

Asking the right questions: A profile of Creandum

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. We spoke to Ines Streimelweger, Investment Manager at Creandum.

Creandum is an early-stage VC firm that backs European founders of both B2B and B2C companies in various industries. Today, we have more than 100 portfolio companies including the likes of Spotify, iZettle, Klarna, Kahoot!, Vivino, Depop, Trade Republic and many more. The Creandum funds are investing \$300M through their fifth fund, with initial tickets in seed and series A rounds.

Creandum has a 17-year history and was set up by Staffan Helgesson in Stockholm back in 2003. The focus was initially on the Nordic region, which has been spearheading a lot of innovation. Over the years, Creandum's investment horizon expanded across Europe. In 2012, we opened up an office in San Francisco to help our European founders win the US market. In 2016, we opened in Berlin.

Today the investment team counts a total of 12 team members across Stockholm, Berlin and San Francisco. I personally joined Creandum in Berlin in the summer of 2019, after my previous jobs as Chief of Staff at BCG Digital Ventures and Rocket Internet.

Our portfolio covers a broad range of verticals and stages, but in most cases, we back startups at a very early stage and accompany them until exit/IPO. The most successful exits of the Creandum portfolio include the Spotify IPO in 2018, Europe's biggest tech startup success yet, iZettle, Europe's largest Fintech M&A to date (the company was sold to PayPal for \$2.2B), and Small Giant Games that was acquired by Zynga for \$700M.

The current portfolio includes almost a dozen unicorns such as payment provider Klarna, mobility company Bolt, digital health companies Kry and Virta Health and the Edutech company Kahoot! that is aiming for an IPO by the end of Q1 in 2021.

The list of companies that are soon to cross the \$1B mark is long. Among them the wine marketplace Vivino, social shopping platform Depop, micromobility company Voi, fintech company Tide and many others.

Some of Creandum's most recent backings include Meditopia, Trade Republic, Safety Wing and Swan, so spanning everything from mental health and stock trading, to remote health insurance and banking as a service.

What do you look for in a founder?

When we back companies, the founding team is one of the key criteria we look at. This is the first moment of a really long term relationship with them, so there needs to be a strong personal connection between us and the teams. The founder needs to convince us that they have the potential to lead their company to become the global category leader.

One trait we look for is passion. The founders we work with love what they do; they don't necessarily need to be experts in that space when they first start off. A great example here is Heini from Vivino – he had almost no prior knowledge of wines but simply identified a problem, saw a gap in the market and went for it. A great founder also attracts talent, hires well, and can inspire and motivate a team. Vision and ambition to scale a company globally and the ability to put words into action are also a core part of the puzzle for us.

How has COVID-19 changed the way you operate?

In 2020 we moved the team to working fully remote. This means that everything – from meeting with entrepreneurs, to Investment Committees, internal meetings and social events – happens on Zoom. This “new normal” brings advantages and disadvantages: The positive effect is that geographical boundaries no longer play as much of a role. Our processes have become more efficient and we’re no longer losing time flying to different locations to meet with teams or attend conferences. And no matter which office you’re part of, everyone on the team now feels equally far away from or close to each other, which can reduce internal boundaries.

The downside is that it is more difficult to build meaningful relationships with founders (and your own team). Also, it requires more effort to replicate the serendipitous (and often fun) encounters you might have had while traveling, at events, or at the coffee machine in the virtual world.

The interesting question is how things will evolve for us as a team and the VC industry at large once lockdowns are lifted.

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

We are seeing a number of trends, but there’s three I’d like to highlight here.

First, there is lots happening in the sustainability space as the urgency to fight the climate crisis is calling entrepreneurs, investors, consumers and regulators alike to action. At Creandum, we believe software will play a crucial role when it comes to tackling the climate crisis. We are actively monitoring what is happening in this space.

Second, the pandemic served as a catalyst for embracing remote work. Time will tell whether businesses will adopt a hybrid model or choose to remain 100% virtual post-pandemic. Either way, we are convinced of the new opportunities that are evolving in this field.

And third, given that health is the dominant topic globally, we believe digital health will continue its path to the forefront. Driven by the pandemic and the need for digital first solutions, even European regulators have finally started to catch up with customer demand in many ways, enabling and facilitating the

shift to online treatment, wellbeing and self-care.

In terms of the VC landscape, all aspects of the startup scene are becoming more interlinked. With processes moving into the virtual world, geographic boundaries have evaporated, and we see increasing activities of US VCs across Europe, and vice-versa. Funding rounds are growing larger, and funds need to mobilise and get to conviction more quickly in order to win deals.

A positive trend we are seeing is that more founders from diverse backgrounds are entering the scene. However, there is still a lot to be done here to not only encourage more diverse people to follow these kinds of career paths, but also support them on their journey and ensure they have access to the same opportunities.

What makes Creandum different?

Creandum offers 17 years of venture capital experience and has a strong track record of over 100 portfolio companies, which we accompany on their growth journey from early-stage to exit. With a range of officially recognised unicorns and a long list of soon-to-be's, the power of the portfolio is one of our key assets. We treat our founders as our family and encourage them to support each other and share knowledge amongst themselves.

We are not an operational VC, in other words we think of ourselves as strategic thought partners who don't necessarily have all the answers, but who ask the right questions and try to bring out the best in people. We have a very diverse team (including former founders and C-level executives at companies such as iZettle) that makes Creandum uniquely positioned.

Sometimes, we do bring in one of our Entrepreneurs-in-Residence, who are experienced founders themselves, to work with founders on specific, operational topics such as product development, team culture, or brand building.

In general, when you work with Creandum, you have access to a strong, value-driven team that sees itself as a long-term partner of high integrity. Due to our international mindset with offices in Stockholm, Berlin and San Francisco, we offer a strong, cross-continental network that includes some of the most experienced founders, best business partners and future investors.

What one piece of advice would you give

founders?

Make sure to pick the investor that's right for you. It will be mission critical that your and your investor's visions are aligned. Do your research, collect some references on your potential investor and make sure you also connect on a personal level. Don't forget, you're about to enter into a long-term relationship.

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