



Spin-outs as a model for corporate innovation

Andrew Stead

Entrepreneur-in-Residence, IAG Andrew.Stead@iag.com.au October 2018





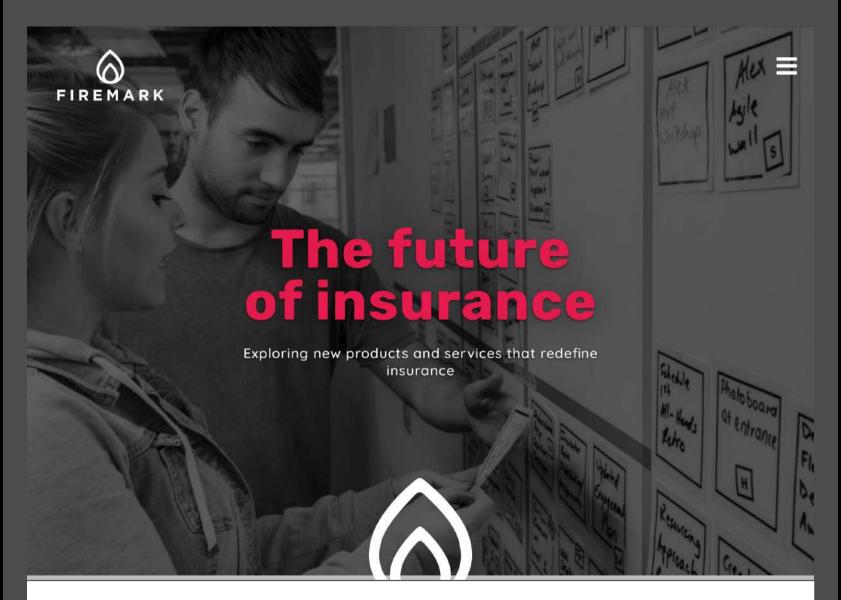


3 organisations7 spin-outs3 underway

Spin-out – Internal project that forms the basis of a start-up

Start-up – High growth business that has the potential to raise venture capital

Not – A joint venture, new business unit, or a management buyout



THE INNOVATION ENGINE FOR IAG

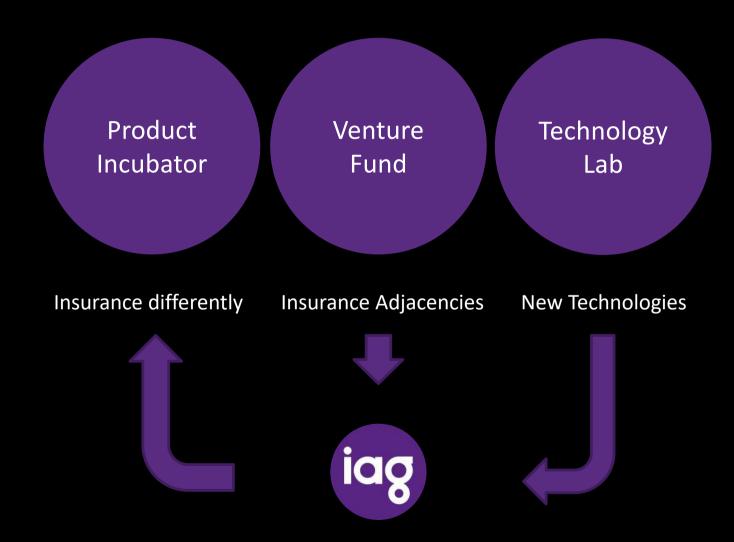
Through our incubator in Sydney, InsurTech Hub in Singapore and our Venture Fund we are changing the way our customers live, by reimagining insurance to keep up with their ever-changing needs.



Product Venture Technology Lab

Bringing the outside in





"Please create me an insurance unicorn"





oscar

metromile.

Lemonade

trov

... but it takes money, freedom & luck

US\$108m raised, sold for \$US930m

US\$580m raised

US\$1.3b raised

US\$295m raised

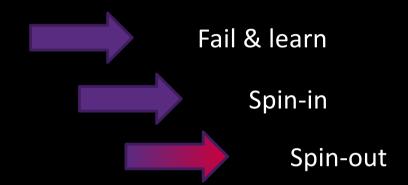
US\$180m raised

US\$88m raised





Incubator Outcomes



Incubator Mission

By partnering with universities, entrepreneurs and startups, we explore new customer experiences, through new channels, underpinned by new technologies and data sources



Product Incubator

- 1. Why create a spin-out?
- 2. The founding team is key
- 3. How to structure the equity deal
- 4. The process takes careful management
- 5. Managing the corporate environment

Spin-out

1 Why create a spin-out?

- Greater return
- More chance of success
- No longer fits

The founding team is the key

- Investors rank founders No.1
- Selecting the right team needs careful management
- Turning corporate teams to spin-out teams takes time

3

How to structure the equity deal

- Balancing expectations is a challenge
- Equity structures and proportions is a negotiation
- Governance rights need careful management

4

The process takes careful management

- Only the right opportunities should go forward
- Pre-agreed process and approvals is ideal
- Sequencing is critical to getting it right

5

Managing the corporate environment

- Communicate the why and benefits
- "I helped build it and I get nothing"
- There are good and bad outcomes for recruitment and culture





























NORTH SHORE LABS





Thank you

Andrew Stead

Andrew.Stead@iag.com.au 0408 010 234