

# Reinforcing the links within the innovation ecosystem one step at a time

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**We have heard the phrase “knowledge economy” so many times in the past couple of years. We have seen many conferences, panel discussions, round-tables and public and private initiatives aimed at transforming Slovakia’s economy into an innovation powerhouse. We have also seen some promising results – several Slovak startups have achieved a high-level of visibility, several Slovak now-mature companies have built on the global tech transformation. The last couple of years were truly defining – I doubt that today anyone would question the importance of technology in social or economic transformations. I doubt that today anyone would challenge the fact that terms “technology” and “knowledge economy” inevitably go hand-in-hand.**

We talk a lot about the broader innovation and startup ecosystems, about the need to change the perception of failure, about the need to spark and consequently support entrepreneurial drive, about the need to spur internal innovation within the companies (local or foreign) already well-established in Slovakia. We also tend to talk separately about mature companies and young innovative teams – it is easily seen at events which are, usually, with few exceptions, “dominated” either by individuals in suits or entrepreneurs in hoodies. For some reason this dichotomy seems to prevail. I believe, however, that all sides have a lot to learn from each other. And allowing for this exchange of experience and ideas is (or will be) a fundamental step towards transforming Slovakia into a true knowledge economy via the current tech revolution.

Corporations are stiff, slow and often too risk averse. Startups lack structure, often move unpredictably, tend to take unnecessary risks and fail in most of the cases. These are the preconceptions we exist within. These are the preconceptions that often place startups and corporates on two opposing sides. These are the preconceptions that do not

allow us to see a full spectrum of synergies that exists.

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**Corporations are stiff, slow and often too risk averse. Startups lack structure, often move unpredictably, tend to take unnecessary risks and fail in most of the cases. These are the preconceptions we exist within.**

Shifting our perception of each other is, of course, going to take time and will require effort on both sides. Pessimists would probably even conclude that it is not possible. But I am convinced that we have what it takes to build a strong foundation for constructive, efficient and effective corporate-startup collaboration. I am convinced that we would

all benefit from achieving this goal. I am convinced that focusing on corporate-startup collaboration will have significant impact on the Slovak innovation ecosystem, Slovakia’s transition to the knowledge economy, and therefore Slovakia’s economic growth.

So let’s assume we all agree that we should open up a conversation and let’s assume we all agree that something needs to be done. We have a couple of challenges ahead. And most of us hear about them all the time.

**We often hear “The clock is always ticking for startups.”** It is hard for them to handle long and confusing corporate communication channels. Product building is (and should be) startups’ main focus. But the clock is always ticking for us, corporates, as well. Yes, we do have slightly different clocks but we cannot and should not sleep calmly simply because of the heritage we have. Today, as never before, corporates could be challenged by new ideas and trends that come from young innovative companies and the new generation of employees and customers. Today, as never before, technology is both a source of those challenges and a potential solution to

them. Today, as never before, corporations need to embrace the fact that the clock is ticking. Corporates have many ways and tools to handle that natural survival pressure.

For example, we are seeing an increase in the number of incubators. And that is great! It is essential to support young entrepreneurs at the early stages to allow them to stay on track and stay motivated. What would make our ecosystem even stronger, however, are corporate incubators and accelerators with a clear focus and value-added. Value-added can range from mentoring, through networking support, to infrastructure support for R&D intensive projects and funding. What the corporate sector needs to avoid, however, is trying to simply ‘copy’ structures and projects created elsewhere. We, the corporate sector, need to realize that simply following everyone else is just not going to do the job. If someone builds a new product, how constructive (from the financial point of view) is it to simply build the same thing? Is that what capitalism taught us? Is that how we have been fighting for our clients’ support? Is that something we could justifiably call innovation?

The corporate world needs to offer support, which is not offered on the startup ecosystem market. This is precisely the differentiating factor. This is precisely where the value-added for both sides – corporates and startups – is hidden. Looking for young innovative companies, which focus on areas relevant for your businesses’ growth is essential. The form of that support could be debated. The key is to embrace the idea that your business could be benefiting from corporate-startup collaboration in ways beyond our current day-to-day practice such as event sponsorship, random mentoring, etc. Pick a segment of startups that is relevant and devote your energy to it to the maximum extent possible. Only



when corporates see a clear business rationale behind their collaboration with startups can they achieve sufficient level of commitment and thus sufficient results. The clock is always ticking for all companies. The clock is always ticking for all economies.

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**On the other hand, we often hear “Corporations lack creativity and pace.”**

Yes, it is not always possible to build a stable team, with a very strong skill-base, while also allowing for a sufficient inflow of new ideas and talent. There is a little twist however – corporations have resolved many issues that startups are just about to face. Today's corporations are not where startups are today. And that's the point. Maintaining creativity and pace is a question of balancing. Balancing risks and heritage. Balancing considerations of entering new

markets vs. actually creating them. Balancing agility and pre-existent company structures. Balancing being lean vs. being prepared for a broader range of challenges that may lay ahead.

Today we see a wide range of initiatives undertaken by the corporate world. We see new, redesigned, corporate offices. We see the rise in flexible work arrangements. We see an increase in the number of internal and external innovation seminars targeted at inspiring employees to embrace a more innovative mindset while fulfilling their day-to-day responsibilities. And this is a great start.

Corporations can get a lot of inspiration from startup culture, attitudes and sector specialization. Corporations can get a lot of inspiration from the tech world and young innovative tech teams. The key point to remember, however, is that this desire to “get infected” by startup spirit should be authentic and sustainable. The corporate world should go way beyond the purchase of colorful chairs and an increase in the number of over-sized whiteboards. This is not possible without expressing true interest in startups and innovation and without actually communicating with the ecosystem in a systematic manner. This is not possible without creating win-win scenarios where both corporations and startups benefit from their interactions. We need more collaboration platforms, which go way beyond superficial mentoring and networking events. We need more collaborative spaces, which take care of high-quality matchmaking between the needs of individual startups and corporations.

The clock is always ticking for all companies. Corporations do, indeed, often lack creativity and pace. However, their experience in balancing and accepting or rejecting certain trade-offs is a reflection of decades of hard work. Each type of companies – startups

and corporations – lacks something essential for success. Each type of companies has their own strengths and weaknesses. This is exactly the foundation which should create the need to not only talk more but actually get more done together. This is an important link for reinforcing the pillars of our knowledge economy.

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**We often hear “Startups are just a hype. It's just a cool word”.**

Yes, corporates that decide to establish a closer relationship with startups or the broader startup ecosystem might be surprised by the sheer number of young innovative companies. Every day we hear about an app that is solving a minor issue and could therefore be seen as useless by some people. Every day we hear about a new team that is being formed. Every day we hear about new failures. Is anything really going to come out of this?

What we often miss is the fact that startups are not only about disruption and patentable new technologies. What we often miss is that some of the tools we are using today on a daily basis used to make little sense at the beginning. Facebook, Twitter,

Snapchat, AirBnB, etc. tried to address minor issues that some of us considered completely unimportant a couple of years ago (or didn't even know / imagine these issues actually existed). Yes, “startup” is just a word. Until you realize that someone, unexpectedly, and despite the odds, built a successful, fast-growing, innovative company. Do you think that entrepreneurs will ever stop to want to build something new? Do you think that one day, all of a sudden, new innovative companies are going to stop being launched and built? I highly doubt that. The fact that the word is sometimes overused has nothing to do with the fact that the will (and existential need!) to innovate and build new companies has always been the driver of business, still is the driver, and will remain such. It is a driver of business evolution. It is one of the drivers of the knowledge economy transition.

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The clock is always ticking for all types of companies. The clock is always ticking for all economies. We need to learn how to constructively match our companies' (startups' and corporations') strength and weaknesses via structured collaboration. We all also need to remember that the desire to innovate should be part of our DNAs (both on the personal and the company-wide levels). And all this has nothing to do with “the hype” or lack thereof. This is simply essential for survival. This is essential for transforming the economy we all operate in into a true innovation powerhouse.