space as well as tapping external knowledge and networks to take Axel Springer into a new era as Mathias Döpfner notes, "the large infrastructure and technology providers of the digital world want to become publishers and the publishers want to stay publishers. The crucial question is, who will win. That is the high-stakes game" (own translation, Álvarez, 2013).

4.3. Telekom hub:raum

A quite different approach has been taken by Europe's largest telecommunication provider Deutsche Telekom AG ("Deutsche Telekom"). Although headquartered in Bonn, Germany, it launched an accelerator in 2012 as a part of its subsidiary hub:raum in Berlin. Hub:raum, translates into engine size, but is also a clever amalgam of the English word "hub", the center of a network and "Raum", the German word for space. As for the conditions of the accelerator, venture go through an eight week program at the end of which, they have the chance to pitch for external financing and to be admitted to the incubator. Unlike other accelerators, hub:raum provides a slightly shorter program hoping to generate higher energy and greater pressure to succeed. The teams join the accelerator for free and no investment is made by the accelerator. The program runs once a year and looks to attract a maximum of ten teams, although it does not aim to fill these spots at all cost, as noted by accelerator manager Fee Beyer (personal communication, September 16, 2013). Selection is handled by the accelerator team in cooperation with investment managers from the hub:raum. The accelerator understands itself as a type of startup academy in which courses on topics such as business modeling, design and financing are taught on a weekly basis by General Assembly, a provider of entrepreneurial education (Knight, 2012). The needed office space during the first program was provided by Betahaus, Berlin's premier co-working space, which placed the accelerator participants right in the heart of Berlin's startup environment (Butcher, 2012). A network of mentors associated with hub:raum completed the program by providing expert insights delivered in one-on-one sessions. By enlisting external partners to conduct its program the team was able to setup an
accelerator program within a few months and remained lean and nimble during its first iteration. In the future, the accelerator will move into a new space and is looking to provide even more training and events. The first batch garnered a lot of interest from the Deutsche Telekom management as Fee Beyer observed that, "a lot of people from the corporation came over and mingled with the teams. They really saw there was something different – how we work, what's going on, why we do it" (Knight, 2013b). With the goal of attracting more international teams to its program in 2013, hub:raum offers to cover some of the travel expenses that foreign teams incur (F. Beyer, personal communication, September 16, 2013). During its admission process the accelerator focuses on eight technology areas in which Deutsche Telekom looking for outstanding business ideas:

- Telecommunication & Connectivity
- TV, Video & Multi Screen
- Cloud Based Business Solutions
- Mobile Payment & Commerce
- Customer Analytics & Big Data
- Cyber Security
- Health
- Internet of Things

Ideally, a team has not created a product yet prior to joining the accelerator but has formed a team of at least two entrepreneurs and conceived a clear idea. All through the eight weeks the entrepreneurs work on shaping their ideas into a product and trying to figure out a business model around it (F. Beyer, personal communication, September 16, 2013).

Min-Kin Mak, co-head of hub:raum, hopes that the program will accelerate the development of each startup by “defining the market strategy, defining how you will roll out a stable business, how to scale, and also, to be very open, how to work with a strategic partner like Deutsche Telekom because that is the background of why we’re supporting this kind of program” (Knight, 2012).

The second batch of the accelerator started on October 7th, 2013 with seven teams ranging from health technology providers to personalized data services (Kuepper, 2013). From the first batch which started in November 2012, only one of the 15
participants successfully made the transition from the accelerator to the incubator program. The team of Stylemarks which created a mobile marketplace for vintage fashion and design, was able to secure funding from venture capitalists and gain a spot in the incubator (Fowler, 2013a). The team described their reason for joining the accelerator program like this: "After having spend some time discussing this opportunity, we thought why not: free coffee, free office space and free drinks on Wednesday sounds like a pretty good deal. Jokes aside, we were pretty impressed by some of the mentors that hub:raum got together for the first class. After seeing such mentors like Jörg Reinboldt, Armin von Samsung or Lothar Eckstein on the schedule it was clear to us that we wanted to be part of this" (hub:raum, 2013).

Nevertheless, hub:raums's accelerator program is only an opening act to the main event, the incubator program established in 2012, which is the main focus of the organization. The two programs are complementary to each other as the accelerator provides a funnel and a way of conducting due-diligence before the incubator commits significant amounts of capital and time to developing and growing the startups business.

Thomas Kiessling, the Chief Product & Innovation Officer describes the organization's mission for the Telekom as to “...promote promising business ideas and establish contact with innovative talent so as to recognize innovations and growth markets and tap into new business fields early on. The incubator represents an important interface between the flexibly and highly responsive startup scene and the corporate world.” (Deutsche Telekom, 2012)

Unlike its accelerator, the structure of the incubation process will vary for every participant and the financial conditions underlying the incubation program are subject to negotiation with every startup. Investment size and the equity stake that the companies give up in exchange can range from 100,000 to 300,000 Euros and as a result between 10 and 25 percent of its equity. Furthermore, companies can apply and join at any time. Therefore, hub:raum currently houses seven startups in its incubator in Berlin of which three participated in an accelerator program prior to being admitted.
One of these companies is the previously mentioned Stylemarks, the other being Frestyl, a live music discovery app and the second-screen software provider Vigour which both participated in the Startupbootcamp Berlin in 2012 (Fowler, 2013b). Mentors active as a part of hub:raum can also benefit financially from their engagement. If a lead mentor is chosen by a startup from the roster of mentors available, he or she will receive a stake in the company. This stake amounts to ten percent the size of the investment made by the incubator. However, this investment is held and managed by T-Venture and can only be accessed in the case of certain trigger events such as an IPO or trade-sale (A. Menneking, personal communication, September 12, 2013).

If a company enters the dealflow of the incubator, facilitated by an investment manager or the submission of an application, it has to attract the commitment of a high-level sponsor within the organization. This close collaboration with the core organization during the selection process that favors certain technology and market areas, ensures that both parties can reap significant benefit from the incubation period (A. Menneking, personal communication, September 12, 2013).

Much like its parent organization, hub:raum has global ambitions and has established international operations in Krakow, Poland as well as in Tel Aviv, Israel. While both, the accelerator and incubator are offered in Berlin and Krakow, the local programs are quite different as Krakow invites participants to a turbo accelerator that only lasts eight days instead of weeks. The program in Tel Aviv called "Fit 4 Europe" is neither an accelerator nor an incubator but a business development program that aims to provide a bridge between the Israeli and European market (Deutsche Telekom, 2013a). Fee Beyer, manager of the accelerator contends that best way to describe hub:raum's activities is as a seed investor with added values benefits (private communication, September 16, 2013).

Although hub:raum is a subsidiary of Deutsche Telekom, it works closely with the company's corporate venture capital arm T-Ventures. All investments done within the programs are made through the venture capital fund and the investment managers are
deeply involved in the selection process of the programs (F. Beyer, personal communication, September 16, 2013). T-Ventures has been operating since 1997. As one of the oldest corporate venture capital investors in Germany it focuses on growth-stage investments up to EUR 10 million. It is also one of the largest corporate venture capitalists in the world having invested into 190 companies with a track record of 33 exits and 74 current portfolio companies (T-Venture, 2013a; T-Venture, 2013b). In the past, it has acted as financial investor rather than a strategic tool. Evidence can be found throughout the portfolio history as the venture capitalist exited the web-based calling company JAJAH to Telekom's competitor Telefonica in 2010, following its mission to produce a return from its investments fumbling this innovation opportunity (S. Rohé, personal communication, August 7, 2013). This changed in 2012 when then CEO Rene Obermann chose T-Ventures to become the company's gateway to new ideas and external innovation. Hub:raum is the embodiment of this new ambition and functions as a type of early-warning system that is able to identify new trends and enables the company to benefit from innovations that are happening outside of its boundaries (Heuzeroth, 2012). During the setup of the program the company made use of industry veterans to shape it. These independent consultants consisted of former entrepreneurs and members of the startup community, which contributed their experience in setting up startups, giving Deutsche Telekom access to expert knowledge and the network needed to recruit a relevant mentors and add credibility to its efforts (S. Rohé, personal communication, August 7, 2013).

"I think a lot can be gained because essentially, we recognize and understand that most of the innovation is not taking place within huge corporations. (...) In order to stay in touch with what customers want today – or more likely tomorrow – it's a must to work with external companies and also to consider things which for the time being might not be so large, but which then could turn out to grow faster than anybody might have expected," says Min-Kin Mak acknowledging the changing focus of the companies innovation strategy (Knight, 2012).
Nevertheless, Deutsche Telekom now pursues quite a few different innovation efforts including its own internal incubator Uqbate intended to nurture ideas from within the organization as well as the global Telekom Innovation Contest. Moreover, it operates the Telekom Innovation Laboratories (T-labs) a central research and development unit that combines 400 experts and scientists from a wide variety of disciplines in locations in Germany, Israel and the United States (Deutsche Telekom, 2013b).

5. Analysis

The presented multiple-case study has been able to shine a light on the corporate accelerator phenomenon. In the following paragraphs, this study will now look at these accelerators through different theoretical lenses to enable analysis within the context of existing theory.

5.1. Startup Acceleration Perspective

Although Frimodig (2012) acknowledged the existence of the corporate accelerator and identified it as a vehicle for business renewal, the literature did not surface an explanation of its function or features. The research on startup accelerator is still in its infancy with mostly exploratory studies being carried out. Consequently, it is still missing unifying definition for the accelerator concept but common characteristics can be identified.

The literature review found that entrepreneurs join the program in small cohorts also referred to as batches or classes that start and finish the accelerator together after an initial admission process. The accelerator connects its participants to a network of mentors and provide courses and other opportunities to learn entrepreneurial skills. Ventures that join the program consist of a team of entrepreneurs with an idea but not necessarily with a prototype, this underscores the accelerators focus on early- and seed-stage investing. Although entrepreneurs do not pay to participate in the program, a percentage of equity has to be given up in exchange.
Apart from hub:raum that does not require ventures to give up an equity stake, all case accelerators follow this structure. Although, mentor networks are smaller or larger on paper, external entrepreneurial advice is provided by all.

Table 1: Case accelerator conditions

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<thead>
<tr>
<th>Case</th>
<th>Duration</th>
<th>Mentor Network</th>
<th>Teams per cohort</th>
<th>Money for Equity</th>
<th>Demo Day</th>
</tr>
</thead>
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<tr>
<td>Axel Springer Plug &amp; Play</td>
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<td>Yes</td>
<td>8</td>
<td>25,000 for 5 %</td>
<td>Yes</td>
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<td>2 months</td>
<td>Yes</td>
<td>8</td>
<td>None</td>
<td>Yes</td>
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</table>

Throughout the interviews startup accelerators were often referred to as programs rather than an organization or a specific space. Their temporary nature, only delivering value when in session, might contribute to this perception. Similarly, the participants collectively called cohort or class, a metaphor conveying the temporary and educational character of the accelerator concept.

Unlike private accelerators, corporate programs are able to connect participants to corporate resources and specialized knowledge unique to the incumbent. Daimler Business Innovation provided access to specialized knowledge in the automotive sector to one Startupbootcamp venture. Similarly, Axel Springer's media channels covered many of its accelerator ventures, lending early credibility to the services and products. Additionally, incumbents have the advantage of a steady revenue stream from their core business. Subsequently, access to the accelerator can even be provided free of an equity charge if other strategic value can be extracted from the program as in the case of hub:raum.

Which of these elements contribute to the success is still unclear as the setup of startups accelerators follows best-practice rather than empirically tested findings. Startupbootcamp was inspired by its role-model Tech Stars. Similarly, Axel Springer
Plug & Play is based on the experience of its partner which had successfully operated in Silicon Valley for some time. These role-models have been able to attract funding for a majority of their participants and some of their graduates have been exited or continue to raise capital at increased valuations. Hub:raum's accelerator design is slightly different, influenced by its function as incubator investment filter rather than investment vehicle.

5.2. Business Incubation Perspective

The literature review implied that startup acceleration can be regarded as a distinct form of business incubation (van Huijgevoort, 2012). However, Alex Farcet, the founder of the Startupbootcamp believes that operational differences are large, stating: "the big difference is that we have a deadline and we have a short intense input of fuel, the fuel is mentorship mostly. (...) Where an incubator is an environment where you have little seeds and they take years to grow and you can stay as long as you can pay the rent" (personal communication, October 28, 2013).

While an incubator and a startup accelerator are operate under different principles, the business incubation concept as found in literature covers the acceleration process both "... [seek] an effective means to link technology, capital and know-how in order to leverage entrepreneurial talent, accelerate development of new companies, and thus speed the exploitation of technology" (Grimaldi and Grandi, 2005, p. 111).

Corporate acceleration can be seen as a specialized form of for-profit incubation. It specializes in a specific stage of venture development and focuses on certain business models or technologies. Specialization is said to improve incubation results as it enables the delivery of customized support. If a corporate accelerator can actually reach its goal of specialization largely depends on the selection process and its results. As described by Bergek and Norrman (2008), ventures selection is a decision between a focus on the idea or entrepreneur as well as trying to pick a portfolio of winners or letting market dynamics weed out those that are unfit. Due to the small size of an
accelerator cohort, the corporate accelerator should always try to pick the best possible portfolio for each program.

The Startupbootcamp Berlin of 2013 focused on technology trends such as Mobility, Big Data and Connectivity. Accordingly, ventures were selected in the admission process. Axel Springer Plug & Play's selection process seemed to be geared towards strong entrepreneurs by applying a broad selection filter. Every venture that leverages a digital business model is considered for admission. The hub:raum accelerator looks to select teams based on the fit of their ideas with the incumbents innovation efforts, stating eight fields in which it looks to advance in the future. Neither approach is mutually exclusive and corporate accelerator ventures did not always fit the prescribed selection criteria. In which way and by whom ventures are selected, is an important factor in the selection as the process has to take into account the entrepreneur, market potential and feasibility of the idea (Hackett & Dilts, 2008). The cases also showed that selection was two-stage process in which online applications were screened and promising ventures were invited for a round of presentations. To overcome knowledge and experience gaps, the selection was carried out by a combination of corporate and entrepreneurial experts in the case of Startupbootcamp and Axel Springer Plug & Play.

From a support perspective, the startup accelerator delivers all the benefits of modern business incubation including training, mentoring as well as administrative and financial support. As noted previously, a corporate accelerator also provides access to some of the incumbents resources such as infrastructure and distribution. Its ability to do so, depended on the accelerator connection to the incumbent. While the sponsors of Startupbootcamp were only present on selected days, the closeness of Axel Springer Plug & Play to its headquarters made frequent contact to the incumbent possible.

The provision of mentoring and advisors is a very important component of acceleration which mirrors the evolution of incubation. In the case of corporate accelerators, entrepreneurial mentors also grant credibility to the incumbents efforts. Therefore, every incumbent presented a large collection of mentors associated with their
accelerator. Furthermore, incumbents offer to connect ventures to relevant stakeholders in their organization if needed.

Contrary to business incubation, startup acceleration has a fixed ending which solves problems of delayed graduation and creates a sense of urgency that results in the full exploitation of the support provided. During the graduation ceremony, ventures get to pitch one last time in front of a crowd of investors, some of which they have already met during the acceleration program. Thus, an investor day was also scheduled as finale in every corporate accelerator. Securing additional funding is a top priority as many ventures do not have a steady revenue stream. After ventures have moved out, the acceleration process can be restarted with a new batch of ventures creating a large investment portfolio.

5.3. Corporate Venturing Perspective

According to Sharma and Chrisman (2007, p. 93) only those activities were corporate venturing that lead to the formation of new organizational units and lead to innovations that exploit new markets or products. Given this definition, Startupbootcamp does not qualify as corporate accelerator as it does not represent an organizational unit of the incumbents involved. The temporary sponsorship of a private accelerator does not make it a corporate accelerator, although the preliminary definition suggested so. Nevertheless, it represents a viable option for incumbents to benefit from the acceleration of ventures. The joint-venture of Axel Springer Plug & Play and the hub:raum accelerator are well within the definition of corporate venturing, both even mirroring practices of corporate venture capital and corporate incubation as found in the literature review.

Leveraging the existing literature, the corporate accelerator can be classified as external venturing due to its focus on ventures that are not spin-offs or otherwise connected to the incumbent. The way it has been described so far, corporate acceleration is direct by default as the incumbent willingly provides access to its resources. Whether the exploration or exploitation is the strategic objective, depends
on the type of resources that are provided to the ventures as well as the type of ventures selection.

With every team that joins an accelerator, an incumbent indirectly gains access to technical as well as entrepreneurial talent willing and motivated to test a new business model or technology. Therefore, exploration can be achieved through acceleration. Providing access to underutilized resources and technologies can enable ventures to find new ways in which value can extracted from them. This enables the incumbent encourage exploitation by selecting ventures that are highly interested in cooperating.

Axel Springer retains a share of equity in every startup that joins the program through its joint-venture with the Plug & Play Tech Center. This gives the organization the ability to profit financially from supporting ventures can leverage the company's resources such as the customer reach they have due to their publications as well as their expertise is in distribution and marketing. Its advertising expertise and the reach it has through its online and offline publications, can be used to drive adoption of products and services. In the past, Springer has made strategic investments that were close to its core business such as advertising technology and online classifieds. These strategic investments will also benefit from the joint-venture due to the global reach its partner, Plug & Play Tech Center.

As the mobile internet has slowly replaced text messaging and land-line calling is at an all time low, Deutsche Telekom has to find new ways to generate revenues in the future. Its corporate venture capital arm T-Ventures has invested during the growth stage of ventures and successfully generated financial returns for the corporation. Hub:raum is the result of this new strategy that aims for close cooperation and investment in external ventures that could provide strategic benefit. The accelerator provides a due-diligence period in which ideas and business models that are relevant to explorative and exploitative activities within the incumbent can be assessed for their viability. This lower the risk of committing more significant resources when admitting a venture to its incubator. The goal of forming strategic partnerships and making investments in technology fields that the organization is looking to advance in,
enables the hub:raum to offer a maximum amount of strategic value to Deutsche Telekom. Nevertheless, this limits hub:raum to verticals that it has predefined and might lead to miss out on other opportunities. Although the importance of corporate venturing has been emphasized during the tenure of the current CEO Rene Obermann, it remains to be seen if the venture unit will survive changes of leadership.

As part of the case study, it became apparent that despite their similar structure, incumbents have shown varying commitment to the respective case accelerators. Three patterns of involvement emerged from the cases upon closer inspection: the sponsored, the joint-venture and the embedded accelerator. These three differences will be explored in the coming sections.

5.3.1. Accelerator Sponsoring

Mercedes Benz, HDI and Bosch were able to strike an agreement with the Startbootcamp Berlin to sponsor a themed accelerator program in 2013. The incumbents gained access to innovative entrepreneurial ventures and the accelerators entrepreneurial network. In addition, the Startbootcamp was able to differentiate its program based on the partnership and added another partner to its network enabling both parties to benefit. The accelerator management retained full control over how the program was run and the incumbents had only limited influence over who was admitted. Owing to a program’s short duration and physical distance between the accelerator in Berlin and the partners’ operations, interaction with ventures was somewhat limited to appointments and workshops. Daimler Business Innovation, a venturing unit of Mercedes Benz, invited one of the teams to its research and development facilities allowing for a more intense exchange between the startup and the incumbent. By committing only limited resources and personal to the accelerator, the incumbents are exposed to almost no financial risk and were able to plug into the experience and know-how of Startbootcamp. However, they also retained no financial interest and accessed only one cohort of participating ventures. This fits the Daimler Business Innovation’s mission of screening interesting technologies and function as a trend radar.
5.3.2. Accelerator Joint-venture

Axel Springer established its corporate accelerator as a joint-venture with the Plug & Play Tech Center. As a result of this partnership, the startup accelerator profits from the experience of the Plug & Play Tech Center in providing assistance to ventures. Furthermore, the accelerator can differentiate itself based on the bridge that it provides to the Silicon Valley. Apart from managers administering the program, Axel Springer contributed office space and access to its expansive network in Germany. Financially, both partners committed equally to the project, lowering the cost of operation as well as the financial risk of investing into 16 teams this year. Being financially independent from incumbent budgeting decisions endows the accelerator with a certain amount of autonomy. The selection process of every class is assisted by the Plug & Play Tech Center, potentially helping to overcome the programs liability of newness. Although the accelerator management contends that the goal of its early-stage investment efforts is financial rather than strategic, establishing the program close to its other strategic and core business activities close to its headquarters gives the incumbent an opportunity for knowledge spill-over.

5.3.3. Embedded Accelerator

The hub:raum accelerator program was launched as part of its incubator efforts. Deutsche Telekom retains full control over the program and the cost of running it are covered by the incumbent. Partnering with the General Assembly and locating the ventures in Betahaus, connected the ventures to entrepreneurial knowledge and kept fixed costs low. On the one hand, the Deutsche Telekom is actively reaching out to external partners, especially ventures in this case to support the exploration of technology trends. On the other hand, hub:raum could be seen as an attempt to extend the Telekom’s late-stage corporate venture capital activities to ventures in an early stage of their development. Unlike the other case accelerators, hub:raum is able to provide its own follow-on funding, if ventures are attractive enough to be selected for business incubation. Identifying investment opportunities and supporting them, is the main purpose of hub:raum and investments are handled by its T-Ventures
corporate venture capital arm. Creating a startup accelerator under its own brand, hub:raum has to build up credibility with prospective entrepreneurs. This has been done by emphasizing the Deutsche Telekom ability to open doors to partners and customers.

6. Conclusion

An examination of the corporate accelerator through the theoretical lenses of startup acceleration, business incubation and corporate venturing throughout this thesis has enabled the characterization of the corporate accelerator.

Corporate acceleration expands the startup accelerator literature by introducing the incumbent as stakeholder. It provides the needed capital and resources to establish an startup accelerator program that supports entrepreneurs. Just like private accelerators, a corporate program supports a cohort of entrepreneurs for a limited amount of time. However the management team consists of corporate managers rather than former entrepreneurs. Similarly, incumbents provide ventures with access to entrepreneurial knowledge in the form of training and to pool of mentors. Instead of charging for participation, the incumbent provides the program for free or in exchange for an equity stake in every venture. The corporate accelerator can therefore be regarded as startup accelerator with corporate backing.

With regards to the corporate accelerator’s footing in business incubation, the study finds startup acceleration to be the latest generation in the evolution of business incubation. Similar to for-profit incubators, it provides physical resources such as shared office space and administrative support to its ventures. Additionally, the corporate accelerator provides a small amount of venture capital and mediates the connection to the incumbents internal and external network. Equity stakes allow the incumbent to participate in the future success of its portfolio and thereby recover the incurred costs. The selection process of corporate accelerators was comparable to business incubators. However, the accelerator focuses on gathering a portfolio of winners due to the small size of each cohort and incumbents seem to favor
entrepreneurs over ideas. At the end of the day, a corporate accelerator is the result of an ongoing specialization of incubation processes and resources provided to ventures.

Similar to a corporate venture capitalist and incubator, corporate accelerators support entrepreneurial ventures with capital and resources needed for their development as in the name of an incumbent. Therefore, the corporate accelerator represents a new alternative of corporate venturing. As such, it does not only provide financial but also strategic value and combines benefits of both concepts. On one side, acceleration enables exploitative venturing by allowing entrepreneurs to leverage the incumbents’ assets, industry knowledge and domain expertise for financial gain. On the other side, the accelerator enables the incumbent to conduct exploration by supporting entrepreneurial ventures that are finding novel ways to create value advancing strategic objectives. This establishes the corporate accelerator as new vehicle for external corporate venturing, not only offering a window on new technologies and the specialized knowledge of entrepreneurs, but also enabling it to extract new value from existing resources and uncovers the motives for incumbent involvement in the startup acceleration trend.

This corporate venturing perspective thereby answered the second research question that was concerned with the motives of incumbents that lend their resources to accelerator programs. The case-study surfaced different organizational challenges that each incumbent was facing which related back to their ability to profit from existing capabilities while exploring products and markets for future growth. While an incumbent sees the accelerator as source of potential financial or knowledge gain that will extend the life of its organization, an entrepreneur views the accelerator as a support mechanism that as a source of financial aid and knowledge, will breathe life into a new company. This duality of life-support is the power of acceleration. The characterization provided, should enable other incumbents to setup their own accelerator program with which they can extract strategic and financial value from providing a structured support program to early stage ventures. Unexpectedly, the
analysis identified three possible options through which incumbents can benefit from startup accelerator which will be presented in the following paragraph (see Figure 3).

**Figure 3: Commitment options for corporate acceleration**

![Commitment options](image)

*Source: own illustration based on analysis.*

A joint-venture with an experienced partner and embedding the startup accelerator in the organization can be considered corporate venturing. Although sponsoring does not represent a form of corporate venturing, it is the fastest and easiest option that incumbents have to benefit from startup acceleration. With limited influence on the theme of the program and the selection process, sponsors receive access to a portfolio of attractive ventures without having to commit to any of them. A joint-venture on the other hand, provides more control over the acceleration process and provides the ability to benefit strategically as well as financially. Ideally, the incumbent can partner with an experienced expert in entrepreneurial support. While the embedded corporate accelerator is able to fully leverage corporate assets, it also entails the highest risk and due to the overarching role that the incumbent it might find it harder to attract mentors and ventures. Every incumbent that wants to engage with accelerators or even host their own program will have to determine how entrepreneurs could benefit from joining their program as well as the benefit that the incumbent itself is looking to reap from this engagement. Being able to answer these questions, will allow an easy selection of the right involvement model.
6.1. Managerial Implications

This study has identified the defining characteristics of corporate accelerator, emphasizing operational differences and corporate commitment. Based on this work, managers should be able to decide whether to sponsor, joint-venture or embed a corporate accelerator to gain financial and strategic benefits. If the incumbent cannot find a suitable partner, it can copy the basic structure of an existing program to ensure that entrepreneurs will recognize it as accelerator. In a second step incumbents have to identify internal resources that could be valuable to entrepreneurs and conceive a selection process that will advance its objective, whether financial or strategic.

With the goal of becoming an ambidextrous organization, an incumbent can leverage the corporate accelerator in both, exploration and exploitation learning. If an accelerator pursues exploration and exploitation largely depends on the venture portfolio selected rather than the resources available. It could be argued that any use of corporate resources will increase financial benefit, however only the reapplication and refinement of corporate capabilities will advance exploitation. Exploration of new technologies and markets by entrepreneurial ventures, will only deliver exploration if the incumbent can access this newly developed knowledge. As acceleration only lasts for a limited amount of time, the ability to benefit strategically will in part depend on a long-term relationship.

Unfortunately, even the best private accelerators are not able to graduate a full portfolio of success stories. Therefore, incumbents need to commit long-term to realize any financial rewards. However, a failing strategic accelerator might still provide ample value by offering a window on new technologies and facilitating the knowledge exchange between incumbent and venture.

Corporate accelerator should not be seen as substitute for existing corporate venturing activities an incumbent might pursue. While it bridges corporate venture capital and corporate incubation, the accelerator does neither better than each of them. Should an incumbent have established corporate venture capital expertise, it can leverage its
experience to improve the selection of ventures. However, the long-term support of venture development requires entrepreneurial knowledge and skills that corporate incubators are more suitable to provide. Therefore, corporate acceleration should be seen as a complementary, expanding the arsenal of externally-facing venturing strategies.

6.2. Discussion

The findings suggest that startup acceleration might enable incumbents to overcome some of the issues experienced with other forms of external corporate venturing. However, startup acceleration bares its own complications. It can be argued that acceleration gives incumbents access to market opportunities that cannot be seized by technology pioneers, without the entrepreneurial support that a support program can provide. Contrary to the startup factory analogy that suggests the mass production of successful ventures, technology entrepreneurship and venture capital are still a hit-driven business. The chances of turning an early-stage startup into an exit are low and the gestation time might take several years. As corporate venturing has gone through cycles in the past with mixed performance of incumbents, corporate acceleration could again mark the end of this wave with incumbents entering at its peak.

Furthermore, it remains to be seen if incumbents can successfully transition ventures from these entrepreneurial academies to business incubators and venture capitalists over an extended period of time. This will largely depend on the quality of the ventures that corporate accelerators graduate. Unfortunately, the selection process of accelerators is influenced by information asymmetry similar corporate venture capital making it unlikely that corporate accelerators will reach better results than private programs. Furthermore, attracting the right ideas and entrepreneurs until the application deadline of each program will be a reoccurring challenge for corporate accelerator managers. This will force them to admit ventures that lie outside their selection criteria and expertise. From this venture capital perspective, one could argue that startup acceleration simply presents a trade-off in which information about the future prospects of the venture are sacrificed to gain an equity stake for a lower price.
Support is then provided to ensure that ventures reach the next stage of their development. If an acceleration of three months and access to corporate resources can secure future success is unclear at this point.

What makes it more difficult, is that the selection process of corporate accelerators is dictated by its resource base and mission. If it wants to benefit financially, it will have to select strong entrepreneurs showing early market traction as they are able to benefit from corporate resources. An idea-driven selection is more likely to attract highly innovative ventures that are in need of entrepreneurial support, which private accelerators with their strong entrepreneurial background are better suited to provide. As incumbents lack the necessary knowledge to address some of the problems that ventures experience in their early stage, they also rely heavily on external advisors to support entrepreneurs. Even in the case of a joint-venture, it should be noted that capital represents only a small part of the value proposition of the accelerator. Therefore, potential partners need to carefully evaluate the contributions and benefits from joint operations. The ability to get access to a network of mentors and advisors depends on the incumbent's reputation and social capital in its local market. Once the novelty of mentoring wears off in the third or fourth cohort, incumbents will have to find ways to motivate mentors to continue their support. Luckily for incumbents, the competitive selection process during which many ventures apply ventures will surface entrepreneurs that will become success stories despite the support of an accelerator. However, by selecting these long-hanging fruit, accelerators do not provide any value to the entrepreneurial environment as a whole but only speed up the commercialization of the elite. This is a mayor conundrum and sets it apart from business incubation which has been used for economic revitalization. It could also be argued that a fourth option exists by which an incumbent can establish a corporate accelerator. This could be achieved by allocating capital to a autonomous corporate accelerator. Yet, this accelerator will lack the necessary entrepreneurial know-how and the ties into the incumbent organization to attract ventures and provide value. Any measures that would mitigate this discount from the incumbent will inevitably embed
the accelerator in the incumbent’s organization. Therefore, this fourth option was not further elaborated on in the conclusion.

One of the proposed benefits of accelerators specialization is that it can enable the incumbent to target technologies and markets it looks to advance in the future. However, if the accelerators focus is too broad, resources will be wasted on ventures that do not significantly advance understanding of a specific technology or trend. Is the focus too narrow, incumbents will fall trap to path-dependency by choosing ventures that it understands well, but are not worth the risk of financing inexperienced entrepreneurs. Ensuring fit between strategic purpose, selection and accelerator resources seems paramount to the success of corporate startup acceleration.

While operational support is more valuable than financial resources in the early part of a venture life, corporate know-how in particular could be valuable to more mature ventures. Corporate resources and know-how are mainly commercial and cannot be sufficiently exploited by a venture that does not have a market-ready product. Therefore, a corporate accelerator that is foremost an financial investor will be inclined to prefer more mature ventures that can accelerate their revenue growth by leveraging corporate assets. This limits corporate accelerators explorative ability.

With regards to the research process, the lack of existing startup acceleration research in particular does not allow predictions about the effectiveness or efficiency of accelerators as investment vehicle and structured way to support entrepreneurs. All proposals for improvement will remain untested and are the result of a qualitative analysis rather than empirical testing. Compared to the birthplace of startup acceleration in the United States, Germany represents a research setting that is more risk averse influencing venture capital and entrepreneurship (Ernst, Witt & Brachtendorf, 2005; Sternberg, Bergmann & Lückgen, 2012). Therefore, corporate startup accelerators might only be well received by entrepreneurs due to the lack of alternatives. Conducting a similar study in an international context might impact corporate accelerator characteristics and viability of the acceleration concept. Furthermore, the case study method can only provide results with limited
generalizability due to the small sample size. As proposed by Yin (2003), the author attempted to generalize findings to existing theory to overcome this issue. A grounded theory research approach based on the interviews conducted could surface a more data-driven analysis of the corporate accelerator phenomenon.

6.3. Direction for Future Research

The startup accelerator as well as its corporate sibling represent a rather young phenomenon that still provides ample opportunity for scientific research. Once startup accelerators have graduated a large amount of ventures, data will be available that allows for empirical analysis. Given the corporate focus of this thesis, the following avenues of research could be pursued in the future.

The first interesting avenue of future research is a quantitative assessment of accelerator performance measured in the frequency and amount of follow-on funding secured by graduating ventures. On the one hand, this sample could be analyzed with attention to the selection process allowing the measurement of the corporate accelerator’s ability to attract and select opportunities that benefit from acceleration. On the other hand, it could enable comparison between corporate and independent accelerator resources and gauge the value of corporate know-how to venture success.

Although it is hard to measure how startup acceleration influences the innovativeness of incumbents, an inquiry into its impact could hold major scientific value. Comparing the amount of patents granted before and after the establishment of a corporate accelerator could offer an abstract insight into the impact on the incumbent’s internal innovation efforts. As software patenting represents a major challenge in Germany, a measure of comparison could be the amount of corporate ventures launched.

Last but not least, future research should investigate the transferability of knowledge between ventures and the incumbent. Should the accelerated companies not become part of the incumbent’s network or be acquired, knowledge transfer can hardly be realized after acceleration period. Absorptive capacity may therefore play a huge moderating role to the incumbent’s ability to benefit from acceleration.
7. Bibliography


Christiansen, J. (2009), Copying Y Combinator, MBA Dissertation, University of Cambridge.


van Huijgevoort, T. (2012). The ‘Business Accelerator’: Just a Different Name for a Business Incubator?


Appendix 8.1. - Stages of Entrepreneurial Finance

Source: own illustration based on Cardullo 1999
Appendix 8.2. - Hierarchy of Corporate Entrepreneurship

### Appendix 8.3. - Organizations considered as part of case selection

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<th>Name</th>
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## Appendix 8.4. - Detailed Interview Data

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<th>Type of Interview</th>
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<td>Saeed Amidi, Founder and CEO Plug &amp; Play Tech Center</td>
<td>Clement Adam, Marketing Manager</td>
<td>27.08.2013</td>
<td>33 min.</td>
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<td>24 min.</td>
<td>English</td>
<td>1on1 - in person</td>
<td>Open office space at Startupbootcamp</td>
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<td>Ciaran O’leary, Partner Early Bird Venture Capital</td>
<td>Christoph Raethke, Founder and CEO Berlin Startup Academy</td>
<td>30.08.2013</td>
<td>23 min.</td>
<td>English</td>
<td>1on1 - in person</td>
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<td>Marc Lallemand, Founder Berlin Hardware Accelerator</td>
<td>02.08.2013</td>
<td>23 min.</td>
<td>English</td>
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<td>German</td>
<td>1on1 - in person</td>
<td>Balcony at Axel Springer</td>
<td>Audio</td>
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<tr>
<td>Luise Gruner, Senior Associate</td>
<td>Axel Springer Plug &amp; Play</td>
<td>21.08.2013</td>
<td>23 min.</td>
<td>German</td>
<td>1on1 - in person</td>
<td>Meeting room at Axel Springer</td>
<td>Audio</td>
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<td>Benjamin Rohe, Founder and CEO</td>
<td>MAS Angel Fund</td>
<td>07.08.2013</td>
<td>26 min.</td>
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<td>1on1 - by phone</td>
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<td>Aydogan Ali Schosswald, Founder and CEO</td>
<td>Hy! Conference / The Kernel</td>
<td>17.09.2013</td>
<td>approx. 45 min.</td>
<td>German</td>
<td>1on1 - in person</td>
<td>Walk in the park</td>
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<tr>
<td>Uli Schmitz, CTO and General Manager</td>
<td>Axel Springer Venture and Digital Ventures</td>
<td>25.09.2013</td>
<td>34 min.</td>
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<td>Fee Beyer, Accelerator Program Manager</td>
<td>Telekom hub:raum</td>
<td>16.09.2013</td>
<td>29 min.</td>
<td>English</td>
<td>1on1 - in person</td>
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<td>Axel Menneking, New Business Innovation</td>
<td>Deutsche Telekom Products &amp; Innovation</td>
<td>12.09.2013</td>
<td>44 min.</td>
<td>German</td>
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<td>Meeting space at ImmobilienScout24</td>
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<td>Stefan Jaroch, Head of External Innovation</td>
<td>Aritra Ghosh, Product Manager</td>
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<td><strong>Bayer CoLaborator</strong></td>
<td><strong>Daimler Business Innovation</strong></td>
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<tr>
<td>Date:</td>
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<tr>
<td>Type of interview: 1on1 - in person</td>
<td>Type of interview: 1on1 - by phone</td>
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<table>
<thead>
<tr>
<th>Kevin Valdek, CTO</th>
<th>Espen Systad, Founder</th>
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<tr>
<td><strong>High-Mobility</strong></td>
<td><strong>Capsule.fm</strong></td>
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<td>Date: 31.10.2013</td>
<td>Date: 07.11.2013</td>
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<td>Duration:</td>
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<tr>
<td>Setting:</td>
<td>Setting: Café</td>
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<tr>
<td>Recorded: -</td>
<td>Recorded: Notes</td>
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<tr>
<th>Annonymous, Investment Manager</th>
<th>Annonymous, CEO</th>
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<tr>
<td><strong>German Venture Capital Fund</strong></td>
<td><strong>Dot-Com Era Incubator</strong></td>
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<td>Date:</td>
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<td>Duration: approx. 30 min.</td>
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<td>Type of interview: 1on1 - by phone</td>
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<tr>
<td>Setting: Office</td>
<td>Setting: Office</td>
</tr>
<tr>
<td>Recorded: Notes on paper</td>
<td>Recorded: Notes on paper</td>
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</table>
Appendix 8.6. - Investor Sheet Startupbootcamp Demo Day

- **1SDK**
  Anil Kutty – founders@1sdk.com
  Grow in-app revenue with behavior based pricing.
  @1sdk

- **Achieved**
  Rob Hermans – founders@achieved.co
  Unlock informal learning.
  @Achieved_co

- **Avuba**
  Jonas Piela – founders@avuba.de
  We fix banking.
  @avuba

- **AVUXI**
  Alexis Battle – founders@avuxi.com
  Popularity of places measured, ranked, and visualized.
  @avuxi

- **BabyWatch**
  Urska Srsen – founders@babywatchhome.com
  Bringing quantified-self to pregnancy.
  @BabyWatchTweet

- **ChatLingual**
  Justin Custer – founders@chatlingual.com
  Communicate in any language instantly through chat.
  @ChatLingual

- **flux**
  Daniel Rieth – founders@get-flux.com
  Simplify your communication.
  @get_flux

- **foodzai**
  Andrés Jordão – founders@foodzai.com
  Unleash the kitchen superhero in you.
  @Foodzai

- **HIGH-MOBILITY**
  Risto Vahtra – founders@high-mobility.com
  Connecting cars to the outside world.
  @highmobility

- **RECCY**
  Adam Haywood – founders@reccyapp.com
  Unlocking great locations for photographers and filmmakers.
  @ReccyApp

- **shoutr labs**
  Sebastian Winkler – founders@shoutrlabs.com
  Share content between mobile devices instantly without an internet connection.
  @shoutrlabs

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Want the teams to reach out to you? Network with us afterwards or fill out the contact form inside of your name badge.