

Former founders and global expertise, a profile of OMERS Ventures

In the ever-growing investment landscape, funds are multiplying and diversifying, and for startups there is more to raising investment than the money and the media moment. With #QVCS Maddyness profiles different funds to give founders and entrepreneurs the information they need to choose the right investor. Today we speak to Will Dufton and Lily Shaw of OMERS ventures.

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Can you tell our readers a little about your career to date and what your current role at OMERS Ventures involves?

[Will Dufton] I joined OMERS Ventures in March 2020. I am a Principal on the European investment team, so I am responsible for investing in businesses across the region at Series A and B stage. Prior to joining OMERS, I spent time at a consumer technology startup and as Chief of Staff to Niklas Zennström. I started my career in investment banking.

[Lily Shaw] I started my career on the trading floor which taught me a lot about having conviction in your opinions, and also gave me first hand experience of how rapidly technology is transforming financial services. This led to a role focused on fintech innovation and strategic investments, before I took the opportunity to join OMERS Ventures earlier this year. I

balance my time between portfolio support and meeting new founders.

Which sectors are you focused on and what does your current portfolio look like?

[WD] OMERS Ventures is a generalist fund, but individually we all have areas of thematic focus. I have spent several years in the climate and sustainability space, and so I gravitate towards companies solving trillion dollar problems. I appreciate that this is a pretty broad remit! Specifically, we are trying to find entrepreneurs who have a technical edge that uniquely positions them to solve a complex problem that, if solved, would not only create enormous value but also alleviate the world of an existential threat. Sectors I am looking at today include the energy transition, agriculture and cyber-security. OMERS as a whole is focused on *fintech*, healthtech and *enterprise software*, as well as consumer tech.

What do you look for in a founder?

[LS] There's a lot of discussion on how VC can sometimes be perceived as an exercise in pattern matching, but we are firm believers that entrepreneurial talent is widely distributed. The fundamental quality which any founding team needs is a compelling reason for why they are solving a particular problem, and the ability to convey that vision. The ability to tell a compelling story sometimes gets overlooked but it's crucial to being able to establish a credible founder-market fit.

How has COVID-19 changed the way you operate?

[WD] Like most investors, we have had to accept that the way we make investments has changed. Meeting founders in person, in their own environment, was a critical part of our pre-pandemic investment process.

Since March 2020 we have made several investments completely remotely. This was not an easy evolution. We have had to learn how to build meaningful relationships over Zoom, and how to get more out of digital diligence processes. While we have become comfortable investing capital into founders we have never met, digital processes will never be as informative or as fun as in-person processes.

What does the future look like?

[WD] There are two trends keeping me up at night. The first is about the European startup ecosystem. Doubtless, it is maturing into a technology powerhouse and I believe it will create enormous value and some globally important technology companies in the coming years. This is attracting a lot of attention from non-European investors. More North American funds are spending time over here, recognising the talent we have and the relative value of investment opportunities versus those in Silicon Valley. This is a generational opportunity for European entrepreneurs, but a competitive challenge for domestic investors. We are going to have to get comfortable with valuations and round sizes increasing as more capital arrives.

The second is that, in some respects, venture capital has become dislocated from its roots. The asset class started life funding groundbreaking science projects on the West Coast. Today it is more focused on pouring capital into sales and marketing teams of companies capable of “blitzscaling.” In other words, venture has become addicted to software and I think this is a problem. The world is facing a number of enormous challenges: climate, inequality, health and wellbeing, trust, and international relations. These problems cannot be solved by software alone. I believe that venture investors must rediscover the spirit of early venture capital, and get comfortable channeling capital into new technologies that, while potentially less scalable than pure software, have the capacity to deliver uncapped value to society.

What makes OMERS Ventures different?

[LS] OMERS Ventures is the only pension company in the world that does early stage VC investing. OMERS has more than CAD\$100B in assets, across just about every sector, all over the world. So connecting founders with experts in their market, introducing potential customers, partners or even something as basic as tapping into our procurement resources is part of our DNA. Our London-based team is a mix of former founders and operators with global expertise - so founders get the best of both worlds when it comes to tapping into expertise.

What one piece of advice would you give founders?

[LS] This is a difficult question to answer as an investor, as we don't live the highs and lows which are daily experiences for our founders. What I would say is that from my time with the OV team, I've seen the importance of having an engaged and supportive board. We're increasingly hearing from entrepreneurs that given the huge amounts of available capital, that they are placing even more importance on having natural chemistry with board members.

Article by Will Dufton & Lily Shaw