



Corporate Accelerators as a Tool of Crisis Management

Aceleradores corporativos como herramienta de gestión de crisis

V.N. PARAKHINA ¹; K.A. KAFYAN ²; O.A. BORIS ³; L.I. GORBENKO ⁴

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ABSTRACT:

In crisis conditions, a corporation needs to accelerate the development and implementation of innovations. To solve this problem, the development of corporate accelerators occurs rapidly. They are peculiar for the global nature and creation of local sites in different countries. The article describes the history and development of corporate accelerators in Russia and abroad. The essence, features, and advantages of the business and corporate accelerators are characterized. The main goals of corporate accelerators are distinguished: 1) quick search for new ideas and technologies for a specific task in the external market; 2) quick development of internal ideas for finished projects or products and their commercialization. It is concluded that corporate accelerators allow corporations to interact with external environment in the process of innovative activities for exchanging technologies, knowledge, and competences.

Keywords: crisis management, innovation, open innovation, business accelerators, accelerators corporate, development history, objects, features, advantages of corporate accelerators.

RESUMEN:

En condiciones de crisis, una corporación necesita acelerar el desarrollo y la implementación de innovaciones. Para resolver este problema, el desarrollo de aceleradores corporativos ocurre rápidamente. Son peculiares por la naturaleza global y la creación de sitios locales en diferentes países. El artículo describe la historia y el desarrollo de aceleradores corporativos en Rusia y en el extranjero. La esencia, las características y las ventajas de los aceleradores empresariales y corporativos se caracterizan. Los principales objetivos de los aceleradores corporativos se distinguen: 1) búsqueda rápida de nuevas ideas y tecnologías para una tarea específica en el mercado externo; 2) desarrollo rápido de ideas internas para proyectos o productos terminados y su comercialización. Se concluye que los aceleradores corporativos permiten a las empresas interactuar con el entorno externo en el proceso de actividades innovadoras para el intercambio de tecnologías, conocimiento y competencias.

Palabras clave: gestión de crisis, innovación, innovación abierta, aceleradores de negocios, aceleradores corporativos, historial de desarrollo, objetos, características, ventajas de los aceleradores corporativos.

1. Introduction

In the modern conditions, corporations face a lot of challenges from the business environment due to constant changes of consumers' preferences, depletion or change of the prices for resources and materials, and implementation of innovations by the rivals (Boris, 2013; Parakhina, 2015). In the crisis conditions, in supporting activities and keeping leadership positions in dynamics external environment require from corporations transforming their strategies in view of aggravating conditions, applying new production methods, creating and offering new products, and offering modern services (Parakhina and Boris, 2012; Parakhina, 2009).

Until mid-1990's, the basis for obtaining and implementing new technologies for corporations was the results of own research and development. This model remained dominating in this period, despite the quick development of venture market and the fact that in late 1940's a large number of various mechanisms of support (business incubators and technological parks) for small and medium companies that developed innovations were formed in the USA and West Europe.

At that, over the recent twenty years there has been a tendency for reducing the cycles of development of novelties and, therefore, of the period of presentation of new products in the market. In the crisis conditions, strict hierarchical structure of most large companies hinders the effective and modern development and implementation of innovational solutions in sufficient volumes. In order to solve this problem, corporations expanded the boundaries of the search for innovations, applying a flexible model of open innovations, which supposes active interaction between companies and external developers of technologies (Campbell, 2008).

Among the tools of the open innovations model, which is used by corporations, business and corporate accelerators become more popular – which is shown by the fact of their annual growth.

2. Materials and Methods

In order to study corporate accelerators, their advantages and problems, it is necessary to obtain information on their implementation from different sources – primarily, from corporate web-sites and sectorial periodical publications for a certain period from the day of their first appearance in the interests of overcoming the crisis phenomena in innovational development of economy.

3. Results

It should be noted that appearance and development of models have a range of preconditions. Appearance of business accelerators was predetermined by the state of the venture sphere in early 2000's, when there appeared a necessity for the tool that would allow – without large financial expenditures and with high precision – evaluating the totality of all effects from implementation and development of innovational projects.

In this period, a situation appeared when trust to venture funds and business incubators was not justified, and investors who lost billions made attempts to cope with consequences of the crisis. The first ones to answer the questions that were important for investors were Paul Graham and his colleagues in the Viaweb project (which was further purchased by Yahoo and renamed Yahoo Store), as well as Vice-President for marketing of Adams Harkness Jessica Livingston. In 2005, they created the first business accelerator – Y Combinator (Citrix Startup Accelerator). Over the first two years, this model became successful, which was confirmed by the results of the created startups.

From the moment of creation of the first business accelerator, their number grew substantially. Unfortunately, there are no precise estimates of their current number in the world – it varies from 300 to 2000–3000. However, it should be noted that here we speak of acceleration

programs, as large business accelerators conduct 10-15 such events annually (Graham, 2009). In early 2010's, large companies began creating corporate accelerators, the preconditions of which were successful functioning and results of business accelerators for large companies, and, on the other hand, large evolutionary changes in the market of information technologies. Due to active expansion of the network of Internet users, increase of accessibility of PC, mobile phones, and other electronic gadgets for the population, and development of social networks and other means of online communication, including their development in corporate culture, exponential increase of the volume of annually generated information was achieved. The totality of these factors influences activities of the companies. They required quick development of a lot of new products which allowed satisfying of emerging needs of various groups of customers and obtaining the leading positions in their segments of the market.

Also, as a response to external factors of the environment, corporations started using a combined approach, in which they applied various tools of open innovations, including acceleration programs, which allows presenting specific products that conformed to customers' requirements. In 2007, Microsoft became the first corporation to announce Startup Accelerator Program. The program supposed individual work with startups and did not have any limitations in time. Attention in the program was paid only to two aspects. The first – development of software on the Microsoft platform, and the second stimulate the increase of products' recognition in the market, including by placing information on startups in specialized catalogs on the Microsoft web-site and provision of access to the company's partnership network. The Microsoft example was followed by other corporations from the sphere of information technologies and telecommunications. Thus, for example, Citrix, which works in the sphere of augmented reality, started Citrix Startup Accelerator in 2010, and one of the largest telecommunication companies Telefónica started the program Wayra.

Back then, acceleration programs of corporations included provision of financing to startups, as well as mentor support on certain technical issues and issues of business development, access to the partnership network, and premises for work.

The first corporate accelerator - Kinect Accelerator – was organized by business accelerator Techstars in partnership with Microsoft. As compared to the Microsoft Startup Accelerator Program, it supposed short-term four-month acceleration program. It should be noted that all participants worked according to one program which was aimed at obtaining knowledge for successful start of business. After successful start of corporate accelerator of Microsoft, other IT corporations started creating their corporate accelerators.

Simultaneously to the IT sphere, there were preconditions to creation of corporate accelerators in the sphere of medicine and bio-technologies. The main precondition is reduction of effectiveness of research departments in the spheres in early 2010's and reduction of the share of inventions presented in the market, many of which were inexpedient to develop at later stages, which led to large financial losses. Later this problem became more urgent, as large companies started losing revenues due to end of the terms of patent protection of medicine that provided a large share of income. Thus, the problem could be solved by acceleration of the cycles of development of new medicines, and creation of corporate accelerators solved the set problem.

The history of emergence and development of corporate accelerators in Russia has its specifics and preconditions, which appeared somewhat later. This is caused by the fact that the tools of open innovations began to be implemented later and by the fact that companies are not aware of advantages of corporate accelerators and means of their creation. As of now, corporate accelerators in Russia are created by companies that face tough competition in the foreign (Kaspersky Lab, Qiwi, etc.) and/or Russian markets (e.g., Alfa Bank, which competes with such state-backed giants as Sberbank, VTB 24, and Gazprombank). Such companies are stimulated by the market environment for acceleration of the cycles of development of new technologies and presenting them in the market, as well as reduction of this process's cost.

The first corporate accelerator in Russia – Tolstoy Startup Camp – was created in 2013 by Yandex, which was predetermined by the necessity to develop a lot of online services over a short period in the conditions of increasing competition from Google and other search engines. The purposes of this corporate accelerator were the search for perspective teams and creation of necessary technologies for Yandex. In 2015, there were five corporate accelerators in Russia, and two more were organized by Russian companies abroad – in Luxemburg (Kaspersky Lab) and Singapore (Life.SREDA, a corporate venture fund of Life financial group). Thus, there are seven corporate accelerators in Russia. Besides, it should be noted that the institutes of development stimulate the growth of the number of corporate accelerators in Russia.

Thus, the existing situation led a lot of corporations, which stuck in their development, to creation of a new mechanism that can restore former activities. As a result, the model of business accelerator and corporate accelerator appeared.

Business accelerator is organization that conducts short-term (as a rule, 3-6 months) acceleration programs for projects at the early stage, aimed at quick development of projects, including creation of prototype, receipt of patent, or verification of prospects of the offered idea in the market. They could be commercial and non-commercial structures.

Among all tools that are used for supporting startups at the early stage, business accelerator is similar to the model of business incubator. However, it is necessary to note a range of large differences. The first difference consists in the fact that acceleration of projects is conducted in a short fixed period. The second difference is caused by the single program of training participants, on the basis of which a demonstration day is held, where the participants present the received results to their potential investors (business angels, venture funds) and partners.

Most business accelerators provide services for acceleration in exchange for a possibility to acquire a share in the startup. At the beginning of the acceleration program, the participants receive small sums of money – either in the form of investments in exchange for a minor share in the startup (as a rule, 3–8%) or in the form of converted loan. Converted loans are actively used during financing of startups at the initial stage of development. The sense of converted loan consists on investor's providing a loan to the startup with a right to convert the loan into the share in the company according to the agreed formula. Thus, the purpose of business accelerators is brought down to selling the share in the project's capital for the sum which is larger than the sum they invested.

At the same time, a small number of business accelerators charge the startups for their services – apart from purchasing a share. Thus, the business accelerator 500 Startups charges \$25,000 for participation in the acceleration program (500 Startups). Apart from the main source of revenues, business accelerators use additional possibilities for income and reduction of expenses (Accelerate Now Current Trends and Strategies for Future, 2015). For example, they use venture capital for financing own operation activities and provide paid services for corporation on organization of their own corporate accelerators (e.g., Plug&Play, Techstars, NEST) and on organization of educational programs in the sphere of innovations. Some business accelerators – e.g., NUMA - receive income from renting out premises for various events and co-working.

A variety of business accelerators is corporate accelerators, which are created for achieving two main goals.

The first goal of its creation is related to conduct of quick search for new ideas and technologies for a specific task in the external market. Corporations try to expand the list of options of solutions in order to select the best one.

However, it should be noted that there could be adjacent tasks aimed at achievement of other strategic goals of the company – such as development of the current activities, organization of productions in segments that are higher or lower in the production chain, and entering new markets. For example, Barclays, the group of companies, which is one of the world leaders in the sphere of provision of financial services, uses corporate accelerators for searching the ideas

that expand and improve the key competences of the company in the sphere of financial technologies that allow increasing the quality of interaction with customers and partners of the company (Y Combinator). Samsung, which is one of the largest companies in the sphere of production of electronics, created corporate accelerators for access to the technologies that will allow entering the adjacent market of software for electronic devices. Deutsche Telekom, one of the leading companies on the sphere of telecommunications, uses this tool for diversifying its business: it uses the accelerator to invest not only into the traditional telecommunication sphere but also into IT projects in the sphere of healthcare (The Economist, 2014).

The second purposes of corporate accelerators is related to quick development of internal ideas to the level of finished projects or products and their commercialization. Selecting this goal, corporations strive to bring the ideas of internal projects to prototypes or to check their efficiency for the purpose of decision on continuation/termination of their implementation.

Corporate accelerators may have additional goals, which include the following:

- search for teams for solving specific tasks;
- studying technological trends in a certain sphere for 3-5-year perspective;
- training of corporation's employees to work with innovational projects and use effective methodologies of products' development;
- implementation of the PR elements and marketing policy, attraction of new customers, promotion and PR campaigns in the market.

Also, corporations use acceleration tools to achieve marketing goals for development of their products' markets and adjacent markets with the use of new products and technologies of the company. For example, one of the goals of Microsoft Ventures Accelerators – expansion of potential customers. In order to achieve it, the company provides the startups with free access to own software over a certain period, on the basis of which startups develop their products, and after the end of this period the software is provided for a fee. Thus, the participants of corporate accelerator become the corporate's customers (The Microsoft Startup Accelerator Program Opens for Business).

4. Discussion

However, certain goals that are solved with the help of corporate accelerators could be achieved with the help of other open innovations' tools, e.g., corporate business incubators, technological parks, and venture funds.

At that, corporate accelerators have their own unique advantages.

Firstly, corporate accelerators are one of the simplest and accessible tools of open innovations, which is fit for starting the implementation of the complex system of open innovations in the company, as:

- 1) their creation does not require large financial expenses: e.g., the budget for organizing a corporate accelerator constitutes RUB 12–32 million, while the cost of starting an incubator could reach RUB 1-3 billion. This is caused by the fact that opening incubator and technological park often requires construction of a special building and purchasing expensive laboratory equipment. Creation of corporate accelerator can require expenses only for payment for personnel and external specialists;
- 2) its organization ensures a high level of the company's employees' involvement into work with high-tech projects at the early stage, which is impossible in case of the corporate's employees' participation in competitions of innovational projects;
- 3) company's employees receive unique competences in the work with partners in the sphere of innovations, application of flexible approaches to development of projects, and work with more complex tools of open innovations.

Secondly, corporate accelerators are topical for the companies that already use various tools of

open innovations but face their low efficiency on provision of required speed and cost of implementation of new technologies and development of products.

A tendency for globalization of activities of corporate accelerators is related to the corporations' striving for attraction of the best project from the whole world, which requires expansion of the projects' coverage. At that, creation of local platforms is the most effective means for attraction of projects from other countries. The most successful ones are corporate accelerators that formed an eco-system within which the interaction between corporations-partners, experts, mentors, graduates, and other persons and organizations takes place. Obviously, corporate accelerators could be effective only if it is controlled by a strong team of specialists which includes employees with large entrepreneurial experience, ambitious goals, and deep expert competences.

5. Conclusions

It should be concluded that in the modern crisis and post-crisis conditions, development of corporate accelerators that allow ensuring quick development and implementation of innovations that need to be changed is very quick. They are peculiar for the global character and creation of local platforms in different countries.

In order to be distinguished in the market and attract better projects, corporate accelerators narrow down the technological focus of their work and improve the acceleration programs, while the projects are selected on the competitive basis. Another important advantages of corporate accelerator is that professionals who understand business processes and customers work with the projects. At the start of implementation of an innovation, it is possible to obtain evaluation of a certain decision, perspectives of cooperation with a specific company, and the possibility of joint activities.

Thus, corporate accelerators are one of the simplest and most accessible tools of the model of open innovations, which allows corporations to make changes, adapt to aggravating conditions of the environment, and perform exchange of technologies, knowledge, and competences.

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1. North-Caucasus Federal University, Stavropol, Russia
 2. North-Caucasus Federal University, Stavropol, Russia
 3. North-Caucasus Federal University, Stavropol, Russia
 4. North-Caucasus Federal University, Stavropol, Russia
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