CVI² Corporate Venture & Innovation Initiative

J. THELANDER CONSULTING

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Corporate Venture & Innovation Initiative (CVI²), J. Thelander Consulting release most comprehensive corporate venture capital (CVC) compensation report

(San Francisco) September 22, 2014 – The Corporate Venture & Innovation Initiative (CVI²) announced today the release of the *Thelander CVI² 2014 CVC Compensation Report*. The report is the most comprehensive effort to provide cross-industry external benchmarks for corporate venture capital (CVC) compensation levels and structures at Global 2000 companies. The 2014 survey provides data from more than 100 CVC execs representing more than 80 leading programs.

According to CVI² charter member and pioneering industry tracker and media company Global Corporate Venturing, today worldwide there are more than 1100 corporations with corporate venture programs, more than 475 of those having formed since the beginning of 2010.

"Corporate venture capital programs now extend across a broad spectrum of industries and have become an important element in the innovation strategies of Global 2000 companies and compensation is critical for successful implementation of such a program," said Mark Radcliffe, partner at DLA Piper, the global law firm and co-founder of the CVI² alliance.

Companies use corporate venture capital as a compelling means to drive outside-in ('open') innovation for: access to new and disruptive technologies, the development of new business models and participation in emerging markets, all of which may provide meaningful contributions to corporate growth. As the traditional venture capital industry continues to consolidate, CVCs are also playing an increasingly prominent role in venture commercialization - filling financing gaps, providing operational and market development support and enabling scale through M&A and other forms of investment partnerships and collaborations.

"In order to accelerate meaningful corporate and market impact, many corporations are expanding their CVC unit mandates to include traditional minority investments, majority equity investment more consistent with Growth PE, M&A and internal commercial piloting and incubation programs; and compensation structures need to keep pace with these changes," said Heidi Mason, managing partner of Bell Mason Group and co-founder of CVI².

The *Thelander-CVI² 2014 CVC Compensation Report* found that 71% percent of corporate venture executives believe that the compensation structure at their company does not adequately compensate them nor accurately reflect the realities of their positions. The survey also found that corporate venture leaders also have generally short tenures in their position -- nearly 40 percent have been in their position less than two years.

The report ties those short tenures to (a) the large number of younger units, (b) competition and compensation structures, and (c) turn-over in the chief executive and chief financial officer roles to which the position commonly reports. Nearly half of corporate venture executives said they had experienced a CEO and/or CFO change in their parent company in the previous three years.

Unlike financial venture capitalists, the bonus structure for corporate venture almost always (97%) included cash compensation rather than "carry" in the success of the portfolio companies. In addition, about half of corporate venture capitalists received awards of options or shares in the parent company.

"We were interested to see that average CVC compensation numbers from 2013 to 2014 remained consistent even as numbers of participants doubled. This could be an early indicator of standardization happening in the bands of compensation for CVC team positions" said Tracy Isacke, Managing Director, Corporate Venture Capital at CVI2 charter member Silicon Valley Bank.

The *Thelander-CVI² 2014 CVC Compensation Report* examines the different types of organizational and reporting structures of venture funding at global corporations, as well as the salary and compensation packages of industry executives. Previously, most of the information on corporate venture compensation and structure has been anecdotal or opinion based. With the Thelander-CVI² 2014 CVC Compensation Report, the market realities are much clearer, and the decisions for executive management and corporate boards can be more informed.

"The combination of all our compensation reports, covering PE/VC, private companies, and CVC, provides the largest overview and most current perspective on the entire investment industry. Our ability to compare and contrast compensation practices as well as focus on trends across sectors is the top resource for the investment community and their portfolio companies," said Jody Thelander, President & CEO, J.Thelander Consulting.

The survey was conducted by compensation specialists at J. Thelander Consulting in partnership with the Corporate Venture & Innovation Initiative (CVI²), a consortium of thought leading advisory service firms, dedicated to serving the corporate venturing and innovation industry. It was supported by trade associations NCVA, EVCA, Innovator's Huddle and conference organizer IBF.

- CVI² is an organization of specialized corporate venturing and innovation service providers and includes charter members Bell Mason Group, DLA Piper, Silicon Valley Bank, *Global Corporate Venturing,* Deloitte and innovation strategy firm Doblin, an arm of Deloitte Consulting. www.CVI2.net
- J.Thelander Consulting is the leading compensation consulting and data collection firm which specializes in privately held companies, investment firms and corporate venture units. www.jthelander.com

For a copy of the report, visit http://jthelander.com/thelander-surveys/

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