

An AI-focused fund with a tech-first approach, a profile of Alpha Intelligence Capital

With #QVCS, Maddy Ness profiles different funds to give founders and entrepreneurs the information they need to choose the right investor. Today we interview Terry Chou and Uday Sandhu, partners at Alpha Intelligence Capital.

Temps de lecture : minute

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[Uday] AIC was founded in 2018 by Antoine Blondeau, a serial AI entrepreneur, founder of Sentient Technologies, and Charles-Edouard Bouée, the former CEO of the consulting firm Roland Berger, as a preeminent artificial intelligence focused venture capital firm. Convinced by the potential value creation through AI for businesses and society, and its capacity to solve real issues (e.g., in healthcare and related to safety), the team raised a first fund of 184m\$ to back innovative companies with strong algorithmic science expertise. The fund has been deployed since in 29 companies across the globe (40% in the US, 20% in Israel, 30% in Europe and 10% in Asia). Our truly global team of technology experts and investment professionals is supported by a network of some of the world's most renowned AI specialists.

We are currently raising our second fund and have completed a first closing at 100m\$ at the end of last year. Today, the firm has a global footprint with offices in the US, France, the UAE, and Singapore, with one partner based at each location. I personally joined AIC in the San Francisco office in 2020. I was introduced to Antoine by an existing portfolio company CEO.

[Terry] I stumbled upon Antoine, our founding partner, after having left my last job in the private equity industry in 2017. He had just started the idea of launching a deep-tech AI/ML focused VC fund and we were exchanging ideas on a few AI companies in the NLP and quantum computing space. I was amazed by Antoine's capability to explain AI algorithms and architecture. I knew I wanted to work and learn alongside him, which is why I joined AIC as a founding member and investor before the fund was launched. I have recently moved to Singapore to launch our Asia headquarter here, while I invest across Europe and the Asia-Pacific region.

Which industries are you working in?

[Uday] We focus on deep artificial intelligence / machine learning technology-based companies and require that our portfolio companies demonstrate significant capacity in this field. We invest across a wide swath of industries, including, but not limited to, healthcare, manufacturing, cybersecurity, etc.

For our second fund, we are also looking at emerging themes disrupted by AI / ML such as sustainability, energy in particular, and Web3 / videogaming.

What do you look for in a founder?

[Terry] May I rephrase the question - "in founders"? In my opinion, a successful company is always built by a team. There are a few important elements that I commonly find in our most successful portfolio companies:

- The product/idea must have a judicious market fit in a growing segment
- The team must have both the deep-tech expertise and a domain

expertise in their sector

- A disruptive technology approach that allows them to grow quicker, cheaper, or much more effectively than their competitors.

[Uday] No two founders are alike, but, in our experience, great founders have a few common themes. These include tenacity, subject-matter expertise, ability to delegate, etc. Above all, we want our founders to be decent human beings, people who respect all around them and are interested in making the world a better place.

Can you talk about your current portfolio?

[Terry] Our core focus lies in AI companies in the Series A/B stages, and we are proud of the achievements of our portfolio and its ability to create value across several sectors. We have sold several companies from our first fund to large, listed companies: the UK-based music generation company AI Music was acquired by Apple in 2021; the Singapore and Amsterdam-based cybersecurity startup ReaQta was sold to IBM in the same year. Our portfolio company InstaDeep just announced its acquisition by BioNTech for £562M. It is the largest acquisition ever made by BioNTech and the largest pure-play AI acquisition in the UK. Three of our companies are listed: on the HKSE, NASDAQ and TASE respectively.

[Uday] We have recently invested in Advanced Navigation, a leader in inertial navigation systems, alongside KKR with our second fund.

How has COVID-19 changed the way you operate?

[Terry] We were a remote-first platform from the get-go, so we managed during the pandemic. However, it did impact our ability to meet founders and their teams in person. We are fortunate that with the advent of vaccines these meetings have now become possible again. Personal

exchanges shape our confidence and trust in the teams, and we have made a deliberate effort to visit and support all our founders.

What does the future look like?

[Uday] We recognise that AI is permeating every single industry in the world. Many of our portfolio companies are actively leading the charge of this permeation. However, there is a lot of potential for such technology to make small but material impact across a wide swatch of sectors. In the coming year, we will be closely monitoring the development of quantum computing technologies in Europe, , transversal language models applications leap-frogged from GPT, as well as Generative AI and the growing importance of AI for battery management systems.

What makes AI Capital different?

[Uday] Our team members view themselves as global citizens (11 different passports for a team of 13 people); they have a wide variety of backgrounds (e.g., research, private equity, entrepreneurship, consulting) and have come together to create a platform that has direct, measurable impact on several industries.

[Terry] As an AI-focused fund, our due diligence focus is clearly on the technical moat of a company, and we include our CTO and research team (2 PHDs) as early as possible in the discussions with target companies. Our portfolio bears witness to this “tech-first” approach.

What is one piece of advice you would give founders?

[Uday] Maintain insatiable curiosity along with the ability to say “no”.

[Terry] “Be curious, not judgmental.” Be curious when others say NO, be

it an investor, a partner or a client. These “NOs” will be your greatest learnings in taking your product to the next level. If you are curious, you will ask the right questions.

Terry Chou and Uday Sandhu are Partners at *Alpha Intelligence Capital*.

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