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Startups Serving The Enterprise

Navigating the Quest for Successful Innovation

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Introduction

Greylock devotes significant operational resources to our CXO Program, which invites C-level leaders at large enterprises to discuss tech trends with our investing team, and brokers meetings with relevant companies in our portfolio. This program was developed in response to a wave of inbound interest from large organizations who wanted to harness emerging technology, and buy from more innovative vendors. Through this program, we've had the privilege to meet with hundreds of C-suite executives and customers across industries.

Why are large enterprises so interested in startup tech? It's a matter of survival. Every company is undergoing a digital transformation. Farsighted executives see the pace of change in business accelerating. These executives know that the companies who more rapidly adopt advancing technology will run their companies *better, faster, cheaper, smarter*. Technology is a weapon used to defend against competitive threats, and achieve and preserve market dominance.

Similarly, for an enterprise technology startup to survive and thrive, they must understand how to effectively work with large companies. Within large enterprises are most of the employees, data, workflows, industry and institutional knowledge, assets, customer relationships, intellectual property, and budgets in the world.

Still, we have found even enterprise-focused startups and self-selected "early adopter" customers often struggle to work together. Very few technology leaders are saying, "I don't want to innovate." And few startups are saying, "I don't want to help the biggest companies." But the obstacles to innovation are real, and failure to overcome them leads to an inexorable slide into irrelevance for big companies, and a rapid death for early enterprise startups.

In an effort to crystallize some patterns of collaboration —both the missteps and successes—we conducted dozens of in-depth interviews with C-suite technology leaders from Fortune 500 companies, our CXO Program, and startup founders and CEOs from the Greylock network. We drew a map to guide the way through some common challenges that startups and their customers have to navigate together.

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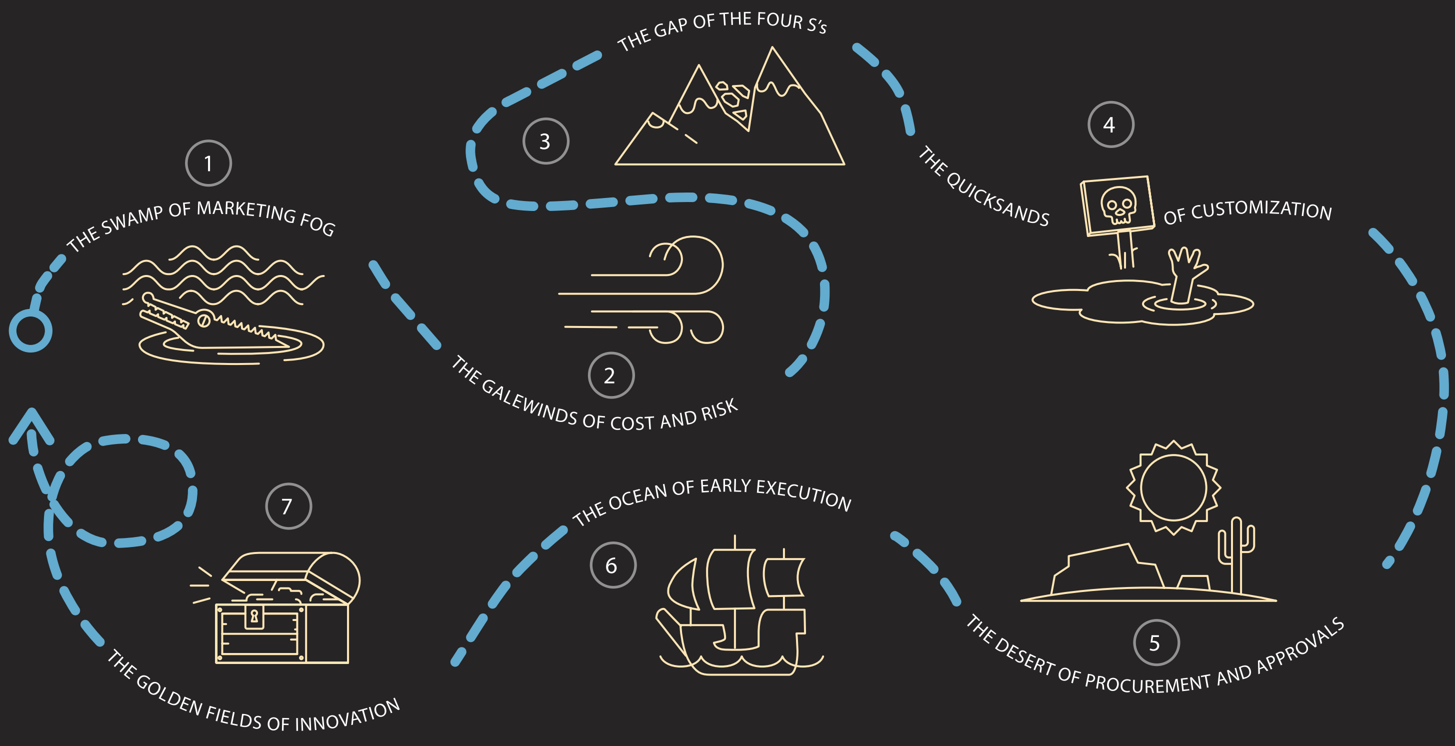
The Startup Enterprise Quest



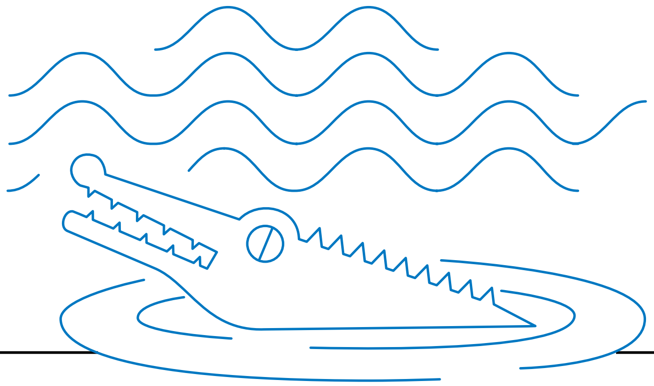
1. Recruiting Partners in the Swamp of Marketing Fog

Before enterprise executives and startup founders are ready to set sail together, they need to identify the right partners. Startups often feel they need to blast their message through a foghorn to be heard, while enterprises are bombarded with a barrage of marketing noise. As a startup, it's hard to recruit fellow quest-goers when the landscape is crowded and executives are busy. Our community had three suggestions for navigating out of the quagmire:

Shine a Bright Light

Paint a Clear (and Easy) Path Out

Seek the Right Stakeholders, at the Right Time



"It's important to make it easy for the customer to say yes—e.g., a launch plan that does not create an overwhelming amount of work for your partner, the ability to tap into an existing budget, meaningful success metrics that can be evaluated rapidly. You need to figure out quickly what your customer cares about and pitch to that, while staying true to what your solution can actually deliver. One challenge is that it's a very noisy marketplace, and getting customer attention can be hard. Best is a warm introduction—ideally from people in your network who are really willing to go to bat for you. That can make a world of difference."

— David Ebersman, CEO of Lyra Health

Shine a Bright Light

A warm introduction can be vital. Customers told us that they paid attention to companies introduced to them by VCs, their peers, or other trusted thought partners, in addition to strong analyst support or unique PR coverage.

Companies also look for vendors that have "lighthouse" customers similar to them in terms of scale and industry.

> *"With any company, I pay attention to their track record of delivery. And as part of that, we are always interested in understanding who their customers are. Seeing the right names on that list can go a long way in speeding up the process."* **—Diana McKenzie, CIO of Workday**

Paint a Clear (and Easy) Path Out

Startups need to clearly explain the problem they are solving, their value proposition, and their differentiation. A marketing message is only clear if enough customers think it's clear—so test your messaging, listen to the feedback, and iterate.

> *"When looking at new technology, whether from a startup or a more established company, it has to fulfill an unmet need. We're not interested in tech for tech's sake, but want to know—does this do something new that will help our business? Will it make us more productive, save us money, or allow us to replace a more expensive or less functional incumbent?"* **—Marc Frons, CTO News Corp**

> *"[We are looking for a] product that solves a distinct problem. We're a medium sized company, and can't afford to run a lot of experiments that are cool but don't align to a pressing need. [Next considered] is difficulty of integration: How difficult is it to get the ball rolling and implement the technology into our broader ecosystem?…We like companies that have figured out where they fit relative to the incumbent."* **—Michael Baresich, CIO of Ally Financial**

Seek the Right Stakeholders, at the Right Time

For some startups, the CIO, CTO, or Chief Digital Officer may be a good channel in. In the age of noise, leaders drive strategy and focus for their teams. But many of these leaders told us they're not the final decision-maker. While they lead the technology organization and give their teams air cover, much of the decision-making (and buying) power is distributed. Decision makers can include the CIO's direct reports, the head of application development, a business unit leader, the head of security, a departmental VP, or even an end user or developer who has picked up business software on a credit card. And those other technologists and leaders are structurally more aggressive in technology adoption than the CIO.

> “*As the CIO, I empower my team to make purchasing decisions based on our goals. I don't make those decisions in isolation and I don't often veto the decisions that the team has made.*” **—Ted Colbert, CIO of Boeing**

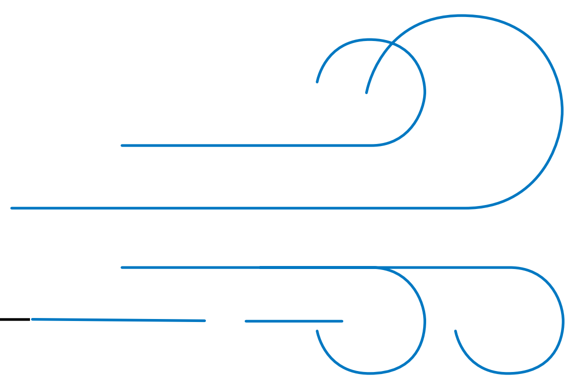
> “*Getting more people involved in new technology is essential, finding the right mix of domains who ultimately will own deploying and using the technology can really help with adoption. For example, when we looked at a new cyber [tech], we had to not only get the right cyber domains involved, we needed to also get members of our operations and infrastructure teams engaged and explore if legal and audit needed a seat at the table. This is because cyber has become such a multidisciplinary domain now… almost any valuable tool will require you to cut across several organizational boundaries within IT and the broader company.*” **—Rich Adduci, Advisor at Esito LLC, former CIO of National Grid**

> “*It starts with the CIO, and that is usually the first point of entry. But the true influencers are usually other leaders in the organization on whom the CIO relies to guide their technology decisions. When a startup can establish relationships with those leaders, that's when they will often get the most traction.*” **—Diana McKenzie, CIO of Workday**

> “*People can be risk averse so the best thing you can do is provide senior management support to help push what you're trying to accomplish. If I suggest to a team to look at certain companies, then they feel like they have cover from the top and it helps to actually make a change.*” **—Stephanie von Friedeburg, COO of International Finance Corporation**

2. Maintaining Faith through the Galewinds of Cost and Risk

Even once your team has cleared a path out of the swamp, it can feel like you're fighting against a galewind. There's a lot of natural resistance to bringing in new vendors, because a new offering needs to be valuable enough to overcome inherent cost and risks of working with a startup.



“I depend upon insights from quality VC’s like Greylock and referrals from peers to help me discover startups. There are a lot of ‘me too’ start-ups out there—far too many for one person to sort through—and the analyst community we’ve depended upon for years typically won’t include innovative startups in their reports. Greylock’s ability to pick winning technology that both matters to me as a CIO, and can win as a business stands apart in Silicon Valley.”

— Rich Adduci, Advisor at Esito LLC,
former CIO of National Grid

One enterprise tech leader said that talking to his team about bringing in a new technology inevitably triggers an "immune defense" reaction:

> *When you go out and see new technology and then come back home and talk to your team about adopting it, there's this phenomena that kicks in—a sort of immune defense system. Not because they don't like you or the new technology, but because their own priorities and risk tolerance puts them at odds with the new technology you have brought home… Encouraging adoption can be tricky, it's sometimes tempting to just say it's my call, I'm buying this and we're using it… as you'd imagine this approach is rarely successful. What I've found to be helpful is bringing a cross section of my team with me when I visit Silicon Valley (cutting across levels and functions) to stimulate interest and engagement. If they've seen and touched a new technology with their own eyes, met the founder, and believe it has potential, then they can pull it into the organization for me and I don't have to push it."* **—Rich Adduci, Advisor at Esito LLC, former CIO of National Grid**

Startups should be empathetic to this risk aversion and understand that, on the customer side, someone's career is often on the line.

New vendors need to understand how customers are measuring return and cost. If you're on different pages about this—for example, the enterprise is measuring return on investment differently or more narrowly than you are—you'll be in trouble in the future.

> *We went in with an infrastructure pitch. It didn't resonate with most CIOs……so we adjusted our message, we focused on simplicity and the impact that simplicity had on the reduction in costs and reduction in headcount to manage infrastructure. We would ask for their list of objectives, then ask how many of those objectives were are being met with your spend today. [Customers] quickly realized that the majority of their IT spend was going to infrastructure challenges and management, not the things helping their business objectives. So, we hammered on simplicity and removing the challenges with infrastructure, which enabled customers to shift the dollars to their business objectives…But Greylock's [customer program] gave us the opportunity to get in as we were aligning to the right message."* **—Chadd Kenney, VP & CTO Americas of Pure Storage**

> *Our offering can help companies save money in lots of different ways. It's important for me to ask early on in all customer meetings what problems are most pressing and how she or he defines and measures savings—or it can wind up being a giant waste of time for both of us."* **—Chris Cook, CEO of Delphix**

Enterprise customers told us they think also about the "hidden costs" of vendor management, user training and adoption, integration, implementation and administration, and the risk of the startup dying or getting acquired.

> *What startups don't understand is that I may easily have budget for an $100K contract with your company, but it's literally going to cost me $200K to assess, onboard, pay and manage a new vendor. My people's time is valuable. There are huge hidden costs, so it has to be important for us to take on. Nice to have won't work."* **—SVP Technology, Fortune 10 Bank**

> *If we select a startup, we do due a fair amount of diligence on the financial side. Where are they in their funding? How well funded are they currently funded and who are their backers? That will tell a lot."* **—Ravi Malick, CIO of Vistra Energy**

Because of these many “hidden” costs, smart technology buyers are projecting out the landscape of vendors, and looking for startups that not only offer tactical benefits but have a chance to endure as longer-term partners—disrupting an existing category or creating an important new one.

> “*I want to see how a startup performs in a platform space. Otherwise I'm waiting for them to be acquired and become part of a broader portfolio, which is a major risk for me. So I try to understand the startup's end game—are they thinking about a customer like me or trying to build a solution for a larger company [to acquire]?”*
> **—Bijoy Sagar, CIO of Stryker**

Advantages for disruptor companies include innovating on the experience of purchasing and using the technology, and the total cost of ownership.

> “*We spent a lot of time on understanding all the challenges in purchasing a product from [incumbent] companies. In storage, customers buy the same array every three to five years. There was no ability to get trade in credit or keep the gear without dealing with increased costs. The maintenance is more expensive than buying new. We changed that model and introduced a seamless business model called Evergreen Storage, which changed the industry altogether.”* **—Chadd Kenney, VP & CTO Americas of Pure Storage**

To de-risk their decisions, enterprise tech leaders want to work with startups that have raised capital from top-tier investors, because it's one sign they'll go the distance.

> “*CIOs need to feel comfortable you (the startup) are not going to go out of business, get acquired and disappear. It's risk mitigation, because that's what happens to most startups. That's what causes most Fortune 500 CIOs to balk.”* **—Michael Keithley, CIO of United Talent Agency**

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> “*When companies work with early stage startups they often worry about the viability of the company and the longevity of the technology. Before we acquired a significant number of customers among Fortune 50 enterprises, it was important for us to highlight that we had strong backers who had a proven track record of funding innovative companies that went on to successfully disrupt established markets.”*
> **—Amit Pandey, CEO of Avi Networks**

Another key theme was the need to build personal relationships with early customers and commit to your partners' success.

> “*It's extremely important for early startups that senior leadership, if not the CEO, be personally engaged. The personal level of engagement and commitment helps overcome some of the concerns about the company's ability to scale. It's about a human relationship; I want to know I have your cell number, that I can call you any time of day and you can rally the resources I need to make the tech work.”* **—Otto Chan, EVP of Wells Fargo**

> “*There are two things I tell every customer to help them overcome hesitation about working with us a startup —First is to acknowledge that something will go wrong. The legacy folks and others won't say that. And secondly, we're going to be here to respond to it quickly and transparently. Because it's tech and stuff does go wrong, and when you acknowledge that, and say 'We're here and we've got your back,' you're going to be more effective. As a startup you have to get companies comfortable with 'you're going to be there for them.' The reality is that startups often support enterprise better than legacy—because it's your first set of customers. They're all big fish to you, vs another, older, larger enterprise company—Salesforce releases software 2–3x a year, and if you need some features, take a number. We release every week, and if the customer needs something, we can do it.”*
> **—Joseph Ansanelli, CEO of Gladly**

3. Bridging the Gap of the Four S's

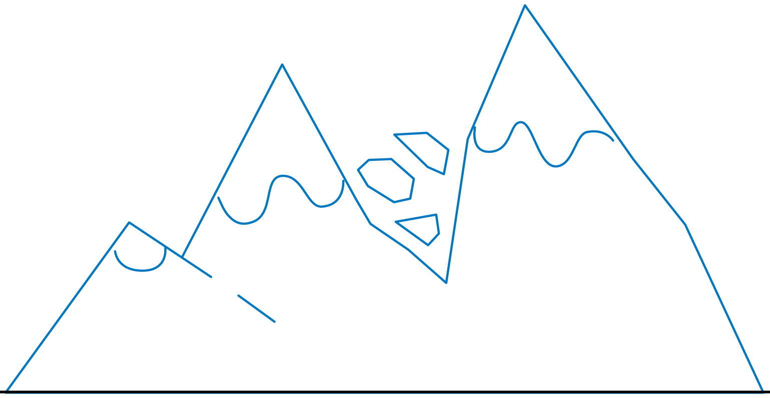
Once you've linked arms and fought your way through the galewinds, you reach the Gap of the Four S's. And this is often a rude awakening. Value may outweigh the costs and risk, but will the product work in their environment? Startups can reassure enterprise leaders by demonstrating an understanding of the world outside of Silicon Valley. We see these four core issues repeatedly come up.

Scale

Security

Spend

Supportability



"Startups often miss how complex an environment can be in a large organization. We have 120 country offices all over the world and there are a lot of layers and startups don't typically come in with the understanding of that complexity. I think figuring out how to bring their tech into an environment like ours is tough."

—Stephanie von Friedeburg,
COO of International Finance Corporation

Scale

Can the startup support the scale of the customer's user base or infrastructure? Increasingly, we see customers want to validate that scale rather than taking it on faith. "Scalability" is defined not just as technical (e.g. can your software process transactions quickly, or handle thousands of concurrent users)—but in deployability-in-practice. This includes ease of use, rollout plan, reporting, integrations into existing technology, administration workflows, SLA's. Customers are also evaluating who is going to help them deploy—for example, the existence and quality of the startup's sales engineering or implementation team, if needed.

> "*These small companies spend so much time selling us on amazing technology and what it can do. They should be telling us how easy it is to get it into our legacy environment and not belittle us for having legacy. Our newest system is twelve years old. It's not just in banking: that mismatch between startups and larger companies is the biggest barrier."*—**Thomas Nielsen, Chief Digital Officer of Deutsche Bank**

Security

Startups told us this is #1 on everyone's list. It was mentioned in every interview we did with a CXO. The need is often driven by regulation such as GDPR, or internal requirements for sophisticated access control, and the key thing here is to have a clear approach to customer data. Where does it reside, who owns it, who manages it, and what protections does it have? What vendor risk does the startup itself have? Startups should get the "security checklist" early from large potential customers, and address it proactively.

> "*We see startups repeatedly miss on security and resiliency—they have the functionality and agility we want but they don't understand the rigor around security we need. And it's not a choice we have, it's regulatory."*—**CIO, Large Public Payments Company**

> "*A lot of [large customers] will also go through extensive due diligence—being able to go through that with ease will set you apart. It'll show that you're ready."*—**Robert Kim, Co-founder of Ritual**

Spend

Pricing models that are appropriate for the first thirty developers or first hundred users might not work for broad deployment. Startups must offer pricing models that are feasible at scale, aligning with the value they create for their customers.

A CIO from a Fortune 500 in the retail space shared organizational reasons his team can’t just charge new software to a credit card, even if some startups prefer this. Accounting rules, tech sprawl and compliance mean its better for the customer to cut a purchase order—and a startup that supports a seamless purchasing workflow will have an advantage.

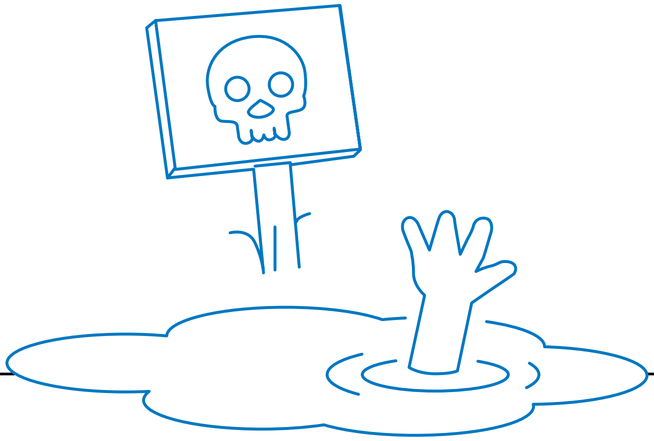
Supportability

Is the startup prepared to offer the kind of support (often 24/7) that enterprise customers need, at scale? Can they handle the reality of legacy technology that large companies are often saddled with, and make their customer successful?

Startups who proactively investigate and shrink the “Gap of the 4 Enterprise S’s” are more likely to succeed.

4. Avoiding the Quicksands of Customization

The quicksands of customization are an especially tricky neighborhood. When you're solving one problem for a customer, it's easy to want to solve all problems. But getting sucked into customization can mean company death, or at least, derailment.



"Give us complete transparency about what your technology can or can't do. If we like what we see, we will often ask you to come back and see us when you can get X/Y/Z capabilities on your roadmap. Being open to and taking us up on that type of feedback, in my experience, is how a lot of these relationships become successful."

—Diana McKenzie, CIO of Workday

Just as customers will choose to work with a particular startup based on ability to scale, durability, and other factors, startups should also choose their early customers carefully, balancing customer requirements against strategic priorities and limited company resources. Being too accommodating or diffuse in strategy can be a recipe for mediocrity in multiple categories. As our former partner and former CEO of ServiceNow Frank Slootman used to say, "Most opportunities are threats to your focus—so you have to choose your customers carefully."

> *"A lot of it is relationship. Building chemistry with CIO/team, ensuring that you're executing well but pushing back. Bending over backwards trying to appease every customer request or solve every problem is a disastrous strategy for a startup. I like it when the entrepreneur says—'Yeah, great functionality but we can't do it—you should look elsewhere, or that's lower on our priority list, or have you thought of this.' That's a meaningful dialogue for us because we are sometimes wrong too, we can learn from a startup if it helps us get out a better solution—without trying to jerry-rig our existing technology—it forces us to change our thinking. That balance is also important."* **—Naveen Zutshi, CIO of Palo Alto Networks**

> *"Customization and customizability are a significant pushback we get. We are a fast platform, and so we don't have the ability to completely customize everything. Generally, we don't want to be a heavily customizable platform because that will slow down the entire industry… we help overcome the concern about not being able to fully customize by showing them how heavily customizing something means you're taking on a huge amount of custom codes. It's an investment that they have to make forever. Customization is not actually what they want. We get them to understand why customization is actually bad. We work with two of the biggest banks in the world, and we have a pretty strong POV on what the right end state looks like and where the world is going."* **—Nima Ghamsari, CEO of Blend**

Disciplined customer segmentation is key—for example targeting companies of a certain size, in certain verticals or geographies, that require only certain integration points, with similar technology maturity or even attitudes. It feels risky to turn away potential business, but it's just as risky to spread yourself too thin. The first 10, 100 or 1000 customers, which can be a much narrower set than eventual total addressable market (TAM). A startup's target customer and go-to-market motion can evolve over time, just as product does.

> *"Be strategic about who you go after. Startups are scattershot on who they pursue, and often its whoever will take a meeting. Often that's getting a meeting with people who have no viable need for the product or need for that company. Focusing on getting customer wins [in an industry or community] and using those customer networks to expand and decide who you go after next, that's the way to do it."* **—Sven Gerjets, CTO of Mattel**

Giving potential customers realistic visibility into your short and medium term roadmap is also a pattern for success.

Beyond choosing early customers carefully, startups should also take a pragmatic view of what feature requests to field, and when.

> *"We take every one of the prospective 'Statements of Work' we receive, and divide up the requests into two buckets; things that are already on the product roadmap (though it may be a year out) and things that are not. Often customers bring us really good ideas—'now that you mention it, a lot of customers are going to need this, so it's reusable,' but some things are totally custom. We play a delicate dance, where we track things that are on the SOW that would need to be done once the deal is signed, and we rank them in the order of most-to-least common in terms of what we're likely to encounter again, and we don't like that bucket of project to exceed ¼ of deals signed. We won't do that for pure custom work—a limited amount of that happens only after deal is signed. We will insert things on the roadmap tactically—so if we signed a deal, what the customer felt they needed wouldn't take it longer than a quarter to implement. It feels weird to let prospective deals to influence your product timeline, but when you are trying to balance bottom up needs with enterprise progress, you do what you have to do."*
> **— Danny Leffel, CEO of Crew**

5. Surviving the Desert of Procurement & Approvals

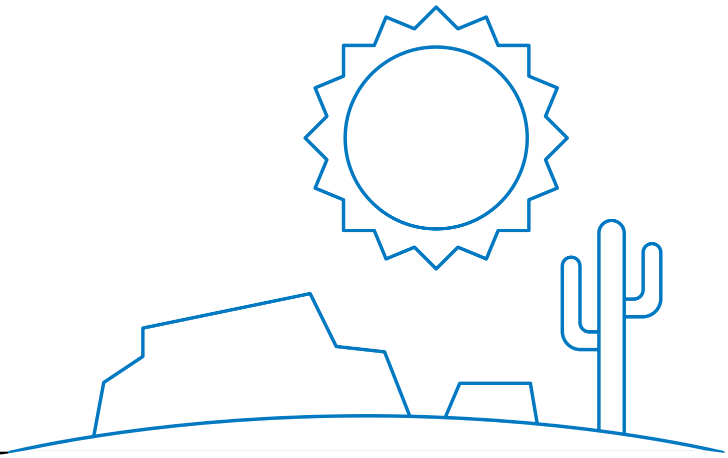
The procurement process can be a bear—you feel like you're so close to the finish line, but it's a mirage. You can get stuck in limbo.

Startups need to have realistic expectations about speed, and plan ahead for sales cycles so they don't run out of resources before they show progress. Enterprises, on the other hand, need to create pathways for the business to push through important innovations fast. To accelerate their sprint through the procurement and legal desert, startups should find internal champions, arm those buyers with the right business case and other support, and arrive prepared with mature contracts.

> *One of the challenges working with them (technology innovation companies) is the difference in the level of agility. The challenge for the enterprise companies is to manage risk management, legal contracts, information security, etc. to work at a pace which fosters innovation while focusing on only the key controls that matter."*
> **—Anuj Dhanda, CIO of Albertsons**

There are also different purchasing processes for different scales of spend. Building up engagement with a large enterprise partner through a land-and-expand model also changes a startup's initial experience in procurement.

> *[The purchasing process] depends on the dollar value. Something under $50K is quick, over that it's a substantial decision-making process."* **—Jay Dominick, CIO of Princeton University**

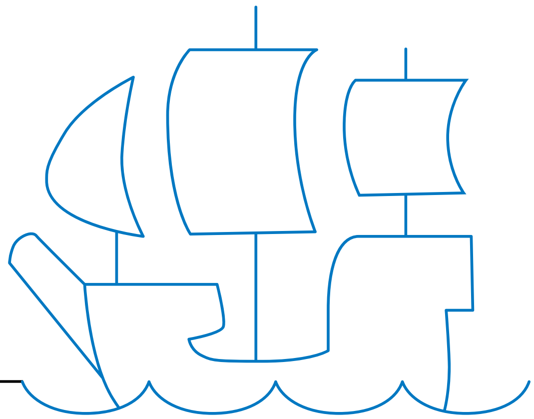


“Any large software purchase above EUR 1M is managed by IT org procurement. Anything below that is a free for all, ends up in a very fragmented situation. It sits in 3 big areas. It’s IT procurement, our labs function, and then the digital function which is my arena.. The most successful adoption of new technology I’ve seen…[is when you] have a different path for smaller companies, and do a PoC and can validate [the product] without doing the stupid vendor selection process that many banks have.”

—Thomas Nielsen, CDO of Deutsche Bank

6. Crossing the Ocean of Early Execution

Finally, quest-goers need to build a strong ship and chart a clear course to cross the ocean of early execution. There are three factors that startups should keep in mind when they reach this stage of the partnership.



First, this means structuring PoCs and initial engagements to be short, with repeatable onboarding flow, clear success criteria and commitment from partners to that timeline.

> *If I was running a startup and engaging with enterprise companies, one of the very first things I would do is ask 'is the criteria for the evaluation of the PoC clearly defined'. I would want to know—do you want to bring my gear in and play around with it? Is there a specific problem you're looking to solve, and is there a specific outcome you're looking to get? The best example of a PoC I've ever seen was at Greylock company: Rajiv Gupta at SkyHigh Networks. There may have been 30 people in his company at the time and we were getting to know each other. I said 'Huh. I didn't know we had a problem to solve.' He said 'Most companies don't know. But if you let us come in and do a PoC we'll show it to you.' I started thinking this is going to be months in the making. He said 'We can do this in a week. These are the three things I need. If you grant them to me on one day, we'll be out of there on day seven and have results a week later.' And he did. Three months later we became a customer. Great example of how I think a PoC against predefined targets or goals once validated and done quickly turns into real business."* **—Otto Chan, EVP Technology of Wells Fargo**

Second, technology leaders also cautioned against "poisoning the well"—damaging relationships and reputation by not delivering on promises.

Third, enterprises need startups to consciously involve the necessary stakeholders to operationalize technology, even in planning and deployment, support their change management, and follow up with discipline, management, and follow up with discipline.

> *Do not underestimate the need for planning and change management. There's always a drive to get it installed and implemented but the measure of success is adoption and usage. It's important when planning, you identify the right stakeholders, connect to benefits, and understand the impact to users—make sure it's not just technology folks who want to implement something cool and new…and then don't check out. The relationship and transition needs to be curated and managed. Whether it's a sales rep or customer service agent, take the time to check in on a regular basis. You may not get actionable feedback 9 out of 10 times but the one time you do, it will be meaningful."* **—Ravi Malick, CIO of Vistra Energy**

> *Large enterprise companies—they're complicated and you have to approach them carefully in terms of product quality, security, requirements. You have to be very organized and disciplined around product and implementations. You're not going to just be able to send it over the wall and be done. You're going to be onsite and watching them. When you go live—you have to be all over them, responding to feedback, demonstrating agility."* **—Joseph Ansanelli, CEO of Gladly**

> *Most companies are really poor at change management with new technology. It's tech, it's process, but it's also psychology with the people in the organization. Given a choice, people will reject change. It is critical to find those in the organization who can see the positive possibilities of change and enlist them as internal champions."*
> **—Chris Cook, CEO of Delphix**

Both groups here were supportive of land-and-expand motions. As Bezos would say, "customers are always beautifully, wonderfully dissatisfied." Once you're successful with one initial mission, and begin to build a relationship, look at their other problems; seek natural expansions, new use cases, and consider signing a Master Service Agreement (MSA) to accelerate internal adoption. Both sides want to leverage the relationship that has been built.

> *Can you get an MSA signed? There's a great network effect in having overarching MSA with other business units in the same company…[that way] we don't have to repeatedly do legal work."* **—Deep Bagchee, SVP of Product and Technology at CNBC**

> *We go through a slew of [our top 100 customers] every week in terms of adoption of the Sumo service, and diagnose what we need to consider 6–9 months before their renewals are coming up. As a platform business, we are also trying drive upgrades into other audiences and use cases within those customers."* **—Ramin Sayar, CEO of Sumo Logic**

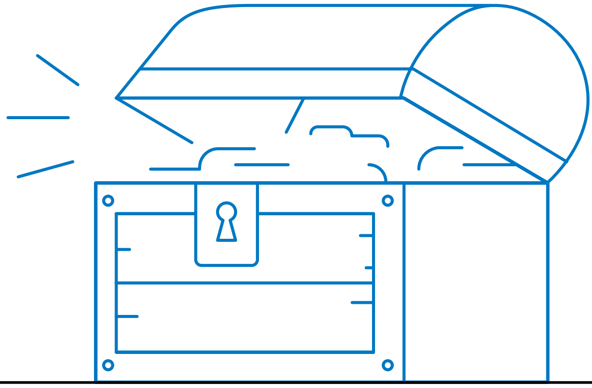
"For big enterprise platform wins, you have to be prepared for sales cycles to be very long and complex, especially if your buyer and your user are not the same. These enterprises are making a strategic commitment and the level of upfront vetting is commensurate with that. Unlike higher velocity, land-and-expand strategies where the commitment on both sides is lower and the user base is initially limited, in these deals, the plan is to invest upfront, establish a common toolchain and rollout broadly. Highly regulated enterprises will require that you pass detailed architecture review, security and financial audits, in addition to completing use case focused pilots with multiple groups of end users. Then, and only then, will you get into the contractual process…eventually the initial deal is signed, you get a pricing schedule, you have an executive sponsor, and things move much faster. Now you have the opportunity to foster significant adoption. You've built the bridge, but you need to work together with your exec sponsor to get more and more people to drive over it. Once you get through to the other side, it can be transformative to your business, not just financially, but the learning is tremendous."

—Adam Wilson, CEO of Trifacta

7. The Golden Fields of Innovation

In summary, the quest to reach the golden fields of innovation—that is, to successfully deploy new capabilities and technologies into the enterprise—is a journey that requires strategy, careful planning and consistent execution. Once that early execution is successful, this is not a one-time quest. It's an ongoing journey with each new partner, and each new use case and product line. An early success lays the groundwork for a strong customer reference that will help generate new business—in today's age of connectedness and transparency, a startup's best salespeople are its happy customers. Building strong partnerships and capabilities means that getting out of the marketing swamp, through the winds of cost and risk, across the enterprise feasibility gap, through the desert of procurement and over the ocean of early execution—will all be more tenable the second time around, and the rewards even richer on both sides.

Our portfolio CEOs and enterprise executive partners realize this is a challenging journey, where the key is finding the right partners and investing in relationships and shared vision.



"I think for a startup that wanted to engage with large enterprise, building relationships with a CIO, what's really important is that there's a shared vision around the need to drive innovation. On the customer side, that vision has to outweigh all of the tactical functional requirements that many organizations may raise that a startup won't necessarily have—if you have a checklist approach to choosing a partner, that's not going to work. You find a [partner] that sees this as a journey, not a static vision, they have to really believe your startup is a partner that's going to help us transform a whole area. In the case of Gladly: Eash—the CIO at Jetblue—and Frankie—the VP of Customer Support and one of the founders of JetBlue—made a decision they wanted to transform how they did customer service, and said that's more important than 10–20 things we don't do [at Gladly] yet, but having the bigger picture of how we engage outweighs that checklist of things we didn't have yet. It's important to find C-suite partners—with a growth mindset vs. a fixed mindset."

–Joseph Ansanelli, CEO of Gladly

Closing

As investors and board members, it's enormously rewarding to see industry leaders take bets on our portfolio, and for those bets to bear fruit into successful, long-term partnerships. We love helping companies navigate this, and brokering the enterprise relationships that can set a company on a path to long-term success. We hope this map will be useful to both startups and leaders trying to drive innovation into large organizations.

Contact

For large enterprises, we help corporate leaders and their teams understand emerging tech trends, connect to the people and culture of innovation in Silicon Valley, and uncover opportunities for partnerships with innovative startups. If you're interested in learning more, please reach out to our **CXO Program** team:

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