

TOP TAKEAWAYS

Corporate Venture Capital Programs

1. **The relationship between a corporate VC and its portfolio company is fraught with conflicts of interest.**

Companies should choose their corporate VC's wisely! There are bad corporate VCs out there - diligence is key.

2. **Companies often perceive a corporate VC investment as validation of the business/product and a financial VC investment as validation as to valuation.**

Companies often perceive a corporate VC investment as validation of the business/product and a financial VC investment as validation as to valuation, however the reality is that corporate VCs need to make money as well and so companies should keep this in mind in their approach for a corporate VC investment.

3. **A company should never take on an corporate VC investment if it will hinder valuation later on.**

4. **Corporate VC's often get deal flow from many different sources, not just internal business units.**

Leveraging contacts with other VCs and within their personal networks are additional key funnels for new opportunities.

5. **Successful corporate VC's will dedicate time and energy to keeping their investment team and business unit group connected and aligned.**

6. **Representatives of a corporate VC who sit on a company's board of directors are rarely spies.**

Representatives of a corporate VC who sit on a company's board of directors are rarely spies but from the onset companies should ask the corporate VC questions and gain a clear understanding as to how they treat general portfolio company information, board of directors presentations and other materials once they leave the board meeting, including how it may be shared within the corporate's business units.

7. **Investment legal terms may matter more than ever.**

A company should commit a heightened focus to reviewing and understanding all investment terms that relate (or could relate) to how much control a corporate VC can impose a company's business plan and exit strategy.

8. **For corporations looking to create a corporate venture capital group, there are a number of ways to attract top talent from traditional venture capital funds.**

For corporations looking to create a corporate venture capital group, there are a number of ways to attract top talent from traditional venture capital funds, but they will have to be competitive on compensation, even if it could create later exceptions to the corporation's traditional compensation structure.

For more information

For more information on Corporate Venture Capital Programs, please feel free to contact the moderators directly:

David W. Kantaros
Foley & Lardner LLP
dkantaros@foley.com

Thom Rumberger Jr.
Foley & Lardner LLP
trumberger@foley.com