

Anne Glover of Amadeus Capital Partners

This is the Investor Connect Podcast Program, I'm Hall T Martin. I'm the host of the show in which we interview angel investors, venture capital, family offices, private equity, and many other investors for early-stage and growth companies. I hope you enjoy this episode.

[00:00:24] **Hall Martin:** Hello, this is Hall Martin with Investor Connect. Today we're here with Anne Glover, Chief Executive and Cofounder of Amadeus Capital Partners. Amadeus Capital Partners is a global technology investor. Since 1997, the firm has backed more than 165 companies and raised over \$1 billion for investment. They invest in consumer services, financial technology, artificial intelligence, cybersecurity, medical technology, digital health, and digital media. Anne, thank you for joining us.

[00:00:49] **Anne Glover:** Welcome. Thank you.

[00:00:51] **Hall Martin:** So what was your background before investing in early stage companies, what did you do before?

[00:00:55] **Anne Glover:** Well, first of all, I'm a material scientist. So I'm an engineer originally, and I then went to, from the UK, I went to a business school in the US, the first year of the Yale School at MPP. I stayed there and I did five years in manufacturing, and then I did five years in consulting. And I've worked with large companies at both times, a large manufacturing company called _____ which you may know in the US very well and I'm consulting. And I basically decided I preferred to work with small companies, and so that's why I decided to work my way into the venture capital world, because it allows you to work with startups, and that's where – which I found the most exciting and most ambitious and best possible business environment to work in.

[00:01:46] **Hall Martin:** Great. So what excites you right now?

[00:01:49] **Anne Glover:** Well, I guess the digital transformation that has happened, the way the world is, the consumer world is seeing it, in the use of digital technology for communication because of the COVID crisis. But actually, the main digital transformation is around the use of data. And so, where the data is now being gathered explosively, and then trolled and developed for insight through the various machine learning models and AI models that can be used against it is transforming the kinds of services that can be delivered. And so, I actually think that's a more important trend than the comms trends. I mean, the comms trend is big and we all see it, but actually, it's the AI trend that is much more significant. It's automating all and disrupting all kinds of _____.

[00:02:43] **Hall Martin:** Great. So you see a lot of startups out there and work with a lot of investors, what's your advice for people investing in startups, in particular, the AI sector, what do you tell them to do before they write that first check?

[00:02:55] **Anne Glover:** Well, most startups fail. So that's the first thing you need to know. Even when you're a VC, it's almost 50%. So you got to write more than one check. You have to write several checks. The second is that it's never one thing that makes a successful company, it's everything aligned. So you need to have a ready first customer, a large market, a differentiated

product, a great and honest team, and you need to answer all of these questions, because any one of them can lead to failure, and it's important that you have the whole suite in order to build a great business. It doesn't mean that the suite has to be completely there and visible. It just needs to be potentially there. So the team has to have a great couple of people in it who will attract other great people. But it's, or the market has to be demonstrated in one vertical or one region or one customer base, but it's very clear that if it takes off, it'll go into others. So I think you have to be quite rounded in your due diligence. And although you want to invest in several companies, then you need to look at a lot of them. So we're investing in less than one in a 100, usually about 0.8. So if you want to do five investments in a year, you've got to look at 500-600 deals. That's a full time job. So I would say, if you want to do this, great, but do it seriously and do it in volume.

[00:04:36] **Hall Martin:** So on the other side of that table, what's your advice for people running startups, what do you tell them they should do before they say, go out and raise funding?

[00:04:43] **Anne Glover:** Well, _____ answer all the questions I've just posed that the investor is going to ask. And then I think they've got to decide that they are going to commit time to this, I mean, a significant length of time. In other words, it's not just, let's try and see, and if it works _____ if we get some money in a few months, then I'll do it. It's like, okay, this is going to be the next, if it's successful, the next five-10 years of my life, but even if unsuccessful, I'm going to commit two years to trying to get this off the ground. Because it's hard, and without that level of determination, and frankly, support from your family and support from your colleagues, it's just not possible.

[00:05:30] **Hall Martin:** Great. Let's talk about the state of investing in startups, how do you see the industry evolving today?

[00:05:36] **Anne Glover:** Well, I, evolving, I mean, I think that the barriers to entry are quite low now. I mean, you can dial up pretty much in tech, almost all the services you need to start a company, whether it's AWS or any kind of service, whether it's HR. So the barriers to entry are low, that used not to be the case, you used to have to buy your own equipment and take out an office and do all this. And now, that's not there. So it means that there's a lot of startups, so that means that the story and the business model and plan that you're developing has to be compelling, because there's way more people trying to start companies that will actually succeed than _____ getting them funded from the get go or even growing. So it's spending the time to really hone your idea and build a small team that you can start working with, who together will launch into this enterprise on your own.

[00:06:39] **Hall Martin:** And what's the biggest change you see coming up in the investing world?

[00:06:43] **Anne Glover:** What's the biggest change? Well, I suppose it's the rise of the corporate investor. The friends and family have been around for a long time; and institutional venture capitals, the next layer, and it's been around for a long time. and it used to be that corporate VC was always much late stage, more Series B onwards, and now what's happened is that corporates recognize that innovation happens outside their own borders and boundaries, and that they need to work with startups and scout, frankly, the globe, not just their local region to find interesting startups. And so, they're building real teams who can go down into seed activity,

and some of its just through accelerated programs, but some of its real money. And so, I think the rise of corporate VC is a significant trend and should not be feared.

[00:07:41] **Hall Martin:** Well, great. And so, what's your investment thesis, what do you look for in a startup?

[00:07:46] **Anne Glover:** Well, I've told you, we look for a great team, a differentiated product, any customer interest if not traction, and a big pain point, that means there's a big market opportunity. I mean, that's pretty straightforward. It sounds, it trips off the tongue, it's actually hard to do.

[00:08:06] **Hall Martin:** Yeah. But do you require revenue, do you require a certain amount of revenue before you invest?

[00:08:12] **Anne Glover:** No. No, we have multiple funds. We have a seed and early stage fund _____ series fund in the UK. We will write a 50,000 sterling check to guys who've got a good idea. But we've also got growth funds in deep tech in Europe that will write \$25 million checks _____ companies that are on their way to IPO. And we also have an emerging market fund that's looking at the digital transformation in emerging markets, and there we will write big checks to, again, to growth companies. So the further away we get from our home base, the latest stage we go, but we want to invest globally, because we think good ideas happen everywhere.

[00:08:55] **Hall Martin:** Great. Can you talk about one or two startups that fit your, say, your early stage thesis?

[00:09:00] **Anne Glover:** We got one that we just recently, we got one in quantum computing, which is obviously quite a bleeding edge. But in this particular one, that's called Riverlane, we invested in software for the quantum computing industry. There are actually quite a few hardware platforms, all very varied, but in their approach. But all of them need a software layer to actually take the information out of the quantum computer and begin to manipulate it. So this company has developed that there and is now partnered with all eight quantum computing hardware companies in the UK and probably 20% of the world's quantum hardware producers. So we think that's very interesting as an area. It's very early, but it's absolutely revolutionary, so we're excited about that. At completely the other end of the spectrum, we've invested in a new approach to manufacturing CAR-T cell – CAR-T therapy is a way of treating cancer that has, certain specific cancers, it's where you basically extract cells from the individual and re-genetically, repurpose them and then inject them back in a way that treats the cell by creating an immune response. And that therapy is incredibly powerful, but very expensive, and very large in the way the sort of manufacturing processes, and we found a team who've miniaturized the process and made it effectively possible to do that right next to a hospital as opposed to sending it away and doing it in a central processing facility. So that's actually, I mean, it's really weird. We would hardly have thought that we were going to invest in a manufacturing or a new manufacturing process, but it's such a high value manufacturing process, it seemed like it was worth _____.

[00:11:05] **Hall Martin:** That sounds like a very good one. So a moment ago, you talked about AI being a great disrupter and so forth. What are the challenges in the space for startup, say, in the AI industry, what do you see them struggling with the most to make that company successful?

[00:11:19] **Anne Glover:** Well, it's access to datasets, I mean, that's really the problem, because it's garbage in garbage out, and you need to have access to high quality datasets. And startups, it's not that you necessarily have to pay for them, it's that you have to be credible or people won't share their data with you. So I think that – so startup who has figured out how to negotiate and get access to the key datasets that are important to its activity, is one that really commands our attention. For example, we just announced I think, yesterday, an investment in a New York company called Altana, and that has access to global trade data, and it's doing some very interesting AI work on that, which can give you a signal in order to determine whether there is either fraudulent shipments or actually, for customs and borders, protection or for insurance. And what they have, apart from the great team, which is they have great access to great data.

[00:12:22] **Hall Martin:** And so, on the investor side, what are the challenges you see most investors struggling with today?

[00:12:28] **Anne Glover:** I think it's selection, it's sifting through the volume. So I think that most investors, I would advise them to pick and research a theme that interests them, and then go looking for companies within that theme. If you just are like a whale and open your mouth and just take in everything, it's impossible both to know enough about all of the sectors that you'll be addressing, to know what's good or not good. So I think you basically need to develop some interest. And there's a lot of information out there for you to learn about, whether it's environmental you're interested in or it's AI or its healthcare, choose a vertical and become knowledgeable. You don't have to be an expert, you have to be knowledgeable about that particular theme. And particularly, if it can be one of great personal interests, then it becomes really enjoyable, and you can be the world's most boring dinner host because you're talking about it all the time.

[00:13:36] **Hall Martin:** Great. Well, we talked about AI being a great sector to review, are there any sub sectors or specific applications within AI that you think are good opportunities for investors to pursue today?

[00:13:47] **Anne Glover:** I would stay away from commerce, I think that's done by the big guys. I think FinTech writ broadly is interesting and likely to be quite fragmented, and therefore you can build a niche with it quite easily, whether it's in wealth management or payments is probably over. And we've doubled down on voice recognition three or four times, because that has been an area of great success, because we've got great universities here that specialize in both voice recognition and voice synthesis and dialogue management. So we've done a lot in that, but I would say it's anywhere where there are new large datasets emerging. Part of the reason I say FinTech is that there is a trend started by the UK towards open banking, which means that you can get access to data on people's bank accounts, both the transaction flows and balances, and it's obviously permissions, so nobody's going to give you that for nothing. But you can then use that really credibly to improve your, for example, credit scores. I mean, as I understand it, even Amazon has now insourced its credit scoring. It's not using external credit scores anymore. And I may not have that right, I was just reading it somewhere, I haven't

spoken to anyone at Amazon to know. But I do think that there is some _____ new datasets emerging, then I think there's exciting opportunities. So that's where I would point people.

[00:15:32] **Hall Martin:** That's a good point, follow the datasets; if you have data, you can do AI; if you don't have datasets, you can't do AI.

[00:15:37] **Anne Glover:** Yeah, exactly.

[00:15:38] **Hall Martin:** So it's an interesting model there. Well, in the last few minutes that we have here, what else should we cover that we haven't?

[00:15:43] **Anne Glover:** Well, I think, I like to be encouraging in the sense that for a long time, I've lived in the US and in Europe, obviously, and for a long time, the US venture model and US VC was seen as the pinnacle of everything, and in many ways, it still is; I mean, it's very concentrated in Boston and Silicon Valley, and now, indeed, Austin. But I think this availability of resources and talent that I talked about, in other words, you can dial up your access to your cloud computing wherever you need it or it means that startups can start anywhere, and the anywhere includes Europe, by the way. So we've got some great examples of multibillion dollar companies emerging from Europe, not just Spotify, which you will know, but _____ payments and several in FinTech like revolution TransferWise. So we can build unicorns from Europe. But you can do it as well, or US can do it in regions of the country that are not traditionally clusters of venture capital. So I think the sort of democratization, it's more a read, it's not – you don't have to be in a cluster. The clusters are really helpful for, particularly talent, to attract talent and build an organization. But if you want to go and start something in Denver, or you want to start something anywhere, North Dakota, I don't care, you can usually start it there. You might need to move it if you need a big workforce, but, I would say, startups can happen anywhere. And I suppose the last thing that I think we all need to worry about is, I don't think it's in a negative way, is we've got to recognize that China is not a copycat anymore, they're not copying what we do, they're inventing, and they're doing it really well. And so, we need to respect the Chinese players, as real competitors, and all that goes with that, which is _____ and collaborate with them at the same time.

[00:17:56] **Hall Martin:** Those are good points. So how best for listeners to get back in touch with you?

[00:18:00] **Anne Glover:** Just email address. I only have one. It's available. I don't know if it's on your website, or...

[00:18:09] **Hall Martin:** Yeah, we'll put it on the show notes, aglover@amadeuscapital.com. So anybody that wants to get back in touch with you, that will be in the show notes, but it's simply aglover@amadeuscapital.com, I believe.

[00:18:21] **Anne Glover:** Yeah, that's right.

[00:18:22] **Hall Martin:** Great. We'll put that plus your website in the show notes, and I want to thank you for joining us today and hope to have you back for a follow-up soon.

[00:18:29] **Anne Glover:** Thank you very much, and Happy Thanksgiving.

[00:18:32] **Hall Martin:** Thank you so much.

[00:18:33] **Anne Glover:** Bye.

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