

VLP Founding Partner David Goldenberg Authors Daily Journal Article “Benefits and Risks to Having Corporate Venture Capital Arms”

VLP Founding Partner David Goldenberg penned an article for the *Daily Journal* titled “Benefits and Risks to Having Corporate Venture Capital Arms.”

The article defines "corporate venture capital" as the investment of corporate funds directly into external startup companies, noting that in the last decade or so, corporate venture capital divisions (or sometimes separate but affiliated funds) have grown from small side players in the venture industry to a significant force in the financing of technology companies. Tech giants such as Google, Microsoft and Intel have their own venture capital arms, and even non-tech companies like Jet Blue and Tyson Foods have begun to make investments.

Mr. Goldenberg cited the 2017 Global CVC Report released by CB Insights, which stated, "2017 CVC investment activity increased 19% over 2016 in terms of deals completed, and 18% in total capital invested." He noted that with such a significant expansion of corporate venture capital, startups should take notice as they can provide emerging companies with a wide variety of benefits. However, he added, companies should be aware that there are some very different and critical factors to consider when taking corporate venture capital investment. As with any type of investment, an emerging company should carefully consider both the pros and cons of a venture capital arm before making any decisions.

In the article, Mr. Goldenberg went on to explain that by supporting emerging companies within their industry, these companies recognize that they will also benefit themselves. He noted that this kind of investment and support of startups within their industry allows them to be on the cutting edge of new technologies, innovation or the latest business models. It gives them an opportunity to stay ahead of their competitors and have a hand in the disruptive technologies of tomorrow.

The article went on to explain some of the considerations a startup must make before entering into a corporate venture capital agreement.

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