



How Corporates Can Leverage Start-ups Against COVID-19



By Joerg Niessing , INSEAD

Top start-ups may be a critical resource for recovery, providing quick solutions where they're needed most.

The coronavirus outbreak has led to massive disruptions in all industries, with travel, hospitality and automakers among the hardest hit. Supply chains are in turmoil; businesses are getting crushed; millions of jobs might be disappearing. On top of all this, the looming public health crisis threatens to claim **as many as 15 million lives** in total.

What public- and private-sector leaders need now is not a predefined response plan but rather behaviours and mind-sets that help to solve problems that are unfamiliar, even unprecedented. The focus should be first on highly practical challenges – e.g. transforming processes to allow for all-digital or remote working – that must be resolved quickly if business and society are to remain functional despite the crisis. (Here, we are not referring

to more complex supply chain problems that will require more time to work out.)

As opposed to established incumbents, start-ups have an advantage in this sort of agile problem solving. They have unique, often patented intellectual property, billions in venture capital to fund their risky innovation projects, a bare-bones workforce (read: minimal bureaucracy), and some of the most talented engineers and managers. Start-ups could help in two ways: They could directly support governments with innovative and fast solutions; but even more importantly for the purposes of this discussion, start-ups could help thousands of corporates with their extremely difficult problems.

Start-ups step up to fight COVID-19

Indeed, we are already seeing start-ups begin to step up and play an active role in combating the humanitarian and economic effects of the pandemic.

For example, Mumbai-based start-up Haptik Technologies, in collaboration with India's Ministry of Health, has launched [a WhatsApp chatbot](#) to create awareness about coronavirus and stop the spread of misinformation. "The 'MyGov Corona Helpdesk' has been engineered to fight rumours, educate the masses and bring a sense of calm to the current chaos-like situation. We are committed to assisting the government with all our possible strengths and resources and hope that this chatbot can help the government of India spread the right information across the nation," says Aakrit Vaish, Haptik's co-founder and CEO.

Sourcing solutions from top start-ups

For many start-ups, public-sector partnerships could fill the [funding gap](#) created by panicked investors pulling out due to fears of economic calamity. Many start-ups that are fund-raising are already seeing a drop in valuations of over 30 percent. But the top 1 percent of start-ups, i.e. the approximately [30,000 start-ups that raised USD295 billion in 2019](#), are not in need of cash, and they can quickly re-focus on the new coronavirus-caused business needs affecting their clients. These firms are ideally positioned to partner with incumbents in dire need of innovative help.

Direct adoption of start-up solutions is needed

For corporates to leverage this extremely valuable innovation resource, two things need to happen: They need to quickly identify top start-ups with

ready-to-go solutions and then they need to be able to quickly purchase and adopt their products. Companies that focus on investing in or accelerating start-ups in incubators or labs will be too slow. They need to start proactively sourcing solutions from the world's best start-ups and become early-adopting venture clients.

To facilitate the quick identification and adoption of mission-critical start-up technologies, **27pilots** launched the platform **Startups Against Corona** in early March. On the platform, 27pilots collects all inquiries from incumbents and solutions submitted by start-ups, evaluates them and makes auspicious matches between them. "With the platform, we want to contribute to alleviating the impact of the pandemic on the economy, normalising everyday work and paving the way for start-ups to bring solutions to the large corporations employing millions of people quickly and effectively," says 27pilots co-founder Gregor Gimmy.

In just a few days, over 30 global corporations, aggregating over two million employees, joined the platform, including companies like BMW, Bayer, Cap Gemini and SAP. The first problem-solution adoptions are already in progress. For example, **Leena.ai** is already working with LafargeHolcim, the world's largest cement manufacturer, to create a better employee experience, including automated workforce management and shift planning during the crisis. Leena.ai has even established a COVID-19 helpdesk in just a few days. LafargeHolcim could quickly assess and initiate the adoption of this solutions through its dedicated venture client unit. It would have taken months to achieve this through custom development or standard corporate venturing vehicles.



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Another participating start-up is [Prewave](#), a data analytics company that uses machine learning and publicly available information sources (e.g. social media) to generate automated “heat maps” for COVID-19 supply chain risk assessment. Prewave’s solution dates from early February, when the crisis was thought to be Chinese, not global. [Beekeeper](#), a Zurich-based venture that produces interactive platforms for organisations, has created a smartphone app that gives employees updates on the virus (from corporate communications to bulletins from the World Health Organisation) and helps them stay connected to each other.

Optimal format for quick access to solutions

Now more than ever, both businesses and society need flexible, quick solutions. This only works if there are fast processes that are not bogged down by complex internal coordination procedures combined with the slow reaction time for which large organisations are infamous. Adapting to

unpredictable change and involving distinct dynamics in different communities requires powerful networks with smart collaborations that provide a win-win situation for all parties involved. In this sense, tens of thousands of start-ups with hundreds of billions in venture backing are becoming an even more valuable resource for incumbents to master this challenge. Dedicated venture client units – enabling incumbents to quickly identify and adopt the solution of top start-ups – could be the optimal corporate venturing tool.

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About the series

Covid-19

The consequences of Covid-19 for public health, the global economy and the future of work cannot be overestimated. No one knows where exactly we will go from here, but INSEAD's thought leaders — both faculty and their close collaborators in the practitioner and entrepreneurship communities — possess informed perspectives that will help us not just weather the crisis, but hopefully emerge from it stronger than ever.

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