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THE ESSENCE AND CASES OF CORPORATE STARTUPS

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In today's rapidly changing technological landscape, corporate startups have become one of the main tools for implementing innovation in large companies. Successful practices in managing such startups demonstrate that investing in new directions, team autonomy, openness to experimentation, and support from top management can significantly change the strategic trajectory of a corporation. Today, there are more and more examples of effective startup launch and development that transform not only individual companies, but also entire sectors of the economy.

Corporate startups management has its distinguishing features as there are significant differences between classical and corporate startups (table 1).

Table 1

Comparison of classical and corporate startups [3; 7 – 10]

Dimension	Classical startups	Corporate startups
Funding	Rely on venture capital, angel investors, or bootstrapping. Funding is often scarce and tied to performance milestones.	Backed by parent corporation with access to internal resources and funding. Lower risk of running out of cash.
Risk tolerance	High risk of failure is inherent; entrepreneurs accept it as part of growth.	Risk is mitigated by corporate backing, but failure can lead to reputational damage to the parent firm.
Speed and agility	Operate quickly, pivot often, and embrace uncertainty with Lean Startup methods.	Slower due to corporate bureaucracy, but can be accelerated if autonomy is ensured.
Autonomy	Independent decision-making; founders control strategy and direction.	Dependent on corporate governance; autonomy varies (e.g., incubator vs integrated model).
Resources	Limited resources – teams are small, infrastructure is minimal, and access to markets is challenging.	Rich in resources – can leverage corporate infrastructure, brand, networks, and expertise.
Market access	Need to build brand awareness and acquire customers from scratch.	Immediate market access via parent company’s distribution channels, customer base, and reputation.
Motivation and culture	Entrepreneurial drive, high personal stake, often mission-driven.	Employees may have less personal stake; culture must be nurtured to encourage entrepreneurial spirit.
Failure impact	Failure usually affects only founders and investors; lessons can be reapplied to new ventures.	Failure can impact corporate reputation, morale, and willingness to invest in future ventures.
Innovation approach	Driven by founder vision, customer discovery, and rapid prototyping.	Often strategically aligned with corporate goals; may emphasize incremental innovation over disruptive.
Scalability	Must build systems, partnerships, and funding from scratch to scale.	Can scale quickly using parent company’s established systems and international reach.

World practice demonstrates extraordinary examples of effective management of corporate startups. One of the most famous cases is the Google X startup (now X, the moons hot factory), created within the Alphabet company. This division specializes in the so-called "moon projects" – innovations that have the potential to radically change the world, such as autonomous cars, Project Loon (the internet from balloons), or the development of smart contact lenses. X's success lies in its flexible structure, high level of autonomy and risk tolerance on the part of the company's management [2]. Another example is Startup Autobahn, an initiative from the German automaker Daimler. This is a platform that brings together startups and corporations to jointly develop the technologies of the future. Through this platform, Daimler has successfully integrated dozens of startups into its own business processes, in particular in the areas of artificial intelligence, electromobility and autonomous driving. The main factor of success is flexible interaction with the innovation ecosystem and creation of conditions for rapid testing and scaling of solutions [2; 5].

IntelIgnite is Israeli corporate accelerator that helps deep-tech startups grow into global companies. Intel invests in promising ideas, provides expertise, mentoring and access to resources. This approach allows you to combine the speed of a startup with the resource capacity of a large corporation [4].

A common feature of successful practices is the creation of an internal culture of entrepreneurship, willingness to take risks, providing startups with a certain degree of independence and orientation to the long-term perspective. It is also important to establish cooperation between corporate structures and startup teams, maintaining a balance between control and freedom. Management through incubators, accelerators, venture units or autonomous project teams - all this has become key tools for implementing innovation strategies in the modern corporate environment.

In the modern practice of corporate startup management, there are not only examples of successful initiatives, but also cases that failed to realize their potential. This is a completely natural phenomenon in an innovative environment, where there is a high level of uncertainty, risks and a limited planning horizon. Analysis of unsuccessful projects provides valuable lessons, allowing you to avoid similar mistakes in the future [4].

Despite the success of individual areas, Kyivstar, like any large company, faces certain challenges in startup management. The main obstacles are the difficulty of quickly launching projects due to bureaucratic processes, limited autonomy of startup teams, as well as internal conflicts between the conservative structure of the core business and the flexibility of innovation teams. However, the company is trying to overcome these challenges by creating autonomous product teams, implementing internal accelerators and testing ideas through pilot projects.

Of the foreign cases, a well-known example is the Dashby General Motors startup, which aimed to create its own car-sharing platform, competing with Uber and Lyft. The project did not receive sufficient user support, and GM's internal processes were too slow for the dynamic market. Lack of flexibility, lengthy bureaucracy, and unwillingness to risk corporate image led to the initiative being canceled [1; 4].

Another example is GoogleGlassEnterpriseEdition, a startup within Google X. Although the idea of smart glasses seemed revolutionary, the product turned out to be premature. High cost, inconvenience in use, privacy issues, and uncertainty of the consumer segment led to a loss of market interest. The project was reformed several times, but never reached the expected level of adoption [6].

PepsiCo also failed with some startups, in particular with the Drinkfinity platform, a device and capsules for creating personalized drinks. Despite strong marketing and branding, the product did not gain popularity due to the complexity of use, high cost, and limited target audience. In 2020, the startup was closed [6; 8].

These examples illustrate key factors for failure: lack of market understanding, lack of flexibility, product mismatches, and internal corporate barriers that prevent effective innovation. Often, large companies try to implement startups by the same rules as their core business, and this becomes a fatal mistake.

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