

European corporates choose to innovate with startups as the global economic slowdown downturn weighs on their budgets

Paris, March 30 2023 - Sopra Steria, a leading European technology company, unveils its [Open Innovation Report 2023](#)¹ analysing the state of corporate-startup collaboration in Europe. Co-conducted with academics from INSEAD, this study analyses the state of corporate-startup collaboration against the backdrop of the ongoing economic downturn.

Open Innovation, where corporates collaborate with dynamic startups to seek out new solutions to their business challenges, has gone mainstream, as new post-Covid 19 working habits and the global economic slowdown change our business reality.

Once a relatively niche phenomenon, Open Innovation has rapidly become the norm, with almost 3 in 4 (72%) European corporates now running collaboration projects with startups, and two-thirds (67%) rating startup collaboration as Important or Mission Critical for their organisation's strategy, according to the findings of our new study produced in collaboration with Ipsos and two INSEAD academics.

"Big corporates must leverage the power of their business ecosystem to build something new and differentiate themselves from the competition. That is exactly what open innovation allows. Corporate-startup collaboration is a powerful accelerator for the core-business. Companies that use startups' fresh thinking are activating a new growth lever, which will bring them huge competitive advantage.", **explains Mohammed Sijelmassi, Chief Technology Officer at Sopra Steria.**

Key Learnings:

- Open Innovation is now an integral part of the strategy of European companies and this trend is growing rapidly with 50% of the managers surveyed having started this type of collaboration during or after the pandemic.
- In Europe, 84% of companies are convinced of the strategic importance of collaboration with startups. While Italy and the Benelux countries are the most enthusiastic about this (80%), in Germany, only 57% of companies recognise the importance of such collaboration; a paradox given Berlin's position as the European startup capital.
- 60% of corporates say they have achieved their objectives and are satisfied with their results.
- Interest in Open Innovation varies by sector. While in the aerospace sector, 100% of the corporates surveyed said that they have fully integrated Open Innovation into their strategies, the study reveals that the public sector is less advanced on the topic, with only 58% of respondents having launched such projects.
- Sustainability, Artificial Intelligence and Cybersecurity are the top three topics corporates aim to explore in collaboration with startups.

¹ This Ipsos-Sopra-Steria-INSEAD survey was conducted among 1,648 public and private sector corporates and startups in 10 European countries: United Kingdom, France, Italy, Spain, Germany, Sweden, Norway, Belgium, the Netherlands and Luxembourg, the latter three countries being grouped under the name Benelux.

Open Innovation is now fully integrated into corporates' strategy

This report's results highlight the maturity of European companies regarding Open Innovation. Despite the economic downturn, it seems that companies have decided to leverage the power of innovation to advance progress on their R&D projects to smaller and more agile startups in order to increase their market share and profitability. **84% of companies surveyed said they wanted to leverage the potential of external knowledge.**

By collaborating with startups, companies have access to innovative technology that allows them to identify new market opportunities and leverage their knowledge beyond their organisation's boundaries. A strategic approach that brings:

- **a significant risk reduction;**
- **a reduction in the time to market for a product or technology;**
- **an optimisation of the internal processes, more fluid and creative.**

"One of the best ways to supercharge innovation is to reach out, through Open Innovation, to others - people, startups, companies - who have ideas. When times are tough, the big mistake is to close up, when in fact, reaching out is the best way to survive and prosper," **adds Nathan Furr, Professor of Strategy at INSEAD.**

Covid 19 pandemic normalises the use of collaborative tools

The rapidly growing interest in Open Innovation is likely from a combination of factors, including a higher awareness of Open Innovation models, a general surge in demand for innovation combined with a new familiarity with collaboration tools since the covid pandemic normalised remote working.

The biggest blockers to collaboration were perceived incompatibilities between corporates and startups due to legal and regulatory issues (14%) and low risk tolerance (14%), however, corporates with dedicated business units designed to manage collaborations achieved greater success, with 90% reporting they always achieved their objectives.

Another popular cost-effective technique used by corporates without an established business unit to manage collaborations is to engage an external partner organisation to liaise with both sides and ensure the project hits its goals. More than half of all corporates surveyed (55%) use such third-party intermediaries to manage open innovation projects.

"Given the importance of innovation in times of uncertainty, large corporate Goliaths need to collaborate with nimble entrepreneurial Davids. Ideas coming from startups are complemented by the scale and market access of corporates, creating a powerful multiplier effect so that both types of firms survive the turbulence," **says Andrew Shipilov, Professor of Strategy at INSEAD.**

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