

Reinventing lending for ecommerce, marketplaces and applied AI, a profile of Forward Partners

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 Nic Brisbane Managing Partner at Forward Partners.

We launched Forward Partners in London in 2013 when we realised that not many investors focused on early stage pre-seed companies, and not many were providing the follow-on, 'value-add' support to help companies grow fast

We invest in pre-seed and seed stage UK based startups with bold ideas and big ambitions. We invest initial cheques of £200K-£2M with over 50% reserved for follow-ons. We invest early at low valuations for significant equity stakes. Since inception we have backed 65 companies and today have 45 investments in our portfolio.

Which industries are you working in?

We focus on three core sectors: ecommerce, marketplaces, and applied AI startups. Typically these are sectors that have done really well during the pandemic as COVID and lockdowns have accelerated trends already underway such as digitalisation and the growth of online shopping. Companies that represent 50% of our portfolio grew their sales more than 100% in 2020. Some of our companies include:

Patch, the UK's leading D2C indoor and outdoor plant ecommerce site: their business increased four-fold in Q2 last year as people rushed to spruce up their homes during lockdown.

Koru Kids, a digital marketplace for childcare. Koru connects over 1,000 nannies with parents. Juggling childcare, home-schooling and working from home has been a nightmare for many families in 2020. Koru are disrupting a childcare market worth £10B in the UK.

Makers, Europe's leading coding bootcamp. More and more people are retraining and upskilling to future proof their careers. Makers has taught over 2000 how to code and has then helped place many with blue chips such as Google, Tesco and Deloitte.

Drover, the car subscription app that we recently sold to Cazoo.

What do you look for in a founder?

Passion, ambition, and a really good idea. Often, founders will come to us with just the idea and nothing else, as was the case with Patch. We helped CEO Freddie Blackett to make his vision a reality- taking it from conception to fully operational ecommerce site and marketing strategy within a matter of weeks.

What we also liked about Freddie was that he had really done his homework, spending evenings and weekends researching his target market, quantifying its size and the frictions he hoped to take advantage of- e.g. London homeowners who know nothing about buying plants (or keeping them alive!) and an industry dominated by out-of-town garden centres that wasn't serving this demographic very well.

How has COVID-19 changed the way you

operate?

We've adopted well to remote-only working and leveraged tech to sustain effectiveness in Serving investors and founders. Culture has also been a key focus for Forward. We've worked hard to support our employees, offering weekly wellbeing sessions - including yoga - an allowance for health and meditation apps, assessments to make sure working from home is as good as it can be.

We've also been highly supportive of businesses in our portfolio. Our Studio supported a range of startups to achieve their goals: from accelerating the development of WouldYouRatherBe's career changing product to bolstering Patch Plant's development team as they coped with huge increases in sales as people spruced-up their homes.

Overall, our focus on sectors that have benefitted from Covid including ecommerce and marketplaces means that the portfolio has performed very well: companies representing 50% of NAV grew revenues 100%+ in 2020

And we have continued to invest for the future: from a strong pipeline of 4,434 leads, Forward Partners invested in two first time investments over the past year and in 6 follow-on rounds.

We also launched Forward Advances in the teeth of the pandemic and which we think is fundamentally reinventing SME lending.

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

It's an exciting time for VC investing and for start-ups as we exit the pandemic. Covid has accelerated super trends such as digitalisation and ecommerce. Given our strong expertise and track record in these sectors we see a great future for Forward Partners as we continue to invest capital.

We are particularly excited about Forward Advances. Given its use of superior data and in-built flexibility on repayments, we believe it is a superior lending framework for ambitious startups and we hope to significantly expand this business over the next few years.

Leveraging these novel data points from Open Banking, Shopify and Google ads also gives us incredible insights into ecommerce trends that help to inform our venture investment strategy.

What makes Forward Partners different?

What makes us different is our 'Studio Team', which comprises experts that help portfolio companies with strategy and execution as they build their business and accelerate growth- helping for example with digital marketing, building a tech platform, recruitment, people strategy, fund raising, finding their first customers.

Also, Forward Advances, which provides differentiated short-term lending to SMEs. This revenue-based lending makes for more flexible paybacks that frees start-ups from the tyranny fixed repayments. It also leverages data from new platforms such as Open Banking, Shopify and Google ads to better understand a start-up's trajectory. Borrowers can also use Studio's services which better helps them to target e.g. digital marketing spend to turbo-charge their growth

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