

# *Navigating the Venture Landscape*

## INSIGHTS FROM TODD RUPPERT

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In an enlightening conversation with R. Todd Ruppert, founder and CEO of Ruppert International and a notable figure with over four decades of experience in the financial services industry, we delve into the shifting sands of the venture capital landscape, investment strategies amidst economic downturns, and the broader impact of Ruppert's work across various sectors globally. With a rich background that includes CEO and President at T. Rowe Price Global Investment Services and co-President of T. Rowe Price International, venture partner at Greenspring Associates, and board positions in firms worldwide, Ruppert shares his comprehensive view on the recent tumultuous years in venture capital, offering a rare blend of optimism, strategic foresight, and practical advice for investors and entrepreneurs alike.

By Hillary Latos

Drawing upon his involvement in a myriad of industries—from technology and financial services to arts and entertainment—Ruppert illuminates the challenges and opportunities that lie ahead. His insights into venture fundraising, investing, and the importance of investing during economic lows underscore a strategic approach to building sustainable, value-driven businesses. Beyond venture capital, Ruppert discusses his excitement for innovative firms and his philanthropic interests, demonstrating the depth and breadth of his influence in shaping future leaders and industries.

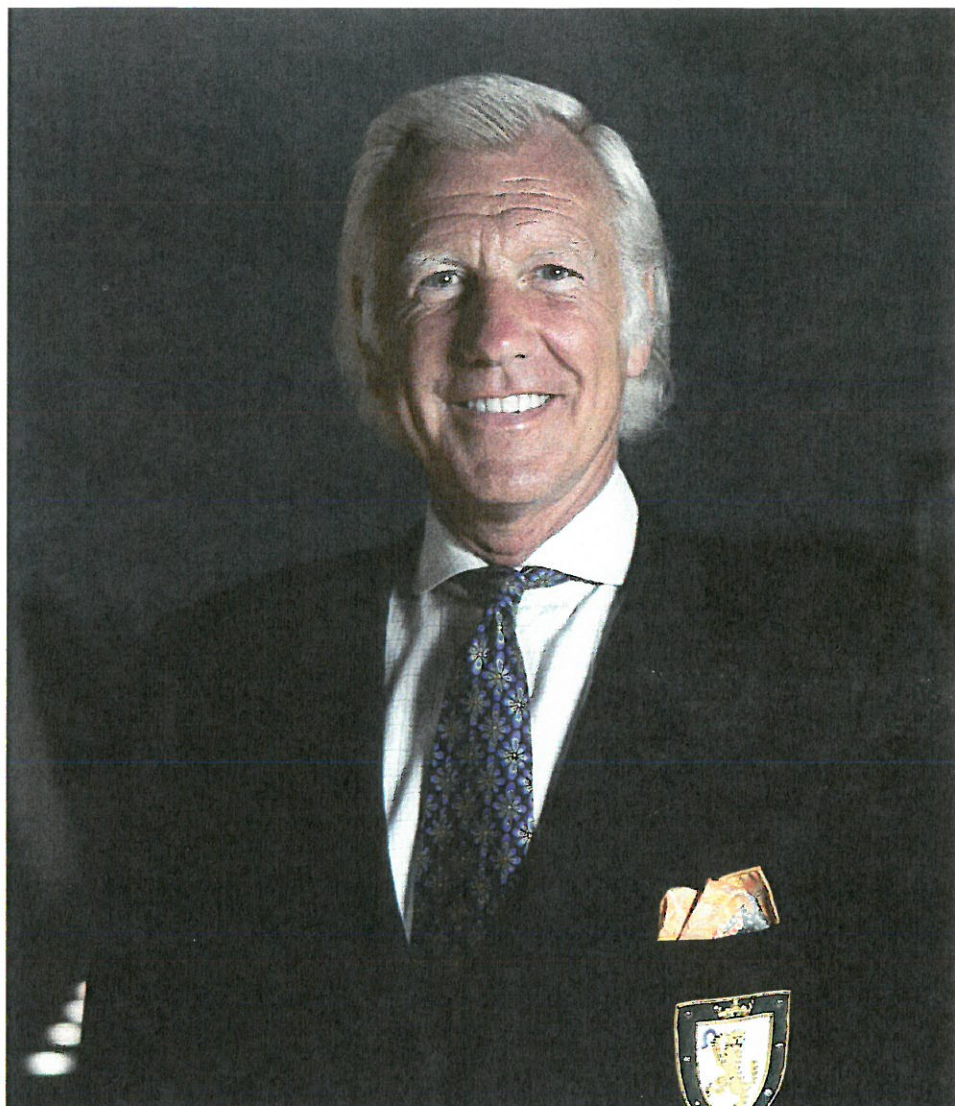
**Q. As an active start-up company investor for twenty years, a venture partner at venture firm Greenspring Associates (now StepStone) for over a decade, a current board member of venture capital**

**firm Antler ([www.Antler.co](http://www.Antler.co)), and an advisor to other venture firms around the globe, you are well placed to give us your view of the venture capital landscape, which has gone through ups and downs over the last several years.**

It most certainly has! Venture fundraising, investing, and exit activity through both IPOs and M&A activity accelerated quite significantly from 2018 through 2021 and then abruptly reversed course very sharply. The increase in inflation and resulting Fed interest rates hikes in 2022 and 23, combined with concerns about a potential recession, resulted in steep declines from year end 2021 through year end 2023 of 61% for venture fundraising, 51% for venture investing, and a staggering 92% for exit activity. To put a more dramatic accent on that, in 2021 there was almost \$800

billion in liquidity events through IPOs and M&A activity. This declined to \$79 billion in 2022 and \$62 billion in 2023. To put that in historical perspective, there were \$103 billion in exits in 2017, \$128 billion in 2018, and \$252 billion in 2019. The exit environment essentially evaporated. This low exit activity will result in continued low fundraising in 2024 as LPs are not receiving distributions to reinvest. This low exit activity will probably remain until there is better clarity on the direction of interest rates, whether or not we will suffer a recession, better alignment on pricing between buyers and sellers, and some successful firms leading the charge. That said, most believe that the direction of interest rates is heading lower and we will not enter a recession. Further, there is a good cohort of companies ready to lead the charge – Reddit, Klarna, Stripe, Databricks, and others.





laid off have their options underwater so the economic opportunity cost of quitting to start a company has declined. Further, with the acceleration in adoption of the cloud and AI the cost of starting a company is lower and productivity is higher. To take this further, individuals who were shaken by plunging valuations are now more focused on value creation – building a profitable, sustainable business, versus an obsession with valuations. They are more focused on unit economics and profitability than growth at all costs. All of this is very positive for investing now. And history supports this. Here is a short list of generational defining companies that were formed during or shortly after economic downturns - Microsoft, Google, Amazon, LinkedIn, Salesforce, PayPal, Airbnb, Uber, WhatsApp, Square, Stripe, Dropbox, and the list goes on. Starting a company is not a market timing exercise – successful companies have been created in all economic climates -but there has been added wind in the sails to those started when the economic chips were down.

So, I believe investing at the pre-seed stage over the next several years will prove to have been an excellent time to invest in venture capital. And that doesn't go just for the US, it's universal around the globe. This is a reason why I'm so excited about Antler, the largest company builder globally. Last year over 130,000 entrepreneurs applied to the numerous Antler three month residency programs around the globe. Less than 3% were accepted and from that only about 40% were funded. And since this is all proprietary, there are no other angels or venture capital firms bidding up the valuations. So very low valuations result in already built in alpha.

**You are an investor in and advisor to private equity firm Access Holdings ([www.accessholdings.com](http://www.accessholdings.com)). Tell us what excites you about that.**

Access Holdings, based in my home town of Baltimore, is a lower middle market build and buy PE firm focused on essential service-based businesses operating in low volatility industries in fragmented geographies and with predictable and indefatigable demand throughout economic cycles (car wash, funeral homes, school buses, pest control, fire and safety, marinas, insurance,

**Q. So what is one to expect going forward?**

I think that so much froth has come out of the market that now is an attractive time to invest. Rothschild famously said, "Buy when blood is running in the streets." Let me give you some stats and thoughts to support this view. In the public markets, revenue multiples for high growth SaaS companies declined from a peak of 32.4X at the end of 2021 to less than 7X at the end of 2023, and revenue multiples for high growth consumer and internet companies declined from a peak of 19.2X to 2.4X. 2021 had wildly inflated valuations driven by these sky-high multiples – temporary insanity, I'd say – which we now know collapsed back to reality. The decline in the public markets was mirrored in the private markets with stages closer to the public markets declining the most and stages

furthest away from the public markets being insulated. Median pre-money valuations for Series E rounds declined 74% Series D declined 64%, Series C declined 47%, Series B declined 45%, Series A declined 17% and Seed declined 4%. Later stages are cyclical while very early stages are evergreen – they are more immune from macroeconomic forces.

While we all know there is power law mathematics in venture investing, i.e., a few winners mask numerous losses, there is also power law mathematics in vintages. Vintages following periods of economic dislocation perform better. Why is that? There is more talent available and it's cheaper. Numerous tech workers have been laid off and firms are not hiring. Do you think they are going to sit at home and play video games? No, they are starting companies. Also, those not



## PROFILE

etc.). Importantly, they buy businesses they want to own rather than businesses that are for sale. Further, they very actively utilize data and digital tools, and transfer those tools, processes, and functional playbooks to their platform companies to create value asymmetry at velocity. It's a very differentiated strategy. Employing digital tools and a visualization platform to rapidly gather and evaluate a tremendous amount of information about markets, businesses, and customers leads them to find potential partners without an intermediary auction process. Access has dedicated two floors of its headquarters to advancing and sharing the firm's capabilities in research, digital lead generation, data analytics, and contemporary communications with its portfolio companies to work together toward a shared vision. Accolades about this approach were provided by BluWave, the Business Builders' Network, that recently released its third annual Top Private Equity Innovator Award. It selected Access Holdings as the top private equity innovator out of 5,000 private equity firms analyzed.

The firm was a non-fund sponsor up until 2020 when they raised their first fund of \$340 million (\$250 million on the cover). They closed Fund II in July 2023 at \$525 million with \$275 million in co-investment commitments. Co-investment in every investment is offered at no-fee and no-carry.

### **Q. Outside of VC and PE firms, what other companies are you involved with that excite you?**

I am involved with a lot of companies all over the globe in different industries that excite me. I'll highlight just a few where I am an investor and board member.

#### **[www.saxavord.com](http://www.saxavord.com)**

The Shetland Space Centre on the island of Unst in Scotland's Shetland Islands. We are the only firm in the UK and Europe to have received a license to launch satellites. We can launch up to 31 per year, but that should increase. Our tag line is "Up Unst and Away." A sister company established and operates the UK's northern most gin distillery and whiskey distillery.

#### **[www.8pod.com](http://www.8pod.com)**

We've been working on this for years. In a nutshell, this firm, with offices in Australia,



Israel, UAE, Ukraine, and the US, finds and delivers unknown fans to rights-holders and sponsors. It's a channel for every rightsholder, sporting team, player, and celebrity to sell back to their own sponsors. My partner in this company, Adrian Steirn, was Nelson Mandela's private photographer and videographer.

#### **[www.culture3.com](http://www.culture3.com)**

London based Culture3 explores where technology, creativity, and hope meet to chart a better path for the future. We elevate technologists building new possibilities, creators defining positive vision for the future, and hope from those connecting ideas about a better future to the actions that change our world. It's fascinating.

#### **[www.moltencloud.com](http://www.moltencloud.com)**

This Cambridge, Mass based company is the next generation for media operations. We seamlessly connect rights, royalties,

and content operations all in one cloud platform for unparalleled efficiency. We are trusted by film and TV companies across six contents to manage hundreds of millions of rights and petabytes of content. The founder was the only person to win the MIT Media Lab technology competition two years in a row. He was a math champion and musician in India before coming to the US.

#### **[www.peko.one](http://www.peko.one)**

This Dubai based company is an all-in-one platform for SMEs to manage all of their payments, expenses, travel, and insurance, plus we automate operations.

#### **[www.afriex.co](http://www.afriex.co)**

The Nigerian base company offers a quick, reliable, and trusted app for international money transfers. They are disintermediating the expensive remittances industry.





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**Q. You've done a lot in the arts having been executive producer of three films, co-producing a musical, co-founding [www.iconicimages.net](http://www.iconicimages.net), and chairing US art valuation and advisory firm Pall Mall Art Advisors. What excites you now in that space?**

I'm an investor in and advisor to London based [www.MTArt.Agency](http://www.MTArt.Agency). It is the world's largest and leading talent agency for artists. They have done numerous public installations globally with the artists they represent. MTArt Agency is the first UK company in the art sector to have a B Corp status. The founder, Marine Tanguy is a force of nature. She was a Forbes 30under30. She's just written a book that was released in March titled, *The Visual Detox – How to consume media without letting it consume you*. It's all about how the imagery we see shapes our wellbeing.

Another firm is [www.artmoney.com](http://www.artmoney.com). This Australia and UK based company enables buyers of art from \$5,000 to \$1 million to buy art in 10 monthly interest free installments. Think buy-now, pay-later for art. They work with over 2,000 galleries globally. It helps democratize art.

**Q. Tell us about some philanthropic interests you have?**

Several areas of keen interest to me and where I am on the board are The International Centre for Missing and Exploited Children and the Rock & Roll Hall of Fame. What many people do not know is that the Rock & Roll Hall of Fame does a lot to help inner city underprivileged children. I am also the chairman of London's Royal Parks Foundation. My wife and I also support cancer research as one of our daughters and my brother are both cancer survivors.

**Q. What are a few of the leadership lessons you have learned and have imparted on the firms you work with?**

There are a lot, and I'm sure I have much more to learn. That said, I think it's very important to always lead with empathy, kindness, optimism, and the critical importance of teamwork and respect. Transparency enhances teamwork, and teamwork enhances success. I've also felt it important to build people up. Happy people are more productive people. If you focus on their faults, they will lose confidence in their strengths. I've always believed that winning is not about me or us, it's about the customer. Always put clients' interests first. They are the center of everything we do. If our interests are aligned with their desires, we both win. When they succeed, we succeed. All that said, make people accountable. Every project has an "owner". Hold yourself and others accountable. And don't just do it, think hard about it first.