

# Innovation in technology and business models, a profile of Notion

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 Maddyne profiles different funds to give founders and entrepreneurs the information they need to choose the right investor. Today we interview Kamil Mieczakowski and Stephanie Opdam, Principles at Notion.

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Kamil Mieczakowski (Kam): My childhood was spent in southwestern Poland where I grew up in an entrepreneurial family, falling in love with technology from a very early age. My very first PC provided a window to the world and the unprecedented ability to create things through programming which led me to learn Logo (my first language!) before moving onto more complex projects such as developing games, websites and experimenting with hardware. My father operated a variety of old-school businesses and I learned about the ups and downs of being an entrepreneur at a dinner table.

Armed with my love for technology and entrepreneurial spirit, at the age of 18, I left Poland and moved to the UK for my undergraduate degree. I co-founded

my first startup while at university and since then, before moving to venture, I built another business and exited it for a small sum, and then worked at a VC-backed startup – it was a hell of a ride!

Being a founder I was interested in learning more about VC. Prior to Notion, I spent a couple years at another London-based VC firm where I had the opportunity to learn the basics of venture capital. As a Principal at Notion, I cover all of B2B tech, with a particular interest in ‘frontier tech’. I’m excited and inspired by both the talent and drive I see in the early stage startup ecosystems, and feel privileged by the opportunity to help founders realise their visions.

Stephanie Opdam (Steph): I was born in the Netherlands to two entrepreneurs. My parents’ travel startup taught me a lot about founding and running a business. This led me to choosing to study International Business in 2011. During my studies I put theory into practice and set up a non-profit NGO with a friend, which focused on empowering local organisations in South East Asia to battle child trafficking. Simultaneously, I pursued a degree in Finance and Private Equity in London, building on my love for numbers and data.

I was recruited out of the classroom to join Columbia Lake Partners in 2015, a new venture debt fund. It was here I was introduced to multiple Notion portfolio companies which led to a co-investment in Brightpearl and deep admiration for the operational expertise of the Notion team and in 2018, Notion adopted me into their family. At Notion I seek out disruptive tech companies with a special focus on the Benelux and DACH region.

## Which industries are you working in?

Kam: At Notion I tend to focus on 2 types of innovation: business model innovation and technological innovation. When it comes to the first one I’m really excited about companies with the so-called T-shaped business model. Those are the businesses that attract users with a subscription product, but then those users end up staying for a range of additional functionalities that are monetisable in different ways. A good example of a company like this in our portfolio is Easol – they provide an operating system for the experiential travel providers and sell it on a subscription basis. In addition to that, they also enable the business to have the digital checkout functionality inside of their product and charge a payment processing fee for that. In terms of technological innovation, I’ve been spending a lot of time in the Open Source space. We believe that over time, the vast majority of the enterprise software will be open source as companies realise the benefit of having volunteers and users of the product contribute to its development. Element is an open source company in our portfolio that I work with. They run one of the most popular open source projects on GitHub and benefit from hundreds of developers

contributing to the project free of charge on a continuous basis. It's hard to beat that speed of product development with a traditional proprietary software model.

Steph: At Notion we are experts in B2B software and predominantly focused on the Series A and B stages when there is proof of initial product-market fit. Within the team, we specialise in different segments within this space. I am particularly excited about the automation of knowledge and in making software less visible, yet more powerful, which I coin 'invisible SaaS'.

A great example of invisible SaaS in our portfolio is TestGorilla (who recently closed a \$10M seed round led by us). TestGorilla is a recruitment platform which serves you the very best candidates on a silver platter. They do this through the construction of relevant, customisable mini tests without the bias of looking through CVs. The reference calls I took with existing customers showed a very high correlation between scoring high on the tests and receiving a job offer – a win-win situation for both candidates and recruiters. Overcoming human bias amid a scarcity of talent, TestGorilla can extend both reach and level the playing field in the hiring process.

In the case of Bryter, we see that the knowledge of workers can be captured in the form of mini software modules. For example, when I receive a corporate gift, I no longer have to flag it to our compliance department directly to see if it can be accepted. Instead, I fill in the details about the gift in the Bryter module (as set-up by the compliance department) and the software generates a decision in an official document and sends this off to compliance for storage. Solutions like these keep knowledge workers from having to deal with repetitive requests that impede productivity.

## What do you look for in a founder?

Kam: I look for founders who are an insider to the market they operate in, someone who deeply understands it front to back and has a deep insight that will continue to drive defensibility as the company grows. However, this doesn't necessarily mean they have to be a veteran in the field but rather I'm looking for someone who saw the industry from the inside, decided that it shouldn't function in the way that it did and decided to disrupt it with their product.

A great founder that I work with, and who is a good example of this, is Sammy Rubin, founder and CEO of YuLife, who just raised a \$70M Series B round at a \$346M valuation. Sammy has been in the insurance industry for most of his career and rather than settling down into a role, he decided to build YuLife and reinvent life insurance. He has created a product that not only provides the core solution but also motivates people to be a better version of themselves day-to-day. By engaging consumers in a way that is unprecedented for this

product line, he also disrupted the way insurance is sold, by building a clever bridge between B2B and B2C distribution models.

Steph: I have a particular focus on founders that (1) have experienced the problem for which they are creating a solution, (2) have a strong analytical view and first see what works from internal mini loonshot tests and (3) can translate this into a meaningful proposition and mission to change how we work, forever.

Marius Luther and Marius Jeuck from HeyJobs are great examples of what I look for in founders within our portfolio. Having recognised inefficiencies in the traditional hiring process, they built a cost-effective, automated software solution for candidate targeting that quickly identifies the best talent for a job. The team is obsessed with matching talent to the right jobs and have done this very successfully themselves. *In 2019, HeyJobs was recognised as the #1 tech employer in Berlin based on employee ratings on Glassdoor and Kununu.*

## Can you talk about your current portfolio?

Kam: I currently work with quite a few companies within the Notion portfolio. I already mentioned YuLife, Easol, and Element. The other ones are: Interactio - software for remote interpretation, Hokodo - buy now pay later lending for B2B marketplaces, and Claimsforce - claims management software for the insurance industry.

Steph: I am currently closely involved with our portfolio companies Testgorilla, Bryter, HeyJobs, Hazy (the synthetic data platform of choice for financial institutions), Dixa (the customer service platform that turns customers into friends) and Mews Systems (the hospitality system of the future for modern hoteliers). These companies all show a deep tech moat combined with strong signs of category leadership that will lead them to dominate their respective markets over the next few years.

## How has COVID-19 changed the way you operate?

Kam: COVID-19 was actually a really interesting period for us. Like everyone else, we were initially in a bit of a state of shock and had to quickly figure out how we could continue to make investments and work with our portfolio. We quickly realised that being virtual gave us an edge. Suddenly we were able to be more competitive in other regions, as it mattered less and less where the

founders and where VC firms were based, as everything was digital. The playing field became more level as everyone had the same foundations to build relationships with new founders. It really opened our eyes to other emerging technology hubs throughout Europe and their potential, and led to investments in 'less obvious' locations such as Vilnius, Lithuania and Hamburg, Germany.

Steph: COVID-19 has brought a fundraising climate that remains buoyant under the new wave of digitalisation and has given rise to many new investment opportunities and increased growth across the board for companies selling software. Internally, it required us to adopt a more parallel approach of doing due diligence to drive quicker decisions, more pre-emption of fundraising rounds and thinking about new ways to show Founders what Notion stands for and where we add most value to our portfolio companies. As we were already used to making investment decisions with our part-office, part-virtual team, we actually saw more investments being made in 2020 than 2019.

From a sourcing perspective, I have personally seen a shift away from conferences to more deep relationships with earlier-stage investors and emphasis on our internal machine that scouts the internet automatically for new B2B software startups.

## What does the future look like?

Kam: The pandemic has shown us a new hybrid way of working where people can be remote and based anywhere in the world, which has made it easier to tap into talent globally. However, this remote working is having an impact on security, such as with employees using their own devices and public WiFi to access work systems, so businesses are now looking for ways to solve these challenges. I think we will see an emergence of new types of security and observability software that will help companies manage those new threats. Cybersecurity is definitely top of mind for us at the moment, so if anyone reading this is working on addressing the various gaps in the current cybersecurity stack, please reach out!

Remote working is also creating new challenges in terms of how we collaborate and solve various problems together. It's not only about the horizontal stuff such as digital whiteboards, and cloud based documents. We anticipate a wave of vertical-focused software playing to those new ways of working. Fiberplane in our portfolio are a great example of a company within this theme. They provide a collaborative notebook for software engineers to resolve downtime incidents. Historically when you had a downtime incident a group of developers would usually huddle around a single computer and try to solve it together. With remote work this set-up isn't always possible and collaborating on Zoom with screen share is just a poorer alternative to how those problems can be handled in real life. One of our recent investments offers a collaborative

notebook with chat functionality that integrates into your monitoring and alerting software and provides a way for developers to work together on finding a solution. The vision behind the product is to provide a better workflow than that possible with engineers based in the same location.

Steph: More 'invisible SaaS' (automation running in the background), a greater emphasis on data handling and new revenue streams.

We are coming out of the last 20+ years having collected a lot of data ('data is king') but now see that databases have become fragmented, cluttered, and incomplete. We are wondering if there is still value in the data or whether we are sitting on a potential large cybersecurity threat. I think the future will show that part of data will be deleted (e.g. physical addresses for goods that are now served online), the remaining data needs to be better secured (Hazy in our portfolio is doing this in the form of synthetic data that can be shared without risk of exposing true data but with the same statistic characteristics for analysis) and there will be more software to handle the data stack more effectively.

There is already a shortage of data analysts, scientists and engineers, hence, systems that can either/and connect data sources from different systems into the data warehouse, that allow for easy data manipulation, improve visualisation for business insights, drive collaboration and drive workflow automation will be winners. Look out for new solutions that, for example, automatically send users a Slack notification when revenue falls below "X".

*In a similar vein we will continue to see new payment streams appearing in the world of B2B SaaS with a focus on value-based pricing and SaaS+FinTech models.*

## What one piece of advice would you give founders?

Kam: It's never too early to start building relationships with investors. We've all heard the saying I'm sure that picking an investor is trickier than marriage – it's usually not possible to get a divorce and those relationships can go well into 10

years.

I'd recommend founders start working with investors ahead of launching their official fundraising process. VCs can be extremely helpful with their networks and expertise and starting the discussions earlier is a great way to get to know with whom you really want to go into business with and to test how helpful a given fund can be.

We often see the best founders start talking to us more than 12 months ahead of when they actually want to raise.

Steph: Build relationships with other founders, particularly those that are a stage ahead. You can learn so much faster when you're not reinventing the wheel. This is coupled with the potential to sell, build brand, obtain warm introductions to VCs, receive feedback and find camaraderie can be a lifeline. Founder life is tough!

From a fundraising perspective, I see the best pitches (and what ignites me personally) spending at least 50% (maybe even 75%) of the time on the 'story of the heart': where is the current product offering and how will this turn into a big moonshot over time? - i.e. category leadership. This is subsequently backed up by the 'story of the mind': numbers/facts on current progress.