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Leading Scottish entrepreneur enters commercial property market

Chris van der Kuyl is most well-known for his role in the successful gaming series, Minecraft. Now, as he launches his latest venture, he speaks to Ken Symon about his broad approach to business.



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By [Ken Symon](#)

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Chris van der Kuyl

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On a white board in Chris van der Kuyl's Dundee office is a fascinating diagram that sets out the key elements and some questions about a new business that he is backing that will take one of Scotland's leading entrepreneurs in a new direction.

The fintech business, which is still under wraps, is another new departure for van der Kuyl and Paddy Burns, his lifelong friend who are 50:50 partners in a broadening range of business ventures.

The new venture does have a key technical component but it is a bit of a jump from the pair's more familiar domain of the computer games sector. They jointly-founded and own 4J Studios, best known for being the developers of the multi-million selling console edition of the Minecraft game.

But this year has already seen another new departure because the pair have recently formed a company, Tayforth Properties, which takes them into the commercial property sector.

Van der Kuyl explains the joint approach and the new direction: "Paddy and I have been best mates since we were 11. We're joined at the hip. We complement each other in a whole number of different areas so why don't

we agree that everything we do we be locked together from now on?"

"We've got the core games business, we've got these slightly wider private investments. We believe in the technology market as a whole that there's an awful lot of growth to go in it, so rather than go into managed funds we manage our own private equity stuff.

"So we said 'our whole investment is in the tech space what should we do to balance that?'. So it's a bit of a blend of an asset class i.e. property that's maybe a bit counter-cyclical and - some would say, boring - but more stable than the technology stuff. We're big supporters of what's going on in Scotland, we're big supporters of what's going in Dundee so why wouldn't we invest in the infrastructure stuff that we can now do?"

Tayforth Properties is currently transforming Shed 25, a historic transit shed on Dundee's waterfront into a state-of-the-art 'Water's Edge' commercial office development.

The concept behind Water's Edge is to nurture creative thinking, encourage collaboration between its occupants and enhance a productive working environment. The company is being run day-to-day by managing director



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Stewart Clark and is working with Dundee-based architects Nicoll Russell Studios Ltd and contractors Lyon Building Services to deliver the project.

Van der Kuyl explains the pair's decision to invest: "We both get just how dynamic and vibrant things are starting to become here. So when the opportunity came up to get the last shed on the Waterfront and regenerate that we jumped at it. That's going to be amazing – as soon as we saw the size of the place we started to think 'let's try and create a bit of a community feel'. We're not going to proscribe: it doesn't have to be games companies, it doesn't have to be super high tech, it's about creating a space where people would want to congregate and create great businesses.

"A big part of that was building this restaurant which is going to be a third of the building, it'll be the biggest restaurant in Dundee and the idea is to find an operator who will come and make that a community as well.

"So it's fun. It's not open yet so we can't say it will be successful or otherwise, we hope it will be but certainly the vibes we're getting is that we've made it the right size for the right kind of businesses. We're not doing the classic 'let's build a commercial business and flog it on to an insurance pension fund'. We've built something and it's going to be ours and it's going to be companies we like."

Van der Kuyl stresses that the Water's Edge development will be right at the premium end of the Dundee commercial property market. "It's not going to be two guys in a garage start-ups. We'll do coworking. Well-funded start-ups and start-ups that are quite quickly going to need more space, it will be perfect for them and corporates. We have one corporate who are not in Dundee at the moment who see it as a great stepping stone for them to be part of the community here."

He says that they are building the property brand and intend to do more developments in Scotland.

The seeds of this broader approach to business beyond digital entertainment were sown some time ago. Van der Kuyl was CEO of DC Thomson-owned business brightsolid for nearly six years from October 2007 and then after that he remained a strategic advisor to DC Thomson's board for another three and a half years until February this year.

Van der Kuyl says: "The past decade has been really interesting for me. I finished that chapter, I came out of brightsolid and back full bore into games and then moved beyond that.

"My relationship with DC Thomson is as strong as it's been – we've got no active business together but we talk all the time. The deal going in was I would bring technology expertise to them and they would give me access to businesses that were not like businesses I had been involved with before."

He explains that the opportunity with DC Thomson was all about broadening his understanding and his contacts. "The thought from my perspective was, having really been involved in games up to that point, I wanted to see how I could broaden my skills and knowledge to prepare myself for the next decade of where games was going to go because it wasn't going to be the same business model that it had been for the first 10 years – far more direct to consumer and doing online etc. around that. So beyond that where would my business brain take me?"

His time at brightsolid was, he says, "an amazing adventure and building those businesses was great fun and they're still away and thriving at DC Thomson".

What was originally Scotland Online grew into the data centre business brightsolid and the growing genealogy business findmypast.

"What that gave me was a far broader view of business to business markets, both domestically and internationally and business to consumer on the internet really with the genealogy stuff which opened my eyes to doing above the line marketing which had always been done by our publishers before but now I was responsible for teams that were doing that."

Two major things came out of that – Microsoft introduced Van der Kuyl and Paddy Burns to the people behind Minecraft. "We went to Stockholm and we met and gelled with the guys and we were able to strike a deal where we took some risk in the venture to take Minecraft to consoles.

If there was ever a risk that we took that paid it was that one – a game that we thought on a good day would do a million, million-and-a-half at a stretch copies. Our versions have done over 40 million copies, we've gone and built other business lines around it and seven years later the Swedes sold the whole thing to Microsoft and we're still partners and right in the middle of it with Microsoft. That video games business has been more successful than anything we've ever done and really has been fabulous for us."

That success has given van der Kuyl the opportunity to step back from that business a bit while Burns continues to work on it full-time.

The business to consumer experience with brightsolid and genealogy and spending money on TV marketing led to another business idea. "It led me to sit down with Kevin Dorren and Calum Smeaton and they came up with the idea for TV Squared with us as an original pilot customer. And as soon as they were ready to do a proper [funding] round we came in and said 'it's a brilliant idea, I know enough about the vagaries of advertising on TV to know it was needed and there'll be a lot of problems ahead to make it an international success but screw it let's make it happen.'"

TV Squared, founded in 2012, offers customers an algorithm-based platform that measures the impact of TV advertising on sales. Its aim is to offer advertisers an ability to measure their success and achieve a higher return on investment on their advertising spending.

Van der Kuyl and Burns became the largest original investor in TVSquared and on a later round of investment they were joined by Sir Tom Hunter's investment vehicle West Coast Capital. Van der Kuyl now chairs the business with Smeaton as the chief executive.

The pair are also passive investors in a specialist venture fund in London that invests in games and games-related technologies. "We know these guys and we know they'll make some interesting bets so we'll follow them. But equally we're thinking about what comes next for us in games – so we still love games and digital entertainment and it will be incredibly fertile ground for us. You talk to bankers and they'll tell you to diversify into very safe things but safety for us is we're not going to do all games, we'll do some games and we'll do some TV and media.

"On the more passive side we're one of the early investors in Seed Haus in Edinburgh which is putting small investments into the next generation of the start-up community in Scotland."

Van der Kuyl reflects on what a benefit it would have been if he and Burns could have been helped in the early days by themselves with the 20 years' experience they have now. In this they are trying to "pay forward" the help

they did receive from people like technology backer and Insider columnist Ian Ritchie. Van der Kuyl says that the support of Seed Haus is not totally altruistic because they are also looking for opportunities to come out of that.

“That’s in the context of a Scottish investment scene which is more powerful than people think.”

But despite what he sees as the strength of the Scottish investment scene he is well aware of the wider challenges. “Politically it’s quite a challenge at the minute to try and work out how things are going to go. You often find yourself falling into that trap because of Brexit, because of other uncertainties, of starting to hear yourself talking yourself out of the very place you are and the very place you believe in.

“You have to say ‘wait a minute, do we still fundamentally believe in the future of Scotland?’ We’re not international pensions funds; we’re people who live and work here and have got a real vested interest. And so far we keep coming back to ‘yeah we do think Dundee is an amazing opportunity that people will wake up to quite quickly’ when the V and A opens and more people appear over 2018, 2019.”

He says that because they have been there all of their lives they are slightly ahead of the game in seizing the opportunities from what might be called the renaissance of Dundee.

This has caused him to sit back and reflect, probably, he says, for the first time in his career and see the challenges “probably more from Brexit than Scottish independence”. He says: “We need to be nimble enough to deal with stuff if it starts to look like it’s going to be challenging from the point of view of operating as a technology business.

“It only takes one or two missteps in the negotiations to start closing doors off and, even in anticipation of that, everyone I talk to says that interest from mobile staff from abroad has gone down the tubes. If they’ve got a choice, Europeannationals especially, they will probably not choose the UK at the moment and I can’t say I blame them. That’s worrying, that really is worrying but, entrepreneurially, time of change, time of opportunity.”

Van der Kuyl says that the pace of technological change is now moving so fast that it is very hard for policymakers and lawmakers to keep up. He cites the example of voice-activated technology like Siri on Apple products or Amazon’s Alexa.

“They went in a very short period of time from being a novelty to being genuinely useful, to being very quickly the best way to set timers or play music in the home. It’s now not a case of taking out your phone and tapping around, not going to the wall and pressing a button but speaking to a device that responds with probably greater than 99 per cent accuracy.

“A year before that was possible it was a bit rubbish and it didn’t quite work. Now, the old joke about Scottish accents talking to voice activation is an old joke – they can handle any accent.”

He says this rapidly changing technological landscape does create tremendous opportunity. This is why Entrepreneurial Scotland, which he chairs, set out the bold ambition of making Scotland the most entrepreneurial society in the world.

“My reason behind doing that is that entrepreneurially-minded individuals in every walk of life are the only people that can help us thrive under this kind of deluge of stuff. Try and sit back and rationally plan and then decide what you’re going to do and then pass it through 25 committees who sign off what you’re going to do and the world’s already moved on and somebody’s already beaten you to it.

“That’s pretty scary but it’s unstoppable, so we either get on the bus or try and cut the wires to the outside world, which of course we’re not going to do.”

Van der Kuyl says this has huge implications for the way businesses are organised.

“The kinds of command and control business structures which we have operated for the past century or two are gubbed, completely gubbed.

“Interestingly if you go back far enough and look at some of the brilliant Scottish entrepreneurial talent that came out of the empire, how did we do it? We sent some young kid on a ship and said ‘here’s a line of credit, here’s some goods, head out to Hong Kong and see if you can do some trading deals.’

“You probably didn’t see them again for ten years but they knew they had a brand behind them that gave them an imprimatur to go and trade and do something but they knew it was pointless to try and wait for instruction from London or from Edinburgh, they just had to get on with it.

“The problem now is not waiting for months and months for a ship to get a message through, the problem is that the half life of decision-making is so short that you can ask for approval and it sits there on someone’s desk for two days and it’s already too late.

“In a funny way I think you probably look to history to how some of these amazing businesses were run with quite a lot of hands-off management. Lots of risk, lots of things that went wrong but clever leaders who said ‘I like that young person’ – we’re not going to take a risk that would bring the business down but there you go, go and see what you can do with that amount of capital and licence to go and trade and I think that’s how we’ve got to be.”

As I walk back to my car from Chris van der Kuyl’s office after the interview the Indian summer sun is shining and in that moment it seems like an omen for the renaissance of Dundee and for the opportunities for Scotland that he enthuses about.