# A dedicated Article 9 impact fund with a strong commercial foundation, a profile of Summa Equity

*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 Tim He, Head of Growth Investment Strategy, Summa Equity.*

Temps de lecture : minute

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My career has been a mix of finance and entrepreneurship, with tenures at Kinnevik, Northzone, Groupon, Merrill Lynch, and the Danish Central Bank. I hold an MBA from Harvard Business School, and Financial Economics and Economics degrees from Saïd Business School, University of Oxford, and Copenhagen University, respectively.

I joined *Summa Equity* at the end of last year to build out our growth investment strategy, which focuses on companies in the growth scale-up phase (Series B+). I was drawn to Summa's clear focus on investing to solve global challenges, and we share the belief that technology can play a huge part in this mission, while also making superior returns.

My role includes all aspects of developing new investment ideas, assessing, and executing new investments, but more importantly, working with our founders and CEOs to support them in value creation and building their companies for the next stage of their journey.

## Which industries are you working in?

In our mission to solve global challenges, we apply a thematic approach at Summa Equity and focus on three core themes that span both our buyout and growth investment strategies. These are Changing Demographics (precision medicine), Resource Efficiency, and Tech-Enabled Transformation. Some examples of domains within those are Sustainable Food, Energy Transition, waste and recycling, aquaculture, and Industry 4.0 (i.e. the automation and digitisation of industry).

## Can you talk about your current portfolio?

Our growth investments typically have ticket sizes of €20-100M, and our focus is on scale-ups, which have determined product-market fit, built a stable customer-base, and are now looking to scale and expand internationally. Our focus is on Northern Europe and the US.

Since inception, we have made 25 investments across our three themes. Our portfolio currently includes TBAuctions, an online auctions platform for reused goods marketplace, Tibber, a smart energy provider, and Intix, a financial transaction insight engine. We also have a stake in ZeroAvia, which is developing a zero-emission hydrogen powertrain for aviation.

## How should growth companies think about sustainability?

A lot of startups and growth companies still treat sustainability as a project, a business unit, or as a risk management issue. We believe it should be seen as an integrated part of your operating model. Sustainability is linked to being a purpose-driven high-performance organization, and hence should touch every department and run through every element of what you do as a business, rather than being layered on top as a tick-box or marketing exercise. Focus should be on the core areas where you have the largest opportunity to make an impact, rather than falling back on default ESG measures.

## What does the future look like?

We are starting to see technology penetrate a number of traditional and regulated industries, e.g., healthcare is being digitalised at a rapid rate to the benefit of patients, electrification of mobility and buildings to help decarbonise the world, and industrial technologies like robotics and the Internet of Things (IoT) that help keep workers safe and automate factories. I anticipate that we will start to see commercial use-cases accelerate in these areas over the next few years, bringing greater efficiency and helping to make an impact against a range of global challenges.

There are, of course, the looming headwinds the world is currently facing, which are expected to last into the next few years and bring a period of higher uncertainty. The light at the end of the tunnel is that every time we have had an economic crisis, innovation has flourished, and we see more people start companies and technological innovation come to market.

## What makes Summa Equity different?

The growth space is very competitive, it’s where everybody meets on the value chain, and we entered this market because we believe we bring something different. Summa is a dedicated Article 9 impact fund with a strong commercial foundation, and this combination really resonates with founders. Traditionally, the choice tended to be either a non-impact fund, which might put on a sustainability ‘hat’ for certain investments, or a more traditional impact fund, which tended to be a different type of investor. We offer an alignment of the two.

Our focus is on building sustainability as an operating model and driver of value, moving beyond impact and sustainability as a compliance, risk management or marketing objective. We also always ensure that we bring something to the table to help portfolio companies to make more impact by high grading them, through the experience and expertise we have in the team as well as our network and relationships with our other portfolio companies.

## Why are growth companies are in a unique position to make an impact?

We believe a lot of impact can be made through the application of technology, and some of the biggest opportunities in technology companies are in the growth equity stages. Growth companies are also able to approach things in a different way to more established businesses. While growth businesses, typically smaller than established companies, do not make as much impact in terms of KPIs, they usually grow faster. They can therefore deliver significant impact over time, and more importantly, they can often force incumbents to rethink and change, thereby creating much more impact.

> *The classic example is Tesla – Tesla doesn't produce many cars in comparison with incumbents, but it has forced all existing car manufacturers to rethink and transition to EV much earlier than otherwise, extending significant impact as an industry.*

## What do you look for in a founder?

I typically look for founders who have clarity of what problem they are trying to solve. The solution and product can be iterated and fixed over time, but an unclear problem is harder to solve. They also usually demonstrate deep conviction for why they are doing whatever they are doing – in other words, why they are passionate about solving this problem. The last one is grit; that they have gone through tough times, but still come out on top, because they are relentless and won't take failure as an option, because they believe so deeply in their pursuit.

## What one piece of advice would you give founders?

Instead of taking your existing business idea and trying to extract sustainability from it, focus on reframing your business model to focus on the areas where you can have the greatest material impact, both commercially and in relation to society and the environment. Ask yourself, what needs to be in place if this company should last 100 years.

> *For a company to exist for 100 years, they need to take care of their customers, employees and the society they operate in.*

Tim He is Head of Growth Investment Strategy at *Summa Equity*

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Article by Tim He