



peer insight



The Science of the Spin-In

Quick Intro to PI+PX

We **design, test and build** new experiences and businesses through **rigorous in-market experimentation**, increasing the odds of **corporate innovation success**.



Clay Maxwell,
Managing Partner



Josh Clayton,
Partner & COO



Participant Poll Question

Q: If you're in a corporation, how successfully has your org spun-in innovation initiatives?

☐ Brilliantly - we're PROS at spin-ins

☐ We've done it well, sometimes...

☐ Oof... never

A Tale of Two Opportunities



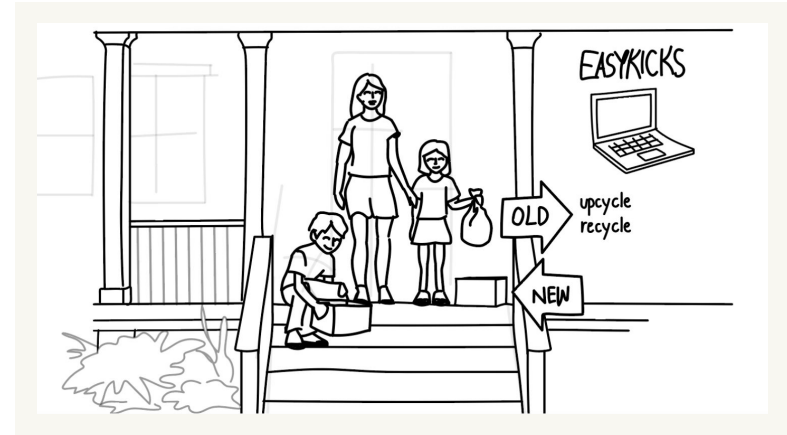
“AR/VR Game Time”

Experience the game with your friends
in a virtual stadium.



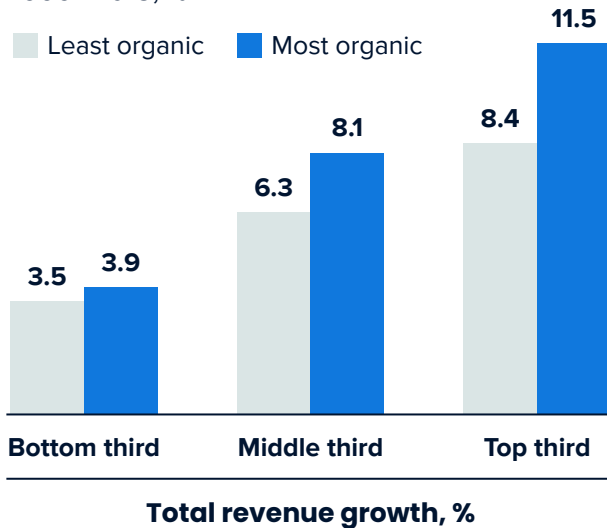
“Easykicks”

Subscribe to shoes online, delivered to your
house, then ship the old ones back for recycling.



Spin-Ins = Higher Returns

Annualized excess shareholder
returns relative to the S&P 500¹
1999–2013, %



At comparable total growth levels, **companies with more organic growth outperform** those with more growth from acquisitions.

Leveraging Your Unfair Advantages



Nike Unfair Advantages

“Easykicks”

*Cyclical shoe subscription
for Young Athletes*

Brand



Intellectual property



R&D, advanced tech



Product design + portfolio



Sourcing/Manufacturing



Distribution/Logistics



Sports Marketing



Digital engagement



Recycling / Reuse tech



Direct-to-consumer,
subscription

6 Exit Options for organic growth



Participant Poll Question

Q: Does your organization focus more on spin-outs or spin-ins?

☐ More Spin-Outs (NewCos)

☐ An even mix

☐ More Spin-Ins (see types at left)

☐ I wish... we don't do either one!

Spin-In Options:

- Partnership, large to small
- Join an existing P&L
- Operate as new P&L / subsidiary



Use Milestones & Tripwires like a VC

VCS use **milestones** and **tripwires** to ensure their investments are on track



Set in advance, shared openly, managed actively



Guide all validation experiments



Help investors assess whether it merits additional funding

Milestone

A significant point in development

– On the path to what we're trying to achieve

Example: Nike Easykicks milestones

- ✓ First paying and referring customer
- ✓ Referral rate of 1:2
- ✓ 1,000 paying customers

Tripwire

A dire warning that a problem must be addressed

– Negative conditions to be avoided

Example: Nike Easykicks milestones

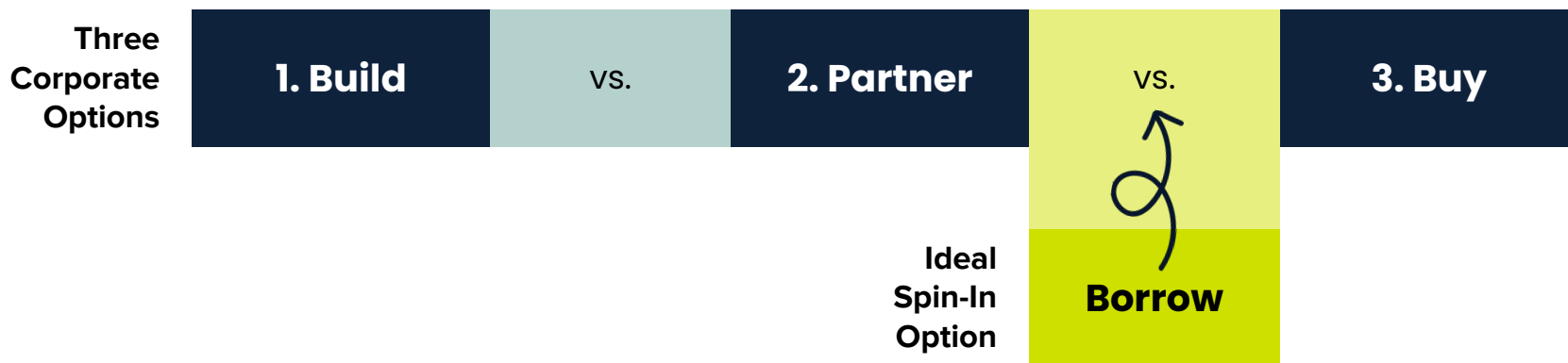
- ⚠ Selection preferences balloon
- ⚠ Over-usage, high frequency of returns

Participant Poll Question

Q: How well do you monitor the success, or lack thereof, of an active innovation initiative?

- ☐ Top notch! Only ever the right metrics at the right time
- ☐ So-so, a bit haphazardly...
- ☐ Not well at all! It's metric whack-a-mole

Strategic Plug-In Partnering



- Align a temporary “plug-in” partner
- Enables focus on near-term learning
- Doesn’t narrow Exit options
- Leave yourself an out

The Science of the Spin-In

Corporate Partner

- Unfair Advantages
- Opportunities

PX Venture Studio

- Team
- Playbook
- Track Record

Our Venture Process

- Purple Oceans
- Milestones & Tripwires
- Affordable In-Market Experiments
- Plug-In Partners



Spin In

Return to an existing or new business unit



Spin Out

New legal entity



Spin Down

Low traction



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PX Venture
Studio

THANK YOU!

www.peerinsight.com/spin-in