

# Insane levels of empathy for customer problems, a profile of Techstars London

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 Saalim Chowdhury, newly appointed Managing Director of Techstars London.

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I was 15 and working a Saturday job in a computer shop in Wales, a part of the UK best known for its remote countryside. The owner of the shop was someone I really looked up to. An early mentor of mine, he too was an immigrant and a dreamer. He subscribed to a magazine from the US called Red Herring and I picked it up one day as it looked different to most of the magazines we had around.

For those old enough to remember it, the magazine chronicled the adventures of the Sand Hill Road VC fund in the original '.com' bubble of the late nighties.

It told the tales of these bright driven people, who took their education and life learnings and dared to take a different path to build amazing companies. These were the stories of the former entrepreneurs who sold their businesses and then decided to build the next generation and became VCs. My young mind was blown. It sounded way more fun than being the doctor, engineer or accountant that is stereotypically expected of many children of immigrants. It was a world away from the small town I grew up in. So one day, despite the lack of any networks, or connections to the world of business (my family are healthcare practitioners!) I decided to give the Founder thing a shot.

My blissful ignorance as to the challenges and risks of going down this route was probably the only reason I ended up where I did. Still to this day I don't know how I got so lucky, being part of two exited startups – one to Cisco, the other Toptal) – and building amazing teams. It was the generosity of so many wonderful people sharing their time and wisdom which helped me get here, and of course my Father who had little idea of what I was doing, but supported me emotionally throughout the tumultuous ups and downs. I was so lucky to start my VC career at 500 Startups, a fund which backed my last startup, where I ran over 30 accelerators in 16 countries, and now today to take the helm of the London operations at Techstars.

## Which industries are you working in?

The reality is with early stage ventures, traditional industry categorisations aren't that useful or interesting to me. They typically don't have the right to play 'head-to-head' with incumbents in traditional 'verticals' because even if they build a better 'mousetrap', often trust and heritage win.

The reality is that we're often working at the intersection of legacy industry terms, and often the best founders are at the intersection of two traditionally disparate disciplines. Unsurprisingly, I'm fascinated by the intersectional areas that have emerged – in particular between health and AI, the metaverse and retail, and finance and emotional health.

## What do you look for in a founder?

Insane levels of empathy for the customers' problem. If they aren't obsessed with the problem their business is trying to solve, the question is why are they doing this. I generally prefer founders who have a track record in execution – doing rather than talking. For example, management consultants or bankers who suddenly come up with a startup idea without having experienced the pain they are seeking to solve for, are probably not the right fit for my programme. Ideally they are intellectually 'elastic' and actively think and are willing to

change how they look at their business when they discover new data or are shown a new perspective.

## Can you talk about your current portfolio?

We've got an amazing bunch of up and coming ventures in the Techstars London portfolio – some of the more unusual ones are Banjo Robinson, which sends children letters from a travelling cat, to Settld which helps people notify loved ones after their passing.

Personally, I've invested at the very early stage in Axie Infinity – the play to earn game with adorable characters (today a unicorn with a \$3B valuation), Quit Genius, the online addiction clinic, and Nothing.tech, Carl Pei's personal hardware startup that's seeking to change our relationship with technology. I'm really excited about the next batch of Techstars London which will be my first set of deals at the firm.

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

It's mostly meant that my Frequent Flyer cards have fallen to a lower status level! Joking aside, it's really enabled me to speak to more companies personally. I'm now doing more meetings with founders than before, and founders are more ready to be honest about where they \*really\* are.

It's also made me take a long hard look at how we as VCs can actually be supportive of founders that can't do the typical excessive hours in a major city. I'm actually embarrassed it took the pandemic to truly realise this, and I'm ashamed of the opportunities I historically have overlooked as a result.

## What does the future look like?

In many ways we're at peak tech. We've got all the tech we need. The problem is that it doesn't work for us, we often work for it.

It was Carl Pei, the founder of Nothing.tech (of which I'm a seed investor) who really made me realise this. We need services that reduce the friction that tech has oddly created. For example, we spend more time researching our purchases than ever before, but are we happier with our 1% incrementally better purchases? I joke it takes as long to decide what to order for dinner on

Deliveroo than it does for it to arrive.

Also, I'm excited by the new opportunities for the UK in its new post-EU era, particularly that we're able to invest in and get talent from all over the world to come and build their startups in the UK. Which, as the son of an immigrant from a third world country, I know intimately that talent is globally distributed, but opportunity isn't.

## What makes Techstars different?

For us, accelerating a startup is deeply personal. Our batches are small, and our programme is tailored. It's not a cookie cutter online-only program with 30 to 200 companies or more in a batch. It's 12. Yes. 12.

At my program our founders get me as their lead investor and lead growth coach. I personally will be spending hours with each company during the accelerator making sure they get what they need. We are able to spend the time attentively, and individually optimise the programme for the needs of each company.

We're a high-touch, premium programme and we're not cheap, but for the right companies, our accelerators are able to set them up for growth in a way few others can. We surround them with experienced mentors, entrepreneurs and advisors who have been there, done that and talk from experience rather than theory, help them build their network and create a playbook to grow. Also, Techstars is for life. We can and do follow on in subsequent rounds. We are there to support as best we can throughout the lifecycle.

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

Don't fall in love with your product. Fall in love with your customers. They are the only ones who'll be able to give you back what you've put in.

Saalim Chowdhury is Managing Director, *Techstars London*