

2020-11-04 Why I Invested in acQyr eXchange

Ashley Matthyse: [00:00:03] Hi there, this is Ashley Matthyse, Director of Outreach with TEN Capital. I am joined today by President and CEO of acQyr eXchange, Jim Mulford, and key investors Dave Sterling and Mike Lambert. Gentlemen, thank you so much for joining me today.

Both guests: [00:00:20] Happy to do it.

Ashley Matthyse: [00:00:23] Jim, I understand that acQyr eXchange is the first reward's redemption platform that allows users to turn earned rewards into cash across multiple games. Could you just tell us a little bit more about that?

Jim Mulford: [00:00:35] Sure, Ashleigh, I'd be happy to. Thank you very much. So, prior to the impending market launch of acQyr eXchange, our team has been heavily investing into the development, research, testing, and actual piloting of an easy-to-use real-time software platform for both the issuance and redemption of loyalty _____ reward value. So, as you mentioned with acQyr eXchange, we are now focusing that effort on the mobile-video gaming market. Gamers that use it through our easy-to-use mobile app are now able to manage, exchange, and redeem their rewards to cash in real-time. And of course, for game publishers, this is very important, too, because what it does is lead to more game player engagement, retention purchases, and of course, increased revenues. I think an easy way to explain acQyr eXchange is to think of it this way. Say you had \$100 in 12 foreign currencies and you wanted to spend that money, it would be very difficult if you didn't have a foreign currency exchange platform to go to so that you could easily convert that to the denomination of what you want to spend it. So, it's the same thing with in-game rewards that are issued. They're all caught up in the individual game, but now what do I as a game player do with those rewards? And [00:01:57] that's what acQyr eXchange does, provides the easy mechanism to exchange those rewards and then to go and redeem them for cash. So, [00:02:04] that's it in a nutshell. We're very excited about being able to bring this to market this month.

Ashley Matthyse: [00:02:10] Wonderful. Thank you. OK, we will start with our Q&A. Mike, do you want to tell us about your background as an investor?

Mike Lambert: [00:02:20] Sure. I was practicing in Houston when Enron crashed, you know, went out of business, and a lot of the people in town started thinking about ways to develop new companies and stimulate new companies and assist them in the development phase. And so, we, a whole bunch of people went together and built the Houston Technology Center in Houston, and the Technology Center was built to have small companies come in for minimal funding and have secretaries, and computers, and access to academics, people who would come over on a rotational basis, basically mentor them as well as investors and that sort of thing and at the same time, we realized that there needed to be a funding mechanism, so we started the Houston Angel Network. And from that, grew the Central Texas Angel Network, and TEN, as you know, I've known Hall for a long time. Anyway, every Wednesday we would meet and go over various companies in Houston and support them, and pretty soon it was out of Houston, it was all over Texas - I think it's all over everywhere now for them. And so, I've made a lot of investments through them. And then when we retired, I moved over here to Austin and joined Hall in _____ which I was only in a short period of time because I decided to start investing in people I knew and that's how we got here.

Ashley Matthysse: [00:04:00] Fantastic. And Dave, how about you? What is your background as an investor?

Dave Sterling: [00:04:05] Well, I've been investing since the three of us were at the Air Force Academy, so, been a long-time investor. And I guess about eight, nine years ago, I was talking with Mike and we were commiserating about some of the investments we made and how some have turned positive and some not so positive. And, we discussed, well, why don't we start investing in our classmates? And Jim was one of our classmates and he was starting this new venture. And so we said, well, we understand he's got a high level of integrity and work ethic, so the probability is, if we invest in him, we're likely to make a return. So, that's what we decided to do.

Ashley Matthysse: [00:04:47] Fantastic. Mike, what do you normally invest in? What types of deals?

Mike Lambert: [00:04:53] Oh, lots of things. I've invested in everything from Sweet Leaf Tea - if you know what that is, the tea - we invested in that when it was brand new and

did well with that one to a company called Three _____, a couple of restaurants, Colorado Mountain Brewery in Colorado Springs and one here in Austin, that I won't mention because it didn't do well, it's gone, and a bunch of other things. Buildings, oil and gas, goldmine, believe it or not, Rhythm chips - do you know what Rhythm chips are? They're like potato chips, only with kale and other various types of ingredients. And currently, in _____ we mentioned earlier when we came on.

Ashley Matthyse: [00:05:45] Ok. And how about you, Dave, what do you normally invest in?

Dave Sterling: [00:05:48] Well, I primarily invest in stocks or ETFs, exchange traded funds, but I set aside a fair amount of money to invest in new venture activities and Mike and I have discussed those a lot and we've done a lot, what do you think? About three or four of them Mike?

Mike Lambert: [00:06:07] Easily.

Dave Sterling: [00:06:07] Yeah. So, we've done that as kind of as a group. So, and we've got some ropes onto our classmates, and they're doing it as well.

Ashley Matthyse: [00:06:18] That's great.

Mike Lambert: [00:06:21] Invited, not roped. Dave.

Dave Sterling: [00:06:27] Oh yeah, that's right, invited.

Ashley Matthyse: [00:06:30] So for this next question, I know you mentioned that you all had decided to invest in your classmates and Jim's integrity was a big part of this decision, but can you expand a little bit upon what made you decide, any other things that made you decide to invest in this deal specifically Mike?

Mike Lambert: [00:06:46] Sure. Well, obviously, we've known each other for over 50 years, that's all three of us, we were in the same squadron together at one point in time at the Air Force Academy and [00:06:58] Jim has been very successful in previous ventures and is an honorable and ethical person. And [00:07:04] what Dave didn't say,

we had a couple of investments where people weren't so honorable and ethical outside of our classmates, and so we decided to go with people who we knew absolutely were honorable and ethical people and had good ideas. And basically, that's how we got here.

Ashley Matthyse: [00:07:21] And you Dave?

Dave Sterling: [00:07:23] Pretty much the same, my understanding of investing. I used to run a company myself and so I've got a fair amount of experience and I know that you can have a great idea, but if you don't trust the management, you're not going to make any money off of it. So, [00:07:44] when Mike and I decided to go into this, we decided we'd have a high-integrity threshold and we'd only invest in those people that we knew would be honest with us, and so, Jim certainly fit that bill. [00:07:57] And we looked at his activities, gave him some advice of some things we would do and pretty much we're launched from there.

Ashley Matthyse: [00:08:08] Great...

Mike Lambert: [00:08:11] I'm sorry. I think the other important thing is that [00:08:14] Jim has a great idea. It's literally a game-changing idea and I mean that both literally and figuratively. [00:08:21] So, we both thought this was something that people, [00:08:26] it's kind of like the Apple iPhone, you won't realize, once it takes effect, people are going to wonder how they didn't have it before. [00:08:37] You know, it's a game-changer.

Ashley Matthyse: [00:08:39] Yeah. And speaking of trust and honesty, what else did you like about the team? Mike?

Mike Lambert: [00:08:48] [00:08:48] Everyone on Jim's team is experienced and successful in the past, and they've all been successful and maintained their integrity and I really like that. [00:08:59]

Ashley Matthyse: [00:09:01] And Dave?

Dave Sterling: [00:09:02] I think the idea is well thought out, they've gone in achievable steps, they haven't looked for a lot of risk, and again, the basic thing is, if you don't trust the management, then you shouldn't invest in the company because they have the ability to do whatever they want, so.

Ashley Matthysse: [00:09:23] Ok. Mike, why do you think this company will continue to be successful?

Mike Lambert: [00:09:29] I think it's the idea, first of all, and then the people. The idea is literally something that has been needed for a long time and players are going to find that they can move their, whatever they buy, their coin, so to speak, around from one game to another readily and it will be beneficial both to the players and to the game companies as well; something that has been needed.

Ashley Matthysse: [00:10:00] Dave?

Dave Sterling: [00:10:00] It's been my experience that the idea is a good one, but it's the execution of the idea that proves whether it's going to be workable or not and James, Jim has the ability to never give up. [00:10:17] He keeps looking for new ways to transform the idea and identify ways to get it executed and I think with that work ethic and commitment and plus a great idea, that he's going to achieve his goals. [00:10:35]

Ashley Matthysse: [00:10:37] And I'll pose this question to both of you at the same time. What challenges have you seen the company face and overcome?

Dave Sterling: [00:10:48] Well, I think the primary one has been funding, it's a great idea, but it's an early-stage company, so getting funding is a challenge. And so, Mike and I and another investor have committed to fund that and Jim's gone out to different investment sites and made pitches about what the project is, where he is along in the project and he's gathered a lot of outside investors. So, I think that's very positive.

Ashley Matthysse: [00:11:21] Mike, anything you want to add?

Mike Lambert: [00:11:23] No. Dave's covered it well, I think.

Ashley Matthyse: [00:11:24] OK. Mike, what excites you most about this opportunity?

Mike Lambert: [00:11:32] Well, a lot of different things, actually. The idea, I think, is phenomenal, and I think because it's a great idea and they're executing it, I mean, they're very close to going public here and it's going to allow us to be able to invest in other things that we want to, my wife and I want to invest in with more money, actually, because I think it's going to do really well.

Ashley Matthyse: [00:12:00] Great. And you, Dave?

Dave Sterling: [00:12:03] I actually think it's an opportunity for us to help Jim achieve his goals, and as you can understand we're not new guys, we've been around a long time and Jim has been at this for a while, and I'm just, you know, I'd like to make a return on it, but basically, I'm trying to invest in Jim so that he is able to achieve this company, and quite frankly, I don't play games, so it's not something that I would personally use, but [00:12:33] I understand it's utility and I understand its attraction and I think Jim has structured a well thought out, very competent business plan and so I just want to achieve it and see it achieved, [00:12:47] and want everybody to be happy. A lot of my investments I make in the stock market, I don't know anything about the people involved, so I have no personal relationship and I think having a personal relationship with somebody adds to the desire to see this through.

Ashley Matthyse: [00:13:06] Great. Mike, how are you helping the team?

Mike Lambert: [00:13:10] Basically, we fund and also provide advice and support to the team.

Ashley Matthyse: [00:13:18] And you, Dave?

Dave Sterling: [00:13:20] Basically, that's it. We get out of the way of the technology because they know what they're doing, but if there's something that... I mean, both Mike and I have run projects before, run businesses before, so we understand when there's something missing in the plan. And so, we help Jim identify that and help him structure ways to overcome those obstacles.

Ashley Matthysse: [00:13:41] Great. And Mike, what else should other investors know about this company when considering investment?

Mike Lambert: [00:13:49] We've probably covered it pretty well, [00:13:50] but I think this is a great idea or a set of ideas actually, this is the first of that and is being actuated by some very good people, really great people who have been successful in the past and know how to be successful now. They, [00:14:12] all of them are superbly experienced to be able to make this a success.

Ashley Matthysse: [00:14:18] Dave, anything to add?

Dave Sterling: [00:14:20] Yeah. I think people ought to realize that besides financially committed to this, Jim is personally committed to this and I think that personal commitment adds a lot because, again, the personal relationship when you know what somebody has done for their entire life, they're not going to change their spots at the last minute, so, it gives me a vote of confidence to know that Jim's in charge of this.

Ashley Matthysse: [00:14:46] That's great. And Jim, would love if you could share any recent updates and the status of your fundraiser.

Jim Mulford: [00:14:55] Great. Well, thank you, Ashley. Yeah, it's really a blessing to have an investment team behind us. We've invested significantly as I mentioned at the beginning, into the platform and now we're ready to launch. Our current private placement memorandum is a total of \$750,000 and the good news is because of our current investors and new investors that have come in, we're already over two-thirds of the way towards completion of that. So, it's moving very rapidly, it's allowing us to move forward with the launch. In fact, it's very exciting news because next Monday, November 9th, we will be live in the marketplace. Our app is going into production right now, we're very excited about that, will, over the remainder of November, December will be bringing on additional game publishers and our expectation is then in early 2021, we're going to start to make a major push into the marketplace, begin to expand. We'll likely execute one last funding round in the second quarter of next year for major expansion, not only nationally but internationally. [00:16:04] There's over 2.7 billion gamers in the world today, it just blows me away to think about that and over \$30 billion of unredeemed assets within those games, [00:16:16] and this is really a game-changer. I

mean, you think of what loyalty rewards and cash-back rewards have done to the brand and retail space, the same thing's about to happen in the mobile-video gaming market. So, we're well-positioned to do that with acQyr eXchange, we're excited, you're going to be seeing, we'll be having our first press release on this on Monday, so it's very exciting news. We think this round is going to close up very quickly and we've already entered discussions with a couple of small venture funds that are early-stage funds for the next round of funding. So, [00:16:54] everything is going to plan thanks to our current investors and not only the financial investment they've made, but the sound advice that they've given us, we couldn't be happier. [00:17:07] Mike and Dave mentioned that I'm also heavily invested in this, not only sweat equity, but I've got a lot of investment funding into this, so we've got a solid platform on which to move forward and it's exciting times for us.

Ashley Matthysse: [00:17:24] That's really great to hear. Gentlemen, thank you all so much for your time today. It's been an absolute pleasure.