

Seed-stage B2B and social impact, a profile of Triple Point 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 interview Ian McLennan, Partner and Head of Venture, Triple Point Ventures.

Temps de lecture : minute

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Before joining *Triple Point* I worked in the world of investment management and research. I started at a Scottish equity investment firm, before moving to Bangkok and then Hong Kong. After 21 years working on listed investment markets, I wanted to get closer to private companies. That led me to join Triple Point in 2009, where I was initially focused on investing in UK renewable energy projects. At that point, I also started dabbling in the world of angel investing – which I still enjoy today.

In 2017, the business decided to set up Triple Point Ventures, the venture capital arm of the business, to address what we viewed as gaps in the UK early-stage funding market, notably for Seed-stage investing at that time. The previous decade had seen significant growth in the UK but venture capital options for early-stage businesses had decreased. Fewer new European funds were being raised each year, down from 155 in 2008 to 81 in 2017. We noted that, if this trend persisted, future SMEs would miss out on vital funding, hurting their growth prospects and reducing their

impact on employment and GDP growth across the country.

Since 2018, the team has invested nearly £30M into over 40 startups, and our fundraising and investment volumes are growing year on year.

Which industries are you working in?

At Triple Point Ventures we have two main funds - one that looks for seed-stage B2B technology companies, and a smaller social impact fund that invests in sustainable technology and e-commerce companies.

Fintech, digital health, and education are the most represented sectors in our current portfolio, but we always start the investment process from a sector-agnostic standpoint. If we can find the combination of a great founder, a compelling customer use case, and a large addressable market - then we're always intrigued!

What do you look for in a founder?

First and foremost, we want to see a passion for their business - that goes without saying. We also want to see a deep industry knowledge, whether gained through first-hand experience or thorough research into the problem they want to solve. For example, I recently met a founder who had already spoken to 50 potential customers before even starting to build their prototype. In addition to the value of the research itself, doing this exercise helped the founder establish a network that soon paid off. He told us customer contracts came in thick and fast once the prototype was ready.

Previous entrepreneurial experience is a 'nice to have'. It's wonderful if a founder has successfully exited a business before - but even if they've failed, that gives us more confidence they know what it takes to be successful.

Can you talk about your current portfolio?

In the past four years, we have focused on seed-stage, but also invest through to Series A.

Where possible we back our portfolio companies by investing at later stages too- recent examples of later-stage portfolio companies that we backed at Series B include Aply Real-Time, a B2B software company that enables organisations to synchronise data sources in real-time; and Quit Genius, a digital health app that companies can provide to employees looking to quit addictions like nicotine.

We have two very exciting Fintech companies in the portfolio at the earlier stage - Vyne, a digital payments platform, and Credit Kudos, a credit referencing service. We also love ideas that improve back-office processes, like our pre-seed stage portfolio company Nook, which automates invoice payment processes.

In our Impact portfolio, I like to wax lyrical about NatureMetrics. The company analyses environmental DNA samples to methodically assess biodiversity, before and during infrastructure and construction projects.

How has COVID-19 changed the way you operate?

Frankly, it's made us much more efficient! We quickly realised that many pitch meetings, portfolio board meetings, and investor meetings could be done remotely. Of course, we still like to meet founders in person as well - especially at the term sheet stage.

COVID-19 also encouraged us to support pre-seed startups that needed an injection of cash to survive. At the first onset of lockdown in 2020, many VCs had initially withdrawn from the market to focus on shoring up

their existing portfolio. But our view is that without backers, those pre-seed startups can never turn into the kinds of companies we invest in with our main funds. So, we launched our “Kick-Start” initiative to provide smaller funding cheques (£200-£300K) to those earliest-stage companies.

What does the future look like?

There are way too many fascinating fast-growing areas to mention - but I'll select a couple of my favourites. One is sustainability. Reshaping the world's energy systems around renewables is a massive challenge, and there are so many facets to it.

A particularly interesting niche is the ecosystem around battery capacity: green energy sources are key to a sustainable future, but they come with variable electricity output, which makes storage difficult. Solving this problem will be a major boon for society and the environment.

Another interesting growth area is marketing. Go-to-market (GTM) strategies for companies are evolving, particularly as cookie-less browsing and Apple's recent efforts to improve user privacy on its devices have materially impacted the effectiveness of big platform marketing campaigns. If companies fail to innovate here, they'll suffer. This could be one reason we're seeing increased noise around product-led growth (PLG) marketing strategies, which use self-service customer onboarding processes and network effects to turn existing customers into new ones.

What makes Triple Point Ventures different?

Triple Point Ventures is quite different from many VC investors as we're part of a larger investment management company - Triple Point Group. Triple Point Group has several other segments, like the Leasing and Lending Fund, which provides debt funding lines to notable UK fintechs like Cap-On-Tap and LendInvest. We draw on the experience of the group

to advise and support founders.

This means not only can we open doors and make introductions for our portfolio companies, but we can actively contribute to key business issues. One example is in the digital health space, a key focus area for us: our team has years of experience navigating complex procurement challenges in both the UK and European health systems, which investee companies often draw on.

Fintech is another example: there, we're able to leverage our Leasing and Lending experience with credit, and we have two highly successful fintech entrepreneurs on our advisory panel - Christian Faes and Charlie Delingpole.

What one piece of advice would you give founders?

Well, I'm a venture capitalist, not a founder - so I don't tell founders how to run their businesses! But what I can comment on is how to raise venture capital. In this respect, the most successful companies are the ones that have the most compelling customer use case.

One of our first questions to founders is always: "what is the customer's ROI, and what evidence have you got to back that up?". Customers are inundated by product ideas that are just 'nice to have' - especially if they're free to use - but it's the ones that become 'must-haves' that are most likely to bring success.

Ian McLennan is Partner and Head of Venture at [*Triple Point Ventures*](#).

