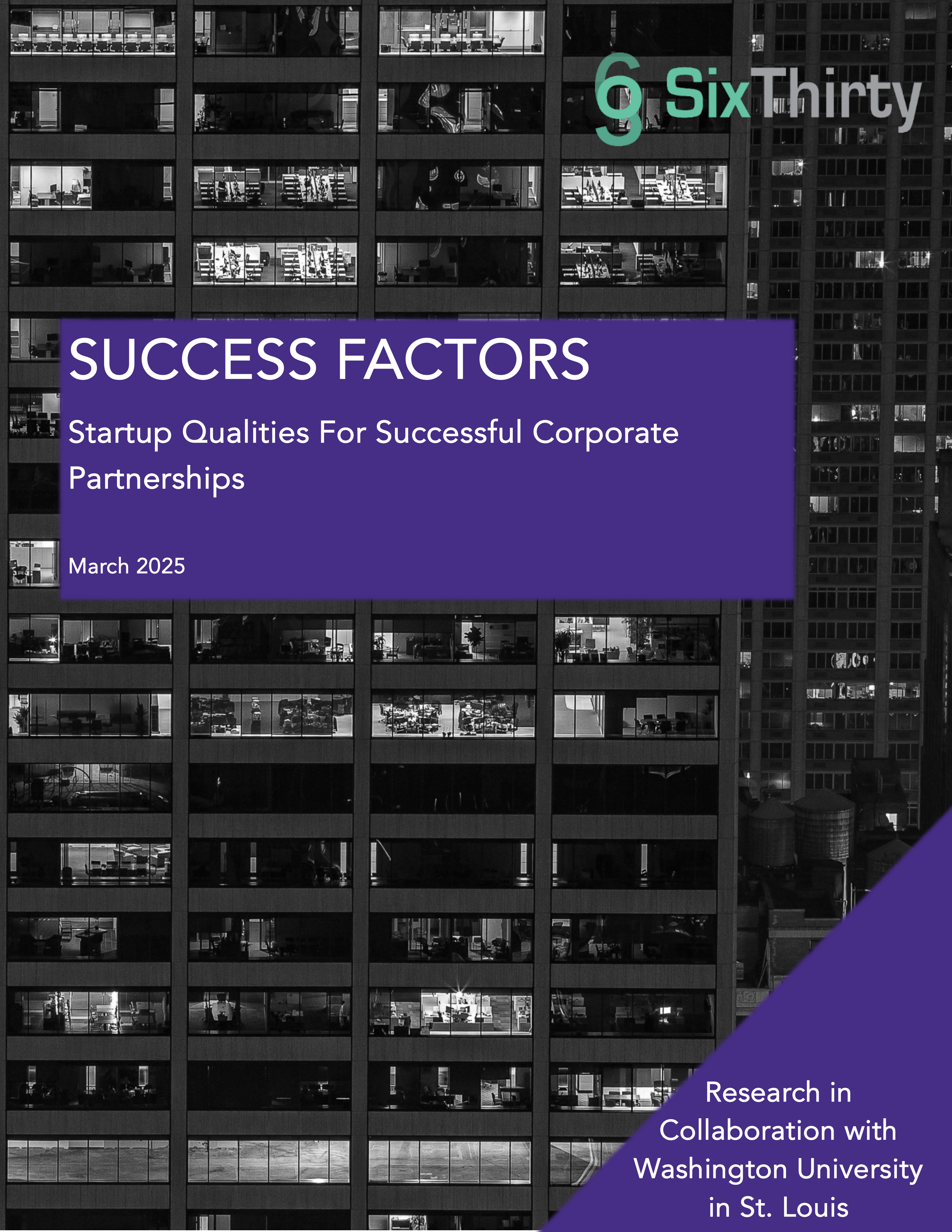


SixThirty

SUCCESS FACTORS

Startup Qualities For Successful Corporate Partnerships

March 2025

Research in Collaboration with Washington University in St. Louis

Introduction

As large corporations continue to recognize the importance of collaborating with Startups, the question naturally arises: **what attributes lead to a successful partnership & long-term relationship?**

SixThirty conducted research with Washington University in St. Louis to provide insight & transparency into the causes & factors that lead to successful collaborations, and to help companies determine their "Collaboration Quotient" or CQ. Our first report highlighted the critical components for large incumbents to successfully partner with startups.

In this second installment, we focus on the drivers of success for startups.

As venture investors with an LP base of primarily corporate investors, we understand the challenges that startups face when looking to partner with large incumbents. Both Founders and Corporates know that startups face high rates of failure and low average returns on investment. Corporate partnerships can offer a promising path to mitigate failure risks while setting startups up to scale into success!

Startups exist to solve business problems, fill market gaps, or even disrupt established firms. Corporates recognize that working with startups can give them a competitive edge, drive growth, and help them enter new markets.

Corporate leaders seek specific founder qualities when evaluating potential startup partnerships, carefully assessing entrepreneurs' capabilities and potential for long-term collaboration. Competence and adaptability are practically a necessity, with leaders looking beyond surface-level attributes to understand a founder's ability to navigate complex business landscapes and deliver innovative solutions.

This report shares more about our research, and what startup qualities lead to successful, long-term partnerships.

Why Should Startups Partner with Corporates?

Partnerships between startups and corporations offer a promising path for startups to mitigate failure risks while laying the groundwork for innovation and growth. The stark reality is that nearly half of all startups fail within their first five years[1]. However, that shouldn't dissuade either aspiring founders or forward-thinking incumbents from collaborations. As we all know, the right product, built by the right team, brought to market at the right time, truly becomes a game changer for industries and consumers.

Recognizing that corporations desire to partner with the best, boldest startups, how can an enterprising Founder set themselves up for a successful partnership, after what is often a very long sales cycle into the corporation? Partnerships are two-way streets, requiring a corporation to feel confident in taking on the inherent risks of working with an emerging venture. **This reality makes it crucial to internalize the qualities that successful startups embody—qualities that corporate partners actively seek when considering collaborations.**

This confidence often hinges on the startup's ability to demonstrate competence, adaptability, and a clear vision. For early-stage startups, finding a corporate partner willing to share in that risk can be particularly challenging, as corporations scrutinize not only the business opportunity but also the founder's capacity to navigate complex dynamics and drive results.

At SixThirty, our mission is to empower bold founders by connecting them with like-minded corporate partners and giving them the tools and resources to drive growth. This approach aligns with an emerging trend: 28% of venture deals today involve corporate backing, offering startups credibility, financial stability, mentorship, and access to corporate customers and distribution channels—all critical factors in reducing the risk of failure[4]. Drawing from our extensive experience, we believe corporate-startup partnerships are especially impactful in the financial services industry.

To help financial leaders, startup founders, and prospective partners navigate this landscape, we conducted research in collaboration with Olin Business School at Washington University in St. Louis, capturing insights from 65 financial leaders across 41 firms, ranging from global banks to regional insurers. Our findings provide valuable insights for strengthening the corporate-startup collaborative ecosystem.

This report, the second in a multi-part series, presents actionable strategies from to help startups succeed, differentiate themselves, and secure corporate support. Future installments will offer deeper analyses and case studies to further guide transformative collaborations.

Why Corporations Choose to Build, Buy, or Partner?

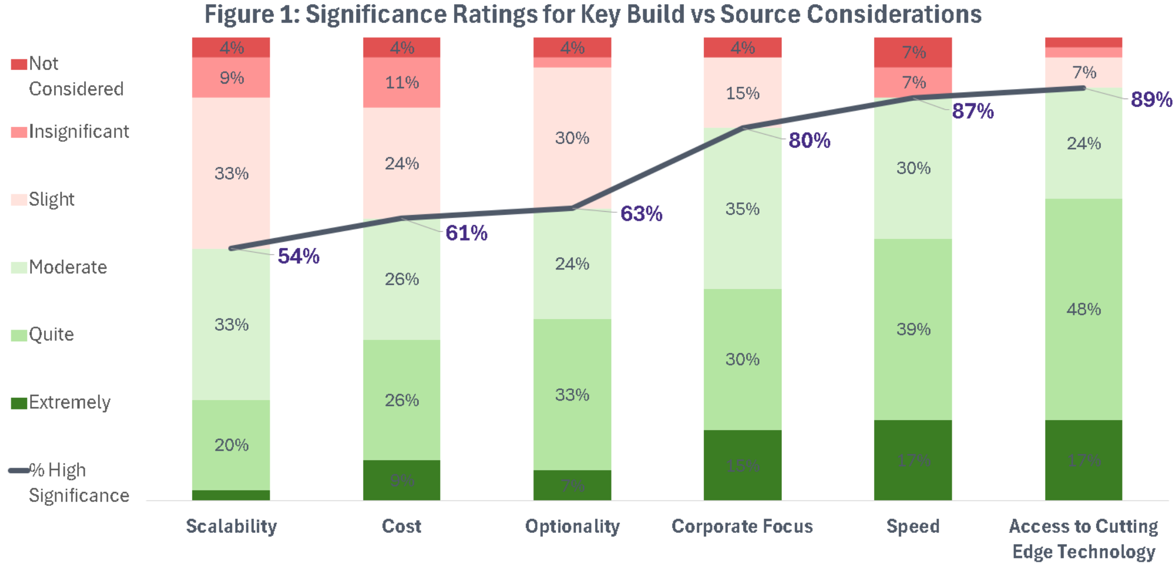
Startups are vital to economic growth. By solving business problems, filling market gaps, or innovating against established firms, startups create jobs, drive competition, and attract investment. Unfortunately, many startups fail to unlock sustainable growth. Those that address problems with convenient alternatives, where the costs of solving a problem outweighs the benefits of doing so, or when timing is poor risk eating up runway and failure[5].

Startups should be keenly aware of the simple fact that they **are competing not only with other startups, but with the capabilities, personnel, reputation and technology available to established enterprises**.

To better understand why corporations might decide to engage with startups, we asked corporate leaders to list the factors they consider most when determining whether to develop internal solutions, partner with a dominant third-party vendor or engage a startup. We found some expected considerations, and a few that surprised us as well.

We asked corporate leaders to rate solution success factors from "Not Considered" to "Highly Significant." **Below are the ratings**:

Figure 1: Significance Ratings for Key Build vs Source Considerations



The process of identifying valuable partnerships requires a comprehensive approach that considers various strategic elements. Our research uncovered fascinating insights into corporate technology partnership preferences.

Access to Cutting-Edge Technology emerged as a the most important factor. An overwhelming 89% acknowledged its strategic importance, despite the fact that only 17% of corporate leaders explicitly cited it as a primary factor in our open-ended question.

Speed closely followed, with 87% of leaders rating it as highly significant. This suggests corporations are seeking partners who can rapidly adapt and innovate, and who can help their organization keep up with the pace of change in the industry.

Cost presented a more nuanced picture. 40% of leaders viewed cost as only marginally significant. This tells us that while cost is a consideration, when the partnership is the right fit, a corporate will find a way to resource it.

To garner additional insight beyond the quantitative survey, we also asked the survey respondents to share more details about the factors that they consider most important. Here, we found some factors that reinforced the results above, as well as some nuances:

52% Cost

Cost, or the comparative financial expense of solving a business problem internally, externally, or not at all garnered the most attention. Founders should be aware that the cost of a collaboration at a large incumbent is greater than simply the contract cost and includes both the risk of engaging with a startup and the cost of allocating employees to the partnership. **The true expense of collaboration is not always clear, especially when opportunity costs—like lost productivity of a reallocated employee—come into play.**

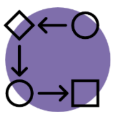
Startups and corporations alike need to be aware of their own internal costs to successfully execute a partnership on a mutually beneficial basis. **Our responses often showed that a strong value proposition can be built at any price point should a startup's solution be well aligned to the customer's business.**

39% Speed

Speed's cited frequency proves startups who can bring innovative solutions to market quickly are poised for success. Corporations are often not built on speed, and thus desire the aggressive speed of startups. Proactively managing expectations while consistently meeting corporate timelines positions startups to win business. Startups should be prepared to work within an organization that moves slowly and methodically. This requires nuance in managing the partnership, both helping the corporation move faster while also being patient and understanding of their timelines and processes.

37% Corporate Familiarity

Corporate familiarity, or the firm's experience solving similar problems, was also a common consideration, and one that might work against startup partnerships. **Providing detailed explanations, case studies, and potential implementation roadmaps can help startups overcome skepticism**. This reflects the value corporations place in professional expertise and length of experience. Corporations in adjacent industries might be strong partnership candidates as they may be more open to novel approaches and solving problems with fresh perspectives. When startups offer unfamiliar approaches, they must proactively focus on building trust through transparent communication regarding their solution's value in addressing specific challenges.



33% Corporate Focus

Corporate focus hints that large corporations are looking for solutions to very specific problems. This can be challenging for a highly relevant but "out-of-focus" startup**. Effective partnerships should demonstrate how the startup can solve major pain points, create new opportunities or offload peripheral challenges,** enabling corporate teams to dedicate more time and resources to their primary business goals and strategic visions. This consideration reflects the need for startups to align with a corporation's strategic aims.

17% Access to Cutting Edge Tech

Access to cutting edge technology received modest mentions, though it was the #1 consideration in our Significance Analysis. This suggests that either the leaders surveyed simply "assumed" that all the startups in consideration would have cutting edge technology, or that while it isn't "top-of-mind," it is a factor that they consider strongly when pursuing a partnership. **Startups should balance innovation with practicality to appeal to decision-makers,** selling both the opportunity that a partnership presents today, as well as the growth vision that the startup is driving towards in the future.

The data reveals a sophisticated corporate perspective: Organizations are not merely seeking fast and cheap solutions, but transformative partnerships. **They want visionary startups capable of driving meaningful technological advancement and organizational change, and are also willing to work with startups that provide efficient point-solutions when the right opportunity arises.**

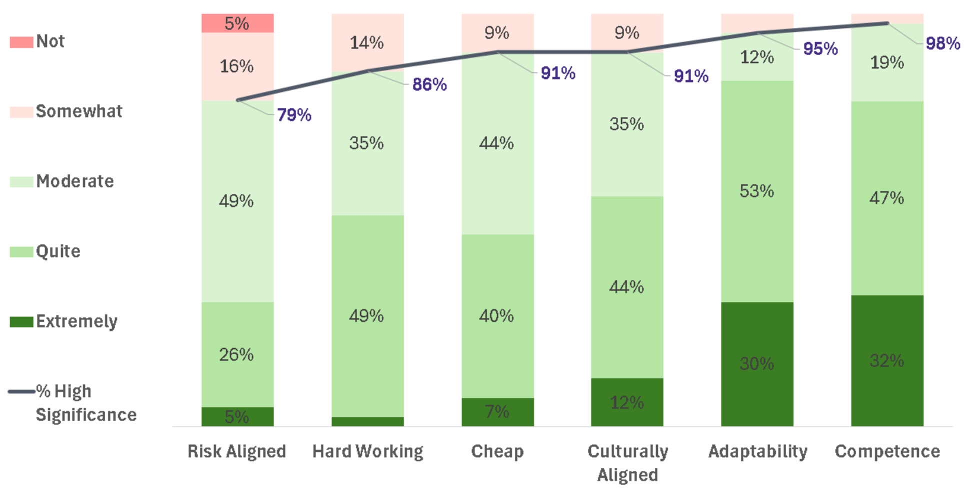
For startups, this presents a multifaceted opportunity landscape. While cost remains a consideration, it's not the decisive factor. Corporations are open to collaborating with innovative partners who can demonstrate genuine potential for business transformation—whether through comprehensive solutions or targeted efficiency improvements.

The key is understanding that partnership potential transcends simple cost-benefit calculations. A compelling technological vision, coupled with strategic communication, can be a winning strategy.

What Founder Qualities Lead to Successful Partnerships?

We wanted to know what more a startup could do to stand out against other competitive solutions. So, we asked corporate leaders for insights on the character traits they like to see in founders. We found that "Vitamins C&D," or Collaboration and Disruption, are a great place to start, but don't underestimate the importance of simple competence, expertise and hard work.

Figure 2: Founder Quality Significance



The results painted a clear picture: All founders need be competent—possessing requisite experience, domain knowledge, and skills to make do on their strategic objectives. If 77% of corporate leaders citing competence as a key founder quality is not convincing enough, 98% rated competence as highly significant. This result makes it abundantly clear that delivering on expectations is of primary importance to corporates.

30% Adaptability

Adaptability for a startup founder means adjusting quickly to surprises, shifting gears with market changes, and evolving priorities with speed and strategic focus. Adaptability was mentioned in 30% of responses and garnered a very high significance rating (95%). Flexibility in the face of change—whether through shifting markets or product pivots—should not be understated.

12% Culture

Culture is not just a buzzword; it is a deciding factor. Though mentioned moderately by 12%, 91% rated it as highly significant. Culture can be the foundation of success, helping founders align values, build teamwork, and remain united through growth. Companies depend on a strong and clear culture, and it's a key factor when collaborating with third parties.

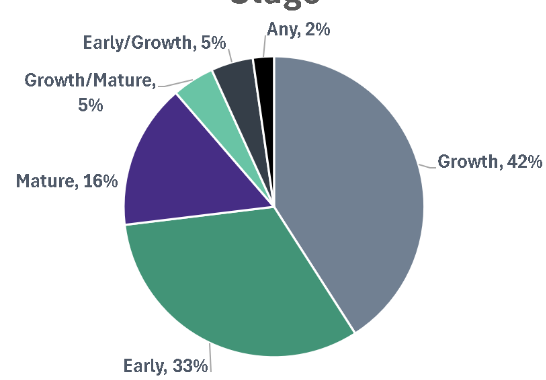
12% Work Ethic

Work Ethic, or a founder's actions to execute, persevere, and lead by example, were found in 12% of responses and received strong significance scores at 86% high significance. This result makes it clear: founders should be disciplined, focused, and resilient. Simply put, hard work isn't just respected, it's essential.

Startup Lifecycle Considerations

Successful startup-corporate collaborations come in all shapes and sizes. The stage of a startup is a signal about its access to resources, its operating and non-operating capabilities, and the viability of its products/services. Generally, startups fall into three main stages: early, growth, and mature. We asked financial corporate leaders to state their preferred startup lifecycle for collaborative purposes and to elaborate on why.

Figure 3. Corporate's Preferred Startup Stage



Growth-stage startups have shown there's a market and a method to meet the market's demand and are focused on scaling to achieve optimized profitability while remaining adaptable. 42% of corporate leaders cited

growth-stage as the most conducive to
corporate-startup collaboration. Of those:

- 85% require a startup to have a proven track record.
- 69% need the startup to have capacity to meet a corporation's scale.
- 46% prioritize a potential for significant growth.

Early-stage startups on the other hand, are still working to refine their product and find the right product-market fit. They're the playground of bold and the home to untapped potential. 33% of corporate leaders cited early-stage as the most attractive for corporate-startup collaboration. Of those:

- 54% appreciate enhanced adaptability.
- 38% value potential investment opportunities.
- 31% emphasize the value from influencing a startup's direction, strategy, and growth.

Mature startups have proven themselves as durable businesses with established market presence and defined strategies. Partnering with them is usually more about strategic alignment or entering new markets, as these startups are past the experimental stage and operate more like traditional businesses. 16% of corporate leaders cited mature as the most conducive to corporate-startup collaboration. Of those:

- 67% require a startup to have a proven track record.
- 67% made clear the risk mitigating nature of partnering with mature startups.

These findings show corporations tailor their approach to startup collaboration. Both growth-stage & early-stage startups stand out as the most appealing due to their balance of stability and scalability. Early-stage startups tend to attract corporations with higher risk tolerances for control, affordability, and flexibility.

As a startup, be sure to tailor your strategy, emphasizing strengths aligned with your current stage of development while addressing corporate priorities such as innovation, scalability, and strategic value to maximize partnership opportunities.

<u>A case study: BondIT</u>

BondIT was founded by veteran entrepreneur Etai Ravid, offering a feature-rich fixed-income portfolio management platform to wealth and asset managers. This platform allows for dynamic construction, analysis, iteration, and delivery of fixed income portfolios to consumers in a rapid, flexible, scalable, and affordable manner.

BondIT's platform showcases many of the qualities of successful startups.

Cutting Edge Technology: BondIT's platform offers a critical solution to a wealth and asset management business problem: inefficient portfolio execution due to a fragmented bond market. A wide range of issuer types, localities, credit profiles, and specialized broker-dealers with variable rates and cost make efficient fixed-income portfolio construction and execution more difficult than equity portfolios. Meanwhile, the rise of fixed income ETFs fails to provide many RIA clients with a tailored portfolio of their liking.

Cost: BondIT addresses these issues with its "Scorable," "Frontier," and "Embedded" technological platforms that, all together, critically analyze, compile, and execute fixed-income portfolios with adjustable flexibility and cutting-edge AI tools. BondIT allows RIAs to focus on providing clients with an optimized portfolio instead of the "how-to." These tools save employees time and money while driving corporate focus at competitive rates.

Speed: BondIT's platform equips wealth and asset managers with tools to create, iterate, and rebalance portfolios in real time. This agility enables adaptation to market conditions and client needs without delays or excess costs, making it even more essential as portfolio sizes and client demands increase complexity.

Competence: BondIT's team is composed of highly experienced and accomplished professionals. From the seasoned leadership of founder and CEO Etai Ravid to the expertise of CFO Shahar Balaban, who brings a strong background in public accounting and financial services at top firms, the leadership team showcases exceptional talent. Adding to their strength is David Curtis, former Head of UK Business at Goldman Sachs, whose deep knowledge and sales expertise further elevates the team. And together with a network of subject matter experts, BondIT exemplifies competence at every level.

Work Ethic: BondIT has demonstrated exceptional dedication and perseverance, earning the trust of leading financial institutions worldwide. Today, organizations managing over $500 billion in assets rely on BondIT's technology serving as a testament to years of hard work and commitment to excellence.

Takeaways:

- Founders should keep in mind the varied motivators for corporate leaders. When looking for a partnership, large corporates want cutting-edge technology, speed-to-market, and cost-effective solutions. But all three are not required; whether providing a cost-effective, speedy solution, or a more cutting-edge opportunity that brings outsized value to the company, there is opportunity for a successful relationship with the right partner.

- The team matters! Corporate leaders are looking for startups with founding teams that bring competence, hard work, and cultural alignment to a partnership. "Vitamins C&D" or Collaboration and Disruption, are a great place to start, but don't underestimate the importance of simple competence, expertise & hard work.
- Check out our research introducing CQ, and why startups & corporations should partner together for mutual success here.

Citations.

[1] Pollman, Elizabeth. "Startup Failure." **Duke Law Journal.** August 6th, 2023. https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4535089

[2] Patel, Niel. "90% Of Startups Fail: Here's What You Need To Know About The 10%" Forbes. April 14th, 2022.

[3] Hoque, Faisal. "Why Most Venture-Backed Companies Fail." **FastCompany**. December 10th, 2012. https://www.fastcompany.com/3003827/why-most-venture-backed-companies-fail.

[4] "The State of Corporate Venture Capital." Counterpart, Silicon Valley Bank. September 2024.

[5] Icons from **Flaticon**.