

# Business Incubation FAQ

- **What is the objective of Business incubation?**

Schneider Electric's Business Incubation initiative has been created with the intent of identifying new growth opportunities at the edge of our core business models and technologies. It is a platform where startups and Schneider Electric intrapreneurs accelerate the transformation of innovative ideas into valuable businesses.

- **Why Schneider Electric started Business Incubation initiative?**

Over the past years, Schneider Electric has in fact supported a number of innovation projects across the world leveraging Schneider Electric's strengths to help intrapreneur/entrepreneur open doors, facilitate market access and enable scalability. We see the opportunity and possibility to both our business and our employees.

- **What is the benefit for me to share my idea and leverage Business Incubation initiative?**

You, an intrapreneur/entrepreneur and your business idea may become a project that will be able to tap into a worldwide network of partners that include locally entrenched Venture Capital(VC) investors and incubators/accelerators. This extended network will allow the startup teams to take advantage of program exchanges, mentoring sessions, on-demand expertise and additional avenues for funding.

- **What is the target scope of Business incubation initiative?**

By design, the SE Business Incubation initiative is global in scope. This dedicated team's mission is to solicit contribution from all Schneider Electric employees regardless of region, business unit or function.

- **Who can submit the ideas?**

Any employee of Schneider Electric who has an innovative business idea that could become a large stake for Schneider Electric strategic priorities is encouraged to apply for the Business Incubation program. It is not targeted at specific audience such as Offer creation, country, supply-chain etc.

- **Where can I submit my business ideas?**

You can submit your idea at the Business Incubation site on Spice Employee portal. Enter your startup idea details by clicking on the "Apply" tab: <https://spiceportal.schneider-electric.com/group/incubation/home>

- **When can I submit my business ideas?**

You can submit your idea all year long; however, if you'd like to be part of #WhatYourBoldIdea campaign, the submission period is from April 17 to May 31, 2018.

- **What kind of ideas can I submit?**

We solicit all the ideas that cater to new technologies or new business models or both from all employees in the following strategic topics/ areas but not limited to:

- Home automation
- Autonomous buildings
- E-commerce and disintermediation of channels
- Application based analytics
- Industrial cybersecurity
- OT and IT convergence
- New energy landscape
- IOT services
- Grid digitization

- **What do I need to submit as part of my idea?**

Your idea submission should include details such as – customer problem/pain-point, solution and value-proposition, targeted customer segments and addressed market opportunity apart from basic information about you and your team (if applicable).

- **What is the selection criteria for ideas for potential incubation?**

The following are the criteria (not limited to) used to select an idea:

- Addresses the clear pain point or need of a customer
- How the idea addresses the identified pain point?
- Potential market of the opportunity
- Size of the market for the opportunity

- **Who selects the idea for potential incubation?**

One of the objective is to be agile and give any return (Go or No-Go) with arguments and fast. So, the Local Business Incubation contact + the Business incubation team leader will select the ideas.

- **What are the benefits for an intrapreneur to be part of the incubation process?**

Incubation is a great way to improve on innovation skills and entrepreneurship mindset. The intrapreneur/entrepreneur gets to lead the project during incubation, receives training, is exposed to innovation partners, and shares experience with other entrepreneurs. Post incubation, the entrepreneur keeps leading the business, either internally at Schneider, or as part of the management team of the new venture in the case of spin-off.

At each stage of the incubation program, rewards are associated to key milestones. In the case where a new venture is created, equity is given to the management team. The idea is that the business is controlled by the entrepreneurs, for them to be fully empowered and incentivized.

- **What are the steps to incubate a venture?**

There are 5 different steps:

- Step 1: Ideation
- Step 2: Incubation and Prototyping
- Step 3: Seed
- Step 4: Ventures/ scale up
- Step 5: Spin-in/spin-out/acquisition

Further elaborations on each step are explained in later chapter of this FAQ.

- **How long is the incubation period?**

Depends of the maturity of the idea (from 1 month for the ideation phase up to 9 months including business prototyping and startup development phase)

- **Where will the incubation take place? Will the intrapreneur be required to relocate?**

Based on the geography of the idea owner and targeted business opportunity, decision will be taken to either incubate at a Schneider Electric's internal incubation facility or use the support of an external incubator.

- **Who are my contacts during the business incubation process?**

You will receive an intimation from Business incubation team on the progress and status of ideas.

- **What happens to the Intellectual property (IP) of the idea?**

If IP is developed before or during the incubation program, it will be transferred to the new business once created.

- **What do I do if I have a great idea but do not want to lead the idea to a venture?**

If you have a great idea, but do not want to risk working on the idea, you can still share the preliminary details of the idea with the incubation team or identify a person who could execute on your behalf.

- **What do I do if I do not have an idea, but I still want to be part of the incubation process?**

We encourage employees to contact the business incubation team if you want to be either a mentor or advisor or a member of the core team for an incubation program.

- 1) What are the roles/ responsibilities of the idea owner and incubation core team? What support does the business incubation team offer to potential entrepreneurs/ intrapreneurs?  
The below table maps the roles/ responsibilities of the intrapreneur and incubation core team with the relevant support offered by the business incubation team:

Incubation phase	Idea owner/ core team	Business incubation team
Ideation	<ol style="list-style-type: none"> <li>1. Submit the ideas with all relevant information</li> <li>2. Present the incubation pitch deck to idea review committee</li> </ol>	<ol style="list-style-type: none"> <li>1. Help the idea owner to fill the relevant information after idea meets the basic criteria</li> <li>2. Mentor the idea owner to build a credible incubation pitch deck</li> </ol>
Incubation & prototyping	<ol style="list-style-type: none"> <li>1. After approval from the idea review committee, form a core team</li> <li>2. Identify board (3-4 people) for the incubation</li> <li>3. Work on the idea to derive a business case/ business plan</li> </ol>	<ol style="list-style-type: none"> <li>1. Support the idea owner/ intrapreneur in building the team and the venture board</li> <li>2. Support the core team with the incubation playbook</li> <li>3. Support in building the business plan</li> </ol>
Seed	Present the business case to the investment committee (board)	Support the core team in the business pitch internally through the Schneider Venture team else leverage external investors
Venture/ scale up	Scale the venture for sustained growth	Provide ad-hoc support to the core team

## 2) When do we spin in / spin out a venture?

At the end of the incubation program - when the business plan is validated - the incubation project has two options to become a business:

- either a Business Unit or Line of Business at Schneider Electric is interested in incorporating the new business and financing it; in this case we spin it **“in”** or we believe the business has better chances to take off as a separate venture, in which case it is built as a **spin-off venture**.

## About each stage of Business Incubation process

- **Ideation**

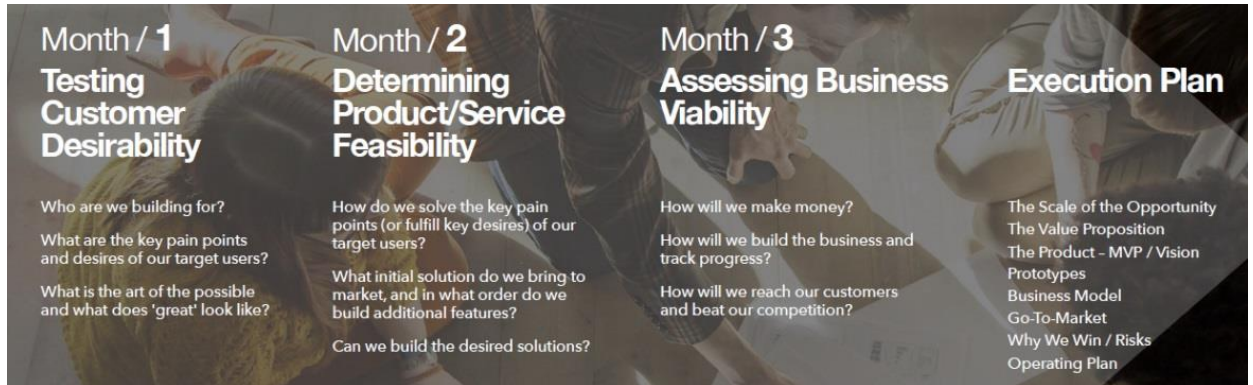
We want to capture all the great ideas both inside the organization and outside, that have a potential to generate GROWTH, for Schneider Electric. If you have a great idea, submit your idea(s) [here](#) . Once you have filled the application form for the idea, based on the potential of the idea the evaluation committee will either accept the idea to move to the next stage or reach out to the idea owner to further build on the idea. The apply link in the website is open all through the year. Apart from this, there will be [campaigns](#) organized to address a specific topic. For further information on ideation refer to the **ideation section** in FAQ.

- **Incubation and Prototyping**

Once the idea is approved for incubation during the idea review meeting, the idea owner needs to form a core team (with support from the incubation team). Thereafter, the core team works

together full-time over a duration of 3-4 months to derive a comprehensive business case/ business plan. The incubation and prototyping phase will be 4 intermediary stages such as:

- Customer development:
- Product feasibility
- Business viability:
- Execution plan



- **Seed**

The business case is reviewed by the investment committee (comprising of Venture team, relevant business owners) to determine whether the incubation receives initial seed money from the committed seed fund. The amount of seed money depends on the attractiveness of the business plan presented by the core team.

### **Ventures/ scale up**

After raising initial seed money, the newly formed venture (former incubation core team) works like any startup striving to grow and meet the needs from the investors.

- **Spin-in/spin-out/acquisition**

Based on the strategic and business fit, the relevant business owners will determine whether to spin-in (create a LOB), spin-out (operate as a standalone entity) or acquire the incubated venture.