

Startups benefit from Korea's open innovation boom

As the number of successful Korean startups increases, large companies that are interested in collaborating with them is increasing. In the past, the focus was on simple support, but now the atmosphere seems to have definitely changed as we can see in active collaboration.

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Until now, they have supported office space and initial investment after recruiting startups to help startups launch and advance their services, but now focus on actual collaboration by each subsidiary specialise in their support, by partnering with the startups that are aligned with their business.

Other examples of direct collaboration can be seen in cases of big companies disclosing tasks they want collaboration in and startups can offer solutions or business models for them. The government's Big Star Solver program, which was launched last year, shares the same context. It is a government-led win-win program that has big companies that give problems to solve as assignments and startups solve them, which links up to 2.5 billion won worth of investment. In the first year, LG Display, Naver, and Baemin participated in this project, and based on last year's performance, the government plans to further increase the size of the project this year.

There has been increase in strategic investment as well. Hyundai Marine & Fire Insurance announced that it will make strategic investments in Insure-tech company Bomap and start joint business development.

Shinsegae launched a CVC last year and created a KRW 20 billion fund, while Lotte supports startups through providing connections and investments between Lotte affiliates and startups through their operation of Lotte Accelerator. Naver discovers early-stage tech companies through D2 Startup Factory and connects them with Naver, while making strategic investments in companies such as Balan and Brandy that are needed for expanding Naver's territory.



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South Korea's six largest financial groups have been supporting startups early on since 2015 with the aim of discovering fintech firms. In the retail industry, Lotte, GS Home Shopping, Hite Jinro, Shinsegae, AmorePacific, and CJ are focusing on fostering startups. As vertical startups such as Market Curly and Musinsa started leading the market, the existing retail industry, which felt a sense of crisis, is looking for ways to preemptively discover, invest, and create synergy with their existing businesses.

Recently, the interest of leading conglomerates has expanded to ESG. As

ESG is added to the existing startup support sector to carry out government grants focused on topics related to sustainability, such as energy and environment, opportunities are also opening up for relevant startups that did not receive much attention before.

Some critics say cooperation between startups and conglomerates cannot be seen as co-prosperity just because startups provide solutions that larger companies cannot. However, it is a good option for startups as it has the advantage of being able to expand their business in Korea or overseas through the abundant resources and network that large companies have, as well as financial support.

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