

IMPACT X

INVESTING FOR IMPACT



Impact X is doing something very simple and very radical.
And they're going to change the world.

When you have a founding team that consists of the first black woman to be a CEO of a Fortune 500 company, a chair who runs a £12bn private equity fund, a Dame, a Sir, professors and investment bankers, not to mention members who have 500 years' worth of investment and management experience between them, you know you're dealing with something special. Add in the fact that this company is 100 percent black-owned and black led, and you know you're onto something pretty incredible.

Welcome to Impact X, a first-of-its-kind venture capital firm, set up to do what Silicon Valley and the rest of the VC industry doesn't do – invest in black, female and under-represented entrepreneurs in Britain and Europe. Headquartered in London, the firm is a double bottom line fund whose strategy is to deliver both returns to investors and positive social impact. Their initial investment of £100m will, they believe, impact 100 million lives.

The statistics on VC investing make depressing reading. Women account for only 4% of investment while black businesses get an abysmal 1%. The overwhelming majority of the investment, which in the US alone is around \$130bn, goes to white, university-educated men.

But where many see this as a problem which will take decades to fix, Impact X sees only opportunity.

Its CEO Eric Collins says that he and his fellow co-founders believe that a “for-us-by-us” approach alleviates the need to “constantly persuade money gatekeepers and their custodians that investing in black innovation was part of a virtuous empowerment circle.”

Paula Groves, a former Wall Street analyst and an investor with 30 years' experience, is an Impact X General Partner. She spent the bulk of her career in Silicon Valley and has seen first-hand how the money is awarded.

“Unfortunately, Silicon Valley likes to invest in its own, in entrepreneurs that look like each other. That has led to entrepreneurs who didn't come from the same backgrounds as people in Silicon Valley being overlooked.



**Not only will
we have global
impacts, but we
will also generate
outsized returns**

“We believe that by focusing on communities that aren't in the Silicon Valley portfolio, we're going to find huge opportunities and solutions that can change the way the world works.”

“We want to bring the next generation of entrepreneurs into the light so that they can create innovative solutions for society. And by doing so, not only will we have global impacts, but we will also generate outsized returns for our investors.”

Ambitious Groves doesn't pull any punches when she says, “We are trying to create the Black Silicon Valley. If you look at how Silicon Valley has changed society, we want to do the same.”

So, Impact X wants to hear from you if you have game-changing ideas in the digital and technology, health, education, lifestyle or media and entertainment sectors.

But be warned, don't turn up to your pitch unless you have a thoroughly thought-out, budgeted business plan – and be prepared to feel like you're in an episode of *Dragon's Den* meets *The Apprentice*. Because this is not a charity. They are robust.

“We're looking for individuals who have done their research, not only about what they want to do but how to get it done. So by the time they come to us, they should have the answer,” says Collins. “Don't come and ask potential funders to clarify what you should do. You should be telling us why we should be investing in your idea.”

So is the Impact X threshold for investing in a business particularly high? Groves agrees it is, but says that's simply a necessity of the industry.

“A threshold for any venture capital investing is pretty high,” she says. “In order to generate the types of returns that are demanded by our investors, we have to have a very rigorous investment process.

You know some of the feedback that we've received in the marketplace is we're too rigorous, we ask for too much information, our quantitative analysis is too intense. But we all know what it takes to be successful. We at Impact X have a high bar, as does the industry, but I think by doing so, we inspire our entrepreneurs to greatness.”

“My grandmother used to always tell me that as a black person you have to be twice as good and as a black female you have to be four times as

IMPACT X INVESTMENT TEAM

CEO - Eric Collins

Chair, Impact X Investment Committee - Ric Lewis

General Partner - Paula Groves (UK and Silicon Valley)

Principal - Yvonne Bajela

Principal and CTO-in-Residence Ezechi Britton

Creative Partner - Erica Motley (UK and Paris)

good. And that is the training that I have always had throughout my entire life. The standards by which we make our investment decisions and by which we coach and train entrepreneurs are born out of Silicon Valley. Because if you can't meet the Silicon Valley standards then are you really going to be successful in the long term?”

Since its quiet inception almost a year ago, Impact X has identified over 400 under-represented companies, vetted businesses with current funding opportunities in excess of £300m and invested in nine of what they say are Europe's most promising innovative ventures. And their doors are open to people who want to invest.

Collins says, “We are looking for investors who believe that the double

bottom line is absolutely critical. Investors who believe, as we believe, that the people who are going to come up with the next big products, services and business models are going to be inclusive. And that's where the next Airbnb or the next Uber is going to come from.”

The idea of Impact X itself came from a defining spring meeting among the black “great and good” of the UK who had connected via the Powerlist. They agreed annual fundraising and grant-making was not a sustainable model and decided Impact X was the permanent solution to the problem.

Powerlist 2019 number one Ric Lewis is Impact X's Chair. Explaining why he took on the role, he said: “I am increasingly impatient and motivated to take on the problems that others only discuss, to reframe those challenges as business opportunities and to pool specialised resources to drive results; to execute and repeat. To leverage the opportunity, Eric Collins has recruited a world class roster of people to both found and back Impact X and to comprise its talented investment team.”

Business veteran, Ursula Burns, Impact X's Vice Chair, is the former head of Xerox and was the first black woman to run a Fortune 500 company. She said, “A fund is sustainable only if it can deliver returns. Therefore, a fund

is only as good as its investment team. The team powering Impact X is among the strongest I have ever seen.”

Sir Lenny Henry, Impact X's second Vice-Chair said, “Under-represented innovation is found in many categories and not isolated to technology companies which get much of the press. Impact X is using similar diligence and valuation modelling to invest in creative innovators alongside digital companies.”

So far, Groves has been “blown away” by the calibre of the talent and the ideas Impact X has uncovered. These include black female scientists working on technology to impact satellites in space and improve the quality of sound on our mobile phones.

She says the impact on the younger generation will be immeasurable and believes, as do the rest of the team, that their work will leave a lasting legacy because they are tangibly levelling the playing field for the under-represented.

“Being a part of a society where you don't feel like you're a second class citizen is what we're all trying to achieve,” she says.

“Knowing that you don't have to wait for someone else, and that you can create your own opportunities and be in charge of your own destiny... that is, I think, the core of what it means to have a happy life.”

X men and women: L-R Ezechi Britton, Yvonne Bajela, Eric Collins, Erica Motley and Paula Groves

