

# Venture capital opportunities for resilient companies

Investors interested in firms able to withstand crises

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**While the COVID-19 pandemic has proven catastrophic for the global economy, companies that are able to quickly adapt to combat the impacts of crises are the ones that investors are particularly interested in, according to Dmitri Dawkins, managing director of Graft Ventures.**

“In the last recession in 2008/2009 we had a ton of good companies coming out. Right now [investors] are looking at resilient companies — the ones that can retain their cash flow and can withstand threats over time,” Dawkins stated.

“Here in the Caribbean, that has just been business as usual for us. The US or European markets do not have the same risks as far as getting a hurricane every single year or having foreign exchange devaluation. We have developed a lot of great companies and great founders who are weathered and hardened, and know how to operate in a crisis. So if now we can provide that patient capital to these founders and support them — in my case over a 10-year period going forward — I'm really excited to see how they are going to grow,” he said.

Dawkins made the comments at a venture capital webinar on Tuesday staged by the Jamaica Venture Capital Programme unit in the Development Bank of Jamaica and Caribbean Alternative Investment Association.

The webinar was the fourth in the series titled 'Venture Capital: Why is it called smart, patient financing?'

With patient capital, the investor is willing to make a financial investment in a business with no expectation of turning a quick profit.

According to Dawkins, companies can prepare themselves when looking to attract venture capital funding by demonstrating product/market fit and having an extreme competitive advantage.

“From a venture capital perspective, if it is that [the business] can't grow to a certain size then it doesn't make sense to invest. I have to be able to see that by investing my US\$1 million into your business that you are going to then scale this into a US\$100 million company in 10 years. It doesn't necessarily have to be the next Google or Facebook, it should be a lot more sustainable and focus on cash flow,” Dawkins said.

Meanwhile, CEO of Blue Dot Insights Darren Peart shared his experience in receiving venture capital financing and making the decision to exit the contract just before the COVID-19 outbreak in Jamaica.

“In 2018 we took on some venture capital from SSL Venture Capital and we exited in March of this year. Ironically, and possibly counter-intuitively, we made the decision to exit in the same week as our first COVID-19 case. I got a call from a well-noted economist in Jamaica asking me why would I take such a risk at this point in this time, and it has been a risk, and I still question it every now and then,” Peart said.

“The decision primarily came from the patient capital issue. The capital wasn't necessary patient and there were longer-term decisions that I needed to make but couldn't in the existing relationship. We're still in the semi start-up phase and there are quite a few strategic longer-term decisions that had to be made that would not necessarily satisfy an investor that was looking for a quicker return, so patient capital is very important,” Peart recounted.

“But we have survived, and we're doing okay as a company now. We have added a lot of digital services to our offerings and we're pretty much doing everything that we did offline, online or digitally. There's still a lot of opportunities here now in the recession that we could take advantage of,” he added.

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