CORPORATE VENTURING Latam

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Global Corporate Venturing

wayra
Innovation

Survey Highlights

CVC Influence in the VC ecosystem

15% of Spanish LATAM VC deals, **representing 26.5%** of total deal value, include a corporate investor.

CVC Fund Size

62% have current funds **smaller than US$50M** and 76% have assets under management (AUM) of less than US$100 million.

Corporate Venturing Toolkit

53% of CVCs have **separate venture clienting/partnering programs**, 49% also have venture building, and 44% have tech scouting in addition to equity investing.

Financial Performance Targets

51% target the same level of financial **return as institutional VCs.**

CVC Remuneration Levers

32% include a **financial upside ('carry') plan** along with base salary and standard bonus as part of a total rewards package.

CVC Community Maturity

53% of units were **founded since 2020** ('startup phase'), and 32% between 2015 and 2019 ('expansion phase').

CVC Role in Corporate Innovation

74% prioritize **investments beyond the scope of the core businesses** (Horizons 2 and 3), with insights on emerging sectors the top strategic value driver.

CVC Operating Model

73% invest from the balance sheet, with 47% tightly linked to Business Unit innovation priorities.

Team Size and Structure

66% have teams of **five or fewer members**, with 63% averaging five or less years of relevant experience.

Spanish LATAM CVCs lead global peers on gender diversity

39% of teams are **gender-balanced** and 22% are primarily or all female.

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Foreword

Latin America was one of the fastest-growing regions globally for corporate venture capital (CVC) in the third quarter of 2024, reflecting sizeable progress in maturity and longevity.

The Spanish-speaking countries, excluding Brazil, in LatAm are increasingly important both domestically and for encouraging international investment flows both from and into Europe, the US and Asia.

CVC has become increasingly relevant and influential in the region's VC ecosystem, increasing its share from 10% (2020) when Wayra first tracked and reported the LatAm excluding Brazil figures, to 15% of deals (2023).

This is significant as many CVCS have traditionally failed to survive past their first four years, according to Global Corporate Venturing analytics.

In LatAm ex-Brasil, the majority (55%) of CVCS were set up since 2020. Their continued presence and the wisdom and experience shared by Wayra and other more mature groups through the GCV Connect events and Leadership Society and supported by regional associations and networks are vital mechanisms for the continued progress and development inside the entrepreneurial communities.

This message of hope, therefore, looks beyond politics, and interest rates, and regional tariffs to the promise of a brighter future and the world becoming a better place through supporting entrepreneurs enabling innovation to meet capital.

Thank you to the partners and respondents who have contributed to this report.

James Mawson
CEO, Founder of Global Corporate Venturing (Mawsonia)

Corporate venturing in Spanish-speaking Latin America is entering a new phase of maturity. With corporate participation included in 15% of venture capital investments, we are witnessing how collaboration among corporations is reshaping the region's innovation landscape.

This report captures the experiences and lessons learned from those leading this transformation. For emerging markets like Peru, Ecuador, Bolivia, and Paraguay, where corporate participation hasn't yet reached its full potential, it represents a unique opportunity to learn and grow alongside other corporate players.

At Krealo, we firmly believe in the power of collaboration. We have seen how shared learning and co-investment spaces not only strengthen the ecosystem but also unlock real strategic opportunities for participants.

This document is more than just an analysis—it's an invitation to be part of an innovation community that is shaping the future of Latin America.

Adolfo Vinatea
CEO of Krealo

Increasingly, corporations in Spanish Latin America are pushing their boundaries alongside innovative startups. This report highlights how 'Corporate Venture' areas have become an extension of the companies' strategies, allowing them to tackle market challenges and opportunities with new digital approaches.

Cencosud is no stranger to these trends. Thus, through Cencosud Ventures, we bridge the internal and external ecosystems to add value and synergy to the various areas and businesses of the company, accelerating their digital transformation.

This report celebrates that, like us, there are over 70 corporate adventurers in Spanish Latin America, weaving deeper and more densely the collaboration between startups and large companies, echoing all the different tools that corporate ventures have to attract greater innovation.

As a witness to the evolution of corporate venturing in Latin America over the past 10 years, I can say that the best is yet to come. This is just the beginning.

Jose Pascual
Head of Cencosud Ventures

Introduction

Corporate Venture Capital (CVC) is playing an increasingly important role in the innovation and startup ecosystems in Latin America. Like institutional venture capital (VC) investments, it provides the funding necessary to enable the growth of innovative startups, whose technologies and solutions have the potential to transform entire industries, thereby driving economic growth and job creation. However, CVCs have specific characteristics that differentiate them from institutional VCs. Unlike the latter, a CVC is not exclusively driven by financial objectives but also by strategic goals. The incorporation of a CVC allows a corporation to access new technologies, enter new markets, strengthen internal innovation, and complement its existing business lines. In turn, startups benefit not only from capital but also from access to the corporation's customer base, technical capabilities, infrastructure, and distribution channels.

This report aims to present a state-of-the-art overview of Corporate Venture Capital fund activities in Spanish Latin America. It is a descriptive study that provides a general view of the main CVC funds in the region, representing multiple productive sectors and with a presence in numerous countries, thus reflecting their expansion in recent years. To gather this information, a survey was conducted with representatives from 46 CVC funds operating in different countries within the region.

The study examines various dimensions of these funds' activities. It analyzes their maturity, the different sizes of the funds, and the industries in which they operate. In addition, their operational model and governance structure are investigated. The study delves into their investment strategy, evaluating the sectors in which they invest, the number of annual investments, and the stages they participate in. It also reviews the co-investment strategy with other venture capital funds, as well as the complementarity of CVC activities with other Corporate Venturing mechanisms. The management and performance of their portfolios and the composition and compensation structures of their teams are explored. Finally, topics related to diversity, equity, and inclusion are addressed, alongside an analysis of the technologies used in their operations.

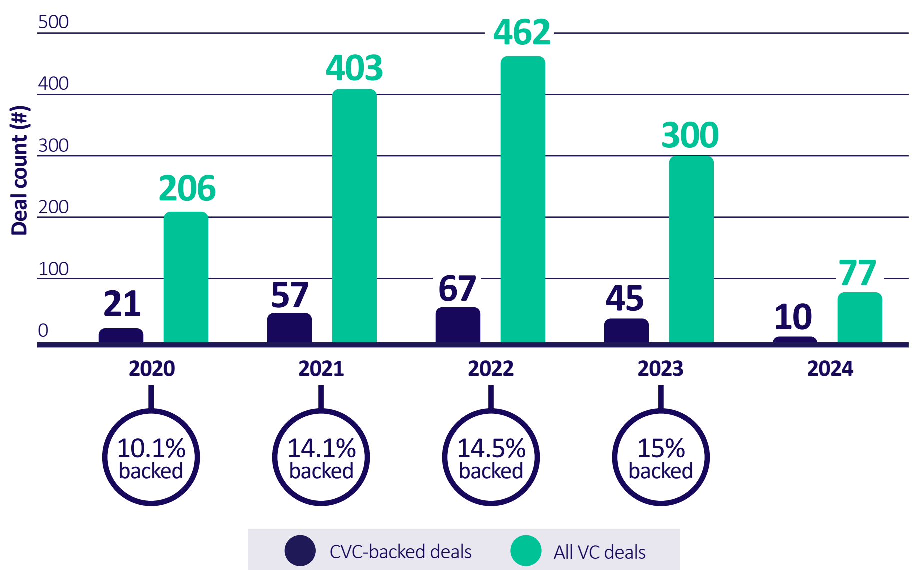
In summary, the report provides a comprehensive and updated view of the activities of the main CVC funds in the Spanish Latin American region. This analysis helps assess the scale achieved by the industry by evaluating the activities of its main players. Although it is possible that many other players have not been captured in this study, suggesting that the actual scale is even larger, the report reveals that CVC activity already has a significant presence in the region's major productive sectors. Many of these funds are reaching maturity and are establishing themselves as role models and leaders in the innovation ecosystems of their respective countries and sectors.

About the GCV Keystone Spanish LATAM CVC Survey

Annually, GCV Keystone conducts an in-depth global survey to provide an informed perspective on trends and best practices in corporate venturing program strategies. The survey also examines processes and team designs that accelerate performance and address the corporate 'antibodies' inhibiting the impact and resiliency of CVC programs. As part of this global benchmarking initiative, Global Corporate Venturing, in collaboration with Wayra Hispam, conducted a focused survey of CVC units in Latin America, excluding Brazil, with responses from 46 Spanish-speaking LATAM corporations.

CVCs in Spanish LATAM are playing increasingly active and influential roles in the regional VC investment ecosystem, with 15% of deals in 2023 including a corporate investor – up from 10% in 2020. This share is comparable to peers in more mature CVC markets like Germany (14%) and the U.K. (15.4%).

GRAPHIC 1.
Corporate vs Total VC deal volume (#) in LatAm (ex-Brazil) 2020-24YTD



Source: PitchBook
LatAm (Argentina, Chile, Mexico, Colombia, Peru, Uruguay.

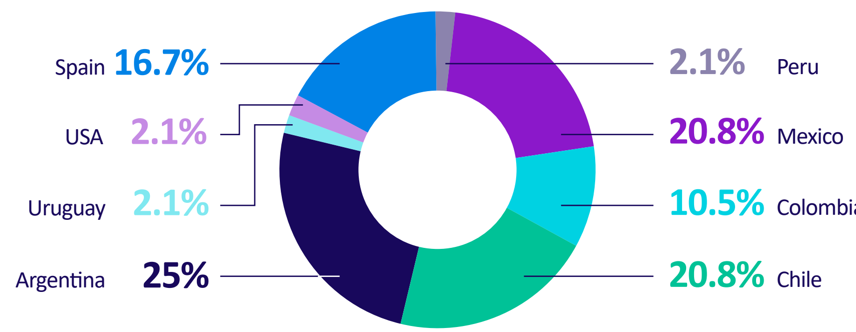
Contributing CVCs

Survey responses include a representative cross-section of Spanish LATAM countries, industries, charters and CVC program maturity phases.

Respondent Corporate Parents

More than 90% of responding CVCs are headquartered in the five most active countries, Argentina (25%), Mexico (20.8%), Chile (20.8%), Spain (16.7%) and Colombia (10.5%), with a handful based in other Spanish-speaking countries or the United States.

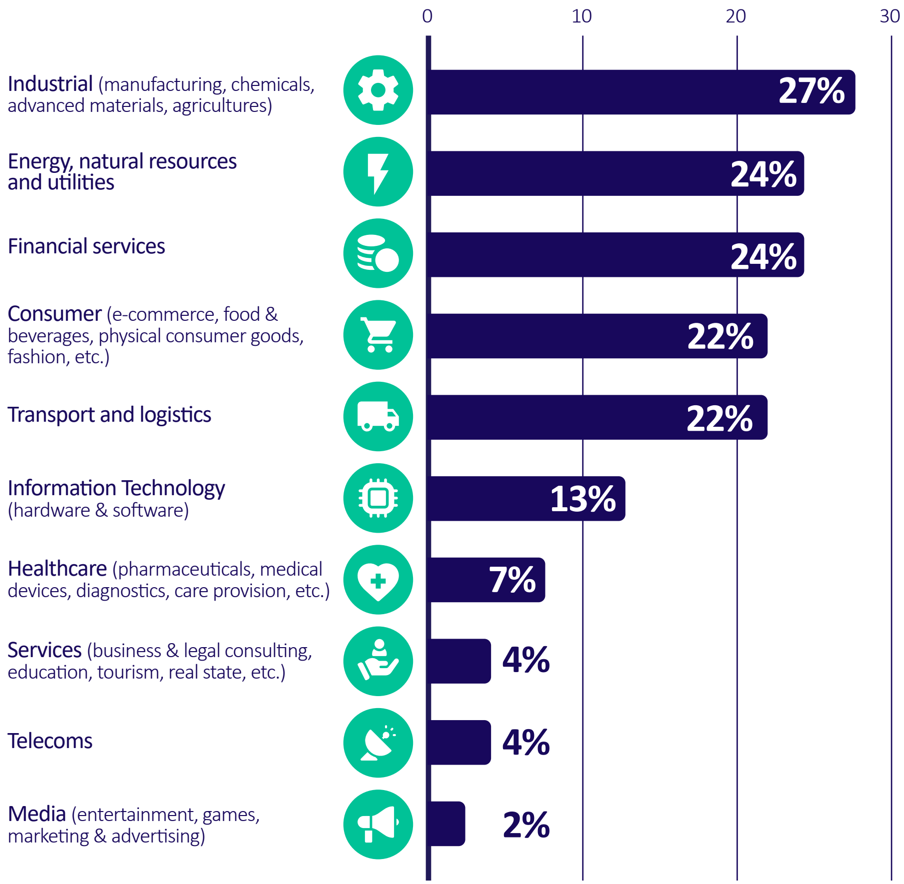
GRAPHIC 2.
CVC parent Headquarters Country
In what country is the headquarters (HQ) of your corporate parent company?



Note: Throughout this report, percentages in all graphs are rounded to the nearest decimal or whole number. Therefore, they may not sum to exactly 100%. Additionally, variations in response rates across questions may affect the comparability of results across graphs, particularly those showing combined questions.

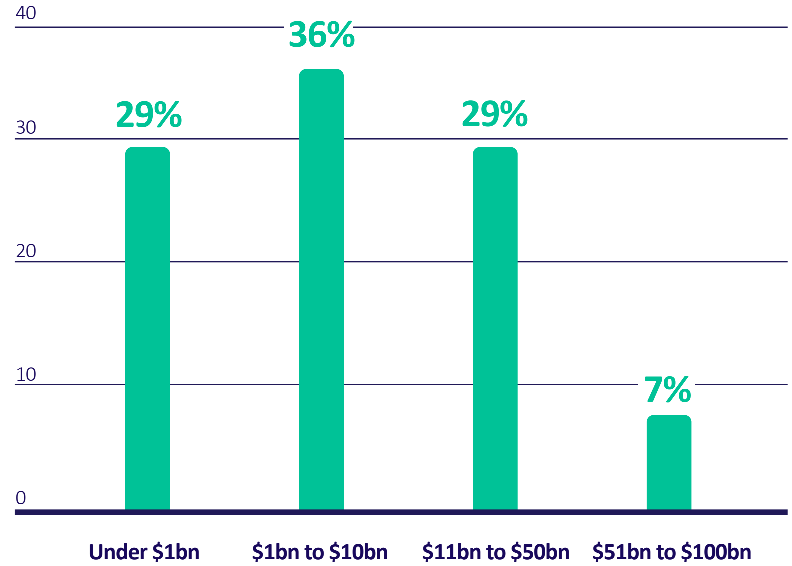
As in the global GCV Keystone data set, Spanish LATAM CVCs can be found in almost every vertical sector with the most prevalent being Industrial, Energy, Financial Services, Consumer, Transportation and Logistics, and Information Technology.

GRAPHIC 3.
CVC Parent Industry Sectors



Spanish LATAM corporations with CVC programs are somewhat smaller than global peers. Nearly two-thirds (65%) of participating corporates have annual revenues of US$10 billion or less compared to 49% in the global survey. Just under one-third (29%) report annual revenues of US$11-50 billion, and a handful (7%) above US$50 billion compared to 18% of global respondents.

GRAPHIC 4.
CVC Parent Annual Revenues



Respondent CVC Profile

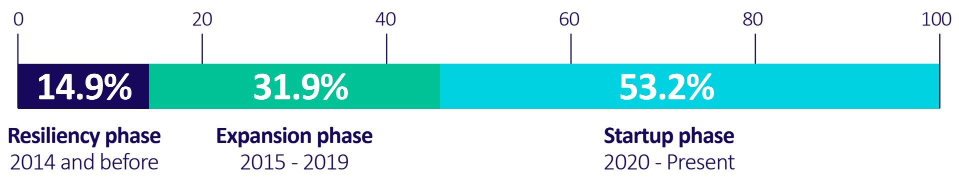
While 96% of respondents invest in Latin America, at least half have a global mandate, most often focusing on the U.S. & Canada (60.4%) and Europe (52.1%). The Middle East attracts (17%), Asia-Pacific (15%) and Africa (13%).

Innovation goals, operating style, performance priorities and challenges vary as a CVC program moves through its maturity cycle, impacting strategic and operating model decisions.
To understand the maturity level of responding CVCs, this report employs the GCV Institute/BMG framework which defines the following CVC program development phases:

- Startup Phase (first 4 years)
- Expansion Phase (years 5-9)
- Resiliency Phase (years 10+)

Of all Spanish LATAM respondents, 53.2% are in 'startup phase,' with 31.9% in 'expansion phase,' and 14.9% having reached 'resiliency phase.' This is a similar distribution to the emerging Japanese CVC market. In more mature regions, the largest segment is often Expansion phase.

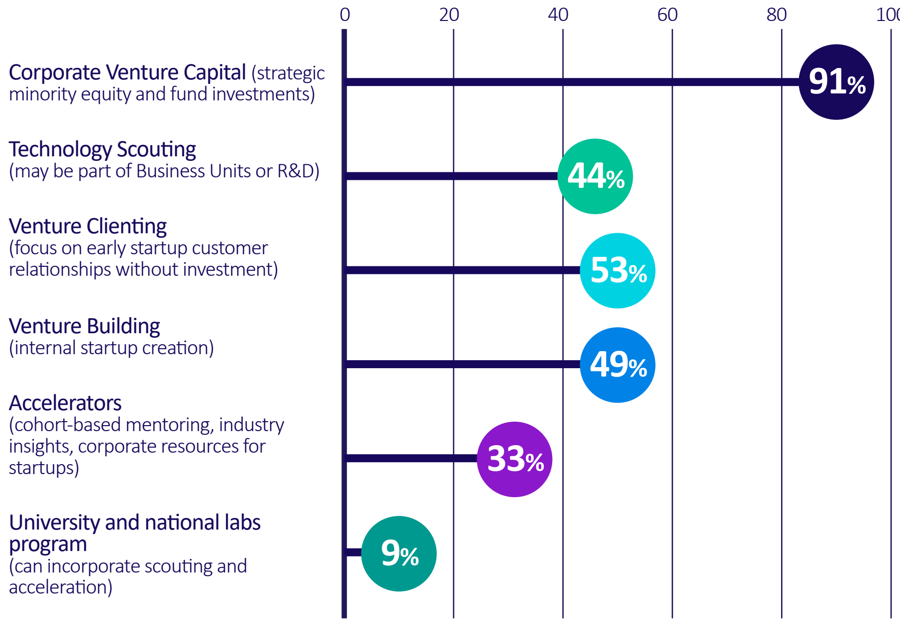
GRAPHIC 5.
CVC Maturity phases in relation to the year of creation



Corporate Venturing toolkit

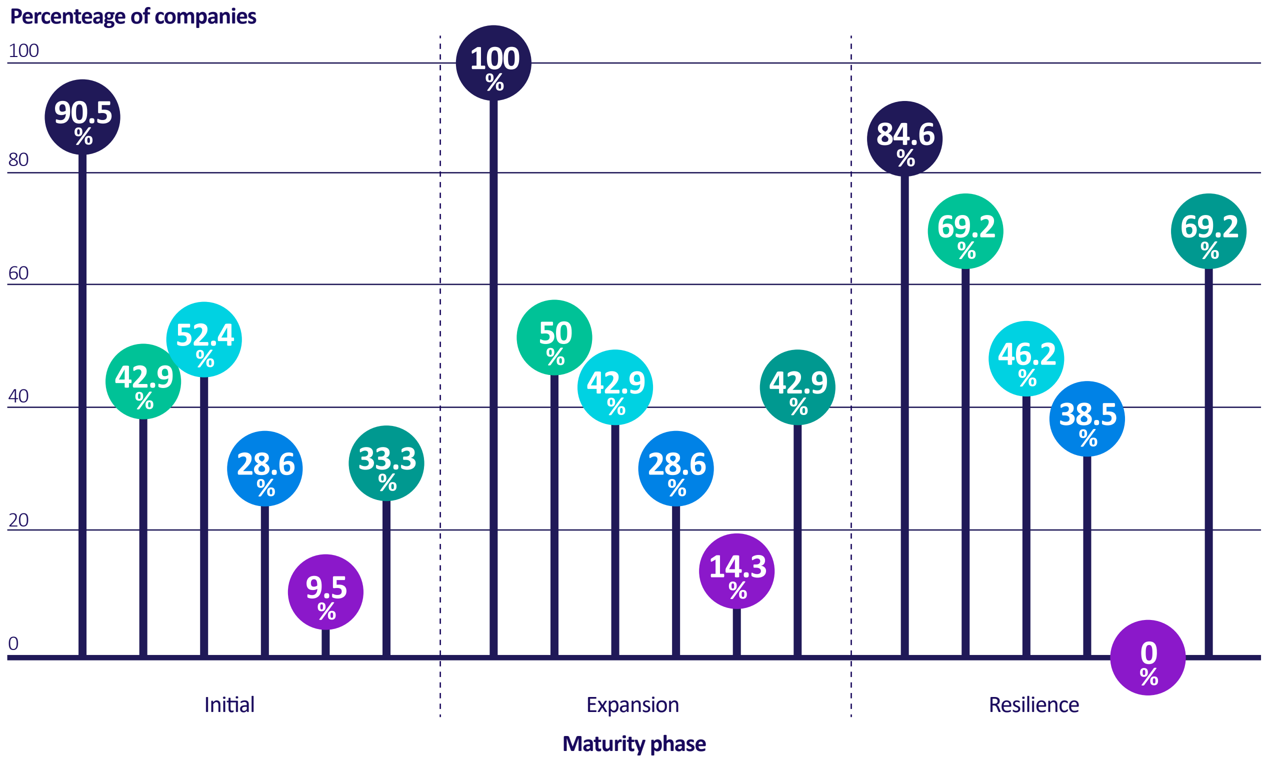
Corporate venturing programs in Spanish LATAM are increasingly taking a full toolkit approach, integrating elements such as venture clienting/startup partnering (53%), venture building (49%), and technology scouting (44%) along with minority equity investing (91%).

GRAPHIC 6.
Corporate Venturing Toolkit Elements



As with global peers, Spanish LATAM Expansion and Resiliency phase programs are more likely to have integrated (often siloed) technology scouting activities than are startup phase CVCs. Additionally, Resilience phase programs tend to feature a greater number of Venture Clienting initiatives. CVCs are less likely to have active University and Labs engagement programs than the 20% of global peers.

GRAPHIC 7.
CV Toolkit by CVC Maturity Phase



- Corporate Venture Capital (strategic minority equity and fund investments)
- Venture Clienting (focus on early startup customer relationships without investment)
- Venture Building (internal startup creation)
- Accelerators (cohort-based mentoring, industry insights, corporate resources for startups)
- University and national labs program (can incorporate scouting and acceleration)
- Technology Scouting (may be part of Business Units or R&D)

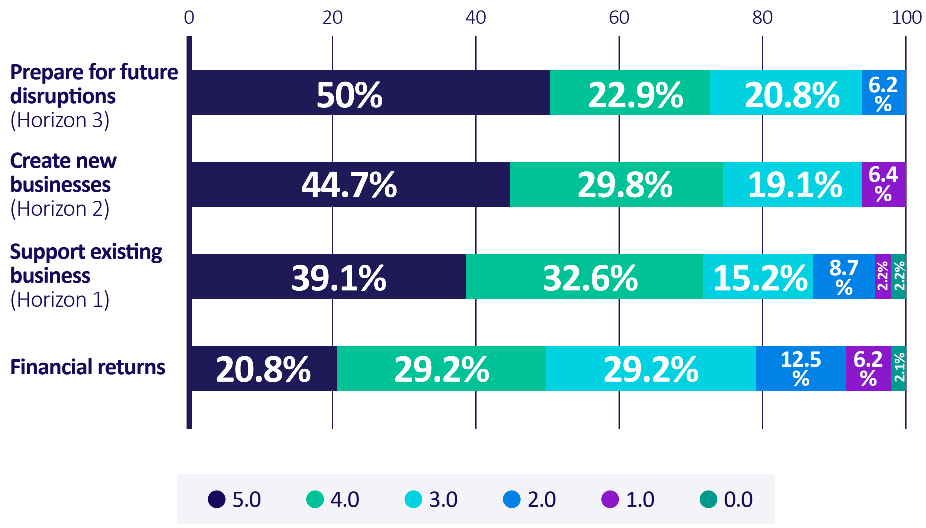
Charter and Funding

CVC Charter

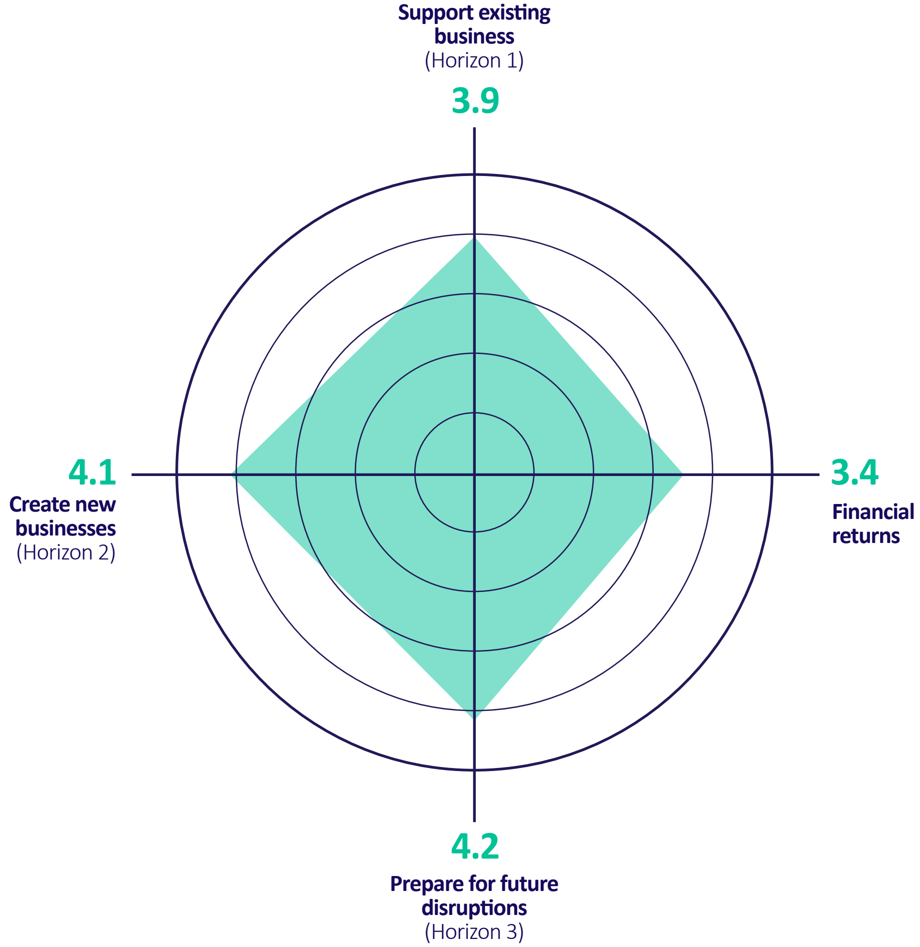
Survey results show that like global peers, the charters of most Spanish LATAM CVCs prioritize transformative innovation beyond the scope of established parent businesses, with preparing for future disruptions (Horizon 3) and creating new businesses (Horizon 2) top-rated for more than 73.7% of Spanish LATAM CVCs.

Enhancing existing business innovation with portfolio company partnerships (Horizon 1) and financial performance were lower priorities. Interestingly, while there is a clear preference for the use of CVC for strategic benefit, 79% of programs also consider financial returns to be a highly relevant element in their charters (average scores from 3 to 5).

GRAPHIC 8.
Priorities in CVC program's charter
What are the priorities set forth in your CVC program's charter? (Scale from 0 to 5)



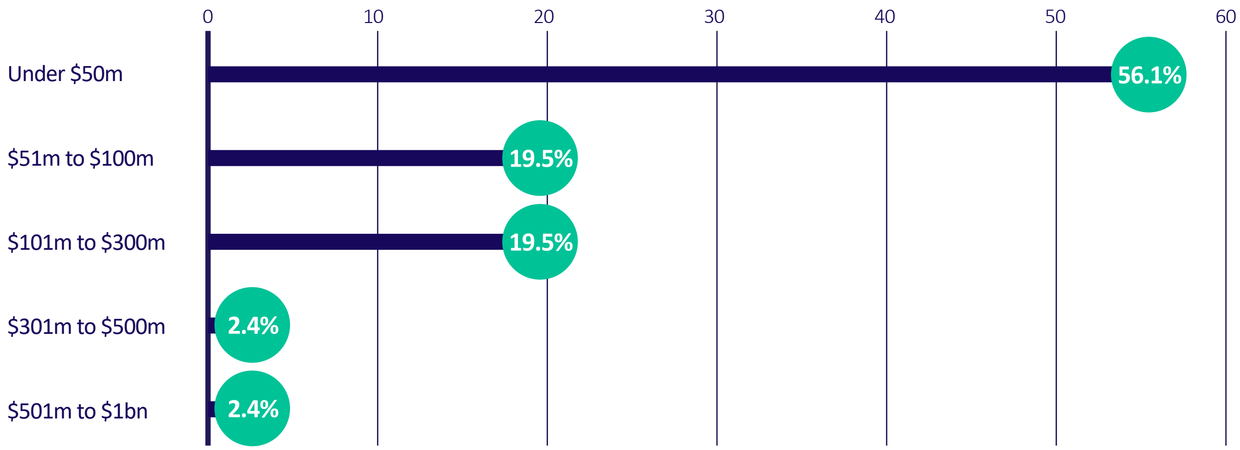
GRAPHIC 9.
Average on a scale of 0 to 5 of priorities of each dimension



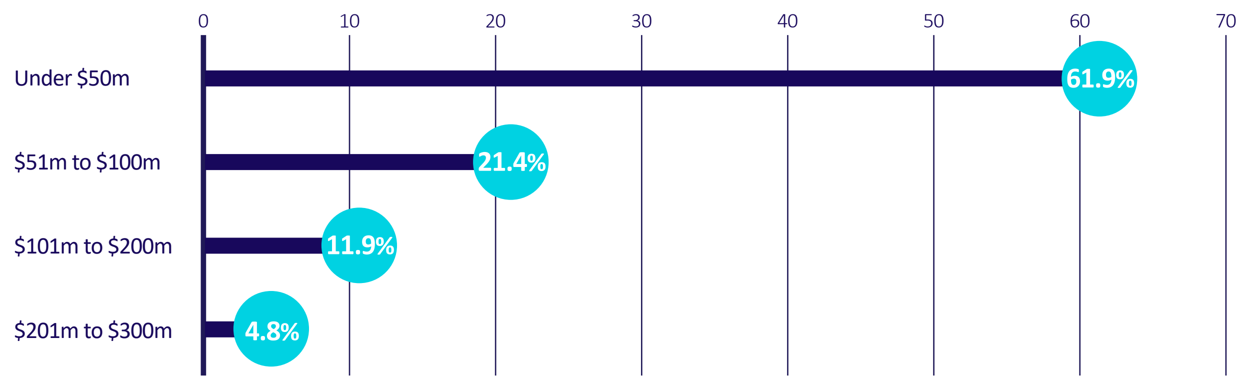
Fund size

Smaller corporations and a large number of new units means that the Spanish LATAM survey skews toward relatively small funds with close to 60% (61,9%) reporting a current fund size (investment budget) of less than US$50 million and 75,6% reporting AUM of under US$100M, with 56,1% at less than US$50M. No Spanish LATAM CVCs have funds that exceed US$300M and only 4,8% have greater than US$300M AUM.

GRAPHIC 10.
Total Assets Under Management (AUM)



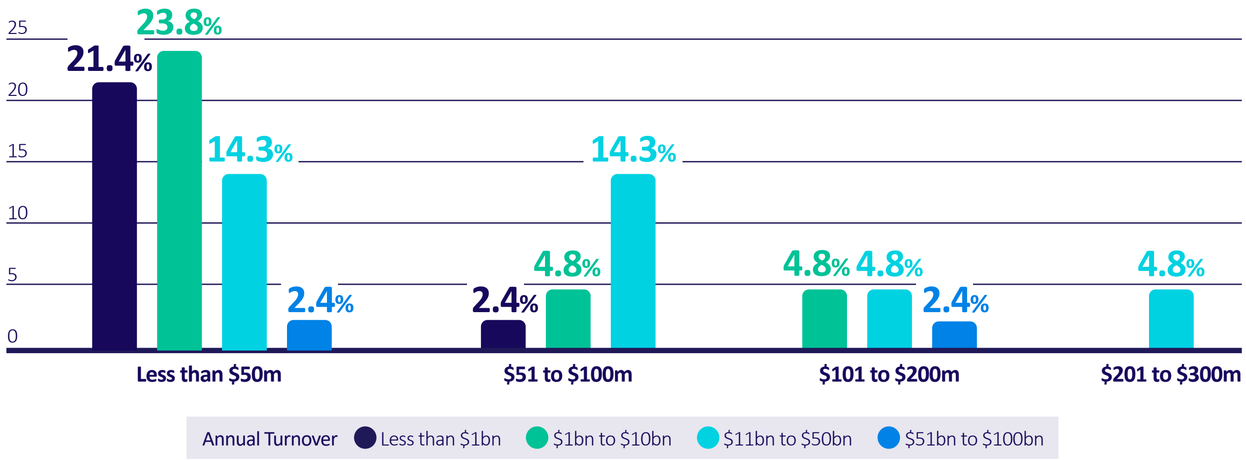
GRAPHIC 11.
Current CVC Fund Size



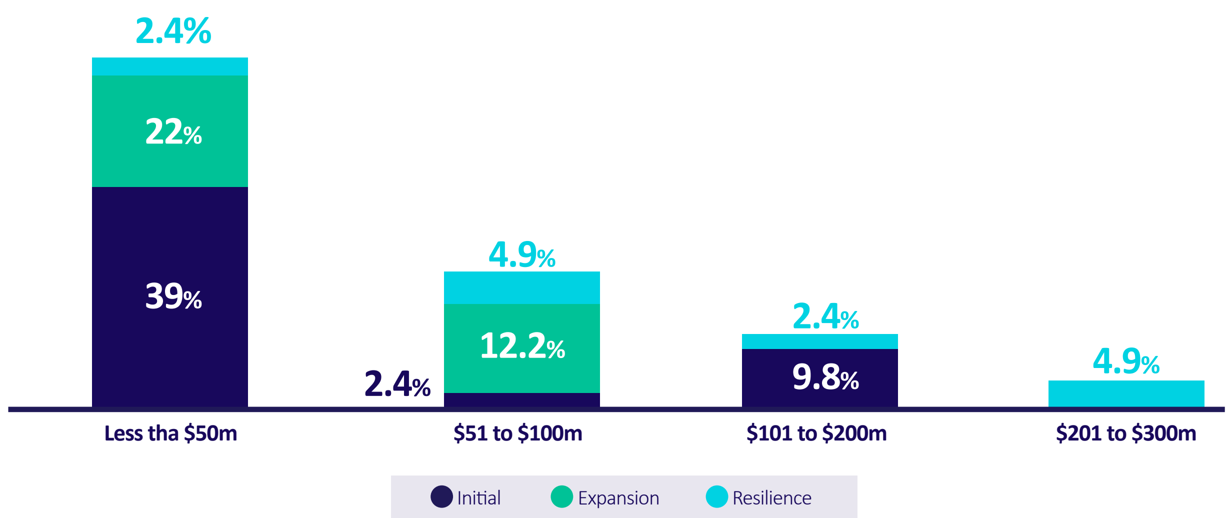
Program maturity phase has greater influence on CVC fund size than the size of the corporate parent (annual revenues).

- The 65% of corporations which have turnover below US$10B overwhelmingly manage sub-US$50M funds. Though the largest funds (US $201 – 300M) are held by corporations with revenues of US$11-50M, they too are most likely to have investment budgets of less than US$100M.
- Mature CVC programs tend to have access to more investment capital – 50% of the 'Resilient' CVCs have current funds exceeding US$100M versus 19% of 'Startup' programs and none of the 'Expansion' phase programs.

GRAPHIC 12.
CVC Fund Size Related to Parent Annual Turnover



GRAPHIC 13.
CVC Fund Size Related to Maturity Phase



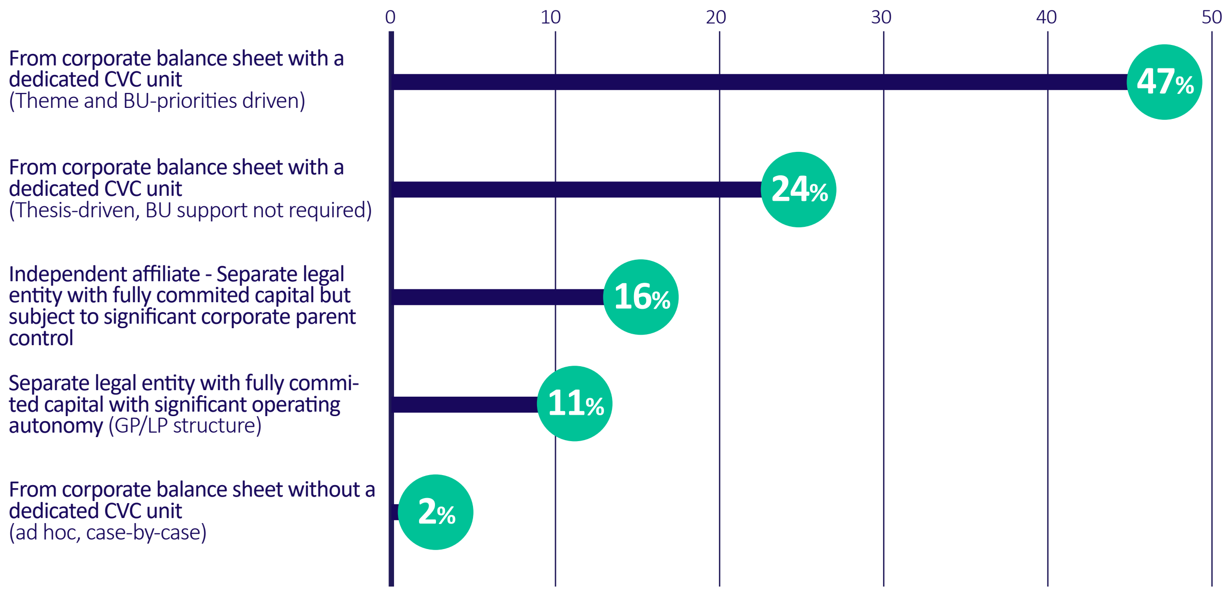
Investment Operating Model and Governance

Operating model

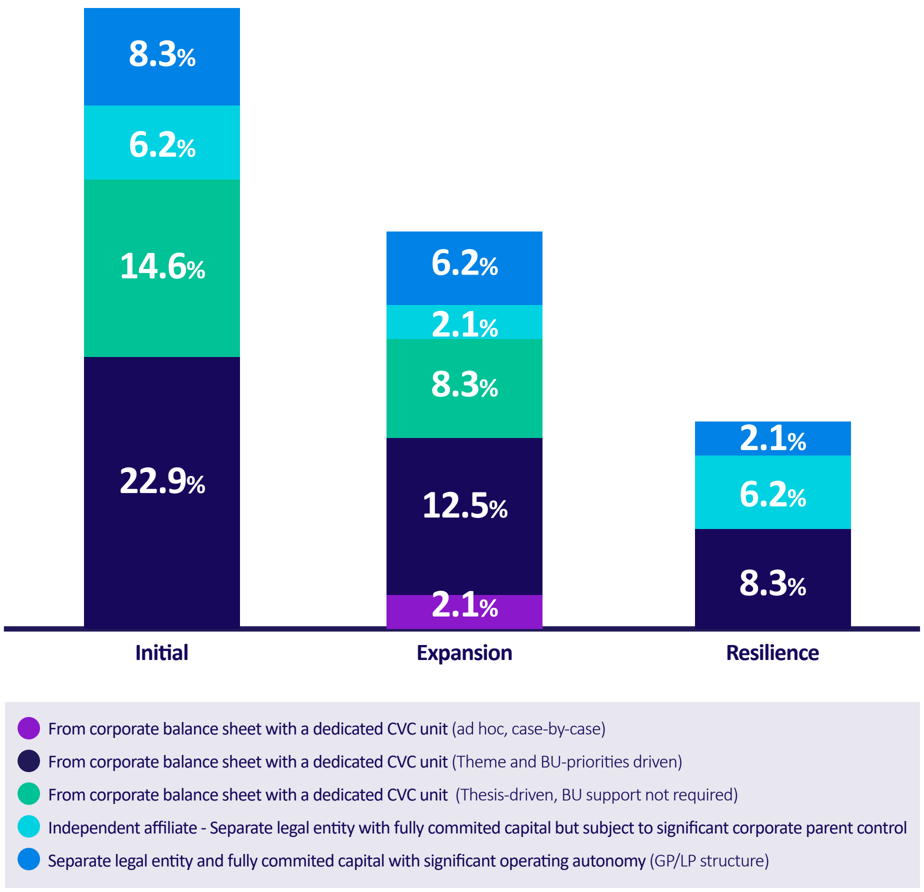
The past few years have seen the emergence of a range of CVC operating models, all of which are 'strategic,' even the fully independent GP/LP structure. Like global peers, nearly three-quarters of Spanish LATAM CVCs (71%) invest from the corporate parent balance sheet, though 29% of units are now seeking resiliency through more independent legal structures. While most Startup phase programs invest from the balance sheet, they are also the most likely to embrace the more independent models.

Among balance sheet investors, the largest percentage (47%) make investments that are tightly aligned with BU priorities, while 24% have earned the freedom to develop and execute investment theses and insights. Just 2% of respondents invest without dedicated CVC units.

GRAPHIC 14.
CVC Operating and Investment Models

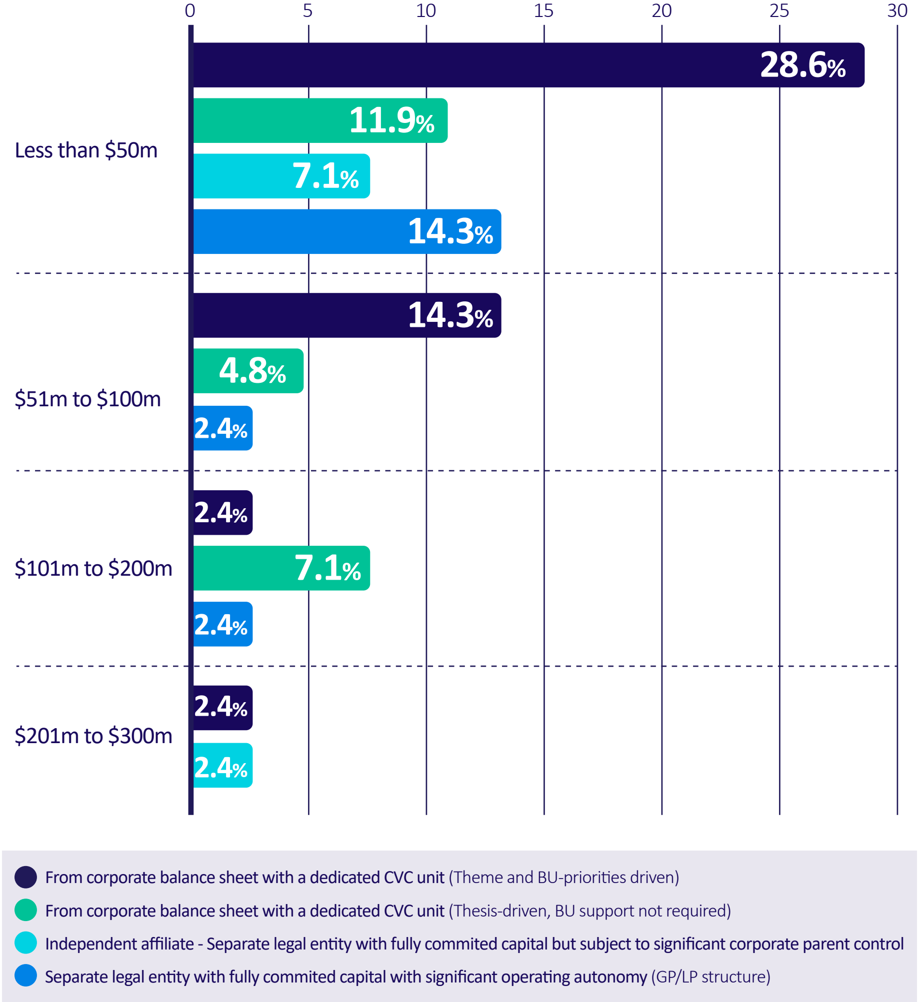


GRAPHIC 15.
Investment model by maturity phase



It is interesting to note that unlike with global peers, greater degrees of operational independence did not necessarily correlate with larger fund size. The largest funds were equally divided between BU-driven, on-balance sheet and independent affiliate models. And no fully independent GP/LP program reported a current fund size greater than US$50M.

GRAPHIC 16.
CVC Fund Size according to operating model

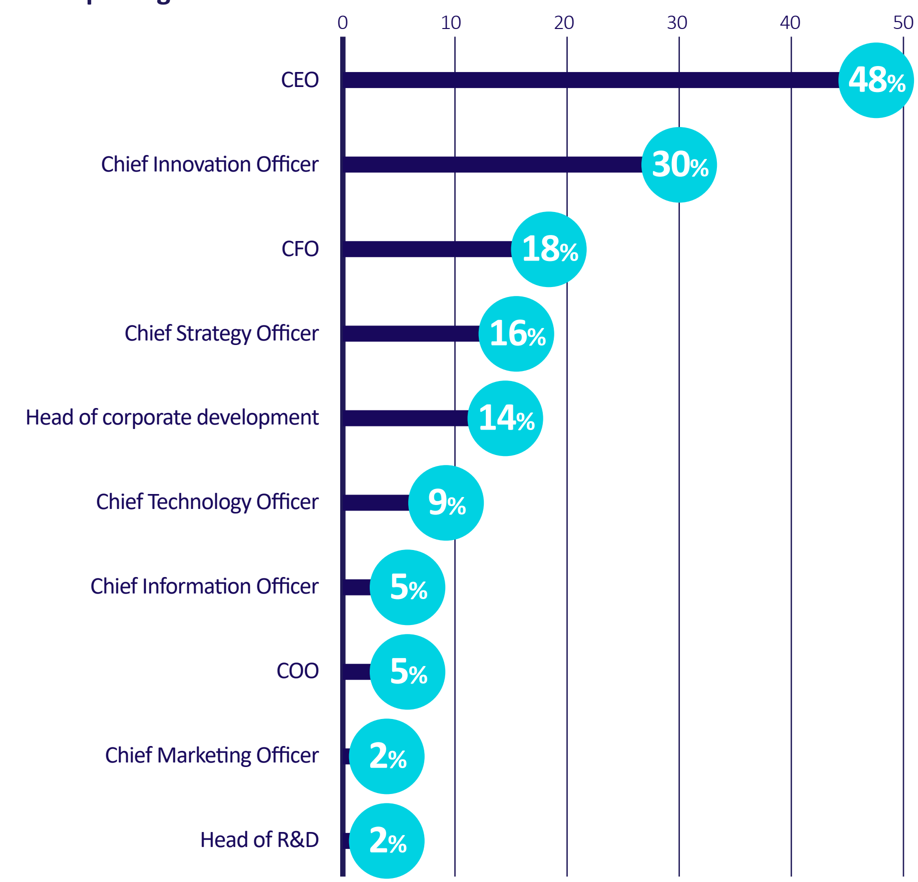


Governance

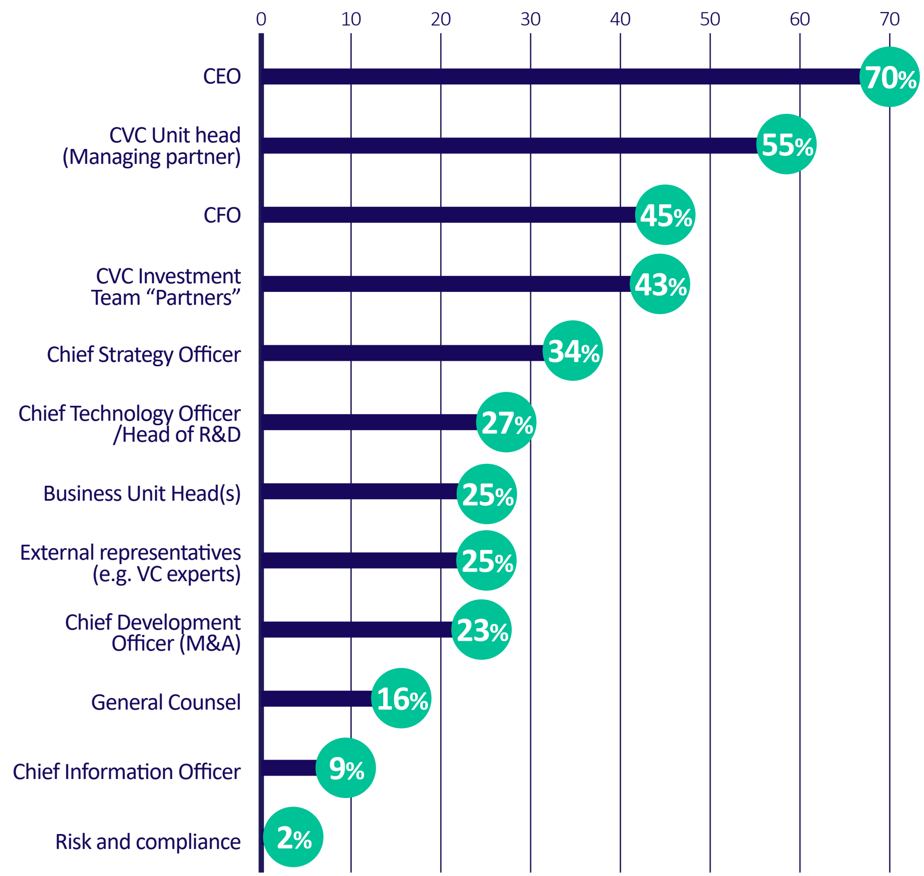
Given the increasingly mainstream role corporate venturing now plays in corporate innovation, most respondents provide at least a matrix, or summary, report to a C-level executive, with 48% answering to the CEO, 30% to the chief innovation officer, 18% to the CFO and 16% to the chief strategy officer. As with global peers, the CTO and R&D are now less common reporting lines.

The CEO is also the main executive (70%) represented on CVC investment committees along with the CVC unit head (55%). Nearly half (45%) also have the CFO. A surprisingly large number (43%) of Spanish LATAM investment committees include CVC investment team 'partners', with the chief strategy officer also represented in one-third of cases. Spanish LATAM CVCs are more likely to include external experts (25%) than global peers (13%) and slightly less likely to include BU heads, the CTO/head of R&D or General Counsel.

GRAPHIC 17.
CVC Reporting Line

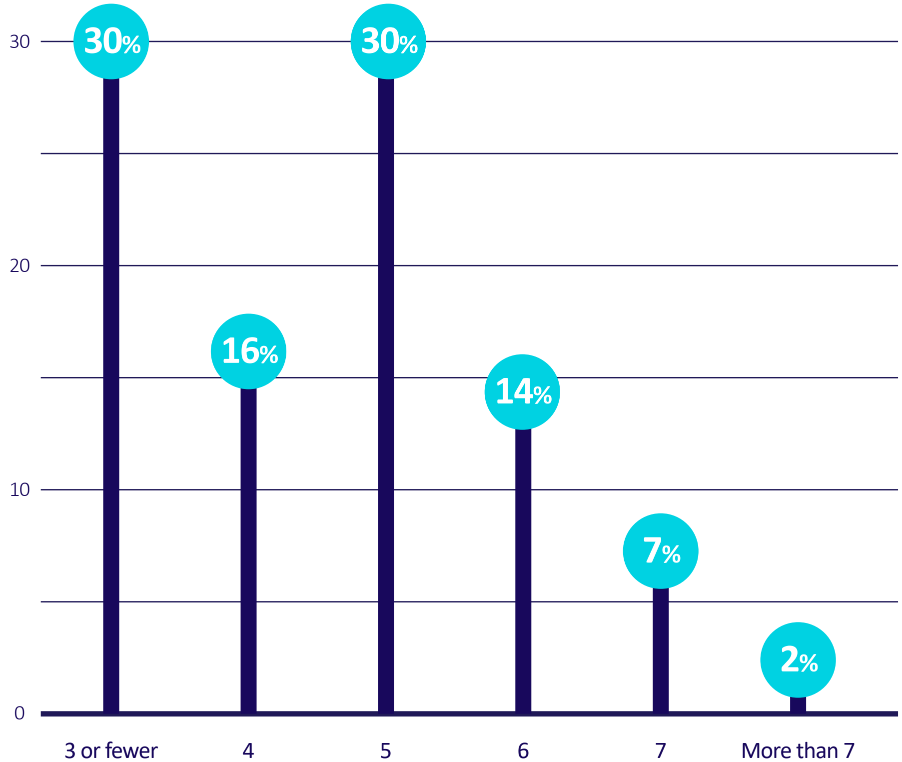


GRAPHIC 18.
Roles/Functions on Investment Committee



Over half of Spanish LATAM CVCs report investment committees with five or more voting members as compared to 75% of global peers who have streamlined their ICs to four or fewer.

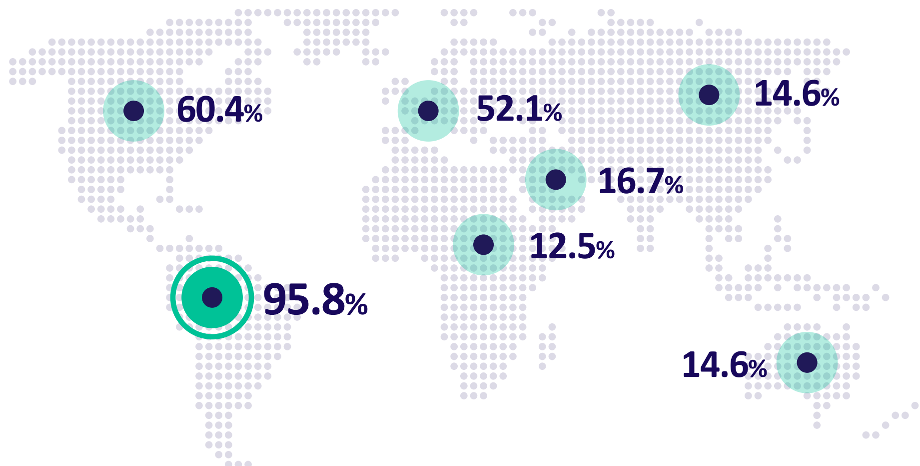
GRAPHIC 19.
Number of Investment Committee Voting Members



Investment Strategy

As noted earlier, while Latin America remains the top source of entrepreneurial talent for ~ 96% of Spanish LATAM CVCs, 60.4% also invest in the US and Canada, and more than half in Europe. The Middle East, Asia-Pacific and Africa are nascent sectors of CVC interest.

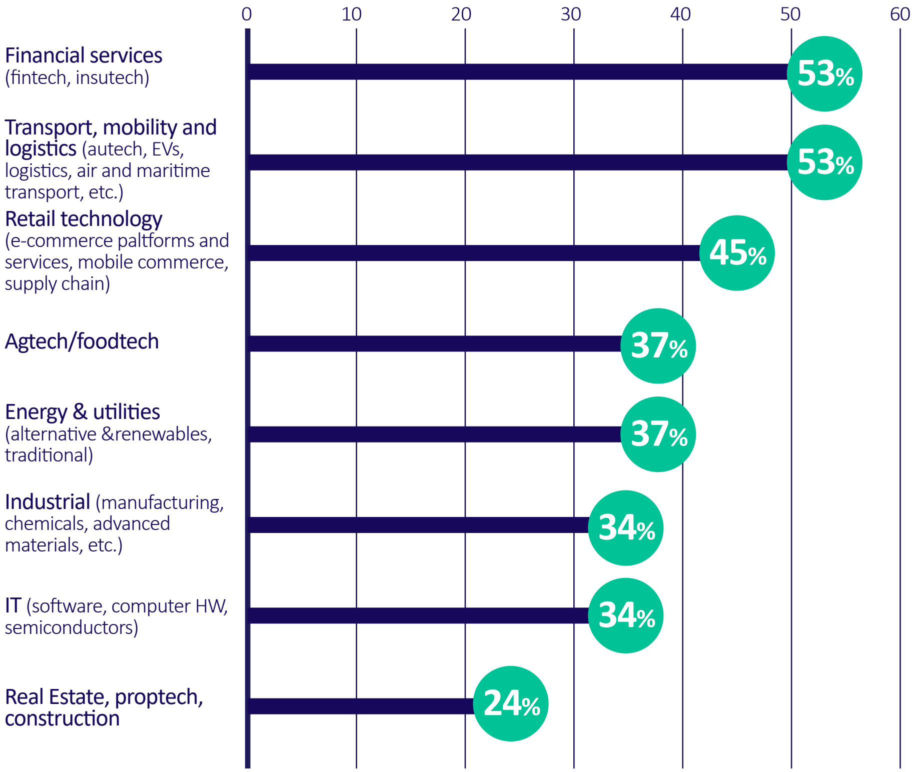
GRAPHIC 20.
Investment Regions
In which regions does your organization makes investments?



**Note that the North America region only includes the USA and Canada (Mexico is included in Spanish-speaking Latin America).*

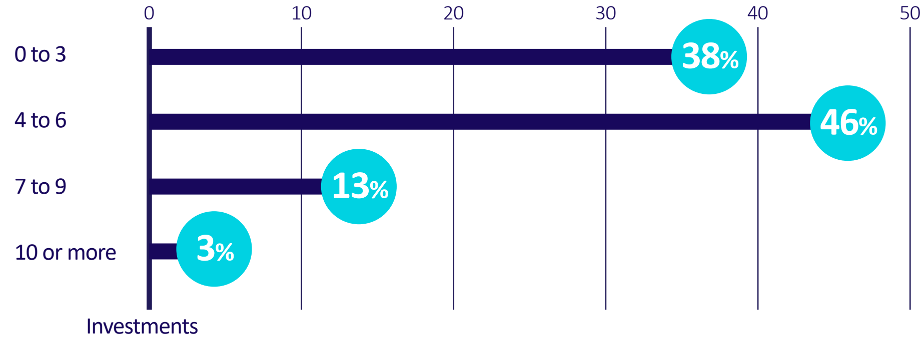
While CVCs invest in a range of sectors, many focus on areas where corporates are well-positioned to add unique value and are preferred partners with domain, application and regulatory expertise, and the ability to support scaling.

GRAPHIC 21.
Preferred Investment Sectors

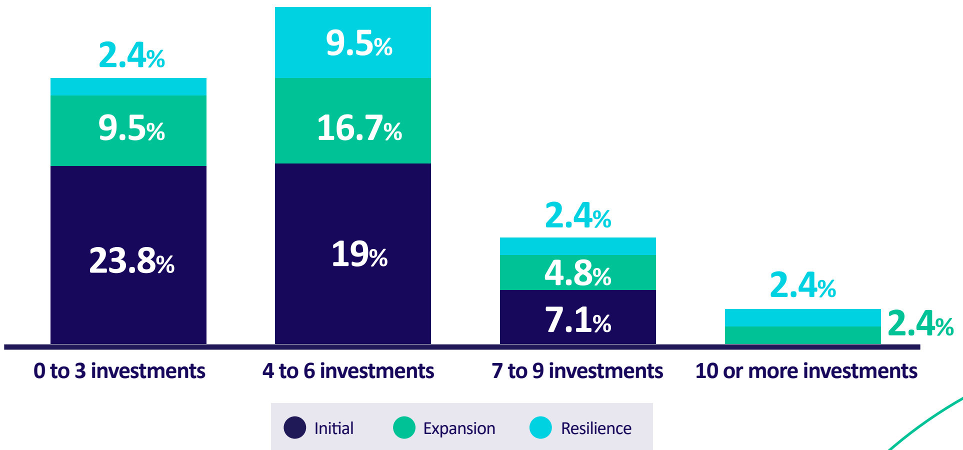


Nearly two-thirds (62%) of survey respondents are 'active' investors, with 45% looking to make four to six new investments per year, 14% looking to make seven to nine investments and 5% in more than 10 new startups annually. Activity levels have risen significantly since 2021 when just over half of CVCs reported more than 6 new deals per year. As might be expected, investment activity levels tend to increase as programs mature, with 29% of Resilient programs making more than 7 new investments annually.

GRAPHIC 22.
Number of New Investments Per Year

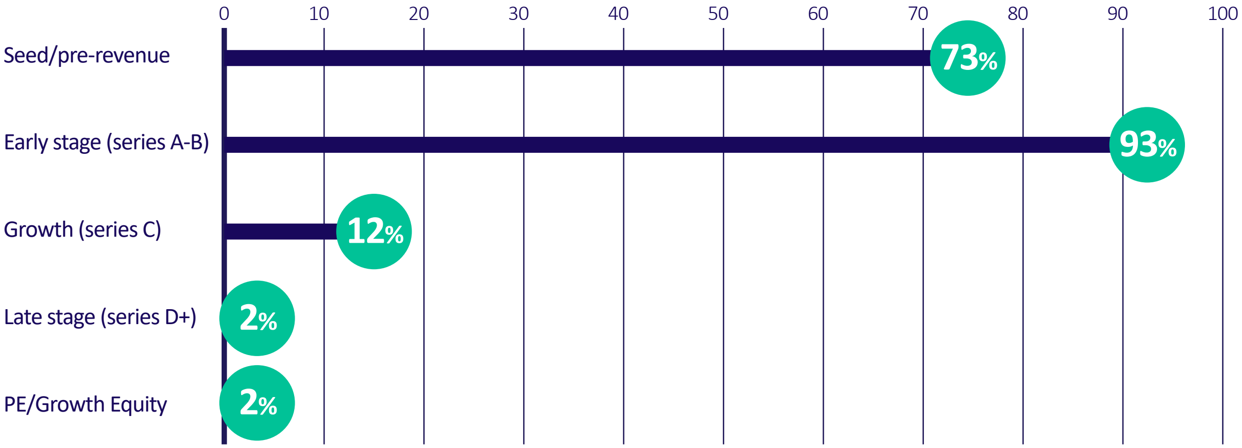


GRAPHIC 23.
Number of New Investments by Maturity Phase
How many new investments does your CVC program plan to make each year?



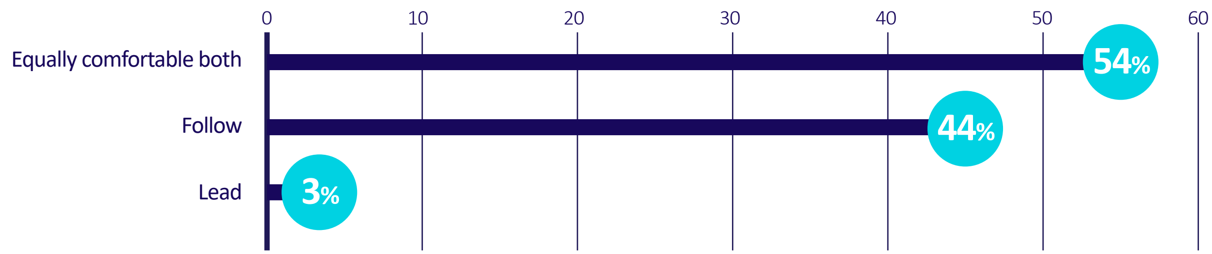
The sweet spot for the overwhelming majority (93%) is the early stage (series A or series B). Spanish LATAM CVCs (73%) are more likely to invest in seed stage or pre-revenue funding rounds than global peers and less likely to invest in growth, later stage or PE/Growth equity deals. Most growth stage investments are made by Resilient programs which typically have more investment capital to deploy.

GRAPHIC 24.
Preferred Investment Stages



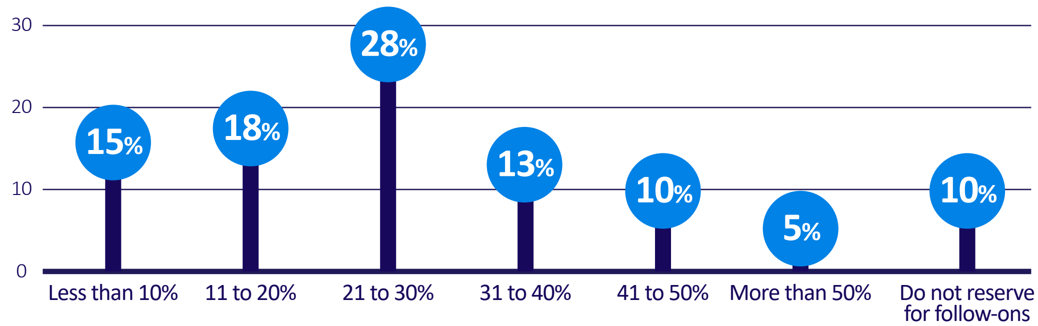
Mirroring the rising professionalization of the community globally, many Spanish LATAM CVCs are willing to lead rounds. More than half of respondents (54%) say they are equally comfortable leading or following, while 3% actively seek to lead. However, a significant number (44%), including 60% of Resilient programs, still prefer to follow an institutional VC lead.

GRAPHIC 25.
Preferred Role in Investment Syndicate



More than half of Spanish LATAM CVCs reserve at least 21% of investment capital for follow-on funding and only 10% do not have set allocations.

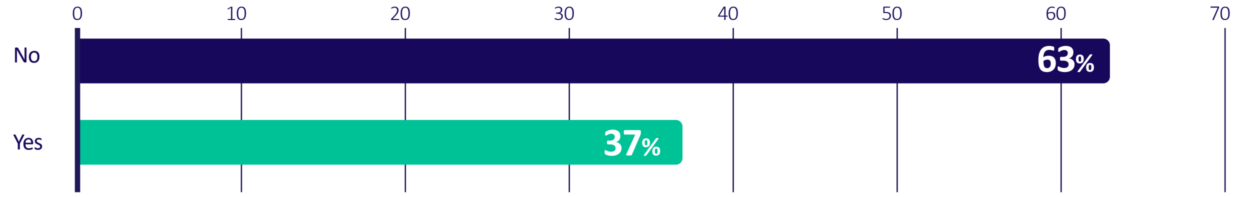
GRAPHIC 26.
Percentage of Fund Capital Reserved for Follow-Ons



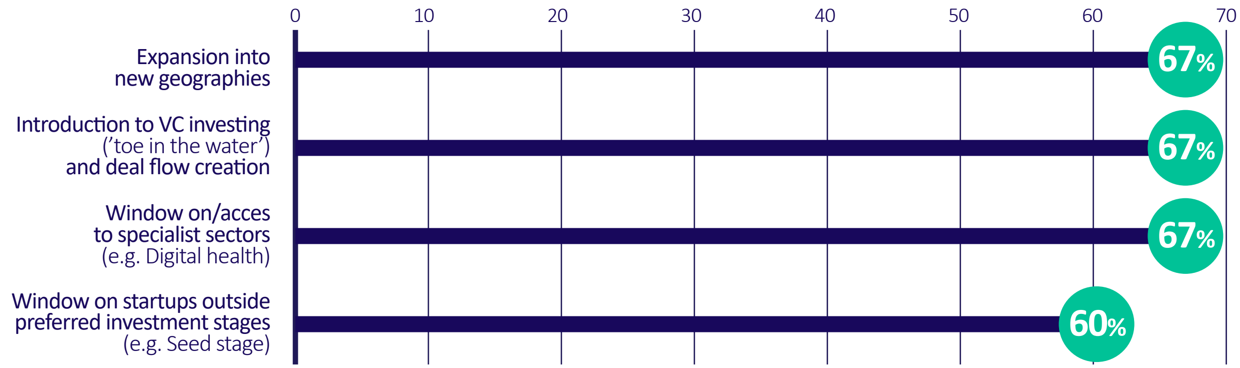
LP positions

LP fund positions, historically, have been seen as a passive investment vehicle for corporations who lacked skills or did not seek to build out a dedicated investment program or team. That is no longer the only reason. The 37% of Spanish LATAM CVCs that take strategic LP positions in VC funds also do so for access to specialist sector expertise, exploring expansion into new geographies or drawing insights from very early-stage startups via seed funds.

GRAPHIC 27.
LP Positions in Other VC Funds

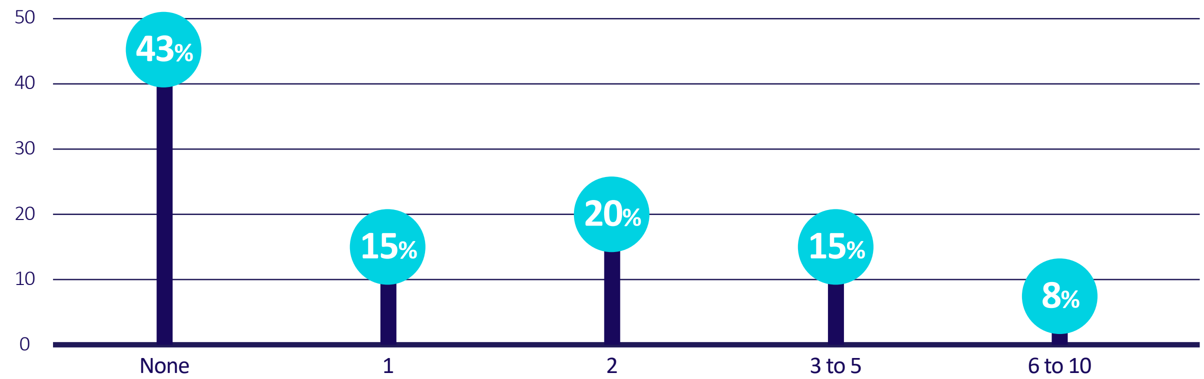


GRAPHIC 28.
Rationale for VC Fund Investments



Of those with LP stakes, close to one-quarter have invested in more than three funds with 8% between six and ten. As with global peers, the percentage of Spanish LATAM CVCs with LP stakes is highest for Resiliency phase programs (67%); and 60% of these units hold LP positions in more than three funds.

GRAPHIC 29.
Number of Strategic LP Stakes



While most corporates seek to capture the value of strategic LP relationships through standing review meetings with GPs and access to co-investment opportunities, 27% of Spanish LATAM CVCs will second corporate personal to learn from GPs in person. And 20% have programs to second corporate staff to advise VC portfolio companies.

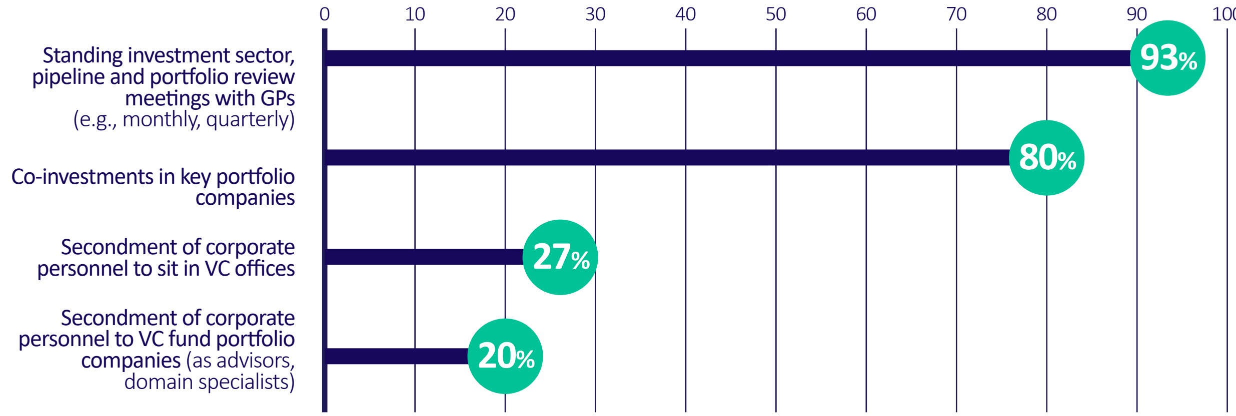
The secondment programs are primarily found with BU-driven, off-balance sheet CVCs (38%). Thesis-driven and more independent CVCs are most interested in co-investment opportunities.

Investment management

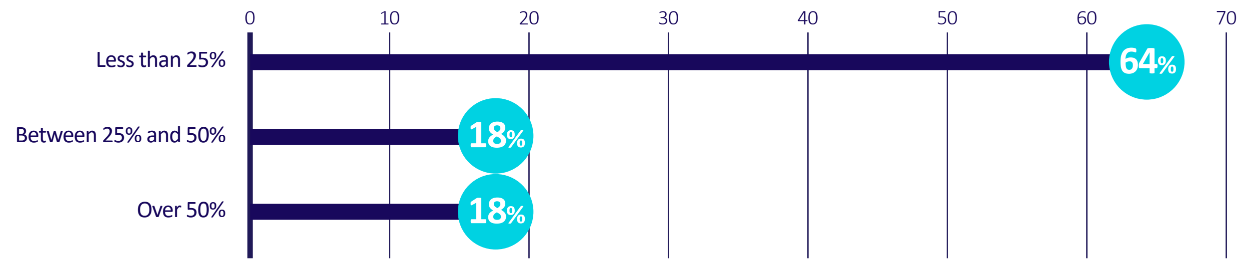
Given the early-stage investment focus of most survey respondents, nearly two-thirds (64%) do not generally require a commercial deal as a condition for investment – although engagement with the parent corporation is an important strategic metric for nearly three-quarters of CVCs. However, for 18%, a commercial deal is required for more than half of startup investments.

The global survey showed a trend toward asking for more special strategic 'investor-friendly' control terms that diverge from standard NVCA (National Venture Capital Association) VC term sheet practices. This is also true with Spanish LATAM CVCs. Though one-quarter (23%) do not negotiate any special rights, 59% ask for information rights, 51% ask for right of first refusal, 36% ask for right of first offer. Over 20% ask for the right of first negotiation, and 15% for the right to block a sale.

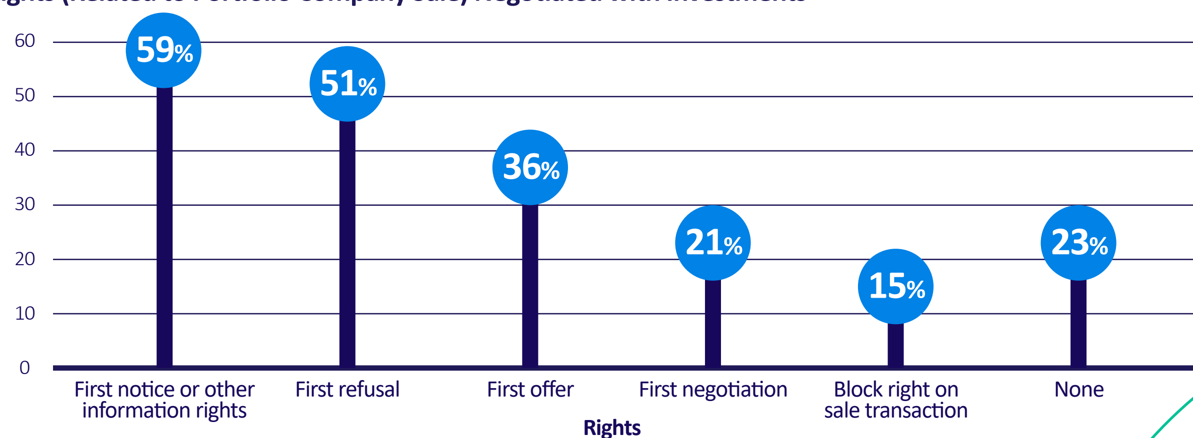
GRAPHIC 30.
Capturing Value from Strategic LP Stakes



GRAPHIC 31.
Percentage of Investments Tied to BU Sponsorship/Commercial Deals

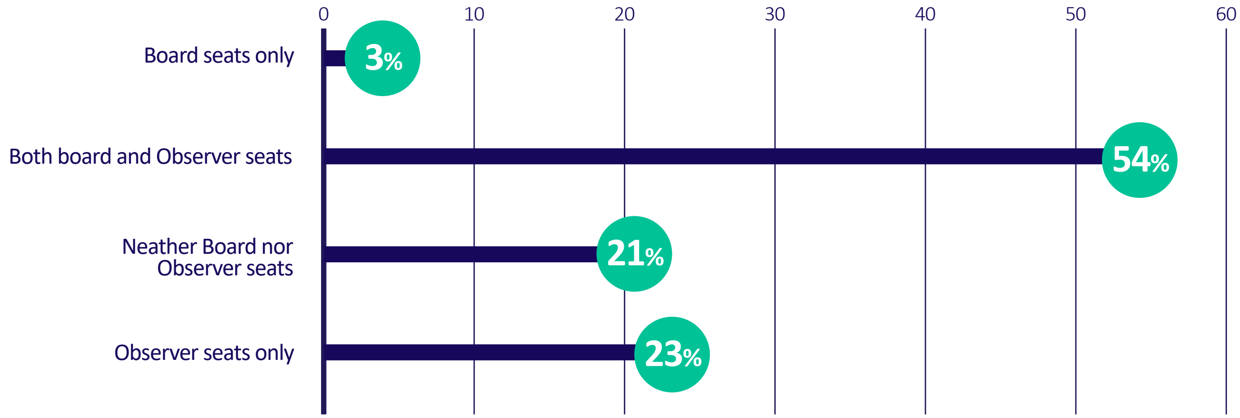


GRAPHIC 32.
Rights (Related to Portfolio Company Sale) Negotiated with Investments



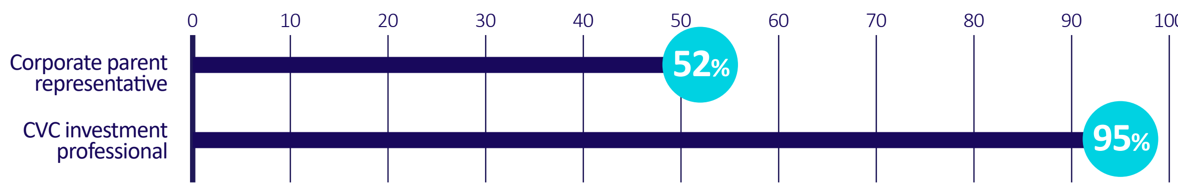
To both provide and derive value from strategic investments, the majority of surveyed CVCs look for some form of board representation, with 54% taking both board and observer seats, and 23% observer only, while 21% take neither.

GRAPHIC 33.
Portfolio Company Board and Observer Seats



Like global peers, for 95% of CVCs, an investment professional typically will hold the board or observer seat; although Spanish LATAM CVCs are somewhat more likely to designate a parent representative (52% vs 40% globally).

GRAPHIC 34.
Board Seat Holders



Performance and Portfolio Management

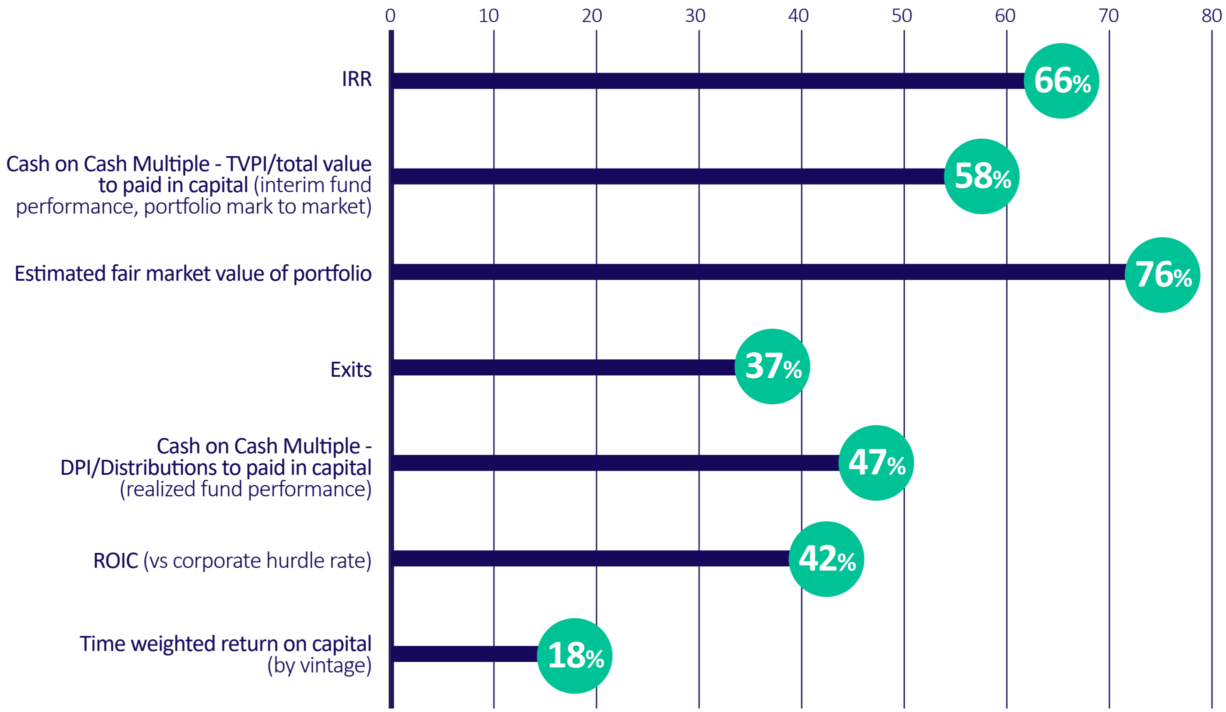
Measuring performance is one of the most challenging aspects of running a corporate venturing program, with metrics (financial, strategic and operational) and dashboards guided by the CVC charter and informed by program maturity phase, operating model and corporate culture. 11% of Spanish LATAM CVCs now employ a dedicated COO or Portfolio Manager to handle parent LP reporting and other non-investment functions.

Financial performance

Financial performance metrics tend to grow in importance with CVC program maturity and scale and are seen as table stakes for program longevity.

Survey results show that estimated fair market value of portfolio (76%) is the most important financial metric for Spanish LATAM CVCs. Standard VC metrics such as IRR (66%), total value to paid in capital or TVPI (58%) are the language of financial performance for more than half of Spanish LATAM CVCs as well as two-thirds or more of global peers. Other relevant metrics are distributions to paid in capital (47%), return on invested capital against a corporate hurdle rate (42%), and exits (37%).

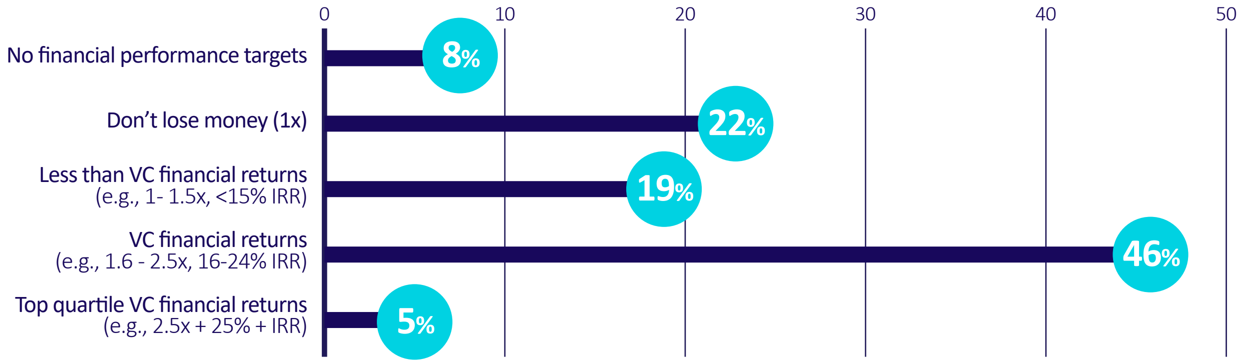
GRAPHIC 35.
Portfolio Financial Performance Metrics Tracked



Almost all (92%) of Spanish LATAM CVCs have set financial performance targets, with 51% aiming for average VC-level (1.6-2/5X, 16-24% IRR) or top quartile (2.5x +25% IRR) portfolio financial returns.

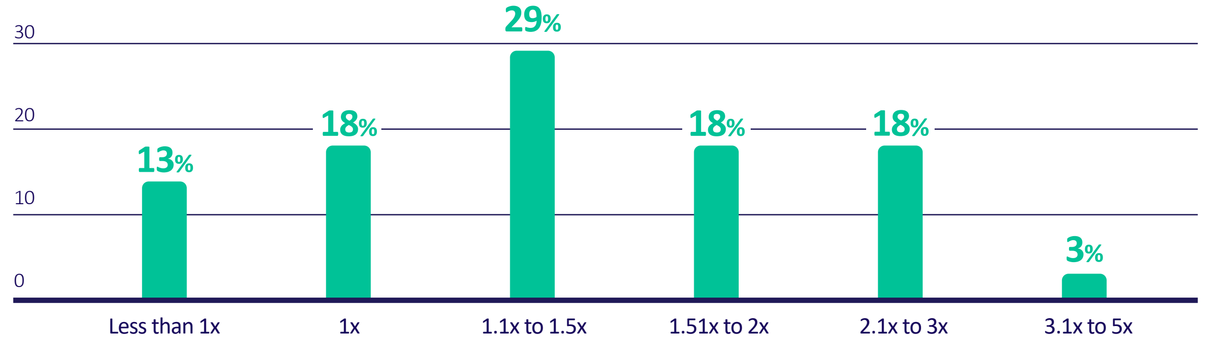
41% have more modest financial targets – don't lose money (1X) or less than VC returns (1-1.5x <15% IRR). These KPIs are likely to evolve as those programs become more visible and must compete for resources.

GRAPHIC 36.
Portfolio Financial Performance Targets

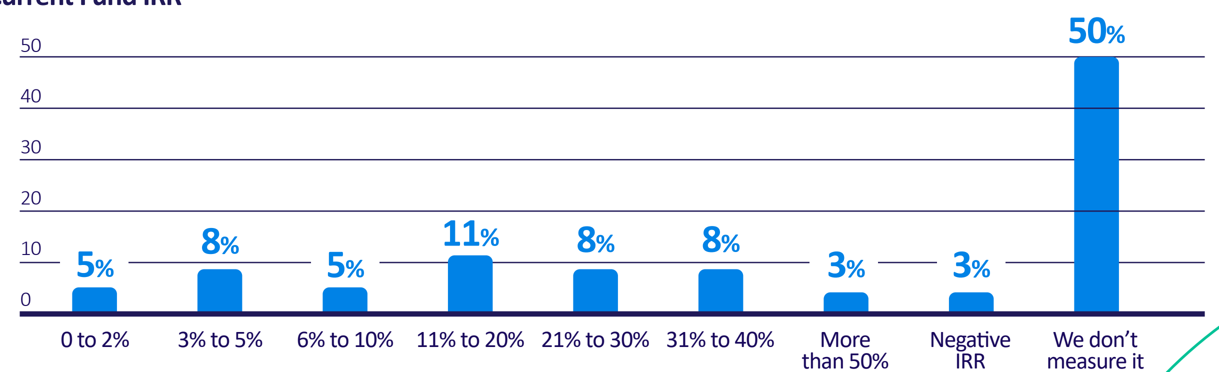


In the face of a challenging investment environment and the influx of a large number of new programs/funds, only 39% of Spanish LATAM respondents report hitting VC-level TVPI and IRR performance targets in 2023. Note that half do not measure portfolio Internal Rate of Return (IRR) compared to 70% of global peers who track that metric. 60% of Spanish LATAM Resiliency phase CVCs purport to be delivering VC-level TVPI results.

GRAPHIC 37.
Current Fund TVPI



GRAPHIC 38.
Current Fund IRR

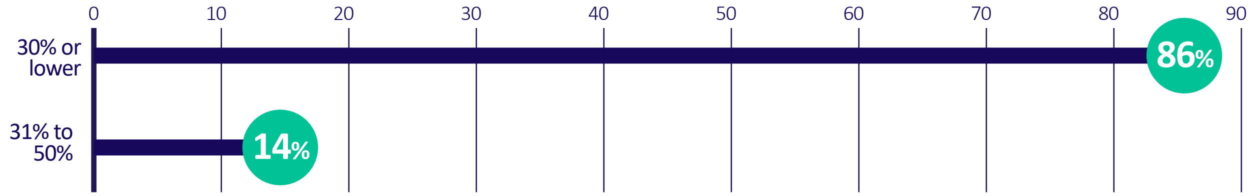


Of the surveyed CVC units, 86% reported a loss rate of less than 30%, and another 14% reported a rate between 31% and 50%. By way of comparison, GCV Keystone data show that 80% of units worldwide have a loss rate of less than 30%.

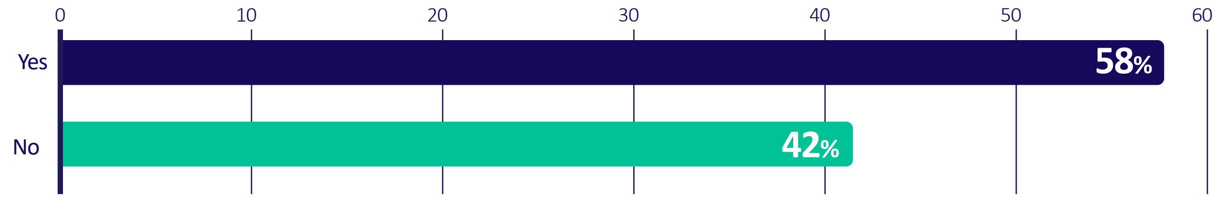
Portfolio management

Like CVCs globally, the financial portfolio management practices of Spanish LATAM CVCs are becoming more sophisticated with 58% of respondents using portfolio construction models for fund planning and management. However less than half (45%) LATAM CVCs have adopted and interpreted CVC-specific IFRS accounting standards for valuation, impairment and investment classification. While 68% rely on event-driven activity to make valuation adjustments, 32% also perform quarterly portfolio valuations and 50% annual valuations.

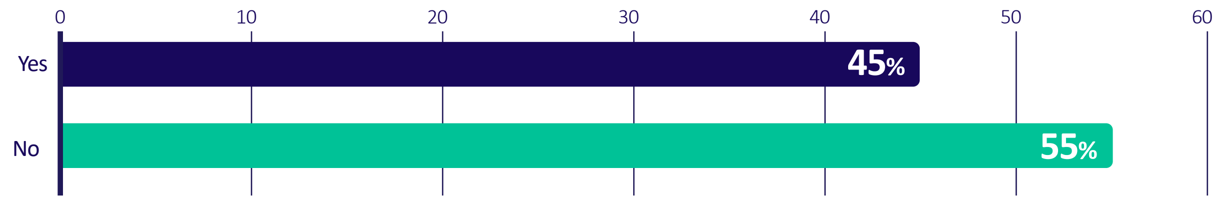
GRAPHIC 39.
CVC Fund Loss Rate



GRAPHIC 40.
Use of VC Portfolio Fund Construction Model



GRAPHIC 41.
Adoption of IFRS Accounting Standards (Valuation, impairment, investment classification)



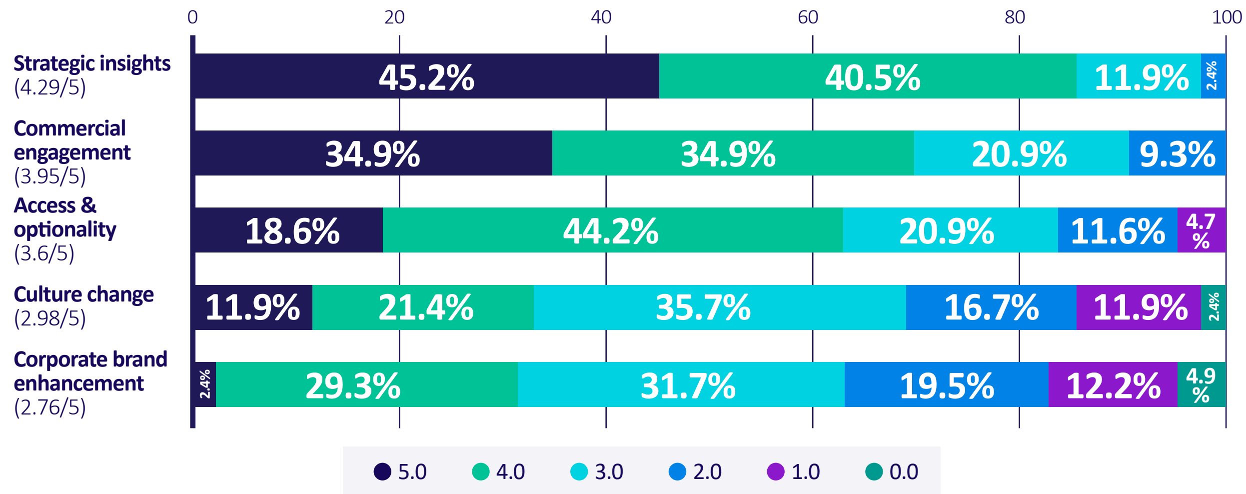
GRAPHIC 42.
CVC Portfolio Valuation Approaches

Strategic performance

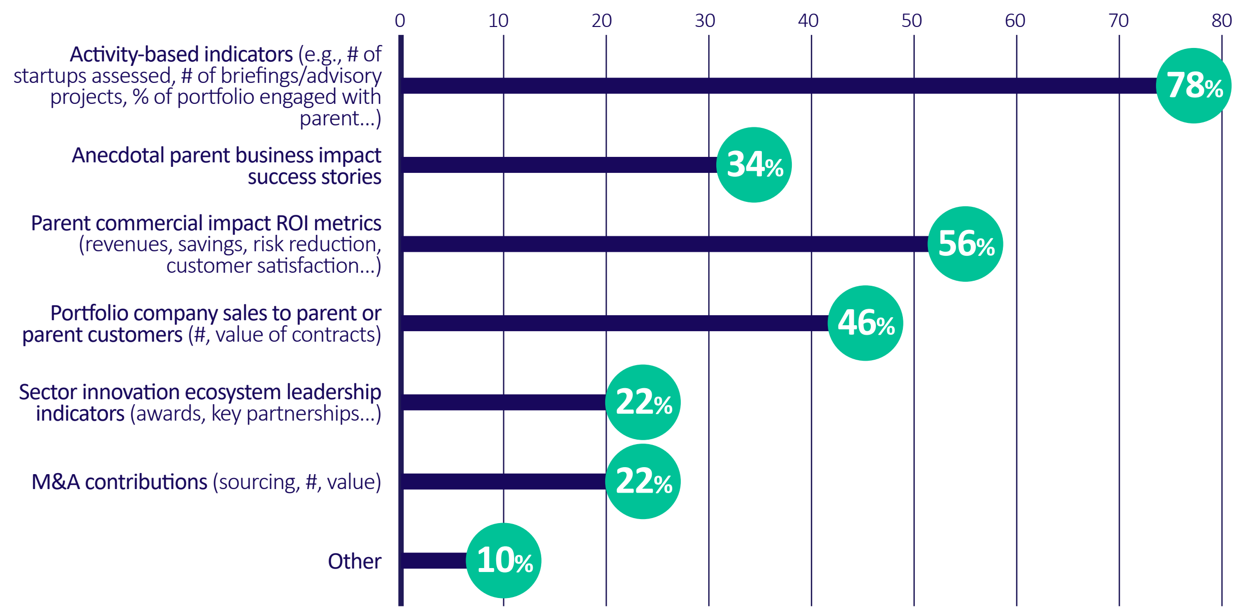
Strategic impact is the raison d'être for most CVCs, but responsibility for achieving it is often shared with the parent corporation, making it challenging to define, track and communicate performance. As most Spanish LATAM CVCs have a mandate to find transformative ideas (Horizon 2-3), the ability to communicate insights and provide advice on emerging technologies, markets and business models is the top strategic priority (4.3 of 5) for more than 80%. Effective analysis and 'story telling' are seen as critical delivery capabilities.

Around 70% also prioritize (4 of 5) parent commercial engagement, the results of which are communicated through combination of 'activity metrics,' commercial impact ROI (revenues, savings, risk reduction and value of sales to parent) and illustrated with success stories.

GRAPHIC 43.
Strategic Value Categories
What are the most important strategic value drivers for ypur investment unit?



GRAPHIC 44.
Strategic Value Communication Approaches

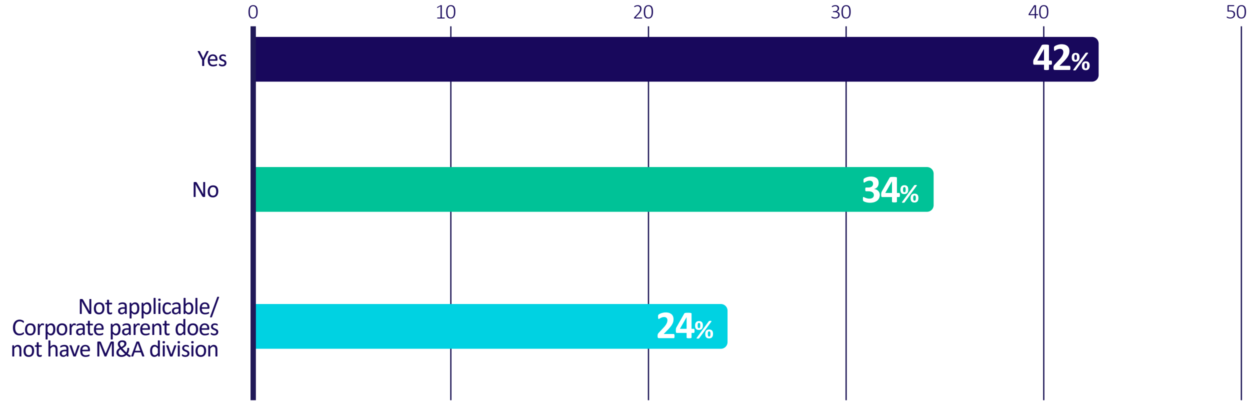


Access and optionality are priorities (3.6 of 5) for programs with an M&A mandate. Almost half (42%) of surveyed CVCs play some role in sourcing potential M&A candidates, but 67% have yet to see a portfolio company acquisition.

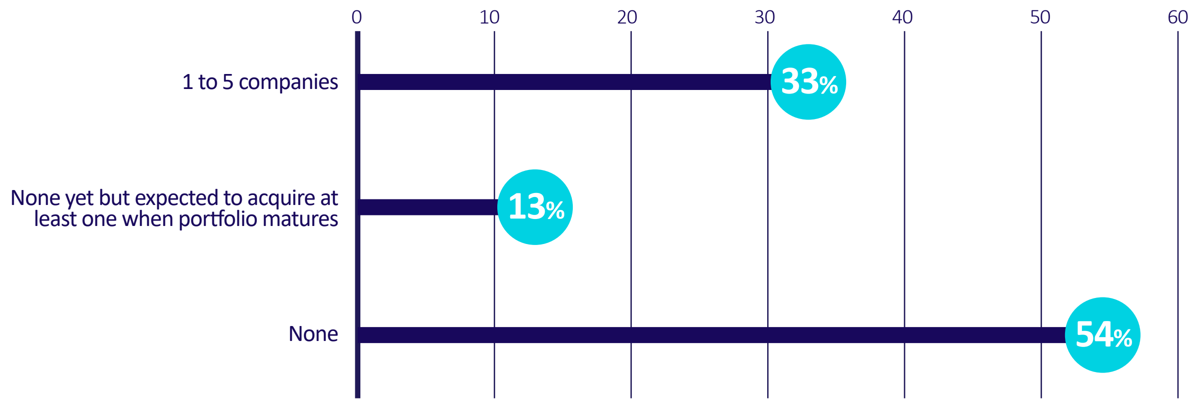
Spanish LATAM CVCs place higher value on Access and Optionality and lower emphasis on Culture Change than global peers.

Forty-two percent of Spanish LATAM CVCs report participation in Corporate M&A activities. However, the number of portfolio companies acquired by their corporate parents remains quite low. Specifically, only 33% have acquired between one to five companies, while 54% indicate they have made no acquisitions at all.

GRAPHIC 45.
CVC Team Involvement in Corporate M&A Activity



GRAPHIC 46.
Number of Portfolio Companies Acquired by Corporate Parent

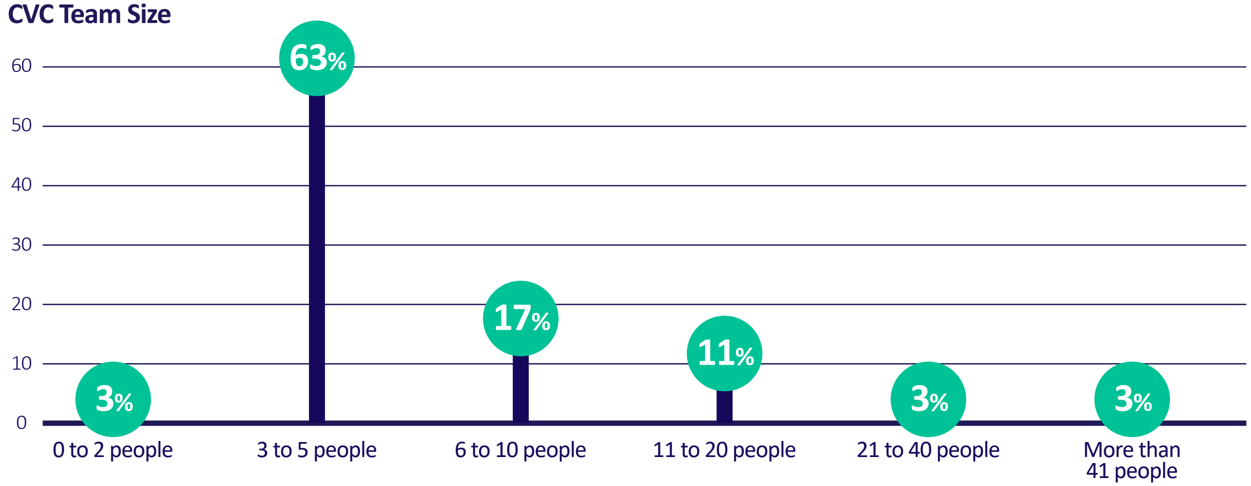


Team Structure and Compensation

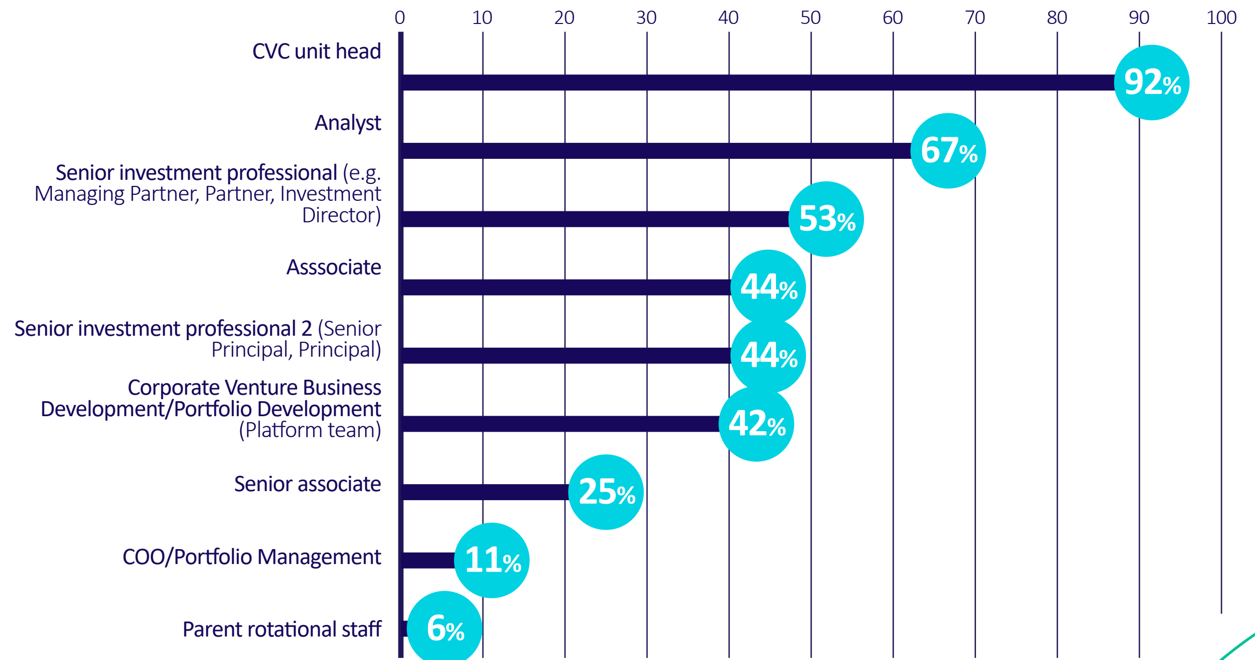
Team size and structure are informed by CVC strategic innovation goals, program maturity, operating model, fund size and portfolio strategy.

Most Spanish LATAM CVC programs are young and small – two-thirds have a team size of less than 5 professionals, with 63% staffed by three to five. And 63% of CVC teams average less than five years of relevant experience in their roles.

GRAPHIC 47.
CVC Team Size



GRAPHIC 48.
CVC Team Roles

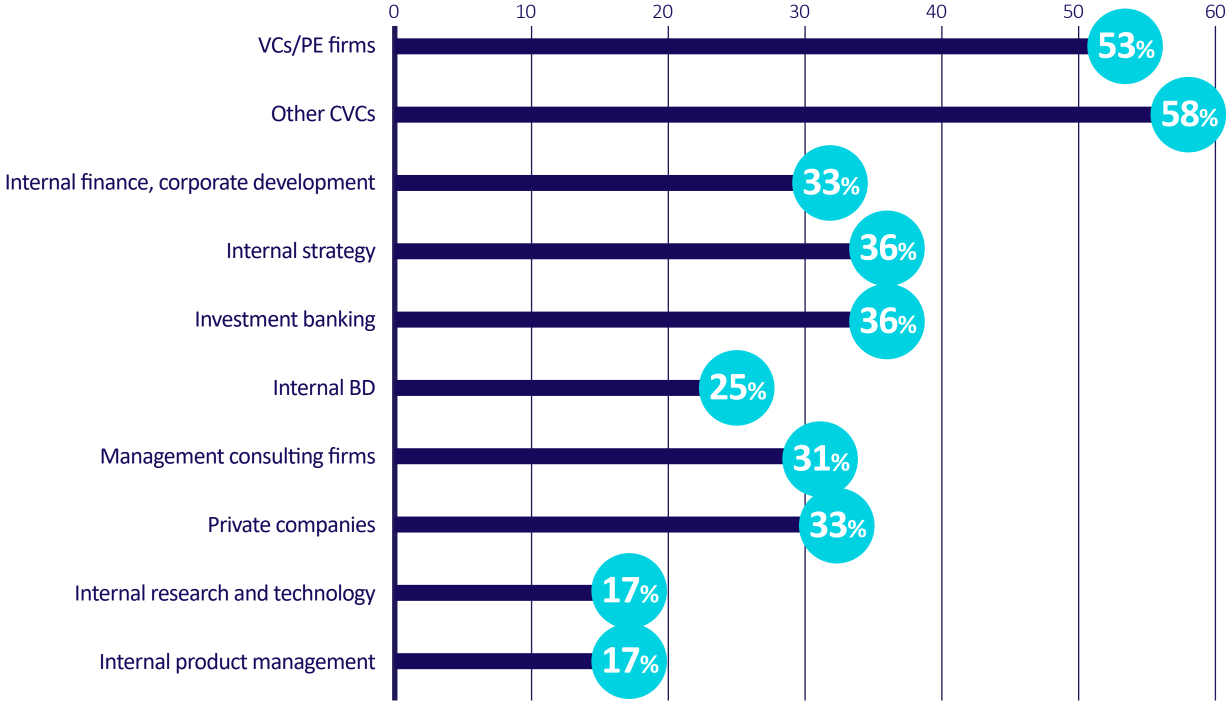


Reflecting the high percentage of Spanish LATAM CVCs that have BU-driven operating models, more than 40% report blended professional teams that combine:

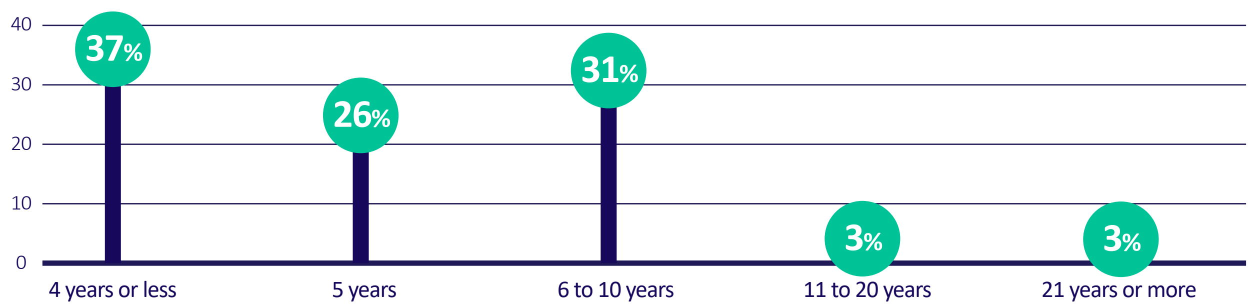
- A strategic investment function with standard VC-like roles often sourced from VCs, PE Firms and other CVCs.
- A CVBD/portfolio development function (platform team) to facilitate parent and ecosystem engagement and often sourced from parent or management consulting.

As programs mature and fund/portfolio size expand, multiple levels of investment professional are often added as well as bigger 'Platform' and in-house operational team functions.

GRAPHIC 49.
CVC Team Member Sources



GRAPHIC 50.
Average Years of CVC Team Experience

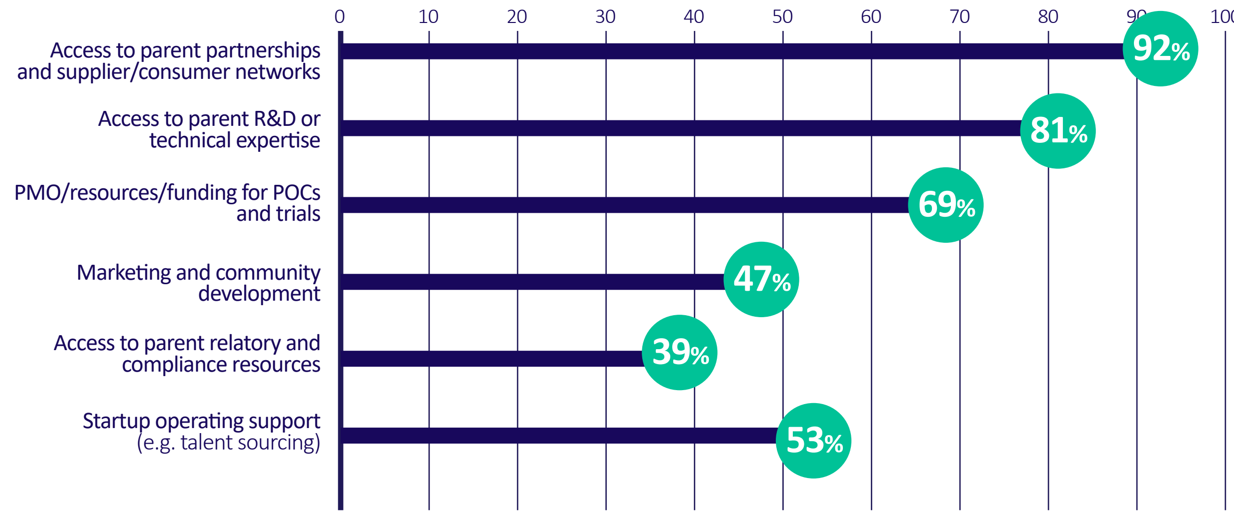


Compensation

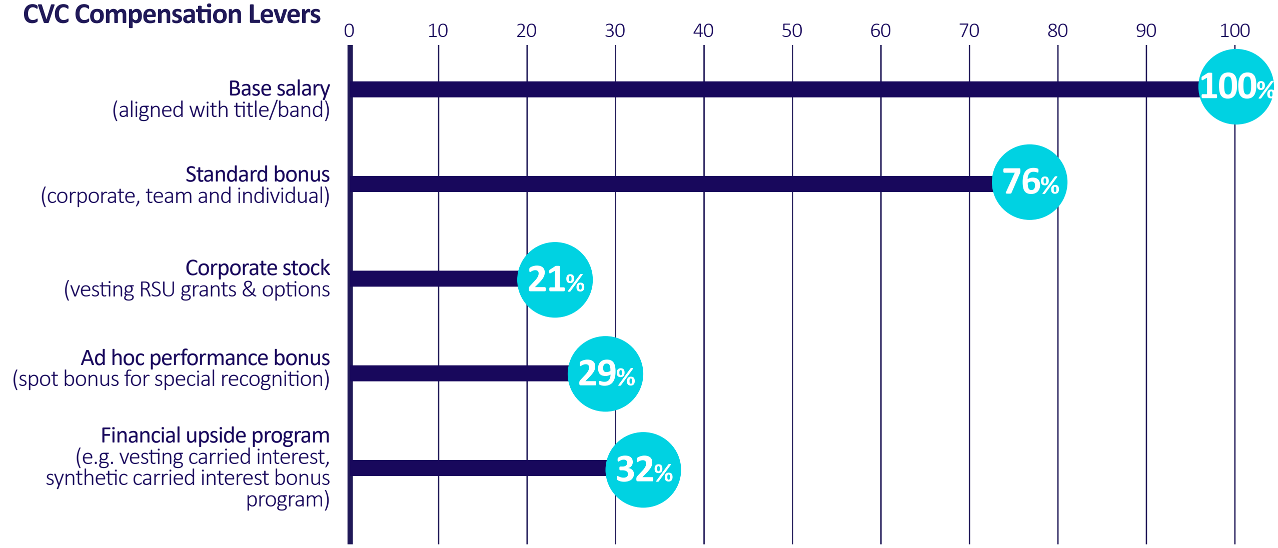
Compensation is the area where the global survey shows the largest divergence among regions, program maturity phases and operating models. While almost all corporate employees receive base salary and standard corporate bonuses, globally 24% of CVCs also have access to ('carry-like') financial upside schemes, with another 25% eligible for ad hoc performance bonuses. At 32%, Spanish LATAM has a relatively high rate of 'carry' penetration across all programs.

- Resiliency (50%) and Expansion phase (45%) programs are more likely to include financial upside elements than Startup units (22%)
- The inclusion of financial upside programs correlates with degree of operating autonomy/financial accountability – carry plans are seen in 40% of thesis-driven/balance sheet programs, 67% of independent affiliates and 75% of GP/LP programs versus just 22% of BU-driven/balance sheet programs.

GRAPHIC 51.
CVBD/Platform Team Capabilities & Resources

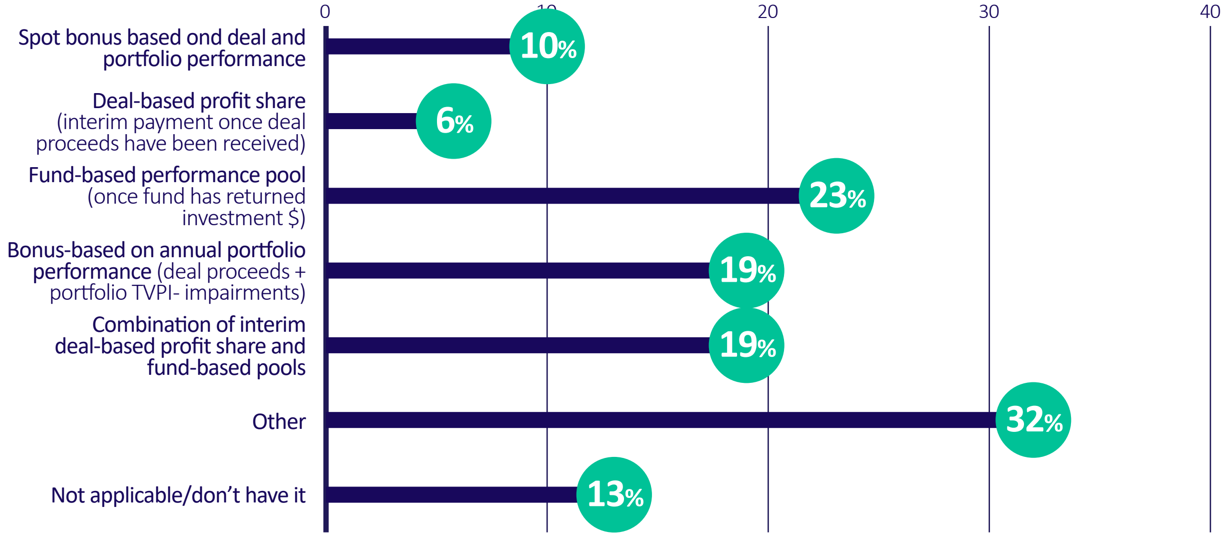


GRAPHIC 52.
CVC Compensation Levers



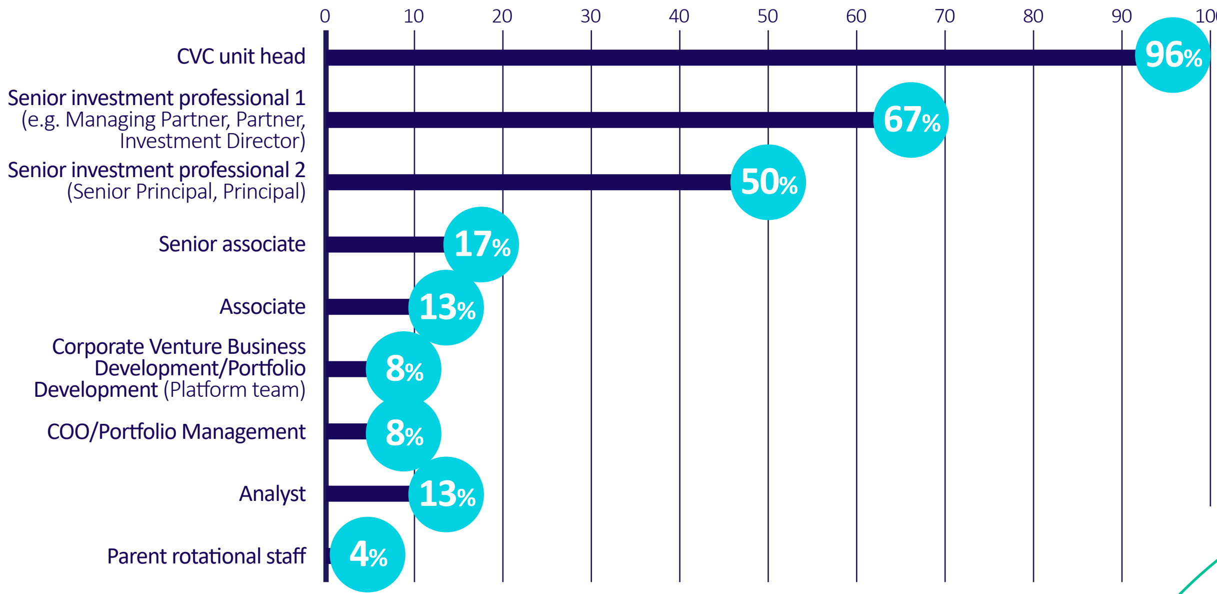
The process for calculating financial upside ("carry") pools and the timing for payment varies widely with one-third reporting that they do not rely on a recognized approach. Around 23% take a fund-based approach with profit sharing once all fund investment capital has been returned. Close to 20% have an annual portfolio performance bonus pool and 19% incorporate a deal-based profit share that enables interim payments ahead of full fund returns. Just 10% rely on a "spot bonus" system for rewarding exits.

GRAPHIC 53.
CVC Financial Upside Calculation Approaches



Eligibility for carry pool participation starts at the Principal level for half of CVCs. Between 13% and 17% include the broader investment team (Senior Associate, Associate, Analyst), while 8% also include operational roles (CVDB/Platform professionals and COO). Most exclude parent rotational staff.

GRAPHIC 54.
CVC Team Roles Participating in Financial Upside Programs



Reflecting the youth and smaller size of the majority of programs, compensation for leaders of Spanish LATAM CVCs falls below many global peers, with the maximum at the 75th percentile globally. And vesting corporate equity plays a smaller role in total remuneration in Spanish LATAM. However, the gap may narrow over time as survey data shows that size and scope of Spanish LATAM CVCs' total rewards packages tend to expand with program maturity.

Looking regionally, the total annual compensation of surveyed Spanish LATAM CVC heads appears to significantly exceed that of peers in GCV's Brazil survey data set.

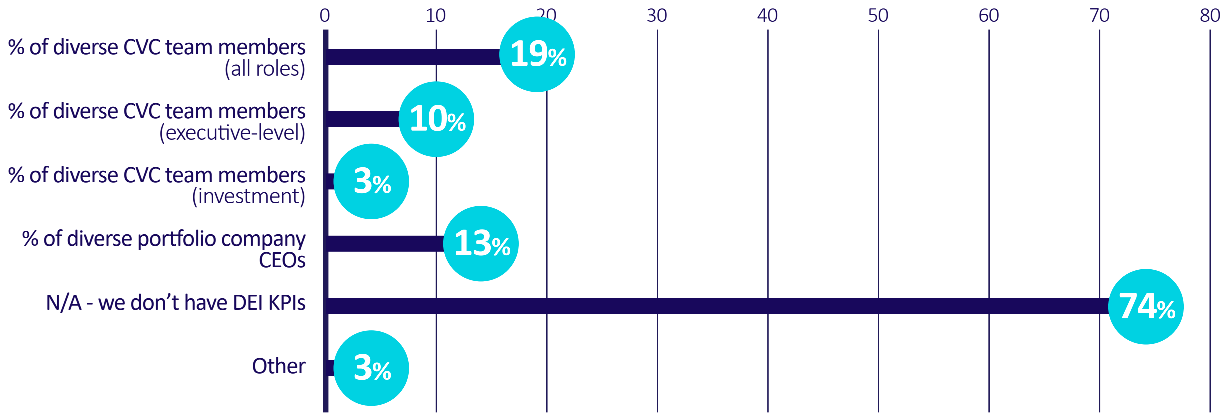
CVC Head Annual Compensation	25th Percentile	Median	75th Percentile	Maximum
Total Cash Compensation	US$100,000	US$160,000	US$220,000	US$500,000
Base Salary (%)	60%	75%	84%	100%
Bonus (%)	20%	25%	37%	70%
Vesting Corporate Equity	US$50,000	US$50,000	US$50,000	US$300,000

Note: No respondents reported receiving a financial upside/carry payment in 2023.

Diversity, Equity & Inclusion

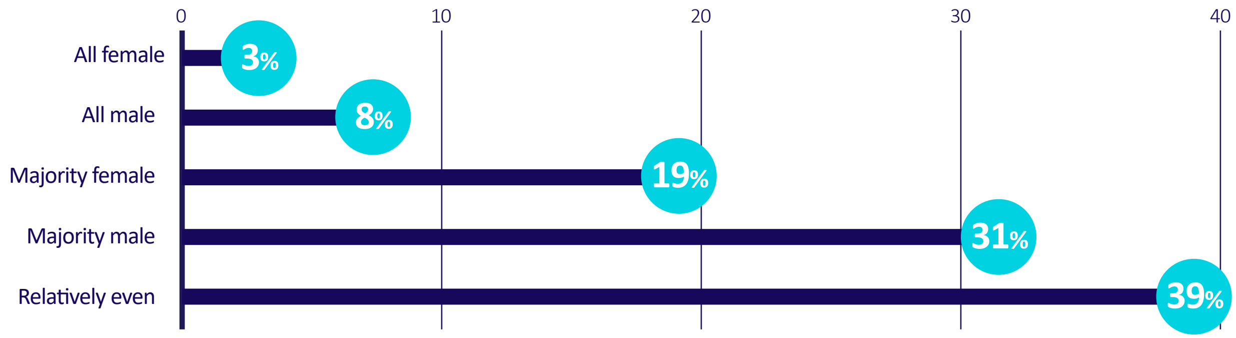
Three quarters of Spanish LATAM CVCs do not include any formal diversity, equity and inclusion (DE&I) KPIs in their strategic scorecards. Around one-fifth explicitly track full CVC team KPIs and 13% look at portfolio CEO targets. One-tenth track CVC executive-level diversity.

GRAPHIC 55.
Diversity, Equity & Inclusion KPI's Tracked

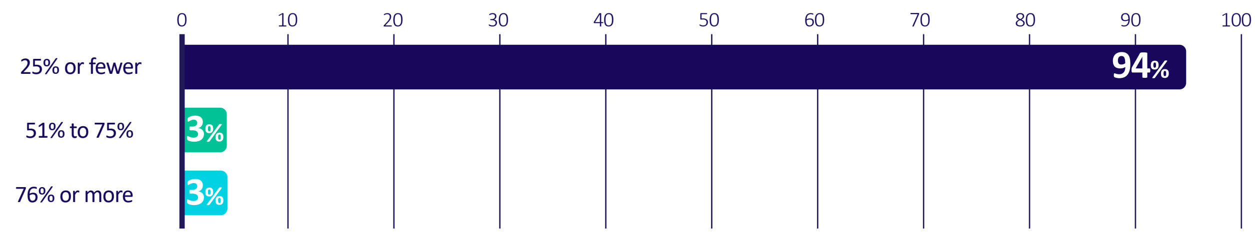


However, Spanish LATAM CVC teams lead global peers on gender diversity with 39% reporting evenly balanced teams and 22% primarily or all females. However, for 94% of CVCs, fewer than a quarter of their teams are racially or ethnically diverse. Portfolio company CEOs are overwhelmingly male with 73% of respondents reporting that less than 25% of their portfolio companies are led by female founders or CEOs. Track records are similar with respect to ethnic and racial diversity. Some 74% of Spanish LATAM CVCs report that at 25% of fewer of their portfolio companies are led by diverse CEOs.

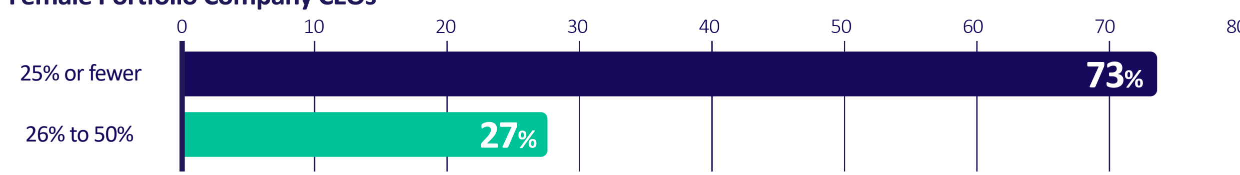
GRAPHIC 56.
CVC Team Gender Balance



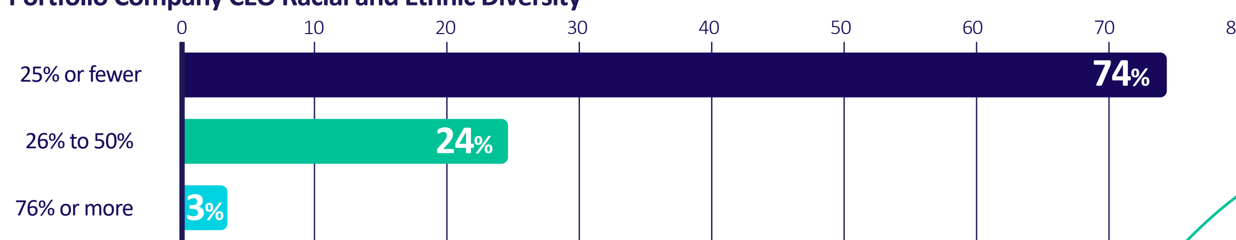
GRAPHIC 57.
CVC Team Racial and Ethnic Diversity



GRAPHIC 58.
Female Portfolio Company CEOs



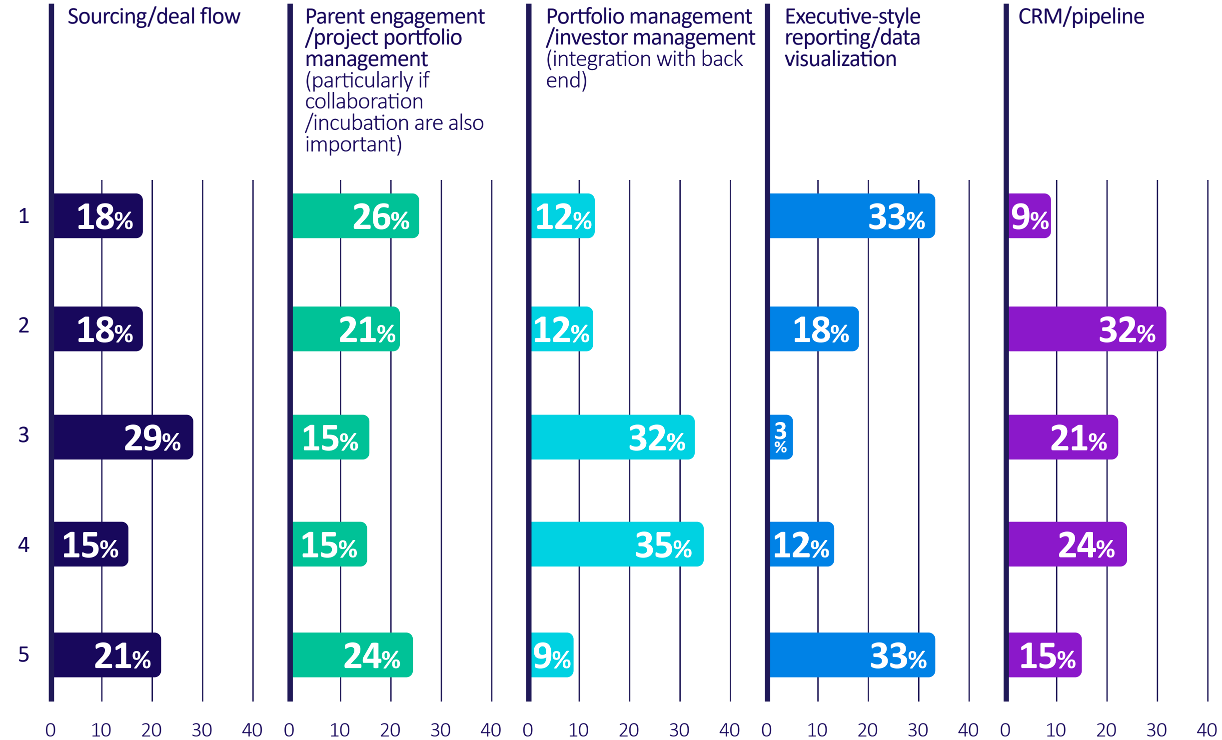
GRAPHIC 59.
Portfolio Company CEO Racial and Ethnic Diversity



CVC Technology Stack

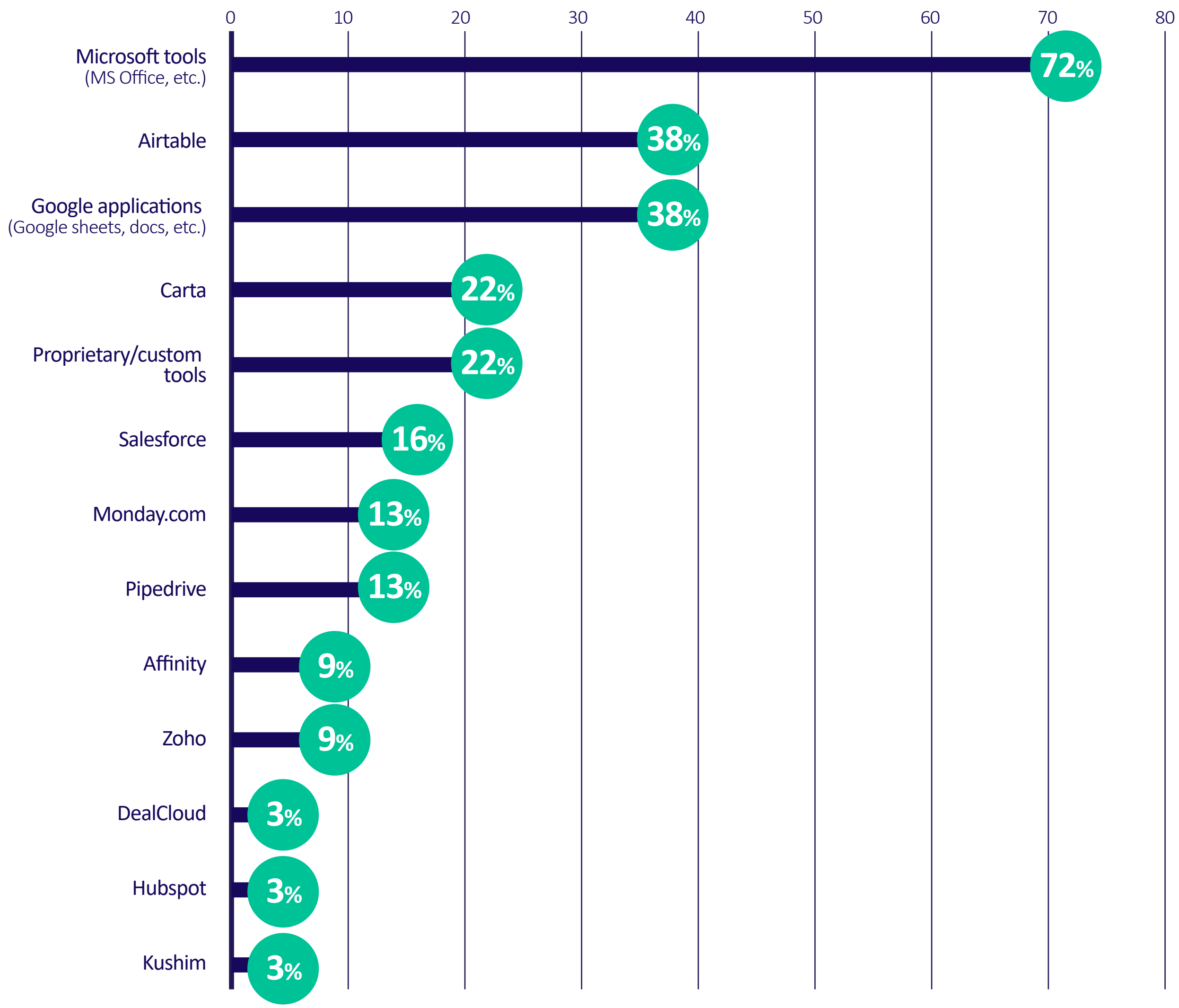
Data visualization/executive-style reporting, while the top priority (rated 1 or 2) for 51% of Spanish LATAM CVCs, is considered not at all important for 33%. Parent engagement/project portfolio management rated second (47%), closely followed by CRM/pipeline solutions (41%). Sourcing/deal flow automation is highly valued by 36%. Fund portfolio management automation is not yet seen as critical to Spanish LATAM programs with smaller portfolios and lower AUM.

GRAPHIC 60.
CVC Functional Automation Priorities



Given the breadth of operating models and activities that fall under the 'corporate venturing' umbrella, it is not surprising that horizontal software such as Microsoft Office (72%), the Google Suite (38%) and collaboration platform Airtable (38%) along with custom/proprietary applications (22%) are among the most frequently used tools. Use of Carta (22%), Salesforce (16%), Monday (13%) and Pipedrive (13%) are also in double digits. Affinity, mentioned by 9%, appears to lack the penetration seen among North America and Europe CVCs.

GRAPHIC 61.
CVC Software Applications Used

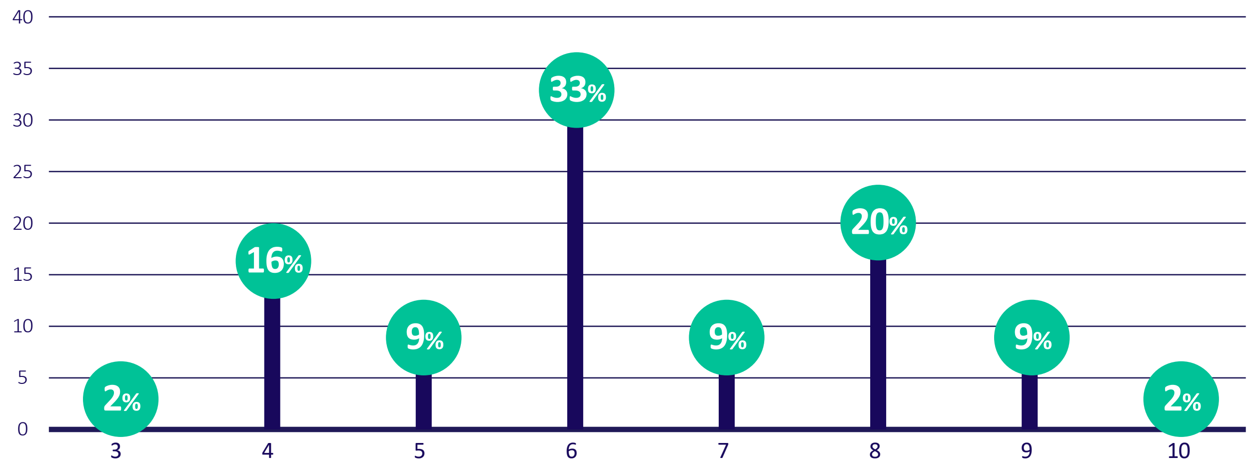


Confidence Index

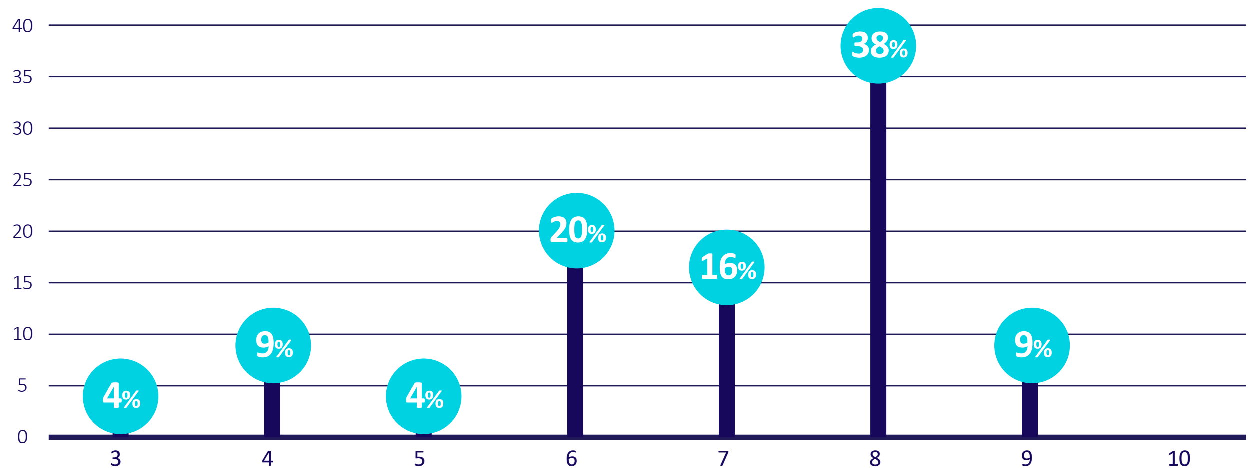
The data indicates a cautious outlook for the year, with 33% of respondents rating conditions a 6 out of 10, reflecting a mix of challenges and opportunities. This moderate response follows a challenging CVC investment environment characterized by slowing investment rates, falling valuations, and a dearth of exits. Additionally, 16% rated conditions a 4, and only 2% gave a 3, showing a sector facing challenges but not entirely pessimistic. The scores highlight varied perspectives among CVCs on current market realities.

In contrast, there is cautious optimism about the prospects for 2024, as 38% rated the future outlook a 7, indicating hopefulness. This positive sentiment is bolstered by significant capital flowing into AI, sustainability, and energy transition themes, with Spanish LATAM CVCs actively participating in over 15% of VC deals globally. Another 20% scored the outlook a 6, reflecting an awareness of ongoing economic uncertainty. This contrast between current and future assessment underscores confidence in emerging trends driving capital in 2024, potentially making it a more promising year despite existing concerns.

GRAPHIC 62.
Current Business Conditions



GRAPHIC 63.
2024 Business Outlook



Conclusions

Venture capital has been an essential component of innovation ecosystems, acting as a protagonist and fundamental support in the expansion they have experienced over the past decades. Its primary role has been to provide the necessary financing for innovative ideas to become successful companies. To achieve this objective, venture capital funds have developed critical capabilities to identify and invest in early-stage startups that demonstrate high potential. This implies taking on significant risks, which must be managed effectively.

The nature of venture capital funds' activity can be described through the "power law" concept, which refers to the distribution of returns in an investment portfolio. In this distribution, a small number of investments generate outsized returns that offset the losses of most others.
Venture capital does not operate like a traditional investor. Not only must it manage higher risks, but it also plays a central role in technological advancement and economic development, laying the foundation for the growth of emerging business sectors. Unlike traditional investors who focus on expanding established, low-risk companies, venture capital invests in disruptive technologies and startups with the potential to reshape their respective industries.

Furthermore, while traditional investors often stay out of managing the companies they invest in, venture capital takes a much more active approach. It contributes to the direction of emerging startups by providing not just financing, but also its expertise and networks. Ultimately, VCs are not afraid of risk, understanding that their approach focuses on tackling challenges that may not yet represent mature markets. As venture capitalist Vinod Khosla notes, this type of investor seeks out difficult or "impossible" problems and bets on startups that may not be understood at the time.

CVC refers to the practice of corporations investing in startups and emerging companies. Unlike traditional VCs, CVCs use corporate resources to strategically invest in startups that align with the corporation's strategic objectives. Unlike traditional VCs, the motivation is not primarily to obtain a direct financial return (through an exit or profit participation), but instead follows a strategic alignment logic, making investments to contribute to the growth of the corporation's current business portfolio or to allow it to enter new markets. Therefore, CVC involvement can be over a longer-term horizon, with even more active participation in the direction of the startup.

CVCs have an origin dating back to the early 20th century but have seen particularly accelerated growth during the current century, proliferating across various productive sectors.[1] Today, most large corporations in North America, Europe, and major Asian economies have some type of CVC fund.

The Venture Mindset is a concept coined by Ilya Strebulaev and Alex Dang [2], which refers to the set of attitudes and behaviors necessary to navigate the turbulent waters of creating and expanding an innovative startup. This attitude incorporates a favorable disposition toward risk, where failure is understood as a natural part of the path to success. The Venture Mindset is also associated with the ability to detect and seize opportunities that no one else recognizes, a great deal of adaptability, and a long-term vision that outweighs the temptation for short-term gain. Likewise, those with this mindset are more likely to invest in building relationships, creating broad support networks; they possess resilience and perseverance to overcome setbacks; and they prioritize innovation, seeking ingenious solutions to present challenges.

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[1] CB Insights (2017). "The History Of CVC: From Exxon And DuPont To Xerox And Microsoft, How Corporates Began Chasing 'The Future'". URL: https://www.cbinsights.com/research/report/corporate-venture-capital-history/

[2] Ilya Strebulaev & Alex Dang (2024). The Venture Mindset: How to Make Smarter Bets and Achieve Extraordinary Growth. ISBN-10: 0593714237

Why is it important to mention this type of mindset? Because it is not only relevant for startups but also manifests in successful VC and CVC investors. This type of mindset is needed more than ever in Latin America, where the gap between the mindset of startups, on one hand, and the investor and corporate community is often even more pronounced than in advanced economies.

Latin America is a region that has shown weak economic growth rates in recent years, with projected growth for 2024 not exceeding 1.6%.[3] This figure is below the average global economy growth projection of 3.2%, and below the average for emerging and developing economies (4.3%).[4] One factor explaining this poor economic performance is the low levels of innovation in the main productive sectors and corporations in the region. The WIPO Global Innovation Index 2023 [5], which presents a ranking of innovation performance of the world's major economies, places the countries of the region in very lagging positions. The best-ranked country in the region (Brazil) is in the 49th position, below many other emerging economies in Asia and Eastern Europe.

The largest corporations in Latin America [6] are situated across various productive sectors, representing a significant part of the regional economy: energy and natural resources; telecommunications; banking and financial services; food and beverages; construction and infrastructure; retail; technology; automotive; health and pharmaceuticals; tourism and airlines. The major regional corporations in these sectors face enormous challenges in their growth rate, being affected by the macroeconomic environment, regulations, environmental challenges, the emergence of new competitors, global competition, changes in consumer preferences, accelerated digital transformation, among other factors.

However, these challenges can also be approached as opportunities for renewal. But this requires these corporations to change their traditional mindset and embrace a new one. This mindset, the Corporate Venturing Mindset, incorporates the attitudes and dispositions common in the VC world and successful CVC funds. It is the Venturing Mindset, but adapted to the reality of corporations, allowing them to envision new futures, manage risk through multiple bets, while intelligently connecting with the demands of their established business units, with challenges simultaneously targeting the resilience of their current business portfolio as well as the construction of new future growth sources. It facilitates managing the inherent tensions of preserving a legacy while ensuring continuous and necessary transformation. It is a mindset that translates the startup world to the corporate one, creating bridges between both.

This mindset is reflected in the activity of the main CVCs in the region. The report thoroughly addresses a variety of key topics related to CVCs. It analyzes their maturity and the different sizes of the funds, as well as the industries in which they participate. It also explores the types of businesses they invest in, particularly in horizons 2 and 3, and discusses the use of other mechanisms such as Venture Clienting, Venture Building, and Technology Scouting. Additionally, it details how investments are made, whether directly from the corporate balance sheet or through other structures, and how decisions are made, including the composition of investment committees. The report also describes on whom the CVC structure depends, the team size, and the compensation schemes. It further addresses co-investment practices, the balance between expected financial and strategic outcomes, how success is measured, and the scope and investment theses of the funds.

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[3] *Grupo Banco Mundial (2024). "Perspectivas económicas | América Latina y el Caribe Abril 2024". URL: https://www.bancomundial.org/es/region/lac/publication/perspectivas-economicas-america-latina-caribe#:~:text=Sin%20embargo%2C%20el%20objetivo%20central,para%202025%20y%202026%2C%20 respectivamente.*
[4] *Fondo Monetario Internacional (2024). "Informes de Perspectivas de la Economía Mundial". URL: https://www.imf.org/es/Publications/WEO/Issues/2024/04/16/world-economic-outlook-april-2024*
[5] *World Intellectual Property Organization (WIPO) (2023). Global Innovation Index 2023: Innovation in the face of uncertainty. Geneva: WIPO. DOI:10.34667/tind.48220*
[6] *A complete list of the top 500 corporations in Latin America for 2023 is available in the annual ranking developed by "América Economía". See URL: https://www.americaeconomia.com/negocios-e-industrias-rankings/estas-son-las-500-mayores-empresas-de-latinoamerica-2023*

These results provide a general overview of CVC activity in the region. This activity has evolved and expanded into new productive sectors, responding to challenges specific to each industry. Due to the scope of this report, many questions remain unanswered:

- Is the size of the company a determining factor for entering CVC?
- What importance does the industry have in a company's decision to establish a CVC?
- How does the geographic location of the company influence its CVC strategy?
- What distinctive characteristics do corporations that create a CVC have versus those that do not?
- What are the main benefits of having a CVC in the business structure?
- Do companies with a CVC and other investment mechanisms have any competitive advantage?
- What are the recommended first steps for a company looking to implement a CVC program?
- How viable is the CVC model compared to alternatives like CVC as a Service (CVCaaS)?
- What competencies or skills are necessary within a company to effectively manage a CVC?
- How can CVC success and impact be measured in the company's overall strategy?

In the future, it may be useful to delve into these questions and observe, using both qualitative and quantitative dimensions, the usual trajectories followed by CVCs, and the factors that may be decisive in their success or failure. These factors, without a doubt, could be influenced by various elements such as the business sector, the geographic location of the company, its culture and leadership, the innovation and startup ecosystem they have access to, among others.

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