Mayfield CXO Innovation Survey 2019
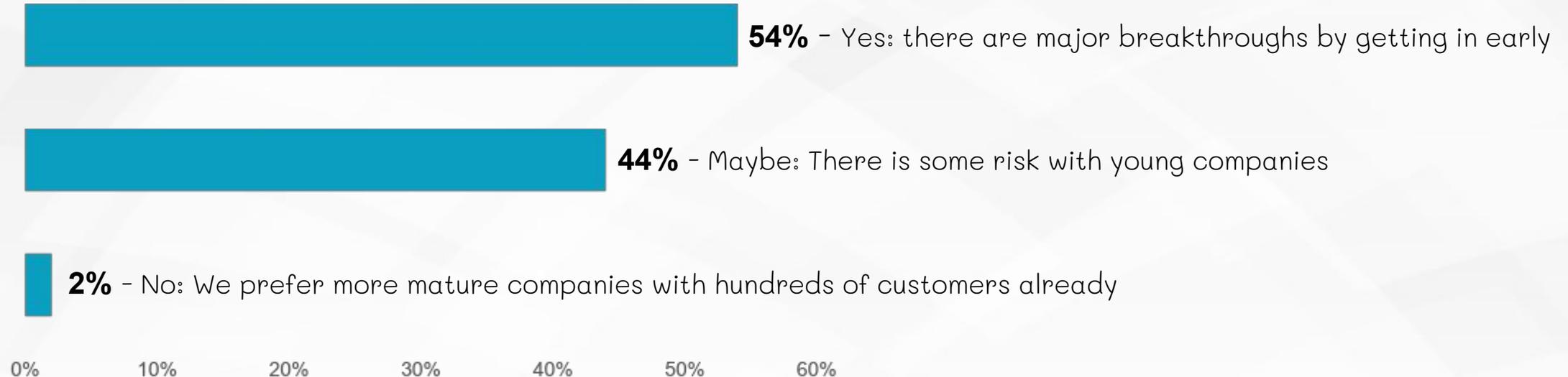
Results & Conclusions

Mayfield CXO Innovation Survey 2019

What's working and priorities for 2020 – From a pool of 100 responses

Enterprise Innovation: How important is it?

- Enterprise innovation can improve operations and impact business results. Does our CXO network agree that working with early stage startup technologies is a "must-have" for enterprise innovation? Or, is it better to wait for much later stage companies?

54% - Yes: there are major breakthroughs by getting in early

44% - Maybe: There is some risk with young companies

2% - No: We prefer more mature companies with hundreds of customers already

0%   10%   20%   30%   40%   50%   60%

Mayfield CXO Innovation Survey 2019

Working with early-stage startups – How to best partner

Working with early stage startups is different than working with larger organizations, but ideally gives your team access to breakout new technologies.

- What are some suggestions to startup CEOs to improve their ability to work with you and how can you best partner?

- Understand the business

- Have a clear product vision, MVP, & POC/pilot

- Have a clear path to operationalizing

- Plan for large-company complexity

- Reduce friction

- Start narrow

- Articulate your financial value proposition

- Have a clear sales strategy

- Leverage your customers for future help or financing

Mayfield CXO Innovation Survey 2019
Working with early stage startups – how to best partner

Understanding the business

- Ask don't tell

- Make an effort to understand the business and present concrete examples of ability to impact, rather than blue sky concepting

- Provide case studies of other, similar customers that have worked well — past success in a given area is indicative of future success. It can also demonstrate the company's ability to meet security, compliance, and risk requirements

- Be patient — if an older, established company is slow, don't be discouraged. In fact, look for ways to help them move faster by leaning in. Sometimes it takes more effort to demonstrate the value of the new tech

- Work on a timeline up-front so that expectations are on both sides; be realistic

- Misaligned goals and expectations are the first step to disconnection — avoid this at all costs

- Some corporations won't work with the earliest stage companies — build a relationship and be patient

Mayfield CXO Innovation Survey 2019

Working with early stage startups – how to best partner

Don't just focus on the technology

- Focus on the problem the technology helps resolve

- Communicate using use cases and telling stories around the applicability and value-add the technology brings to the table

- Think about all the dimensions of a new tech business that are required for enterprise adoption. Enterprises commonly require elements addressing support, procurement, etc. that are very important as part of the adoption process

- Consider who the end user persona will be, and who other stakeholder influencers might be in an organization. You'll need signoff from stakeholders who find the tool useful

- Contact focus groups more frequently to understand the needs of the users; oftentimes the use case is much broader (or completely different) from where the startup has targeted the user community — staying in touch with potential users can be more important than potential buyers

Mayfield CXO Innovation Survey 2019
Working with early stage startups – how to best partner

Have a clear product vision, MVP, & POC/pilot

- Don't overpromise; align customer expectation to true value that can be delivered

- Be upfront with the status of the technology: Is it a concept, prototype, in production, or commercial already?

- Have a definitive product roadmap and focus

- Demonstrate that you can run a business with positive cashflow and product/service selling

- Make sure your product/service is working. Don't let your early customers become your testing ground

- Focus on getting a viable product, and a couple key customer successes

- Solve for customer problems, but also reshape your product based on their feedback

Mayfield CXO Innovation Survey 2019
Working with early stage startups – how to best partner

Have a clear path to operationalizing

- Consider how a client will "operationalize" your technology. Be honest about operational challenges when growing at pace

- Focus on usability, roadmap, and be open to suggestions. It could be helpful to create a customer advisory group to help evolve the product

- Define what you do well and what can be done better by a large corporation, and establish a collaboration plan

- Considering putting some effort into documentation or creating a tutorial and have the enterprise do their own POC with your tech. It will encourage them to learn the tech and they will be impressed and more trusting of the tech if they have done it. The POC might even make it into production. This will only work if the POC is fairly fast and inexpensive

- If possible, structure a pilot program such that the corporate entity is not feeding data to the startup company. This makes the onboarding process go significantly faster and smoother

Mayfield CXO Innovation Survey 2019
Working with early stage startups – how to best partner

Plan for large company complexity

- Large companies come with pre-existing ecosystems — interoperability/comparability with large enterprise systems is key

- Be sure to document policies and procedures as much as you can to prepare for running the gauntlet with legal and procurement

- Remember that when dealing with enterprises, security and governance are big roadblocks to engagements: have a strong security and information protection stance

- Standardize a simple agreement to speed up legal issues

- Look for ways to build out agile product teams that can come in and establish the technology across the organization

Mayfield CXO Innovation Survey 2019

Working with early stage startups – how to best partner

Reduce friction

- The team should have a clear description of how the solution can be evaluated in a tightly managed and compliant enterprise IT environment, and have a well-documented process to objectively measure outcomes from a test

- Sweat the enterprise-friendly details (active directory connectivity, single sign on, high availability, governance) even though they might not be sexy and part of your core innovation

- Incorporate must-have enterprise standards into the product and have appropriate support lined up

- Have obvious security and ecosystem dependencies already figured out (e.g. if a product needs to interop with other commonly deployed products to have value, make sure that integration is already done). Also, security objections need to be considered and resolved so any POC can start without a ton of work that may not be worth it

- Providing a sandbox can let a customer test drive technologies separate from the managed corporate environment. This reduces the need to do security & risk reviews before it's clear there is compelling value

Mayfield CXO Innovation Survey 2019
Working with early stage startups – how to best partner

Start Narrow

- Start by focusing on one specific use that addresses a known pain point among target customers

- Open things with a "quick win" project that has a well-defined scope and measurable benefit (this, as opposed to "winning the account")

- Work with a business sponsor driving the internal resources

- Large corporations aren't always a good first customer, it might be better to target some smaller customers initially who will be easier to work with

Mayfield CXO Innovation Survey 2019
Working with early stage startups – how to best partner

Articulate your financial value proposition

- Have a clear, well-articulated financial value proposition, be clear about how and when you will want to monetize, post-sales support is very critical

- Measure ROI, TOC, and trade-offs; ideally be able to demonstrate a hard ROI for your product or service, or significant risk reduction or cost offset in the case of security products

- It's more tangible to seek ROI from investments in specific SG&A line items. Attaching a business case to a lift in sales or margin is more speculative and harder to confirm

- Price a proof of value engagement to be less than $50K and ensure that it can be executed with minimal effort from the enterprise IT team

Mayfield CXO Innovation Survey 2019

Working with early stage startups – how to best partner

Have a clear sales strategy

- Don't ask for a crazy subscription fee when you are just starting out

- Post-sales support remains crucial to the ongoing success of a POC

- Have a scalable GTM plan for the domestic, and possibly global markets

- Consider the channel as a route to market early on. If you factor in the costs of the channel when creating a pricing strategy and productize your offering as you evolve, you'll find the move to a one-tier or two-tier model much more seamless

- Ensure consistency of account ownership/sales process from one individual at the startup. Larger organizations may have dozens of folks involved, but need to ensure a key account leader has accountability from the startup

Mayfield CXO Innovation Survey 2019

Working with early stage startups – how to best partner

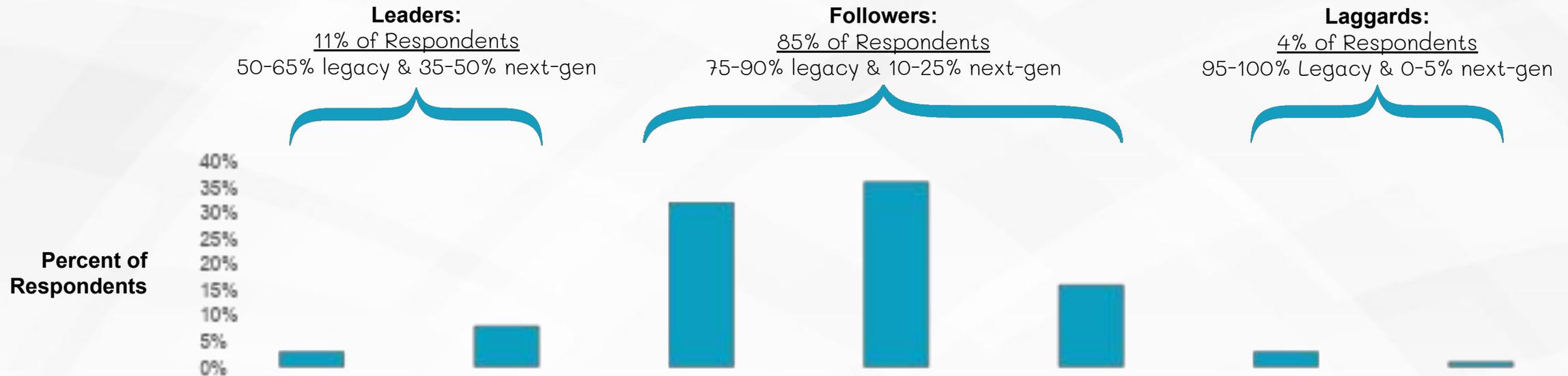**Leverage your customers for future help or financing**

- Get in contact with corporate VCs as early as possible

- Be clear what you need from the corporation to help achieve your goals and how you can work together for mutual benefit (i.e. do you need funding, exposure, access and contacts, partners...etc.?)

Mayfield CXO Innovation Survey 2019

What's working and priorities for 2020 – From a pool of 100 responses

Balance between legacy & next-gen IT

- The balance between legacy IT and next-gen IT has long been a challenge. What is the ideal mix, in your opinion, of time, staff and budget that should be allocated? (Note: IDC predicts 2020 global IT spend will be 81% legacy & 19% next-gen technology)
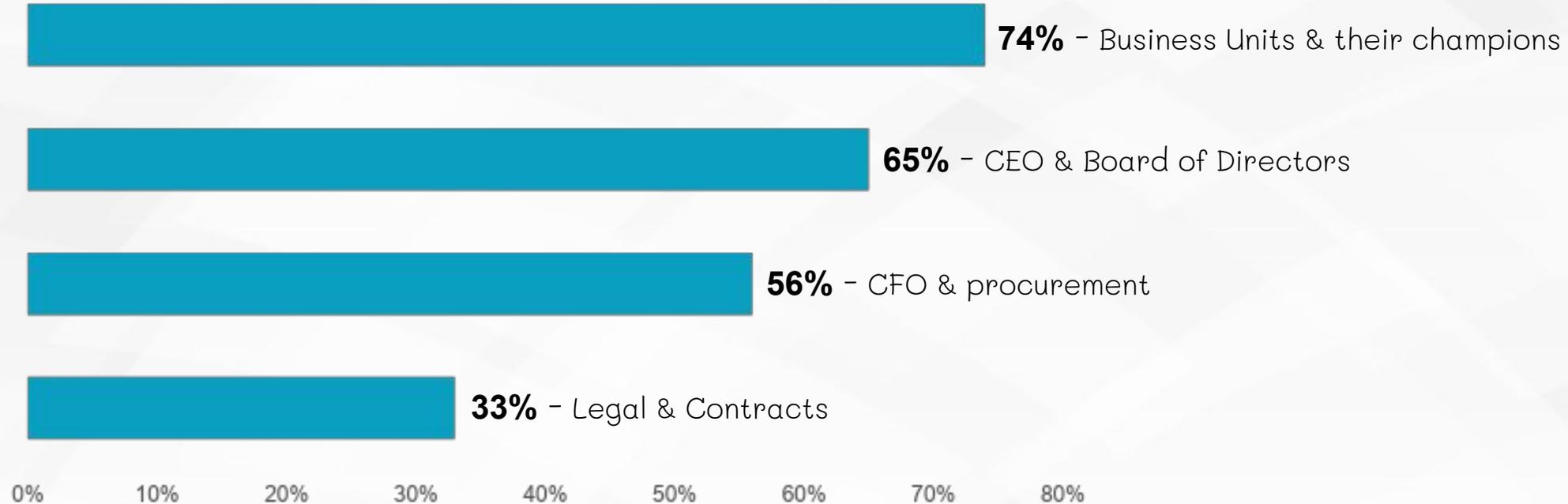
Leaders:
11% of Respondents
50-65% legacy & 35-50% next-gen

Followers:
85% of Respondents
75-90% legacy & 10-25% next-gen

Laggards:
4% of Respondents
95-100% Legacy & 0-5% next-gen

Percent of Respondents

Mayfield CXO Innovation Survey 2019
What's working and priorities for 2020 – From a pool of 100 responses

The Innovation Team

- Who, beyond your IT leadership team, must be on-board and supportive of your innovation efforts?

74% - Business Units & their champions

65% - CEO & Board of Directors

56% - CFO & procurement

33% - Legal & Contracts

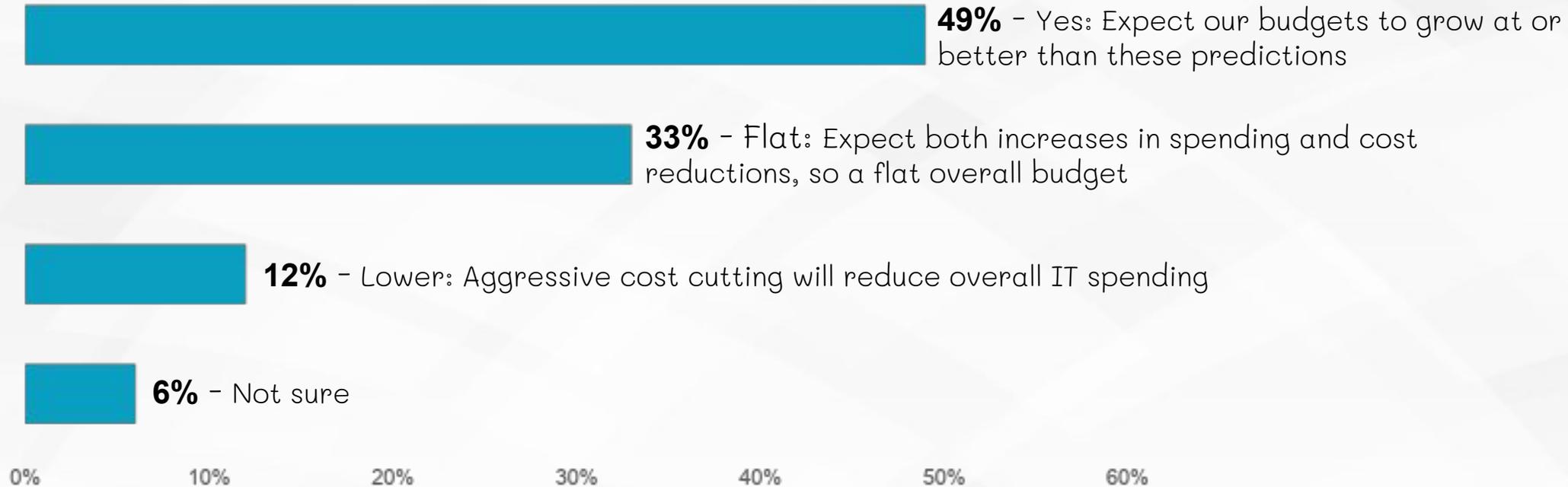0% 10% 20% 30% 40% 50% 60% 70% 80%

Mayfield CXO Innovation Survey 2019

What's working and priorities for 2020 – From a pool of 100 responses

IT Budget for 2020: The Graph

- Gartner predicts global IT spend will increase by 3.7% in 2020; IDC suggests a 5.7% growth. Do you agree with these bullish predictions?

49% - Yes: Expect our budgets to grow at or better than these predictions

33% - Flat: Expect both increases in spending and cost reductions, so a flat overall budget

12% - Lower: Aggressive cost cutting will reduce overall IT spending

6% - Not sure

| 0% | 10% | 20% | 30% | 40% | 50% | 60% |

Mayfield CXO Innovation Survey 2019
What's working and priorities for 2020 – From a pool of 100 responses

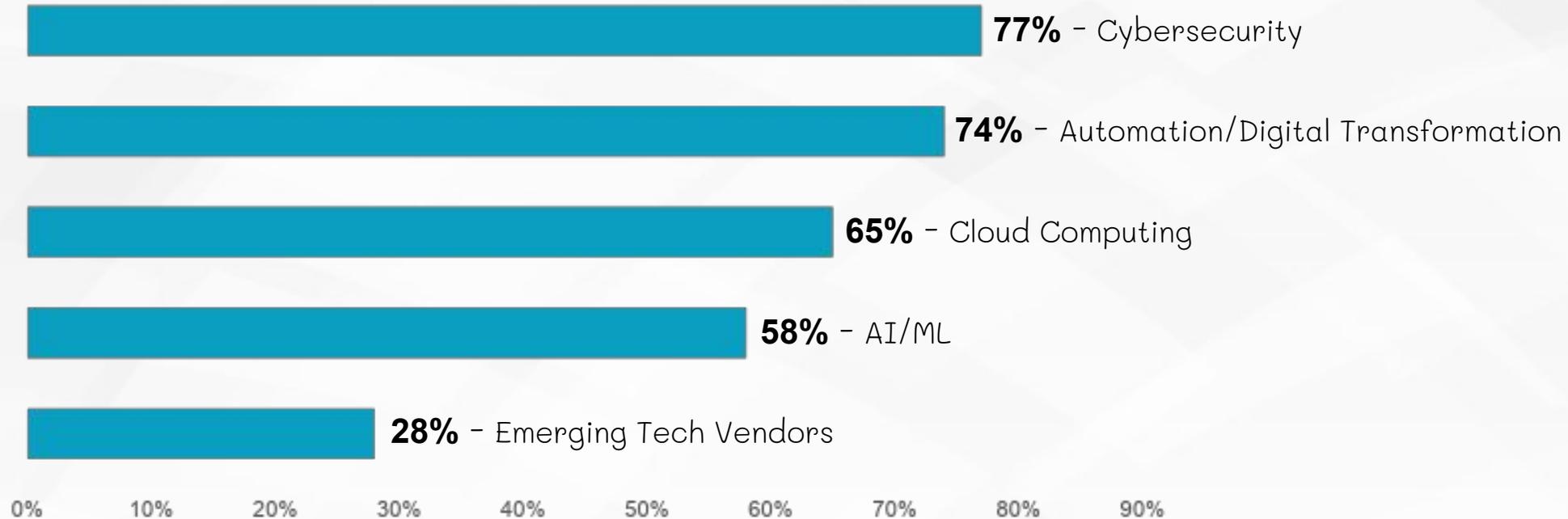**IT Budget for 2020: Qualitative Feedback Trends**

- There's been some uncertainty in the 2019 tech markets which will probably continue in 2020. This will impact IT spend

- Security spend will outpace general IT

- IT spend could appear wrapped into other areas (like marketing)

- Capital spending is decreasing across corporations; this could depress spending increases

- Spending will vary by industry: Companies with challenged profits are focused on cost-cutting, those doing well are focused on expansion, except in industries where IT has traditionally been a cost center

Mayfield CXO Innovation Survey 2019
What's working and priorities for 2020 – From a pool of 100 responses

IT Priorities for 2020

- What are your predictions for 2020 CIO tech priorities — which priorities will receive a bump in spending?

77% - Cybersecurity

74% - Automation/Digital Transformation

65% - Cloud Computing

58% - AI/ML

28% - Emerging Tech Vendors

0% 10% 20% 30% 40% 50% 60% 70% 80% 90%

Mayfield CXO Innovation Survey 2019
What's working and priorities for 2020 – From a pool of 100 responses

IT Priorities for 2020 – Other Possibilities

- WiFi

- Data growth reliability, integrity, and authenticity of data

- Privacy (to combat state regulations like CCPA & others)

- Software delivery & commercial capabilities

- Digital & data ecosystem (sensors, IoT) in cloud to provide foundation for AI/ML

- Software to support GTM business models

- Workforce productivity

- Consumer engagement

Mayfield CXO Innovation Survey 2019
What's working and priorities for 2020 – From a pool of 100 responses
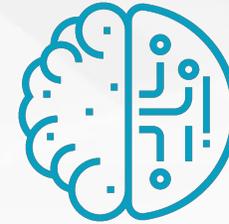
Where are there currently gaps in innovation? 3 Dominant Areas
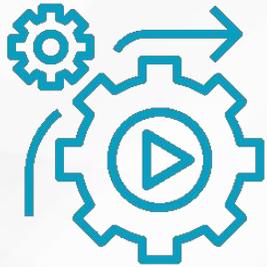
Automation & process optimization/automation

Cybersecurity, cloud security, and identity protection

AI & ML

Mayfield CXO Innovation Survey 2019

What's working and priorities for 2020 – From a pool of 100 responses

Where are there currently gaps in innovation? Other Areas Widely Mentioned

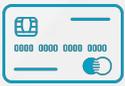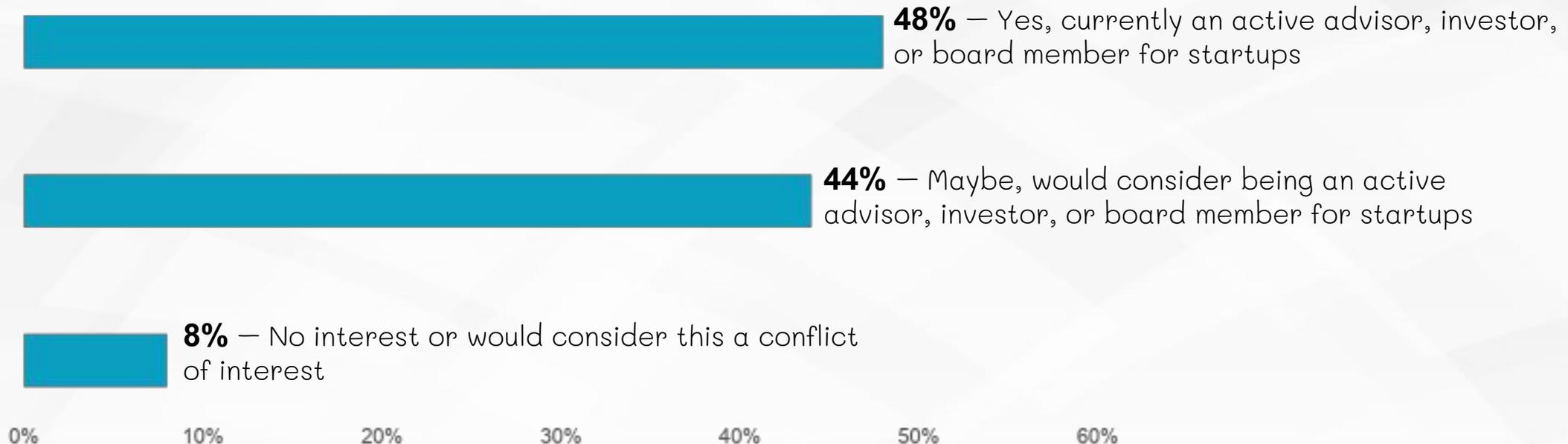|						
Supply Chain & Logistics	5G	Cloud Adoption	Edge Computing	Privacy	Blockchain with real production use cases	Consumer Data /User Behavior
Next-Gen Payments	IoT & Smart Cities	Interoperability of Apps	Telemedicine	Quantum Computing	Real-Time Fraud Detection	Counter Drone & Drone Control
Autonomous Vehicles	Predictive Analytics	VR/AR/XR	Advanced Visualization Products	Data Reliability & Authenticity	Consumer Engagement	Usability

Mayfield CXO Innovation Survey 2019
What's working and priorities for 2020 – From a pool of 100 responses

Advising Startups

- How many IT leaders are also acting as startup advisors?

48% — Yes, currently an active advisor, investor, or board member for startups

44% — Maybe, would consider being an active advisor, investor, or board member for startups

8% — No interest or would consider this a conflict of interest

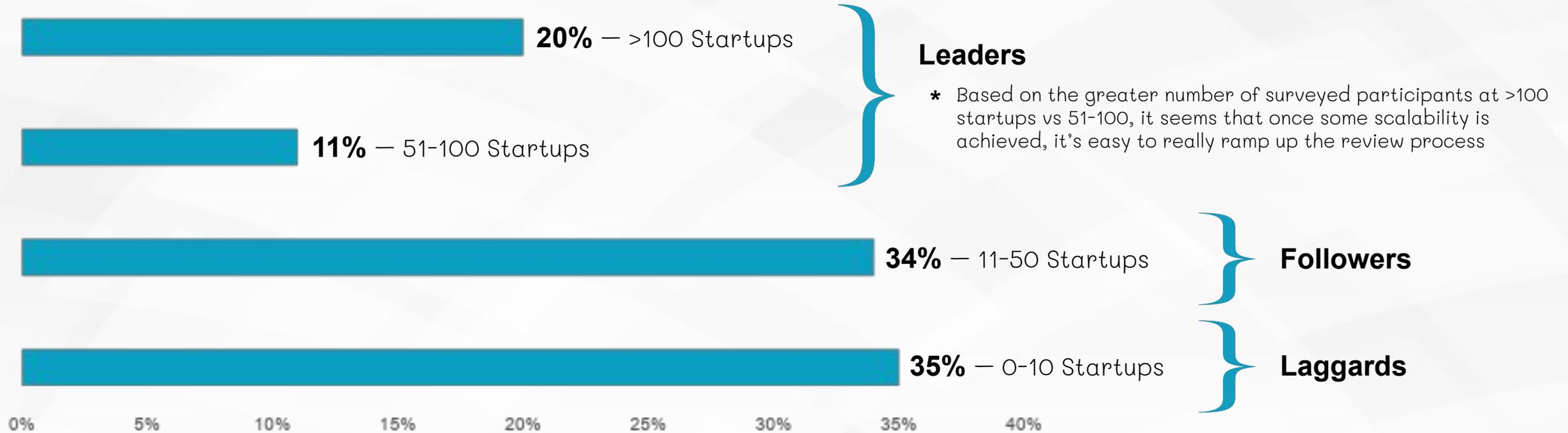0%   10%   20%   30%   40%   50%   60%

Mayfield CXO Innovation Survey 2019
Corporate Innovation Survey – Current Innovation Benchmark

Startup Awareness & Volume

- How many startups did you review in 2019?

20% — >100 Startups

11% — 51-100 Startups

Leaders

* Based on the greater number of surveyed participants at >100 startups vs 51-100, it seems that once some scalability is achieved, it's easy to really ramp up the review process

34% — 11-50 Startups   **Followers**

35% — 0-10 Startups   **Laggards**

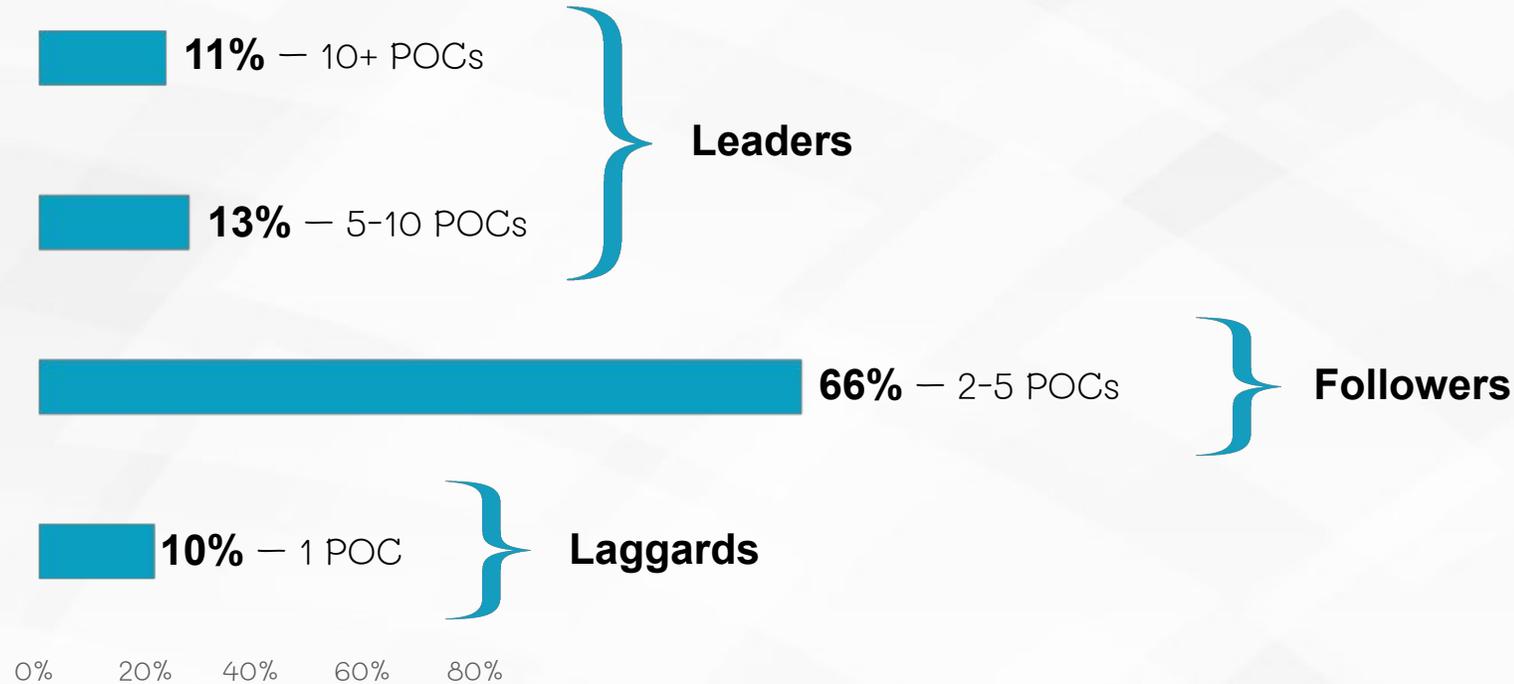0%   5%   10%   15%   20%   25%   30%   35%   40%

Mayfield CXO Innovation Survey 2019
Corporate Innovation Survey – Current Innovation Benchmark

Support for POCs

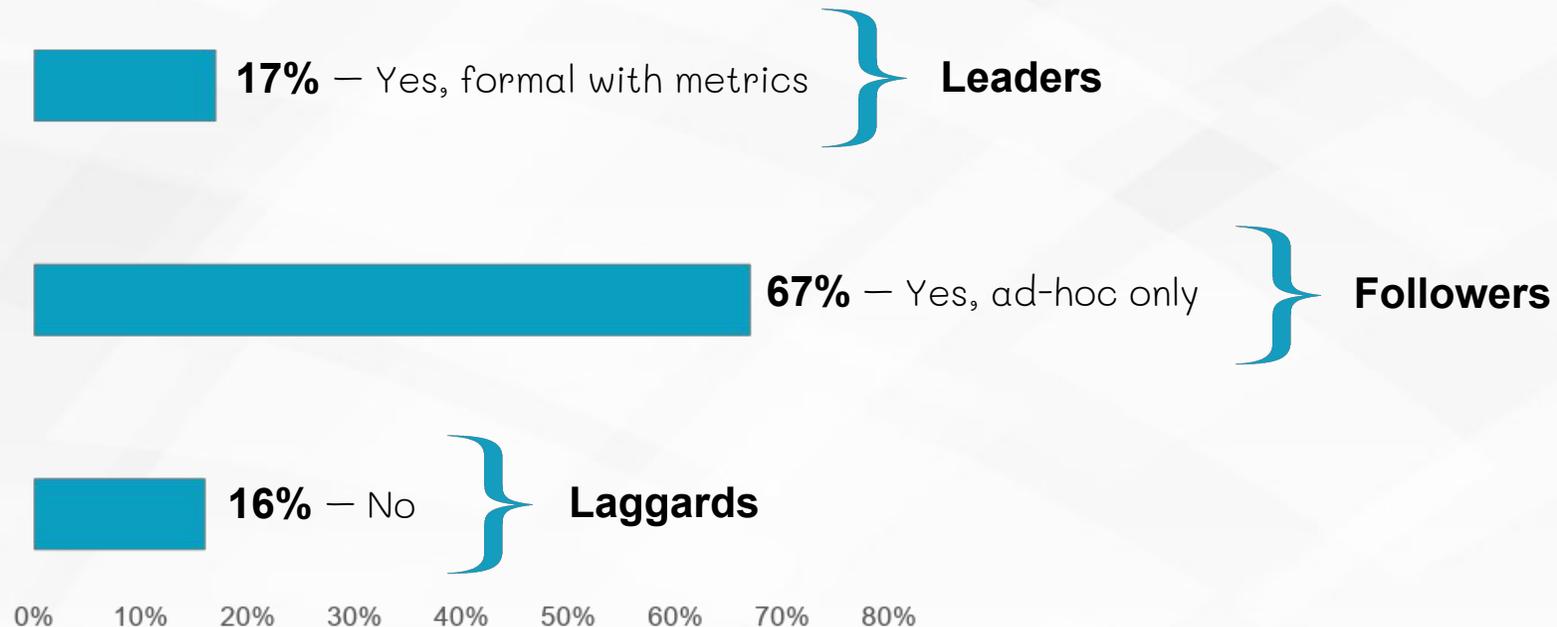- How many early stage POCs can your team support simultaneously?

11% — 10+ POCs

13% — 5-10 POCs

} **Leaders**

66% — 2-5 POCs } **Followers**

10% — 1 POC } **Laggards**

0%   20%   40%   60%   80%

Mayfield CXO Innovation Survey 2019
Corporate Innovation Survey – Current Innovation Benchmark

Budget

- Do you have a formal innovation budget?

17% — Yes, formal with metrics } **Leaders**

67% — Yes, ad-hoc only } **Followers**

16% — No } **Laggards**

0% 10% 20% 30% 40% 50% 60% 70% 80%

Mayfield CXO Innovation Survey 2019
Corporate Innovation Survey – Current Innovation Benchmark

Compensation

- Are you formally compensated for innovation?

10% — Yes, formal with metrics } **Leaders**

34% — Yes, ad-hoc only } **Followers**

56% — No } **Laggards**

0%   10%   20%   30%   40%   50%   60%