



CIONET UK COMMUNITY PROGRAMME 2025

# STARTUP NATION

HOW LARGE ENTERPRISES CAN NURTURE GROWTH

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Discussion Documents

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Even for well-funded B2B startups, scaling often hinges on securing enterprise contracts. A partnership with a FTSE 100 company can be a game-changer, but breaking into the enterprise market, especially through IT, comes with challenges.

Our first Business Community Event of 2025 tackled these hurdles, featuring a panel discussion led by CIONET UK Moderator Craig Walker. Craig and our CIONET members explored key insights, including:

1. Business leaders must accelerate partnerships with innovative startups.
2. Startups should refine their unique value and align with enterprise needs.
3. Enterprises must clearly define objectives using frameworks like design thinking.
4. Governance hurdles can slow startups—leaders should streamline processes.
5. Proof of concept studies are costly; projects must have clear timelines.
6. Playgrounds, labs, and APIs simplify startup integration into enterprise systems.
7. Stakeholder commitment and cultural alignment drive successful innovation.
8. Ecosystem partnerships with incubators and universities support growth.



### 1. How should traditional enterprises collaborate with startups?

Tarun said it's important to understand both sides of the relationship. He's fulfilled board member roles at startups and recognises their challenges. Large corporations must shed their arrogance. The world is changing quickly and traditional firms won't succeed if they ignore the vibrant startup ecosystem.

However, Tarun also said the startup ecosystem is a crowded space. Tech leaders must filter the signal from the noise across all stages, from slideware to demonstrations, proof of concepts, and onto a scaled and integrated deployment. Effective enterprise leaders resolve legal and procurement challenges through partnerships. They use their network and work with trusted colleagues to learn about successes and pitfalls during a journey.

Nicola said one of the big challenges is planning. Enterprises have a grand plan to start quickly but often encounter procurement and data challenges that slow processes down. Those delays impact startups with limited cash flow. Enterprises must be clear about timelines, targets and the value they expect to deliver.

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### 2. How good are startups at talking about their strengths?

Breno said major companies already use software packages from leading providers, so startups must clearly define their unique selling points. Entrepreneurs will take pride in the product their firm has developed, but what is its purpose? Effectively demonstrating products is a significant barrier to entry for startups.

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### 3. Why do some startups struggle to scale up?

Tarun said startups will fail if they commit to scale before having critical mass. His organisation implemented a generative AI (Gen AI) service from an early-stage startup in its insurance and reinsurance operations. The key to success was that senior stakeholders were comfortable with the startup's previous deployments.

Problems occur when startups want a large corporation's logo on their web page. An early announcement can damage a startup's reputation. So, create a human-to-human understanding. Startup CEOs should be open about capability gaps. Honest conversations only happen when you build a relationship where both parties have strong intent.

#### 4. Do startups find it challenging to introduce new technology to enterprises?

Nicola said business leaders often look at an innovation like AI and think: 'How do I get it into my business?' However, many leaders don't understand what they will do with the technology. Her organisation helps executives understand their challenges and how they'll solve the problems with technology. The key to success is understanding the desired end game and ensuring the technology will be a useful addition.

Breno agreed that it's crucial to know what you need. He used the analogy of going to a supermarket when you're hungry and buying things you don't need. Define your goal and find a startup to help you.

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#### 5. How can enterprises overcome the integration bottleneck?

Breno said companies don't necessarily have environments and APIs ready for startups. He referred to his time with British American Tobacco. The company created a startup playground as a test environment with a subset of the most relevant enterprise systems it could expose externally for quick proof of concepts.

Procurement is another critical area. All the steps of a standard procurement process in a major enterprise are likely to kill the business case and could cause the startup to quit. Work to create an agile procurement process where startups can skip the red tape and work to pre-agreed investment thresholds.

Nicola encouraged executives to bring the IT department on the journey. Show people the APIs and data required during the proof-of-concept stage. The IT team will feel more comfortable because they've been brought on the full journey rather than being introduced at the end of the implementation stage.

Tarun said successful startups do the groundwork and say 'no' to some clients. For example, if the organisation doesn't have an enterprise API platform, does a startup want to spend time and money on proof of concepts? Startups also need to know the stakeholder map and the decision-makers in an organisation. Finally, while the startup might pitch to the right decision-maker, they might be too busy to act. These executives must embrace the legal and procurement details to overcome the integration challenges.

## 6. Is collaboration the best way to de-risk innovation?

Nicola referred to her work with HS2 and said the organisation has an accelerator programme. The company shares its problems and asks startups to pitch for solutions. This targeted approach means fewer procurement processes and faster onboarding.

Breno said collaboration is one of the DNA ingredients for entrepreneurship. He gave the example of graduates from Ivy League universities working together in Silicon Valley. The people in competing companies know and speak to each other. He also referred to the collaborative culture in Israel's startup community fostered through shared risk-taking experiences in military service.

Tarun said the broader ecosystem is critical to collaborative success. As well as enterprises and startups, people in accelerators play an important role and help to filter great ideas. However, the number of accelerators has mushroomed in the last few years, making it harder for enterprises to see the wood for the trees.

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## 7. How can enterprises take more risks?

Breno said he worked for an organisation that agreed to set aside a percentage of its budget annually for projects without a business case. They created a simple hypothesis with anticipated KPIs. As the investment threshold was pre-approved, they didn't have to go to the CFO or CEO for funding, accelerating the development process.



## 8. What attributes would you require from a startup before you work with them?

Tarun said the first key characteristic is an understanding of pain points. It's no good pitching generalised solutions from other industries. Pitch something specific that solves problems in his sector and business. Second, recognise the difference between incremental and transformational innovation, such as ideas that will fundamentally change the business model and way of working. Third, be aware of the funding conditions. All parties should know that investment will stop if targets aren't met.

Nicola said it's important that business leaders understand the costs for startups. Proof of concept studies are expensive to run. She said it's unreasonable to ask a startup to do something for free for four months in the hope they'll develop a viable long-term project. She also said the right people must be in the room. A proof concept won't work if you don't have the right people working together.

Breno said every business will ask startups about their enterprise security. He said it's amazing that many startups aren't prepared for this question. However, they must be prepared because it saves so much time.

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## 9. How can we cut the procurement requirements?

Don't focus procurement processes on transactional elements. Breno said it's important to place a truly knowledgeable IT professional in procurement who can help your organisation generate the most value from an RFP.



## 10. How can enterprises make the most from startups?

Breno raised the important issue of culture. He advised business leaders to give startups a chance to prove their capability. First, define the boundaries for success. Then allow them to operate without red tape and show their value without climbing legal hurdles.

Many organisations spin up a separate entity. While this approach might lead to early success, Tarun said it creates two internal cultures. The long-term impact is that the incubated entity becomes isolated, and the rest of the business resents its freedom.

He encouraged business leaders to take a different approach and create a lab with hot-house methodologies. Develop a team of cross-functional engineers and architects. Take a use case and use hot-house methodologies to develop prototypes in days rather than months. As the approach matures, people around the business will hear about your successes.

Craig encouraged enterprises to trust their CIOs. He referred to research that suggests as few as 1% of CIOs have ever worked in IT. Too many top executives only associate innovation with products rather than technology. We need more people in IT to reach the top and help educate the business about the transformative potential of technology.

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## 11. How can digital leaders change the culture to make innovation successful?

Breno said culture change happens when it comes from the top. However, CIOs can play a part by eating the elephant piece by piece. Find people in an area or region who believe in change. He gave an example from British American Tobacco (BAT) where he worked with the GM in Italy to sponsor a tour of startups in Israel. Make a noise about your success and help the organisation recognise it has to move or risk being left behind.

Tarun also gave an example of his company's introduction of generative AI. One of his senior managers encouraged the startup's senior executive to participate in daily standups. However, this approach meant the startup's executive spent too much time on calls. Instead, they decided the executive would only be called when required. This approach worked well. Tarun said the lesson is that you must live and breathe cultural change for it to happen.

Nicola also advised taking people on a journey. The best stakeholders she's worked with are people who care about the problems they're trying to solve. People who become ingrained in the problem build trust in working relationships.

## 12. How are AI regulations affecting organisations, particularly in the public sector?

Organisations must stick to standards and regulations. Nicola said many business leaders are scared about AI, particularly data management. ISO standards and audits for AI also take a lot of time and money. She said it's important for business leaders to recognise that focusing on standards during procurement processes costs startups money.

Tarun said regulators play a key role because AI opens new risks, such as explainability and bias. However, generative AI also supports big productivity increases and reduces the time allocated to time-sapping administrative and operational processes. The key to success is collaboration and being part of the cross-industry ecosystem to identify solutions.

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## 13. Are startups focusing on business problems or technological innovations?

Nicola said startups do focus on business problems. Her company started by dealing with challenges in the construction sector. They subsequently expanded into other sectors. She said companies work with her organisation because they spend time understanding their data, challenges and questions.

Breno returned to his earlier analogy: if you go hungry to the supermarket, you buy things you don't need. He said design thinking is important as it makes implementation easier. Design thinking means you run ideations and figure out the problem you're trying to solve before going to the market.

Tarun used the analogy of painkillers and vitamins. People use painkillers when they want a medicine to cure pain, and they take vitamins because they expect to receive benefits in the longer term. Startups must ensure they don't market vitamins as painkillers, as their product pitch will be confusing.



#### 14. What are some examples of startups working successfully in enterprises?

Breno referred to the BAT example when he worked with the general manager in Italy to tap innovation in Israel. He said they used design thinking, selected a business problem and met 50 startups in three days. A mix of IT and business stakeholders assessed the startups and worked with a company that met their requirements.

Nicola gave the example of her organisation's work with Heathrow Airport on its health and safety data. They worked with executives to draw insights from data to help reduce safety risks and create a better airport.

Finally, Tarun mentioned an example from his time at Prudential. The insurance company had unclaimed funds because tracing next of kin was difficult. His team worked with a big data startup to ingest 500 million mainframe records and married these with modern databases, such as death registries and post office records. They located 3.2 million addresses and contact numbers for next of kin. This successful project benefited family members and Prudential because maintaining policies costs time and money.

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#### 15. Should startups target smaller and medium-sized firms rather than enterprises?

Probably not, said Nicola. Her organisation helps bigger businesses exploit unstructured data. Startups are looking for 12-month contracts from high-paying enterprises. They don't want to be distracted by pitching for small-value contracts outside their comfort zone. An effective growth strategy involves landing a big client and building on that foundation. Breno said startups also benefit from the marketing of being associated with big-name brands.

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#### 16. What are easy wins from AI and should these projects be developed in-house?

Nicola said many in-house AI initiatives fail to progress, probably due to a lack of internal sponsorship. One obvious quick win is using Gen AI to summarise documents and reports in plain English. Another potential quick win is using AI to complete due diligence on legal documents by checking the details of a contract.

Tarun said his organisation has an employee handbook for each country. The company used Gen AI to summarise the rules and policies for each country in minutes, a task that would have previously taken three people a week to complete. The right prompts generate the right response with a high degree of accuracy. The key to AI success is finding the right mechanism to experiment and exploit value in mature areas.

### 17. How do you know when an AI pilot has run its course?

Nicola said startups must know when to cut their losses as they could go bankrupt. Startups must develop an honest relationship with their enterprise clients. Don't be afraid to ask difficult questions as project delays could jeopardise their business.

From the enterprise side, Breno said business leaders should create a hypothesis and focus on key performance indicators they can manage. You shouldn't be afraid to pull the plug if the targets aren't met.

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### 18. How can digital leaders encourage their internal teams to think more like startups?

Tarun explained how he created an OpEx-funded digital lab. The funds power experimental projects that can be killed if they don't work. He said the business case is crucial for these experiments. Your team will be excited if you give them a big problem to solve. Micromanaging that team will not work. Create a culture that allows people to see how their proposed solutions will impact the business environment.

Breno encouraged leaders to take responsibility for entrepreneurship. Find an area, domain or geography and do good things consistently. Show the results of the work and reward people who dare to innovate. Hopefully, this can-do culture will contaminate the whole organisation.

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### 19. How can we use partnerships to bring startup innovations to life?

Tarun said we don't need digital strategies for business. What we need is a refresh of business strategy for the digital world. He gave the example of a project at BP in which people from a startup sat next to his staff and analysed their working processes for a week. The startup explained how they could use their technology to transform business processes. Successful transformational innovations in large corporations blur the lines between business and IT.

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### 20. How do you transition to innovation smoothly in a big enterprise?

Remember that you don't have to build everything. Breno said the point is not to replace people working in large development organisations but to think about using startup innovations to boost professional performance.

### 21. How does a startup prove its security credentials?

Nicola said her organisation has to complete cybersecurity certifications and penetration tests. These certifications and audits account for a big chunk of a startup's budget and there is no way of short-cutting these requirements if you want to work with enterprises.

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### 22. How can we cut the bureaucracy and help startups to accelerate the innovation process?

Tarun said there is no right or wrong answer. Organisations have different strategies but there should be clear conditions for scaling or investing in a startup. Breno said it's important to ensure that innovation processes are democratised across the organisation. Avoid creating a situation where only the innovation team generates new ideas.



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Mark is a business writer and editor, with extensive experience of the way technology is used and adopted by CIOs. His experience has been gained through senior editorships, investigative journalism and postgraduate research. Editorial clients include the Guardian, The Times, the Sunday Times and the Economist Intelligence Unit. Mark has written content for a range of IT companies and marketing agencies. He has a PhD from the University of Sheffield, and master's and undergraduate degrees in geography from the University of Birmingham.

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## About CIONET

CIONET is the leading community of more than 10,000 digital leaders in 20+ countries across Europe, Asia, and the Americas. Through this global presence CIONET orchestrates peer-to-peer interactions focused on the most important business and technology issues of the day. CIONET members join over a thousand international and regional live and virtual events annually, ranging from roundtables, programs for peer-to-peer exchange of expertise, community networking events, to large international gatherings. Its members testify that CIONET is an impartial and value adding platform that helps them use the wisdom of the (IT) crowd, to acquire expertise, advance their professional development, analyse and solve IT issues, and accelerate beneficial outcomes within their organisation.

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