Growth Lessons with a Venture Capitalist

This is a transcript of our conversation with Jennifer Vancini, general partner of Mighty Capital. Listen to the full conversation here.

(https://harborresearch.com/future-perfect-tech/#episode_12)

[00:00:00] Jennifer: We say the best product wins in the market. I think the best product with the best ecosystems win bigger and faster.

[00:00:32] Eoghan: Welcome to Future Perfect Tech we're here today with Jennifer Vancini, the GP or general partner at Mighty Capital.

Jennifer has been investing in technology and alternative assets for over 10 years. Prior to Mighty Capital, Jennifer built a family office where her investments achieved 15 times cash-on-cash return. Jennifer has also held senior executive roles in corporate and strategic business development, especially in the high growth, security and mobile sectors, with companies such as Telefonica, Symbian, Nokia and Certicom, which she helped take public.

So, Jennifer, thanks so much for being with us today. First, perhaps you could just, in your own words, describe what got you to this place that you're at and how did you arrive here on our podcast?

[00:01:18] Jennifer: I'm definitely looking forward to this conversation where we're going to touch on several areas that are really near and dear to my heart.

Gosh, what got me to where I am? I often get that question from a lot of young professionals who want to be, or think they want to be a venture capitalist. So, what was your journey to become an investor?

On a personal level, what I love about investing, what attracts it to me are a couple of things. I've always liked working in startups or that digital entrepreneurial-ism area of a large company. I love bleeding edge technologies. And investing is very much like strategic business development: looking for where there's value to be extracted, understanding the complex relationships.

Also, I always liked the idea of investing, the principle of investing. I was one of those nerdy kids in high school that marched downtown to open a brokerage account and buy stock. At the time I bought an oil stock, which shows you how much has changed. But I didn't go into investing directly out of undergrad. I went and worked for Price Waterhouse. A great way to start one's career is with the consulting companies because you learn methodologies, professionalism, how to look at things.

And then I went and did my MBA at Sau-der - which is part of the business school at UBC in Vancouver - and really focused on international business. And then coming out of that, decided it was time to enter the tech sector because it was the mid-nineties, it was growing, it was exciting. I always loved computers and where that was going.

I moved back to Toronto (I'm originally from the States) and worked for a University of Waterloo spinoff called Certicom. So very early days of security. Entered the tech sector, and what I found about that market - similar to mobile, which I entered later - is that as horizontal platforms, they're very dependent on ecosystems to drive the markets and drive growth. I had a number of successive roles, starting with marketing and moving into product management.

I managed a team that brought the first mobile VPN product to market. Helped take them public in Canada, helped move them to the U.S., move them to Europe, and then eventually left there to move into Symbian in the mobile world. But a lot of my roles as I grew into Certicom were in partnerships, strategic business development, ecosystems. And then I just carried that forward, so at Symbian I worked with network operators. [It's a] very challenging sector to work with when you're trying to get new technologies adopted.

They were the first open mobile operating system back in the early days of smartphone growth and wars. Talk about an ecosystem. It was a consortium of large companies that didn't want Microsoft to win the market, basically. So, we had Motorola and Siemens and Samsung and Nokia, which ended up being the big gorilla, and Fujitsu really defining the platform and the rules for how they would engage and inter-operate on this to drive value for everybody. And then the network operators of course, were key because they were the customers for the phones.

They eventually were purchased by Nokia. Spun off the OS into open source. So, I got to learn about open source by running the U.S. arm of the open source foundation. Moved from that back into security as SaaS and cloud were emerging, working with the CEO for a traditional enterprise security company that wanted to digitally transform and move into the SaaS market.

How do we do that? Turned out to be very challenging because it's a really hard shift in mindset to go from enterprise to subscription SaaS revenues in the cloud, especially when enterprise salespeople like selling big perpetual deals. I learned a lot from that.

Then I found my way into Telefonica Digital. Telefonica is one of the world's largest network operators and working for them in Silicon Valley I did big “blank sheet of paper” deals to help this telco add more value into its product suites.

I had been doing some angel investing in private stocks [at the time], working with startups and I decided I wanted to go back to it full-time because principle 101 with investing: diversification. Angel investing is a really good way to stub your toe unless you dedicate time to it and diversify. I was fortunately in a position where I could build a family office, build out the private equity side of that and put together a portfolio of primarily seed stage investments, about a third of which were in Canada, being able to leverage my connections there. And I met my partners in Mighty Capital through co-investing with them. We decided to raise the fund to take advantage of a group called Products That Count.

So, Products That Count is really a sister company of Mighty Capital. It's an association of some 300,000 product managers, but we touch about 20% of product people worldwide. My partner, SC Moatti, founded that as a product expert herself. Back in the day she wanted to go learn [and share] best practices from other product managers. It's a really tough position inside companies. It's not taught in school; it's taught on the job and you tend to sit between sales and engineering and you have lots of accountability and often low control of resources.

So, the preposition we had was how can we leverage this network for investing, to really capitalize on the growth of the product movement. That was in 2017.

I've been very much focused on Mighty Capital since then. We've had three IPOs out of our first fund, deploying our second fund, and getting ready to raise our third fund. And since 2017, we've only seen this thesis of ‘we're living in the age of product,’ of ‘the best products are winning’- it's only accelerated. Largely because of the pandemic, which really was fuel on the fire [for product innovation].

[00:06:53] Eoghan: One thing that does strike me about your firm is the composition of your team. You know, it's not that usual that you have 100%, female general partners and a very diverse group of venture partners behind you - both gender, age, ethnicity, it's all there.

[00:07:11] Jennifer: Yeah, that's a great question. When I get asked, “Isn't it hard to be a woman in venture capital?” Honestly, I laugh a little bit because my reply is, “I used to be a woman in cybersecurity.” That industry really hasn't changed that much. You do have some really significant female figures now in cyber, but it was pretty heavy male and I just was used to working in that way since I was young anyways. But venture feels much more diverse than cyber.

SC and I are two female GPs going into fund three. We've been diverse from the outset and it's grown into a really diverse portfolio. Our CEOs, if you look at them from fund one, we're really proud of how diverse they are. What's interesting though is that we didn't set out by design to do that. We just live the diversity. We're not an impact fund. Our number one criteria is to maximize investments. But just by being diverse and growing our venture partners and attracting people from different segments, we certainly are. And we often forget that we stick out that way with two female GPs, because we're just living our lives and doing our jobs.

We have a great team though. You mentioned our venture partners, all of whom are limited partners who have come on board to invest significant amounts of time to help fill the board bench, help screen companies, help work through due diligence. And they all have significant operational experience and expertise that they can lend to the portfolio companies. It's enabled us to scale rapidly.

One of the most exciting parts of Mighty Capital is our diverse team - diverse across all kinds of aspects. And I do think it has resulted in better investments and better returns and really exciting portfolio companies.

[00:08:47] Eoghan: I think it's fascinating to see a fund being so product-led and looking for product-led growth, furthering product-led growth. Creating an ecosystem of, as you say, these people that don't go to university to study this, they have to learn this on the job. It seems like you're one of the linchpins in this whole product-led ecosystem. I think your ideal to answer some of these questions that we also grapple with, which is, for our clients: What does it really take to be product first? Why is that so important? And how does a company get there?

[00:09:20] Jennifer: Exactly. And what do we mean by product-led growth? It's really an approach in which the user acquisition, expansion, conversion and retention are driven primarily by the product. Which is different from how I tended to think of it as marketing and sales really driving everything, but the role of product and doing that cost-effectively as a way to unlock business value and really have strength in the market and competitive advantage is really what we mean by product-led growth.

[00:09:49] Eoghan: And for some of our listeners, particularly those perhaps in the OEM world, that are thinking about this, but in another mode, right? They're working through distributors, working through complex supply chains and their connection to the customer might not be as close as it would be with, say, a SaaS company. What advice do you have for people generally out there trying to determine what the customer wants?

[00:10:18] Jennifer: There are a lot of hurdles to making these changes. You identified some. The rate of change up, there's a hurdle. How do you pick a point in time to fix the strategy? So agility is super key. Also short-term versus long-term, which is always the bane of - especially U.S. public companies - existence. It's an investment in the short-term to make some long-term changes. There's also human resistance to change.

What does it take? I think certainly I've always found, even when I was at Telefonica, that the chief digital officer has to be the CEO typically to start culture change, a growth mindset. It's also really important to align incentives. One mistake I've seen inside companies is you have this group over here, that's now all about the future and going digital - we'll do SaaS for example - and then you've got 90% of the company doing their day to day. And they can sometimes feel threatened or have objectives at odds where the incentives are not aligned.

So, making sure everybody gets to participate in some way, shape or form, allowing for trial and error. And then when you talk about your distributors, to what extent can you work with your ecosystem to learn more about your customer to inform your product?

It's a not just order taking if they're part of the ears and eyes on the ground for what the customers are actually looking for. And unless you include that in your conversation with the channels, you may not get the data back that you need until it's too late.

[00:11:44] Eoghan: In essence, what you're describing there is almost a playbook for digital transformation that a lot of people struggle with.

[00:11:50] Jennifer: Exactly. I know [a lot of] people are paying consultants a lot of money to figure this out. Which is one good way to go to work on the change model.

[00:11:58] Eoghan: So, who could you pick out for everybody to look at? Who is doing a really good job of this?

[00:12:05] Jennifer: Yeah, let me use an old one that I lived through that everybody understands and then I'll talk about some portfolio companies. About a year and a half after the iPhone was launched, the CEO of Nokia, Stephen Elop, had an internal memo that got leaked. And he said something in this memo - I guess it was meant to motivate employees - like, "We are standing on a burning platform. It has become a war of ecosystems."

Nokia was very good at focusing on that best phone product. They made excellent products, and they were market share leader by far. The Nokia ringtone was one of the most recognizable sounds in the world. But as we moved into these smart phone systems, which Nokia helped create, they primed the pump. There was really a foundation there to add value into the product for user experience around content, right?

And Apple wisely kept it under their own umbrella. So it's a lot of value for Apple being able to bring in a lot of content from third parties, have a method to pay them for it, a smooth user experience. It became very much an example of how the ecosystem and being focused on the product in a very comprehensive way overturned a market.

One of our companies is Canela Media. And they launched an initial service called Canela TV. An over-the-top streaming media; you think, “Why do we need another one of these?” They focused on Spanish speakers, Spanish listeners and watchers in the U.S., so U.S. Latinex markets. Before they launched though, they went worldwide to source the best content.

Content not just from Mexico, which a lot of similar services have done, but all across the Spanish speaking world. They built a significant library of content before they even launched. And then they were able to sew up advertisers that wanted to specifically target this demographic.

And then as they've rapidly grown, they've been able to add more product offerings, expand it to their market, including kids, content music. They're going to expand geographically [in Latam] as well. So, I think it's a good example where you don't have to be a Netflix-sized company to find an area and experience huge growth and extract business value.

Maybe another good company which speaks directly to product managers is Amplitude. They were actually our first investment and they made room for Mighty Capital in their Series C because of the Products That Count ecosystem, which helped boost their sales significantly.

Spenser Skates, the CEO, says we were their best value per dollar invested. They're now a public company and they actually have a very focused platform selling to product managers to help them extract data about their products to build better products. For example, helping customers building digital products, reduce churn, increase conversion rates, really product optimization.

[00:14:49] Eoghan: Excellent. When I look back over your career, I think there's one dominant theme and that's building partnerships. You built them in some very difficult areas, [such as] the mobile networks, and helped to create some very effective platforms with product still being front and center. With that perspective, why are ecosystems so important for innovators?

[00:15:17] Jennifer: Yeah, exactly. Here's an important message: Every company has an ecosystem. The question is, do you have an ecosystem strategy? Because it will grow and change and evolve, and it will be a mix of organic and strategic activities. So, to the extent that you can get ahold of it early and pointed in the right direction and decide which elements you want to grow strategically and which are okay to grow organically, you can really leverage it.

We say the best product wins in the market. I think the best product with the best ecosystems win bigger and faster. And it's important for helping a company grow quickly and along the right lines. It's really, how do you build it and use it and what are the goals? And if you're not taking a strategic approach to it, it's growing anyways.

[Without a strategy, the ecosystem] can end up as a big circus in terms of commitments made across the organization to different kinds of partnerships or lots of partnerships with no real KPIs and metrics and no care and feeding. So, it's a big waste of time and money. I tend to think of partnerships on a spectrum [starting on one end with] those that are low resource, easy to do, kind of cookie cutter. Maybe simple product integrations, for example to other products to add value.

So, for example, if you have an app that works really well on Chrome, do you integrate and extend to the other browsers?

Or participating in cookie cutter partner programs like Salesforce's app exchange and AWS and so on and so forth. Then you may have channels in the middle [of the spectrum], different ways to distribute your product. And those have gotten more complex, where it's not just a simple channel agreement, maybe it's referral sales, maybe it's OEM and white label, maybe there's extra collaboration and not just a distributor kind of partnership.

And then on the extreme end of the spectrum, you have those complex deals where everybody has to contribute a lot of time, money and resources for joint development, OEM deals, M&A, joint ventures. And those are things that really help your company step up to the next level.

We think of ecosystems first in terms of what [and who] is in your core company [as a starting point]. So, your employees, your advisors, your board of directors. I feel like even within that set of people and their direct connections - we see that in the startup world certainly and in Silicon Valley; Is your spouse a lawyer at Fenwick or do they work at Google? And are there ways in to build your ecosystem through just who's immediately in your core company? And, of course the suppliers, lawyers, accountants and so forth. And then you extend that ecosystem beyond the core company with partnerships, It's usually pretty easy to see which ones fit around the core quickly.

We're seeing a lot of creativity extend further out where ecosystems are built, where the connections are super intuitive, but there are a lot of creativity and collaborations in this digital world, especially. McDonald's having hamburgers named after Instagram influencers, for example.

[00:18:04] Eoghan: I'd love to dive into that a little bit deeper because I think it's interesting that you put these on a spectrum, from say easy to execute to much more difficult. And you said, “Okay, on the kind of easier end of it is this cookie cutter approach; you have your integrations and you have your distribution deals and channel partnerships. And then on the far end of it, you've got these complex M&A joint venture deals that have a lot to do with corporate development departments, for example. I want to dive into that gap in between though. And you said something very interesting when you were describing your background. I think it was at Telefonica that you said you put together a lot of white page deals.

It's those that I want to talk about a little bit, because I think a lot of our audience is probably in that kind of weird space where they don't really want it. They've got their channel partnerships, they have their distribution agreements, they're not really trying to do an M&A agreement. It's about how to execute or put in place a growth strategy that has not really been invented yet, at least not in their industry. And I think you did that. Could you talk a little bit about those white paper deals?

[00:19:17] Jennifer: Yeah, I can give you a couple examples, definitely. One we did that I managed was with Evernote, the note taking application back when it was super popular. I think it still is, we just don't hear as much about them, but I'm a loyal user.

[00:19:29] Eoghan: Me too.

[00:19:30] Jennifer: Yeah, Evernote. They were really trying to grow their user base and Telefonica was looking for things they could give their customers that would delight them to really keep the customer, reduce churn and move their friends and family over. So, we did an agreement in which we helped distribute the Evernote application across about 20 countries. It didn't apply to every country in the Telefonica network, but most of them - UK, Brazil, across Latin America, Central America - where if you signed up if you're a Telefonica user, you could redeem codes to get the Evernote premium paid for app for free for a year.

It instantly launched in every single country. And what was fun about it is the country managers, the product people in each territory, loved having something to give to their customers. So they got involved in building the websites and working on the redemption and working on the social media campaigns.

And that's very hard to do in the network operator because there are so many messages they're sending to their users. You know, we all get bombarded and they don't really like sending messages about third party products and so forth. But here was something where it wasn't a conflict. We didn't have conflict between each other.

It was really amazing as it got launched to see, especially on social, to then see customer say, "Hey, I just got this Evernote premium for free from O2," which is one of the Telefonica operating businesses. "I can't believe they gave me this. This is awesome." Like getting that feedback that it was definitely valuable. And Evernote added millions of users into its space.

I've oversimplified it a little bit, but it was like, 'what can we jointly put together?' And there was a bit of work on integration and redemption and how do we make this technical stuff work. Trying to make it as easy as possible. We had to get the marketing teams together. But that made the Telefonica product so much more than just your connection to the network. It's extra value add for being a customer.

[00:21:24] Eoghan: Great example. When I think about that, I think about some of the work equipment manufacturers or hardware people are trying to do that is somewhat similar. They're often trying to deliver something that traditionally has been a product and now try to servitize it. I know it's an awkward word but deliver equipment as a service or a product as a service. And that I think is causing them to look at some of these more creative types of cooperations, creative types of deals, with perhaps some smaller technology providers that can be integrated.

But as you say there there's probably a lot of cultural and organizational challenges to overcome there. What are some of the ways that you've been able to overcome some of those softer challenges?

[00:22:10] Jennifer: Yeah, that is the challenging part. Especially when this little group called business development is putting stuff together that requires somebody who doesn't have that in their KPIs and bonus-able objectives to do something for you to get it deployed. My parents never understood what I did. How do you even explain it to people you work with sometimes? But it's very challenging because the expectations are high that you'll do something to move the needle, that you have to sell everybody around you to actually execute and implement.

And that is where a lot of partnerships fall down. To be honest, you have to rely on other people to do it. And if they're not bought into it, they're going to fight you along the way. It definitely takes some softer skills to build relationships, build bridges. I mentioned that mobile VPN product that I built for Certicom. I had to really build bridges with our CTO who back then didn't believe anybody would have the internet on their phone, on their devices.

How do I make him feel like it's partly his idea? I used to listen, start soliciting the feedback, in his case. You know, “How would we?” “How would it work if?” And, “Help me whiteboard this.” And he starts getting bought into it.

I think people also get excited by creative destruction, so to speak, and disruption. Fortunately, we are getting more and more conditioned to that. Finding really cool new things to do. People want to be part of what's cool. So, how can you involve them in a way that doesn't detract from them meeting their own objectives?

Ideally, you've got to align incentives. So everybody has an incentive to participate in this. And there are different ways to structure that. Like you should spend 5% of your time on edge-of-the-envelope activities, for example. And you end up building a team of people that will help you achieve what you want to do when you're doing one of these partnerships cross-functionally. If you don't do that, it definitely gets blocked and it doesn't go to market or it doesn't reach its objectives.

[00:24:04] Eoghan: I think if I can describe it there's sort of two ways. One is that you have to be a very good bridge builder. And number two, align incentives. So, if you can find KPIs that help them to achieve their objectives and still the objective of the partnership, then everybody's aligned.

[00:24:22] Jennifer: Exactly. Some people naturally gravitate towards wanting to be involved. For example, when I had to work with product management teams, if it meant they got to go work with somebody at one of the big five tech companies and increase their own network by getting involved in these projects, they'd be more likely to get involved and get interested.

And sometimes the challenge can be setting boundaries there. And making sure you're still in control of the overall relationship with the partner.

[00:24:48] Eoghan: I think it's interesting the way you talk about it. You talk a lot about human motivation as a way to align interests. Finding out what that is, what gets a team or an individual excited about something and trying to leverage that in some way for the greater good.

That's something that I think deserves a whole podcast of its own almost, to dive into that a little bit more.

[00:25:12] Jennifer: Here's some maybe practical advice: the functions I always found the most difficult to get on board but have huge reliance on could be the IT departments. Where I need this website, security issues. The IT departments don't like to change, alter or do something unique and special. Could often be the last mile. So how do you get them on board is often a big challenge.

[00:25:40] Eoghan: Yeah. I think success in that area is a huge badge of achievement.

Let's shift gears somewhat to another theme, which is this theme of changing and emerging roles. I think, there's a few roles that as we look at what's going on in technology and particularly on the product side of things, how particular roles are evolving very rapidly.

There's one that's a little bit more general and that is the CEO is becoming the chief digital officer for many companies going through a digital transformation. Is that something that you're seeing across your portfolio?

[00:26:12] Jennifer: Yes, definitely. Now our portfolio is mostly tech companies, so they are very product first, very digitally minded. But I'd say by and large yes, the CEO is more and more becoming the chief digital officer and concurrent with that we're seeing the rise of the chief product officer.

Actually, I have some statistics on that. Products That Count has been doing some research on this and about 15% of Fortune 5,000 [companies] today have a chief product officer. Compare this to the chief marketing officer, which really ascended in the last 15, 20 years. Marketing has gone into the C-suite as being part of the strategic team. Now the CPO is on that same trajectory. We expect in about five years, 70% of Fortune 5,000s will have a chief product officer, just like they have a chief marketing officer.

In younger, smaller companies, we're seeing the CPO get hired at much earlier stages because of the product-led growth philosophies out there. And what's really key here is it's moving product from product to strategy. How has product been informing the strategy to unlock business value, both inside the company and for your customers? How are you helping grow revenues, reduce costs, increase productivity? How does product play into that?

CPOs and product people are now getting budgets to help drive strategic implementation. That's a shift that's happening and it really accelerated over the last couple of years when we had this massive disruption and had to get very creative about how product helps companies continue on with the business or even grow their business.

[00:27:58] Eoghan: And is that something that's unique to the SaaS world? Where the company strategy is somewhat dominated by a single product. Or do you see that developing also in companies where the product portfolio might be hundreds or thousands of - to use an old term – SKUs?

[00:28:20] Jennifer: Yeah. In product management, we tend to think of that as being associated with consumer-packaged goods, right? Finish your MBA, go be a product manager at Procter and Gamble. It now applies very significantly into the tech sector and almost every company now has to be a tech company, a data company, because tech is a huge part of how you sell and distribute even SKU products. It took a while, but the internet is overtaking so many other distribution channels, for example. So, I think that it definitely is not just SaaS and I think it even includes traditional lines of business where you have products and you need to expand their product suite. And what does it mean for the product? It's not just the product, it's how are you pricing it, distributing it, selling it, promoting it on digital channels.

[00:29:08] Eoghan: And that really leads into the next role that I want to talk about, which is customer success. Because that's a part of that whole experience life cycle, customer life cycle, if you will. Is that something also that you're seeing as an evolving role?

[00:29:25] Jennifer: Definitely. One of the biggest areas for growth for employment is customer success. And I think we see it a lot in technology because it can be complicated to put something new into a large company. And you want to keep that customer, so revenue retention is super key. So we're expanding revenues within the account and you can really only do that by having eyes and ears on the ground with the customer.

Customer success is a great way to get data and have a feedback loop to the product teams, for example. About opportunities or which features don't we need. Where is the customer stumbling to actually implement and deploy? And it can be the simplest things, often user experience. How is this integrating into internal systems?

So, for example, in the healthcare industry, does this need to be integrated into the medical record systems? Usually, yes. If you don't have that, it can be really difficult to get widespread deployment. So, customer success along with CPO seems to be two of the biggest growth areas to unlock value and retain customers.

[00:30:26] Eoghan: What about another area that I think you've also had a lot of personal experience - and also a role that to us is very important because that's the primary persona that we serve in our work - and that is corporate or business development. But also, specifically within a startup or younger company. How is it evolving? Where is that in its life cycle?

[00:30:50] Jennifer: It depends so much on the founding teams and their makeup, right? Personally, I love founding teams that have one product technology strong person and one externally facing strong person that understands sales and ecosystem development. And if they're repeat founders, that's the magic formula in my mind as an investor. I love that formula.

But I'm seeing business development take on a function much earlier than it used to. These can be expensive roles with long-term benefits. They can be harder to justify when you're trying to be cost efficient with your capital. But often, if one of those founders is externally facing, they're more likely to start building those partnerships and ecosystems earlier.

We've got one portfolio company that comes to mind that's been very good about doing this. Their name's Accern. They have a no-code, low-code AI platform for financial services. Low-code and no-code is one of the big tech revolutions we're seeing now, which really helped to reduce costs and make citizen developers out of normal average line of businesspeople that want to tap into the value of their data. But Accern very early on started building partnerships with technology, data, cloud and consulting firms to accelerate their business.

So, working with companies like Snowflake, Morningstar Capgemini and, by doing that, they're increasing the value to their customers, but also the speed of going to market. Working with a Capgemini makes it easier to work with a large financial institution, for example. But all these technical integrations just add more and more value to their product, which helps with not just that initial sale. Usually there's a use case that somebody wants to try out right away, for example, to help make investment decisions in a portfolio. By adding some of these data and technology partnerships, once they're in the account, they can show other things with that customer success team usually. But other things that can be done with the platform is they really teach them how to use it to its biggest benefit.

[00:32:51] Eoghan: So, from low code, no code, which you know is something Christy and I also know a little bit about; we worked together at a company delivering that kind of technology- very exciting development. And now we're seeing almost in a way, the next iteration of the entire web stack. Some people are calling it Web Three. We know it's connected to the metaverse, it's connected to blockchain. Are these areas that you're examining or have made investments in? And if so, do you view this as the next big thing?

[00:33:20] Jennifer: Yeah, sure. Our investment thesis is about 70% B2B tech, which is a very broad area. But we also have about 30% that we carve out for other areas, such as health AI. So, it's still really B2B tech, but focusing on a segment that has its own characteristics, and FinTech and blockchain. These three are really big growth pillars in our minds for the future in terms of growth and direction.

When we look at blockchain, we made a blockchain investment in a company called AIKON. It was our earliest investment because blockchain companies are still pretty early on the curve. Their mission is really to make blockchain easier for businesses to integrate. One of the reasons we invested was to learn about the sector, to be honest. It's been great from that perspective and the company - we've pegged them as one of our potential fund returners for fund one - they have great potential.

What they do specifically is they help businesses build blockchain into their environment. They specifically are focused on identity and wallet platforms at this point in time and connecting to multiple chains. So that it's almost like serving traditional businesses with a blockchain platform.

We expect it to be a longer time to fruition - to exit - because the sector is early, but who knows. This is definitely an area that's growing quickly with significant investment going into it. I would say it's early in the cycle still for the growth of the market, but it's hard not to invest in blockchain when you want to look at the areas that are going to grow in the next 10 to 20 years and provide significant upside opportunities.

[00:34:53] Eoghan: So, the last few years, I think everybody would agree have been a little bit strange. We've gone through more than two years of pandemic. Now we've got global supply chain woes and a breakage of many of the things that have kept supply chains afloat over the last decades. And now we're basically in full-blown war in Europe. How are your portfolio companies dealing with this? What provisional plans have they made? How is this impacting their business? And how has this changed your approach to investment?

[00:35:24] Jennifer: There's no doubt that in the last couple of years we've had higher than average uncertainty in the markets. And it looks like with what's going on in Europe and Ukraine, we're going to continue to live in times of high uncertainty.

How has it affected us? Well, we stick to fundamentals when it comes to investing. So, when we look at a company, when we look at a sector, it's very hard to time markets, public markets, private markets. So, you want to stick to some basics. We have a lot of discipline around evaluating a team, evaluating a company's opportunity in terms of what problem are they solving with their solution and is this a large and growing market.

For example, blockchain. We were just talking about that. Yes, we expect it will be a large market with a huge growth rate. Are the terms of the investment fair and reasonable in a way that allows us to connect it to an exit that meets the expectations of our investors, right?

I like to start at the end and work backward and think about the scenarios about how we return money to our investors at a really healthy rate. So those fundamentals stick and everything we look at through uncertainty and whatnot.

Within our portfolio companies, there's only a couple that seem to be affected directly by the supply chain issues. One has managed it by opening manufacturing outside of China, where they were initially doing all their manufacturing. The other one we've had to buy up some components in the market to make sure they're stockpiled. It hasn't been a significant disruption.

I would say in general, the thing about uncertainty is it - I used the word creative destruction earlier - it opens up a lot of opportunities for companies to be very innovative in how they address that uncertainty to help themselves and their customers grow their revenues, manage costs and increase productivity when things are challenging.

And we definitely saw that during the pandemic. As I mentioned earlier, that helped add fuel to this fire of product-led growth and being very product-focused to solve immediate needs.

We're still very bullish on the opportunities, investing in private companies for long-run returns. You know, our investors aren't in it to turn a profit in six months. They're usually in it because they want to be in the markets that represent significant capital appreciation opportunities in the long run. And you still really have to go private for that.

It scares some people of course, but those that survive have that growth mindset to be quite honest. Like, how do I work within this to do better? How is this an opportunity, right? And how can I, as well, alleviate challenges and pain points, as costs rise, as productivity gets challenging with workforce issues and so forth.

You know, what things excite us… there are a lot of big emerging technology trends right now. I think convergence, which we've been seeing grow for a while now. It's like convergence on steroids between networks and the cloud and platforms and IoT and devices and artificial intelligence and blockchain.

So, really it’s this use of technology in convergence to increase productivity when everyone was disrupted and with the workforce issues that I think that really comes into play, where we have convergence disruption and opportunities as well. Just a lot of space in there for companies to provide solutions.

Web Three and blockchain are really exciting areas. Is it hype or is it the next evolution of the web? I think there's too much investment, too much energy going into this to say it's just hype. It's definitely a long time coming. We're still early in the cycle. Use cases are starting to emerge, but the groundwork is being laid there with a lot of expertise. I think young professionals who get any kind of work experience in blockchain are set for life. That's a really good area to focus on.

You know, other technology trends, I love AI in healthcare. I think I mentioned that already. On a personal level, it's always easy to get emotionally attached to your healthcare investments when you see just some of the amazing innovation that goes on there to make people's lives better. One of our companies is Fabric Genomics. They do rapid sequencing and whole genome sequencing to find variants for things like rare diseases. And they've helped save kids' lives in pediatric wards by identifying rare pediatric diseases in a fraction of the time that it used to take using their AI platform.

And of course, distributed and edge computing and all the opportunities that opens up for better computing technologies, more and more data to be processed and leveraged, and the flywheel that creates to improve entire systems. There's just so much going on. It's actually hard to narrow down where to put your investments sometimes.

[00:39:55] Eoghan: Fantastic, yeah. You've got two new fans of Mighty Capital. I think you guys have just built something great here. So, thank you so much for this time.

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