

Looking for moonshots, a profile of 7percent 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 Andrew J Scott, Founding Partner at 7percent Ventures.

Can you tell our readers where and how it all began and talk about where you are today?

In 2012, I moved back from San Francisco and had to decide what to do next, start another start-up or solve some of the frustrations I had experienced raising money in the UK and Europe, compared to my experiences in the valley. My co-founder at 7% had found your equally frustrating, leaving the European space agency in 2008 to start his company, not being able to raise in Europe, only to go to the West Coast and raise within one month. That company became the technology which powers the Sony play network for PlayStation. We both started investing together at 7% and the rest is history!

Today, we've done over 150 investments, including great companies, such as OculusVR, Magic Pony Technology, Flexport, Universal Quantum, Genysn, Vauban and Universal Quantum, amongst many others.

You were selected as a finalist for Focal Deploy – how do you think this will change the VC/LP landscape?

I am a big believer in these sorts of initiatives to help galvanise the ecosystem. I co-founded Europe's first VC pitch event in 2019, ALLOCATE.GP. We run three of these, including during COVID, engaging over 450 GPs and over 250 LPs. But this was something we were doing part time in addition to running a venture firm, we haven't done one in 2023, so it's great to see Focal building on their success with 'The Seed Stage' for startups, to help drive forward venture investing in the UK and Europe.

Which industries are you working in?

For over 10 years, we've focused on frontier technology, fashionably now called "deeptech". This means we are generalists, with two broad buckets. The first, startups where the challenge is primarily technical, but we know that if you can build that technology, there is a big latent market demand for that product or service. The second is start-ups that transform laggard markets. Big, old, often very backward industries or sectors, where you can take a known technical solution and apply it to a huge market.

Something like VAIRE computing is a great example of the former, Flexport a great example of the latter.

What do you look for in a founder?

Ambition first of all. You must have the passion to solve the problem, and determination to make it happen no matter what. A playbook as to how you are going to deliver on your vision. Great that you want to put people on Mars, not so great if you don't have a plan as to what the inflection points are to get there; and those must reconcile commercial, realities with product or technical development. In other words, have a clear narrative as to the stepping stones between the product or service that a customer will pay for, and the proof points that investors will fund.

Lastly, a balance of self-confidence and coachability. I want to get off a call, having learnt something from the founder about their sector or the problem they are solving, equally, there are probably times when our perspective, with the luxury of outsiders, looking in, may be able to see something that the founder does not, especially if things are not going well. And that's the time

when a founding CEO may need to recognise they should change course.

Can you talk about your current portfolio?

I could talk about our portfolio all day, because we are privileged to have invested in so many amazing companies. Often, the start-ups are working on technologies which will transform the way we live in the next 20 years. From the world's quietest and most powerful electric propulsion for drones, UAVs and flying taxis by Greenjets, to enabling a building to tell you who is ill inside it by testing waste water by Untap Health, we're always looking for the things which in the future we'll look back and say "I can't imagine the world without...".

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

Technology is the future of everything. I think most political leadership fails to understand that we are on the verge of a big changes across a great number of sectors. That's an opportunity but also a of course, a challenge. Jobs will be lost due to AI, but they will also be created. What UK and European governments seem not to have internalised, or at least allowed to lead their policy decision making, is that the nations whose industries become leaders in some technologies today, will benefit disproportionately in terms of economic growth, international influence and military strength. AI, quantum computing, and processing power to do both, is the nuclear technology of our age.

Then there is the medium term security threat. It seems more likely than not that China will invade Taiwan – we would be extremely arrogant not to take Chinese leadership at their word in this regard. But our track record of preventing conflict through sufficient deterrence is not good; which is why we have war in Ukraine. So we must bolster our defences, that involves traditional industry: all European nations should be paying their 2% stipulated by NATO (ideally more) and we need to spin up ammunition and manufacturing capacity. But many of the technologies we are discussing here are dual use in nature, from drones, to AI to new materials, computer vision and space observation.

To put it another way, being solely reliant thus beholden to US government policy or US private companies for many of these technologies (let alone fundamental infrastructure such as space launch) in the same way we are for everything from GPS to web search, cloud storage to operating systems today,

is ill-advised.

What makes 7percent different?

I feel we are willing to invest in ideas that many won't, or don't. We're not afraid to invest first and alone, despite being a small ticket. And we often have to great success. Oculus was first ticket in. Magic Pony was first ticket in. And so were many others in our portfolio who are yet to shout about their dominance or brilliance in their sector.

We're also all ex-founders. We love investing early because we almost immediately end up on the same side of the table as the founder. Later in the start of the journey, what's good for the founder is usually good for us, as the earliest investors.

We take a no bullshit approach, we do our very best to reply to every single inbound we have, and while you might not always like what we say, always give you an honest straight answer, whether a rejection for investment, or as an advisor to you as a portfolio company. I think that's all we can promise, and it's also what we expect in return.

What one piece of advice would you give founders?

Be optimistic but honest, with yourself, when you engage with investors, and with your team. Be bold in your vision and be ambitious in the size of the problem you want to solve, but be realistic about what it will take to get there. And never ever hire average people.

Finally, go through the pain to find the best. Never compromise on people – fire them if they are average, reward very generously if they are brilliant. To find, hire and retain amazing talent is time consuming, frustrating and emotionally draining, yet it will make or break your dream to build your billion dollar company.

Andrew J Scott is a Founding Partner at [7percent Ventures](#).