

Backing teams to enable global growth, a portrait of Smedvig 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 Joe Knowles, Principal and Sophie Day, Head of Marketing & Founder Network at Smedvig Ventures.

Smedvig Ventures was founded nearly 25 years ago by Johnny Hewett and Peter Smedvig. Since then we've partnered with and helped to scale over 70 companies from Series A to exit across the UK and Nordics. Our goal has always been to invest in great teams and work closely with them to help maximise the speed and certainty of growth. From our London based office, we are currently supporting 15 companies in our portfolio across a range of sectors from SaaS to Adtech.

[Maddyness] Can you talk about your current portfolio?

[Joe] Our portfolio is deliberately on the smaller side for a Series A/B VC. This is so that we can dedicate significant time and resource to working alongside the businesses we back.

The last five investments we've made have been B2B SaaS across a mixture of sectors including data, logistics, martech, transport and retail. But it's important to say that whilst we have a real passion for SaaS, we are sector agnostic and have backed tech-enabled consumer services business as well.

We aim to back companies at the stage where they have product-market fit and are in the process of trying to find the route to market fit and are expanding into new geographies or sectors. Most of the companies I am personally involved in are relatively early in this journey and are coming up against the usual challenges of scaling a business. I'm also still early in my career in VC, so I love supporting the businesses at this stage and learning and growing together as a team.

What industries/stage are you working in?

[Sophie] We look to invest in tech/tech-enabled businesses at Series A & B. For us that means investing in businesses that are generating ~£1M ARR. This allows us to see enough traction for product-market fit and usually a strong base of customers with a consistent use case.

Most importantly, all of our investments share a few key ingredients: great product, fast growth, strong economics, large market and exceptional teams. We look to invest between £2-15M. As Joe said, we are sector agnostic and whilst we have a strong track record in B2B SaaS we also have a successful Consumer portfolio.

What do you look for in a founder?

[Sophie] People and building strong relationships are at the core of what we do, so when we meet a founder one of the most important things to understand is if we'd be excited about partnering and working together. We like founders to be as open and honest as possible and of course, passionate about their business and why they're the right person to go after this opportunity.

[Joe] Not being a founder myself, I think this is something that you are constantly evolving and learning about when you work in VC. Getting it right is a real art and probably one of the hardest parts of the job. For me, it's all about having a growth mindset and being a process rather than goal orientated.

I think as a founder, you have to become a new version of yourself as the business evolves, taking on board lots of different inputs (in the knowledge that some of them might be wrong) and finding answers to questions with usually no obvious right answer. So founders that are looking to learn, ask for feedback and adapt always stand out.

Has COVID-19 changed the way you operate?

[Joe] Definitely, both logistically and operationally. Logistically, I think like a lot of companies, we're all still working remotely. Operationally, at the beginning of lockdown, we made it clear that we wouldn't be looking into new investments during this period and this was for three main reasons.

Firstly, we wanted to dedicate all our time to working with our portfolio to help navigate this crisis. Our model is to work with a small number of companies, which means that at times like this we can fully support them.

Secondly, we wanted to understand the potential cash need across our portfolio and to make sure we had the necessary reserves to support our companies through this. So it didn't feel like the right time to deploy money into new investments.

Thirdly, it's an uncertain time which makes it difficult to assess risk when looking at new investments. So we wanted to leave it a bit longer to see how things start to pan out in the macro-environment.

Now we've stabilised our portfolio, we're starting to look at commercial and M&A opportunities for them. We're also beginning to re-engage with businesses that we know well and are excited about, and although it's early days, we are starting to look at doing new deals again.

In terms of what we're looking for, we've had to be disciplined about focusing on the long term and not getting distracted by the immediate ups and downs, particularly if companies and sectors are doing well on a short-term basis in the current climate but will probably revert to baseline performance in the medium term.

Similarly, we have had to be creative when looking at strong companies in

markets that are temporarily suffering, but we ultimately believe to have long term potential.

What does the future look like? New Trends/technologies, changes in the global/local economic landscape?

[Joe] To be completely honest, I think the future looks quite scary. In the current climate, both the Macro and funding environments are very uncertain. However, we're in the game of backing long term tech trends and whilst this clearly creates short to medium term challenges, as we have already seen it is accelerating a lot of technological changes, so broadly speaking for the development of technology, it's good.

What makes Smedvig different?

[Sophie] I think there are three key things about us that make us different.

Firstly, we have a single LP, the Smedvig family, who've been backing us since 1996 and we're on our 15th fund with them. This means that we can be flexible with follow-ons, have no fixed hold periods or interfund conflicts and can take a genuinely long-term view.

Secondly, we've been backing founders and working with great teams for 24 years, so we have extensive experience in helping businesses scale.

Lastly, we deliberately have a select portfolio, only looking to invest in 2-3 new companies each year. This allows us to dedicate significant time and resource to working alongside our companies wherever they need help, this can be on anything from product strategy to new market entry and pricing.

What one piece of advice would you give founders?

[Sophie] Firstly be as open and honest as you can be. Secondly, do diligence on any potential investors, it could be a long partnership and you want a strong relationship with a VC who will be there alongside you through the ups and downs.

[Joe] Be very honest with yourself. As a founder, you're under pressure to know the answer to everything, but the reality is that you're making decisions with

imperfect information, so you need to be continuously in search of the truth to make sure that you're making the best choices. Even if you're in constant sell mode with everyone else, make sure you have the data and take the time to reflect and validate your decisions.

Joe is a Principal at Smedvig Ventures, having joined in 2015. He is currently a Director at Yumpingo and Spirable and board member at Infinity, Poq, Adzuna and Masabi. Prior to exit, he was also on the board of Picture Production Company and My Home Move.

Sophie joined Smedvig in 2015 and is Head of Marketing & Founder Network. She divides her time between three areas: writing and implementing the Smedvig marketing strategy. Managing the Smedvig Portfolio Network, which involves regularly bringing together functional leads to address and discuss key topics, themes or challenges. And lastly, building the Smedvig Founder Network by attending early stage events and demo days to meet brilliant founders and teams that are pre-Series A, ensuring that we build strong relationships with great businesses early on in their growth journey.

Read also

Fueling the growth of early stage companies with Fuel Ventures #QVCS

Article by JOE KNOWLES & SOPHIE DAY