

# Connecting startup brands with millions of consumers, a profile of dmɡ ventures

With #QVCS, Maddyness profiles different funds to give founders and entrepreneurs the information they need to choose the right investor. Today we interview Taos Edmondson, Principal at dmɡ ventures.

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Before getting into dmɡ ventures, it's worth touching on my other role, as Founder of *Focal*. I set it up with *Hector* from Episode 1 back in 2020, and *Jack* recently joined the team full time. Focal is designed to be a central hub for early-stage fundraising, currently running bi-annual demo days which are the largest in Europe, attracting 2k applicants at a time. I love the interplay of my twin roles; *dmɡ ventures* recently *led the seed round* of a Focal alumni company, Honest Mobile.

Focal's next demo day is on 18<sup>th</sup> May, where you can watch pitches from the top 1% of applicants, as selected by Focal's 120+ world class partner VC funds. We also give attendees the opportunity to invest in a handful of the very best companies from demo day (capital is at risk!). You can sign up for your free ticket [\*here\*](#).

**[\*Sign up for Focal's Demo Day\*](#)**

On to dmg ventures...

dmg ventures was set up in 2018. We're owned by the same holding company (DMGT) as dmg (daily mail group) media, which is the UK's largest print media group, owning titles such as MailOnline, Metro and i.

Manuel, previously DMGT's strategy director, campaigned for the creation of a ventures division following a £900M / 9x return from Zoopla. DMGT had actually been successfully backing startups for decades prior, and so it was a natural evolution. He recognised the opportunity to leverage dmg media's vast consumer reach (35m UK, 65m US and 65m RoW adults every month) to garner insights and plug startups into that huge audience.

Since then, dmg ventures has deployed over £200M, building a strong track record, encompassing companies like Cazoo, Papier, Kortext, bloobloom and Zilch. Over the years, we've refined our investment strategy and built out a best-in-class media-for-equity programme (a portion of our investment comes in the form of heavily discounted media spend with dmg media).

I joined in June 2021 as the third member of the investment team with a brief to supercharge our investment pipeline and build awareness of dmg ventures. I've been in and around VC and startups since 2018, following stints in private equity and retail, and can't imagine myself doing anything else now. I also set up Focal, alongside Hector from Episode 1, in 2020. Focal is Europe's leading startup demo day, powered by 120+ leading VC funds, and a great sourcing channel for dmg ventures.

Despite the macro doom and gloom, dmg ventures is as active as ever, having invested in Napo and Honest Mobile in the last 6 months or so, with a couple more in the works. We invest at Late Seed (i.e., post-revenue) and Series A stage, which is when startups are ready to start testing above the line marketing channels, with £0.5M-£5M tickets.

## Which industries are you working in?

We only invest in B2C startups but have a broad remit within that.

Fundamentally, we look to back companies which we believe we're well placed to accelerate with the help of dmg media. This usually means overlaying the startup's target audience with dmg media's readership in the first instance. We also run surveys on a target company with dmg media's readership during our due diligence process.

There are a handful of broad themes and sub-sectors we know resonate well with dmg media's readers, such as sustainability (though, importantly, not compromising on product or price), tech for over 50s, wellbeing (in its broadest

sense) and proptech. Within these areas, we're fairly opportunistic. Aside from having a broad world view, it makes me chuckle when investors go hunting for a startup which matches their own very specific thesis. The whole point is to find founders building brilliant products which a mere mortal like me couldn't have come up with!

## What do you look for in a founder?

The number one factor for us is whether this is an individual whom people (investors, customers, potential hires) gravitate towards. Often, this comes down to the founder's likeability and their ability to articulate the company's vision. These three stakeholder groups will ultimately determine the success of a company, and it all stems from the founder. As a Late Seed / Series A investor, it's particularly important that we back founders who can raise follow-on funding. Founders must also be able to hire people who complement their own skillset.

We also seek founders who are in control but are not controlling. By that, I mean founders who have a deep understanding of their companies' levers and how those levers are performing, but who also give their team room to run with things themselves.

Finally, it's worth saying that the conventional wisdom that you have better odds if you back a second-time founder is a bit of a myth. There are pros and cons to backing a first-, second- or third-time founder, and an investor can help in negating the pitfalls of each.

## Can you talk about your current portfolio?

We have a small portfolio of 14 companies, as we look to make about four new investments per year. We backed many of these companies in the past two years, so a number are now approaching or at Series B stage. For example, Kortext, Plum, Papier, Farewill, bloobloom and Bricklane. Since I joined, we've invested in Plum, Papier, Urban Legend, Fenton, Napo and Honest Mobile, with a couple more to come.

It's a broad mix of companies within the consumer domain, from Kortext (a digital textbook platform), to Urban Legend (better-for-you doughnuts), to Napo (pet insurance). The running theme is that these are all mass market propositions with a compelling story to tell. One of print media's hallmarks is its capacity to educate and inspire, so storytelling is key. Beyond a nice brand story, each of these startups has at least one other point of defensibility,

whether it be around tech, supply chain or something else.

Our most recent investment was in Honest Mobile, where we led the seed round, joined by the likes of Ascension, Wayra, Focal and others. Honest Mobile has an absorbing customer value proposition, beating incumbents on product, price and sustainability. A heady cocktail. Prior to the funding round, Honest had built a mobile network from scratch and scaled to £800k of run rate revenue, with just £750k previously raised, which is no mean feat! As well as the value proposition, Honest is benefitting from several macro tailwinds, such as the rise of SIM-only plans, spiralling data consumption and the shift towards sustainable solutions.

Last year, we backed sweet bakery brand, Urban Legend, alongside a handful of awesome funds, such as Eka, JamJar and Active. Run by the enigmatic former CEO of Graze, Anthony, Urban Legend has invented a unique manufacturing process which allows them to produce sweet baked goods which taste as good or better than competitors but with a fraction of the saturated fat, sugar and salt. As well as its mouth-watering product, Urban Legend stands out for its superb team which has been there and done that in the F&B space. Having closed deals with Tesco and Sainsbury's, Urban Legend is scaling fast. It's a fun brand and one that has worked well with dmg media's channels.

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

As I joined in mid-2021, I've only ever experienced dmg ventures in a 'post-Covid world', so it's hard to make a direct comparison. From what I know, our investment process is much the same as it was pre-pandemic.

More broadly, I think the widescale adoption of hybrid working has been a great thing for the industry. Taking initial meetings as video calls makes the fundraising process at least 2x more efficient. Where before a founder might have been trailing around London all day to take 4-5 meetings, now, one could, in theory, speak with 20 potential investors in a day.

Hybrid working does add extra complexity around how founders go about building a team culture. We now dig into the framework that is in place to keep teams motivated and aligned if they're not seeing each other every day.

# What does the future look like?

Startups and VCs are caught in a bit of a shitstorm right now, especially on the B2C side. The cost-of-living crisis has bitten hard. However, I think the future is bright, especially for the European ecosystem. The European ecosystem is still in its foundational years, with most investors in their 20s, like me. Most of us were in school during the last financial crisis. As such, we will learn a huge amount from this period. Ultimately, if I can't find and invest in startups which make sense throughout the economic cycle, then I shouldn't be a VC. This is especially true for Seed and Series A investors, where the hold period is longer than the average economic cycle. The key to this for consumer investors is to find startups which have resilient consumer demand and unit economics which stack up.

We're at the beginning of a revolution in the venture capital fundraising process. The current process is not fit for purpose, eating up months of founders' valuable time and resulting in sub-optimal pairings of founders and investors. I hope Focal will be at the forefront of this revolution, but there are a number of other great initiatives emerging also.

Sector-wise, though I see the potential of Web3, I'm yet to find a use case which provides real utility to the everyday consumer. I'm hoping it will arrive soon. I am seeing more tangible applications of 'generative AI' and am excited to start looking seriously at some of the companies coming through to Late Seed / Series A stage in the next 12 months.

One huge shift I see in the coming years is that the tech industry will wake up to the importance of over 50s. They are not the homogenous, grey lump they have been lazily assumed to be! They are incredibly diverse, active, and increasingly tech-savvy. They're also much wealthier than the in-vogue Gen Z demographic!

# What makes DMG Ventures different?

Fortunately, dmg ventures' differentiator is clear. We plug startups into millions of consumers. And we can prove this to startups upfront. During our due diligence process, we run surveys on target companies with cross-sections of dmg media's readership and present the findings back to the company in question, regardless of whether we end up investing or not.

As well as our investment team of three, we have two full time media specialists on the team who work with our portfolio companies to plan and execute campaigns across dmg media's channels, and also support in thinking about above the line marketing more generally.

We also bring the wider firepower of DMGT to bear with our portfolio companies. For example, DMGT's executive search function supports our companies with much of their senior hiring.

Our investment team is also made up of sector specialists and, in my opinion, is top tier, but everyone claims that!

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

Apply to the next Focal demo day (the window opens in September)!

Oh, and make sure to nail the first five minutes of your fundraising pitch. You're 80% of the way there if an investor is shaking with excitement after those five minutes (or even less!).

Taos Edmondson is Principal at [\*dmg ventures\*](#).

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