

Investment, where we are and what we're hearing – August edition

Christopher Lowe, Founder and CEO of NOTWICS has been speaking to his community of startups and investors to gauge the current investor climate, working practices, valuation and the wider impact on the industry as we continue in COVID-19 lockdown.

In this month's COVID Diary (August update), [#Notwics](#) have sampled the views of nearly 100, mainly UK based VC's and Angels, to try and garner consensus on what their current thinking is and how they are currently working with and investing in founders in the seed/early stage and Series A categories.

The main takeaways of the report are below:

The Future Fund covers the cracks, but more is needed from the UK Government. The majority of VC's felt it had been a very helpful mechanism to help bring a fast, [effective capital life support machine](#) to businesses in their portfolios' and give these mid to late-stage names, enough runway for the next 18 months. This was widely viewed as the capital runway needed to stretch cash burn in the pandemic.

However, other funds felt it was really too early to tell what the impact of the

Future Fund would be and depends on how the companies end up using the funds. There will be some good eggs and bad that get the funds, with hopefully a few Unicorns making it a success.

The community appears to be very interested in understanding if the Government have bigger plans to introduce further stimulus to funding, to get the whole ecosystem working better again, especially with the growing acceptance that a second wave is more likely than not.

In general, most VC's have been active over the summer and the great founders and ideas are still being backed. The top 5% of founders are seeing their rounds over-subscribed and in some cases are having to reduce allocations to new investors.

The biggest pain point reported by funds, is that they have raised the bar dramatically and are making fewer investments, relative to previous years.

There are early signs prevailing that some of the Angels, whom have been out the market widely since March are starting to return and test the water again, with SEIS and EIS investments

The angels we spoke to are widely expecting a second wave, but being used to living with the pandemic are now more comfortable investing virtually and no longer need to meet a company founder physically to invest. Angels also praised the growing number of platforms showcasing quality founders through video or online webinars too, including [Notwics Connecting People](#)

Read also

[Pitching during lockdown shouldn't be so rough](#)

Investing by zoom is now a norm, as even the oldest studgions or bastions of old school VC accept that new deals and existing deals can be signed off with little or no physical contact.

It has also become clear that investors on the whole now expect a Video pitch, which speaks/explains the vision, opportunity and business a million times more than words.

Many of the investors were really interested in the performance of founders in respect of being able to motivate and effectively manage their workforce

and business with leaner resources, much more virtually

One VC mentioned “How a management team reacted during COVID-19” will be a key question of VC’s in the year ahead as it tells you a lot about the management team.

↓ You can read the complete report on the NOTWICS newsletter ↓

Notwics Newsletter

In this month’s COVID Diary (August update), [#Notwics](#) have sampled the views of nearly 100, mainly UK based VC’s and Angels, to try and garner consensus on what their current thinking is and how they are currently working with and investing in founders in the seed/early stage and Series A categories.

The main takeaways of the report are below:

The Future Fund covers the cracks, but more is needed from the UK Government. The majority of VC’s felt it had been a very helpful mechanism to help bring a fast, effective capital life support machine to businesses in their portfolios’ and give these mid to late-stage names, enough runway for the next 18 months. This was widely viewed as the capital runway needed to stretch cash burn in the pandemic.

However, other funds felt it was really too early to tell what the impact of the Future Fund would be and depends on how the companies end up using the funds. There will be some good eggs and bad that get the funds, with hopefully a few Unicorns making it a success.

The community appears to be very interested in understanding if the Government have bigger plans to introduce further stimulus to funding, to get the whole ecosystem working better again, especially with the growing acceptance that a second wave is more likely than not.

In general, most VC’s have been active over the summer and the great founders and ideas are still being backed. The top 5% of founders are seeing their rounds over-subscribed and in some cases are having to reduce allocations to new investors.

The biggest pain point reported by funds, is that they have raised the bar dramatically and are making fewer investments, relative to previous years.

There are early signs prevailing that some of the Angels, whom have been out the market widely since March are starting to return and test the water again, with SEIS and EIS investments

The angels we spoke to are widely expecting a second wave, but being used to living with the pandemic are now more comfortable investing virtually and no longer need to meet a company founder physically to invest. Angels also praised the growing number of platforms showcasing quality founders through video or online webinars too, including [Notwics Connecting People](#)

Investing by zoom is now a norm, as even the oldest studgions or bastions of old school VC accept that new deals and existing deals can be signed off with little or no physical contact.

It has also become clear that investors on the whole now expect a Video pitch, which speaks/explains the vision, opportunity and business a million times more than words.

Many of the investors were really interested in the performance of founders in respect of being able to motivate and effectively manage their workforce and business with leaner resources, much more virtually

One VC mentioned “How a management team reacted during COVID-19” will be a key question of VC’s in the year ahead as it tells you a lot about the management team.

↓ You can read the complete report on the NOTWICS newsletter ↓