



**We invest in the potential of energy.**

**nationalgrid**  
partners

# Exactly like no one else.

Who are we & what do we stand for?

Why the need for NGP?

How we operate

Our pipeline

Investment strategy

Innovation strategy

Why NGP matters?

## Interact

When you see these icons, you can interact with an element on the page.



## Navigate

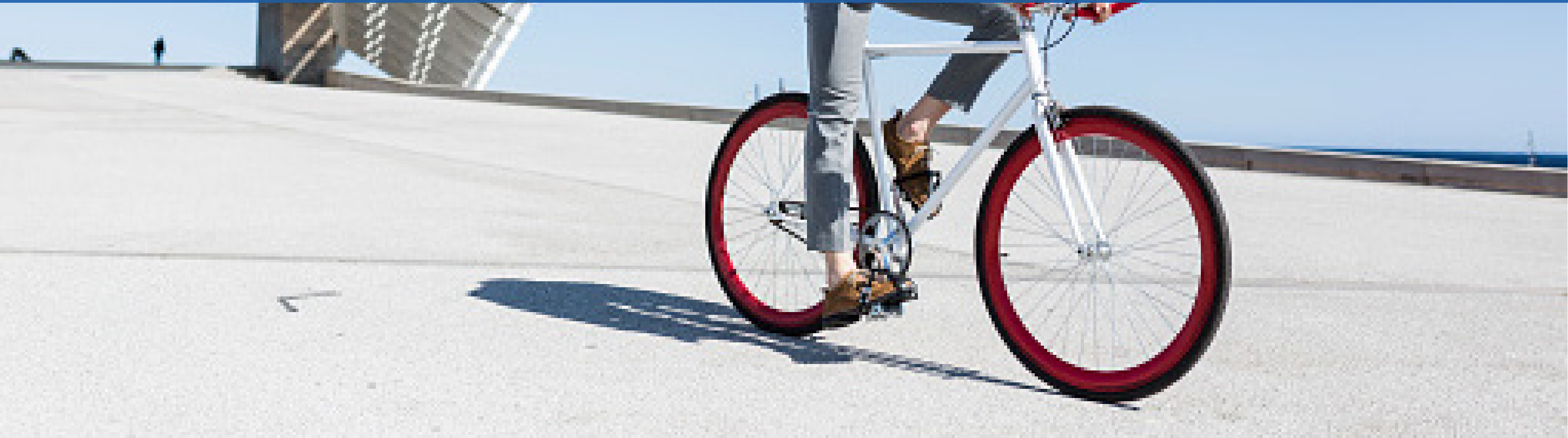
Navigate the document by using the buttons at the foot of the screen.

# Who are we & what do we stand for?

**National Grid Partners (NGP) is the investment and innovation group for National Grid.**

NGP invests in entrepreneurs with a provocative vision to define a smarter and more renewable energy future. It was created to help National Grid disrupt itself; and lead company-wide innovation efforts beyond the edge of possible, to inspire and propel the IT & energy systems of tomorrow.

We work across the organization to support the regulated and non-regulated businesses and the Chief Information and Digitization Officer's (CIDO) office. This new identity replaces our former name of Group Technology and Innovation (GTI), and will help us to explain what we do more clearly to stakeholders.





WHY DO WE EXIST?

## Our Purpose

Bring Energy to Life

WHERE ARE WE GOING?

## Our Vision

We will exceed expectations of our customers, shareholders, and communities today and make possible the energy systems of tomorrow.

WHAT DO WE STAND FOR?

## Our Values

Every day we: Do the right thing and Find a better way



# Missions launched daily.

**Our core mission is to support National Grid's strategic objectives by making and managing financially attractive investments, and leading company-wide innovation efforts.**

Although making investments in complementary and disruptive businesses within our corporate venture capital (CVC) function is part of our charter, we also have a broader purpose:

- Harness and drive sustaining innovation at every level of National Grid. To help us challenge the status quo, to drive a cultural change and become better inventors of new technologies, so that we can grow our businesses profitably
- Accelerate and expand our incubation efforts and to monetize those projects for the long-term benefit of the company. That means commercializing and implementing our innovations to deliver financial returns
- Seek new strategic partnerships, joint ventures and commercial agreements with companies that will help National Grid provide better products and services to its customers

We're here to make sure that National Grid can thrive in the future by making the right choices today on where we invest and how we innovate.

We'll be working closely with employees across National Grid so that we all contribute to our innovation goals.

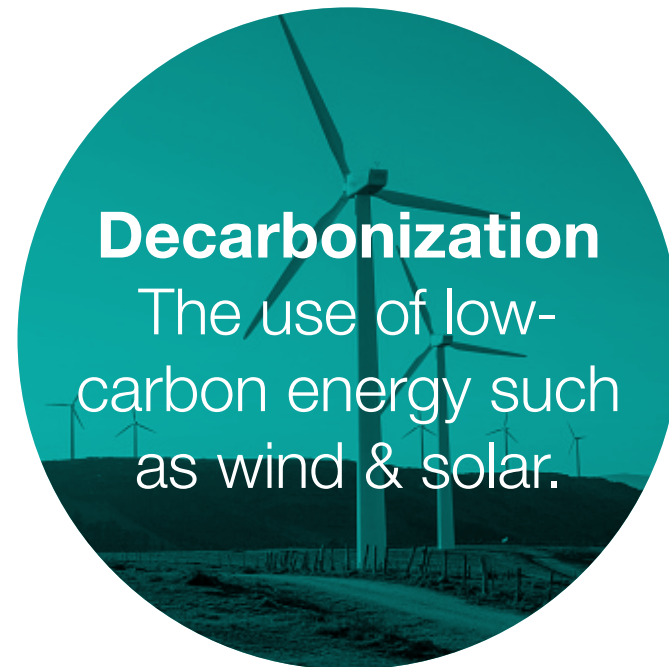
*“Our base in Silicon Valley allows us to monitor the latest trends and seek out strategic partners on the leading edge of technology.”*

WHAT DO WE NEED TO DO?

## Our Strategic Priorities

# Why the need for NGP?

The energy sector is changing rapidly. Three global trends are driving this change:



## **It takes energy to change the world.**

There are exciting opportunities ahead but also threats that we must act upon. We're witnessing the emergence of new technology companies that are changing the way we develop and deliver energy services to customers.

The energy value chain used to be dominated by a small number of large companies. The new world is packed with smaller, more nimble businesses that adapt very quickly to a changing market. Many of these companies are already in the market and others will follow.



# It takes energy to change the world.

In the last eight years, approximately 260 private companies have reached a valuation of over \$1 billion dollars. They are commonly referred to as unicorns. 🔍

There are many examples of new companies in our portfolio that are changing the way we think and operate:



 AutoGrid



 climacell



 OMNIDIAN®



 SITETRACKER



 leap.

# Disrupt ourselves before we are disrupted.

This change poses a direct and real threat to National Grid. New competitors have the potential to capture much of the value as consumers change their behavior, and the industry shifts the way energy is produced, distributed, stored and consumed. It's not a question of if the energy sector will be disrupted but who will do it.

*There are many examples from other industries that show how companies can be left behind as the market changes:*

Think about the video chain Blockbuster and how the emergence of streamed content wiped out its business model. Consider the way that Uber has invaded traditional taxi services. And Airbnb's emergence as a threat to the hotel industry?

These are three recent examples in the media, transport, and hospitality sectors, but disruption has taken place in many industries. In the 1990s, the telecommunications sector missed the mobile revolution, failing to capture new value pools generated by Apple and

Google. The financial services sector also didn't consider companies like PayPal, Square and Shopify as a threat.

These three companies alone produced \$115bn in market capitalization while the incumbents stood on the sidelines without a response. And, all these sectors are heavily regulated, so that is no longer a defense from emerging technologies.

So, how should we respond? The answer is to disrupt ourselves before we are disrupted.

To do that we proactively focus on Modernizing the Grid, Flexible Generation, Distributed Energy Resources, Digital Transformation to increase productivity and evolve our business models towards a customer-centric model.

## ***Innovation investment in context***

*Utilities typically spend 0.9% of their revenue on innovation. By comparison, industries such as Healthcare at 11.3% and High Technology at 14.9% spend far more on innovation and futureproofing their businesses.*



A blue-tinted photograph of an airplane cockpit, showing the instrument panel, control yoke, and seats. A white timeline is overlaid on the image, starting from the left and extending towards the right. The timeline has two vertical dotted lines with the years '2008' and '2018' next to them. A diagonal line crosses the timeline from the bottom left towards the top right.

2008

2018

*“It is critical that we future proof our business. That means becoming a disruptor in our own right.”*

JOHN PETTIGREW, CHIEF EXECUTIVE, NATIONAL GRID

# Connecting ideas to energy.

**How we operate:** NGP has four functional business units and a fifth group known as the Venture Fellowship (VF) which aims to develop high-potential employees within National Grid in the core functions.



**Innovation**



**Incubation**



**Corporate Venture Capital**



**Business Development (BD)**



**Venture Fellowship**

# Innovation

Ideas come from all sorts of places, including our own work internally or from partnerships with universities, R&D labs and incubators.

# Incubation

We will invest in companies that are at the prototype stage of development in the start-up lifecycle. Companies with minimally viable products (MVPs), need seed capital to launch their venture and investors that can help them enhance their products and secure customers.

# Corporate Venture Capital

Our CVC will target organizations that are at the expansion and growth stage in the start-up lifecycle.

# Business Development

Our Business Development (BD) function performs a critical role, supporting both the investment and innovation teams. Its goal is to create and unlock value while speeding up business growth. To achieve this, BD helps start-ups, internal business units and the wider external stakeholders to work more closely together.

# Venture Fellowship

The Venture Fellowship is an apprenticeship program for high-potential employees. It teaches the skills of venture investing and innovation by providing one-year rotational assignments within each functional area of NGP.

# Our pipeline



A smiling man with a beard, wearing a blue button-down shirt, is sitting at a desk in a modern office. He has his arms crossed and is looking towards the camera. The office has large windows, wooden beams, and other people working in the background.

# Investment strategy



**Investment Strategy**

Our investments will focus on areas of strategic importance to National Grid and will be closely linked to our business units. We will invest in areas that will make an impact on the organization today, as well as more forward-looking ideas that will make us prepared for the world of tomorrow.

Immersing ourselves in start-up operations brings many benefits. We will learn from their experiences, implement their technology and solutions, and build partnerships with these portfolio companies. All of this will feed back into National Grid.

We'll also tap into new talent and relationships as we build an entrepreneur and venture capital network.

**Our investment focus is as follows:**



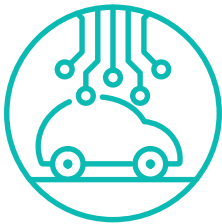
**Energy**



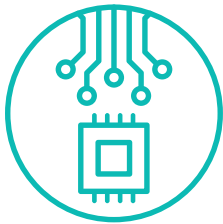
**Homes & cities**



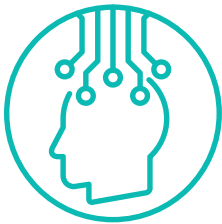
**Intelligent operations**



**Smart mobility**



**Smart assets**



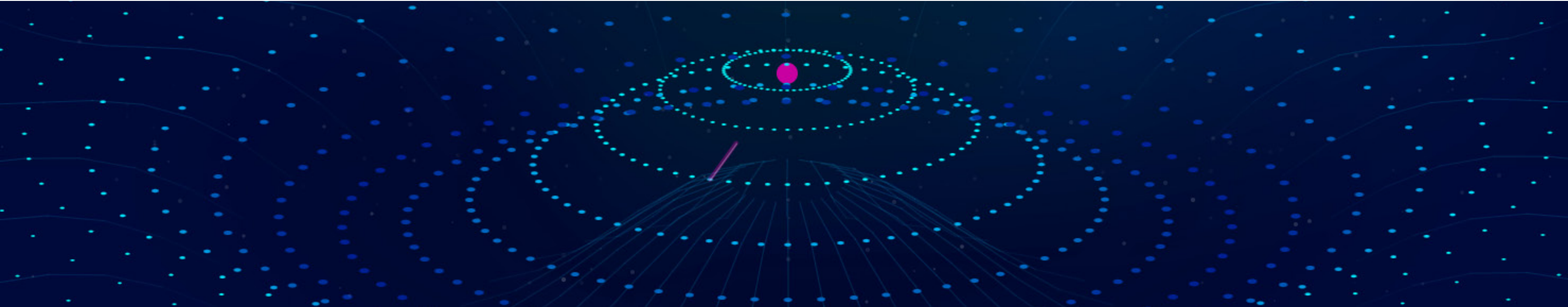
**Smart enterprise**

**‘Seed’ and early ‘Series A’ stage deals**

From idea formation to a company with an established product/market fit. Early-stage investing is often performed by angel investors and early-stage venture capital firms. Seed investment helps start-ups develop products and connect to customers.

**Expansion and growth stage deals**

We will target organizations that are at the expansion and growth stage. Each stage represents a round of funding by institutional investors. These investors will help the companies with customer acquisition, international expansion, and strategic partnerships.



# Innovation strategy

What do we mean by innovation? One simple way of thinking about innovation is **‘converting new ideas into commercial solutions that change things for the better’**.

To be successful we must shift our culture and think about innovation in a different way. We can’t simply maintain the status quo.

So that we can future proof National Grid we must find new ways to innovate. Innovation needs to be fast, focused and structured to transform our business at a time when change is happening at an unprecedented rate.

Using a standardized approach will help us to do this. It will enable us to co-ordinate our work, prioritize and make sure we get the best possible value from our innovation efforts across the company.

This approach will help us to generate ideas but also to rethink the way we do things or make things more efficient. It will allow us to look at how we work as a team to solve tough problems, as well as pursuing technological breakthroughs, and developing ideas into products and companies.

**It takes energy to change the world.**



# Business Development

The Business Development (BD) team supports the investment and innovation teams by creating and unlocking value while accelerating business growth.

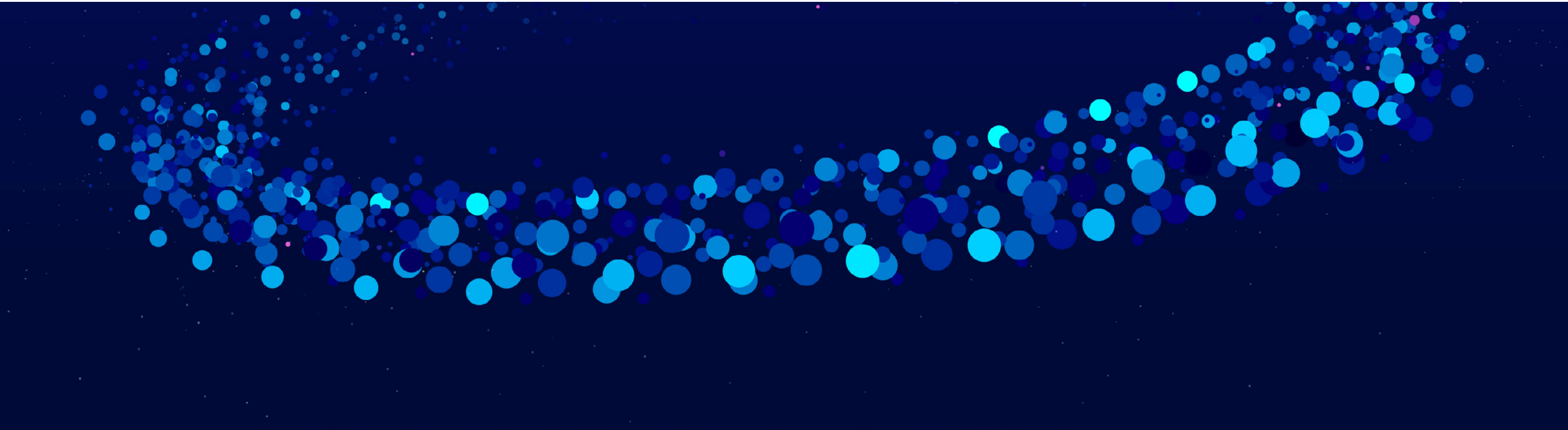
To achieve this BD will drive collaboration between startups, internal business units and the wider external utility/energy landscape.

BD creates value by ensuring that companies and projects have strategic relevance to areas of importance across the whole of National Grid. They act as your partner, bringing the best companies and projects to meet your needs. They will nurture and speed up the growth of our external and internal startup organizations, allowing the best opportunity to mature into strong and viable businesses.

Business Development also supports innovation functions, by creating custom business models and monetization strategies for each project.

Additionally, programs such as 'technology days' and 'pitch days' will promote our portfolio companies to global customers and partners. This also provides opportunities for internal education and exposure to the latest technology and startup trends.

The function will manage communication between the portfolio companies and our internal executives. It will also report on how the portfolio is performing.





# Why NGP matters

## **Be first.**

National Grid cannot afford to stand still. Whether it's investing in new technologies or getting smarter about how we work every day, we need to think one step ahead. That's the role of NGP. We are the eyes and ears of the business, searching for the breakthroughs and new ideas that will keep up at the forefront of the energy industry.



An example of  
strong innovators



Detail on energy  
investment



The startup  
development path

### Have any more questions?

If you have any other questions regarding the content of this document, then please get in touch and let us know. We will get back to you as soon as we can.

# What's next.