Entrepreneurs: It's time to put corporate VCs back on your short list

The startup media is awash with stories of corporate venture capital prioritizing their own interests over those of their portfolio. While acknowledging that some of these stories may have a basis in truth, it's critical to recognize there is much more to the story.

It's time the whole story is told.

The truth is that not all corporate venture capital firms are the same. And in fact, some have a strategic advantage because they have access to proprietary insights from dozens of markets and technologies that are simply unavailable to other venture capital firms. Further, corporate venture capital firms can create synergies between portfolio companies and their parent companies to help accelerate business, an opportunity unavailable to most venture capital firms.

Choosing between strategically focused and financially focused corporate venture capital

There are two types of corporate venture capital, and it's essential to understand the difference between them. The first type, *strategically focused corporate venture capital*, provides significant benefits to all parties if done well. These firms can help accelerate portfolio companies with revenue, market/customer insights and technology/roadmap development.

The second type is *financially focused corporate venture capital*. These firms are run like typical venture firms and are primarily driven to maximize financial returns, and the firm's partners are rewarded for making profitable investments. These firms make investment decisions just like every other non-corporate venture firm, based on team, market, competition, product, traction, capital efficiency, exit potential, etc.

Once an investment is made, financially focused corporate venture capital firms often take board seats and work to add value in all the same ways other venture firms do, with strategy, product, go-to-market, hiring, financials, etc. Because the financially focused corporate venture partners are financially aligned with their portfolio companies, they are just as motivated as any other venture firm.

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Now, the upshot. In many cases, a financially focused corporate venture capital firm can be a better partner for some companies. Not only does the firm provide all the typical value-add of a typical venture firm — smart partners, large networks, etc. — they also provide something that other firms can't provide: proprietary insights.

Financially focused corporate venture firms have a close working relationship with their corporate parent, which allows them access to technology, industry operators and visionaries, giving them proprietary insights to which normal venture firms simply don't have access. These proprietary insights give financially focused corporate venture capital partners the ability to see the market and technology landscape in a different, more informed, way.

The bottom line is that financially focused corporate venture capital firms have all the benefits of a typical venture firm *plus* exclusive proprietary insights — without the potential downside of strategically driven corporate venture capital firms.

The truth about corporate venture capital and competition with the parent company

One obvious objection to corporate venture capital is that these firms are unlikely to invest in companies that compete with its parent or may put it out of business. These cases are so rare that it is barely worth mentioning, but I will explore them here. Comcast and NBCUniversal are large companies doing business across a wide variety of sectors. It is unlikely that any one startup would put them out of business. In my 10 years in venture, I haven't found one yet.

But what about startups that are competitive with Comcast or NBCUniversal? I have seen thousands of startups over the years and have only come across a handful that are competitive with Comcast or NBCUniversal. In those cases, even though I would not have ever communicated confidential information to my parent, I quickly passed so as not to give even the smallest impression of impropriety. In some cases, the competitive startup and our parent see a benefit to making the investment and learning from and partnering with each other, but this is done transparently.

By the way, most venture capital firms restrict themselves from investing in companies that are competitive with their portfolio. However, there are some venture capital firms that take a more "survival of the fittest" approach and encourage making many investments in a hot space without concern for competition.

Corporate venture capital at work in the real world

To illustrate the advantages of working with a financially focused corporate venture capital firm, let's look at a real example — my investment in blockchain. **Comcast** is looking at using blockchain technology to allow users to create a unique digital identity and associate it with IoT devices in the home to control access to those devices. Given my affiliation and close working relationship with Comcast Corporation and NBCUniversal, I was afforded a front-row seat to the potential advantages and disadvantages of leveraging cutting-edge blockchain technology to solve real-world problems.

No other venture capital firm has this level of access to early use cases. Here's what that looked like: I met with the team developing this technology before it was made public. I spoke with the engineers to understand how they were using blockchain, why they chose it and how it helped their efforts. I saw a demo and got to play with it. This hands-on experience was invaluable to blockchain executives — and it was only afforded to “members of the Comcast family.” Further, the insight also helped inform my investment thesis around blockchain, so I could better serve their business interests.

It comes down to real-world problems, being solved by real-world practitioners.

There are many applications of blockchain technology. Another group within Comcast is looking at how blockchain could be used in advertising. Beyond that, Comcast and NBCUniversal are looking at blockchain technology and how it relates to identity, rewards and loyalty, security and IoT, to name a few.

It comes down to real-world problems, being solved by real-world practitioners, who are experimenting with blockchain. These proprietary insights have been helping drive our investment strategy in blockchain technologies and token-based economies. We have already made a number of investments in the space and continue to believe there are investment opportunities at the protocol, platform, infrastructure and application levels.

Outside of blockchain, there are a number of examples within Comcast Ventures that also show advantages of leveraging resources at a corporate venture capital firm: EdgeConneX successfully pivoted its business model with the help of Comcast; Brightside was incubated and spun out, securing Comcast as its first customer; Zola developed partnership opportunities with NBCU; Comcast became one of DocuSign’s largest customers; and Icontrol was acquired by Comcast.

Setting the record straight

Financially focused corporate venture firms have super-talented partners in the firm who can help entrepreneurs build great companies. Just like other venture capital firms, we are financially incented to find the next billion-dollar company, and we invest in your strategy, not ours.

But unlike other venture capital firms, we have exclusive proprietary insights into dozens of markets and technologies. And, we also can create synergies between portfolio companies and Comcast and NBCUniversal to help accelerate growth if there is mutual interest and benefit. Finally, we are measured on financial returns, so we win only if you win!

Disclaimer: Gil Beyda is a partner at Comcast Ventures, a financially focused corporate venture capital firm which is the venture arm of Comcast and NBCUniversal.