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‘The future of innovative partnerships’ - How can large global corporations and startups form successful collaborations?

- A qualitative study of Company X

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Abstract

Startups have emerged as an important source of innovation, since the move from closed to open innovation, disruptive innovations have received more attention, and more actors are starting to engage with startup activities. Previous examples can be seen of large corporations moving from being leaders in their industries to not even being here today that have contributed to many large corporations feeling a sense of urgency to work more with innovation and external actors, such as startups.

In this thesis, the relationship between large corporations and startups that are engaging with each other is investigated qualitatively, by making a case study of Company X, a large corporation in an industry going through a rapid transformation. An industry that consists of long and rigid processes shaped through decades of heritage and knowledge, creating difficulties now that a new approach is needed. The researchers are taking the startups perspective on the engagement putting them in the driver's seat. The scope of the thesis was defined by engaging in a pre-study in which the researchers interviewed employees at Company X and the CEO of a local startup, resulting in the literature and themes used for investigating the relationship.

Using the preferred customer theory as a base for the research and approaching the startups as suppliers but making a distinction by referring to them as partners to grasp the uniqueness of the engagements. The researchers interviewed twenty people in total inside Company X and different startups and analyzed the material through the usage of thematic analysis. The findings show that there are many challenges for these two actors in order to engage in innovation activities, mainly due to the different nature of the organizations and a lack of understanding for the other party. Difficulties in many cases originate from the difference in size, structures, time-frames, and culture, which creates a need for finding common ground, to bridge the gap between the two worlds and overcome the challenges.

The researchers found that the preferred customer theory can be used to describe how to be a preferred partner of startups. However, significant differences are found in what the startups valued as the most important. Startups express a wish for genuine engagements, understanding, adapted processes, high-quality communication, and value. Moreover, the researchers found that large corporations making the effort of becoming the preferred partner of startups and ease startups ways of working with them can enjoy benefits in the form of preferential treatment, ranging from exclusivity to benevolent pricing.

Key words: Preferred customer theory, Startup- and large corporation-collaborations, Innovative suppliers, Asymmetric relationships, partnerships, Startup

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Abbreviation

IPR = Intellectual property rights

NDA = Non-disclosure agreement

POC = Proof of concept

SME = Small and medium-sized enterprises

1 Introduction

1.1 External partners for open innovation in large global corporations

In a landscape where many large industries are going through rapid changes, there is a need to innovate, both to satisfy customer needs and to stay competitive, which has led to corporations changing how they approach innovation (Jones, Cope, & Kintz, 2016). From previously relying more on closed innovation, corporations are looking towards different forms of interacting with external partners to get access to more knowledge and potential innovation (West & Bogers, 2014). Chesbrough (2006) calls it open innovation, where corporations see value in both internal and external flows of knowledge and that the way to market for an innovation can be either through the internal organization or an external one. With a rapid pace of innovation going on, corporations that are not open to change may get left behind.

Facit, a former Swedish company, was in such a stage when its industry went from mechanical to electrical, its previous competitive advantage became a rigid block that in tandem with not understanding the changing market led to its demise (Sandström, 2013). Another example is Kodak, a company that while it had heavily invested and was in the forefront during the start of the transition from film to digital, failed to capitalize on their investment (Lucas & Goh, 2009). In the case of Kodak, Lucas and Goh (2009) argue that the difficulty for Kodak was based in that the transition towards digital was not embedded in the organization by upper management, so the employees did not support the changes that needed to happen, showcasing the difficulty for an organization to change if the internal culture is working against it. Companies that try to embrace the change, on the other hand, are in a better position to benefit. BMW started a new process called Startup Garage as an organization between their large organization and startups, to create a process that works on beneficial terms for the startups so that they are willing to engage BMW, which has been successful for the organization (Berry, 2016).

1.2. Startups as a partner and source of innovation

Tripsas (1997) found that in industries going through changes that drastically change the value of the current knowledge and competence there is a high risk that new entrants can take positions at the expense of the industries incumbents. Today many innovations that lead to these changes originate from startups, hence showing a need for large corporations to seek out startups (Kohler, 2016). The strengths of large corporations with resources, market knowledge, and economy of scale make a good fit with startups and their flexible structures, specific technical skills knowledge, and willingness to take risks (Jang, Lee, & Yoon, 2017). Weiblen and Chesbrough (2015) suggest that "*Shouldn't great things happen if both sides combined their strengths?*" (p. 66). While on paper it might seem like a perfect match, startups worry that a large organizations bureaucracy could be slow and therefore a risk to their survival, while large organizations worry about the risk of working with startups lacking proven legitimacy (Usman & Vanhaverbeke, 2017).

In recent years the way that large organizations and startups engage each other has started to move away from corporate ownership and towards programs that are aimed at making the interaction easier for both parties (Weiblen & Chesbrough, 2015). These programs either focus on outside-in innovation, in which startups get help for innovations they push or inside-out where the large organizations use startups to help push their innovation. Wagner, Kurpjuweit, and Choi (2017) see it as large corporations have moved towards a more co-developing approach with startups.

Even so, there are still problems in the interactions between the two as the large organization needs to learn how to screen, evaluate and choose which startups to engage with, a process that demands more speed than what they are familiar with (Weiblen & Chesbrough, 2015). Startups, on the other hand, can lack the understanding of how to communicate the value they bring and the needed understanding of the processes of large organizations (Wouters, Anderson, & Kirchberger, 2018). A topic that has been explored by many researchers, however, they have primarily focused on the perspective of the large corporation, showing that there is a need to explore the experience from the startups' perspective (Weiblen & Chesbrough, 2015; Usman & Vanhaverbeke, 2017).

One organization that is looking more towards new technology startups for innovation is Company X. Company X is a large global organization, working in the automotive industry, an industry going through changes both based on regulations and technological innovation. With new areas such as electromobility, automation, and connectivity increasing in importance. It has been acknowledged inside the company that there is a need for new methods and ways of working with startups and it is an ongoing process where innovation managers together with legal competencies are improving the current practices.

1.3 Large global corporation and startups, two different worlds

In a changing environment with constant innovation and competition, the practices for keeping up with newness has been crucial for corporations. Small organizations are starting to become more critical in a supplier perspective since creativity can come from these organizations and they may out-innovate the larger corporations if they do not keep up (Del Vecchio, Di Minin, Petruzzelli, Panniello, & Pirri, 2018). Knowing that yesterday's suppliers might not be the future suppliers, strategies have to be more innovative.

This thesis aims to investigate the main challenges for a large global manufacturer working with new technology startups and deliver good practices on how it can work to be the preferred partner in the startups' eyes, and thereby facilitating successful collaborations. As more large corporations see the benefit of engaging with startups, some startups will likely be more sought after than others, creating a situation where startups can be in a position where they can choose between large corporations. Such a situation creates a need for large corporations to understand what startups seek in a partner and which traits they value the most.

1.4 Research gap and research questions

The important role that the startup organizations play in the innovative processes lay the foundation for the research. The purpose of the thesis is to provide insight into what can be done to smoothen the process for a large corporation, such as Company X, looking to source more products and services from startups. This in order to provide more insight into a field that is important and current, but not fully developed. Literature today talk about buyer-supplier relationship, startups and their nature, large corporations and their nature. However, only a limited amount of research goes specifically into the startups and large corporation's relationship and acknowledge it for its differences. The literature that does tend to focus on the large corporation's point of view, which is why this research take another approach and look at the relationships from the startup's perspective. The researchers, therefore, see a gap in research when it comes to how startups view challenges in the engagements with large global corporations, what areas they would like to be improved, and moreover how valuable is it to them to have such a partner. With the importance of looking both at what can be done to improve the process but also why it is a problem and why large global corporations should make the effort of improving the engagements, the research questions are therefore formulated as;

RQ1: *What are the main challenges for large global corporations and new technology startups engaging with each other?*

RQ2: *How can large global corporations become the preferred partner of new technology startups?*[1]

RQ3: What are the benefits to achieving preferred partner status?

The expectation is to shed light on the challenges of partnerships between startups and large corporations, and furthermore provide advice to the latter on how to facilitate successful collaborations with startups as well as to find out more about why it is essential to be a good partner to startups. The researchers want to cover a broad spectrum of the problem and expect the three research questions to give an overview of the topic by both going into the reasons behind the problem, what can be done about it, and why it is worth to improve it. The researchers expect to contribute to an important field of research by looking at what startups value in the interaction with large corporations. The researchers do not aim to verify any best practices. The findings are instead meant to provide good practices that can act as a foundation for other researchers to build on in order to find generalizable results in the future. Lastly, the researchers expect to provide the case company with findings and some general advice generated from the study.

1.5 Approach to study

This paper was conducted at Company X to study a practical problem for the company. Working with our supervisors both at the university and at Company X, we came up with a topic with a practical approach that could be explored in a context that fit our education. As it is a problem that is experienced by the employees at Company X and the startups they engage with, the idea was to approach the topic with open eyes and do a pre-study to gain insight into the issue from different stakeholders. We saw the importance of spending time at the company talking to people to get a sense of the situation and understand the practical problem better.

[1] From this point large global corporations will be referred to as large corporations, and new technology startups as startups.

We started with this even before going into the literature and continued to develop an understanding and selecting the literature in parallel to the exploration of the problem. This resulted in us already possessing knowledge, that pre-defined the literature and the themes for the research on beforehand, which was valued as important in order to make in-depth research on the actual problem. The pre-study gave us insight about potential important drivers in the relationship between large corporations and startups mainly being; communication, governance and relational tools, value, and knowledge. Hence these themes were chosen to be developed on more in the literature review. The result of choosing to have this approach to the study and by conducting a pre-study resulted in the researchers being able to detect specific problems in this exploratory phase, which in turn, lead to the choice of analyzing the material with a similar structure as the literature.

1.6 Disposition

The paper will consist of seven chapters. We will refer to us as the researchers when writing about our point of view. In the paper, for keeping a variety in the text, the researchers will refer to large corporation, company, as well as organization, all three terms are used to describe a large global corporation such as Company X, that has a global presence and significant market share in its industry. In the same way, the word startup is used to describe new technology startups, which follows the four features presented by Skala (2019) that startups are young and with limited resources, they are innovative, aiming for fast growth and scalability, and often working in technological industries. In the next chapter, the researchers' literature review will follow. Chapter three will consist of methodology. After that, the empirical findings will be presented, in chapter four, followed by the analysis in chapter five. Finally, the researchers summarize and finish the paper with the section conclusion and contributions, which is chapter six and seven.

2 Literature review

In this chapter, the literature review of this thesis will follow. It goes through what the researchers found as relevant topics for investigating the subject. These are preferred customer theory, communication, governance and relational tools, value, and knowledge. The preferred customer theory is a model that the authors believe will help to understand the interaction between large corporations and startups. Communication, governance & relational tools, value, and knowledge are factors the authors chose to elaborate on based on the pre-study as they were emphasized as important in the initial phase of the research.

2.1 Preferred customer theory

Reading Huttinger, Schiele and Veldman (2012) it is explained how supply chain management has previously focused on purely price-oriented purchasing strategies. However, this has been identified as not always being a successful approach. Suppliers have moved more towards offering superior technology and having limited availability in their engagements. It creates a change for organizations moving from the traditional purchasing philosophy towards adapting and paying more attention to strategic supply management in order to secure tomorrows competitiveness (Huttinger et al., 2012). Pulles, Veldman and Schiele (2014) mean that in technology development, it is vital to interact more in networks to get access to actors, resources, and relationships. This due to the exchange in ideas and constructs of new ideas based on the interactions, which is one reason for suppliers being essential for corporations. Depending on the suppliers a corporation choose, they can end up with the wrong capabilities and low innovation or collaborations with the most innovative suppliers and increased innovative performance (Pulles et al., 2014).

According to Schiele, Calvi, and Gibbert (2012a), in the year of 1990 organizations that relied heavily on their external partners for innovation was twenty-two percent. That number has since then grown significantly, and in the year of 2000, it had already gone up to eighty-five percent of the organizations. Hence the importance of suppliers has grown in different industries, especially those that are high technology dependent. In those industries, an oligopoly exists at times amongst the suppliers, which means that the organizations have to compete for suppliers. The suppliers have constraints on the resources that they can devote for collaborative development projects and cannot work with every buyer and neither give as many resources to their buyers (Schiele et al., 2012a). That is one reason why it has become increasingly important for organizations to secure the best suppliers, acknowledging that such suppliers may not be able to distribute its resources to every organization and only satisfy the expectations of a limited number of alliances. Organizations have to compete for the supplier's resources to have a competitive advantage on the market (Schiele et al., 2012a).

To tackle the competition of the supplier resources, a concept of being the preferred customer has developed in the literature. An organization is defined as a preferred customer "*if the supplier offers the buyer preferential resource allocation*" (Huttinger et al., 2012, p. 1). It can be in various forms such as capacity, best personnel, first offerings, and innovation. As mentioned previously, this is important due to the competitive advantages that come with being able to combine external resources differently and gain an advantage over competing organizations. To investigate these buyer-supplier relationships that lay the foundation of being a preferred customer, concepts based on social exchange theory has been constructed (Huttinger et al., 2012). Social exchange theory revolves around the relational interdependence that develops over time in the relationship through the interactions of the resource exchange between the partners (Schiele et al., 2012a). The theory of social exchange builds on three core elements: expectations, comparison level, and comparison level of alternatives. When using the framework to explain preferred customer theory, Schiele et al. (2012a) link it to what they refer to as the cycle of preferred customership, as seen in Figure 1.

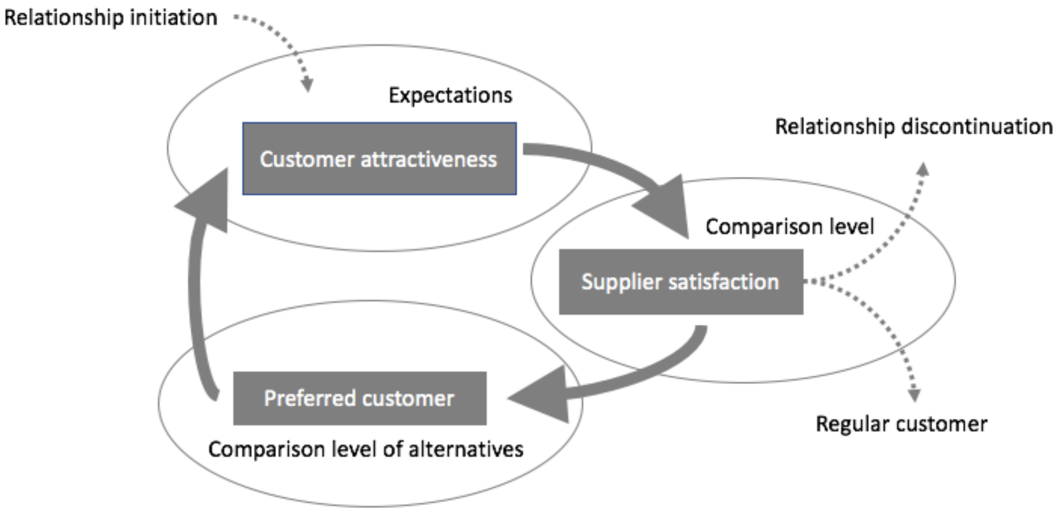

Figure 1. The cycle of preferred customership. Shows an overview of the preferred customer cycle. Adapted from Schiele et al. (2012a).

Schiele et al. (2012a) differentiate between two levels of continuing exchange relationships, first as a regular customer, second as a preferred customer, which is expanding classic social exchange theory. The cycle[2] of preferred customership is structured to connect the three core elements. Firstly, customer attractiveness to the expectations that a supplier has towards the buyer at the moment of initiating or intensifying a business relationship. Secondly, the comparison level to the supplier's satisfaction with the relationship. This satisfaction reflects the outcome of the exchange to the previously established expectations**.** Thirdly the comparison level of alternatives to the decision for the supplier to either: award the preferred status to a customer, assign a regular status to the customer, or to discontinue supplying the customer. The suppliers in these settings often have a portfolio of companies they work with, and therefore, they compare their satisfaction within one relationship, to their other relationships. The concept of being the preferred customer and keeping this status must work in the form of a loop, meaning that it has to be maintained and re-earned continuously (Schiele et al., 2012a). Schiele, Veldman, Huttinger and Pulles (2012b) write about a virtuous circle of preferred customer status mentioned earlier. It shows how the cycle of preferred customership goes in loops continuously.

[2] The short duration of the thesis as well as the fact that not all of the startups interviewed had gone through the whole cycle, created a situation where it was not possible to investigate a full cycle. This limitation will be elaborated on in Chapter 6, limitations and future research.

The drivers for preferential treatment, as described by Huttinger et al. (2012), consists of three parts; customer attractiveness, supplier satisfaction, and preferred customer status. Customer attractiveness focus on the supplier initiating or intensifying the relationships and is considered as a necessary part to succeed in this part. While supplier satisfaction focuses on meeting the expectations of the supplier, it is natural that suppliers are more satisfied with some buyers rather than others, preferred customer status can, therefore, be awarded to the one that succeeds the best. Those customers often enjoy social benefits due to the awarded status. It is essential to keep in mind that the three parts are all linked together and are all part of achieving preferred customer status (Huttinger et al., 2012).

Regarding what create supplier satisfaction, customer attractiveness and preferred customer status there have been several papers investigating the antecedents of each one of them, but recent papers have reviewed these to come up with a structured overview of the different influence factors in each field. Schiele et al. (2012b) propose in their study that the issues that are most important for customer attractiveness are potential business opportunities for suppliers, reputation for collaboration of the buyer, and supplier expectation of ease to do business with the given buyer. Moreover, for supplier satisfaction, the main driver identified were a durable business approach, focusing for example, on long-term orientation, shared risks, buyers relationship performance, and the fit between the organizations. Huttinger et al. (2012) developed a preliminary concept that presents the drivers of preferential supplier treatment like can be seen in Figure 2.

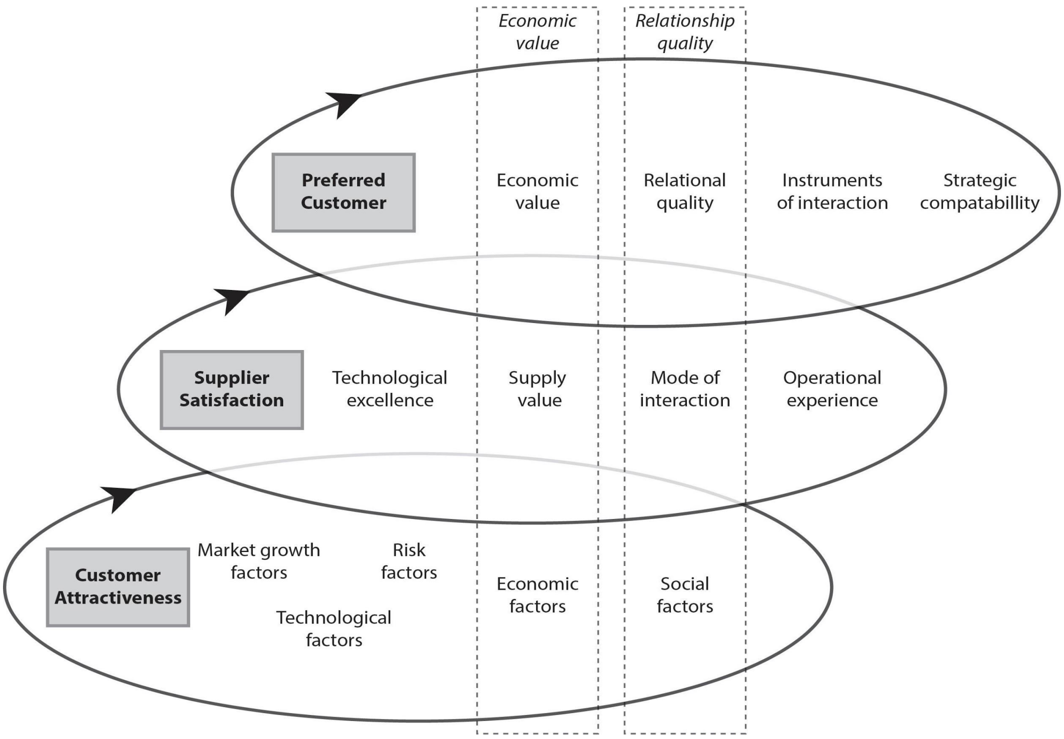

Figure 2 - Drivers of preferential treatment by suppliers. Overview of the different factors in each stage. Adapted from Huttinger et al. (2012)

As can be seen, some factors are exclusive to one stage in the concept, while some affect more than one stage (Huttinger et al., 2012). Looking at customer attractiveness, the antecedents mentioned as being very important to this stage are market growth factors, risk factors, technological factors, economic, and social factors**.** These factors are hence, the main areas of importance for a corporation to be seen as attractive prior to the relationship initiation. Huttinger et al. (2012) does not just mention these main areas but continues to elaborate on the many drivers that affect the customer attractiveness in each area as can be seen in Table 1.

When it comes to market growth, some of the drivers are; size, market share, and growth rate, which means that suppliers tend to see buyers as attractive when its purchases or potential purchases are larger than other buyers. For risk drivers, significant impacts of attractiveness are risk sharing, patent protection, and market stability. Customers, therefore, should be competitive in the market and adapt to changing technology in order to be viewed as attractive in this area. Moving on to technological factors, the essential drivers are the depth of skill, commitment to innovation, and early R&D involvement. Attractive factors based on the economic aspect are driven in no small extent by price, volume, and the potential for value creation. Finally, the social drivers play a role in how a partner can enable possibilities for extensive face-to-face contact, communication, and support the supplier to participate in an internal team (Huttinger et al., 2012).

Table 1

Customer Attractiveness Factors

Factors	**Drivers**
Market growth	Size, market share, growth rate, influence on the market, barrier to entry or exit, and access to new customers/markets
Risk	Risk sharing, standardization of product, dependence, level of transaction-specific assets, demand stability, patent protection, level of integration, political risk, and market stability.
Technological	Customers ability to cope with changes, depth of skills, types of technical skills, commitment to innovation, knowledge transfer, supplier training and field visits, early R&D involvement and joint improvement.
Economical	Margins, price, volume, cost elements, value creation, leveraging factors, capacity utilization, and negotiating pressure.

Note. Adapted from "The drivers of customer attractiveness, supplier satisfaction and preferred customer status: A literature review" Huttinger, Schiele and Veldman, 2012, Industrial Marketing Management, 41(8), p. 1199.

The next stage is supplier satisfaction, the antecedents in this area are technological excellence, supply value, mode of interaction, and operational excellence, factors focusing on performance with each driver presented in Table 2. Essential drivers for technical excellence are technical competence, response to supplier requests, and suggestions for improvement. Drivers that allows a supplier to get a feeling for how they fit with a partner. For supply value suppliers look for profitability, substantial volumes, long-term horizons, and adherence to agreements, as indications of the economic value from the relationship. The next area that affects supplier satisfaction is the mode of interaction which consists of the following drivers; structure, reaction, and information, each of these has sub-drivers that can be seen in Table 2. The final area in supplier satisfaction is operational excellence, which focuses more on the production aspect of the engagement, such as forecasting, planning, order process, and business competence (Huttinger et al., 2012).

Table 2

Supplier satisfaction factors

Factors	Drivers (*sub-drivers*)
Technological excellence	Early supplier involvement, technical competence, supplier development, response to supplier requests and suggestions for improvement, and joint relationship effort
Supply value	Profitability, bargaining position, substantial volumes, long-term horizons, adherence to agreements, cooperative relationships, commitment to supplier satisfaction, dedicated investments, reward-mediated power sources, non-mediated power sources, and recommendations.
Mode of interaction	Structure: (*Availability, direct contact, the definition of roles and responsibilities, as well as communication*) Reaction: (*Politeness, openness, trust, commitment, reciprocity, feedback, conflict, management, constructive controversy, reaction speed, and quality of reaction)* Information: (*Level of information exchange, quality of information, accuracy, and timeliness of information exchange)*
Operational excellence	Forecasting, planning, order process, time scheduling, billing, delivery, payment habits, required effort needed for delivery, support, and business competence

Note. Adapted from "The drivers of customer attractiveness, supplier satisfaction and preferred customer status: A literature review" Huttinger, Schiele and Veldman, 2012, Industrial Marketing Management, 41(8), p. 1201.

Preferred customer status is affected by the combination of the previous stages and from categories of economic value, relationship quality, instruments of interaction as well as strategic compatibility as seen in Table 3. The drivers of economic value consist of, for example, profitability and business opportunities, drivers that suppliers view as signs that staying engaged will bring future benefits. Some of the drivers influencing the relationship are loyalty, trust, commitment, and satisfaction, meaning that it is in the customer's interest to work to be seen as a partner that the supplier can lean on. The third area affecting preferred customer status is instruments of interaction, in other words, how well the interaction is facilitated. Essential drivers here are communication and feedback, simple and coordinated business processes, and predictable decision processes. Factors that make it easier to coordinate and work together long-term. The final area is strategic compatibility, this area has the following drivers; strategic fit, shared future, geographical proximity, and cluster membership, which means that the selection of a favorite customer is a strategic decision (Huttinger et al., 2012).

Table 3

Preferred customer factors

Factors	**Drivers**
Economic value	High purchase volumes, profitability, business opportunities, total cost as a basis for purchasing price, and low cost to serve the customer
Relationship quality	Loyalty, trust, commitment, satisfaction, customer attentiveness, respect, fairness, and strong bonds
Instruments of interaction	Early supplier involvement, involvement in product design, supplier development, quality initiatives, schedule sharing, response to cost reduction ideas, communication and feedback, action-oriented crisis management, simple and coordinated business processes, and predictable decision processes
Strategic compatibility	Strategic fit, shared future, geographical proximity, and cluster membership.

Note. Adapted from "The drivers of customer attractiveness, supplier satisfaction and preferred customer status: A literature review" Huttinger, Schiele and Veldman, 2012, Industrial Marketing Management, 41(8), p. 1202.

This show that a cooperative, relationship-driven supply management strategy perhaps is better for achieving preferred customer status rather than a competitive, outcome-based relationship. The impact of the intrinsic relational atmosphere was seen across all three research fields, with drivers such as tight inter-firm and interpersonal relationships, trust, commitment, strong bonds, fairness, respect, and loyalty. Showing that it is not only the economic factors that are connected with supply management that affects being the preferred customer, but social elements also play a significant role (Huttinger et al., 2012).

In Schiele, Veldman and Huttinger (2011) it is even proposed that there is a direct relationship between being the preferred customer and receiving benevolent supplier pricing as well as supplier innovativeness meaning that both buyers and suppliers can utilize many positive effects of being a preferred customer. Huttinger, Schiele and Schröer (2014) highlight some more factors influencing a supplier's choice to treat selected customers more preferentially than others. Except for the previously mentioned reason that suppliers have limited resources and need to make choices of where and how much of them should be spent. Huttinger et al. (2014) showed that growth opportunities for operative excellence, reliability, and relational behavior were additional reasons for awarding preferential customer treatment.

So, becoming the preferred customer is a continuous process of being an attractive customer as well as a customer that meet expectations and become the supplier's best alternative. Doing this can lead to a status with many advantages and well-perceived collaborations.

2.2 Communication

According to Perez and Cambra-Fierro (2014), many industries have alliances between small and medium-sized enterprises (SMEs) and establishes partners that are characterized by asymmetries and unequal resources. In order to survive in these industries, SMEs to a large extent depend on the large corporation and having successful alliances. Collaborative relationships like this tend to by nature be formed for value generation, often in order to access resources or knowledge and combine those in innovative ways, that later can give competitive advantages. For the SMEs to do this, it is vital to form social ties, where communication is essential in order to create these ties and expand the SMEs network. Communication can be formal, where it is structured and follow specific guidelines, or informal, that is unplanned and spontaneous, were each often is used for different purposes (Johnson, Donohue, Atkin & Johnson, 1994). In order to develop shared plans and goals, SMEs rely much on informal communication for the exchange of information. Informal communication builds trust and shows commitment. Therefore, it is generally preferred by small companies. Further, Perez and Cambra-Fierro (2014) find that because of the characteristics of SMEs, informal communication is viewed as important as it helps the relationship become more natural. Personal visits are viewed as necessary as it both provides a great way to share ideas but also to learn from each other as well as strengthening the social ties (Perez & Cambra-Fierro, 2014).

Several authors propose communication as an essential capability for effective partnering (Zaremba, Bode, & Wagner, 2017; Slowinski, Sagal, Williams, & Stanton, 2015). Communication quality is defined as; "*...the frequency, content-related quality, and immediacy of communication and information exchange between the buying firm and the new venture*" (Zaremba et al., 2017, p. 54). Based on this definition of communication quality, Zaremba et al. (2017) find that it is a critical capability which affects both the buying organization's evaluation and development of new ventures, they also showed how it reduces uncertainty in the relationship. The importance of communicating timely and frequently is mentioned to be essential, especially during evaluation and development activities in order for the best result of the collaboration.

Furthermore, transparency is mentioned as necessary in order to communicate different steps of the process during the relationship and to get reactions that influence the collaboration. Except for frequency and content, a third ability was mentioned as very important for the overall quality. That is to communicate at "eye level," referring to the importance of treating both parties of the relationship as equals. One example of this mentioned by Zaremba et al.

(2017) is how established organizations often do not send their top management to communicate with the startup's top management, and this can create a feeling of the large corporation being superior which often affect the relationship negatively.

Slowinski et al. (2015) agree with the importance of communication and write about it from the perspective of supplier-innovation relationships, were written, verbal, and action communication are enablers and a key structural force for most relationships. Action communication is the language of action, not words but what one does and the communication that is sent out. It acts as a foundation and structure that determine future communication in the relationship and is often an undervalued practice. However, it is important to be mindful about it in order to gain trust and reach the desired outcomes of the relationship.

Slowinski et al. (2015) mention how important it is to have good vertical communication, which refers to communication between organizational levels. If the organization does not communicate well internally, it is unlikely that it will communicate well with a partner organization with horizontal communication, meaning communication between functional groups. Slowinski et al. (2015) further express the importance of creating a common language between organizations working together, this is important for minimizing miscommunication and integrates the team. This language should be clear and well understood, for example, sometimes the same word has different meanings for the different organizations, an issue that can be bridged by having a common language, which tends to be even more critical in high technology companies, where knowledge is detailed and advanced. Here the communication and language play a big part to motivate, coordinate, and enable sharing the knowledge across different teams (Slowinski et al., 2015). Communication is sometimes mentioned as a part of an organization's culture, which also may suggest the importance of making sure that the two partnering organization does not have conflicting cultures (Groote & Backmann, 2019). Groote and Backmann (2019) emphasize that it is important to pay attention to communicating each organization's goals if the organization initiating a partnership have a very different goal then its partner, they might pull in different directions which can create friction.

Henke and Zhang (2010) further express the importance of communication. They present the importance of successful collaboration activities and how this can lead to significant advantages, for example, in order to access resources. Creating an environment of honest and open communication facilitates a committed and well-perceived relationship. Keeping in mind that improving investment in innovative collaborations between organizations can be strategically important.

Communication between small organizations and large corporations propose many challenges however Slowinski et al. (2015) present a few best practices these being; avoid the purchasing department, build personal networks within the buying organization, and work to raise the buying organizations commitment. Communication is suggested to instead go through innovative departments, preferably with someone in the supplier's network. The reason for that is that suppliers can enjoy advantages such as access, better communication, trust, and commitment from the buying organization (Slowinski et al., 2015). Furthermore, Perez and Cambra-Fierro (2014) suggest a somewhat similar approach by highlighting the importance for small organizations to find committed champions inside the large corporation and form social ties with these persons. A champion is proposed to create similar advantages like the development of trust, excellent communication, and access to top management within the large corporation. Committed champions can, in this case, be explained as employees inside the large corporation that fights for the startup and the collaboration. They push ideas in the innovation process, often with persistence, risk-taking, personal commitment, and in a promoting way. (Howell & Boies, 2004; Perez & Cambra-Fierro, 2014)

2.3 Governance and Relational tools

Organizations that seek each other out will have asymmetries that can both be advantageous and disadvantageous. Differences such as size, resources, and knowledge can be used as complements to create new products or services, while information asymmetries can create a risk of moral hazards or adverse selection as it can be hard to see the true intentions of a new partner (Hurmelinna, Blomqvist, Puumalainen, & Saarenketo, 2005). Gulati (1998) argue that organizations that enter a new relationship with another organization puts itself at risk for these actions through the potentially unpredictable and opportunistic behavior from a new and unknown partner. Blomqvist, Hurmelinna and Seppänen (2005) write "*If the parties do not have earlier common experiences, they may not have very extensive information about each other's capacity and previous performance, and under conditions of uncertainty there is a risk of adverse selection and moral hazard*" (p. 500). In these situations, organizations look to protect themselves by using contracts and other means to monitor and control the relationship (Göran & Hägg, 1994). Frankel, Schmitz Whipple and Frayer (1996) see these actions as a form of relationship stabilizer.

According to Tiwana (2008), control is how an organization try to govern and get the other party to do actions that are in the interest of the organization. These protections can be formal, such as legal documents, or informal such as trust, both of which are ways to try to control and safeguard the activities and actions in the relationship (Melander & Lakemond, 2015).

2.3.1 Governance

Weiblen and Chesbrough (2015) argue that once a startup and a larger entity start to work together to develop something new, the issue with intellectual property appears. In the relationship, the startup worries that their ideas will be stolen or that decisions that will decide the fate of the startup will take too long (Weiblen & Chesbrough, 2015). Henkel, Schöberl and Alexy (2013) write that "*in essence, innovators have two means of maintaining exclusivity to innovation-related knowledge: secrecy and legal exclusion rights*" (p. 879). With the emergence of open innovation and bringing in external partners to develop ideas together, Henkel et al. (2013) argue that there are two models for profit-driven relationships, either based on intellectual property rights (IPR) or selective revealing (Henkel, 2006). In their study, Hagedoorn and Ridder (2012) find that organizations working with open innovation use IPR as a way to protect their innovative capabilities, which goes with the argument that open innovation without protection invites potential appropriation (Chesbrough, 2006), revealing a need to know what to share and how to protect it. Selective revealing, on the other hand, is done as the organization sees that the benefits by sharing some of its knowledge with others, has a better potential return than keeping it protected (Henkel, 2006).

The common IPRs are trademarks, copyrights, patents, and trade secrets (Teng, 2007), with the first three being registered rights (Hall, Helmers, Rogers, & Sena, 2014). Teng (2007) describes trademarks as "*commercial identities of a firm*" (p. 163), and copyright "*with literary or artistic expressions*" p. 163). Hagedoorn and Ridder (2012) write that "*IPR refer* *to exclusive privileges granted to owners of a variety of distinct new creations in terms of intangible assets (discoveries, inventions, and new designs)*" (p. 3). Another alternative for organizations is to keep knowledge a secret. While it does not have the costs associated with patents, it has its own need for resources as it needs to be guarded (Hall et al., 2014). Teng (2007) writes that it is essential that an organization that is looking to innovate with an external partner understand what type of knowledge it has and come to terms with how to protect it from potential opportunistic behavior.

Besides IPR, organizations also use contracts to monitor, protect, and govern their relationships (Teng, 2007). Hagedoorn and Ridder (2012) define contracts as "*legally binding agreements, in writing, between two or more parties [...] that are intended to create a legal obligation or a set of obligations*" (p. 3), creating rules for how the collaboration will work to reach mutual goals (Blomqvist et al., 2005). Blomqvist et al. (2005) argue that the first contract between organizations that have no experience collaborating will be more detailed to try to balance the lack of knowledge. Non-disclosure agreements (NDA) are one example of a contract, that describes how a person with access to knowledge may use and share it (Fanimokun, Castrogiovanni, & Peterson, 2012). Organizations use NDAs to protect their knowledge and know-how, and it allows them to instigate legal actions if breached, meaning that the agreement should be signed before sharing begins. For example, Melander and Lakemond (2015) believe that more general NDAs held a higher value to guard against opportunistic behavior compared to detailed contracts, the participants of their study also shared that external engineers came to be viewed as colleagues after NDAs were signed.

The work up to signing contracts allows for the different sides to get to know each other and potentially notice and solve future dilemmas before signing any agreement (Blomqvist et al., 2005). Contracts can also work as a tool to build trust as besides negotiation it sets the tone for the future (Blomqvist et al., 2005). Though the asymmetric relationship can create dilemmas as large corporations often have legal departments while startups might lack the necessary resources or understanding of the legal aspect. Blomqvist et al. (2005) write that as the enforcement of breaches to agreements tends to be a slow process that causes delays, what might keep the parties within the boundaries is the fear of losing reputation and future opportunities.

2.3.2 Relational tools

Macduffie and Helper (2007) write that with more organizations seeking out collaborations with other organizations, there is a need for them to understand each other and while the relationship can work even without trust their study showed that if a choice were available, the supplier would choose a collaboration with trust over one without it. They are thereby demonstrating the importance of it in relationships between organizations.

Lu, Yuan and Wu (2017) define trust as "*a kind of inter-organizational informal control that refers to a faith that the firms decide to rely on partners and believe that partners' behaviors can be in accordance with the established joint resolution*" (p. 1629). Trust is not something that exists, according to Johnston, Mccutcheon, Stuart, and Kerwood (2004) it is something that relationship development creates. Johnston et al. (2004) write that trust "*may arise from frequent face-to-face contact, sharing of vital and proprietary information, exchanges of personnel and exposure to opportunistic behavior*" (p. 26). Henke and Zhang (2010) suggest that it is the larger company in the relationship that needs to be proactive in creating a trusting environment as they more often face less risk.

Henke and Zhang (2010) argue that the lower risk on the side of the customer requires that they take charge to build the trust needed to evolve the relationship and that it must be the initiator of collaborative actions. With collaborative activities, this trust grows, which increases the willingness to share. Henke and Zhang (2010) argue that customers that build trust through collaborations can increase their attractiveness reputation, meaning that others might be more inclined to seek them out.

As collaboration requires two, both sides need to put in the effort for it to work as their perception of the other's trustworthiness will be a crucial driver for cooperation to happen (Johnston et al., 2004). Their study also find that more cooperative activities with suppliers led to higher perceived performance and satisfaction among buying organizations and that this outcome is partly from the trust that the suppliers have in them. Göran and Hägg (1994) claim that a lack of trust can lead to transactions that do not create a win-win situation for both parties. Blomqvist et al. (2005) find that successful collaborations require a threshold amount of trust as a contract is only a framework, and trust works to fill in the potential gaps.

2.4 Value

Yan and Wagner (2017) write that the core concept for organizations to seek out interorganizational new product development is because it has the potential to create and appropriate greater value from innovations. While innovation can be the goal, there are also other forms of value in these relationships. In a supplier-customer oriented relationship, Walter, Ritter, and Gemünden (2001) separate them into direct and indirect values. The direct values are a direct consequence of the dyadic relation with a customer such as sales and profit. Indirect values are often a consequence of the relationship that has a future impact such as innovations, networks, access to third parties, and the ability to learn critical information through the collaboration. Walter et al. (2001) suggest that companies need to look above the direct and see if the potential value in the indirect form to make the best judgment in the choice of partners.

As a collaboration between a startup and a large organization create new value, appropriation of the value comes into play. Aggarwal and Wu (2018) imply that startups' appropriation of value is influenced by the social capital it holds with its partner and the larger partners' willingness to share. Alvarez and Barney (2001) find that in most cases, the majority goes to the larger organization, which has led it to be a more pressing matter for the smaller organization. Formal protection such as patents and contracts can be the tools needed for smaller organizations to protect their value and be able to appropriate a larger share. However, even in the case of an ironclad contract, the difference in financial resources can turn it into an unenforceable contract (Alvarez & Barney, 2001). With strong legal protection, it can also hurt the flow of knowledge in the relationship as control over their knowledge creates an environment with the risk of less innovation (Aggarwal & Wu, 2018). Smaller organizations can lack the appropriate resources needed to commercialize innovation and generate value (Tripsas, 1997). Teece (1986) call these resources complementary assets, such as manufacturing expertise, complementary technology, and distribution channels, and separate them into three categories: generic, specialized, and co-specialized. Generic are assets that do not need to be altered in any way to support the innovation, specialized assets have a dependent need towards the innovation, and co-specialized assets have a bilateral dependency with the innovation (Teece, 1986).

Tripsas (1997) argue that a company with access to the necessary assets to exploit an innovation have a distinct advantage over competitors and Teece (1986) conclude that these assets are needed to increase the likelihood of success, and if a first mover with an innovation lacks these functions, it increases the possibility of late entrants entering the market and dominating it. For a startup to build these capabilities, it would be costly and time-consuming, enforcing the idea to collaborate with incumbents to increase the likelihood to create and appropriate value (Alvarez & Barney, 2001).

2.5 Knowledge

Some of the internal knowledge of organizations are tacit, for example, an employee's skills or know-how that has been learned from experience (Ichijo & Nonaka, 2006). A natural trait for tacit knowledge is that it regularly is local, informal, and not found in a database or instruction (Smith, 2001). On the other side of tacit knowledge is that which can be codified, sometimes called know-what. Ichijo and Nonaka (2006) describe it as the information that can be turned into, for example, a set of instructions or a manual. Smith (2001) elaborates that it is a knowledge that once it has been transformed, it can be stored and easily shared between people and often in a more formal setting. It is creating a way for knowledge to be used more than once and in a broader environment.

Tripsas (1997) showed that acquired know-how and assets such as these complementary assets could help keep incumbent corporations stay competitive when its industry is going through rapid changes as they work as a buffer. However, Tripsas (1997) also find that the prior experience of an incumbent corporation can work as a hindrance when creating new products as it shapes their development, which leads to established corporations creating inferior products compared to new entrants.

Aggarwal and Wu (2018) write that innovation can happen when two organizations bring together knowledge that is recombined in new ways. The source of these innovations can come from either active or passive knowledge flows. Active knowledge flows are activities done by intentionally seeking out new sources of potential innovation. Aggarwal and Wu (2018) write that these activities can be seeking out a partner for their knowledge or resources, interacting with the academic world, or by joining a network.

Aggarwal and Wu (2018) suggest that once organizations engage with each other, there will be a possibility of knowledge to flow passively beyond what is in a potential control in a contract especially regarding tacit and not yet codified knowledge. Gomes-Casseres, Hagedoorn and Jaffe (2006) write that not all interorganizational relationships have a goal to transfer knowledge. However, passive flows from a larger organization to the smaller can be hard to stop. Aggarwal and Wu (2018) argue that even if the flow is intentional or unintentional, it can support the smaller organization’s capacity to be innovative and identify new opportunities, especially since the smaller organization’s inherent traits make it better equipped to seek out new ideas. Cohen and Levinthal (1990) argue that for any organization to get out the most of external knowledge, the internal knowledge must be at a level that enables it to see the potential value, what they called absorptive capacity.

Gomes-Casseres et al. (2006) find that in collaborations, larger corporations share more knowledge than smaller organizations, which means that the potential knowledge gain can be higher for the smaller organization. Gomes-Casseres et al. (2006) find that for organizations to get the most out of their interorganizational knowledge flow, it requires that both resources and effort is put into it. The flow is also influenced by the fit between the two organizations, such as technological, geography, and size.

Another way to approach the distribution of knowledge is through sharing it. Ritala, Olander, Michailova, and Husted (2015) suggests that knowledge sharing is an action that is desired and sought after in collaborations between companies. Hendricks (2004) describes knowledge sharing as a mechanism that allows an individual to share their knowledge and let others learn and identifies three factors to it.

> *"Firstly, knowledge sharing is a process, and therefore involves a sequence of events, actions and activities, that evolve in time. Secondly, knowledge sharing asks for at least two parties or roles, played by individuals or groups: the role of bringing [...] and the role of getting [...] knowledge. Thirdly, knowledge sharing is typified by the characteristics of knowledge that is shared." (Hendriks, 2004, p. 5).*

Hendricks (2004) describes the process as a five-step model, with the premise that it includes two roles, the role of the bringer and the role of the receiver. The starting point is that a bringer of the knowledge needs to be aware of the value of the knowledge they possess and realize that it can have value to others and find a suitable communication channel to transfer it to a receiver. Hendriks (2004) suggests that the receiver then has the choice of what to do with the knowledge and that the effectiveness of the process can be evaluated based on if it led to any changes. Hendriks (2004) conclude that in the process of knowledge sharing the bringer and the receiver of knowledge switch role frequently, making it different from a direct transfer procedure.

Ritala et al. (2015) explain that in most cases companies work in environments in which quid pro quo is a standard, to get access to external knowledge a company needs to share some of their knowledge. However, such a process open companies up to losing control of valuable knowledge, which is commonly referred to as knowledge leakage. As leakage of knowledge could be a risk to a corporation's competitive advantage, Heiman and Nickerson (2004) argue that it could even overshadow the perceived benefits of it. Companies try to use different forms of IPR to protect what is theirs, but the process of knowledge sharing opens them up to both accidental and intentional knowledge leakage (Ritala et al. 2015). A more straightforward way to protect itself is not to share anything externally; however, Ritala et al. (2015) suggest that it would limit the innovation potential as it reduces access to knowledge, leading to an effect in which companies can reduce their performance. Even when companies focus much effort to protect their knowledge, leakages can happen as employees might not be up to speed on what they can share in collaborations (Husted & Michailova, 2010).

Therefore, organizations have a dilemma to balance between being open and sharing knowledge with external parties to receive knowledge, and how it potentially could have a damaging effect on its business (Ritala et al., 2015). Husted and Michailova (2010) conclude that the challenge for companies is to be flexible enough to allow their employees to participate in inter-firm collaborations while at the same time, protect knowledge deemed crucial. There is also the potential issue that even in an organization that supports sharing that their employees hold back as the information has not reached them, which can create a potential risk for the success of collaborations (Husted & Michailova, 2010).

Frankel et al. (1996) write that as collaboration takes precedence over adversarial interactions, we will rely more on social contracts. Social contracts are developed through working to build trust in the relationship and personal development between people to create commitment. Frankel et al. (1996) argue that while formal contracts have their place, social contracts show the true motivation of an organization based on actions that can build trust and loyalty.

2.6 Visualization of conceptual framework

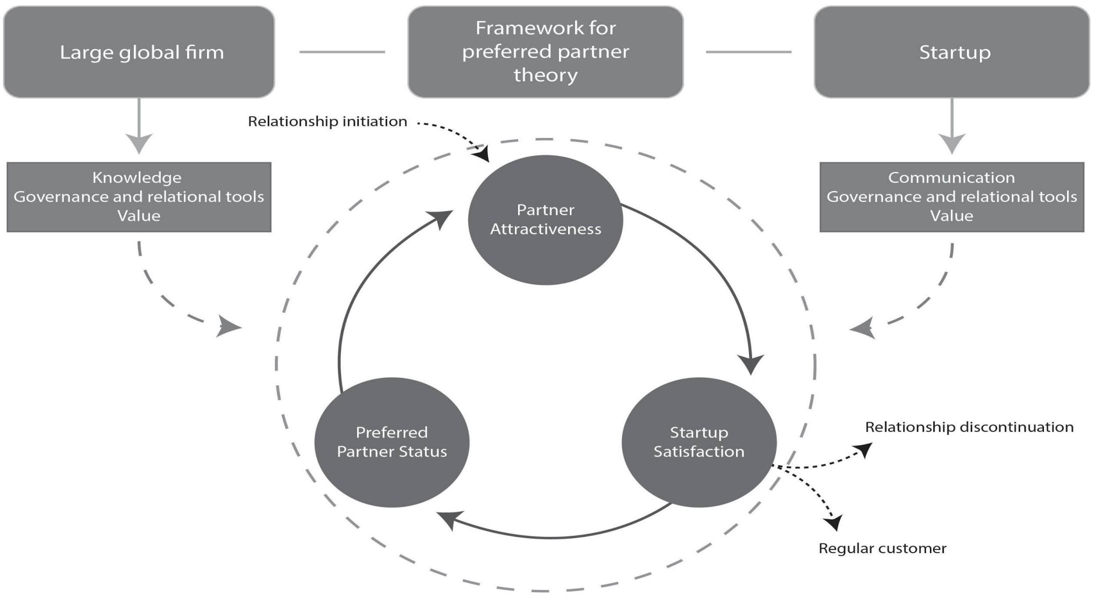

Figure 3 - Conceptual framework. Inspired by 'The preferred customer theory' and compiled by the researchers. Schiele et al. (2012a)

In this paper, the researchers have used the preferred customer theory as a base to investigate what factors are important in engagements between large corporations and startups (Schiele et al., 2012a). The theory is deemed relevant as startups act as a form of supplier even if they are different from traditional suppliers. The researchers, therefore, use this theory and apply it by referring to it as the preferred partner theory instead, this to highlight that it is untraditional suppliers that are being investigated. The researchers also go more in-depth on four factors that deemed to be important in the relationship between these two actors, being; communication, governance and relational tools, knowledge, and value. The factors were drawn from the pre-study and decided to be given more space in the theory section, allowing the researchers to go deeper into some aspects to explore how and if these factors are influential in the relationship.

To give the reader a clear understanding of how the literature is being used, the researchers visualized a model of how he preferred customer theory has been adapted in the case of Company X as can be seen in Figure 3. As known from the preferred customer theory, the evaluation is a continuous process, hence the model is in the form of a cycle and goes in lopes, taking both attractiveness, satisfaction, and preferred partner status into account. Conclusively this can be seen as a framework for an easier understanding of the researchers' theoretical approach to the study.

3. Methodology

The researchers will in this section discuss the overall quality of the paper, and the choices made, and go through how they have carried out their research, collected data, and how it has been analyzed.

3.1 Research strategy

The researchers have chosen to explore the topic in the form of a single qualitative case study as it is a good fit to explore a complex phenomenon in its real setting and answer the research questions (Yin, 2014). A qualitative approach was deemed necessary as the researchers want the interviewees to share their thoughts and opinions on the topic to try to understand their reality (Bryman & Bell, 2011). Usually, a problem with case selection can be accessing locations or organizations to gather data according to Yin (2014). Fortunately, the authors had a supervisor in Company X that helped facilitate access to people, relevant to the subject. The researcher worked in close contact with the case company and was provided with working space, resources such as computers, and access to various events in the organization. With the researchers working close to the case company the possibility to be ethnographers emerged, meaning that the authors could both do observations as well as interviews (Bryman & Bell, 2011). The study is using an inductive approach to research a complex reality as described by Bryman and Bell (2011). It began with a blank sheet which that over time was filled with existing literature and the researchers' findings. The problem is relatively complex, and it made sense to have an inductive approach in order to find out what the problem really was rather than proposing a theory beforehand.

3.2 Literature review

The research questions laid the foundation for the literature as it was based on the perceived area that was needed by the researchers to explore to learn about previous research (Bryman & Bell, 2011). It provided the researchers with different areas that could be of potential interest within the literature as the researchers had little knowledge of the field before the review started. Areas explored were; new venture, open innovation, startup collaboration, R&D, agile way of working, large corporation, SME, and innovative capabilities. The database used for the search was Google Scholar as well as the Gothenburg University Library search function to verify that articles were peer-reviewed. The initial search was conducted to explore the web for the right field of interest for the study. At this stage, the supervisor was also helpful to guide the researchers with his expertise.

The researchers did a broad search for articles within the key concepts that had to have a reasonable amount of citations. However, this criterion could be compensated if it was relatively new articles or unexplored subjects. The researchers' also used the reference lists of articles deemed relevant to expand their understanding of the subject. The researchers' general agreement was that in order to consider the article, a reasonable number of citations would be a minimum of twenty citations. Most of the chosen publications ended up having more citations, however a few of the newer ones ended up having a lower amount of citation, but the authors still deemed them as relevant due to the short amount of time since publication. The researchers also want to note that the only secondary data used were in the forms of literature found through this process and external material from Company X used in the pre-study.

3.3 Data collection

The data was collected by performing a pre-study, making observations, looking at secondary data, and doing interviews. In the sections below, a description of the different ways the data was collected will follow.

3.3.1 Pre-study

Before the data collection started, informal talks were held with people within the organization and a startup currently interacting with the organization, to gain an overview of the actual situation, problem, and whom to talk to. A summary of the interviewees can be seen in Table 4. The data used for the study was collected mainly from discussion with people that are relevant to the integration process between startups and Company X. However, documents regarding the organizational structure and current interactions with external stakeholders were used for a broader understanding. The pre-study allowed the researchers to get to know the culture and structure of the organization and both gain data about relevant interviewees as well as the research topic.

Table 4 - Pre-study

Pre-study interviews

Interviewee	**Pre-study**
Purchasing - Company X	Pre-study 1
Purchasing - Company X	Pre-study 2
Purchasing - Company X	Pre-study 3
Purchasing - Company X	Pre-study 4
Purchasing - Company X	Pre-study 5
CEO - Startup	Pre-study 6
Operations - Company X	Pre-study 7
Operations - Company X	Pre-study 8

3.3.2 Interviews

The interview categories can be split into two separate categories; Startups, and Company X. The researchers interviewed ten employees from Company X and ten startups. The size of the sample was decided due to the time and quality of the interviews, and the researchers started to see saturation on the subject before reaching the last interviews. The interviewees were chosen with a nonprobability approach as well as with a purposive sampling method (Bryman & Bell, 2011), looking to interview relevant people with knowledge and experience of the topic. Therefore, a purposive sampling, together with a snowball sampling was used as interview participants were asked to recommend other relevant interviewees (Bryman & Bell, 2011). Each interview was held separately to avoid people influencing each other and allowing the interviewees to share their different perspectives. The interviews were recorded and transcribed in order to be able to go into details in the material and represent the views of the interviews in a truthful matter.

The interviews were semi-structured and followed a pre-designed interview guide. The choice of using this method was in order to have some structure in order to make sure certain areas were covered while some flexibility for the interviewees own thoughts or topics of discussion still was encouraged (Bryman & Bell, 2011). The interviews were held face-to-face in the extent possible to be able to use the advantage of observing the interview subjects body language as well as to avoid technical issues or distractions. Phone interviews were considered as the second option, for example, when talking to people in other countries. The interviews took place at either Company X, startups' offices, or via Skype. The pre-constructed interview guides can be seen in Appendix A and B, and the guides followed the topics of; preferred customer theory, value, communication, governance and relational tools, and knowledge. Two different interview guides were used as some questions differed between startups and employees. The duration for each interview was between 40-60 minutes, depending on the quality and quantity of answers. The language used was most of the time English both due to the interviewees having different nationalities but also to avoid misunderstandings during translations. Some interviews were done in Swedish as it was considered to allow the interviewees to be more comfortable and allow them to express themselves better. The interview process followed the cognitive map presented by Bryman and Bell (2011) as can be seen in Appendix C.

As mentioned earlier, ten Company X employees and ten startups employees were interviewed. Primarily, employees with high positions within their organizations. The people interviewed were chosen based on recommendations from the pre-study, the researchers viewed it as essential to be selective to talk to appropriate interviewees that knew the topic. When it comes to Company X employees, a diverse field within the organizations was covered, and the interviewees were all employees in frequent contact with startups in order to secure the relevance of the interview guide. On the startup's side, one limitation in selection was set to interview startups within electromobility, connectivity, or automation. The purpose was to get startups that are in similar situations regarding the needs and demands to work in their industry. By excluding startups not aimed towards automotive, the researchers avoided differences based on different demands between industries.

The startups chosen were from different countries and had experience from interacting with large corporations in the same industry as Company X. The companies that the researchers considered, all had between one to ten employees, which was considered okay in order to still apply to the definition of startups used in the thesis. They had different backgrounds and experience in order to try to get a diverse view of startups within the industry. The researchers understand that different backgrounds and years since the establishment of a startup can affect the result as well however due to the positive effect of diverse opinions and the time limitations of the thesis this was considered a good sample. As can be seen in Table 2, a summary of the interviews is provided the numbers of either the startup or employee refers to the order the interviews were conducted. However, the researchers have chosen to split the interview names to startups and employees to make the distinction easier when presenting the data. As can be seen, a total of twenty interviews were conducted, and the people interviewed were from several different roles inside their respective organizations, which was important to get a good overview of the topic. However, many of the interviews were conducted with people higher up in the organization, and this was due to the notion that other employees did not have that much startup interactions as it existed mainly on a managerial level. When interviewing the startups, the researchers often got to talk to the CEO as this person generally is responsible and have most experience from the startup's engagements with large corporations. Also, worth mentioning is that the authors chose to give the startups and employees very general titles to preserve anonymity.

Table 5

Main study

Startups	Company X employees
Startup B - CEO	Employee A - Operations
Startup C - CEO	Employee E - Engineering
Startup D - Top management	Employee G - Purchasing
Startup F - CEO	Employee I - Purchasing
Startup H - CEO	Employee K - Engineering
Startup J - CEO	Employee L - Operations
Startup M - CEO	Employee N - Purchasing
Startup P - CEO	Employee O - Operations
Startup S - Top management	Employee Q - Purchasing
Startup T - Top management	Employee R - Operations

3.4 Data analysis

This research followed the main steps that are outlined by Bryman and Bell (2011) and can be seen in Appendix D, which is an approach to qualitative research. As mentioned earlier, the researchers deemed it important first to make a pre-study to be able to specify the research question and adapt it to the case. Therefore, the data analysis will be explained both regarding the pre-study as well as the actual interviews in the following sections.

3.4.1 Pre-study

The pre-study was set out to understand the setting, culture, and topic of the research at Company X. This analysis was made briefly to grasp the context before commencing the main study. It was also used to pinpoint relevant interviewees. At this stage, the initial research question was revised, as the researchers' perception of the context was better. No extensive changes were made, but rather minor ones that adapted the research questions after the researchers' understandings about context, previous experience, and language at Company X made a difference. The analysis was made by the authors together talking about what has been said, and this was done directly after the informal conversations together with going through the notes that were made. The step was necessary for the preparations of the study and understanding of the subject. More practically, it leads to the research questions being specified, literature review topics agreed upon, interview guides prepared, and interviewee suggestions.

3.4.2 Interviews

The interviews conducted was the primary data that was used for the analysis. The study followed a thematic analysis, which means that the authors matched concepts into themes based on the theory, empirical material, and research question (Bryman & Bell, 2011). Codes are developed from the transcripts and then revised in several rounds to end up with codes that represent what is being said and are separated from other codes. The researchers looked for patterns to formulate proper codes, hence the similarities found in the data is what made it possible to categorize and demonstrate the data in this way. After the codes were revised, the authors ended up with themes. These were later used to compare, cluster, and differentiate the material. The researchers used observations to strengthen the analysis further. In a later stage, this led to the researchers being able to draw conclusions from the similarities in the material.

3.5 Research Quality

In qualitative research, the quality of research is widely discussed. According to Bryman and Bell (2011), researchers are taking different stances to assess research quality. The measurements of reliability and validity are more connected to numbers and quantitative research. However, LeCompte and Goetz (1982) are two of the researchers that write about validity and reliability connected to qualitative research. LeCompte and Goetz (1982) assessment of external reliability, internal reliability, internal validity, external validity will be used together with an alternative criterion proposed by Guba and Lincoln (1994) as well as in Lincoln and Guba (1985). Mention trustworthiness and authenticity as measurements of reliability and validity. Another criterion worth mention is objectivity, which is part of confirmability. This is important since qualitative research is known to be subjective. To minimize this, the authors have acted in good faith and try to avoid personal values to the extent possible. In the following sections, a discussion regarding the different evaluation techniques will follow in order to measure this thesis research quality.

3.5.1 Reliability

As mentioned in the previous section, LeCompte and Goetz (1982) talk about external and internal reliability. Meaning to what extent the study can be replicated and that the researchers agree upon what the material gathered is saying. In this thesis, semi-structured interviews with pre-formulated interview guides have been conducted as one effort to raise external reliability, furthermore the researchers are also conducting a rigid methodology section to go through the research process carefully. For internal reliability, this thesis is conducted by two researchers in order to avoid the bias of one person's interpretations. Both researchers of this paper have, therefore made sure they share the same interpretation of the material gathered. Guba and Lincoln (1994) propose dependability as a part of reliability in qualitative research thus notes, transcripts, problem formulations, data, records, participant selections, and other records have been kept during the whole process to ensure trustworthiness. This is efforts taken by the researchers to reduce the lack of transparency in the study, as well as increase the possibility to replicate the study. Close contact with mentors, both academically and case-specific have been kept raising the trustworthiness and reliability further.

3.5.2 Validity

In LeCompte and Goetz (1982) concepts of internal and external validity is being assessed. In this thesis, efforts to raise the validity have been taken by amongst others having as equal questioning during the interviews as possible, which was possible due to the predefined interview guides. A careful analysis was also adapted with a thematic approach that deemed most relevant. In order to address both internal and external validity, it is important to have a good enough number of interviews to represent reality. That is why this research consists of twenty interviews with different departments, hierarchy levels, and nationalities. The researchers deemed that this was a fair representation of the reality as the results reached saturation towards the end of the interviews. Part of validity is that the findings can be generalized across social settings. In order for the researchers to increase generalizability, validity efforts were taken such as a rigid methodology section about the research process, transparency, and depth in the research, which is in line with Guba and Lincoln (1994) and the proposed criteria of transferability and credibility.

3.5.3 Generalizability

Leung (2015) mentions that validity criterion such as constant comparison, proper audit, and documentation can be used to assess generalizability. Generalizability is an effort to increase the research quality of research. This paper has put much effort into gaining an in-depth, comprehensive view related to the specific case. As mentioned by Guba and Lincoln (1994) the criteria of authenticity could also be a way to view qualitative research although not being recognized as an influential criterion it supports the in-depth view that the researchers have aimed to create in their social setting. The result and recommendations should not be seen as generalizable, but rather as a benchmark when applied to other cases. However, the problematization and methodology of the research could be generalizable to other actors in the automotive industry. Generalizability is one of the common critiques of qualitative research, according to Bryman and Bell (2011). It is therefore important to acknowledge that a case study is not a sample that is meant to be representative of a whole population, and validity efforts are taken to make it generalizable to the best extent possible.

4. Empirical findings

This chapter will go through both Company X point of view on how the engagements with startups currently are working, and how it can be improved. The same will then be repeated but from the startups perspective. Each of these four sections ends with a summary. The chapter will finish with a section about the benefits of being a good partner.

4.1 Company X point of view:

This section demonstrates how the employees at Company X's view startup engagements. Starting with an overview of the current situation and continuing with possible improvements.

4.1.1. About the current situation

> *"I think we are slowly progressing. However, you still have these two different worlds., We are very early in the process, and we probably need to learn how to handle it. [...] How are we going to shape it?"* - Employee Q

Startup interactions are a new matter that large corporations are trying to find ways to address. Employee L shared that it is a subject that has recently started to get attention and that they are working on setting up a structure throughout the organization on how to interact with startups. However, it is still in the stage where it is a different process for many employees inside the organization.

> *"It is not about us not wanting to it is just that we do not know, it is so foreign to us"* - Employee L

This newness was described as the underlying reason as to why Company X is in its current position. However, it is agreed upon by all of the employees that they want to see more engagement with startups. The reason behind that was agreed upon by all employees, amongst other Employee R that said;

> *"It is important for Company X to engage with external parties of all kind and especially in this era that we are now living in with technological advancements [...] if Company X would try to be competitive in these fields without support from academia, startups, or any provider of high-risk technology. [...] Then I believe that we would do as Facit, Kodak, and Nokia and get left behind. So I believe that it is essential for a large slow company as Company X to engage with startups."* - Employee R

Several employees continued to explain why startups are the source of this kind of technology. Employee K said that one benefit why startups are essential to work with is due to their ability to focus on technologies with commercial potential. Employee E further elaborated on how they could be the future disruptors and the importance of not ignoring that fact. Furthermore, Employee N pointed out how the company could win time by being part of the startups at an early stage and not just wait for the big suppliers scouting the startups.

To summarize the importance of working with startups, Employee L said;

> *"The only way to leverage the full potential of technology means that we have to work across between companies in an ecosystem. If we limit ourselves to the established companies, the companies of yesterday, and the companies of today, then we might lose out on partnering and working together with the companies of tomorrow."* – Employee L

The employees move on to explain how the organization operates and why it is not always very straightforward on how the engagements should work. Employee Q described Company X as a rather traditional and process-oriented organization, which is a contrast to the startups' world of small scale and flexibility, creating a challenge for cooperation. The same employee mentioned how Company X has to adapt and not push their usual requirements and processes on the startups but help them to have successful collaborations with Company X.

Employee R highlighted the issue that startups are still often viewed in the same light as more traditional partners describing it as;

> *"I think that internally within Company X we, unfortunately, have a belief that a startup company should be as established and competent as a 10, 20, 30, or 100-year-old tier 1 supplier company. There are unrealistic expectations on the startup companies."* - Employee R

An observation made in one of the informal interviews was that many experts are already very busy with their daily activities, and few resources are dedicated to spending time working with startups. In Company X resources are allocated a long time in advance, and startups with their fast way of working are sometimes struggling to understand why it is complicated. Employee I expressed how people inside Company X have several tasks, and sometimes some tasks can stop when others get priority, which affects the speed inside the company and sometimes affect the startups' engagements. This has created an atmosphere where employees within Company X tend to look for solutions that are available today. Employee N viewed this as a problem since startups might have the solutions that require long-term engagement hence not a direct value. Employee I elaborated on the issue by saying that even if a solution would be available, it can also be hard to find the right stakeholder for it inside the organization. The organization is used to working with traditional partners that know the routines and how to approach Company X with new ideas. Employee R even expressed that it can be seen as a charity activity that is on top of everything else for the employees, potentially leading to missed opportunities and disruption for the organization.

The organization is described as slow in yet another way by Employee R, saying that it is normal and no shame in having emails laying in the inbox for a few weeks without replying. Which Employee L meant can create friction with startups as they view Company X as an organization that does not care about them if the replies take too long. The reality can be that the people in Company X are swamped or running around working to facilitate things in the background to the benefit of the startup, showing that a lack of understanding of each other's realities can be a potential source of problems. Employee L shared his view of the process as;

> *"A big company [...] is designed to execute on a proven business model, and the startup is designed to search for proof of a business model. So when you take a startup, and you push it into the big companies, and you try to find some somewhere in the organization to slot the startup in and make it fit, you run into all the difficulties in terms of planning and timing. So even if a startup is interesting, even if a startup could address a pain point. It might not slot into the planning in such a way that we can do anything with a startup. So it has nothing to do with a startup at all, and yet, we cannot leverage the collaboration with the startup."* - Employee L

With this said, Employee K mentioned how important it is that startups, besides delivering creative ideas, also have much patience and does not give up when working with Company X, due to Company X not always being easy to work with, having long processes and a complexity which proposes challenges for having a structure that works when engaging with startups. Employee N meant that Company X needs to have processes that match the startup structure.

One effort that is seen as a big help in these processes are the engagements with incubators. Company X is engaged with a few, and these partners help the organization both by finding potential valuable startups to engage with and also by sending a message that Company X wants to be approached, mentioned both in the pre-study and by the employees. An observation made by the researchers is that these incubators act as a middleman between the two worlds and help bridge the gap. Amongst the Company X employees, a higher risk is associated with startups rather than traditional suppliers. Employee Q shared that if two alternatives are very similar one tends to go towards the one with lower risk, and the employees also mean that it requires a strategic interest to choose the startup alternatives since they often are the more risk-filled option. In a somewhat similar way, Employee I expressed the difficulty that sometimes can be when choosing which organization to engage with.

Moving on the employees talked about how the processes have been with the startups that have had the chance to engage with Company X. Employee E, as well as Q and I, expressed that what is done first when engaging with startups is a proof of concept (PoC). Employee E said that often a PoC leads to one seeing if a technology is a good fit or if it only has incremental improvements which will not be worth the effort and resources to continue with and that is an essential reason behind why it is necessary to have this first evaluation stage.

The employees also shared what resources are provided to enable startups to succeed during these processes. Employee O talked about the PoC itself being an excellent resource for the startup to test their technology. Employee K pointed out that they can help startups get financial resources in different ways either by paying for the project they do together or be a reference that helps startups get money from a third party such as governmental funds. However, the employees unanimous agreed on that the problem revolves around what happens after the PoC.

Employee N expressed that the message that is pushed from higher up inside the company seems to focus a bit on the earlier stages and sees a lack of processes for moving on with projects towards deeper engagements. The same employee talked about it being trendy to work with startups, and that is why more things have been developed internally around it such, as the new location for innovation collaborations to take place. However, the improvements to enable deeper engagements seem to take time to facilitate. Employee O meant that there is a need to know why engaging with startups is essential and what is the use, then building a way to work with them that both help the startup but also develops the organization so it can reap more benefits from these engagements. Looking at it as Company X being a supertanker as expressed by Employee N, they are moving slowly, and the purpose of interactions with new technology is to steer the organization in the right direction.

The problems associated with this lack of a way forward from the PoC to a deeper engagement was something that Employee A has come across. In a project the employee was a part of, the innovation was a success but as the members of the project lacked the authority to create a more extended road map for the project, it was isolated inside the organization. Meaning that it was a success that was not known to many outside the project group, so it was not on anyone's road map to easily slot into the next step. This is expressed as a concern since innovations might get lost or stuck. Employee G expressed the problem with lacking a process.

> *"So I don't think we're very much organized well, and I don't think we have our ways of working with the smaller companies, and I know, it doesn't always take a process, but we are very process driven organization. We don't have this process to align and approach a startup with and bring them in progressively" - Employee G*

According to Employees I and L, the success of the process today depends very much on who sits at the table, as there are individuals in the organization that know how to take the lead, work hard and fight for the startups internally. The notion that something needs to be done is elaborated by Employee L as if those few that fight for startups would disappear the organization would fall back to status quo yet again pushing the issue with not having a standardized approach to startup engagements.

One aspect of the interaction with startups that are viewed by the employees as a success is the sharing of knowledge in engagements. Employees K, A, I, and G, all said that once an NDA is signed, Company X is good at supporting the companies that they believe in with access to relevant knowledge. However, Employees I and K also shared that it is dependent on if the startup knows what to ask for at an early stage. In their experience, the difference between startups with people that have experience with the industry compared to a group fresh out of college is that the process can be seen as more natural for the people that have industry experience, while the once who do not might find it difficult and have a knowledge gap to fill.

When it comes to the value of the interactions with startups Employee K explained how Company X could be a bit selfish, and the exchange can be unequal. Meaning that often

Company X talk about their needs and what the startups can do for them. However, a wish to move away from this sort of thinking and more towards an exchange based on understanding for both sides was expressed by Employees E, A, Q, and K. With Employee A saying;

> *"Just like regular relationships or formal relationships, business relationships, is only a good relationship, if both of you actually come away with something good." - Employee A*

Employee I argued that value on both sides is important in order to be successful in a long-term perspective, a win for both being something that Company X should think more on in future engagements.

To summarize this section about Company X's view on the current situation with startup engagements. They see it as a new thing for the organization that has received more attention lately but still is an area with uncertainty around what the organization wants to do and how. Employees express that being a process-oriented organization such as Company X propose a challenge when new areas emerge that do not fit into the current processes in the organization. New processes have to be developed to deal with the fact that startups are small and flexible while large corporations are complex and slow, to find a structure that matches both. Up until now, startups have been treated like traditional large suppliers and have to go through time-consuming processes, with people inside the large organization that are too busy to help them. Incubators were viewed as excellent support in startup engagements as they adapt to the startup. The organization has a heritage of being risk-averse and working with startups is, therefore, a lot of the time not done by employees if they have a less risky option. The engagements so far have reached the PoC stage, but after that, it tends to get stuck, the employees mean that it takes time for a corporation such as Company X to change, but they are taking small steps in the right direction. The next section will elaborate more on how the current process can become better in Company X point of view.

4.1.2. Company X views on improving the startup engagements

> *"By being more collaborative inside of Company X, to be singing from the same sheet of music,[...] getting a clear direction internally will allow us to build in that message to be more direct externally. I think we just don't know where we want to take this internally, to be able to be clear and direct towards the startup. So I think the difficulty is collaborating internally first, on this set idea or this set company." -* Employee G

Employee E elaborated on the significance of it being clear internally by saying that it is crucial that top management communicates the importance of the engagements with startups so that the employees know that it is the direction forward for Company X. The employee meant that if it is communicated from above the other essential parts such as processes, opportunities, and resources will be given more attention, saying that how they treat startups will affect how the company is viewed long-term. Employee O said that having this push from above will make the startup engagements not only limited to the people involved with the incubators but rather make it a part of the larger organization.

Employee G talked about getting away from working in separate silos to have a process that the entire organization is familiar with and understands. However, the views are split between employees with some saying that perhaps there should be specialized departments dealing with these engagements while others say that it is important that there are processes integrated throughout the entire organization. Employee Q pointed out that most large global companies seem to place a separate function for handling startups and therefore thinks that it is probably the best approach, not trying to plug another element into the established processes. Employee N meant that there is a risk that if several functions in Company X are involved with too many stakeholders, it increases the risk of the process slowing down or not going forward at all. Also, saying that it might be best to have someone taking the ownership of the startup and then drive the process internally to protect the startup from the big machine that Company X is. While Employee R argued that everyone in the organization should be encouraged and educated on how to work with startups by saying;

> *"In one way, I think that Company X should clean this up internally so that you feel that you get to talk to startups. [...] I think that it is unreasonable to have it channelized, that if you get in touch with a startup company, you would need to involve one of these few special people in order for something to happen. In order for it to work, we must push our company to the notion that it is okay to talk to startups, but we take it in steps. [...] If everyone in the company understands how to do it, then anyone can get involved with startups."* - Employee R

The importance of keeping what is referred to as champions have also been mentioned by amongst other Employee L saying that they are useful as a mediator that fight for the startups, but at the same time there is a need to have a process that works even if those champions would not be in the organization. However, these persons can help make rapid evaluations, set up meetings with the right people, and be a person that opens doors for the startup.

> *"I really believe that if a startup comes to Company X to work with us, that you should be able to talk about real things quickly and that you do not have 18 layers of semi-competent managers before you get to meet people who will understand. That you end up in your domain quickly, that you get to interact with people who understand what it is about. It is a problem we have today, that we have a little too many gatekeepers [...] I have lost a handful of startups because we are too slow to involve people who understand what they are doing."* - Employee R

Employee O agreed with that Company X needs to have faster processes but explained it by using the expression agile, saying that the organization needs to be able to get collaborations started faster and earlier. To help startups to survive Company X need to pay attention to their situation and act in the sense of urgency in the matters, so they do not feel like Company X does not care or that it is way too complex to interact with them. As Employee I expressed it, Company X needs to have speed when doing business with startups that is a critical point. Employee R even mentioned that not living up to the expectation of the startup and being slow can lead to a bad reputation in the startup scene. Which further stress the importance of doing what the company has set out to do regarding interacting with startups. Employee G agreed and said the following;

> *"But initially here in the beginning, they are very financially strained, so you can't be leading them on. So that's what I mean by direct. Direct in regards to, you know, don't beat around the bush, if you're going to do some engagement with them be direct and go for that engagement."* - Employee G

The quote does not only focus on being direct in the sense of a time perspective but also the directness in transparency in the communication. Employee I said that there is a need to have clear milestones and scope when working together. Employee I meant that today Company X is very much in the present and there is a need to look down the road as well. Even if you cannot guarantee the startups anything, it is better than ending up looking at each other, not knowing how to make things go forward. Employee R explained in a metaphor of dating a person how Company X is right now and how important it is to be direct and transparent.

> *"If I make a comparison to a young couple dating, where one of them is playing hard to get, that is how I think Company X acts. I do not mean that we should engage with all startups, but I think we should be much clearer with saying yes or no and stop saying maybe to startups. The first yes can mean that we do something together for two weeks and then they are free to explore collaborations with others, but we have them 'on the hook' for a long time, so we waste their resources, we waste our resources, and it becomes a very long journey without a proper answer."* - Employee R

Except for speed, processes, and communication, another topic that is mentioned as necessary for successful collaborations is resources, both in the form of finance and knowledge. Employee K shared that it would be a lot easier if one could put 300 million into a dedicated budget for working with startups meaning that then the help could be much better since the budget today is limited. When it is in regards to knowledge Employee G expressed that Company X should not be bashful with sharing knowledge in these engagements, which means that there is nothing to lose by sharing knowledge and making everyone successful. After having signed, NDAs people should not be reserved with knowledge but instead, be willing to share knowledge.

Governance is another aspect mentioned regarding areas of improvements. Employee E, along with seven of the other employees all agreed that the contracts must be different in regards to startups rather than the traditional suppliers, suggesting both slimmer and flexible as ways forward. Although the process to improve contracts has already begun, it is a shared view that it can always be better. Employee N believed that the flexibility that startup contracts will need skilled legal people involved that can customize the contracts for each startup. Employee G mentioned that Company X should still do a risk analysis and be careful, but it should not have to check all the standard criteria for a startup when it does not apply. However, if it goes beyond an explorative stage and has the potential to end up in the customers' hands, the evaluation should move towards traditional processes again, seeing it as two different ways of working in regards to exploration and commercialization.

For the process to become better, a need to educate the people inside Company X has been expressed. Employee R meant that it is possible to accomplish these changes in people's way of working if the organization would be honest, open, and persistent about it. Employees have a limited amount of time, so there is a need to create a culture where interactions with startups have a higher priority than what is currently the case. While some people are enthusiastic about engaging with startups, there are also people that are defensive and not interested in these types of engagements, saying that employees need to be reprogrammed to think differently and less liner and predefined. Employee L shared that it is essential to remove the uncertainty around working with startups for the employees, which can be done by educating them on how and when they should pursue it. Employee N puts it in this way;

> *"It is no problem to get the ideas, to get the input. But to push it forward is very difficult and people having other priorities [...] so I think you have to increase the level of education. [...] A journey of learning and explain it to a lot of people so that you get an increased understanding."* - Employee N

Other than educating the people Employee K meant that you have to be a bit brave, having a mindset of acceptance that eighty percent might be lost, but it can be made up by the twenty percent that succeeds, a mentality that some organizations are better at than others. Employee I said that Company X needs to realize that helping companies succeed often is useful in a long-term perspective which needs to be taken into account in startup collaborations. Employee Q pointed out an important aspect to be aware of;

> *"Then, one must not forget that there are many startups that have very high self-confidence and are very attractive. So, they will not just choose to work with us only because we show up. It is absolutely not like that. We have to show ourselves as attractive towards them [...] You have to be very aware of this, and you have to be humble in the discussions with startups and especially listen, what do they want? And then think, how can we help?"* - Employee Q

With this quote, it is shown how important it can be to work on improvements to be even better as a company for startups to work with. Several employees, such as Employee G mentioned how it is essential to be flexible in business models and progressive in the view and approach towards startups and be open to creating different solutions for shared value. Employee I meant that it is important that both sides feel that they get value out of the engagement and that it needs to be done case by case to find how to create a win-win for both parties. Value can take other forms than monetary such as data, market access, or knowledge. One topic discussed was the possibility to use Company X as a reference. The employees have different opinions on what could or should be done to make it better for startups with one side being positive towards it like Employee R saying;

> *"That's the least we can do [...] If we want to be slow and keep wasting their time for three months without them knowing either yes or no. Then I think we owe them that they can tell investors that "Company X is one of the companies we are in an evaluation process with right now." It costs us nothing."* - Employee R

On the other side, employees such as Employee O mentioned that they think Company X should be careful and selective with being a reference for startups and is not sure that it is a good idea. Instead, meaning that it is up to the startups to deliver something of value and not be dependent on using Company X's brand. Employee K explained that from Company X perspective not being a reference could be about control of what is being communicated out to the public and that it has to do with a maturity grade of projects when making these decisions.

To summarize Company X's view on how the engagements, there is a big motivation to work on improving it. However, the question is how much Company X can change to be able to work with startups without a negative impact on its core business. The challenge is to keep a balance between the traditional and the new. This section has talked about the importance of Company X, finding a clear path towards startup engagements. The employees mean that there is a need for the top management to send a clear direction internally as well as provide resources and processes to follow through on it and minimize the uncertainty. The view has been split between whether an organization inside the organization should handle the startup engagement or if everyone in the organization should. However, what employees agreed upon is the need to get collaborations going faster, removing gatekeepers, and involving the right people early. Employees viewed it as essential to be direct, transparent, and frequent in the communication with startups not keeping them in the dark, instead, they should be able to look down the road and see clearly. To do that they need to educate people in Company X so that employees are aware of how startups are different, creating a culture with higher priority with startups, acting with speed, clear processes, and communication of high quality.

Furthermore, the employees believe that there is a need for a budget dedicated to this sort of engagements so that employees have the resources needed to engage with startups in a good way. To have a foundation of trust, employees expressed a need to adapt the governance so that it still protects the interests of Company X while at the same time making it more suitable towards startups. Similar to this, employees express that Company X needs to be more flexible in their business models, to find new ways of providing value to the startups. It was clear that some employees saw the importance of making these improvements, saying that startups choose their partners, and Company X needs to be humble and listen if they want to be that partner.

4.2 Startups point of view

"I can tell you one thing. The problem you're addressing is the single most important thing that is hindering massive investments in the industry and me and you both know, with no investment, transition won't happen. So take what you're doing seriously." - Startup H

The quotation by Startup H shows the importance of having less resistance in the process of startups and large corporations working together, in this section the researchers will present the startups' point of view regarding the engagements with large corporations. It will go through both how they currently view the engagements, and how it could be improved.

4.2.1. About the current situation

> *"Because a small startup does not have the privilege to work with many companies. Just by facts, a small startup means like limited resources,[...] and you cannot work with many projects at the same time because you are going to kill your company. You will also be so busy with the project that you will not be able to progress with your development plan. So, the idea is to choose wisely. And startups can say no to a giant."* - Startup C

From the startups' point of view, many reasons are shared as to why they engage with large corporations. Several of them mentioned that the choice of whom to engage with is critical. Startup C explained that it is a choice that needs to be done wisely as a wrong partner can potentially mean the death of a small company. At the same time, Startup B talked about being extremely dependent on these strategic partners. Therefore, sometimes not being too concerned about the quality of the engagement but instead trying to engage several partners, sharing that there is a trade-off between the importance of the right partner and the practical reality of actually engaging with partners.

Knowing the importance of choosing the right partner, the startups expressed what is essential in an attractive partner. Half of the startups said that it is crucial that the company in question show that they are acquiring new technology and does not only talk innovation but that they are actually working with it. Startup H mentioned that many startups want to find a partner where they can work to solve a problem and grow, and elaborated by sharing that the culture of the large corporation sends a signal about their intentions.

> *"Because if a company says that we like to innovate, but once you take a look at their track record, their product looks the same as 10 years ago, their operation looks the same as 10 years ago, the way that they interact with you takes a long time, and it's kind of more stifling then enabling, that is not the right partner."* - Startup H

In association with this, some of the startups, like Startup D, mentioned that they view a long-term perspective as important. The startups expressed their preference being engagements that have a longer scope than just a short pilot as they see a benefit to have an understanding of which directions the engagement can take. What was also mentioned as a factor is reputation, Startup F said that hearing about large corporations with a bad reputation on how they work with startups make them put up warning bells around engagements with this actor. Saying that they would at least be in careful considerations and avoid that partner if other alternatives exist.

The startups continued to explain why they engage with large corporations. Startup C, D, M, and S talked about the brand, and Startup C meant that engaging with a large corporation can often give visibility and validation due to a strong brand. It is providing the startups with a possibility to reach a big market and grow. Startup D shared that the volumes large companies can provide are a highly attractive quality. Startup H further explains that the industry is going through a massive overhaul, and it makes it close to impossible not to interact with these actors. The startups are indicating that the market share these large corporations possess is one of the big reasons why they need to engage with them. Startup B explained that developing a commercial path on their own would cost a lot of time and resources, and working with a large corporation gives a more direct commercial path. Startup B agreed and meant that those large corporations such as Company X push startups to commercialization and give them a chance to grow. Startup H describes how they see the commercial path in their company.

> *"So by the mere fact that you know, even the new players like Tesla, it is a massively large organization, by the mere fact that you're going to have to build technology and solutions that go into these vehicles, complex devices. You are going to have to either work with them, or like Tesla and others, and become one. So you cannot be a small entity and be completely isolated from these entities. Because this is the way that this device, this technology, this industry works."* - Startup H

Startup B, C, M, and T pointed out that the benefit from engaging with large corporations is that they can learn from successful businesses and gain insight that can be crucial for them to succeed. Like Startup F said;

> *"Obviously because of the potential there, even though a lot of time they are very frustrating, they are also the companies that do have the muscles that can help us grow in different perspectives and take the biggest use for what we can deliver to them. [...] my father and a friend of mine once told me that if you want to become the best, you should always try to work with the best. Rather than hiding behind someone else."* - Startup F

Lastly, Startup H shared that market, technology, product, and resources all play a role in the attractiveness, but it is often more about the market and commercialization potential than anything else, agreed upon by all of the startups. However, as most startups do have limited capital and time, resources still play a valuable part in the attractiveness. The interviewed startups explained what they are contributing to the large corporations, with the main quality explained by the startups is that they exist to solve a problem for the large organizations. Startup H mentioned how the creativity and speed of a startup are benefits that startups bring, arguing that startups are there to disrupt and should know their value and stay true to it. Startup H elaborated, saying that they can solve difficult problems for large organizations and that startups often have commercial thinking, which can be beneficial.

> *"I'm not asking that, you know, the large companies should drop everything and become an incubator and help the startups, that is just unreasonable. What I am saying is that a startup is a great way for large companies to take advantage of a very cheap, very fast, very good way of trying out new technology with very little risk on their own, and see if something works or not. This is going to be at least ten times more complex and more expensive if they do it internally. So in order to get to that benefit, it helps to create a little corner of the house to facilitate working with the startups and give them a little bone, if you will. So once that happens, I think it is a win-win situation."* - Startup H

When finding an organization to engage with a few other aspects were mentioned to be of importance, one of them being how to get in touch with the organization. Startup J mentioned that sometimes, it could be challenging to know which door to knock on. Startup H had a similar view and meant that having communicated entities or persons responsible for such interactions sends out the right signals to startups about the corporation's innovativeness and willingness to be approached. Similar to this, incubators were mentioned as a great help by amongst other, Startup B. The reason for this being that they help both sides by allowing them to learn how to interact as well as sometimes be a direct way of getting in touch with the right people.

Startup H explained how a startup does not want large corporations to take too long, since time is something of extreme value to startups. Several startups mentioned that although they understand the reasons why large corporations work slower than them, they are at the same time looking for those partners that are trying to do it as efficiently as possible and respect the startups' situation by showing a sense of urgency in the engagement.

With this background on why startups engage with large corporations and what they look for in an attractive partner, this section will move on to present the startups' experience of the engagement when working with large corporations.

Startup H shared that time is a problem giving an example of a large corporation where it took four and a half months to get an NDA in place which ended in a discontinuation of the relationship since the startup felt no urgency on the large corporation’s part and therefore that the relationship was not going to work. Another example mentioned by Startup P was how getting access to data for testing their pilot took much time due to the internal processes, were approval from different stakeholders was needed before they could get started. Startup J shared a similar problem by saying that there are many layers of people inside large corporations that can be stakeholders and want to be involved in decisions leading to many challenges along the way, especially when stakeholders disagree.

Startup D, H, M, and S mentioned how the large corporations often work with them as if they are of the same size which leads to a problem as they do not have the resources to handle it in a good way. Startup M also viewed it as a potential opportunity for large companies that are open to adjusting their ways of working. Startup F also mentioned that sometimes when talking to large corporations they treat them just as a traditional supplier, asking the wrong questions without trying to understand their technology and sending the wrong type of people that do not understand the benefits or even how the technology works.

At the same time Startup F said that it is, of course, essential that they on the startup side understand that the people in the large corporations are as human as the rest of us and might have a split focus, not wanting to take personal risks and might therefore not put much effort toward startups. The importance of honesty is therefore mentioned by amongst other Startup B and having a process where the large corporations are open with their needs and problems, why they want to work with the startup, potential timelines, and what expectations they have out of the engagement. Startup B proposed that such a process would lead to a better understanding on both sides that could prevent many of the challenges.

Some startups such as Startup J mentioned that there is a challenge when the large organization does not know what to do with startup's solutions, and often the solution lacks an internal owner which means that it tends to get stuck between people as no one is pushing it forward, which creates a sense of dissatisfaction for the startup. The startups explained that both the attitude and understanding play significant roles from both sides. Regarding the attitude, Startup D explained that it all depends on the people in the teams that they are working with some are more engaged and willing to push forward than others. While Startup H also brought up that many startups are disappointed with large corporations but seem to lack the understanding of the different realities that the other side has to deal with as they are built differently.

Some of the startups such as Startup F mentioned that it is crucial to understand the culture in these large organizations as they are used to a vendor- supplier way of working while the process of innovation together is something different. It requires an effort and to not go back to that traditional way of thinking. Startup B said that many large corporations have done business the same way for close to ninety years and now as it is changing with new technologies creating a need for them to change they all do it at a different pace. Startup H pointed out that rapid changes can create envy by employees inside large organizations as they are proud of their company and can see new disruptive technology as a threat, which can lead to a situation where they see no benefit in engaging with startups instead view it as a risk to themselves and their organization.

Some of the startups, therefore, know that their way of handling it is crucial, not being arrogant thinking that they can do it alone. Startup H saw that there is a need for large corporations and startups to help each other and find ways to achieve engagements that provide a win-win. However, as Startup P and M mentioned, it is vital to have an understanding of how the different organizations work both in regards to structure and product, especially when it comes to communication.

The startups' point of view when it comes to communications is that there is room for improvement. Startup F continues to say that the quality of it depends more on whom they talk to rather than large corporations in general. However, Startup H mentioned another critical point saying that in the fifth month of interaction with Company X, they are still trying to structure a conference call between four individuals. The same startup continues to explain that even though it is crazy, they do understand that the people in question probably have a lot to do but still points out that it is, of course, frustrating even if they understand it. Startup D mentioned that they often know who to write to but receiving replies can take a while, which is shared by the experience of Startup T where they have to be very proactive to get feedback in their engagement.

The majority of the startups are agreeing that the standard method of doing a PoC first, with some steps or gates is good to keep focus and work towards the goal. The down below quote made by Startup F sums up the overall view of the method.

> *"I think it is a good way to break it down to smaller ways to add value, and then if you want to call it a pilot, proof of concept, or it is a demo, or whatever is best in each case, the name does not matter. Break it down to fractions, and small steps that can prove value all the way along is super important."* - Startup F

However, some interviewed startups such as Startup J meant that sometimes PoC can be more isolated projects, and Startup P thought that PoC tends to be a bit too slow. The view is split regarding how the process work right now, but working with steps in some form is agreed upon as positive by all the startups.

The value created from the engagements was wished upon by six of the startups to have a goal of being a win-win for both parties so that both get something out of the engagement. Startup M pointed out that for the early deals, the goal tends to be to get a deal signed and not be disappointed if the other party gets more. Another issue that Startup T shared was that it is easy to reach a fair deal but as soon as the agreement gets sent away for approval, to people that have no experience with the startup the fair deal starts to change into something else. However, a majority of the startups said that the first deal with large corporations tends to be favored towards the latter and that they do not mind as any deal means a possibility for survival and growth. Startup J described it as;

> *"The first year that you win with an enterprise customer will never be the best deal. The longer you have established that relationship, the better the business arrangement becomes, and then eventually, you're going to be part of the budget decision, you don't even have to worry about that. So, go long, you cannot just think short term, for the first deal."* - Startup J

Startup F mentioned how there is a need to see that there are two sides to it, both regards to being humble as a little player in the big world and not to be overconfident but rather view compromise as good business. One value adding activity for startups is being able to have a large corporation as a reference as they approached potential investors or clients. A treatment that, according to Startup M, is not common to be given.

> *"You know, none of the companies that we work with allows that. [...] on the corporate side, they do not have a real incentive to do that. For them, you know, it is not beneficial to say, 'Hey, we are working with a small startup.' So no one from their side is really pushing for that."* - Startup M

Some of the startups such as Startup P also mentioned that how the value is shared is much determined by the contract, and they tend to not push too much in the negotiations. Instead, they focus on signing the deal. Four of the startups sees the process around NDAs as simple such as Startup B that sees them as straightforward and beneficial for both sides as everyone have some knowledge to protect. Contracts, on the other hand, seem to have a more split view, Startup F said that it is no major problem with contracts and that a lawyer can always go through it and help them by proposing changes to the contract. Startup P agreed and meant that it is a very standard process. However, Startups D, B, M, and S mentioned having had some trouble with contracts with Startup D saying;

> *"I would say, bureaucracy and the amount of effort that sometimes is requested to put into the preparation of documents and agreements and formalities. Which most of the time it is not intended for startups and small companies, but it's intended more for big suppliers. So they assume the given structure of the supplier and all the documents are prepared with these profiles in mind. So most of the time, we have to go back and forth with our contacts to basically say, 'look, this is not applicable' [...] and it usually takes weeks."* - Startup D

Startup S shared that rapid development contracts have started to show, and it has the potential to be good. However, Startup S still argued that there is a need for many large corporations to move away from the idea of just giving out a contract and say take it or leave it and that they should create more fair contracts that would require less negotiation to speed up the process. It is understood that the contracts are written to protect the large corporation, so the startups need to go through it, in most cases with expensive outside counsel. Startup J also shared that the length of the process, from their experience, tended to be extended as there are many different stakeholders inside the large corporations that needed to be involved and have a say. Something that can be a drain on already thin resources if the contract goes back and forth.

Startup H mentioned how contract lay the foundation for trust as they are operating in a mutual distrustful environment. However, also saying that trust is a crucial part beyond the contracts as Startup H explains below.

> *"Every business is people's business. [...] if there is no mutual trust, at the personal level, at the human level, it's a lot better to just dismantle the relationship and not continue because it will break at the end of the day doesn't matter how great the technology is, how wonderful the NDA and the procurement contract, and all those things are. Trust is a human thing, and there is no replacement."* - Startup H

Startup D said that trust is a necessity to show from the startup side, as startups are new companies, they tend to have no reputation, so they want to convince others that they can be trusted. Six out of ten startups agree that trust is important but also that it has not been a particularly big problem so far. The last important quality mentioned by the startups is knowledge sharing. Startup M said that the knowledge sharing needs to be defined in the beginning, for example, before a pilot. That it is essential to make sure it is agreed on beforehand, otherwise it can get difficult to access later on. Startup H and J experienced that it differs from company to company but also from person to person. Some share a lot while others still have more of a protective culture, meaning that they are reluctant to share. However, seven out of ten startups agree on knowledge sharing not being too big of a problem today as most companies share certain basic level of knowledge that is needed. The down below quote by Startup H in a good way express the topic.

> *"It has been a mixed bag, we have had cases, and I don't know if it's like a culture of the organization, or it really depends on the team or the sensitivity of the project. We have had cases where they are very open, we have had cases where they are kind of still very defensive. As I recall, right now, I would say it's 50/50 [...] But we have sometimes felt that you know, some teams are a little bit more protective, and we thought internally as do we really care about that, will we really suffer if we don't have that piece of information? Then we realized, let us show goodwill and not push hard, because it's really not going to make or break it, but it's a mixed bag, I cannot say that the majority of them are really open or the majority of them are really protected."* - Startup H

To summarize this section, the current process is viewed by startups as having many challenges and being far from perfect but they also point out that the challenges go both ways, and that there is room for improvement. Startups have limited resources and can only choose a few partners to work with, that is why it is so crucial for them to pick the right ones. The startups shared that they want to engage with large corporations in order to get access to their market share, find paths towards commercialization, and grow by learning from them. They also mean that in the automotive industry, startups either have to work with a large player or become one. An attractive partner for a startup was viewed as a partner that has a problem that the startup can solve, as well as someone who does not only talk innovation but show that they mean it.

Furthermore, the startups expressed that a partner that has a long-term perspective, provides resources, and understand the urgency of working with startups, is preferred. For them, it is useful when a large corporation makes it easy to engage with them, such as having incubators and internal processes that fit the engagement. The startups mean that a lot of the time large corporations treat startups just like traditional large suppliers, often being slow, without proper processes. Because of this, projects with startups tend to get stuck if no one pushes it forward internally. Another challenge mentioned was that there is often a lack of communication, that results in many problems for the startup that is left in uncertainty. When it comes to the governance processes, the startups explain that so far they have encountered contracts that do not apply to them, and they have a hard time to handle it, although some shared that it was not a difficult problem as they can always bring in outside counsel, but the cost for it is high.

The startups felt like they usually have to accept a worse deal then they would want because they do not really have much power in regards to the large corporations, but said that they see the need to move more towards a "win for both sides"-attitude. One easy way to help them with value was mentioned as being allowed to have the large corporation as a reference which startups currently are not allowed to do most of the time. However, also for the large corporation to share knowledge both about problems they face and the knowledge they possess, which has not always been the case and it hampers the engagements from reaching its full potential.

4.2.2. Startups view on improving the engagements

Based on the previous section about the startups' view on the current process, this section demonstrates the opinion on how the process can get better from the startups perspective.

The first thing that can improve according to the startups' opinions is communication. Startup F explained that it should be clear, frequent, and transparent, saying that mistakes and frustration could be avoided if communication was improved. Startup B continued by mentioning the importance of communication talking about transparency;

> *"So just some guidelines, so that we can stand here now, and I can look two years down the road, and I can see clearly. So I understand what I'm going to need to do. I understand how I can engage with the partner, and in the various departments, and what the requirements are going to be. Having that understanding, seeing that, as I*

said, transparently, is enormously helpful. That would be my ideal. I haven't seen it yet. No, I've seen some that are getting there." - Startup B

Startup C agreed by saying that sometimes it is hard to know why things get stuck, and with transparency amongst the people that they work with, it would be much easier to understand the process. It is mentioned by startups such as Startup S that they value organizations that take time to talk to them. Even though the people inside the large corporations are interested in their idea, they tend to be busy so it usually just remain stuck at that stage, not even giving it a chance to go beyond the interest stage. What type of frequency and communication startups look for is explained by Startup C as;

> *"So more frequent discussion, meetings, and face to face, or Skype. Better transparency, about the process itself, to share timeline, timeframes. It's always important to put forth both sides like deadlines. And not to keep anyone on hold, I think it's the most important, that time is valuable. Time is one of the best resources for startups. So, don't waste a startups time. If you are serious, be serious."* - Startup C

A majority of the startups agreed on the fact that an improvement of transparency and time efficiency would be good for the process. Startup C and T mentioned how feedback is viewed as extremely important and that startups like to have access to honest feedback as they are looking to learn from the large corporation and improve their offering which is seen by Startup F as connected to having good and open communication. Many of the startups such as Startup D also mentioned the importance of working with the right people, as in the people that own, know, or understand the problem, this was agreed upon by several of the interviewed startups, but Startup J puts it nicely.

> *"The perfect world would be that we have people at the right level, who are given the right kind of mandate to really follow through with projects and be able to assign the required resources, and that they engage people and involve people who can assign time, who are really the expert. That are domain experts, in this case, in Company X and who know the real problems and can really validate if the solution will address those real problems."* - Startup J

Another important point mentioned by startups was getting help from large corporations, such as a partner that helps them grow and even better sometimes pay the startup forward. Startup J said that one has to think that taking the advantages from a large company and the advantages from a startup could create magic and that peoples predefined opinion about each organization is one aspect that has kept that from happening.

Startup P proposed that it would be great if there were an innovative department which is easy to approach and willing to help startups in their engagement with the organization and having processes that can be understood from pilot to commercialization. This was also mentioned by Startup B who meant that it is almost impossible for a startup to know the structures and the complexity of organizations such as Company X, which is a reason for having these departments and people to reach out to. Startup B agree and elaborate on the importance of having a process;

> *"Is there a process for them to establish a budget and resources to support that interaction with the startup, do they have an identified need? We don't want to go and engage with a strategic partner, just to have them, take a look. We want to engage with a strategic partner, because they've identified a need, and more importantly, they've identified a timeline, where there's a specific vehicle or production run or whatever it may be, that we can actually be in a queue for, to ultimately have our product out on the market. I think on top of all of that what we see is the more engaging partners are those that are transparent about all of that is all of that. So that they communicate all of that to us, that it becomes understandable to us. Because the more that we know about that process, the more that we can change and adapt to support that process."* - Startup B

As well as Startup J saying**;**

> *"I think what could make them easier to work with is that they have a conscious strategy for how to work with startups. Because we are a different animal, mainly because we don't have the resources to cover all the bases that a traditional vendor that's doing billions of dollars already, can invest in a project."* - Startup J

One frequently appearing response to the situation is help from what is referred to as champions, being contact persons that act as middlemen fighting for the startups in the organizations. These people were both observed by the researchers as of great importance in the engagements but also mentioned by Startup C, M, and H. Startup P formulates down below how champions help a lot.

> *"That there is an innovation unit that is responsible for working with startups, and they have a focal point that is responsible. It might be easier to communicate because you have, one focal point that is pushing things internally and you can always communicate with them, and most of the time they know the status."* - Startup P

Startup J pointed out the importance of knowing who has the ownership of a problem and that the person or group feel responsible for the process. While Startup C agreed but talked more about the complicated structure large corporations have and that they need a clear internal process so that startups do not get stuck in-between people and their different responsibilities. Startup J shared that the large corporations tend to be structured for hardware and when software startups interact with them, the processes needs to be different as it is another type of product with different needs than hardware. Startup B gave an excellent insight into what a lack of a clear internal process can lead to compared to one with a more defined idea on how to approach a problem.

"This is what happens, all right, we're engaged with a partner that I won't name, they have recognizing that this is a problem, but they are all looking at each other saying, 'well, is this a problem that needs to be led and managed or by the exterior group? Is it the headlamp group? Is it the windshields-windscreen cleaning group?' Because this is something that can touch upon different areas that are not traditional, they're grappling with how to reorganize their processes, in order to bring a technology like this into their company and to be able to implement it. So we've seen some that they're literally looking at each other going, 'What do we do?'. We know there are some companies that we dealt with who said, 'we recognize this as a problem, we've already created a group internally, just for this problem. And we've created a process to support it.' So, I think everybody is going to get to the same place. It is just a matter of how quickly they are transforming their businesses and their business processes in order to interact with startups." - Startup B

A majority of the startups agreed on a clear process being of enormous value in engagements with large corporations such as Company X. Startup H explained that the willingness to take risk inside the organization is a good quality;

"A willingness by the large organization to take risks. I come across these large companies, and they don't say it, but actually, they want to have everything, they want to have the agility of startups, they want to have access to technology, and everything. They just don't want to take any risk, it just doesn't work. I'm not saying that they have to take all the risk, but you know, no pain, no gain." - Startup H

Some of the startups also mentioned the importance of willingness to pay in an early stage, which they understand could be seen as a procedure involved with a certain amount of risk for the large corporation. Startup F described it as startups want to be given a chance to work with large companies, and in order not to die, they are often in need of money to pay the running costs, saying that large corporations that understand this problem and try to help in some way are of high value. The same startup also argued that the large corporations should not feel like they are spending resources, but instead, that they are investing in themselves, with Startup S sharing that they understand that it can be hard to be the one to make those decisions.

Five out of ten startups thought that sharing a common goal was very important for the success of the engagement. Explained by Startup F as both should win a bit, and even if one gains more than the other working towards a common goal will keep everyone happy. The same startup mentioned that it is, therefore, essential to have a partner that matches the startups desired path. Startup J described it as a team sitting around the same table discussing. Startup C summaries it as:

“A partner that understands the potential, but will also help you to grow, is the right partner. Understanding that by helping you to grow, give you the support, and gives you the ability to move to the next step, [...] understand the situation, the status, the stage of the startup and then do it together. It’s more like a partnership. Understand that we are the same family and if you are the same family, it means that your success is my success. My success is your success, and it is not a competition.” - Startup C

The next way to improve the process was that a large corporation should show that they mean business. What the startups meant with this is that it sends a signal that they want to work with startups and having the processes to be able to do it, is one of the greatest things in a startups eye, it shows engagement. For example, Startup H explained it as putting food where the mouth is, and enable individuals to put resources on these efforts to signal that the large corporation wants to engage with startups and makes a commitment to help. Furthermore, Startup B expressed his opinion that many of the startups shared:

In theory, we look for partners that have a process to work with startups that are welcoming of new technologies and new ideas that were not developed internally at the partner, so that they're looking for creativity. They're looking outside for different types of solutions. That there's, like I said, a process to bring us into the partner, inside of the partner to undertake an evaluation to have an established pathway with discrete and defined steps from initial evaluation through to commercialization that we can understand and we can, therefore, coordinate with. - Startup B

Governance is another subject mentioned from the startups' side as possible to improve. The views were a bit split on how big of a pain point contracts are but Startup D, H, M and S agreed that the governance needs to be adapted and not follow traditional templates. Startup S, for example, mentioned that it would be appreciated if contacts did not entitle a lengthy negotiation process to give the large corporation what they want since startups do not have the resources for lengthy negotiations.

Some startups such as Startup B also point out the content of the contracts, for example, saying that large corporations should be a bit more open to changing contracts and perhaps make calculated risks on what things can be skipped in startup contracts to make it easier. Startup D, H, M, and S thought that startup friendly contracts that had some flexibility would be a good approach, with Startup M sharing that they have seen such a process from the large organizations with an innovation department.

Startups did not view trust as a particularly big problem in the current process. However, Startup B said that large corporations could try to engage beyond just PoC and make commitments of time, resources, and money as it builds trust and this could be done by establishing a queue internally.

To summarize how the startups view the improvements areas regarding engagements with large corporations, it starts with the large corporation understanding the startup and the fact that they are a different animal that needs to be treated after that. For this reason, startups viewed a good partner as someone that has a genuine will to engage with them and show that by adapting to them and being clear on how the engagement should work internally. It is viewed as attractive to have a partner that has detected a problem that the startup can solve, and work towards a common goal in order to solve it. Furthermore, assigning the right people to work with the startups', employees that both understand the problem and the startups offering. For this reason, startups believe that innovation departments and champions are crucial to the process. The startups meant that they do not expect the large corporations to make drastic changes but providing them with a small incentive that makes the engagement more manageable goes a long way as it shows commitment. They expressed that it is crucial that large corporations do not waste startups time.

Therefore, many of the areas of improvement are connected to making the engagement more efficient. One of the most critical areas is for large corporations to improve the communication towards startups so that it is frequent and transparent since it is a frustration for startups not knowing what is going on. Providing feedback is an example of a small effort that means a lot to startups so that they can grow and improve. The reason for it not working today was expressed as Company X employees being busy, the startups viewed it as necessary for the large corporation to recognize that it is a problem and adapt to it. Amongst other by allocating resources and create processes from pilots towards commercialization. Regarding the governance processes, they express that contracts should be more efficient and flexible. The startups mean that there has to be a willingness to take a risk and help them by allowing them to get some value out of the engagement, whether it is to pay them forward in different ways, or share knowledge. Doing that will also increase the trust in the relationship.

4.2.2.1 How Valuable is a good partner? How valuable is to be a good partner?

To grasp the context of how a good partner is of value to the startups they shared their views on both why it is valuable for them to have a higher-level partner and what preferential treatment such a partner could enjoy. A common thread among the startups' interviews is that they want a partner that genuinely would like to work with them, there being different signals that the startups look for to prove that large corporations have the willingness to work with them. For some, it is that the company is willing to provide a potential long-term roadmap for how the process could look like from PoC to commercialization, where the startup can see that the large corporation is transparent about the process, their problem, and how they see a fit for the startups' solution and also adapt to the demands of the process. Startup P saying that an organization that has a problem they view as important and that they see that the startup's solution as a potential fix for is great. For others, such as Startup B, having a large corporation be open about their understanding that the process of working with them can be complicated and trying to solve it by having a dedicated team for the startup to work with is an excellent sign that the partner is willing to go the extra mile in the engagement.

A majority of the startups wanted to see that there is a willingness to take a risk by providing resources in tandem with letting employees with the right skillset work with the project to enable an open form of communication in which valuable feedback can be shared. Startup F and Startup S viewed that type of activities as well as if the corporation is willing to help with running costs early on as a strong indication of the intention being genuine. They are thereby showing their willingness to take a risk to increase the likelihood of success of the engagement. Something that Startup H describes as a way for the startup to know if a large corporation is ready to take a risk in order to achieve innovation or if they are playing it safe. A preferred partner is, according to Startup T, a corporation that helps the startup improve their product by providing feedback that can be hard to get elsewhere which allows the startup to focus their energy in the right direction, helping them get the most out of their resources.

When discussing the value of a good partner, many of the startups mention the reputation and validity that working with Company X can give them. Startup B, for example, shared that for a startup to reach the market with a partner like Company X, it communicates that the startup is capable and of value, giving them new opportunities to pursue, grow and accelerate their business. Startup J puts it like this;

> *"Be a reference. And I think that this is something that large enterprises still have a tendency to misunderstand. They are afraid of being public references to startups. And I think, you have so much more to gain from being a reference them then what you can lose. If they are a reference to our startup, and we fail, no one will remember that. [...] However, the customers that can brag about being the very first customer of Klarna, and then how they were foreseeing and saw the future can really gain from that. So be a reference, because that's extremely valuable. That's a better currency for us then the small money we get from doing pilots."* - Startup J

In total, six of the startups mentioned having a partner as a reference as being a possibility that would be of enormous value. Startup M added that it also helps with the startups funding, which can be vital to their survival. Startup S pointed out that it is most important in the first interactions with large corporations when startups have not yet closed any deals, and they need some credibility. Although it is viewed as something of high value, few of them push for it as expressed by Startup P due to not wanting to ask for too much in the beginning and risk the relationship with the large corporation. Because being in an engagement with a large corporation allows startups to learn and become better and hopefully make them more efficient as they develop their product. Startup H elaborated on the topic by saying that as startups live on borrowed time, they do not want to engage with a large corporation they believe to be a good fit and later learn that the image was a false projection. So, a preferred partner is honest about their goals and sending out the right signals.

In the process of discussing the value of a good partner, the startups also shared that it is beneficial for a large corporation, such as Company X, to work to become one. Startup B mentioned that startups start to evaluate and add requirements on their partners with time meaning that large corporations will have to be good partners and live up to those additional requirements if they want to engage with the most popular startups. Moreover, as Startup M puts it, startups will choose to discontinue relationships if they are, for example, moving to slow or if it becomes apparent that they do not understand how to work with startups and are unwilling to improve.

Moreover, the advantages for a large corporation that work towards being seen as a good partner to startups was articulated in different ways, ten out of ten startups agreed that being a good partner would lead to preferential treatment to that partner from the startups' side as it makes the process easier for them. For example, Startup B said;

> *"We like to say that everything in life follows the path of least resistance, right? For a startup, resistance is expensive. Resistance is frustrating, and we don't have the resources and the time to fight resistance. So naturally, we're going to gravitate to opportunities that have a lower level of resistance."* - Startup B

Moreover, Startup F saying;

> *"Absolutely, I think that's true to everyone in any situation that if you get well treated, you treat someone better back."* - Startup F

There are several different ways that the startups feel that they can provide preferential treatment for a great partner. The typical approach shared by the startups was to give them a higher priority where the startup is more receptive to the needs of that partner in a way that the large company can influence the direction of the product. It also could take the form of a dedicated team to push the message that the valuable partner gets more of the startups' focus and time. Some of the startups, such as Startup S also saw a possibility to sell at a lower price to partners that are willing to help them reach the market. A few of the startups that had experienced good engagements with a good structure for communication also implied that there was more learning for both in these engagements, as there were more open and frequent talks between the people involved. Depending on the offering of the startup, exclusive rights to use their product in a geographical area or industry was also mentioned as a way to show gratification, as well as being first in the line for future improvements of the product or products in development.

5. Analysis

In this chapter, an analysis of the empirical material presented will follow, taking the reader on a journey of how Company X can become the preferred partner of startups. It first discusses what it takes to be attractive as a partner as well as how to stay attractive over time, this in section 5.1.1. Moving on to section 5.1.2 how a large corporation such as Company X can keep startups satisfied in an ongoing relationship. Closing the circle with section 5.1.3 that discuss, the possible advantages of being the preferred partner. Finally, section 5.2 limitations of startup engagement for Company X go through the challenges and limitations in order to set a reasonable frame of common ground between the two parties and what efforts are reasonable for Company X to work on. Further information about specific recommendation will be found in section 7, practical contributions. In Figure 4 the reader will find a reminder of the researchers' path towards the analysis.

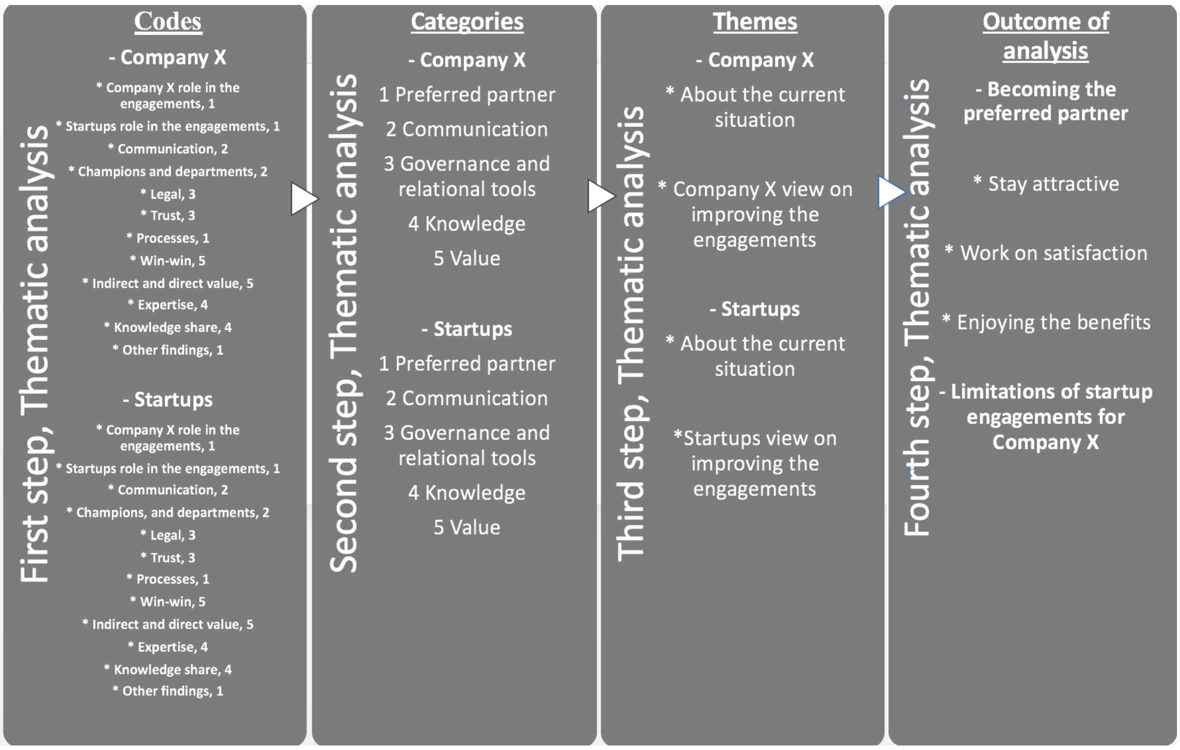

Figure 4. Analysis overview. Shows each step in the analysis of the empirical material.

5.1 Becoming the preferred partner

In this section, the researchers have analyzed the empirical material in regards to the preferred customer theory Schiele et al. (2012a) and present it in three sections; stay attractive, work on satisfaction, and enjoying the benefits. As some of the factors in the theory overlap between the stages, some findings may be discussed in more than just one stage.

5.1.1 Stay attractive

The attractiveness of a large corporation is an indication of how well a startup believes that a corporation like Company X will help them. Which according to Pulles et al. (2014) is important to keep in mind as a less attractive partner has a higher risk of not being a good fit for the startup, and the engagement could end up as a misuse of the startup's resources.

5.1.1.1 Market growth, technological and economic- factors

Company X, by its sheer size, already possesses many of the features deemed attractive by startups. The qualities that were found to be attractive qualities were amongst others market growth, technological factors, and economic factors, which can be found as drivers for customer attractiveness according to Huttinger et al. (2012). The attractiveness in the form of market growth factors, was amongst other explained by Startup H saying that Company X is attractive due to their large market share. That is a strong reason for why startups engage with them, as their inherent market expertise is sure to help startups be better prepared to reach the market with an offering that can be commercialized.

Technical expertise is also viewed as an attractive attribute of Company X, and the empirical findings show that startups turn to Company X as their technological expertise can enable them to provide feedback and knowledge that can improve the startup's offering. In this aspect, Company X has an advantage with the ability to help startups grow, which is seen as highly attractive in the startup community. Tripsas (1997) argued that if a corporation lacks appropriate resources the journey to generate value is hard, the startups understand that in many cases they lack crucial resources, meaning that the journey towards commercialization can be more difficult. So, the inherent attractiveness of approaching large corporations in order to get access to their complementary assets is still valid.

As a profitable large organization, Company X has financial muscles. A factor that is argued by Huttinger et al. (2012) to be an attractive trait, which could be seen in the opinions of the startups. While none of the startups explicitly said that they pursue large corporations with deep pockets, reading between the lines, there is a tendency that if they are more willing to pay for certain parts of the engagements as well as provide a large volume of sales, it is seen as attractive. Company X is currently perceived as attractive in many aspects as Startup H mentioned their market presence, products, and resources all play a role, most important was the market reach and commercialization of their product. As the researchers mentioned in the beginning, the view is that currently, Company X has leveraged on their natural appeal in many of these areas, originating from the size of the company and not an actual investment to attract startups. The researchers believe that there is room for improvement as size and scale is something that all of the large companies in the industry share and not distinctive features exclusive to one company. Huttinger et al. (2012) talk about other factors that can attract startups that are reliant on qualities that are not a byproduct through scaling up.

5.1.1.2 Risk factors
The factors for attractiveness where Company X does not have the same natural appeal from their size is amongst other the risk factors presented by Huttinger et al. (2012) including Company X's competitive position on the market, their strengths and weaknesses, as well as ability to adapt to changing technology. The researchers think that the ability to adapt to changing technology and the competitive position in regards to emerging technologies can be improved. As mentioned by the startups, Company X still has work to do regarding how to incorporate the startup's technology into the commercialization processes which means that there is room for improvement to be a partner that is attractive for their ability to adapt to changing technology and the sources of that type of innovation. This view is shared by employees inside Company X, where some say that the problem is that the current processes lack a focus on startups.

A large corporation that is in the forefront, working with new technologies, adapting to changes and by that staying competitive is viewed as an attractive partner, lacking these qualities means a higher risk of not keeping the position on the market, especially if the industry is going through rapid technological changes (Huttinger et al., 2012). With that said, Company X already has a strong competitive position on the market today, which makes them a very attractive partner in the eyes of the startups. It is when it comes to disruptive innovation and implementation of said innovations that improvements can be made. Having a strong competitive position today does not mean that it will last or be the same tomorrow if the ability to adapt to new technology is not strong. In the introduction to this thesis, the case of Kodak and their failure to adapt to new technology is presented as an example of a practical case where a large organization lost its competitive position. With this example, the researchers want to highlight the importance of not only working to be attractive today but also attractive tomorrow. Something that was expressed by both startups and Company X employees, saying that the importance of engaging with startups is to remain competitive in regards to new technologies.

5.1.1.3 Social factors
Moreover, social factors affect the attractiveness of a corporation in the startup scene. Communication is one of the drivers within social factors that were frequently mentioned, with startups sharing that if the issue is not whom to contact the problem is to get them to reply. Startup H even had an experience of being in the process of scheduling and rescheduling a conference meeting for over five months. With this said, the researchers interpret it as the communication at Company X being inadequate both in regards to structure, frequency, and quality. Many of the interviewees on both sides share that it seems to depend on whom the person inside the large corporation is, meaning that some have a great experience and others are stuck in limbo. However, most startups have to wait for an unreasonably long time, receiving no or little information about what is going on, or who inside the company they are waiting for to make a decision. From observations made by the researchers the internal communication, meeting culture, buyer-supplier culture, and standard workload of employees all seem to have an impact on why communication is this way.

There is room for improvement for Company X to be clear, frequent, and transparent in the communication style, as Employee R said they need to be better at prioritizing communication and not keep startups on the hook waiting for an answer. It is hard for startups to know why things get stuck, and an understanding of the process would make it much easier for startups. An organization being attractive within all the other factors, might not be able to utilize it if they cannot be reached or give a clear answer to startups. One of the most common themes that the startups shared was how valuable time is to them, so wasting their time is sure to put a stain on any large corporation's reputation. Startups C mentioned how more face-to-face contact, transparency, frequency, and open communication would be helpful, saying that an attractive partner understands that the startup's time is valuable and use it efficiently by having a clear process. It is mentioned by Startup D how important it is to work with the people that understand this issue. The desires of the startups agree with Zaremba et al. (2017) and their definition of what communication should be, with a focus on quality, frequency, and how the communication is done, in addition to pushing that eye level contact is important as it gives a sense of being equals in the exchange.

As proposed by Slowinski et al. (2015), it is of importance to have good internal communication in order to have good external communication. The researchers could observe this phenomenon in the case of Company X as it was several times mentioned that the communication internally could be better, which might be a reason for the startups saying that the communication is inadequate. The startups express that it is essential with speed, transparency, and structure, which is not always the case in large corporations. The researchers' is, therefore, of the opinion that Company X needs to develop its way of communicating with startups.

Startups and large corporations live in different worlds, and the compatibility between the two tends to be lacking, as large organizations such as Company X's ways of working is aimed towards working with other large corporations. The different backgrounds of people working in startups give them varying prerequisites to understand why large corporations work as they do, and both sides need to understand the problem and adapt to it. Weiblen and Chesbrough (2015) found that startups worry over the compatibility with larger organizations, as they see it as a potential risk that the large corporation will not understand the lack of similarity between a startup and traditional partners and thereby work in a way that increases the risk for the startup to fail. Their way to cope is to try to engage with as many as they can handle and through that create an overlap of positives to weigh over the negatives, thereby increasing their chance of survival, which can be a potential risk as their resources might not be used most efficiently. The researchers argue that a partner that shows that they are working to becoming more compatible would be of enormous value for startups and make them stand out among other large corporations.

An organization that is open to sharing information is attractive, as mentioned by Hutinger et al. (2012), with startups seeking to partner with companies that are willing to be open with their expertise, problems, and provide feedback. How open a corporation is can depend on how they view the importance of sharing. As Ritala et al. (2015) argued, most sharing is done quid pro quo, so attractive partners are those that see a benefit in sharing what they can. It could be easy for a giant to be protective of its information and instead provide other resources, but the researchers argue that such a limitation would hamper the organization's innovation potential. Many of the startups are looking to make the best product that they can, and as they need information that only large corporations have it is easy to interpret those that are open to sharing knowledge as more attractive. Startup H described that most startups want to solve a problem, grow, and learn by working with an organization that needs their solution. The researchers interpret it as, good information exchange and transparency can make Company X attractive, by not beating around the bush but instead being open and telling it like it is. Thereby giving startups the possibility to understand the situation better, benefiting both actors by optimizing the process and fewer resources will be wasted on engagements that are a bad fit.

Commitment has several times been expressed as a key quality for the large corporations according to the startups. Since startups have limited resources and are limited by their number of employees, therefore they can only work with a few engagements, so each one is a risk they take until they know the intention of the other side. Engaging with someone that seems like a trustworthy partner is therefore crucial. Several startups such as Startup H have mentioned how business is almost always based on people, trust, and a good feeling, meaning that if the trust is not present startups will most likely not engage with the corporation. While a lack of trust does not mean that there is no possibility to work together, the startups would rather engage a company that they believe will be trustworthy. Going into Macduffie and Helper's (2007) findings that working with building trust through collaborations with startups will both be positive for the reputation of corporations and increase the understanding of the process of working with startups.

Relationship quality is amongst others dependent on having strong relationships with high levels of trust and commitment as Kurpjuweit et al. (2018) puts it. Startup H talked about long-term commitment, which is viewed as a trust-building activity. It is an attractive driver due to the startups' technology often being ahead of time, and the need to look long-term is vital, especially since the large corporations in the industry plan their production a long time in advance. A large corporation that engages more long-term with startups therefor both provide better opportunities for value creation and build trust between the two parties.

In the world of startups, word of mouth carries weight as the startups talk with each other about their experiences in dealing with large corporations. Even if a corporation such as Company X works hard to push a public image of themselves as startup friendly and want to be in the forefront in a technological shift, it will still be discussed more informally amongst the startups. This is a topic that is important for large corporations to understand as potential focus and resources spent on improving the public image can easily be a waste if startups have bad experiences from the engagements. The researchers believe that a necessary reaction for large corporations that want to improve their image is to increase the internal knowledge of how vital the interactions are and educate the employees that are in contact with startups, to give it the priority that is deemed necessary in the whole organization. Conclusively, Company X has many of the attractive attributes that make startups want to engage with them. However, they have to be willing to share them, understand the startup, and communicate the willingness to engage with them. The initial attractiveness is not enough to lead to a good partnership, it also requires a willingness to work in a in a satisfactory way.

This leads to the next section about working on satisfaction, which focuses on how Company X can keep the startups happy after the relationship initiation, which in turn can lead to the relationship continuance, and perhaps preferential treatment while avoiding the risk of startups discontinuing engagements.

5.1.2 Work on satisfaction

It is important to mention that satisfaction is based on the actual interaction between the two and that the expectations that are set by the perceived attractiveness that a startup associates with a corporation. If Company X cannot live up to the image, there is a high chance that the satisfaction will drop. According to Huttinger et al. (2012), several factors can be considered to influence a startups level of satisfaction, namely technical excellence, supply value, mode of interaction, and operational excellence. The researchers found these factors in both preferred customer theory and the empirical material, and that they are all in various degrees affecting startup satisfaction.

5.1.2.1 Technological factors

Technological excellence, amongst others, relates to early supplier involvement, meaning that Company X should focus on including the startups early and not keep them waiting. This is very important and can be seen in the empirical material where, for example, Startup M mentioned how they had discontinued relationships with large corporations that are too slow and does not actively involve startups. It is not good for either side, to lose out on value and waste resources by pursuing a partner that cannot live up to expectations. Even if it does not go to the extreme of a discontinuance of the relationship, it is still an important aspect as a less satisfied startup at least will not treat the other side better than a regular customer.

Several startups talked about engaging with Company X to learn and develop as well as be a part of the commercialization of their idea, and not to get stuck at the exploring stage. Here Company X has an opportunity to improve the startups' satisfaction. By having a plan to include them, take care of them, develop them, and listen. The plan with all interactions should be to get something out of it, even if it is just learning some minor piece of information, lacking a plan is undoubtedly just a way to waste time and resources.

There is a need to go beyond a buyer-supplier relationship to a more collaborative one which gives value on both ends. The technical competence that Company X has within itself is a great source of interest for startups and has the potential to make them very satisfied (Huttinger et al. 2012). Especially since in many cases, there is a need to combine knowledge and resources from both sides when creating innovations, and according to Yan and Wagner (2017) it has a higher potential to generate more value rather than using the resources on their own. Many of the startups experience this as a process that in most cases work, but that it is highly dependent on the people involved, in their interactions with Company X, it has overall been a good process. However, some of the startups had experienced working with other large corporations where if it was not agreed upon before it could be hard to access something. Meaning that the response to their requests is not always valued high enough to help them. The researchers see this a sign that something is missing, the purpose of the engagement should be to create something beneficial for both sides meaning that the needs of the startups should be taken seriously, and as long as it is not something that the other side wants to keep to themselves for good reasons they should be supportive.

5.1.2.2 Supplier Value

Supplier value refers to what the researchers look to as startup value. There are many satisfactory factors found around the value that startups see in the engagement with Company X. One issue for startups is that they are looking for agreements in which long-term is the focus. The employees of Company X share that it can be problematic to provide such assurances because many startups come with ideas that need to go through different steps to reach a stage where a long-term deal is ideal from the large corporation's side. The researchers can see that the startups understand this, but the lack of transparency for how the process will develop leads to an issue. Especially since in many cases, there are many different stakeholders to get approval from inside a large organization before a project reaches a new milestone and needs to find the next step on the path forward. In a way, the relationship needs to reach a point where it is seen as more of a cooperative relationship, which Huttinger et al. (2012) sees a source for potential satisfaction.

Trying to build a cooperative relationship requires a process to get to know one another, according to Blomqvist et al. (2005), the contract process allows the involved stakeholders to do just that. However, the experience of startups is that the current approach with contracts is not ideal, while most of them see complicated contracts as a part of working with large corporations and have adapted to it by either spending resources on outside counsel or by having the competence inside the startup. The researchers argue that it is easy to see that the resources spent to cope could be of better value to both sides if the startups could spend those resource on improving their product or service. It is also clear that while the idea of governance, as explained by Tiwana (2008) is to try to control the other side of the agreement, in the case between startups and large companies it is done in favor of the larger entity. The difference in resources creates a situation where the smaller entity can only fight for what they see as most important and accept the rest to get a potential deal. Company X is currently working on improving their approach as they understand that the requirements that fit for a larger supplier are not ideal to use in interactions with startups. However, as the organization is large, there is still a risk that some of the large contracts will appear even though they are working to create more streamlined contracts. For some of the startups, contracts are not viewed as a big deal, but it is an area for potential development as it affects the satisfaction of startups as according to both Huttinger et al. (2012) and the interviewed startups.

All of the startups said that they want value such as market access, data, or knowledge out of the engagements that are made. However, they often have to sacrifice many of the value-adding factors as they are in a position where their money is running out, and it can create a situation in which they accept a worse deal in order to live another day. This puts an organization such as Company X in a better bargaining position than startups where it could be easy to take advantage of them, something that could be a risk to the overall satisfaction of the engagement with startups. While Alvarez and Barney (2001) found that the issue of losing out on value was an important concern for smaller organizations such as startups the information provided by the startups shapes a different picture. In the engagement with larger corporations, the priority is to sign a deal, and they do not view it as a major problem if the other side gets more out of it. In the researchers' perspective, this shows that the priority by the startups is the speed and receiving a real commitment from the larger corporation. In case of some of the startups, it could also be because negotiations can be a costly and lengthy process, which for a small startup could be a risk to its survival.

In the traditional sense, a value exchange between a large organization and its suppliers is sure to be focused on tweaking costs and other forms of direct value, as described by Walter et al. (2001). Often in the form of values that can be understood and calculated beforehand. There is a need for organizations such as Company X to look beyond the direct forms of value and see the indirect values, and while most of the employees share that they do look at startups as a source of indirect values, such as knowledge and know-how it is clear that it is a discrepancy internally in Company X. The researchers believe that a part of the source for friction with startup interactions is that employees are looking for direct values, such as an off the shelf product, something that startups rarely have. So, the indirect value has not high enough status to get the attention it deserves. It shows a need for a cultural change and to get everyone involved into looking beyond the direct costs and the direct value, to see that in the long run, the indirect value has the potential to give much back. Continuing the same way is a sure way for startups satisfaction to plummet, with the risk of both a stain on the reputation and losing potentially interesting startups.

There is also a sense both from the employees inside Company X and the startups that large corporations should invest in making it easier to engage at early stages such as a PoC, these stages should not need to be complicated. From the startup perspective, it seems like Company X can be slow in these processes as well. It can be due to waiting for directions from management, engineers not having time, or resources not being allocated to the process at that point of time. One idea shared during the interviews was to create a budget dedicated to exploratory activities, which could lead to employees having time dedicated to startups. The researchers view this as a good approach because it can combine sending a message internally that startup interactions are important and at the same time, improve the interaction that the startups have with Company X.

5.1.2.3 Mode of interaction

Mode of interaction refers to communication, structure in large corporations, and knowledge sharing is also a factor that affects startup satisfaction. However, in Company X case, knowledge sharing was not viewed as a big problem, as most startups interviewed thought that Company X was rather good at sharing if proper governance was in place. However, all of the startups have pointed out several times during the interviews the need for Company X to communicate more frequently and transparent as well as create a structure internally that can work with startups like mentioned in the attractiveness stage as well. Feedback and commitment were also frequently mentioned in regards to areas Company X can improve. The experience with communication has been different depending on the case, in some cases, communication is viewed as smooth, frequent, and transparent while for others, it has been another experience.

Both sides of these interactions have a shared commonality in the way that they both understand that the lack of understanding for each other's worlds, is the root cause for friction in the engagements. Inside Company X, there are two different approaches to the dilemma of creating an understanding. Some wanted to educate the whole organization so that everyone understands how to work with startups, while others see a solution in directing startups towards an organization inside the organization that can work as a separate function being middlemen, leading to the education of a smaller group. Up until now, champions have been a huge part of the organization and the work they do with startups, champions as argued by Perez and Cambra-Fierro (2014) work as a good approach to create positive interactions with startups and move projects forward. However, it also creates a scenario in which the organization is dependent on a small number of people, creating a potential risk that valuable know-how is centered in a few minimizing the approachability of the organization and also loss of both current and future engagements if those people disappear.

If Company X instead would pursue the approach where everyone will work more openly with startups, it would hopefully be possible to set up a procedure where already interested and involved employees could teach others that are interested and spread the startup knowledge internally. However, there is also a problem to keep everyone informed regarding what they are free to share under NDA and what to keep secret in these engagements. Teng (2007) argued that it is important for organizations to know precisely that before they engage with others, something that the researchers believe could be hard to keep up to date and enforce if too many employees are working intimately with people outside the company. In Melander and Lakemonds (2015) study they saw that once external collaborators had signed

NDA and were working with internal personnel, they were soon seen as colleagues, something that the researchers believe could diminish employee's tendency to keep certain things a secret. However, as knowledge sharing according to Ritala et al. (2015) is often shared quid pro quo, this is a situation that can be hard to control and instead corporations need to evaluate if the risk of accidental knowledge leaks is worth it. To get the most out of these engagements there needs to be a balance between protectiveness and openness, in order not to reduce the chance of innovation but at the same time not risk core knowledge inside the corporation.

While a contract in its core is to allow corporations to work with each other even when trust is lacking, from the startups' point of view trust is not seen as a big issue meaning that large corporations naturally come with an amount of trust. However, there are benefits to be seen as a trustworthy partner, and it is in the large corporation's interest to put some effort into building more trust. As Startup D puts it, the newness of a startup means that they need to show that they can be trusted. As trust is primarily built through personal interactions, a large corporation that facilitates collaborative activities can both give the startup a chance to show that they are trustworthy and at the same time improve the startup's satisfaction with the large corporation. Henke and Zhang (2010) argued that activities that foster collaborations will improve the reputation of a corporation and can lead to more people seeking them out. Their study found that collaborative activities also improved satisfaction and performance, which the researchers believe have the same effect in this relationship.

It can be easy to see transactions between organizations as adversarial, in which the goal is to get the other side to agree to terms that benefit them the least. While this seems to fit the interactions between two large corporations, the researchers see the interaction between startups and large corporations as needing to be more of a collaboration. Frankel et al. (1996) argued that in those cases when the social contract between the parties is of utmost importance, it is of value to work on them as it sends out a signal of large corporation's motivations. The startups all share in one way or another that they want a seat at the table, they want to talk and work with the large corporations not be kept at arm's length. Having such a structure would allow the large corporation to increase their trust and build their reputation as a good partner. Employee E sees it as a way to create a mechanism that makes the startup fit inside the large corporation.

From the experience of the startups, it is all about the people, even if an organization prides itself with being open to sharing knowledge if the person startups are interacting with is hard to work with and protective of information, it will affect the experience, and they will share with the startup community. To find out more about the startup's opinion of the engagement, large corporations should view it as essential to get feedback on their interaction so that they can learn and improve from past startup interactions.

5.1.2.4 Operational excellence

Operational excellence in regards to planning, production, payment, support, business competence is important for satisfaction. The researchers would say that Company X have much to improve in this area. Many startups have articulated the fact that everything gets stuck after the PoC and several Company X employees have mentioned the fact that they do not know what or how to do after they move from exploration and therefore loose startups at this stage. It would be vital for Company X to build operational excellence for startups to view it as a satisfactory relationship and perhaps even move towards reaching a stage of preferential treatment.

As seen regularly in this paper, the startups are looking for resources, not all but for some, it is a battle to find investments or projects that can keep their idea moving forward. Larger corporations have long production cycles, which can lead to the potential income from engagements being far away into the future. In the interviews, the researchers can see that Company X can be a bit reluctant to invest in startups, and it is a process that is easy to understand because investments require a more thorough investigation by the company and also a higher involvement which includes a higher risk. However, if Company X would be more willing to take some risk and be more open to supporting engaged startups it would send a positive message to startups and potentially be beneficial as it would mean that the startup might focus more on the project.

As mentioned previously, large organizations are built to produce their products efficiently, and their products require much synchronization between deliveries and installation, that means that the planning is crucial to make it work. For a startup to try to enter this world is challenging, and as Employee G shared, that large corporations need to be willing to help them. The researchers can see it as both being transparent about what is required if a small project would reach commercialization and also how such a process could develop. If an organization like Company X can be transparent about the process, without making any promises, it would help the startups by allowing them to adapt to the process. Company X has, according to the researchers' room for improvement in the satisfaction stage working with these factors. If no changes happen the researchers would argue that startups can start to discontinue engagements and seek out potential competitors of Company X. It all depends on the current needs of the startup and if they can spend their time and resources with some other company that is perceived as a better alternative.

5.1.3 Enjoying the benefits

So why make an effort to become a preferred partner and work hard on improving startup engagements? From the empirical findings and introduction section, it is clear that startups are becoming an important source of innovation and that companies have even ceased to exist in some cases when they have not been able to keep up with disruptive innovation. A push for engaging with actors such as startups has, therefore, been seen. Employees at Company X mentioned that they want to engage with startups, and are aware that they have to improve. Especially since the startups choose which partners they want to work with and if Company X wish to continue being an actor they choose over others. It is vital for them to pay attention to the fact that they might have to compete for these companies in the future and that much can be done in order to be in the forefront of startup collaborations.

The preferred customer theory proposes that Company X by working to be attractive and satisfying to startups, can become a preferred partner and get preferential treatment from the startup. The factors that are a part of the last step in the cycle of preferred customership is; economic value, relational quality, instruments of interaction, and perhaps strategic compatibility (Huttinger et al., 2012).

5.1.3.1 Economic value

The economic factors that can be found in the conversations with the startups are primarily focused on finding a business opportunity and the potential to get access to a large volume market. However, they also see another economic value that is not distinct to a typical economic transaction. For many startups, time must be spent on locating new partners or investors to find resources so they can keep moving forward. Their newness can be a big issue in convincing others to trust them so a large corporation that would allow itself to act as a reference would be of high value as a tool to increase the likelihood of financial investment from other external stakeholders, providing indirect economic value. With Startup B saying that being able to have a large corporation as a reference sends a signal that the startup is capable. Inside Company X the prospect of providing such a favor is viewed as positive by some, while others are a bit more protective and see a downside to it and mean that the startup should prove their worth. The researchers understand both sides, however as it is viewed as something of extreme value to the startups, a way to provide it should be explored. It both works as a way to help the startups survive and sends out a signal that startup interactions are a priority for Company X.

5.1.3.2 Relational quality, instruments of interaction & strategic compatibility

Currently, the relationship is highly dependent on the people they interact with, and as previously mentioned, inside Company X, the willingness to work with startups varies. So, it can create an unfair environment where some get stuck early and cannot push the process forward. Leading to a waste of resources of the startups and blocking a potential innovation to grow with Company X. Some of the employees inside Company X mean that they need to be better with respecting startups and value their time. An approach that the researchers believe would improve the relationship as the startups want a fair chance to engage with a large corporation like Company X. If the people involved from Company X treated them in a way that helps them trusts and understand what is happening, it would be sure to increase the startups' positive experience of the engagement, a quality that Huttinger et al. (2012) sees as a critical factor to move towards a preferred status. Startup T mentioned the value in an organization creating a structure that allows for more frequent interaction between the parties in their engagements.

Large organizations such as Company X are good at what they do, which is one of the reasons why they are attractive for startups. However, for the startups to see the benefits, the larger organization needs to have a process that enables the engagement to be the best it can be. Startups want to create the best product and to be able to do so, in the industry that Company X operates in that mean that they need to work together with a large corporation as they will in most cases only provide a part of the end-product. In many ways, startups rely on for example Company X to provide them with the insights that can make their product go from good to great, information that would be hard for the startups to learn on their own. For that process to work, they need to have a partner that is willing to see the benefit with working with them, be open about their needs and create an understanding atmosphere where both sides can help each other to reach their shared goals. As with building trust, as argued by Henke and Zhang (2010), the larger entity should take the first step and the startup is sure to follow as it is much faster to adapt to changes, especially if it can create a path with less resistance than what they face currently, according to Startup B. The researchers see it as Company X has a lot to be gained by being open with startups about working with them is an undiscovered territory for large parts of their organization and things may be difficult from time to time, but they are in it for the long run. Showing that they are committed to improving and communicating with honesty, so the startups have the chance to understand and adapt.

5.1.3.3 Preferential treatment

The startups shared opinions are in line with the potential beneficial outcomes presented by Huttinger et al. (2012), showing a fit between the two. The benefits that come with preferential treatment is according to the theory Huttinger et al. (2012**)** the following; decreasing costs, and a more cooperative relationship in which the party listens and allocate time towards that preferred partner compared to others.

All of the startups clearly expressed that a partner performing better than others would get preferential treatment, examples of what kind was mentioned as the following; better rates, license conditions, high priority, dedicated team, a partner that pays more attention to desires and needs, more energy, focus, and time. The researchers could also read between the lines during the startup interviews, as startups talk to each other, a positive experience is something that would be shared with other startups. Something that the researchers would argue would increase the positive reputation and attractiveness of that large organization within the startup community.

Although the startups do not elaborate regarding the benefits that can come from preferential treatment, the researchers still want to emphasize on the fact that all startups would give preferential treatment of some sort to the best partners and that they already had some thoughts on what it could be. The researchers argue that since many startups in this industry face heavy competition and are often small with no real power against the giants, the situation today have not allowed many startups to experience being in a position where they can pick and choose between partners. So, the possibility of preferential treatment and the possible benefits could be even more significant at a stage were startups have experienced being in the position and how they work with it. In an industry going through changes, there is sure to be some startups that are more interesting than others, and as the startups express that they would rather work with a potential partner that gives them a good experience the researchers ultimately see it as an important area for Company X to improve. Especially since change inside a large organization like Company X is sure to take time.

5.2 Limitations of startup engagements for Company X

Although it sounds great that Company X could work with improving all the drivers of attractiveness and satisfaction found in startup engagements, the researchers realize that it is more of a dream world in which they actually could do that. Right now, Company X's limitations propose a need to look into what could be possible in its approach towards startups. As expressed in the interviews, the startups and the large corporations are like two different worlds and very different by nature, which is a big reason for the clash that exists between them and their ways of working today. As Startup H mentioned, Company X should not drop everything and become an incubator to startups, saying that it is unreasonable to which the researchers agree. However, instead give startups a little bone and facilitate collaborations and win-win situations, so that Company X can take advantage of the cheap and fast new technology that startups offer. There is a couple of things that the authors interpret as limitations for Company X in startup engagements.

First of all, it is a matter of focus and resources. Company X has expressed that, it is not possible to put all effort on startups and risk that their current business would suffer from it. In many cases, it can be hard to see what the direct value of the engagement will give, even if the large corporation acknowledges the indirect value, it still tends to be valued low. Meaning that there is a need to balance between how much effort goes into the daily assignments and new explorative engagements such as startups. That goes for resources as well, and in the employee interviews, the opinion was shared that resources are spent in a risk-averse way, meaning that it can be difficult to find resources for startup activities. The researchers are therefore of the opinion that the resources that will be spent on startup engagements will remain limited at least in an early stage before the direct effect of such efforts has a visible beneficial impact for the organization.

Secondly, since it is a fast-changing industry with processes being complex and take a long time, Company X has a limitation on how much they can promise the startups. With Employee L saying that being upfront and honest with startups is a priority and that the only thing that can be promised at an early stage is a quick no.

The third limitation that the researcher found is the processes that Company X have in place today. Being a large corporation and having long and complex processes, it is one of the key qualities they rest on for their success in the core business. Compromising these processes or changing them too much, is simply not a good idea as they are a key success factor. The researchers, therefore, think that Company X ability to adapt the processes to the startups is only possible to a certain extent, at least in an initial stage.

The fourth limitation that the researchers saw is the deep-rooted culture in the organization. Being of the opinion that culture is hard to change and especially such deep-rooted culture as in Company X, this will affect Company X's ability to engage with startups and should perhaps be taken into account when deciding what people should work with startups. People heavily indoctrinated in cultures, such as the traditional buyer-supplier culture, might need to be educated in working with startups. Alternatively, the decision might be to dedicate people that are more in tune with an innovative culture to lead the company's startup responsibilities. Conclusively there are both possibilities and limitations in regards to a large corporation's startup engagements. It is important to take all of this into account when discussing potential improvements of startup engagements.

6. Conclusion

In the following chapter, the researchers' conclusion will follow. It starts by connecting the results back to the research questions, moving on to discuss the limitations of the study, and ending with a section on suggestions for future research.

6.1 Connection to the research questions

This study aimed to research how large global corporations and new technology startups can form successful collaborations. Three research questions were developed for the researchers to seek answers to and fulfill the purpose of the study.

RQ1: What are the main challenges for large global corporations and new technology startups engaging with each other?

As has been seen throughout this paper, startups and large corporations are two different entities that face various challenges working together, which is the case for Company X as well. A corporation that has realized the importance of working with startups and acknowledge the need to overcome the inherited challenges between the two. It is a new type of engagements for many industries and that the knowledge on how to do it is not fully available. Many of the challenges are related to the size of the company. The size can make it difficult due to the simplicity of the startup structure. Startups who often have a small number of people and a very flexible structure can have a hard time to understand the complex structure of large corporations. With the sheer size of a large corporation, difficulties are created both internally and externally, knowing who is responsible for what and understanding the processes.

Being slow is a problem as startups are fast working entities, and it proposes a challenge to work in a way that fits both organizations. The large corporations want to work with startups to leverage on their efficiency at the same time, they want to incorporate them into the organization's processes. If the large corporations engage with them, having a traditional approach, it will most likely kill any startup, which proposes a challenge for large corporations to adapt their processes that are heavily rooted in the organization. Another attribute that large corporations suffer from for good or bad is legacy. Having a DNA of doing things in one way for many years can often hamper change and the ability to adapt to new ways of working. Startups have no or little legacy and are, therefore, very flexible and can adapt quickly to new challenges. Legacy can also propose a challenge culture wise as employees often are proud of the organization's achievements and can be defensive towards change and collaborations with external partners that threaten the current practices.

It is a question of the two different worlds understanding each other. Working together without an understanding of the other party creates difficulties. There is a need to find processes that match both of the structures to facilitate successful collaboration with each other. There are many ways to bridge these challenges and move away from the two different worlds to reach common ground. The following research question will present what can be done to become the preferred partner of startups.

RQ2: How can large global corporations become the preferred partner of new technology startups?

The case study showed that engagements between large corporations and startups' do apply to the preferred customer theory. Many of the drivers presented in the preferred customer theory were present in the engagement between large corporations and startups. However, certain factors are more apparent in engagements with startups these being value and communication.

The researchers found that Company X already possess many of the drivers for being an attractive partner. Market growth factors and technical factors were two of the categories where Company X already was seen as highly attractive. However, those factors are not exclusive to a few corporations but rather regular advantages for large corporations. Only relying on these drivers for being competitive regarding attractiveness, might not lead to a unique position in the market, which further supports the importance of working in areas beyond attractiveness factors that are not a result of a corporation's size. One of the ways to do this is to work on adapting with new technology to be seen as an attractive partner by keeping up with innovation and sending out a message to external stakeholders about the organization's presence in the market and willingness to work with new technology. The researchers believe that there is an opportunity for development, amongst others in regards to working on communication, compatibility, structure, value creation, and commitment.

Involving the startups early, creating win-win solutions, communicate better, building trust, provide feedback, and create operational processes were some of the factors that were viewed as important for startup satisfaction. Communication is vital throughout the whole process, and large corporations need to be transparent and frequent in their communication, not leading the startups on or leaving them hanging. Especially since good communication can be part of the solution to solve many of the other dilemmas encountered in the engagement, as sources of friction in the engagement have a higher likelihood to be shared, discussed and hopefully solved. In such an environment, many of the satisfaction building activities can be pursued, as Company X can learn where their current processes are failing and work to improve them, showing that they value the interaction with the startups and that they want to do better. By taking the feedback that the startups provide and using it to improve, it will build on the relationship between them and also the trust as the startups will feel appreciated and listened to. Meeting or even exceeding startups expectations of the engagement at the stage of startup satisfaction would lead to the final step of the preferred partner status.

Many of the areas that are important at the preferred customer stage are not exclusive to one step in the process but rather part of the startup's overall experience of the partnership. So, for a large organization to create an internal incentive to provide an excellent experience looking long term can be a solution. It both creates an environment where the large corporation puts in more effort to make it a success and allows the startup to see that their engagement has the potential to grow into something great. As startups in many cases are fighting to stay in business each day, giving them a road map with a more extended scope is sure to help. It is also clear that value plays a significant role in engagements, it is natural that to reach a stage where a large corporation will receive preferential treatment it is in many ways relying on the value that they can provide to the startup. So, by being open and creating a partnership where both sides can see that they are better of working together and have more to gain through collaboration, all parties will win something out of it and therefore have incentives to continue the collaboration, perhaps with the outcome that the partner will receive preferential treatment.

Conclusively a large corporation can become the preferred partner of startups by paying attention to the preferred customer theory and keeping in mind that startups are different from traditional suppliers and that different factors can be important from case to case. Creating an understanding for one another is a starting point and adapting the processes from there. The researchers acknowledge that large corporations have limitations to how much effort they can or should put on these kinds of engagements, which means that a focus on startups should not come at the expense of the current way of working. Company X needs to decide how they can create a better environment in their interactions with startups, and the researchers' suggestions can be found in the contributions section of the thesis.

RQ 3: What are the benefits of achieving preferred partner status?

The researchers understand that to become a preferred partner to startups, investments from Company X will be required, which means that resources need to be allocated from some other area. In the process of choosing between continuing with the safe approach that is currently working or pursuing something with no immediate reward, it can be easy to play it safe. It is beneficial to understand what the potential rewards can be when working on improving the engagements.

The startups and the rewards presented by Huttinger et al. (2012) are similar but do not match entirely, which is to be expected as many of the startups are not on a stage where more traditional incentives can be offered. In the core of it, most of the startups said that they would provide a better price for a good partner, as the benefits and the lower amount of friction would make it worthwhile, even expanding and in some cases offering exclusivity for a region or an industry. While for others they would see it as a win-win to provide a better treatment of the partner in how they focus their resources, energy, and focus on the partner as well as giving their opinions and wishes more weight. The researchers believe that the intention to be more considerate towards a preferred partner's requests is based on the understanding that such a partner intends to succeed with the startup, meaning that the input is to create something great together.

Many of the factors that a large corporation needs to achieve for a startup to view it as a preferred partner are in some way connected to communication. In the case that the engagement has achieved a status where the communication is open and frequent, creating an environment where the startups' will also benefit the large corporation by being more open to sharing insights, knowledge, and know-how.

As many of these rewards are indirect values, it puts pressure on an organization to see the real benefit of them as they cannot be sure that the engagement will reach a stage where the direct values can be achieved. The researchers see this as one of the main challenges for Company X overcome to pursue a path towards becoming a preferred partner.

There is also a reward outside the direct engagement with a startup, which is the fact mentioned by many of the startups that they learn from each other as they share their experiences on working with different corporations, both the good and the bad. So, for an organization such as Company X, it shows that if they can become better in their interaction with startups, it would also benefit in how sought after the organization would be. While being too attractive can lead to a problem if the resources are not enough to engage each startup in the expected way, it is a more pleasant problem to have compared to being left behind and only being sought out by startups with no other doors to knock on.

6.2 Limitations of the study

As mentioned, this is a case study of Company X and ten relevant startups in the industry. The findings are therefore somewhat exclusive to this case, industry, and point of time, which makes it difficult to know if other studies would end up with a similar result or not. The researchers furthermore believe that the experience and stage of the startups play an important role in what influences the relationship between them and large corporations. Just like the stage that the large corporation is in regards to startup engagements is affecting the results. These variables may be hard to control as they can change rapidly and are almost impossible to reconstruct. However, the researchers minimized the problem by involving startups with different experiences and at different stages of the process.

The preferred customer theory used in this research is an iterative process that argues that the relationship is never stuck in one place, but shifts and moves according to expectations and how the realities of the engagements develop. The startups interviewed by the researchers were in the majority of the cases currently experiencing interaction with Company X, and not in the position to have gone through the cycle by giving a partner preferential treatment. So, while the process of going from attractiveness towards satisfaction, with a risk of discontinuation if not pleased, could be found by the researchers, the researchers were limited by their data and timeline to evaluate the whole cycle of the theory.

6.3 Suggestions for future research

As the researchers were not able to explore a full cycle of the theory, they see the potential for future researchers to do a longitudinal case study where startups that just started working with a large organization can be interviewed a few years later to share their experience on the process.

It would be interesting to see more research around engagements between startups and large corporations. With startups becoming more and more involved in the innovation process within large corporations, research that can highlight their thoughts and opinion on the process is sure to have value to make the process more efficient. As communication stands out one of the critical aspects from the startups perspective, an interesting approach will be to research if there is a difference in startups experience if they are in close vicinity to large corporations that they are engaged with. The new age with online alternatives for fast and easy communication should make it simple to have a functioning communication. Though as we have seen in the study, in the experience of startups, it is still lacking. For example, how is the experience if the startups have the option for more face-to-face contact compared to if they more exclusively rely on online platforms for their communication?

Future research could also look into why some startups succeed with large corporations, and others do not, approaching the subject from the large corporation's perspective talking about what the startups on their side of the spectrum can do in order to facilitate successful collaborations with large corporations. Perhaps through a comparative study where startups are grouped in different categories depending on their experience of working with large organizations. Finally, this research could be elaborated on by testing it amongst a larger sample of startups and large corporations in order to improve the generalizability of the findings. Hence see if the preferred customer theory is applicable to the unique supplier that startups are.

7. Contributions

The researchers make both theoretical and practical contributions from the case study. Both will be elaborated on in this chapter, the theoretical contributions aiming more towards researchers and the practical contributions towards large corporations finding themselves in a similar position such as Company X's.

7.1 Theoretical contributions

The purpose of this study was to explore the interaction between startups and large corporations through the eyes of the startup. The new perspective being that startups cannot currently be seen as traditional suppliers but still share some of the important traits and desires with them, keeping in mind that the researchers did not have the opportunity to test the cycle to see if the iterative process could be shown. The researchers have thereby added to the preferred customer theory by utilizing it in a new setting, with the result that indicates that it is applicable to startups in engagements with large corporations. With this said, the researchers want to point out that they see a difference in the level of importance regarding the different factors in the preferred customer theory. Hence, startup and large corporation partnership can be viewed according to it but still differentiate from traditional suppliers as it is suggested that startups might experience the importance of the qualities in a different way than traditional suppliers.

Moreover, the researchers' ads to the literature on startup collaborations. The researchers believe that the result provides insight into factors that the startups view as important in the interaction, opening up for future researchers to go more in depth in the relationship and find new ideas on subjects to explore between the two fundamentally different actors that startups and large corporations are.

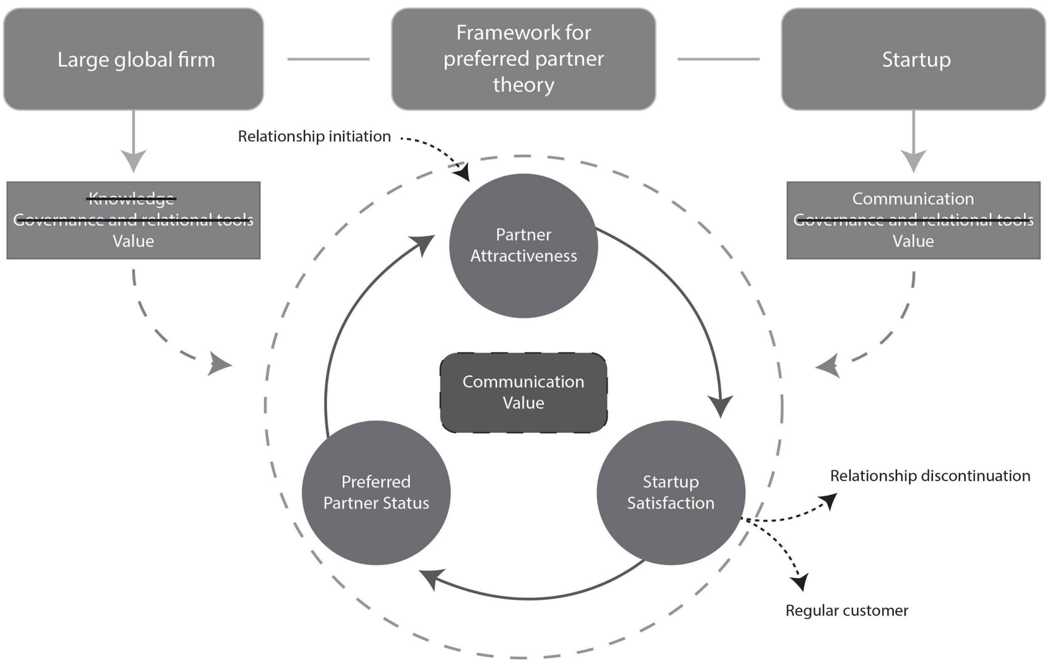

Figure 5. Revised Conceptual framework, Inspired by 'The preferred customer theory' and compiled by the researchers. Schiele et al. (2012a)

Based on the pre-study, the researchers wanted to see if the themes they noticed, communication, governance and relational tools, value, and knowledge, had a significant impact on the relationship. Although it could be seen that knowledge, governance and relational tools had some effects on the development of the partnership, these qualities were in this case not as prominent. However, value and communication were factors mentioned in many aspects of the interaction as major influences on the startups' perception of the relationship. As a result, the researchers have updated their framework, which can be seen in Figure 5, to highlight the importance of focusing value and communication continuously as the relationship develops throughout the cycles.

7.2 Practical contributions

As found in the study, there is a need for Company X to adapt to startups. However, large corporations have limitations on how much they can change or should change for startups. In the following pages, some main strategies will follow that a large global corporation can have in consideration to improve their ways of working successfully with startups.

A) Understand the startups'

The first part of a large corporation's strategy should, according to the researchers be to understand the startup and the environment in which they operate. Several times in the study, the importance of understanding each other have been mentioned, and it provides the foundation for all interactions. More specifically understand that the startups exist with scarce resources and more or less live for the day. Also, pay attention to the people in the startups they need to survive on their business and get support to be able to continue. The people behind the startups often have put much effort into creating their businesses, so an understanding of the emotional connection they have to their innovations, and treating them with respect is of huge importance.

In regards to Company X limitations, this should still be possible to improve, since it is more of an educational issue. Conclusively anyone in a large corporation dealing with a startup should have an understanding of the conditions in which they operate.

B) Have the right people in place

The second strategy related to the first is to have the right people in place working with startups, both in regards to people that understand startups but also in regards to people with the competence needed to form the collaborations. As an example, the researchers have recognized that it is of great importance that people inside Company X, that understands the startup's technology are involved early on to evaluate it. Otherwise, it can be hard to see a proper fit for the startup's technology in the large corporation, risking that the engagement will get stuck. The right people can also be in other parts of the organization that support the engagement, such as legal. Having employees that have both the understanding of the requirements needed for the large organization and knowledge of how to adapt it towards startup engagements creates a situation with a higher likelihood of a process suited for both sides. The researchers believe that when working with startups, large corporations need to pay careful attention to whom they involve so that they both have the right expertise and understanding. This will result in a better approach to startup engagements and save time by avoiding ineffective interactions between startups and employees.

In regards to Company X's limitations, formulating a strategy on whom to involve and make sure that those people have the right knowledge should be within a reasonable frame of effort. Company X has many so-called champions that have been mentioned as essential persons in the process, engaging with them startups' have felt more at ease. Spreading the knowledge of these champions to others is a way to create groups with the right knowledge and understanding to interact with startups.

C) Adapt processes to startups'

Third, processes inside Company X need to be adapted to startups. Treating them as traditional suppliers do not work, as they are substantially different. The kind of operations that need to change is, for example, legal processes, PoCs, and processes towards commercialization. With this said, changing processes within large corporations can and should only be done to a certain extent. It is more a matter of making the early phase easier and make changes that are substantial for startups' but does not disturb the large corporation's core business. This can be anything that takes away resistance for startups to engage with large corporations, such as adapted contracts, efficient PoCs that are not in a silo away from the actual operations, and formulating long-term plans with steps and milestones that the startups are aware of so they know what is expected from them.

D) Communication

The fourth important area for large corporations is to work on communicating with startups'. The researchers have found that both frequency and transparency are vital for startups' in regards to communication, which has to do with the fact that time is crucial for startups' and being straightforward saves valuable time for them. Startups highly value feedback and large corporations should, therefore, focus on providing feedback to them as it is a great currency for startups'. It was the most essential area the large corporations can improve according to the startups' and therefore, should be an area that receives focus and priority.

E) Provide them with resources to succeed

The fifth part of the strategies would be to provide the resources that the startup need to be successful and create a win-win relationship. Large organizations need to move away from the supplier-buyer thinking where it is merely about who can provide something to the lowest price and more towards a relationship where large corporations understand that if startups succeed, it is good for them as well. The researchers found that startups' rarely even get to mention that they work with large corporations making it harder to attract capital, as well as often get deals that can make it difficult to grow as a company. Large corporations cannot be over accommodating and spend too many resources on startups, but they need to think more about startup investments as investing in themselves, creating a balance between not giving too much but throwing the startups a bone that helps them succeed. Being a reference to the startup could be a potential way to help them, but also being open to other ways of helping startups with running costs, or not take ownership of explorations that does not become anything.

F) Internally at Company X

The sixth part that the researchers discovered as important is to have a clear course internally. Meaning that the top management needs to send signals on what is the direction when it comes to startup engagements. As mentioned in the interviews, the employees in the large organization listen very carefully to what is being said by the top management, meaning that the message would need to come from them in order to spread it around the organization. It is important in order not to end up with a few people fighting for startups and others being confused about what the organization wants out of those engagements, but rather have a united approach within the organization.

G) Collaborative culture

The seventh strategy would be to change the culture of working with startups', not to see them as a threat but rather as a supporting tool, which goes back to sending the right signals from the top management and educate employees. The researchers found that many employees shared that working with startups is not viewed as something important by all people inside the corporation, in some cases, it was even viewed as a potential threat by employees inside Company X. For Company X to change the deeply rooted culture is difficult, taking this limitation into account, it might be better to focus on specific groups interacting with startups' and focus on changing the culture of those groups, and spread the culture in a progressive way.

H) Commitment long-term

The eighth and final point is to involve the startups' more and commit to them. It has been expressed by many of the startups' that to survive, they need someone to believe in them. Therefore, they view genuine commitments where the large corporation truly wants to work with the startups' and let them be involved. In many cases, it can be hard to see what the direct value of startup engagements will be, even if the large corporation see an indirect value, it still tends to be valued low. Meaning that Company X should be more open to long-term engagements both to reach a stage where they can reap more rewards out of it, but also create a foundation for startups to thrive with them. However, it is essential to mention that a long-term approach needs to be handled with care, and it is not wrong to be honest and discontinue engagements that do not work and learn from them.

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Appendix

Appendix A – Company X interview guide

Company X:

Introduction

Thank you so much for taking your time to do this interview with us! We really appreciate it and your input will be very valuable!

We are making this interview as a part of our Master's thesis at University of Gothenburg School of Business, Economics and law. The data we collect will be used as anonymous inputs in order for us to identify how a large global corporation can make the process smoother in engagements with startups. By that answer our research question; *How could a large global corporation become a preferred partner to startups?*

Is it okay for you that we record the interview? It will only be used by us for the purpose of the thesis and delated once transcribed.

If any question feels uncomfortable, please let us know. You are free to ask questions at any time!

First, I would like to give a short background to the research in order for all of us to be put in the right mindset. We are living in a fast changing era where corporations have changed their way of working with new technology. Moving from internal way of working towards terms such as open innovation. The importance of teamwork is becoming much more acknowledged and companies are more dependent on external actors than they have been before. With high technological shifts and times of disruptive innovation, startups have been acknowledged as an important source for such knowledge. By being small they have the advantage of being flexible which can result in high levels of innovation. Company X and other large global corporations are giants and great at what they do. Startups to a large extent depend on them for their survival.

However, many of us know about cases such as the Kodak moment when large global corporations have been exposed to disruptive innovation and failed to keep up. Company X is a powerful company and that should be the case in the future as well. That is why we choose to approach our thesis from a perspective where Company X is dependent on small technological organizations (startups) and therefore would like to know what they can do in order to maximize the engagement, make the process smother and be a company that startups prefer to engage with over other large corporations.

We would therefore like you to go into this interviews with the mindset that you are interested in knowing what Company X can do to be a preferred partner from the startups perspective.

In the interview, we will refer to three different terms firstly startups, which often is categorized by being small, new, and innovative. We choose to include scaleups as well meaning that companies can be slightly large and more well established and still be included in the startup term that we use. The second term is engagement is used as a general term for any collaboration, pilot, exploration made between Company X and startups. The third term we use is large corporations which refers to global and established corporations such as Company X.

Opening questions

Could you tell us briefly who you are and what your role is at Company X?

How do you come in contact with startups in your regular work?

Preferred partner

What would you say is the importance of Company X engaging with startups?

How well is Company X doing today in grasping the benefits of such engagements?

- What more can be done?

In your opinion what are the challenges working with startups?

Value

Is it important that the engagement with startups ends with some form of success or is it accepted that they could fail?

Assuming that the end goal engaging with a startup long-term is to create value together.

Do you have any opinion on how the potential value created should be shared?

Communication

In your opinion is there a difference in how Company X communicate with startups compared to traditional suppliers

- In your opinion what would be the ideal way to communicate with startups? Both in regards to structure and communication style?

What role do you think a corporation's culture play in partnerships?

Governance and Relational tools

In your opinion should NDAs and contracts with startups be different compared to how you engage with traditional suppliers?

- How could an ideal process look like?

Do Company X usually set goals and expectations together with startups they engage with?

Do you think that the importance of trust differs between traditional suppliers and startups?

Knowledge

Is Company X engaging with startups to learn new knowledge?

- If so, how do you share this knowledge internally?

Does Company X encourage its employees to interact with engaged startups?

…………………………………………………………………………………………………….

Looking back, what more can in your opinion be done to both attract and satisfy startups? In order for Company X to be the preferred large corporation for startups to work with.

Appendix B - Startup interview guide

Startup

Introduction

Thank you so much for taking your time to do this interview with us! We really appreciate it and your input will be very valuable!

We are making this interview as a part of our Master's thesis at University of Gothenburg School of Business, Economics and law. The data we collect will be used as anonymous inputs in order for us to identify what a large global corporation can do to attract, satisfy and become an entity that startups prefer to engage with. In order to hopefully end up with some good practices on what large corporations can do to make engagements between them and startups as successful as possible. By that answer our research question; How could a large global corporation become a preferred partner to startups?

Is it okay for you that we record the interview? It will only be used by us for the purpose of the thesis and not forwarded.

If any question feels uncomfortable, please let us know. You are free to ask questions at any time!

In the interview, we will refer to three different terms firstly startups, which often is categorized by being small, new, and innovative. We choose to include scaleups in the term startups as well meaning that companies can be slightly larger in size and more well established. The second term is engagement is used as a general term for any collaboration, pilot, exploration made between Company X and startups. The third term we use is large corporations which refers to global and established corporations such as Company X.

Opening questions

Could you tell us briefly who you are and what your role is at the startup?

How do you come in contact with large corporations in your regular work?

Preferred partner

What would you say is the importance of working with large corporations?

In your opinion what challenges can there be when engaging with large corporations?

In your opinion what makes an attractive partner for a startup?

- If a partner in your opinion performs better than others are they considered an optimal partner and can that lead to preferential treatment?

Value

Assuming that partnerships form in order to generate some kind of value. How would you say that a good way of sharing the value created would be?

- What is the importance of a large corporation minimizing the feeling of being afraid to lose value?

Is it important to find a large corporation that is willing to share their internal knowledge to support the partnership?

Communication

What role do you think communication plays for a successful partnership with large corporations?

- In your opinion what would be the ideal way to communicate with a large corporation? Both in regards to structure and communication style?

What role do you think a corporation's culture play in partnerships?

Governance

What’s your experience regarding NDAs and contracts?

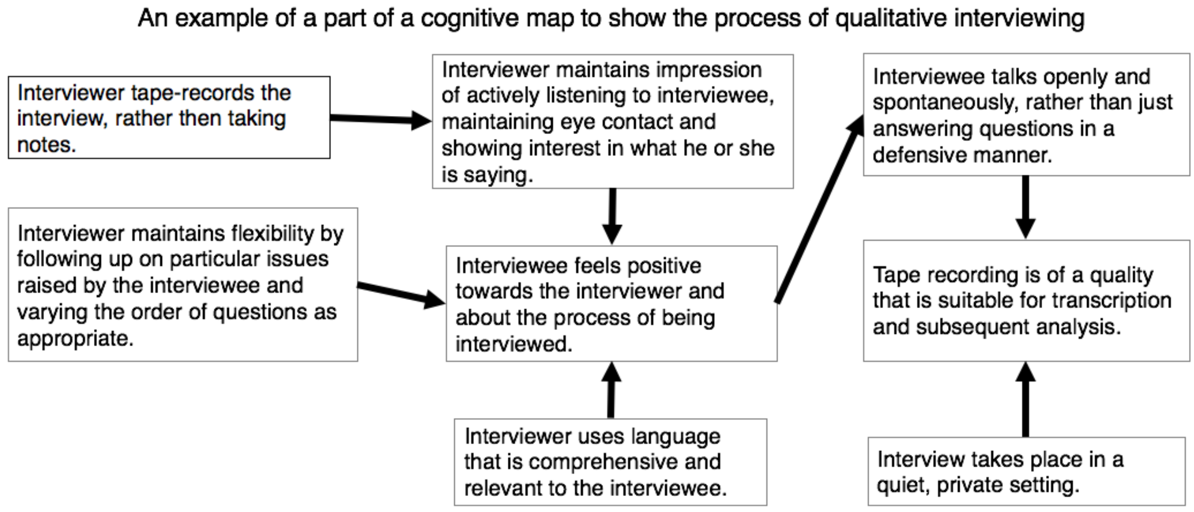
- How would an ideal process look like to you?

From your experience do large corporations and startups often set goals and expectations together?

- What type of issues can make you break off the partnership?

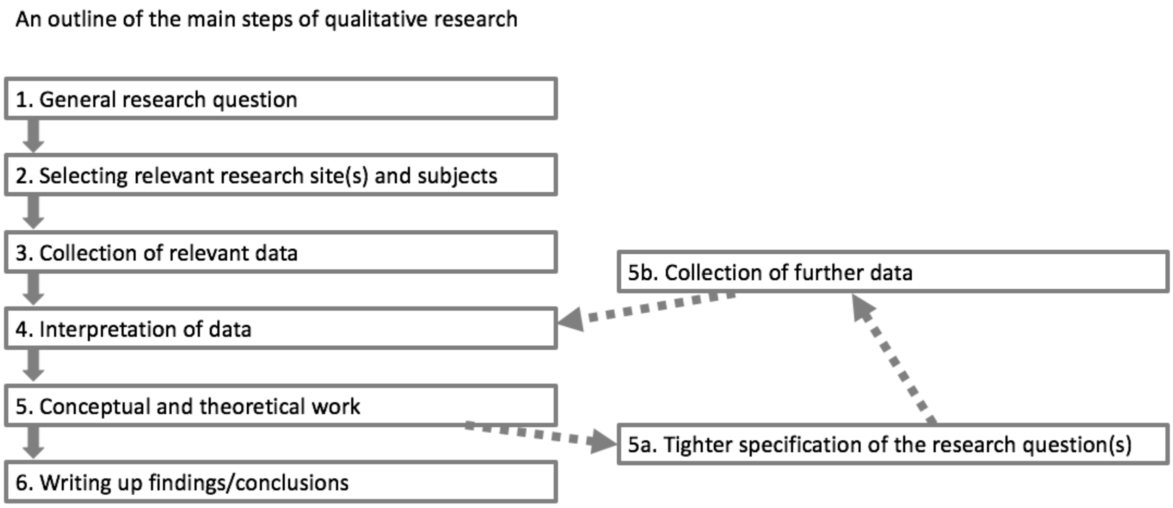
In your opinion is trust important when working with a large corporation?

Appendix C – Qualitative interviewing



Source: Adapted from Bryman and Bell (2011)

Appendix D – Qualitative research



Source: Adapted from Bryman and Bell (2011)