

# **CVC-BACKED START-UP FAILURE**

Marco Corradi  
ESSEC Business School Paris & Singapore

# MOTIVATION, RESEARCH QUESTIONS AND METHODOLOGY

- Motivation = expanding on Pollman (2023)
- RQ = is the industrial organisation rationale underlying CVC affecting CVC-backed start-up reorganisational solutions to failure?
- Methodology = case analysis [ $\rightarrow$  lack of database on CVC-backed start-ups]

# CVC AND BUSINESS PROXIMITY



# CVC INVESTMENT RATIONALES ROADMAP

- Passive Investment
- Explorative (Amazon's Alexa in Adero)
- Exploitative (Eutelsat & Hugues in OneWeb)
- Enabling (Intel in Airware)
- Killing/Freezing

# DEDUCTIONS FROM CASE ANALYSIS

- Bilateral risk intrinsic to negotiated solutions on the verge of insolvency = involvement of the CVC backer also in the failure phase
- Survival of the industrial organisation (IO) investment strategy on the verge of failure
- Allocation to IO-interest bearing debtor often satisfies also the other debtors (enlarging the pie)
- Presence of reorganisational solutions that seem efficient from a Pareto, productive and dynamic perspective

# CVC-BACKED START UP FAILURE AND & KILLING/FREEZING ANTITRUST THEORIES?



# CVC ALTERNATIVE SOLUTIONS TO INSOLVENCY AS INNOVATION-DRIVEN STRATEGIES

- All cases reported above: recombination of building blocks of knowledge through (thanks to high absorptive capacity):
  - a) patent acquisitions
  - b) acqui-hiring/maverick's employees mobility (and see employees' involvement in negotiated solutions, eg. Sigfox case )
- They fit the very definition of the innovative process (Arthur), especially when recombined by incumbents pursuing exploitative strategies

THANK YOU!

