Get to know OneRagTime, a team of founders dedicated to founders

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 Stéphanie Hospital, CEO and founder of OneRagTime.

OneRagtime began when I was in Orange and met many entrepreneurs. One day, I realised I wanted to be like them: free and an entrepreneur. I pitched the idea of creating a new VC generation to Jean-Marie Messier whom I had the chance to meet when he was advising Orange in M&A projects.

Jean-Marie needs no introduction: he is a seasoned leader and investor with immense corporate experience growing companies, identifying the next big thing, and maintaining an incredibly strong network. On my end, I was a corporate executive at Orange for many years, leading Orange's digital division and handling a number of key partnerships, mergers, and acquisitions. We decided to create something together that blended venture and crowd equity: we dreamt of a platform that offers a unique service to connect investors and digital startups.

So many people funding startups want to contribute financially but lack the access point to the entrepreneurs themselves, which means few business angels are able to get in the door on great projects. We built OneRagtime to address this issue: we are a next-generation venture capital firm that's tech-first, values-driven, and community-centric.

Five years later, we have an international team of over 30 people, operate two offices (Barcelona and Paris), and now represent more than 250 investors, many of whom are direct sponsors of the structure such as Patrick Sayer and Philippe Bourguignon (former CEO of Club Med, EuroDisney) and Philippe Carle and many more amazing investors.

We count among our investors some of the boldest and most seasoned managerial minds in Europe, and because of our community-based model, our portfolio entrepreneurs benefit from their direct guidance and expertise. Our network is key: our investors are highly qualified and have access to the deal flow through our website and app. Investors can get involved in three ways:

1. By investing in all of our projects at once
2. By choosing the individual startups and markets they want to invest in based on their own personal interest
3. By investing in Rhapsody, our dedicated fund operating with vintages or Paragon, our new continuity & growth stage fund. Whichever route they choose, investors contribute tickets starting from €100K.

We've also built out an incredible tech team internally. We've internalised our technology and built the platform in-house: this allows us to customise it to our own needs, which leads to exciting developments like internal data analysis that supports our teams and investors in making the best, most informed decisions possible.

In addition to traditional sourcing methods, we scale our sourcing though our investor community and technology. Indeed, we activate our community of investors that share some of their qualified deal flow. We also use our technology to scout and pre-qualify companies across Europe using various data sources and algorithms.

Finally, we take due diligence very seriously: we do all our own tech, finance, legal, and intellectual property audits in order to ensure that each investment is a stellar one.

At the end of Q1 2022, our portfolio is over 35 companies big. We estimate a return on investment between 5-7 years, with a multiple ranging from 3-5x the initial investment. Our first exits include Glose that was acquired by Medium or Zenly in which we invested at the very beginning of OneRagtime as small business angels that was acquired by Snapchat.

We also are the proud seed investors of high growth companies such as Jellysmack which became a unicorn through a large fundraising led by Softbank in 2021 or Homa Games that recently closed a round led by Northzone to give a few examples. And recently we had our first large exit with our seeded company +Simple LBO with KKR, Eurazeo and Tikehau. And I only see us growing even more in the coming years.

Which industries are you working in?

At OneRagtime, we have several investment themes that correspond to current market trends.

> Content, communication and gaming: digital media, social content, gaming and influencers are some of the subjects that we focus on
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> IA, software and data: the largest category of investment that we have which gathers companies artificial intelligence to disrupt traditional sectors.We invest in artificial intelligence, machine learning and data technologies applied to health, mobility, telecom, lead generation, cybersecurity or environment among other
>
> Fintech and insurtech: companies with a focus on the financial and insurance sectors as well as regtech companies developing the enablers of new usages

We focus on scalable software companies that have proprietary deep tech or tech enabled products and that address the market with short sales cycles, B2C or B2B2C models are our main focus. However, the human aspect is a determining factor in our investment choices. We are most intrigued by entrepreneurs with a strong vision of their market, a desire to revolutionise their sector, or a sense of urgency in bringing key innovation to change an ecosystem.

That’s why, even if we focus on these set sectors, we are always interested in other arenas and facilitate the development and growth of ambitious entrepreneurs across a wide range of industries. We love atypical funders; climate hydrologists, musicians, professional athletes, and so on.

What do you look for in a founder?

We look for highly resilient, adaptable founders with a deep, comprehensive understanding of their specific market needs and challenges.

> *We also look for founders who bring together complementary teams: leaders who prioritise building teams with well-rounded, wide-ranging expertise, experience, backgrounds, and perspectives.*

This is critical to us: we want founders with the foresight to build diversity of perspective into the foundation of their team and company, and we find that the best tech often does come from founders who prioritise strong leadership just as much as they do top tier product development.

As Ben Horowitz is saying in his book *The Hard Things about Hard Things*: “founders never quit!”.

Can you talk about your current portfolio?

Our portfolio is expansive and quickly growing. In just five years since our founding, we have invested in 35 startups, had three exits – including one partial exit – and are on track to continue growing.

We invest in startups across industries: health, climate, legal, ecommerce, insurtech, cybersecurity, gaming, B2B, B2C, B2B2C – the list goes on. All of our portfolio companies share a proven commitment to strong foundational teams and developing software-based products that are powered by a differentiating technological asset.

A few examples of our portfolio at present: *JellySmack*, the influencer marketing and management company that became a unicorn earlier this year and is a global leader in the creator’s economy. *+Simple*, an insurance venture that supports companies with custom-tailored insurance solutions. *Homa Games*, which recently announced a groundbreaking $50M USD Series A and is on track to become one of the world’s leading games publishers.

Mayane Labs, a hydrologist-led climate tech venture that analyses the environmental heritage and value of any given territory in order to maximise the potential for accurately sustainable building; and Ekie, a legaltech company that facilitates easy and affordable access to legal counsel across a number of legislative jurisdictions. We also love impact companies like Make.org or Studytracks.

How has COVID-19 changed the way you operate?

At the heart of it all, our business is about people: our work is rooted in identifying talent who can develop solutions that meet peoples' needs.

On an operational level, COVID impacted us in a similar way it did businesses across industries: we had to adapt our communication model from in-person to virtual, reimagine how we connect with our stakeholders, and seek out new ways to source business in a sector – venture capital – that is historically and traditionally dependent on consistent, meaningful in-person networking and relationship-building.

All this having been said, we actually found that the pandemic increased our capacity to reach an even wider range of founders, investors, and others in the tech ecosystem. Because we were meeting with entrepreneurs virtually, the online format allowed for us to speak with even more geographically diverse founders and discover opportunities in locations beyond the usual big cities and capitals.

We also had to adapt our methods of evaluating founding teams; virtual meetings necessitated more and more reference calls on founders, for example, since we could not meet with them directly in-person.

These changes are reflected in our portfolio, which more and more includes investments in ventures based in cities besides Paris, London, and Barcelona. We are increasingly reaching visionary entrepreneurs building exceptional products out of cities like Lyon, Marseille, Rennes, and other locations. The crisis changed our perception of distance, and we can now much more seamlessly connect with founders outside of our home base regions.

What does the future look like?

Things are about to look quite different. Right now, we are witnessing a steep and rapid rise in development of new businesses in response to the myriad new usages stemming from the global crisis. We're seeing investors with more money, which results in bigger investment rounds at earlier stages. It's critical to pay attention to value creation: as any savvy investor knows, with fast growth comes the distinct possibility for a decrease just as acute, which means that the investment vetting process has to be more rigorous than ever.

Ultimately, value creation is what acquirers will seek to fund at the end of the startup journey.

AI, of course, is on the tip of everyone’s tongue and has been for quite some time. While companies have already been prioritising AI long before Covid, the health crisis has accelerated the need for AI in that it’s really changed the context in which we use it.

We’ve got a few examples in our own portfolio: Golem.ai is an NLU technology-based company that offers increased readability for documents, archival management, and other functions to sharpen digital functionality within an organisation. Golem’s relevance to the international market was only further emphasised by the pandemic: companies need to find virtual work solutions, manage the operational challenges of no longer having a fully in-person office.

Navee is another example of a venture that became even more useful during the pandemic, even though the crisis did not necessarily directly change its product. With increased internet usage, content creation became more trendy, which sparked a natural increase in likelihood of using tech for fraud or internet scams. Covid created an environment and internet culture that more and more necessitates the use of AI products like Navee.

Climate tech and impact are also, of course, on our minds when we think about the future. In the same way COVID made us start thinking about the applied usage of technology in new ways, climate change will only continue to affect our development of products. Our world is quite literally changing: adapting to this is a challenge that will not go away, and will become increasingly central to our work of finding tech-based solutions to problems big and small, global and local.

We’re always at the forefront of new trends – over the past twenty years we’ve seen this with the internet and constant revisions, now we are in an era of platform connectivity – we will deliver much more over time. Leverage tech to have real life impact.

> *We believe in the power of tech helping us in real life – not switching.*

What makes OneRagTime different? What one piece of advice would you give to founders?

Our model sets us apart from the pack. We are ourselves founders, we have the same entrepreneurial journey as our founders – a team of founders, dedicated to founders. We are firm believers that crowd equity is the best way to fund a startup. We've found a sweet spot for fintechs in particular to find funding within our ecosystem and platform. The fact that we are entrepreneurs creating a fintech venture ourselves means that we can empathise with and understand the complex journeys of our entrepreneurs and investors.

In our unique VC-as-a-platform model, our investors have the autonomy to choose which ventures they'd like to invest in and then we take care of the rest: market analysis, terms negotiation, dedicated vehicle creation. Our founders are then supported throughout their entrepreneurial journey: from capital, to contacts, advisory, operational resources, and more.

Every deal we do must generate profits for our investors – this is baked into our deal-by-deal approach and investment thesis as a whole. We are also incredibly focused on the support aspect of our roles as investors: guiding, supporting, and advising our portfolio companies is key to our investment thesis. We centre the community in a way that sets us apart from other, less hands-on funds.

As for advice for founders: be resilient but not stubborn. Nothing ever goes 100% according to plan, and the best entrepreneurial stories are the ones in which a founding team develops a real connection to its users, understands when the value proposition is not a fit, and is able to adapt to set the company on the right course. And of course, "founders never quit!".

Stéphanie Hospital is the CEO and Founder of *OneRagTime.*

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