

Philip Webb of Investors In Community Limited

Speaker1: [00:00:04] This is the Investor Connect podcast program. I'm Hall 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. The Investor Connect is a 501 C three non-profit dedicated to the education of investors and startups for fundraising. Please consider donating \$100 to the program to help others in their investor and entrepreneur journey. You can find the Donate button on the Investor Connect org website. Hello, this is Hall Martin with Investor Connect. Today, we're here with Philip Webb, managing director at Investors and Community Ltd.. Business and Community Ltd. is a for profit company operating a B2B SaaS platform, providing businesses with the measurement and verification tools for all community support and giving. Philip, thank you for joining us.

Speaker2: [00:00:58] Oh, thanks for having me.

Speaker1: [00:01:00] Great. So tell us more about your background before founding Investors in Community Ltd. What did you do before this?

Speaker2: [00:01:07] Goodness. Well, I go back a few years because I'm quite old now, so go back into the 80s, I guess worked for IBM as an international technical support person looking after mainframes and various machines all across the UK, Europe, Middle East, Africa. And so I was a technical person and fed up of being number nine six seven nine. I left IBM in 1990 and set up my very first computer services business and grew that from a bedroom start to 6.5 million in about four years flat with really no prior business experience. And it was quite a ride. Actually, I was fortunate to bump into the originator of the SWOT analysis, Mr. Albert Humphrey, and he advised and mentored me and taught me business finance and allowed me, I guess, to find the potential of that first business. And they were quite heady days because don't forget, the mid-nineties was the birth of the internet in commercial terms, at least, and we had some, some fairly wild projects running at that time. We actually invented and created the world's first virtual reality city in 1995. And you look at it today and you think, Well, actually, that's run of the mill creating sort of VR animation type stuff. But 1995, this was way before its time. And don't forget, it was accessible by a 14K dial up modem, and that was this.

We still co-creator and I are still friends, and we still marvel at how we ever pulled that one off. And it was quite amazing, actually 10 years, 15 years ahead of our time, which taught me some valuable lessons in technical commercialization sense. I guess. I sold our business in 96 and went on to run a series of businesses in management, consulting, executive training, high growth start up advisory services and the like. And about 2016, I was riding a motorbike for charity and raising some money for a very small little charity and discover, I guess, call it ignorance or something that I didn't fully understand the charity sector and the small little charities and the community groups, they struggle. They don't have any money. They don't know how to get their money. And I looked at this problem and I examined it through the small charities. Eyes looked at the larger charities and larger organizations, flip the coin and spoke to businesses to discover they also had a problem. And it's a problem solving approach, which I took to the establishment of investors and communities. So my tech background, my business background coming together to form an idea that I could make this better and that's what started the journey.

Speaker1: [00:03:41] So what led you to land on the investors and community limited format and structure, how did you choose that?

Speaker2: [00:03:49] Well, the structure itself of the company is a limited company for profit, coupled with a well, I'm going to call an escrow charity and that handles all donations given by businesses and individuals. So it's quite an innovative model. It gets around lots of financial regulation by simplifying the whole approach, and the whole platform itself was put together with a partner of IBM. So back to my IBM days, I guess. And we wrote and authored a completely new platform from the ground up written in IBM Hyperledger Blockchain, which makes it scalable and secure to address the social value market. And that's that's the thing that's really coming very, very strongly into the market at the moment is the need, not the niceness, the need to create social value reporting by businesses, and it's being commercialized. And so this platform gets over the problem with people using spreadsheets and ad hoc measurements because verified measurements is the way forward. A little bit like your accounts package, so you wouldn't measure your accounts package on a spreadsheet because it's not auditable. It can be changed by anybody for any reason, therefore cannot be a trusted source of measurement.

And the same is now becoming true for social value. So we started from the bottom up a couple of key principles. Number one had to be free for those charities and the community groups. I was I was really getting quite fed up with other providers, the donation engine people in particular, the well-known ones they charge and they charge at every turn they charge a monthly fee, they take a slice of the transaction. They take a slice of the gift aid as a taxable benefit over here and every single time they were taking money out of the transaction between the donor and the receiver. So a few basic business ethics, I guess, at play here. That said, it's got to be free and in making it free, I can change the way that the world transact social value and really solves the problems which have been told to me by the businesses and by the charities. And I was in a fairly unique position where a tech background, my business experiences and I applied that thinking that model to try to create something better.

Speaker1: [00:06:01] Great, so what's your advice for people working in the community support and giving space?

Speaker2: [00:06:06] It's very fragmented and it still is three or four years ago, there was all sorts of people trying to do bits and pieces, so there's a platform for looking at things like volunteering or volunteering was done manually and crunched together on some kind of a measurement platform. Donation engines were being born. Gifting was mostly done manually as well. So there's a fragmentation in the market to do with social value. And then it was called CSR Corporate Social Responsibility, and that's a buzzword that was flying around about three or four years ago. And then it became ESG, which is environmental, social governance. And you've got the United Nations SDGs, the Sustainable Development Goals. It's full of buzzwords. And frankly, you know, it can mean what they want. But actually, the end of the day is about, are you a business that's actually just about making profit? Or are you a business that has connections with your stakeholders, your communities, your environmental credentials? Can you actually make a bit more of a difference than simply making a profit? And so the fragmentation is still existing because people are still trying to nibble bits off one of the time, and you'll find the consultancy industries famous for piling a load of consultants on top of a problem like this, each specializing in a fragment of that and trying to persuade a customer that fixing this tiny bit is part of the journey. That's not quite right, because the journey is very straightforward. It's about establishing environmental social credentials. If you take it as a whole, as opposed to the bit mill

approach that many are trying to espouse, you will find the fragmentation goes away and you get a very clear vision and that's what investors and community sets out to achieve.

Speaker1: [00:07:44] For how do you see this sector evolving over time, you mentioned where it came from, where do you think it's going?

Speaker2: [00:07:50] Well, it's going at a great rate of knots. There's a bit of a school of thought, actually that says we're actually in the Thousand-Year decade. You've heard of that a few years ago, people said between 2020 and 2030, there was going to be as much progress made by humankind as in the previous 1000 years. But think about that, that's incredible. And I thought, No, this won't happen because people don't change that quickly. And then along came the COVID pandemic, of course, and then people did change very quickly because they were forced to. So the whole change is accelerating at the beginning of this year in the UK. The government said our government in the UK said, Tell you what, for every time you tender to do work for our government or our public sector and our local government institutions, 10 percent of the awarding marks of that tender will be given over to how you explain your social value credentials. That was January 10 percent. Then we got to April, and that was about 20 percent. Today, I can show you examples of 30, 35 and even 40 percent of the marks given to the tendering award system is reserved for social value. Can you prove it? And there's a real interesting problem, because can you prove it is different to did you do it? So putting on a spreadsheet says We did it, but we're going to say we did it because you've got to believe us.

But proving it requires an independent platform, much the same as a financial system which is regulated, it can't be changed. It's auditable, it's verifiable, and that's the need for this type of a platform. And so the world is moving very, very quickly. Social value has become even more heightened since COVID because, well, I don't know about over the rest of the world, but certainly in the UK and I think it's same everywhere. People saw people helping each other in a way that we've never seen before. We saw some very wealthy people with very large cars and large houses, and we saw some very impoverished people without those things. But guess what? The world was quite flat at that time during the COVID lockdowns because we couldn't do anything else. We were confined to houses and told to do things in a certain way. So it almost levelled out society for a short period of time. And that's continuing now. And I think it will carry on continuing.

People are a little bit fed up with the old ways and thinking, wouldn't it be nice if people were nicer if people helped one another? If society sort of levelled up a little bit to give businesses and the charity sector a bit more of an equitable say as to what they how they did business together? And so the world is changing. And so the social value marketplace will mature over time into a more regulated, less fragmented place. And there will be certain things expected of companies in their annual reports, for example, and in other ways which they demonstrate social value, which in turn attracts the good talents, the good people it attracts customers that choose where they spend their dollars. It attracts investors who says, tell you what will only invest in companies that can prove they've got their social value baked in, not just an afterthought, not just we give to charity once a year as an afterthought sort of conscience gift. This is baked into the way you do business, and that cultural shift has happened very quickly, to my surprise, even. And so it's going to accelerate, and I think the marketplace itself will become part of the normal business operations.

Speaker1: [00:11:08] Right? So what is the growth rate of this sector given the shifts that are moving in this direction?

Speaker2: [00:11:14] But it depends how you measure the sector if you take the businesses, of course, a little bit like data protection, do you have GDP over there? It's a European concept, but the idea of data protection and data compliance was brought out a few years ago, and the big businesses were driven to be compliant because they had to be. It was part of their make up and part of their legal requirements. And some of my little customers over here, they said, Well, Phil, we don't really they're not going to see us. They don't know us. This information commission people that find people, they can't even find it. We won't be fined, will we? And I said, probably not. And they said, Oh, great, we don't have to do anything then. I said, No, no, that's just not what I said. Because what happened and what happened was the big customers who had to be compliant drove it down their supply chains. They required their suppliers to be compliant. And the same thing is going to happen with social value to create an ethical supply chain by cascading the requirements to report and prove your social value will cascade down the same way that GDPR and data protection requirements did a few years ago.

So that's going to be the catalyst, which brings it on the whole market and ultimately over time. How big is the market? Well, how many businesses can you tell me about because every business ultimately will have to demonstrate the social value, and if they don't, I think they will be on the back foot and eventually they'll be ejected from the supply chain and eventually they will fail because the culture, the requirements of society now to embrace social value and adopt it and move it forward as part of your business is unstoppable. So the market itself is growing exponentially as more and more businesses wake up and say, You know what? This is what we need to do, and this is going to be the right thing to do for our business because it reduces risks, increases sustainability and ultimately makes us more successful and, yes, profitable. So social value doesn't have to be cost. It's a return on investment. So the market is huge and it's going to get very, very big in the next few months and years ahead.

Speaker1: [00:13:16] So what are the challenges in starting a business in this space? You know, calculating your metric and proving that you actually did It is certainly part of it. But can you get more details about how this is going to change a business?

Speaker2: [00:13:29] Well, the businesses themselves starting this business, it's like the first part of your question has been hard because nobody's trodden the path that we're making. We're almost creating the path in front of us by bringing together all the different metrics of the different ways to give the volunteering, the gifting, the money all in one place with a unified measurement system with the blockchain. It's never been done before. And sometimes when you enter a market, you can copy people. Currently, you can sell that like that feature from that platform, and I'll pull that one from that one and you put the two together. We didn't have that. We simply started with literally a blank sheet of paper. And of course, when you build a platform like this and you go out to look for potentially investment, for example, and if I had a pound for every time I've seen somebody say, you know what? I need £100000 to build an app. And I say, Why can't you build it? No, no, no. We need you to invest now so we can build our app around this brilliant idea that's up there in my head somewhere. And the investors say, Well, hang on a second, you know, that's too much of a risk. So we built it ourselves between myself and my chairman and my co-directors. We funded what in retail value is about a million pounds with the platform. And we built it and we said, right now we can start taking on investors to help us to scale the business as opposed to build the business.

So in terms of benefits to the companies that are going to use it, basically there are many fold. They are, as I said before, the attraction of talents the people. My daughter is in her early 20s and she's just chosen a lower salary to go and work for a company that she thinks is better. They do more work for the community, she said. And so she's taken a lesser salary to work for what she thinks is a better company and the Generation Y and Generation Z at this world, the late teens, early 20s, they're choosing and they will choose on a matter of principle. So the talent that you want is going to respond to your reaction to how you put social value first. Your customers are also choosing. We've got retail companies over here in the U.K. that put adverts on the television, and they talk a little bit about reusable plastics. They talk about sustainable farming. They talk about their working communities. And they haven't mentioned a juicy steak or orange carrot yet. There's no sign of the product. They're talking about their values, and that's the one thing that captures consumers. So you've got consumers, you've got staff, you've got investors, you've got your whole brand image, which is wide open for everybody to see because social media sees to that. And so all these things collectively really just make up a sensible business package. Why would you not embrace those principles? Why would you not drive your business on the cultural shift of social? You.

Speaker1: [00:16:15] Right, well, there are several frameworks out there in this space trying to make sense of it, and then there's many solutions that are in the space. How does investors in community limited fit into the landscape overall? Where is it positioned and what's its advantage?

Speaker2: [00:16:29] Ok, you're right. There are lots of different attempts to create measurement systems. Most of them are fragmented in terms of they either measure the volunteering or the money or the gifting, so they fragment across the different types of giving, so we uniquely bring all them together in one place. That's the first thing I'll say. And let's face it, there are other platforms that will probably do that in the near future. We have a little golden nugget in the middle of our platform. We call community credits, and they are digital tokens that are automatically awarded to people who give or volunteer or gift. So any act of giving to a good cause that's a school or a foundation and not for profit or charity, any giving of any type once it's been verified as being received generates community credits for the individuals and for the businesses. And this is quite unique because a unifying single number and you can sign up to the platform for free because individuals are free, by the way, it's only

businesses that pay us a subscription. So after this call, any one of your listeners can sign up to our platform and have a free lifetime account of giving and collect community credits. And you say, Well, why bother Phil? What's that all about? Well, I can come and talk to you in a few months time. Or you can say how many community grants have you got? And you can say, I've got 430, and I'll say I've only got 310. Next time I see you, I'm going have more than you.

So you can almost gamify it with individuals, friends, family groups. But businesses also can look at them, other businesses in the same sector or the same geography and almost benchmark. They can almost benchmark internally between departments so they can start to bring a sense of identification with that single community creates number, and that's being used in all sorts of ways by our customers. We have prisoners over here in our prisons earning community credits for volunteering to do things during their time available to them to actually volunteer. They're getting community credits. When they get released, they can take it to an employer and say, Look, I've done some charity work. People between jobs can say I've got some community credits as well. I did some volunteering between my jobs before I was out of work. People are about to go into university or coming out of university can espouse community credits as a measurement of the social value that they've created, and it's proven and it's verified. So it becomes a currency of your character, if you wish. And, of course, of the business itself. So Community Credits is unique to us. You can only earn them through our platform, but our customers are now picking up on them in all sorts of ways, rewarding people off the back of it. Comparing benchmarking and all sorts of other activities. So there's a quite a unique thing that I've answered your question. Sorry, I got carried away there.

Speaker1: [00:19:16] Oh, that's very good. Well, we see the financial industry looking for standards so they can compare one community credit to another, even though they may be providing different benefits. What will it take to get to a standardized version across the board for community credits? What will it take to actually achieve a consensus on that?

Speaker2: [00:19:37] That's an interesting question. So community credits right now is earned through investors and community dot org platform. You go on there, you've got activity, creates community credits. So clearly there is a measurement system in place now anybody can access. But of course, it's a very small. And so the more people we have on the platform, the more people using community credits, it becomes a de facto standard. And once we put a footprint

down in the states, which we hope to next year, early next year and approximately in India and possibly in the United Emirates as well, we start to spread the use of community credits. And that's where you start to say, Well, okay, well, what's it all about, really? Because Community Credits is a measurement system is interesting, but how exciting can it get? And the idea is and the question I think was leading to this point, if you were able to exchange community credits in the real world economy, if you were able to go into a Wal-Mart, for example, and say, I've got 500 credits, can I have a discount, please? And Wal-Mart said, Yes, you can, because we like to give people who connect with their communities a special deal. And so when that becomes fact, when you can start to redeem or even spend your community credits in the real world economy, that's when it starts to take on a life of its own. It's not a crypto. Cryptos get mined from algorithms. It's the only way you mine if you want to use the word, and a community credit is to actually give something to somebody. And isn't that nice? Because if you look at things like bitcoin, they're busy farming the world's natural resources to create the power to create a bitcoin algorithm. Well, that's all well and good, but community credits, you can only earn them by giving something to somebody who needs.

Up then somebody who earned them can actually use those to pay for the community service that they appreciate if they want to work on prison recidivism, they could spend it there if they wanted to work on poverty or education. They have that choice as well. So they get to place that wherever they want or trade that off for any of those benefits that they want. Is that how that works?

Ultimately, yes, we've got a house builder over here who's got a big housing estate, and half of it's for the very wealthy houses the sort of half a million to a million dollar houses. The other half is the what we call social housing, the very inexpensive houses for people who can't afford the big ones, but they get support from our government. And so in the middle of this place is a shop and the shop sells coffee and the coffees priced at one \$1.50. But if you actually come from the poorer side of the state and you can demonstrate that you have the particular government support credits, then you can get it for 50 pence. And if any of you across the whole estate can show that by showing you on your telephone that you've earned community credits that month, there's a 50 percent discount applied. And this is something the shop has decided to do because it likes the fact that if you get lots of people giving and volunteering and helping you get a healthier community. So for the for the poorer side of the state, the coffee's free and for the richer side of the estate, the coffee's £50 less or 50 cents less than the ones at

\$1 50 cents. So there's ways of applying community credits, and I think the innovation around that will come from retailers, it'll come from ideas that people have. We've created the framework, we've created a mechanism. We've created the coinage. If you like what people are doing with it is actually it's amaze even me, actually, because I didn't think of these things my first thought of community credits. So the customers are taking them and using them, and quite strange and interesting ways to acknowledge. In other words, your character, I suppose the social value of what you are and who you are and what you've done.

Speaker1: [00:23:17] Sounds like a great solution for implementing community support in the last few minutes that we have here. What else should we cover that we haven't?

Speaker2: [00:23:26] I guess many of your listeners may be tech entrepreneurs looking to provide solutions into a market. And I guess there's a little adage that says by the time you get to the end of your three year degree course, the stuff you learned in year one is out of date because things are moving so fast. Back in the nineteen ninety five, the virtual reality City taught me one thing it's a brilliant thing to have a virtual reality city, but nobody wanted it. And so, you know when when you create something amazing, make sure you're solving a problem that's defined with real customers because otherwise you're simply creating a vanity project or something that's an imagination project. So solve a real problem is my advice to anybody that's setting up in this particular sector and trying to be an entrepreneur in the tech sector and make sure that real problems got Anchorage in real customers are prepared to pay you for that solution. So I think that's one of the lessons I learned. And the other thing, of course, is around funding. So we are still looking for expansion funding right now. We've built the whole thing. It's live, it's proven, but the expansion funding continues. And that's the hard bit because as you transition from a small revenue before you hit the bigger revenues, there's a gap in the middle where you probably need some money and you need to plan for that well ahead of your time, because that takes some time to find philanthropic angels and they're the people that step in. The venture capitalists probably don't want to know you until you've got some revenue. And so some lessons I've learned along the way. So we're looking for angels right now as opposed to venture capitalists. But very soon when the revenue rises, when we get our big customers on board, which are happening in the next two months, then we can start to talk to institutional funders, which is a whole lot easier than trying to raise small pockets of money through angels. So there's a couple of lessons I've learnt along the way, which I'm more than happy to share.

Speaker1: [00:25:14] Well, straight, what lessons would you like to share with the group?

Speaker2: [00:25:18] Well, those lessons really are plan ahead. Make sure you have enough money because it always takes more than a SAS platform. It was described to me recently. It was on a different podcast I was watching. It's like a space rocket and the space rocket looks gleaming and shiny. You made it. It looks fantastic and you press the launch button, and the first thing that happens is that smoke and flames belch out the bottom of that rocket burning fuel like there's no tomorrow. And by the way, that's your cash. And so as the rocket starts to move really, really slowly off the launch pad, it's still burning cash. Like anything, you eventually start to pick up some speed and then you require slightly less fuel as the speed starts to increase. And the idea is you want to reach escape velocity, which might be a long way up in the sky, requiring a lot of cash. So if you think you're going to do it on a shoestring, think again. You've got to have enough plans in place to get the cash, the fuel, if you like in the business to make sure you reach that escape velocity, which of course, is translated as a positive Ibut.

Speaker1: [00:26:17] That's great. Well, I appreciate you sharing that with us today. How best for listeners to get back in touch with you?

Speaker2: [00:26:23] Well, thank you. It's well. Best ways to my web platform. Of course, it's w-w-what investors in the community dot org. And if you put Phillip Dot Web in front of that, perhaps investors and community dot org, you'll find me directly be delighted to hear from anybody listening. Answer questions. Or in fact, if you're interested in the platform, I'd be delighted to explain it further to you.

Speaker1: [00:26:45] Great. We'll include that in the show notes. I want to thank you for joining us today and hope to have you back for a follow up soon.

Speaker2: [00:26:50] Thank you very much indeed.

Speaker1: [00:26:57] Investor Connect helps investors interested

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