

Accelerating the Information Revolution

An Interview with Catherine Lenson,
Managing Partner, SoftBank Investment Advisers

EDITORS' NOTE Catherine Lenson is a Managing Partner at SoftBank Investment Advisers, the world's largest technology investment firm with \$175 billion under management in the two SoftBank Vision Funds and SoftBank Latin America Funds. She sits on the Investment Committee for the \$100 million SB Opportunity Fund and is the executive sponsor of Emerge, SoftBank's tech accelerator for underrepresented entrepreneurs. An experienced and trusted executive coach at C-suite level, she works



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with companies within the Vision Fund portfolio on leadership, talent, and operating challenges, including as a Board Director. Lenson is a member of the SBLA Remuneration Committee; is a Director of SoftBank Israel; and oversees the HR, ESG and Real Estate teams. Outside of SoftBank, Lenson is a Young Global Leader (World Economic Forum, Class of 2021); a founding member of Sustainability30 (which brings together Chief Sustainability Officers from 30 of the world's leading companies), and an active participant in the U.K. angel investor community (particularly passionate about personally supporting ambitious diverse founders building companies with global scale). Lenson grew up in Lincolnshire, studied at Cambridge University, and is active as a third sector advisor and trustee, including as a Director of University Jewish Chaplaincy, an organization which supports Jewish students across dozens of UK universities.

ORGANIZATION BRIEF SoftBank Investment Advisers (SBIA) believes the next stage of the Information Revolution is underway. Through the SoftBank Vision Funds, SoftBank LatAm Funds, and the Opportunity Fund, SBIA is investing in many of the world's leading technology companies. SBIA offers the operational expertise, global network and patient capital required to help exceptional founders build market-leading companies. Established in 2017, SBIA is headquartered in London, with a further 13 offices operating across North America, Europe, Asia and Latin America.

How do you describe SoftBank Investment Advisers' culture and how critical is culture to the strength and leadership of SBIA?

SoftBank Group's investment arm (SoftBank Investment Advisers – SBIA) came

into being less than six years ago to manage the SoftBank Vision Funds. As a young part of the organization, our culture has evolved as a unique mix of different backgrounds, geographies and heritage – proudly London-based, blending the best of the Silicon Valley Venture Capital world with our Japanese corporate headquarters. The combination of these three cultures provided a stimulus for us to build our identity and corporate behaviors from the ground up. We focus on three

critical principles: teamwork – being collaborative and challenging one another to reach better outcomes; integrity – emphasizing inclusivity and transparency; and impact – the belief that through a shared vision we can amplify our ambition.

We understand that culture will determine not only how we develop the accomplished team we've already assembled, but whether we continue to attract the best talent and portfolio companies in the industry. In the past two years it's proved a huge strategic asset in bringing people together even during times of physical isolation. It's made us a stronger company.

How do you define SBIA's mission and purpose?

SoftBank's CEO, Masayoshi Son, famously articulated his 30-year vision, founded on an ecosystem that promotes the sharing of wisdom and knowledge to accelerate the Information Revolution. Our belief is that artificial intelligence (AI) will fundamentally change the relationship between mankind and machines, that computers will enable human beings to connect in new ways to satisfy their emotional, physical and spiritual needs, and that these technologies are central to building a happier and fulfilling future for everyone. It was this ambition to create a better world that first drew me to work at SBIA.

It's a lofty ambition, but we experience every day how the technologies we invest in, from autonomous vehicles to computational biology, hydroponic farming to renewable energy storage, digital entertainment to hyper-local e-commerce, will genuinely reshape how we live, work and play in the decades to come.

How did SoftBank Investment Advisers adapt the way it works to address the challenges caused by the global pandemic?

The pandemic forced us to reflect on how we operate, support our portfolio companies, and support each other. A topic I've found particularly interesting is the renegotiation of the employer/employee contract. Post-pandemic, the concept that a manager might not know anything about an employee's personal life feels absurd. We've all gotten so used to seeing each others' spouses, kids, pets on Zoom calls – it's a totally different sort of integration.

We've also put a lot of thought into how we tackle the communication challenges that come with virtual and hybrid working. We're small, so we can have personal conversations in a way that you can't in a huge firm, but like everyone, we've had to think about how to show empathy and care in a digital environment. Our CEO, Rajeev Misra, is a truly authentic and personal leader, and we've really benefited from his approach during a difficult period. Ultimately, the past few years have reaffirmed our belief in the power of face-to-face interaction.

Will you provide an overview of your role and areas of focus?

Much of my career has been focused on helping women succeed – internally as a driving force behind DE&I efforts in the workplace; externally with leading programs that aim to get capital into the hands of female entrepreneurs; through opportunities for tech products to reduce barriers to women's full participation in the workforce and economy; and personally as an active angel investor in female-run companies, a speaker on women's issues, and a coach and mentor for women of all levels across industries.

I'm very proud to have been SBIA's first female Managing Partner, and even more delighted that I'm no longer the only one. Day-to-day, I lead our \$100 million+ Opportunity Fund and our Emerge accelerator, and I drive our strategy around ESG which is an increasingly important area of focus for SoftBank Group, led by Yoshimitsu Goto, our CFO and Chief Sustainability Officer for the Group. I'm a Director of our subsidiary in Israel, and I oversee the HR and Real Estate teams.

Within the Vision Funds' portfolios, I'm proud to have had great opportunities to build experience and trust as an executive coach at

the C-suite level, working with companies on leadership, talent, and operating challenges, including as a Board Director.

How is ESG engrained in SoftBank Investment Advisers' strategy?

While SoftBank Vision Funds and SoftBank Latin America Funds are not impact funds, Environmental, Social and Governance standards (ESG) are increasingly relevant to how we invest and oversee our portfolio.

We conduct ESG pre-investment risk assessments on a significant number of potential investment opportunities. These incorporate the use of a third-party digital intelligence tool which analyzes millions of publicly available data sources, metrics and ESG risk profiles of the company. Post investment, selective risk monitoring is conducted including via third party providers where appropriate.

In relation to environmental impact, SoftBank Vision Funds invest in multiple companies that contribute to climate change mitigation. These include enterprises focused on the generation and storage of clean energy, such as Energy Vault and Enpal, or on the decarbonization of urban mobility, including TIER and Zūm.

At the governance level, diversity is an important issue for us. We support portfolio companies with C-suite and board appointments to help provide a balanced pipeline of candidates by gender and race. By working with independent organizations such as Him for Her, Athena, Beyond Board, Stanford Women on Boards, and Boardlist, we have seen consistent progress in increasing female representation in boardrooms across the portfolio.

You serve as the executive sponsor of Emerge, SoftBank's successful tech accelerator for underrepresented entrepreneurs. What was the vision for creating Emerge?

I always start by emphasizing that Emerge was truly a commercial venture – not a philanthropic endeavor. Emerge was created with the belief that the companies of tomorrow should represent the world today, and that without the full participation of entrepreneurs from all backgrounds, we limit the amount of innovation in the world. We sincerely believe that these companies will go on to be exceptional investments.

It's a fact that diverse founders are "over-mentored and under-funded." We saw diverse founders starting businesses and perhaps getting early funding from angel investors, but not moving successfully through the funding pipeline. With the Vision Funds as growth-stage vehicles, we realized we'd have to get involved at an earlier stage in the pipeline to open up doors to underrepresented founders.

I'm personally grateful to Masayoshi Son for his sponsorship of Emerge and the Opportunity Fund. Even though these programs were being run far from our Tokyo headquarters, when we asked for his support, he understood immediately why SoftBank needed to step up in this space, and he gave us his backing. I'm proud to work for an

organization where our leaders are committed to doing what is right, not what is easy.

How critical is it for SoftBank to bring diverse perspectives and experiences to the table when making business decisions?

Diversity isn't just a nice-to-have; it helps us to make better decisions and accelerates business growth. But as an industry, we're missing out on the diverse perspectives that drive true innovation because of a lack of representation. At SBIA we have clear goals to increase representation among minority groups, and our senior leadership is accountable for progress against this ambition.

We're proud to say that *The Information* ranked us 8/100 in their VC Diversity Index, number one of all funds with more than \$15 billion under management. We scored particularly high on ethnicity and continue to focus on gender, which is an area of ongoing progress across the firm. Our numbers have been consistently improving and, today, 45 percent of our employees are women, and 32 percent of our investors are female (20 percent at partner or more senior roles). That's progress for sure, but we're nowhere near satisfied.

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SoftBank has built an investment ecosystem of over 450 companies. How do you interact with these founders and how do you guide them during today's uncertainty?

Many of our companies have been well prepared for the pandemic because they pivoted early to prioritize profitability and unit economics and have raised enough capital to weather the storm. We also offer bespoke support through our Operating Group which

comprises former executives with direct experience in leading companies on the ground. These specialists advise on specific issues faced by companies in an uncertain environment, such as cash flow management, capex planning, and supply chain negotiation. Ultimately, our relationships with founders are built on trust. We give them space to do their best work but ensure they're comfortable asking for help when they need it.

Do you feel that there are adequate opportunities for women to grow and lead in VC?

Women remain dramatically under-represented in leadership roles in VC firms, and while our industry spends a lot of time thinking about recruitment, we often spend less time thinking about retention and promotion. At SoftBank, we're increasingly focusing on how we allocate opportunities, the sort of conditions we create in the firm, how voices are heard, how we call out bias when we see it, and the role that direct managers play in setting the right tone.

Beyond this, it's important that we understand how every investment professional can fall victim to unconscious bias when meeting founders who don't necessarily look or sound like them. Research published by HBR highlighted how male entrepreneurs often get asked questions by VCs about potential for gains, and women about potential for losses. Quoting the piece: "According to the psychological theory of regulatory focus, investors adopted what's called a promotion orientation when quizzing male entrepreneurs, which means they focused on hopes, achievements, advancement, and ideals. Conversely, when questioning female entrepreneurs, they embraced a prevention orientation, which is concerned with safety, responsibility, security, and vigilance. We found that 67 percent of the questions posed to male entrepreneurs were promotion-oriented, while 66 percent of those posed to female entrepreneurs were prevention-oriented." It's no surprise, then, that the male-led startups in the study went on to raise 5X more funding than their female counterparts.

We're investing huge energy to resist falling into these traps, by conducting unconscious bias training for our investment team, and in coaching our diverse founders on how they should turn around this line of questioning.

What advice do you offer to young people beginning their careers during this challenging and unprecedented time?

Your career will look more like a jungle gym than a ladder; the days of climbing upwards in ascending rungs are over. Working lives are going to be longer than they've ever been, and consequently, less linear. Try new things. Move horizontally. Seek out work that you enjoy and that builds your skills. Seek out mentors who inspire you and learn from them. Grab opportunities when they come, even if it's not immediately obvious what they lead to. ●