

# Pan-European investment from Series A to B, a profile of 33N Ventures

With #QVCS, Maddy Ness profiles different funds to give founders and entrepreneurs the information they need to choose the right investor. Today, we speak to Carlos Alberto Silva and Carlos Moreira da Silva, Managing Partners at 33N Ventures.

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We like to say that 33N Ventures is a first-time fund but it's not a first-time team. We've been working together for over 15 years - and that's not just the fund managers, that goes for our extended team too.

Our careers go back further than that, but if I had to pick a moment where this particular journey 'began' - it would be almost a decade ago when we set up Maxive Cybersecurity, a leading European managed security service provider (MSSP) encompassing S21Sec, in Iberia, and Excellium, in BeLux. We effectively built the companies from the ground up, so we're not just career investors, we've sat in the entrepreneur seat too.

As we deepened our expertise, our attention turned to VC investments in technology. In that time, we've backed unicorns such as Arctic Wolf, a vendor-neutral platform for managing cybersecurity operations; Outsystems, a low-code platform for developing enterprise applications; and Feedzai, a data science company that helps corporates manage financial risk. We were also invested in Cellwize, a 5G network company, before exiting to Qualcomm. Also in 2022, we exited Maxive Cybersecurity to Thales.

All of which brings us to today. We've just launched our new cybersecurity and infrastructure software venture capital fund 33N Ventures in partnership with Alantra, a global asset management firm.

## Which industries are you working in?

The new fund will be investing in cybersecurity and infrastructure software firms in the US, Europe and Israel.

Specifically, we want to look at emerging sectors: these are areas or trends where there is not yet a market solution. We want to back pioneering businesses in areas of the market where there is huge potential – from innovations in protecting the technology stack to looking at how security teams react after an attack.

The geographical scope of the fund is quite unusual for this industry. While the US and Israel are well-served by VC investors backing cyber companies, Europe isn't. A recent report by the European Commission and the European Investment Bank explored these issues.

The report identified that a lack of specialised VC funds in European cybersecurity was holding back the region. Well, that's what we are here to solve!

## What do you look for in a founder?

We've worked in this space for a long time – both as operators and investors. We know what it's like to sit on both sides of the table, and we know what to look for in founders. We've already got a list of companies that we are gearing up to invest in – these are firms we've had on our radar for some time. So, we are already progressing at run-rate speed – quite differently from a freshly launched fund.

That being said, when it comes to knowing what to look for the key is a founder who knows their space extremely well. They must know the market and the technology, and they must see opportunities where others don't. Because we are looking at technologies that are ideally first-to-market, they've got to be hot on the technical detail. If they're not, they won't survive.

At the same time, they don't need to know everything. But it's helpful if they know what they don't know. We look for founders that want investors with deep sector knowledge. We believe we have a lot to bring to the table for founders that want a collaborative partnership, not just a cash injection.

If they have some humility and recognise that both parties can bring a lot of knowledge and that we're stronger putting our minds together, then it makes everything a lot easier.

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

We believe the European cybersecurity market has huge potential. There are some brilliant entrepreneurs and fantastic companies here. It has some of the world's most developed data privacy laws and a robust regulatory environment. That's great news for companies that want to help you protect your data (in one way or another).

There are also some huge potential customers here. Like the US, there is a very large internal market of potential business that can be won without ever needing to step outside the continent. Of course, you'll want to do that eventually – but it could be a perfect environment for companies to evolve in.

The challenge historically for European companies has been the lack of available capital from specialised investors. This makes scaling difficult. This thesis about what's holding European cyber companies is shared by other ECSO members, the European Commission and the European Investment Bank.

## What makes 33N Ventures different?

Our key differentiators are deep sector experience, our pan-European network, and the stage we're investing in. Not only has our team been together for almost two decades, but we've sat on both sides of the table. This gives us insight into the nuances of running a business in this industry that you simply can't get just by investing.

Then there's our positioning at the stages we're investing in. We've got the firepower to invest from Series A to B and help companies to expand beyond borders, across Europe, rather than operating at a domestic level, with our truly Pan-European approach.

## What one piece of advice would you give

# to founders?

Be selective when it comes to your investors. There are a million ways for a great idea to fail – many of which are totally out of your control.

But choosing the wrong investor is entirely avoidable. Your investor should have strong technical knowledge – particularly if you're working in a space like cybersecurity. They should also have a strong network of contacts. I'm not just talking about a fat Rolodex, I'm talking about real and genuine relationships with key people in an industry. Having access to that network will be vital in accelerating your growth.

*Carlos Alberto Silva and Carlos Moreira da Silva are Managing Partners at 33N Ventures.*

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