

Caitlin McDonald:

Welcome to this episode of the podcast. Today, we're joined by Paul Miller, managing partner and CEO of Bethnal Green Ventures, which is a London-based, early stage venture capital firm, focusing on tech for good. Before co-founding Bethnal Green Ventures, Paul worked as a senior researcher for the think tanks, Demos, and Forum for The Future. So welcome, Paul.

Paul Miller:

Thank you very much. It's great to be here.

Caitlin McDonald:

It's great to have you. Today, we're going to talk a little bit about some of the things around applying ethics in practice and recognizing opportunity in tech for good. To start off with, let's have a little conversation around there's a lot going on in the tech for good space, and in particular, the terminology seems to be evolving quite rapidly. So there's a lot for people who are just getting familiar with this to absorb. Tech for good, responsible technology, digital ethics, it's all kind of related, but they're slightly different so I'd be really curious to see how do you see the relationships between these overlapping domains?

Paul Miller:

Yeah, it's really interesting. So I guess I've been working on this for a long time now, starting to feel a little bit old in this space, but I think tech for good as a phrase really came about in around sort of 2012, 2013. It was a bit of a reaction to... there were conversations about, I guess, how you use tech, but tech for good was more about why you're using tech. So what's the purpose of the technology, what's the mission behind the startup, if you like. That was the idea behind the phrase tech for good.

Paul Miller:

We started using it and it just seemed to kind of catch on particularly I think, amongst investors and startups, maybe less so in big companies or... In the not-for-profit world, it means something slightly different, but it certainly has become a very useful term in the startup world to talk about technology startups that have a mission to try and achieve something positive in the world, and that's where the tech for good phrase came from.

Paul Miller:

I think the other areas, so responsible tech you mentioned or ethical tech, I think they're super, super useful, but they are more about the how. They're about the way that you go about developing technology or the way that you run your company. So, I think there's two different things going on. There's one set of terminology that's about why and what, and then there's another set of terminology that's about how you do that.

Caitlin McDonald:

That's really interesting. So perhaps I could summarize that as saying the tech for good space is about the values and the mission of the organization, whereas some of the other terminologies, responsible technology and ethical technology are much more geared around the mechanisms and the governance of technology?

Paul Miller:

Yeah, I think that's right. Obviously, the best possible outcome is that people use both so that you're actually building something that's worthwhile and that has a mission to improve the world and you're doing it in a responsible and ethical way. That's what we really want, but I think they are slightly different and they have different frameworks as well. So I think it's great that there are emerging frameworks that people can work through to build technology responsibly. That's brilliant, but then there's also frameworks you can go through to talk about like, what are we trying to achieve with this product or service? Who are the beneficiaries? What's our model of change? And all those kinds of things. So it's great that there's different sorts of frameworks springing up around both.

Paul Miller:

It gets even more interesting as an investor, but we maybe we can come on to that later, where you're actually like, you're not necessarily the people doing it directly, you're actually trying to achieve change by backing particular kinds of organizations.

Caitlin McDonald:

I think the next question I'd like to ask is, are there any specific resources you would recommend to people who are looking to get familiar with some of those frameworks around tech for good as well as what we often recommend at LEF around responsible technology and digital ethics?

Paul Miller:

Yeah. I think when people are thinking about tech for good, it's really important to look at two aspects of the definition if you like that people focus on. The first is, what you might call intentionality. So what's the intention of the business or of the product or service? What's the mission it's trying to do? And having a really clear definition of that to the point where you could actually write it as the purpose of the organization in a legal document. That's the gold standard, if you like, of a tech for good business is that its mission is written into its articles of association in the UK or whatever country you're in.

Paul Miller:

Then the second piece of tech for good, that I think there is some really good frameworks for is about how do you measure the impact of for business? Some of that is about the more responsible tech side of things. So it's like how do you treat your suppliers or how do you treat your employees and that you need to be able to measure that. But I think there's also, how do you measure your impact in terms of the mission that you're trying to achieve? So how many people have you reached? What's the depth of the impact that you've had on those people, and that that impact measurement is a growing area.

Paul Miller:

The framework that we use is called the impact management project or the IMP, which is really a kind of consensus-driven framework that's emerged from the impact investing world. It was originally led by bridges Fund Management who are based in London and have done an amazing job at growing impact investing. But that Impact Management Project, I think is a great starting point for people to think about impact measurement and management for tech for good businesses.

Caitlin McDonald:

Yeah, and actually one of the reasons that we chose Bethnal Green Ventures for last year's Ethical Digital Study Tour in 2019, was that we really wanted to help our clients understand that when we're talking about digital ethics, it's not just about risk management, it's also a powerful way of looking at opportunities. I think you've kind of alluded to some of that there, where so often we associate tech for good with non-profits and there's this interesting kind of hybrid that you have to do when you're in an impact investing space where it's partly about the profit, but it's also about some of those nonfinancial measures that you have to implement. So I'd be really curious to hear a little bit more about how you choose the right projects and how you assess them.

Paul Miller:

For us, the ideal is actually projects or in our case, they are always companies. Some impact investment can be into charities and so on, but in Bethnal Green Ventures' case, they are always companies. The ideal for us is, a startup company where they're building a product or service, where the more of that product or service gets sold, then the more positive impact it has on the world.

Paul Miller:

So, an example might be something like DrDoctor, which is a startup that we backed several years ago now, but they do smart appointment systems for the National Health Service in the UK. Every time they actually sell their products or service to a new hospital, it actually saves that hospital money. So it's win-win. DrDoctor gets more business, but that hospital saves more money and the patients have a much better experience of organizing their treatments. So that's an example of where aligning the business model, the mission and the impact works, and that's the ideal for us as an impact investor or a tech for good investor.

Caitlin McDonald:

Yeah, and you have that kind of systemic look at the world instead of focusing on one small piece, which I think is really interesting as well.

Paul Miller:

Yeah, and that tends to come with scale. So when DrDoctor were working in whatever, one hospital, that's fine, that's great. But now they're getting to the scale where they have millions of patients in the UK who are using their products and services and actually, it's actually genuinely having an impact on the whole NHS where it's starting to open up people's eyes to how things could be more efficient, more effective. So we always try, I will say, try to back startups that, sure, they have a great positive impact when they're at a small scale, but we want things that could get to millions of people. So then they do have that systemic change where people go, "Hang on. How did we work before this?" It's sort of that the whole system changes to adapt to a better product or service.

Caitlin McDonald:

Yeah, and I think that kind of relates back to that question about tech for good and having a vision, but you've also mentioned writing those visions essentially into the articles of incorporation. So there is a governance element to that as well. It isn't just about having a nice view of what the world would be like, but actually creating real change and making sure that you have some legitimacy levers to pull when those things aren't happening as well.

Paul Miller:

Yeah. We as Bethnal Green Ventures, we're a B Corp and we encourage our startups to look at the B Corp status as well. I mean, obviously it's a little bit different in different countries and so on, but we think it's a really good framework, partly because you do... Part of the score that you get, you have to achieve over 80 out of 200 to be called a B Corp. But part of that score is about your mission and what you're trying to do, but then a lot of it is also about how do you do it? So again, this do you do your recycling, and do you buy renewable energy and so on, but the fact that you get a higher score if your company is actually is trying to achieve something positive in the world through its core product or service, we really like that.

Paul Miller:

And it's pretty rigorous. I mean, you certainly come across people who are like, "Actually, that's one of the most rigorous assessments we've ever been through as a company," the B Corp assessment or the B assessment. We think that it's important that the frameworks that people use are rigorous and are trusted and so on. So that's one that we're certainly very keen on.

Caitlin McDonald:

I think there's also something to be said for it being an independently regulated framework, because-

Paul Miller:

Absolutely.

Caitlin McDonald:

... you then have greater confidence in what people are saying about themselves.

Paul Miller:

Yeah, and I think that's another aspect of impact measurement and tech for good is that we obviously work with really early stage companies. And at that stage, I think it's fine to just count what your impact is, but as you grow and as you get to scale, gets more and more important that there's independent verification of the impact that you say that you're trying to have. And there's another framework [inaudible 00:11:37] into the frameworks, and this [inaudible 00:11:39].

Paul Miller:

But Nester came up with called standards of evidence, which essentially sets out some expectations of startup companies or projects more generally. When you get to a certain stage, what should be the standard of evidence that you're able to provide to your investors, to your stakeholders? And we're big believers in that, that you shouldn't expect too much of very early stage companies, but as they grow, as they improve, you should ratchet up for the expectations of evidence about the impact that they're having.

Caitlin McDonald:

Actually, that fits really well with the model that we use to talk about digital ethics. It's really drawn from my colleague Simon [inaudible 00:12:20] Wardley's framework around projects that are in a kind of genesis or early phase. You simply don't have the information to provide those kinds of structured determinations of what's going to happen or what pressures you need to put things on. But whereas as they become more and more mature, you move into a phase where things are so industrialized that

actually regulation begins to emerge around them because you have a lot more information and essentially those processes can happen in a much more structured way. So it's almost like that governance model piece, it kind of naturally accompanies the scale of a product or a service or a company.

Paul Miller:

Yeah. And you wouldn't expect a startup company to have the same level of financial governance as a [inaudible 00:13:03]Footsie 100 company. It's just the same really that as companies grow, you expect more of them. But I think we're just getting this extra, this new dimension, which is impact, and it's starting to be built into all kinds of companies. I mean, I think big companies in 10 years time will think about impact as well, but it's not just that [crosstalk 00:13:25]-

Caitlin McDonald:

Yeah, to a certain degree they already are.

Paul Miller:

Yeah, yeah.

Caitlin McDonald:

It's just in slightly different ways.

Paul Miller:

Yeah, and I don't think they'll be able to survive as big publicly listed companies unless they are able to demonstrate their positive impact on the world. So, that change I think is already happening, but we're seeing it in microcosm with the startup companies that we work with.

Caitlin McDonald:

That's really interesting because you've already seen things like the business round table, for example, coming out and saying, I think specifically about climate goals, "You can't just be about making money anymore. You also have to be thinking about the impacts on all of your stakeholders, whether that's your workers or the customers you're serving, or the general public." So I think you are starting to see that kind of pressure in those larger and more firmly established corporations as well.

Paul Miller:

Yeah, and in the people who manage the money that goes into them. So, Larry Fink at BlackRock, which is the world's biggest asset manager has said that he believes that in the not too distant future, they won't be able to invest in companies where they can't sort of show that there is a positive impact of their shareholding in that company, and not just a financial one. Because people won't give them their money to manage if they think that they're not trying to make the world a better place, essentially, and that's a huge shift. I mean, that's essentially starting to rethink capitalism in terms of what its purpose is. Purpose is not just the return of capital and the growth of capital. It becomes to actually achieve social and environmental outcomes as well. That's a huge change, but it does seem to be beginning to go that way.

Caitlin McDonald:

Yeah. Where the capital goes is essentially what is going to have the power and the resources to achieve things. If the people holding the capital are changing their minds about how to distribute that, then certainly that is an enormous change.

Paul Miller:

Yeah, and some of that comes from seeing the failures of the old way of doing things. We've been through in the lifetime of your Larry Finks and your sort of big asset managers now, they've been through this series of crises and they can see if the next one is climate change and they're just thinking, "Hang on. Right, [inaudible 00:15:37] what's going to happen here. We need to adapt in order to survive." That's them as companies, but us also as the human race. It's really interesting to watch the change in the psychology of the investment world around impact.

Caitlin McDonald:

Yeah. It's a huge shift. One thing I wanted to ask you about as well is, when you think about Bethnal Green Ventures principles or governance mechanisms that you use, how does that help with the startups that you work with to build good technology? I mean that both in the sense of technology that's working for good, but also technology that's robust to withstand the things that it needs to withstand within the market.

Paul Miller:

I mean, just one example is a real focus on diversity and inclusion for us. So we're always looking for founders who we think believe that diversity and inclusion is a good thing. One knock onto that is that I tend to do things like user testing with a much broader group of people. So, it's very common for our founders to test at the extremes if you like, so to sort of, rather than just to assume that the usual early adopters are the best people to test their product or service on, they go out of their way to find people with particular disabilities or people from different socioeconomic backgrounds and all those kinds of things. That means that I think that we end up with, with products and services that appeal to a much broader group of people, and it's interesting in terms of the way it affects the brands as well. I was always thinking that you can, it's quite, you can watch sort of BGV brands that they're not going to look like Apple. I'll just put that out of there in terms of like, it's not it's, you don't get this sort of luxury white kind of feel that they're much, there's much more energy. I think it's always like, yeah, exactly. Yeah.

Caitlin McDonald:

Smooth, like long panning shots of beautiful, complete technology. Very shiny. That's not you guys.

Paul Miller:

Exactly. There's much more just authenticity and sort of willingness to sort of say, we're working this out as we go along, which maybe that's not necessarily always a good thing, but yeah, it's that, the fact that we start with that principal at BGV then rubs off in terms of the kinds of founders that we select and the way that they work, and then eventually I think into the products and services and companies that they build. So I think that yeah by starting from particular principals you can affect the way that things play out.

Caitlin McDonald:

Yeah, that all makes a lot of sense, and especially that kind of focus on, under certain populations who may actually have quite a great deal in terms of market need but are not currently being given the services that they need to really have the stuff that they need to do.

Paul Miller:

And it often means that we're having discussions when we're talking about innovation that aren't necessarily about innovation in the technology itself, but innovation in the business model. So there's quite often where we're working in areas where I think sometimes larger companies have just assumed a less rich, effectively, customer group can't be served and actually what some of our founders are able to do is they will say, "Okay yeah well that might be true if you go about with a very standard view of what the business model should be, but there are other ways to do it. So actually they're innovating around the business models in order to serve people who have been under served traditionally. That's quite a common theme in BGV companies as well.

Caitlin McDonald:

I think that's a really important point to raise, especially when I think about the audience for this podcast, it's mostly going to be people who are working in large organizations, either corporate or in public sector as well, and for a lot of those groups, they are deeply motivated, they really want to do better technology, but actually often it isn't really about the technology itself at all, it's about the governance assumptions that you make when you are building a new product or changing a service or adjusting things you know.

Caitlin McDonald:

There are a lot of considerations for example around, since the pandemic has started, people are much more reluctant to use cash because it's a physical object that you touch, but that has a huge ramification for the many hundreds and thousands and millions of people who can't actually access bank accounts. So there's that kind of consideration as well.

Paul Miller:

Yeah, we've seen it with financial services things where actually people's immigration status for example. On the one level to large companies that looks like they're just going to be expensive to get onto your service. But if you can rethink the way that you verify those people, if you can rethink how you interact with them, then you can build a successful business around those people. It's just that it's different to the big block of customers that you've already got. At first glance it looks like a more expensive group to serve, but that might not be true, and I think we're lucky that we work with founders that are very open minded when it comes to that.

Caitlin McDonald:

And innovative it sounds as well, they have a kind of different approach.

Paul Miller:

Yeah and they listen to the potential customers, they tend to be of that group. So we will have founders who really understand the needs of a particular customer group, whether that's from refugees through to a particular patient group with a particular condition. We're very keen to work with founders who have a deep understanding of the problem that they're trying to solve. Other directly from themselves or through family members or friends or a previous job or previous role.

Caitlin McDonald:

And so you've mentioned a couple of the assessment criteria that you use to think about how you invest in the technology. So you're looking at, you mentioned bridges, you mentioned the [inaudible 00:21:40], you've mentioned the [inaudible 00:21:42] standards of evidence. Are there other models that you used in terms of either assessing whether you're going to take a start up on or assessing their progress along the way?

Paul Miller:

We do put them into broad themes as well, and this is partly about diversification from our point of view. So we use the UN's sustainable development goals as a top way of thinking about, "Are we addressing the big important problems that really matter?" I think they're not perfect but they're a great way of being able to have a short hand for, this company is addressing this. So that's one top level way, and we do quite often reassess and think, "Well okay what's the balance in our portfolio?". So each year we will publish in our impact report where do we think the balance is in the portfolio and when we're looking for new companies we might try and fill the gaps a bit or try and even it up a little bit as well". So that's one frame we use when we're thinking about the broader investment themes. I think a lot of the rest of what we're assessing is actually around people, just because we invest so early. Often there's a bit of product that we can have a look at but really we're assessing the motivation, the skills, the potential of a small team of people to develop what they said they want to set out to do.

Paul Miller:

So the frameworks that we have are around trying to assess those people at an interview and then as time goes on, see how are they developing, are they becoming really good technologists, really good leaders of companies, and that's more the framework we concentrate on I guess as investors.

Caitlin McDonald:

Yeah that all makes sense, and I think especially the UN sustainable development goals. Both for companies that are looking at private sector investment but also for governments and non profits as well, and it's quite a common framework to use, and it's a great one because then you can then compare things internationally also.

Paul Miller:

Yeah I agree, and I think that is one thing that we've really seen them useful for is partnerships. So you've got this tiny little startup, that by the fact that it's said this is a sustainable development goal that we're interested in addressing, they've got some link with a massive company and potentially with a government department, potentially with an off profit, and partnerships potentially emerge through those kinds of things and I think that's one of the reasons why the SDGs have stuck to be honest. People are able to coalesce around them, not in a rigid way, but in a way that shows that you're committed to trying to achieve a similar goal.

Caitlin McDonald:

Yeah, that makes a lot of sense. Cool, okay so we've talked about assessment frameworks, we've talked about maturity models, we've talked about the UN sustainable development goals, are there any final thoughts or key takeaway messages that you would have for the audience that's going to be listening to this podcast?

Paul Miller:

Well, and this is something we've talked about before in the sessions we've done with some of the members, but I think there is a skill set around working with startups, and I'll put this both ways around. There's a skill set for startups for working with larger organizations, and then there's also a skillset on the side of people who are in larger organizations to work with startups. I think both are improving. I've been doing this for well over 10 years and I remember seeing so many examples of big companies treading on startups just by accident to be honest in the early days. I think that's less common these days actually. I think there's more large companies that understand that they can really get value from working with start ups, not just in a mergers and acquisitions way but actually it can affect the culture of projects to involve a startup that's trying to do something in a different way and almost use them as a supplier and the large companies become a customer. We've seen more and more examples of that over the couple of years. I think particularly around impact.

Paul Miller:

The interesting thing is for me is what we've watched is that impact has started to move out of the CSR department in large companies and more into the strategy and innovation side of larger companies because I think more large companies are understanding that actually if they innovate around a big problem that people want to see solved sure that's going to have a great reputational benefit for the company, but it's also where the money is in terms of future markets, is around solving these big problems.

Paul Miller:

So I'm very positive about the relationship with large companies and some of the most innovative startups that are working in tech for good at the moment. I think there's a huge amount of potential for that grow in the future.

Caitlin McDonald:

Super, and that's something we've seen as well with the work that we've been doing both in terms of green technology and future sustainability models. But also in terms of the specific ethics work that we're doing, that there is that kind of growth or movement of those things towards the center of strategy rather than being siloed in a CSR department. So definitely I think that ... The great thing as well is that you talked about the tech for good movement to having some of those positions around mission, vision and values. So in some ways, many of those tiny startups are actually more mature on that level than some of the larger organizations. So there's that perfect marriage between organizations that have the scale to achieve the kind of impact that these smaller organizations want to achieve, and the organizations who actually understand how to create some of those vision and strategy positions especially for the sustainability and impact evaluation goals.

Paul Miller:

Yeah, and I think one of the things I expect to happen actually is some of the people who are leading these startup companies now, even though it might not work out or it might only get to a certain stage, their skillsets are going to be very in demand in larger companies in the future as larger companies have to adapt to a much more mission led world of business. I think that's really interesting, we've seen quite a few people who've been through the BGV process, we've invested in them, they've started companies, they might have sold them, it might have not worked out, but actually we find them snapped up by

bigger companies because they've got this really great skillset around understanding how to navigate mission impact and how do you lead people in mission led organizations.

Paul Miller:

So I think even if the tech for good world doesn't have that real direct relationship with the larger company world at the moment, I think in the future you'll see some of the future leaders of large companies would have come from this tech for good world that's emerging at the moment.

Caitlin McDonald:

Completely, and you can already see that happening in places like Microsoft, and Salesforce in particular I think about their human rights commitments for example. So yeah we can all look forward to future impact strategists being the rage of the future in jobs that are coming out.

Paul Miller:

Yeah.

Caitlin McDonald:

So thanks so much Paul, I really appreciate your time.

Paul Miller:

Well thanks for having me.

Caitlin McDonald:

My pleasure.

Pit Prion:

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