

Investing in game-changing technologies across Europe and the US, a profile of Common Magic

With #QVCS, Maddyness profiles different funds to give founders and entrepreneurs the information they need to choose the right investor. Today, we speak to Sarah Drinkwater, GP at Common Magic.

Temps de lecture : minute

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I'm a London based solo GP running Common Magic, a fund investing in products with community at their core (think; Figma, Github, Hugging Face) in Europe and the US.

The fund's based on my background as an operator and angel investor in the same domain. I've built communities in tech companies for the last 15 years (and for free long before that); I led community at Qype until our exit to Yelp, started and scaled the Local Guides team on Google Maps, ran startup space Campus London at Google, and advised scaleups Protocol Labs, Zoe and many more on how to build ecosystems around products. Because of my time building early-stage founder communities, I had the opportunity to begin angel investing. My checks were tiny so, given the best founders will always pick their cap tables, I wanted to make it easy for them to pick me. That's why I began selling myself as an angel who could help with community strategy and narrative as I'm also an ex-journalist. 40 angel investments later, it became clear to me that many more companies would leverage community to cut through the

noise, stay close to customers and win, and that a small fund could win - spot companies earlier, help them excel - if it had unique operational ability.

Which industries are you working in?

Common Magic invests in products with community at their core, where the success of the product rests on the success of its ecosystem. As an angel, I made about 40 investments that were on thesis for the fund ranging from developer tools to crypto infra to consumer health subscription. So the fund is horizontal versus vertical; I rarely look at or invest in consumer social, D2C or hardware (I'm just not the right fit) but beyond that I've invested in multiple sectors where a bottom-up GTM can create a moat.

What do you look for in a founder?

Given my thesis, I often find myself drawn to founders that can build who are solving a problem they or their peer group have experienced first-hand: this is their first community. I look for deep behavioural insights, thickness of thinking, extremely strong communication skills and a balance of focus (they're obsessed with the problem) and flexibility (the best solutions respond to what you learn in real time).

I'm also a fan of what Kapoor Capital call "distance travelled"; founders that are older, younger, atypical, have had failures before; grit is such a critical trait in founders.

Can you talk about your current portfolio?

Nearly all of my portfolio are in stealth mode so I'll share that I've made 11 investments so far; 8 at pre-seed across UK, Germany, France and the US and 3 at seed, all of which are doubling down on existing angel

portfolio companies. But good examples of my angel portfolio include *The Lowdown* (leveraging women's health data), *Odin* (collective investing) and *Bounti* (improve work context for deskless workers).

What does the future look like?

A huge question. In general I'm less interested in the technology than I am in the problem it's solving and who it's solving it for. We see this with AI even if the depth of potential seems like a paradigm shift; in 2024, such incredible frontier evolutions that are often in search of an enterprise use case.

Predictions tend to be for chumps; all I know is that the future will not look like the past. We see this in everything from the shifts in the microfund landscape in Europe to entry and exit valuations - the exits happening now are from the mid 10s; we have to assume companies continue to have larger outcomes.

What makes Common Magic different?

I guess there are a few things:

I chose to give up my green card and leave Silicon Valley to move back to London to launch Common Magic because I believe so strongly in the European tech scene I've worked in for 15 years. It's an asset I've worked in both scenes and have networks that span both.

Beyond that I'm a woman and an operator who has raised at the bottom of the fundraising market: I hope that gives me deep founder empathy beyond my unusual thematic focus.

What one piece of advice would you give founders?

Remember that fundraising is a two-way process. Don't forget to reference funds, ask questions and generally consider that, if the company goes well, you'll be partnered with the people on your cap table for many years. Each person has to work to earn their place and a poor choice can dog you.

Sarah Drinkwater is a solo GP at *Common Magic*.

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