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Have you ever stopped to ponder the true complexities involved with trying to create a viable, safe, autonomous vehicle? The innovation alone is a herculean task, but imagine being that upstart pioneer trying to develop the technology, while at the same time going up against entrenched, powerful competitors with deep industry knowledge, assets, and channels who've been around for a hundred years or more.

This is the challenge for all kinds of disruptors, whether in the auto industry, pharmaceuticals, service industries, or healthcare. The fact is, going it alone, we believe, is simply not the way to go at all. Collaboration is the essential new secret sauce for startups and industry leaders alike. For true disruption to take hold, old and new must work together, playing to each other's strengths.

This is an incredible moment for innovation. Previously unthinkable opportunities to reinvent complex, established industries are now being made possible by the convergence of cloud computing, new analytical tools, and the data flowing from a host of new sensors in the physical world. Improbable advances are now real possibilities.

Yet the requirements for innovation today are entirely different from those of the last 30 years. The technology-driven disruption model that brought us computing, the internet, and mobile apps is no longer sufficient. Transforming our oldest industries calls for more than new technology; sophisticated knowledge of regulations, testing protocols, and traditional physical assets are now essential.

The inadequacies of the old approach are evident in recent startup stumbles, even when the technology is sound. DNA genetic testing company 23andMe fell behind on its communications with the FDA, resulting in a temporary ban on marketing the company's personal genetic screening services to the public. It took more than two years for 23andMe to secure a green light from the FDA to screen for 10 diseases, the first such approval for a direct-to-consumer test.

A123 Systems promised to be a clean tech success with a soaring IPO in 2009. The company developed lithium ion batteries that helped convince automakers of their value for hybrid vehicles. But the startup could not keep pace with the development and scale of established battery makers, and production defects led to a $55 million recall in 2012 and contributed to the company's bankruptcy later that year. Acquired out of bankruptcy by a Chinese company to focus on the burgeoning domestic market, A123 recently announced it will close its Michigan plant as it winds down production of lithium-ion batteries in the U.S. and shifts its local focus to engineering and testing.

Even an innovation pioneer like Tesla took a harder path — the company's reinvention of the automobile meant a massive investment in non-core parts. While Tesla has been rightfully lauded for a sleek exterior and technology breakthroughs in automation, it has faced complaints that the fit and finish of its interiors don't meet luxury standards and lack features that consumers have come to expect. The company recently hired Volvo's head of interiors to help it compete.

Innovation by industry leaders is not faring much better. Executives of the "old economy" are certainly aware of their own vulnerability, as they witness the impact of Uber on the taxi industry, Airbnb on hospitality, and automated asset management on financial services. They are not sitting idly by — in 2016, corporate venture arms spent approximately $25 billion globally on more than 1,350 startup investments (excluding direct, strategic investments), a compound annual growth rate of 25% from 2012, according to CB Insights. Unfortunately, these investments are unlikely to yield meaningful benefits.

Much of corporate venturing today is fragmented and ad hoc. We often observe a wide-ranging set of initiatives and investments operating independently, and in some cases, even competitively. Pilot projects with startups and corporate leaders are known to move so slowly that they drain the resources of the startups that they were meant to scale. We suspect that many CEOs would be shocked if they understood the hundreds of millions — even billions — of dollars they are investing in uncoordinated, external innovation projects, often with minimal returns.

We believe that there's a better way that can yield radical results — not just the short-term, quarter-to-quarter kind. Based on our work with CEOs from large companies, startup founders and venture capitalists (VCs) around the world, we find that collaboration now trumps acquisitions or build-it-from-scratch startups — not just an exchange of money, or the traditional "equity investment," but a real exchange of ideas and means, and the vision to achieve distinct goals. To revolutionize old industries, small and big companies alike must get past competitive angst and embrace their strengths and weaknesses. Such collaboration can take many shapes. These are new, unique partnership models in which corporations bring assets, the ability to rapidly test and scale, and a deep understanding of the regulatory landscape. Startups inject new technical expertise, and venture capitalists offer funding and access to new talent.

We hear about these issues often. We have hosted more than 65 C-suite boot camps to bring some of the world's largest companies to Silicon Valley to see how companies big and small can transform industries more rapidly together, shaping a new generation of industry leaders.

How do we get there? Startups must change their mindset. The grow-at-all-costs, move-fast-and-break-things mentality lauded in Silicon Valley can put lives at stake in the healthcare or automotive industries. It means being wise enough to recognize your core strengths, that you can't be the best at everything, and that there is wisdom and experience outside your company that can get you to an answer far faster than if you were to go it alone.

For corporate giants, a strategic vision for corporate venture investing is critical, not just for innovation, but for a new, better way of doing business. Innovation is inherently risky and unpredictable, but companies can improve their odds by reimagining the entire approach — one with a clear strategy, a dedicated team, a diverse portfolio of unique partnership models, and a strong capability to scale new technologies and business models into the core business. A portfolio approach can take many forms. For each of their growth priorities and business model disruptions, large corporations ought to consider investing in startups across multiple horizons and through a variety of vehicles, such as equity investments, licenses, alliances, and acquisitions.

Instead of solely funding and incubating startups just to disrupt existing players, in this new model, VCs become crucial bridge-builders between new technologies and talent, and the CEOs of incumbent industry leaders.

We are seeing early hints of the possibilities among automotive OEMs. Take Ford's recent investment in Argo, which leaves the startup to operate mostly independently and with the latitude to license its self-driving software and sensor suite to others, Last year, Ford invested in Velodyne's LiDAR technology alongside Baidu, offering capital and access to Ford's test tracks to lower the cost and improve efficiency of this crucial self-driving car technology.

Scotiabank is also a leader in adopting this type of new model. It is embracing a portfolio approach to innovation and placing multiple bets across big data, artificial intelligence, and new business models, and its new digital factories are designed to scale innovations within its core business.

Leading VCs like Andreessen Horowitz and Khosla Ventures are shifting their focus to help connect startups with innovative CEOs. Marc Andreessen has long been calling for greater collaboration and now has a small army of people focused on helping startups engage with the corporate community.

These innovators suggest a path forward, but they remain the rare exception. To seize the opportunity before us, collaboration across the economy must become universal. Yesterday's model of innovation is no longer adequate — instead, the entire ecosystem must work together. Smart companies, founders, and investors that recognize this have a far better shot at making history, rather than running the risk of becoming a footnote to it.

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