

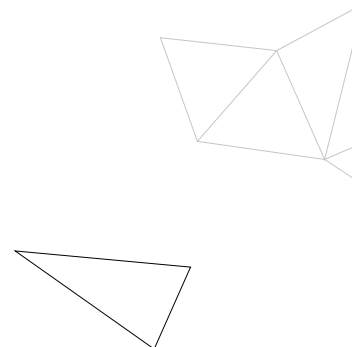


THE HEART

OPENING TO CHANGE

The Heart Corporate Innovation Report 2019

This report is based on a survey of a group of 50 innovation leaders conducted in November 2018 and in-depth interviews with managers of international corporations in Poland that took place in December 2018 and January 2019. The study was conducted by SpotData.



The pressure for corporate innovators is rising

Having spent the last 20 years on a mission to innovate & transform corporations, I am a little frustrated. The ability of big organizations to change and implement new ideas and business models is probably not growing as fast as the need for innovation.

There are many reasons.

- Growing complexity and uncertainty make decision making even harder.
- Big organizations, with their lack of clear ownership, countless meetings and analysis paralysis reduce the freedom to experiment, pivot or kill bad ideas.
- Disruptive new ventures, growing under the shadow of billion-dollar mother company, do not get the attention needed and are often rejected by powerful corporate antibodies.

The pressure for corporate innovators is rising.

- Well informed customers require personalized, seamless experiences that stretch beyond traditional products designed by in-house R&D departments.
- Global software platforms are eating the world, forcing incumbents in banking, media or retail to transform into tech companies.
- New, digital players are popping up everywhere, creating a complex ecosystem of new suppliers, partners and competitors.
- As industry boundaries are blurring, companies try to diversify and explore new business models.

This problem cannot be solved internally. Pretending you know it all, surrounded by new technologies, customers and business models is not a viable option. In the interconnected world, those who can build strong alliances & ecosystems win.

Those not cooperating will be left behind.

In the two years since opening of The Heart, we have seen dozens of courageous pioneers of a new approach to innovation. Corporations joining forces with startups and with each other to transform faster and grow new ventures together.

There are reasons to be optimistic.

Multinationals and regional champions are building their open innovation muscles and launching digital sandboxes in the region. With its dynamic market, world-class engineers and managers with a rebel heart, Central Europe is a great place to innovate, prototype and scale proven models across the globe.

All of that is driven by small groups of committed individuals, that start with a dream or challenge, build agile teams, engage customers, run pilots and scale them. They buy from, partner with and invest in startups to bring new capabilities to their organizations. They think like venture capitalists, building portfolios of experiments and not expecting all of them to work out.

It's a great adventure to be part of that movement.



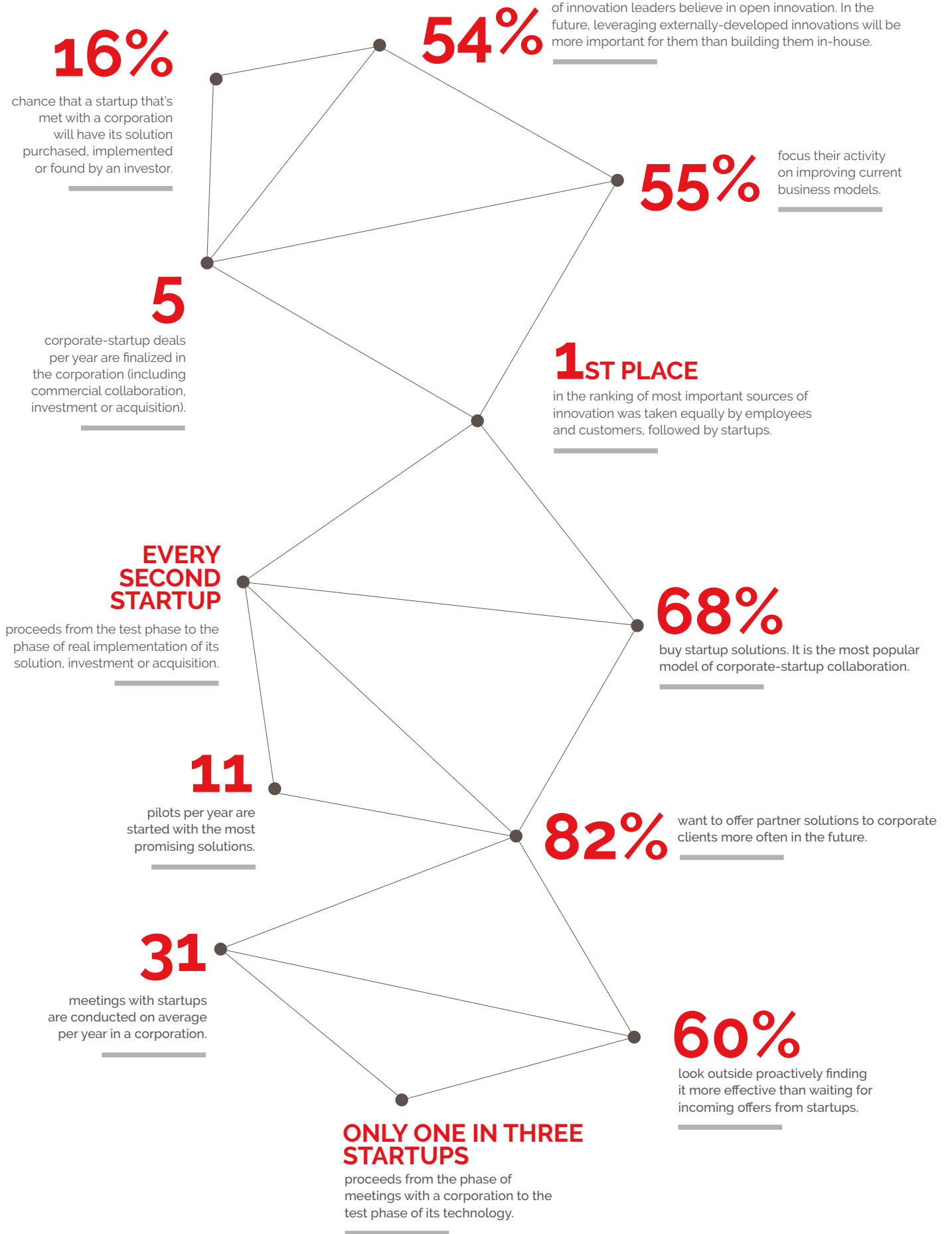
TOMASZ RUDOLF

CEO, The Heart



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IN ORDER TO DESCRIBE HOW CORPORATIONS DEVELOP INNOVATIONS AND COOPERATE WITH STARTUPS, WE CONDUCTED A SURVEY OF A GROUP OF 50 INNOVATION LEADERS AT THE OPEN INNOVATION SUMMIT 2018 ORGANIZED BY THE HEART AND CONDUCTED IN-DEPTH INTERVIEWS WITH 10 MANAGERS DEALING WITH INNOVATIONS IN CORPORATIONS. CONCLUSIONS FROM THESE INTERVIEWS AND RESEARCH ARE PRESENTED IN THIS CHAPTER.

Corporations become more and more involved in cooperation with startups. To make it effective, however, it must respond to the real needs of business and clients.

At the same time, it is necessary to work out an organizational culture that is open to innovations because without that even the best ideas of employees and startup solutions will not be implemented.

Employees and clients are the greatest source of innovative ideas. The former know best what can be streamlined in the company, whereas the latter enforce changes expecting products and services which can improve their lives.

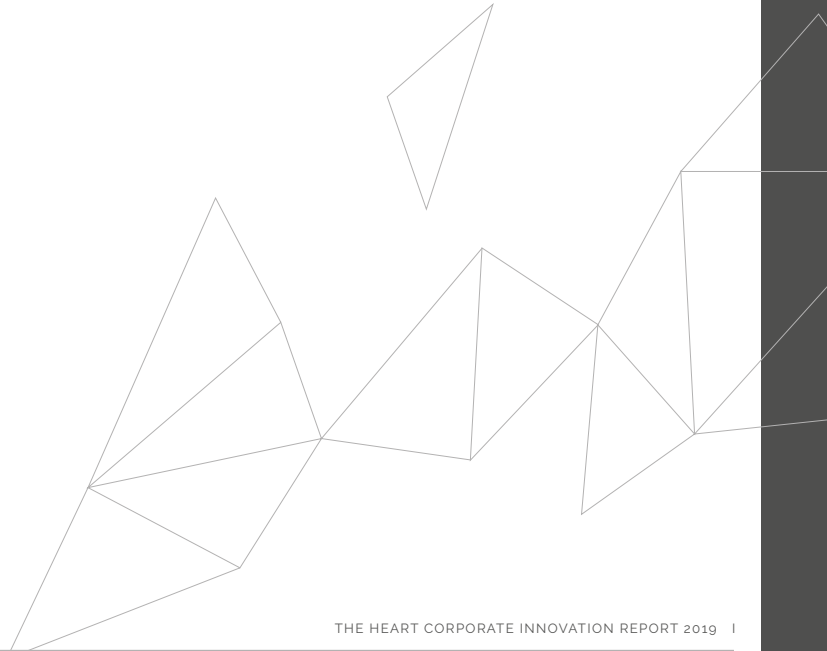
Corporations most often cooperate with startups and treat them as suppliers of innovative solutions they can purchase from them on a commercial basis. In the future, they plan to offer startup solutions to their clients more often.

Corporations devote more time now to streamlining their existing business models, but plan to become more involved in the creation of new models of disruptive nature in the future.

Models where corporations themselves (or through partners or events) find startups that respond to their needs, are more valuable than models in which startups approach corporations without knowing the business context.

During the year, on average, corporations meet with 31 startups, conduct 11 pilots and tests, and finally implement 5 solutions.

Leaders must be open to both new ideas and failures. They must also be characterized by creativity, courage, curiosity, flexibility, perseverance and the ability to convince others to their ideas.



01

The biggest challenges faced by an organization that wants to implement innovations

Employees can have innovative ideas, startups can offer unique solutions, but if a company does not have a proper organizational culture, even the best innovations will not be implemented.

The biggest challenge faced by organizations that want to implement innovation is to build the appropriate culture that's perceived as open to experiments, able to test new ideas, willing to take risks and admit defeat. It's also a culture that needs to be seen as creating appropriate conditions and a work environment to make employees more proactive and open to change.

In the survey carried out for the purposes of the report, "culture" achieved the highest result with a score of 3.8. 23% of the innovation leaders surveyed gave "culture" 4 points, whereas the most (36%) gave 5 points on a scale from 1 to 5 (see chart 1).

In-depth interviews confirmed the importance of culture in implementing innovations. 6 out of 10 leaders selected it as the most important factor.

The next place was taken by "process" and "people" (ex aequo score 3.6).

The process should be simplified without excessive formalities because in the case of innovation you cannot afford to extend the implementation time. On the one hand, it can cause people to be discouraged from innovation, and their openness and creativity will be limited. On the other hand, it will make effective cooperation with startups, who are accustomed to flexible, fast action, without unnecessary bureaucracy, impossible. In addition, a simplified process creates favorable conditions. So instead of wasting time on slides, numerous calculations and presentations in PowerPoint, one may focus on checking given solutions in practice.

A challenge for an organization is also the employment and retention of talented employees. In total, 56% of managers awarded this category 4 or 5 points. According to some respondents people are an integral part of an organizational culture that is open to innovation.

Another challenge for companies is "resources" (score 3.3) perceived as financing but also time that can be set aside for dealing with the implementation of innovative ideas. People in large corporations are busy with their current goals, have their monthly or annual budgets and they wish to implement them, and these additional innovative ideas often throw them off. Here, again, we go back to the organizational culture which should create conditions so that the implementation or creation of innovations can be a natural part of the working day.

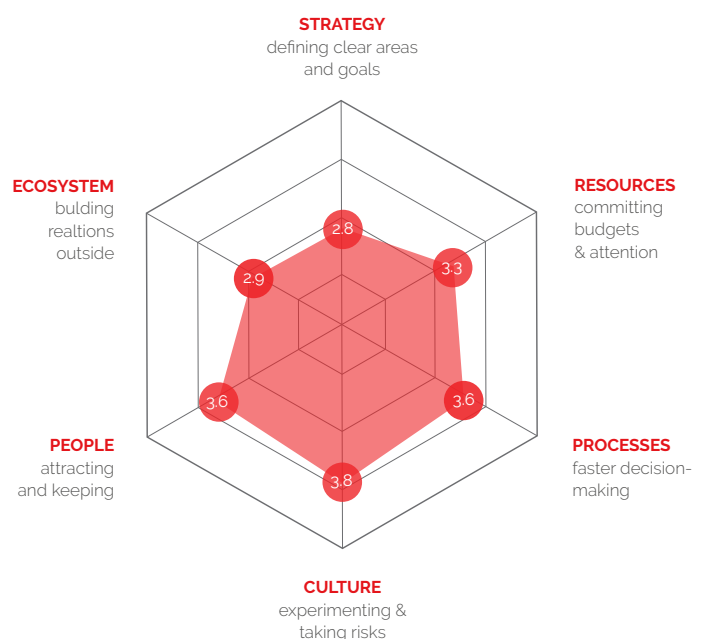
The ecosystem was chosen in the 5th place with a score of 2.9. Building the right environment and relations with external entities is a greater challenge for mature structures who are doing well or have already overcome the challenges mentioned above than

for corporations which are just beginning to cooperate with the startup environment. The trick is to build an ecosystem where the company, along with its employees, startups, and business and institutional partners will find the right place.

According to the survey, the "strategy" was chosen as the 6th challenge (score 2.8). The biggest problem is how to turn saved words into deeds. In other words, to take it to the operational and tactical level.

What constitutes the biggest challenge for the company depends, to a large extent, on the stage of development it is in. Other challenges are for young companies in the initial stage (people, finances), others for larger organizations (culture, process), and yet others for mature structures (strategy, ecosystem).

CHART 1: WHICH OF THEM ARE A CHALLENGE FOR YOUR COMPANY?



"The biggest challenge for an organization that wants to implement innovation is culture understood as openness to experimentation and assumption that it is possible to make mistakes and do something that fails, but from which you can learn new lessons. Culture is also understood as what people will learn in this process, how they will develop and what new skills and competences they will acquire."



PIOTR WIDACKI

Managing Director - Head of Digital Transformation Bank BGŻ BNP Paribas



"The most important is culture. You can try, you can push and force but as long as people in your organization are not prepared for innovations, things will not happen and will not be implemented. You need to have people open for innovation and you need the support of the existing ecosystem like startups and leaders of innovation who can help your company do it a little bit faster."

GILLES CLAVIE

President and Chief Executive Officer Orbis SA

"Challenges depend on the stage, in which the company is. In case of companies, which are only starting, finding the right people may be a problem. Companies in an early stage of their development may have a problem financing their innovations; while the large ones with an elaborate line of acceptance may have an issue with the decision-making process. However, irrespective of the stage of the company's development, the most important challenge is to create such an ecosystem, in which there is room for the startup itself as well as its new partners, and the product being made remains innovative and appealing to the users."



PHOTO: D. SOBIESKI

WOJCIECH GRUDZIŃ

CEO of Millennium Goodie



"In PZU Innovation Lab, we are guided by the principle of "talk less, do more". Instead of wasting time on analysis and creating too many slides and presentations, we prefer to take the first step even if it would not be perfect. We want to check it fast and learn on from these first experiences and effects of the project. We want to check what we are dealing with, whether we want to continue the innovation and what we should do in the next stage to effectively implement it."

MARCIN KURCZAB

Director of the Innovation Lab PZU

02

Developing innovations within the company versus making use of innovations created outside

The use of innovations created outside the company will gain importance in the future. To be effective, however, companies must learn to integrate the internal needs of the organization with external solutions so as to respond to real challenges and problems of business and clients.

According to the survey, 54% of leaders confirmed that in the future their company would focus more on implementing innovations deriving from outside, whereas 46% would develop them internally. In-depth interviews confirmed that the most effective model was the synergy of these two solutions.

A good example of such cooperation is the innovative PZU GO sticker put on a car's windscreen. If an accident occurs, it, with the use of a Bluetooth module connected to a mobile application, immediately informs the insurer. The latter, in turn, calls back and checks what happened (the insurer can send roadside assistance), and in the absence of a response from the driver, it summons ambulance (the application has a geolocation reader). The idea was conceived within the company, the innovation center refined it and commissioned the technological startup to implement it.

Another example is the new Unilever breakfast product in the form of porridge in a small cup with fruit sauce containing, among others, fiber, which was invented by an internal department. It was inspired, however, by the work of startups and with the participation of one of them, which shared its kitchen lab, was finally created. Three weeks passed since the idea was conceived to the product launch, which is the fastest-created product in the history of Unilever in the world. This so-called "show case" affects the organizational culture of the company because it showed employees that it was possible to implement innovations quickly in a large corporation and that employees themselves were the source of these innovations.

Although corporations work with startups for already a few years, the cooperation between them became more intense only 2-3 years ago. In this time, they have tested various forms of developing and implementing innovations in the company, but not all of them have proved to be effective.

The model of searching for external startups, market novelties, and innovative solutions without consulting with real business needs turned out to end in failure most often. The interest in such top-down imposition of innovative ideas when the employees were busy with their activities, goals and budgets did not produce any results. On the other hand, a reversal of the situation, or firstly analyzing the needs of individual departments, diagnosing what they need, where they see the possibilities of streamlining processes or implementing new ideas and then searching for external solutions or developing them by internal departments or innovation centers proved to be successful.

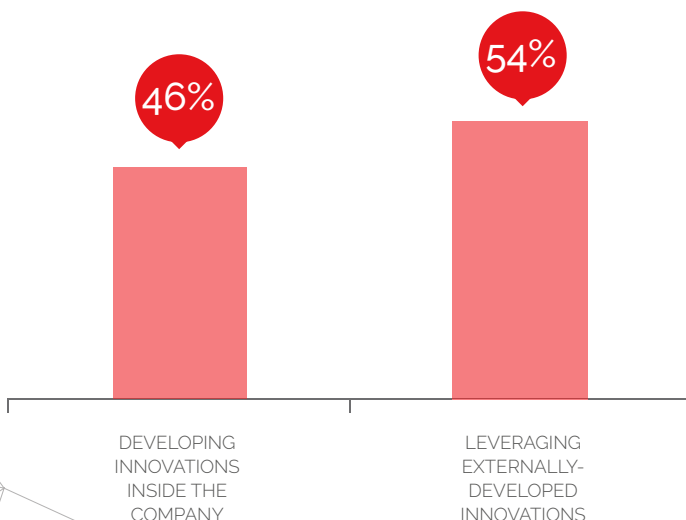
Innovation departments have only recently been an integral part of many corporations. They explore the needs of business and clients in order to be able to seek out or create the most adequate solutions, supervise cooperation with external entities such as startups, other companies with their own research and development departments or ecosystem operators. Such departments also stimulate the need for innovation in the company by developing new competences among employees and encouraging them to submit ideas and business needs that need to be streamlined. Thus, they also contribute to the creation of an organizational culture open to innovation.

Internal departments are often able to develop innovative solutions themselves, such as Alior Bank with its loan and credit comparison engine on Bancovo.pl 'online channels'. It was an idea invented internally as a response to banking trends and was entirely implemented in-house.

In the case of some industries, such as telecommunications, it is not easy to create breakthrough (disruptive) innovations within the company. Innovations in the form of new phone models, LTE, 5G, new systems or infrastructure derive from external companies, for which these products and services constitute a strategic part of business. Internally, however, all process innovations that improve the speed and effectiveness of operations and service-related innovations are implemented.

Regardless of whether innovations are created inside the company or externally, they should solve real business problems and create solutions that make clients' lives easier.

CHART 2: WHICH WILL BE MORE IMPORTANT FOR YOUR COMPANY IN THE FUTURE?



"We develop innovations to make our clients' life easier by providing them with safe, flexible and convenient solutions. We do this by using both the internal resources and potential of our employees as well as external cooperation with startups, which, thanks to their agility, are able to respond quickly to the needs of our customers."



MARCIN JASZCZYK

Deputy CEO of Alior Bank SA



"The best innovations are created in response to real challenges and business problems, using new technologies. The most valuable ideas are born in a situation where business wants to change and in which the culture of openness prevails."

MARCIN KURCZAB

Director of the Innovation Lab PZU

"In the case of telecommunication companies, groundbreaking innovations come from external sources, like equipment manufacturers, infrastructure providers, networks or systems. Some innovations, mainly in the area of new services, are created in partnerships with other companies, such as Netflix. However, process innovations, which aim at improving current operations or services are somehow inscribed in the company's DNA and are implemented mainly through internal resources."



MICHAŁ KRAUZE

Head of New Business and Innovation T-Mobile



"Our competencies are the most important factor determining the decision on whether to develop innovations internally or to adopt external solutions. If we have them, and the innovation concerns our core business, we mostly take care of it ourselves. For example, we followed that path during the development phase of Empik.com and EmpikGO. The time is also of great importance. However, in the case of innovations that require new competencies and know-how, we look for strategic partners such as Going, a startup that joined our Group in 2018."

EWA SZMIDT-BELCARZ

CEO EMPIK

03

Streamlining business or building new models?

Currently, companies devote more time to streamlining existing business models than to building new ones. In the future, however, disruptive models will grow in importance.



New technologies are developing at a dizzying pace, solutions no one would have thought of a year or two years ago are being developed. Although companies in Poland are delayed in terms of digitization in relation to other European Union countries, they have a chance to jump over several stages, implementing the latest technologies, as was the case with banking. This is what happens when using innovative solutions to streamline current business models. Companies would like innovations to make customer service more effective and improve internal business processes.

Both in the survey and in in-depth interviews, innovation leaders admitted that they devoted more time to streamlining current models (55%) than to building new ones (45%).

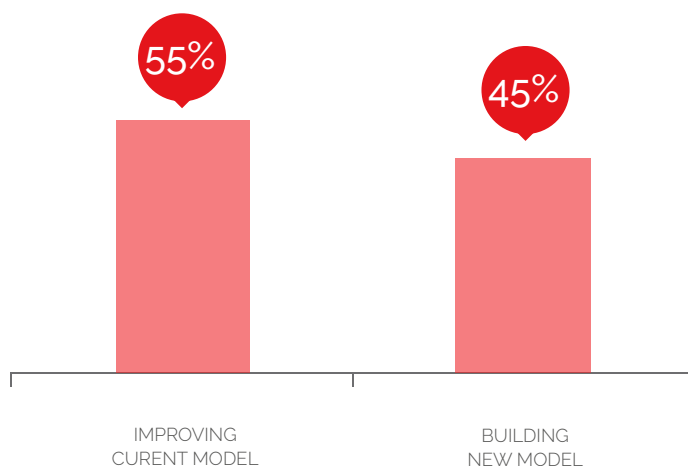
They are aware, however, that the implementation of new business models is a big step into the future. This is already happening now, and startups invested in or acquired by corporations constitute the source of these disruptive innovations most often.

An example is the acquisition of a company selling products for facial hair and body care in the form of a subscription – Dollar Shave Club by Unilever. Thus, the FMCG tycoon expanded its portfolio with a completely new business model and gained knowledge of direct sales and building relationships with a young, demanding client, which so far had not been its core activity.

Another example is the acquisition of the ZenCard startup, which provides a loyalty platform for retail and corporate clients, by PKO Bank Polski.

The most famous e-book reader in the world, Kindle, was created because Jeff Bezos, Amazon's boss, asked his employees to "come up with something that would kill his business." Asking yourself such questions can contribute to finding a completely new model that will revolutionize your business.

CHART 3: WHERE DO YOU FOCUS YOUR INNOVATION ACTIVITIES?





"Innovation in the FMCG sector is not only the launch of a new product on the market and its modification. Innovation is also a new business model, a new sales channel and a change in the process, based on the fact that you can do something faster, more efficiently and in a different way for the benefit of consumers."



MICHAŁ KRYGIER
Sales Director Unilever

"First of all, we have product innovations which are constantly being implemented in the consumer goods industry and largely depend on global trends. This is why we constantly keep track of them, identify them and implement them. Another category of innovations, digital innovations, is a must in today's retail and e-commerce, especially in such areas as payments, omnichannel or mobile. The third class of innovations encompasses entirely new projects and business models, which involve greater risk and to which we devote time for testing and development, e.g. popular at the moment subscription business models or sharing economy."



EWA SZMIDT-BELCARZ
CEO EMPIK

04

Where are innovations derived from?

Almost one in three managers believes that clients and employees are the greatest source of innovation. Customers enforce changes expecting products and services that improve their lives, whereas employees understand best what can work more effectively in the company.

Companies do not rely on one source of innovation only. It is usually a mix of potential deriving from employees, clients or startups. In our survey, innovation leaders chose ex aequo employees and customers (27% each) as the main source of innovation, followed by startups (20%) and competition (14%).

In the majority of corporations participating in the survey, there are innovation centers or departments or they are at the development stage. These units stimulate contact with employees, organize internal meetings for them or meetings with external partners such as The Heart in order to promote the culture of innovation in the company.

The Heart is a corporate center for digital ventures. The hub connects fast growing tech companies, investors and leading multinational corporations and builds new ventures on demand.

Employees can submit their innovative ideas how to streamline processes or services as well as the needs of specific business areas to these units. It happens either during direct meetings, through applications such as a "generator of ideas" but also through internal competitions. Employees are the best source of knowledge of business needs because they know how "something" works or not. They also know the expectations of their clients because they work with them on a daily basis.

Clients and end users of various technological innovations, in turn, expect solutions that are comfortable, useful, safe and make their lives easier. They are so-called "innovation challengers". One can

come up with the most innovative, revolutionary product, service or application, but if it does not tickle the user's fancy and does not meet the needs, unfortunately, it has no chance of success.

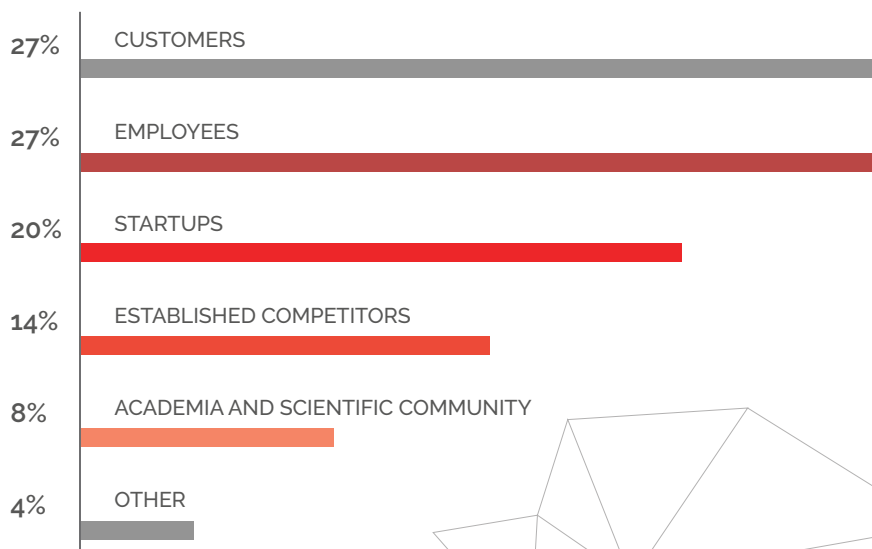
Having this knowledge, companies can respond to it by implementing a given innovative idea of employees either by making use of internal resources or – if it is too complicated and time-consuming – by inviting an appropriate external partner to cooperate. This model combines the world of internal expectations and needs with external solutions. In addition, employees in companies become convinced that it is worth opening up to cooperation with external startups because they are not out of touch with reality but solve their real needs in this model.

In addition, startups are also a source of innovations of disruptive nature, which change business models and provide solutions for which there has been no demand before and which nobody has previously thought of.

Competition, not always industry competition, is also the source of innovation. Most companies operate online and they often draw on patterns of innovative solutions in the area of relationships with "clients" from the world's largest players such as Facebook, Google, LinkedIn or Amazon.

Higher education facilities or research centers are still not a widespread source of innovation, but taking into consideration the growing role of cooperation between science and business, one can expect its significance to grow in the future.

CHART 4: HOW IMPORTANT ARE DIFFERENT STIMULATORS OF INNOVATION?
(Participants could distribute 100 points for 6 categories)



"Innovative ideas come typically from the internal research and development and marketing departments but also from external research centers or factories that have their own R&D departments. The source of innovation are more and more often startups, which we cooperate with or sometimes even buy, in order to learn a business model that we do not know, and to enhance our organizational culture."



MICHAŁ KRYGIER

Sales Director Unilever



"We draw ideas for new solutions from our employees and the market itself. Our employees can raise challenges that they face in their everyday work. Thanks to that we know what business areas require improvement. With that knowledge we can more effectively search for startups that respond to those needs. By promoting the culture of innovation inside the company, we combine these two worlds."

GRZEGORZ PAWLICKI

Head of Innovation PKO Bank Polski

"Innovative ideas come from many sources: from startups but also from our employees. We also constantly keep asking our clients what they need and how do they like our products and services, because without it you cannot function in the 21st century. We look at what our competition does, but we also get a lot of inspiration from the non-banking industry."



PIOTR WIDACKI

Managing Director - Head of Digital Transformation Bank BGŻ BNP Paribas



05

What models of cooperation do corporations choose?

Corporations treat startups most often as suppliers of unique solutions they can purchase on a commercial basis. In the future, except for this model, they plan to offer startup solutions to their clients more often.

There are still many startups in Poland, which count on some corporation or Venture Capital fund acquiring them at a high price, and thus they will become very rich. This way of thinking should not, however, lie behind startups at the beginning of their journey. It is crucial to focus on the strategy of reaching your potential recipients with your product or technology.

Corporations, working with clients on a daily basis, know that the market reaction determines success so it is important whether clients will "buy" a given solution or not, not just the innovative idea itself.

Therefore, the most widespread model of cooperation for them is not to invest in startups at the early stage or take them over, but to purchase solutions from them on a commercial basis. In our survey, it was confirmed by 68% of business leaders, while the first two solutions were used by 28% and 35% respectively.

The purchase of solutions is often preceded by acceleration (44% of confirmations in our survey), during which startups are not only provided with mentoring, but can test their ideas in reality, connect, for

CHART 5: WHICH MODELS HAVE YOU USED IN THE LAST 3 YEARS?

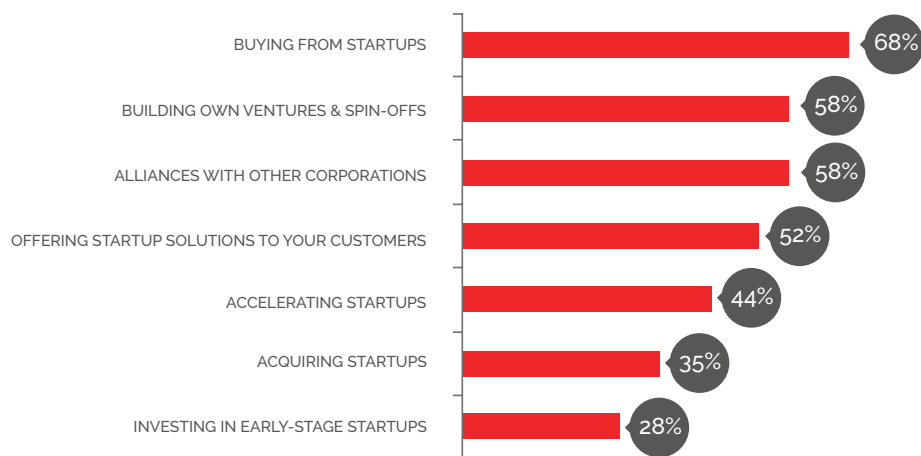
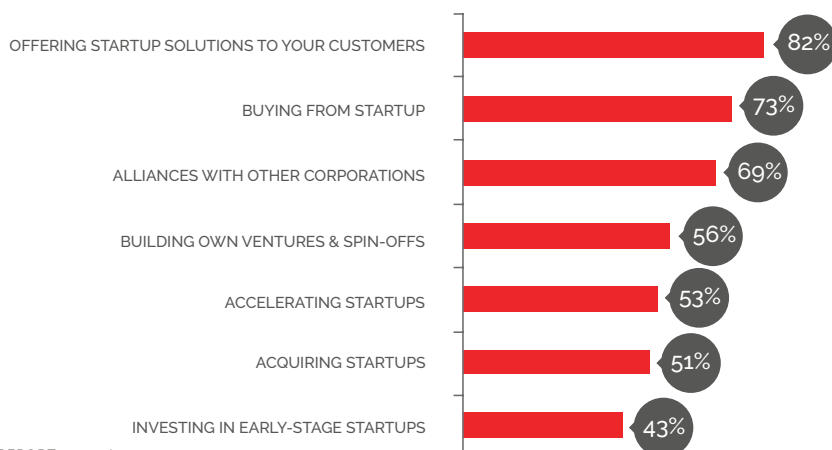


CHART 6: WHICH DO YOU PLAN TO USE MORE?





example, the bank's API or work with a given corporation to develop a solution that will best respond to their needs. Once the solution has been checked, it can be purchased on a standard commercial basis. An example of this is Coinfirm, which as part of the "Let's Fintech with PKO Bank Polski" acceleration program together with the bank has worked out a solution based on blockchain technology, which has already been implemented in the bank, to send bank rules and regulations to its clients through a digital recording format on blockchain, and in the future it is to contribute to the creation of a new business model.

Another example of the treatment of a startup as a solution provider and partner is the implementation of Migam - sign language support software which helps deaf people be recruited at the Unilever hub in Katowice. Migam presented its solution as part of the Unilever Foundry platform, thanks to which startups can present how their existing solutions can help to streamline or respond to the real needs of the company. In the future, 73% of corporations plan to continue the model of cooperation by purchasing solutions from startups.

Over half of the innovation leaders surveyed (52%) confirmed that they often offered startup solutions to their clients. In the future, the majority of them (82%) plan to use this model of cooperation. Startup solutions are offered to clients as, for example, additional e-accounting services, performance marketing or customer service.

The acquisition of startups is not widespread among corporations but there are companies which do so successfully and continue to pursue this strategy. In this model, the majority of startups being acquired are those which are already on the market, have a proven product, service or technology, generate revenues or those which have numerous possibilities of scaling to other markets. During in-depth interviews there was information that when acquiring startups, in particular those at the initial stage, everything needs to be planned and checked in case that the programmers - owners leave the company after taking most of the value of the startup with themselves.

Acquisition helps to find a synergy between businesses and create new added value. Corporations take over innovative companies directly or through their own ventures in order to learn a new business model from them, grow with them, change an organizational culture, cross solutions between entities or just scale ideas to other areas or markets.

The strategy of acquiring innovative companies and startups was adopted by Wp.pl Holding (wakacje.pl, extradom.pl), Unilever (Dollar Shave Club and local startups from the food area), or Alior Bank, which through its own VC acquired the PayPo startup.

Currently, 58% of innovation leaders confirm that their corporation makes use of the model of building their own ventures and spin-offs, and in the future 56% intend to use this model more often.

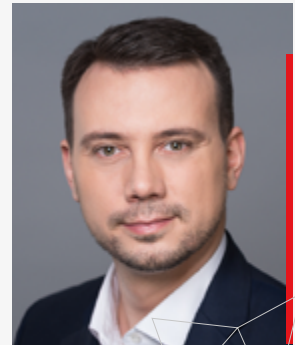
A successful example of spin-off is goodie, a company built by Millennium Bank. The idea for this innovative platform that collects discounts, coupons, discounts, promotions and offers Cash Back was conceived entirely within the company, and was implemented with the support of an external partner - Microsoft. A separate company was set up which helped, firstly, to create a new business model and, secondly, to bypass various regulations which are imposed on the bank, such as the ban on maintaining data in the cloud. goodie is built entirely in the cloud with the use of technologies the bank was not allowed to use.

All business leaders surveyed confirm a greater willingness to implement all of the presented models of cooperation in the future.

05

MODELS	DESCRIPTION	EXAMPLE
Building own ventures & spin-offs	Inspired by new models observed in the startup ecosystem, corporations can build & launch their own startups. It's also a great way to grow internally developed solutions as standalone spin-off companies.	Bank Millennium launched goodie, a cashback and coupons startup that helps customers save when shopping.
Buying from startups	By working with agile, innovative suppliers, big organizations can access new technologies and help shape their development. It often requires developing new scouting & sourcing capabilities, running pilots and adapting procurement policies & payment terms.	Aviva worked with HR tech startup Emplcity to leverage chatbots in digitizing the recruitment process.
Offering startup solutions to your customers	Partnering with external providers is a way to provide a broad range (or "app store") of value added services to existing customers. It's also a good way to respond fast to changing customer requirements with complementary solutions from partners.	Pharma company AbbVie worked with Silvermedia to provide a full service solution based on telemedicine.
Accelerating startups	Mentoring batches of early-stage startups is not only a good way of inspiring corporate leaders with entrepreneurial mindset and increase understanding of new technologies. It also allows to co-create new solutions and find potential partners for commercial collaboration or investment.	PKO Bank Polski accelerated many startups within its "Let's Fintech with PKO Bank Polski" program. One of them was Coinfirm, that developed a blockchain solution saving millions on bank's communication with customers.
Investing in early-stage startups	Taking minority shares in new ventures gives corporations a better understanding of emerging business models. It also gives the opportunity to financially profit from the boost it gives to early-stage ventures by becoming their client or partner.	Agora invested in ROI Hunter, a marketing platform that helps businesses promote and sell products via Google and Facebook.
Acquiring startups	Acquiring new ventures gives corporations faster access to a proven team, technology, product and new customers. It also blocks potential competitors from accessing those capabilities.	Retail giant Empik acquired Going, to grow its business in ticket and event discovery market.
Alliances with other corporations	Joint ventures with other industry players can allow corporations co-create better products and reach new customers at scale.	AXA worked with mBank to build bankassurance business.

"Polish startups are very different from those from Israel or the United States. There, companies perceived as startups often employ over a dozen people, have their first clients and are founded by seasoned managers, who already have extensive experience in business. In Poland, many startups are so called "stage zero ventures" – with no external financing, no strategy of how they want to sell their product or service. However, the market determines the company's success."



MICHAŁ KRAUZE

Head of New Business and Innovation T-Mobile



"The business models that we use most often when implementing innovations include proof of concept and purchase of startup's solution, in order to offer these solutions to our part of the "Let's fintech with PKO Bank Polski" program, we work with startups to develop or verify a certain solution. Once we see the solution works, we can purchase it. Startups can then sell it further to other clients, having already references from us."

GRZEGORZ PAWLICKI

Head of Innovation PKO Bank Polski

"Our business strategy assumes also growth through mergers and acquisitions. We are interested in media and e-commerce startups and companies, but those that already generate expected revenue. In such cases we strongly pay attention whether this company or we, internally, have capable people who are able to lead the acquired company or project to success. Very important is also, what synergy can we get and how we can multiply the results."



IWONA WENCEL

VP Chief HR Officer Wirtualna Polska Holding



PHOTO: D. SOBIESKI

"In our case (a spin-off of a large organization) we can afford to look broader and in a longer-term perspective than the market. As we're backed by a bank, whose goals are also long-term, we undertake projects that aren't always affordable by startups who have investors that expect a profit on their investment in 2-3 years."

WOJCIECH GRUDZIŃ

CEO of Millennium Goodie

06

Push or pull model - which is more useful?

Those models where companies themselves, or through partners and events organized will find startups which will respond to their needs and suggest a solution to a given business challenge are more useful.

Corporations are less willing to look at innovative ideas of startups which "knock at" their doors without knowing the context and business expectations. The pull models where companies themselves, upon checking internal demands and challenges they face, will search for startups that will solve problems the most effectively work better (60% of answers in the survey).

There are several levels when searching for startups for cooperation. Dedicated people, departments or innovation centers in the company, knowing the business requirements, can do innovation scouting themselves in order to acquire new, creative startups. The matching of business needs with external solutions available on the market startup events is carried out in a few ways. Searching through own channels, startup events, conferences at higher education facilities, etc. is one of them. The second one is to submit a request for a "problem" to be solved to partner organizations such as The Heart. In addition, thanks to such cooperation, it is also easier to be on the so-called radars of startups, which can be more eager to use the solution number three. It means organizing own events for startups where the main theme is a challenge to be solved.

A good example is "Office Hours" organized by BGŻ BNP Paribas Bank. About 7-8 startups participate in such a thematic meeting. They cannot talk about their ideas generally but in detail – how their solution can solve a given problem of the bank. Thanks to this

option of searching for startups, it is often possible to select and implement an innovation that will solve the problem the bank has faced.

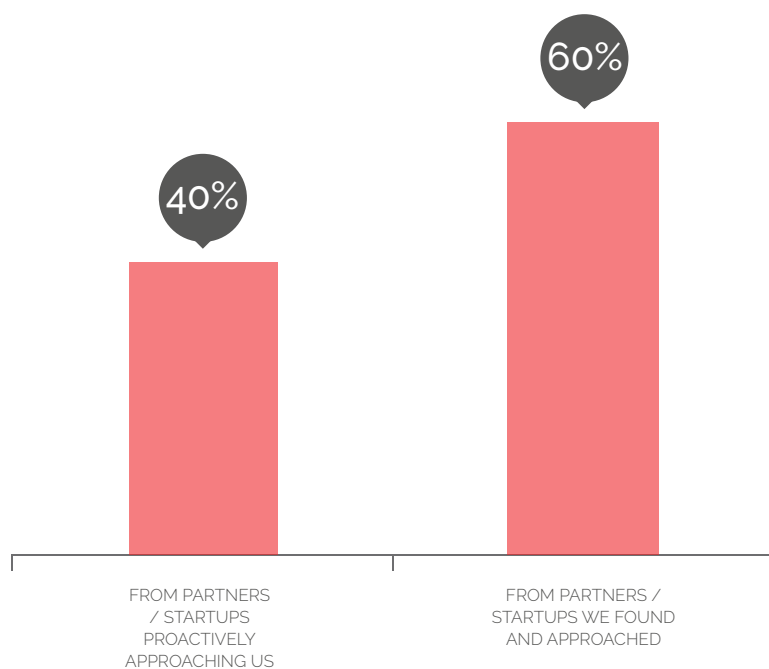
It is sometimes difficult to define whether a startup was found by the company or it approached the company. These push and pull models interpenetrate. This is due to the fact that some of the startups are invited to meetings or acceleration programs organized by companies directly by employees of innovation departments, some are invited by partners such as embassies, higher education facilities, The Heart, and some approach companies knowing the subject area, in which they can suggest something innovative.

An example of this is the "Let's Fintech with PKO Bank Polski" program which startups enter through various sources but knowing the main subject area of the sought-after solutions from the beginning.

During such meetings with startups, there are, of course, cases that a completely new solution from another business area that was not taken into account in the beginning will be presented or in the course of cooperation – worked out.

Companies depart from the model where a startup "knocks at the door" itself, without knowing the context of the needs and without participation in meetings or accelerations.

CHART 7: WHICH SOLUTIONS DO YOU FIND MORE USEFUL?



07

Open innovation pipeline

During the year, corporations go through as many as several hundred startups, meet dozens of them, test a dozen or so to finally implement just a few.

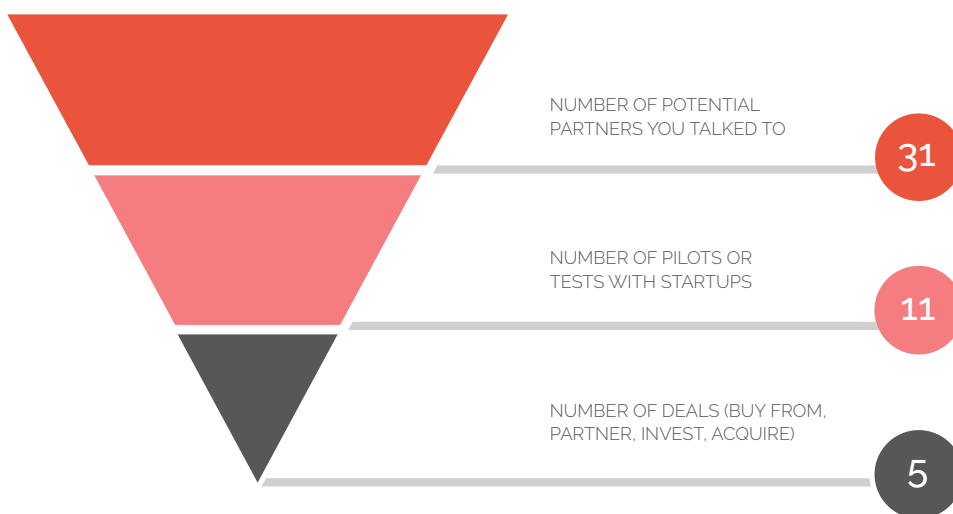
Employees of innovation departments throughout the year go through as many as several hundred startups. The scanning takes place both during industry events and the reading of Polish and foreign portals. During in-depth interviews, the range between 200 and 300 appeared most often.

Several dozen startups are invited to talks that take place either as part of acceleration or direct meetings. According to the survey, there are 31 such meetings a year on average. Only one in three startups then proceeds to the test phase of the project. During the year, companies conducted 11 tests or pilots on average. Every second startup only proceeds from the test phase to the phase of real implementation of its solution, being acquired by a corporation or investment. The average number of implementations during the year is 5.

A startup who has met with a corporation has a 16% chance that its solution will be purchased, implemented or that it will find an investor.



CHART 8: OPEN INNOVATION PIPELINE IN 2018 (WEIGHTED AVERAGE)



08

Innovation leaders - what should they be like?

Innovation leaders are recognized by what impact they have had on the environment, how they have infected other employees with curiosity and passion, how they have contributed to the creation of an organizational culture open to innovations and whether, despite previous failures, they have successfully implemented innovative solutions together with the team.

It is not easy to be an innovation leader, in companies that are just at the beginning of the road to building an organizational culture open to innovations. An effective leader must be characterized by several key features that will make their employees follow them, and will enable them to successfully implement innovative ideas.

According to our survey, being "open-minded" proved to be the main feature. During in-depth interviews, however, there were opinions that this is such a fundamental feature, included in the DNA of the innovation leader, that it is not worth discussing it for a long time. It is easier to say about yourself that you are open-minded than to actually adopt such an attitude.

When defining the leader many respondents mentioned the following features: creativity, courage, curiosity, flexibility or the ability to convince others of their ideas.

In-depth interviews have allowed us to better understand what is behind these features and a few others.

An innovation leader must be open not only to people, new ideas, solutions but also to failures. You can never be sure that a given project will turn out to be successful. Particularly in the case of completely new solutions that can change existing business mo-

dels. Learning from failure itself is innovations. In doing so, an innovation leader can learn from mistakes and draw conclusions.

A leader needs courage so as not to be paralyzed by the vision of failure and to have the courage have the curious mind of a child. Such a leader should have children's curiosity in him/her. A child is not afraid of potential failures but tries until succeeds. This perseverance in pursuing a goal is necessary so as not to give up halfway. A leader should be sometimes a kind of a rebel mindset in the company, asking difficult questions, forcing others to think and look for other solutions. In this way, they inspire creativity within the team and teach openness to new ideas.

A leader must also be able to convince others of their ideas and visions. Inventing or working out a given innovative idea with a team is not sufficient. You sometimes need to persuade the management board or other business partners to give the green light to the introduction of the idea in question or to allocate funds for implementation. Colleagues need to be involved in a given project and believe in the success of the undertaking. All these features are necessary but if a leader cannot talk to people, does not show empathy and emotional maturity, they can easily alienate the team or external partners, and then even the best innovative ideas will not have a chance of being implemented.

"An innovation leader should be open to failure because a company that does not fail and does experiment can disappear from the market in a few years as their innovation rate is low. The leader should be characterized by curiosity, which he or she should spread to other people, so that they are curious about new solutions, new business models, new products, needs or sales channels. The leader should also be a "subversive" and have the so-called rebel mindset, who will sometimes turn something upside down."



MICHAŁ KRYGIER

Sales Director Unilever



"A leader who innovates must have courage to introduce new solutions without being paralyzed by a vision of failure. He should be smart in order not to do things imprudently despite his courage, that is, they must demonstrate dexterity, the ability to learn from mistakes, to match dependencies and draw conclusions. He or she should also be characterized by persistence and consistency in action."

MARCIN JASZCZUK

Deputy CEO of Alior Bank SA



"Innovation leaders cannot put themselves in the first place because innovations arise from the work of many people, not just individuals. The leader is open to learn constantly and has faith that the best way to validate the idea are not slides or presentations but real tests."

MARCIN KURCZAB

Director of the Innovation Lab PZU

"The leader must be a very good psychologist who is able to work with people, because implementing innovations is a difficult process of change management. The leader must also be empathic and be emotionally mature. A person who cannot work with people can easily alienate themselves and then even the best innovative ideas will not be implemented."



MICHAŁ KRAUZE

Head of New Business and Innovation T-Mobile

"The innovation leader should be characterized by perseverance and creativity, which means the ability to search for new, "out of the box" solutions in various areas, even those very difficult business processes. The leader should also be able to communicate well within one's own organization. The success of innovation is only possible in cooperation with other people from various business areas."



GRZEGORZ PAWLICKI

Head of Innovation PKO Bank Polski

"A leader of innovation must be characterized by a culture of risk, which does not mean that you have to risk a lot while trying everything but be able to balance what you can afford. The leader has to get rid of such a typical corporate action, which often consists in the fact that once the decision is made, the project must go to the end, regardless of whether it will be a failure. It is better to make the decision at the right time to end it than to keep it to the end knowing that it will not work anyway."



GILLES CLAVIE

President and Chief Executive Officer Orbis SA

"The leader should have courage and curiosity, also understood as exploring unobvious directions and methods. The leader must have "influencing skills" and the ability to convince others of their ideas. Even if the project or idea is very good, but someone cannot show its value and gain the commitment of other to work on it, the project has less chances to succeed."



IWONA WENCEL

VP Chief HR Officer Wirtualna Polska Holding



02

The Heart Corporate Innovation Awards 2018



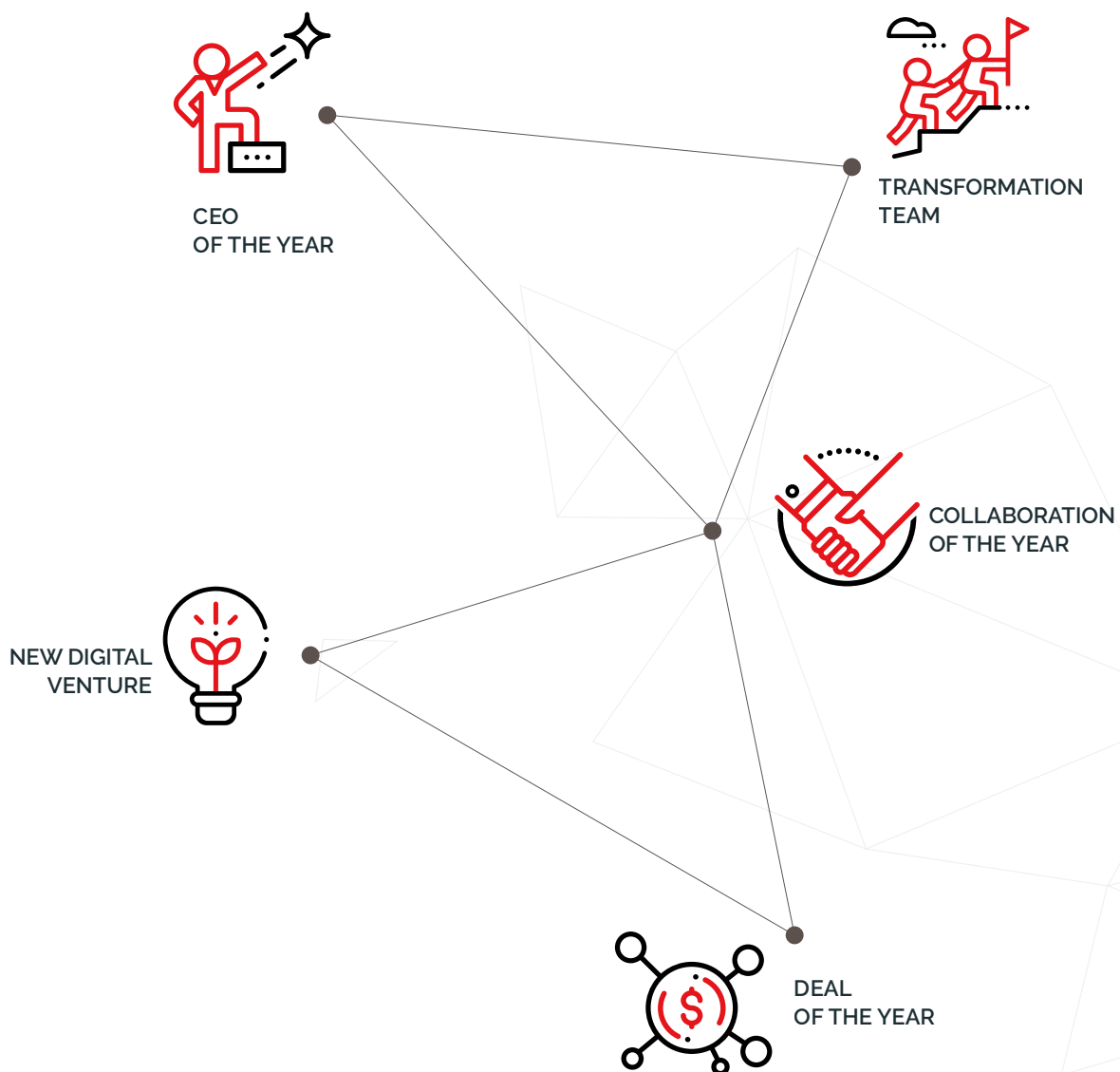
THE HEART CORPORATE INNOVATION AWARDS 2018 IS THE SECOND EDITION OF THE COMPETITION FOR CORPORATES THAT INNOVATE, BUILD NEW VENTURES AND COLLABORATE WITH THE STARTUP ECOSYSTEM.

The mission of the competition is to promote companies that actively use external sources of innovation, build partnerships and successfully implement the best technologies.

Although corporations work with startups for already a few years, the cooperation between them became more intense only 2-3 years ago. In this time, they have tested various forms of developing and implementing innovations inside their structures.

They also have tested different models of cooperation with startups and building ecosystem. Some of them have been successful. That's why The Heart wanted to reward them to show their achievements and cases as good examples to follow for others. We also wanted to honor people, both the innovation leaders and the transformation teams who contribute to creating an open organizational culture and effective implementation of innovation.

We rewarded companies in 5 categories:



The competition was divided into two stages. In the first stage, the Jury selected 3 finalists in each of the 5 categories. In the second stage, the Corporate Committee, which includes members of the board from corporations responsible for digital ventures and transformation, selected the winner of every category. Each member of the Corporate Committee had one vote in each category.



CEO of the Year – corporate executives whose decisions demonstrate vision, courage and innovation leadership

JOAO BRAS JORGE (Bank Millennium)



JOAO BRAS JORGE can be called a Portuguese man with a Polish soul, because he has lived in Poland for over 10 years. He became the Chairman of the Management Board five years ago and since then, he has had a significant impact on the company. After 3Q of 2018 he delivered excellent financial results (net profit of 548 m PLN (+9.3% y/y)), a record breaking number of new customers and two-digit growth of key business lines. Irrespective of this Bank Millennium is the most-recommended commercial bank in Poland achieving the highest

NPS ratios in sector. As a leader of digital transformation, Joao Bras Jorge is always a step ahead of the market. In 2016 he brought to life an internal startup goodie: the smart-shopping platform. In two years the goodie app has been downloaded over 900 000 times. According to 2018 Deloitte report "EMEA Digital Maturity of Banking", Bank Millennium is among top digital champions in the region, well prepared for digitization era, open banking and beyond banking.

EWA SZMIDT-BELCARZ (Empik)

EWA SZMIDT-BELCARZ has been leading Empik Group since 2015. Ewa has transformed Empik by:

- forming it into vertically integrated ecosystem of 11 entities (core Empik and supporting businesses: publishing, physical distribution, digital production and distribution, experience, small retail formats),
- modernizing network (deployment of Future Store concept),
- pushing mobile and digital revolution (30%revenue coming from online & digital),
- making financial turnaround (80%revenue increase in 4-years),
- regaining love brand status (3.8mln members in Mój Empik).

Under Ewa's term, Empik won multiple awards incl. Omnichannel Retailer of the Year 2017, 2018. As a visionary, Ewa sees limitations of the standard corporate growth and hence triggered the creation of Empik Ventures. This is a leap forward for Empik's ability to innovate through investment in startups as shown by the 2018 acquisition of Going. With new managerial style, Empik is now carried by a positive energy of cross-organizational change.



PRZEMYSŁAW GDAŃSKI (BGŻ BNP Paribas)



PRZEMYSŁAW GDAŃSKI leads BGŻ BNP Paribas, the Bank that calls itself the bank for a changing world. Such an outlook moves the organization forward, presenting it with new challenges at the same time. In May 2018 Bank BGŻ BNP Paribas has adopted the guiding principles of its new Fast forward strategy, based on 5 pillars: digitalization, simplicity, quality, growth and enthusiasm. All of these principles are applied with clients, as well as the Bank employees, in mind. The Bank is undergoing Digital Transformation, new technolo-

gical solutions are being developed and introduced, in cooperation with startups (e.g. NuDelta, Querona, Vintom, Autenti, Kaymera Technologies). The Bank is introducing the solutions unique for the banking sector in internal management – such as informatica/AXON component, and also in customers service – like cooperation with Allegro. The Bank is consistently updating its branches format, transforming them into modern, cashless and hospitable spaces.



Transformation Team – teams driving innovation and digital transformation in large organizations

NOW! – digital transformation team by PKO Bank Polski

PKO Bank Polski is transforming its way of working, by implementing its new methodology "NOW!", which combines benefits of agile, service design and lean. A number of interdisciplinary (combining business, IT, VoC) transformation teams have been created to develop new banking solutions and source technologies. NOW! proved to exceed expectations – time-to-market for new products was shortened 2-2.5x with the same costs and much higher employee satisfaction. The first business results are also very promising eg. by introducing new super-intuitive process of lending mobile sales of loans has increased >4x in less than 6 months. Today there are >300 employees working in NOW! and by the end of 2019 we expect ~1600. Together with NOW! we are flattening organizational structure and changing the culture to be more open, collaborative and closer to customer needs. As part of NOW! we're also leveraging our Let's Fintech team to source innovation outside the organization to support and speed up digital transformation.

Unilever's Food Inno Hub

A 4-person team operating in the intrapreneurship model to drive strategic shift in the company's portfolio. This team did a fast-track launch of a new food product within 3 weeks carried out as open innovation. The launched product is a convenient breakfast that does not require compromise on health: it has no added sugar and it is a dairy-free source of fiber & omega 3.

Open innovation is a structural change for Unilever, where a majority of innovations have been so far developed in-house. The new team leverages a network of external partners to deliver innovation in the design thinking model: prototype – test – rework. Prototype development was done with an R&D agency, production takes place at JustChopped – D2C food delivery startup and tests happen in cooperation with Frisco and a local coffee shop chain.

Early successes:

- development: 3 weeks (vs 53 weeks - Unilever's average)
- rotation: higher than any other Unilever's product in test stores
- proven incrementality – volumes of new product are incremental in 80%-100% (Warsaw chain of cafes).

PZU Innovation Lab

PZU Innovation Lab is a one-year-old in-house team established in the company that has more than 200 years of tradition in the finance industry. The team consists of 10 young creative people that are eager to introduce innovative solutions into the insurance business. Even though we are only in the first phase of our digital journey, we managed to run 15 PoCs (10 of them were successful) with both Polish and international startups and different business departments in PZU that in total involved more than 150 people. Our project portfolio includes PZU GO, Data Lab, the use of AI in claims and others. In 2018 we established partnerships with 2 startup accelerator programs. Additionally within PZU we worked out a simplified process of cooperation with startups. New scheme enables us to keep up with smaller, agile organisations and makes collaboration for both parties easier. In 2018 we succeeded in realising few PoCs with potential NPV exceeding 5 MLN PLN after rollout.





Collaboration of the Year – cooperation of companies leading to the implementation of technological innovations

PKO Bank Polski & Coinfirm

PKO Bank Polski has teamed up with Coinfirm to launch the biggest client facing blockchain implementation globally. The solution implemented by the bank is based on technology developed with the Polish-British company Coinfirm and implemented in cooperation with KIR. It allows customers to access and confirm the authenticity of electronic documents, with full confidence that they have not been altered without their knowledge, even after their relationship with the bank has ended. 5M of PKO's clients who received electronic correspondence from the bank, could find a 64-character unique HASH identifier and link to the bank's website where they were able to simply paste the HASH and confirm document's authenticity. Coinfirm cooperated with the bank within bank's startup partnership program Let's Fintech! It has been a major milestone in Coinfirm's growth and development for the bank, also due to 8M PLN of saving generated on a single send out of documents with the use of the technology.

BGŻ BNP Paribas & Autenti

BGŻ BNP Paribas Bank has implemented together with Autenti firm, an electronic signature facilitating loan process. Bank moves along with the spirit of time, takes care of the satisfaction of its clients, but also of its own time, satisfaction reaped from work and the environment.

Autenti and the Bank have together designed and implemented a solution, which is the first of the kind on the Polish market. Thanks to it, the loan related process operates entirely online and generates some substantial savings of time and money, not to mention the comfort of all parties concerned.

Autenti guarantees to the Bank full coverage of service in the scope of e-transaction processes. The platform takes evidence of the chain of reactions between the parties concluding a given agreement, and evidence is filed on a hard disk drive. Security and trust, being of some unique importance in banking processes, are ensured due to the coding of data and by using of additional methods of customer verification.

AVIVA & Emplocity

AVIVA, with thanks to Emplocity, revolutionized its recruitment process. It's the 1st insurance company that decided to use AI and machine learning in recruitment. Having digitalization in the strategy and 300+ vacancies in 2018 Aviva wanted to aim a new tool at potential employees. Emplocity observed that the best opportunity to reach them was when they visited career web so recommended to change the first contact with a future employee and implement a recruitment chatbot. Now each candidate is able to take part in an initial online interview regardless the date, hour or even the place where he stays! The chatbot strengthens the HR team, making preselection easier and faster. The solution is based on advanced algorithms and is learning every day analyzing thousands candidates profiles and job offers. As a result, offers selections better than a human! From Sep 18 to Dec 18 Aviva had 88 active recruitment processes, 709 unique candidates matched with job offers, 187 invited to interview, and 36 in the hiring process.





Deal of the Year – early-stage investments or acquisitions

Alior Bank / PayPo

At the beginning of November 2018 Alior Bank has invested 4M PLN in PayPo – a participant of the bank's acceleration program RBL_START. PayPo offers deferred payment technology which enables clients to shop online and pay later without any additional costs. The purchase can be paid off within the next three weeks, and possibly split into four payments.

Through this investment, Alior provided PayPo with additional financial resources for the company's further growth and expansion. Furthermore, Alior Bank will ensure the professional expertise in terms of scoring and consumer finance. The partnership aims to support PayPo in building cooperation with large retailers. For Alior Bank, the investment implies the future return on invested capital, access to innovative banking products as well as new markets and consumer base. Establishing a partnership with PayPo responds to a new consumer demand in the online segment as well as fitting into the bank's strategy by offering a modern payment

Agora / ROI Hunter

In September 2018 Agora S.A. decided to invest EUR 4.4 million in ROI Hunter, a marketing platform that helps e-commerce businesses promote and sell products via Google and Facebook with enhanced creatives and enriched data. ROI Hunter is a marketing automation SaaS company founded in 2014 and is one of the few official marketing partners of both: Facebook and Google. It is an international company headquartered in Brno (Czechia) with offices in Prague, Warsaw, Dubai, Singapore and Sao Paulo. ROI Hunter solves one of the key challenges of e-commerce companies - profitable and efficient advertising of their whole product inventory across various channels and distinguishes itself with efficient acquisition of new customers. It currently works with 250+ clients. Funds acquired from Agora will accelerate geographical expansion and further product development. ROI Hunter is planning to expand globally into new markets including the UK and US, as well as strengthen its presence in CEE, MENA and Latin America.

Empik / Going.

Empik invested in Going. to become the first-choice destination in the ticket and event discovery market. Going. is a young startup that grows at 300% annually. Its state-of-the-art application has enjoyed over 300 000 downloads. Going. was acquired by Empik Ventures, new Empik's engine to go beyond standard corporate growth and invest 50 mln PLN in startups.

Together with Empik Biletę, Going. forms a multichannel 3600 solution with:

- widest reach (100 mln annual visits in Empik stores and 120 mln on empik.com),
- event discovery and personalization,
- best application on the market enabling safe transfer of ticket to another person online,
- value for organizers incl. entry management.

Thanks to synergy between Going. and Empik Group, organizers will reach various target groups: from traditionalists seeking tickets in stores to young, experience-hungry internet generation.

Moreover, Empik can offer personalized products connected to event themes for 3,8 mln members of Mój Empik program.





New Digital Ventures – groundbreaking new companies launched by corporations

goodie (Bank Millennium)

goodie smart-shopping platform (free mobile application and the www.goodie.pl website) was launched at the end of 2016 by Bank Millennium as an internal startup. In two years since the goodie app was made available, it has been downloaded over 900 000 times operating by presenting attractive. goodie is a convenient shopping advisor, tailored to the needs and lifestyle of the user. The platform started operating by presenting attractive discounts and promotions, according to users' preferences and their current location. The next stage was the introduction of an option to open loyalty cards for shopping malls and, as part of the cooperation with numerous highly-recognised brands, offering to goodie users unique, limited promotions. 2018 was the year of the most dynamic development of goodie platform. In September 2018, goodie entered yet another stage of its development, launching a cashback programme, which supports refund of part of the money spent in almost a thousand online stores.

Bancovo.pl (Alior Bank)

Bancovo.pl is the first financial marketplace in Poland. It indicates where customer can find the lowest APR, maximum loan amount or hassle-free process. Once the customer chooses the best offer, it's all about one or two clicks to sign the agreement via SMS and watch the money arrive in their account. The whole process is 100% online supported with customer-oriented UX/process design and by cutting-edge technology which uses internally developed machine-learning solutions, OCR, Data Discovery crawling algorithms. The customer doesn't need to remember their ID number, bank account number or company details. All of that allows to reduce customer application form even by 60%. Bancovo was entirely invented and developed by the internal team.

Today Bancovo cooperates with 12 financial institutions with the offers up to 200 000 PLN (approx. 60 000 USD). Bancovo development plans include widening product portfolio with SME loans, mortgage online and e-commerce solutions. Bancovo's long-term goal is to be a leader of online lending in Poland with 30% market share.

EmpikGO (Empik)

In 2017 Empik launched EmpikGO app, audiobook player and e-book reader integrated with online bookstore. EmpikGO has the best available offer on the market – 50,000 e-books and 6,000 audiobooks including all the newest releases and exclusive content available only via app. EmpikGO was developed by the Empik Tech Team in collaboration with Miquido, winners of Deloitte Technology Fast 50 Central Europe 2016 and Webit Awards, also highlighted by TIME, Forbes, and Business Insider. The app has a very high rating of 4.3 and 4.7 in Google Playstore and Appstore, respectively.

EmpikGO also dynamically expanded its subscription offer, which now consists of:

- Recommended reading for primary and secondary schools: 200+ titles as both e-books and audiobooks
- Audiobooks unlimited: 3000+ titles from ca. 40 key publishers including Muza, Albatros, Wielka Litera, Agora and Wyd. Sonia Draga
- Children's stories: 100+ fairy tales and legends including collection of recordings from the archives of Polskie Nagrania





WHAT'S AHEAD?

Some say a typical Chief Innovation Officer in a corporation has about 3 years to deliver results, before the organization gets impatient and finds a new person for that role. That moment of truth is coming for many of the leaders. Our team is spending each day making corporate leaders successful. When we look ahead, we see 4 main challenges for any executive that wants to grow & future-proof the business. All of them require mastering complementary (and sometimes contradictory) skills.

COLLABORATION AND CO-CREATION

Monitoring the startup ecosystem might be overwhelming. Companies need to scout and select the best of hundreds of potential partners in order to buy from or acquire promising companies. At the same time, companies can create even more value by co-creating new ventures. Companies can fill the gaps in the future value chains by investing in suppliers, distributors and value added services of the future.

STARTING AND SCALING

One of the hardest thing corporations need to learn from venture capital world is thinking in portfolios, not projects. Only one of many new ventures might get successful, so you cannot put all eggs into one basket. Starting many initiatives through pilots, agile design sprints and then killing bad ideas early is still hard for many corporate boards. At the same time, organizations need to build skills in scaling their best innovations. Otherwise, they will be perceived as scientific labs that keep inventing but do not add much value to the business.

QUICK WINS AND BIG WINS

It's clear for any person dealing with change management, that people are inspired by ambitious visions. Big dreams have their gravity, attracting customers, employees and partners. It's easier to excite everyone about a radical 10x than a 10% improvement. Corporate innovation leaders need to connect their activity to long term, strategic, existential questions and guide the organizational exploration of new markets and business models. It takes 2-3 years and many pivots to build a new business, and many more to make it comparable to corporate cash cows. Therefore, innovation leaders need to pay some of their attention to immediate quick wins that can grow or transform the core business. Even a small improvement or value added service powered by a startup technology can generate substantial benefits and pay for the work of innovation unit before new businesses get mature.

INTERNAL AND EXTERNAL INNOVATION

Recent years of fascination of corporate boards with startup-driven innovation has resulted in the set-up of many accelerators and corporate venture funds. While opening up to partnerships and procurement from innovative vendors is extremely important, it will never become a full substitute for internal innovation capability. After all, if all players on the market have access to the same pool of technologies, the internal capacity to select, test and implement new solutions becomes the key differentiator. You cannot count only on external entrepreneurs - you need to have employees with similar drive inhouse. Working with startups and like startups are the two sides of the same coin.

TOMASZ RUDOLF

CEO, The Heart



Innovativeness: the Holy Grail of the business world

In the era of digital revolution and industry 4.0, corporations have no doubt that the key to maintaining competitiveness and keeping up with customers is being more and more innovative. Innovation, however we look at it, is like the Holy Grail which is sought by almost all corporate managers. But the real challenge is how reach out for this Grail.

The opinion that the shortest path to innovation leads through the cooperation between corporations and small companies is becoming increasingly popular. I do not agree with skeptics who think that opening yourself for cooperation poses a risk related to disclosure of your knowledge or business plans. Above all, it is a chance to go beyond the framework and limits of your own organization.

What is more, innovations developed in cooperation with startups are cheaper and faster. Small, creative companies can be a valuable partner for corporations, because they offer what big companies lack: agility, fast response to the changing market environment and cost-effectiveness. When asked what they primarily value in cooperation with startups, corporate managers indicate the possibility of gaining talent, entering new business areas, introducing savings in their R&D and stimulating innovation within their own companies.

Mastercard itself went a long way from developing new solutions in its own laboratories to engaging external innovators through cooperation platforms (e.g. Accelerate), startup programs (Start Path Global), commercial projects related to specific products or direct investments. But these forms of cooperation with startups are not everything. Together with our partner, we have just opened The Heart Ventures — a "startup factory", where we will build companies from scratch so that they can solve specific business problems for corporations. This is the only such concept not only in Poland, but also in the entire Central and Eastern Europe.

Ever-closer cooperation between corporations and startups lets us believe that Poland will become a regional leader in innovation. All the more, I warmly congratulate all the winners and finalists of the Corporate Innovation Awards 2018. Mastercard is proud to be a strategic partner of this competition for the second time. Its winners set the direction for other businesses so that Polish consumers can receive even better products and services based on digital solutions, and the Polish economy becomes even more competitive. Innovate necesse est!



BARTOSZ CIOŁKOWSKI

Country Manager, Poland,
Mastercard Europe

Innovation boosts the real estate market

New technologies, digitalization of life, innovations created by startups – all of these factors affect the changes taking place in the modern world. There is no escape from the digital revolution. This also applies to the real estate sector.

PropTech is a relatively new concept. However, it is worth mentioning that technological changes have been affecting the real estate sector for some time. Crucial for the future of the real estate market will be not only where we build, but most of all how we build. We all need to prepare for a new, digitized generation that will dominate the labor market and will have a completely different, even more demanding attitude. More than ever, we will have to pay attention to new technologies and innovative solutions that will make future office buildings attractive and comfortable, tailored to their ambition and aspirations.

Right now we're focusing on comprehensive digitalization of office space. The solutions that we are testing and implementing will contribute to increasing the comfort of using office space, increase the efficiency of its usage, including cost optimization, e.g. maintenance fees. The digitalization of our buildings will benefit their users, as well as property managers and future owners. For this purpose, we have established cooperation with Polish startup

Indoorway, which created the most comprehensive smart indoor platform for creating location-based experiences.

We represent an industry that seems to be less innovative. However, it is only an appearance – for a long time the real estate industry is implementing innovative solutions. On the one hand, mostly related to the widely understood issue of workplace and on the other hand to engineering. Cities are changing, and also the way we use offices, shops and even apartments is changing. In order to meet the challenges facing modern companies we engaged in the birth of The Heart. This cooperation allow us, on the one hand, to share our experience with startup partnerships, and on the other hand we will catch and deploy the best new solutions.

We have also created an internal innovation department. As a company we are open to cooperation with Polish startups. We are constantly looking for partners with whom we can work on innovative solutions.



JAROSŁAW ZAGÓRSKI

Commercial & Business Development Director,
Ghelamco Poland, Ghelamco





THE HEART

The Heart is a corporate center for digital ventures. The hub connects fast growing tech companies, investors and leading multinational corporations and builds new ventures on demand. It brings together the community of digital transformation leaders in Europe.

Find more: theheart.tech