

Building “companies of consequence”, a profile of Sapphire 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 speak to Annalise Dragic Principal at Sapphire Ventures.

I’m a Principal at Sapphire Ventures, based in London, where I focus primarily on investing in Series B through pre-IPO companies based out of Europe and Israel. I joined Sapphire in early 2020. At the time, I was one of only two investors in Europe – we didn’t even have an office. In many ways, we were like a startup ourselves! Fast forward eighteen months and I’m really proud of the seven-person team we’ve built and the founders we’ve backed in fintech, consumer tech, and enterprise software. It’s wonderful to be part of a team that’s so committed to backing the innovation that’s currently coming out of Europe.

My VC journey began at Atomico where I invested in European startups covering the UK market and enterprise sector. I’m very grateful to that team for taking a bet on me, first as a summer intern, and then on returning to the

team full-time after finishing my MBA at Stanford University. Prior to entering the VC industry, I worked at LinkedIn in the San Francisco, London and Dublin offices across corporate M&A, business operations, sales strategy and product finance.

Which industries/sectors are you investing in?

I'm a generalist, investing in all sectors and industries that touch technology – which is pretty much everything these days! I spend a lot of my time looking at fintech, data tooling/infrastructure, future of work, and, more recently, B2B sustainability software.

I try to keep an open mind as technology is rapidly changing all industries and I believe that there are many opportunities to build “companies of consequence,” as we like to say at Sapphire, in new spaces and overlooked markets.

What do you look for in a founder?

Ambition. It's the top character trait that I look for because I want to partner with founders that are determined to change their industry. A close second is resiliency and the third would be emotional intelligence. Building a company is tough and having the ability to empathise and work collaboratively with others is key. I also love partnering with mission-driven people who are motivated by improving the world around them.

Can you talk about your current portfolio?

When I joined Sapphire, the team had already been investing in Europe for a decade. I'm very grateful that the founders in our portfolio welcomed me onto

their extended teams.

I'm involved in Sapphire's investments in Adverity, Contentful, Currencycloud, Matillion, Unmind and Yapily. I also worked on the firm's investment in Cazoo (NYSE: CZOO) and Wandera (acquired by Jamf). It's been a very busy 18 months for the team and the pace is only going to increase from here.

How has COVID-19 changed the way you operate?

I joined Sapphire right at the beginning of COVID-19, so I've actually only witnessed the firm operate in a COVID-19 environment. Practically speaking, it meant more (many more) Zoom calls than normal. We also changed our investment committee meeting to be twice per week – on Mondays and Thursdays – to accommodate for more virtual founder presentations and increased investment pace. We ended up making a record number of new investments last year, and we plan to continue to be very active in the European market.

The pandemic also meant that all board meetings became virtual. This is now starting to change with some hybrid and in-person meetings coming back. And just like our portfolio companies, the Sapphire team is now figuring out what our “new normal” looks like, which will be a combination of working from our office, from our homes and traveling around Europe to visit amazing founders.

What does the future look like?

Two big macro trends that I'm thinking a lot about are the move to a more sustainable world and the impact of Gen-Z in the workplace. As climate change continues to be a pressing issue for society, companies are waking up to their role in this global social and economic challenge. I see that in many ways European companies are leading the way in taking into account environmental impacts and believe that technologies around sustainability will help propel our society to a “greener” future. Additionally, Gen-Z is now playing a larger role in workforce demographics, and I believe that this will continue to have impacts on the “consumerisation” of software tools in the workplace and further accelerate digital adoption across industries.

I also think the future is one that is more diversified. I'm excited by the fact that founders living anywhere and coming from any background can now easily start a tech company and work towards improving the world around them. I believe that this will lead to more economic opportunity for pockets of the European ecosystem that have historically not seen as much technology

innovation and startup activity.

What makes Sapphire Ventures different?

One of the core differentiators for Sapphire in Europe is that we are a U.S. headquartered firm. Many founders seek us out because they want a partner that has a Silicon Valley mindset and experience scaling companies on a global scale.

Additionally, we've built out a *Portfolio Growth Team* in the U.S. and Europe which provides our companies with practical support when it comes to tackling different topics related to scaling and execution across business development, talent, international expansion, and so on.

That said, what I think makes Sapphire truly unique is our blend of European and American culture. Many of our partners are European but have also lived and worked in the US. I believe this gives our European founders, in particular, the best of both worlds.

What one piece of advice would you give founders?

To take care of your mental health. I've witnessed founder friends really struggle with their mental health and know how challenging it can be to deal with all the uncertainty, *low* lows, and *high* highs of building a startup. I encourage founders to take the time to prioritise their mental health; get enough sleep, prioritise exercise, and remember to pace yourself. Companies of consequence can take many years to build. Your value as a founder on that journey will come from being a consistent, reliable presence who can steer the company forward. That won't be possible if you burn out early. Lean on the network around you, including your investors, to make running the business sustainable. Ask for advice, help and support when you need it.

Annalise Dragic is a Principal at *Sapphire Ventures*