

This is the Investor Connect Podcast Program, I'm Hall T Martin. I'm the host of the show in which we interview angel investors, venture capital, family offices, private equity, and many other investors for early-stage and growth companies. I hope you enjoy this episode.

[00:00:24] **Hall Martin:** Hello, this is Hall Martin with Investor Connect. Today, we're here with John Strong, an Albuquerque angel investor. John, thank you for joining us.

[00:00:31] **John Strong:** Hey, you're welcome, glad to be here.

[00:00:33] **Hall Martin:** Great. So what was your background before investing in early-stage companies?

[00:00:37] **John Strong:** Well, I'm by trade an art dealer in Santa Fe, New Mexico. I've owned an art gallery there for the last 20 years that specializes in both historic art of the American West, as well as contemporary painters and sculptors regionally.

[00:00:56] **Hall Martin:** Great. And so, you run an angel network or part of one. Can you tell us more about it?

[00:01:02] **John Strong:** Yeah, I work with a group of different people kind of casually. Most of the investments that I have made, I've made singly myself, but I do occasionally work with some groups locally like Albuquerque ID, which I know you're familiar with, and CNM Ingenuity, and those types of things. I'm part of an accelerator, I'm a partner in accelerator in Los Angeles called Moonshot. So that's the only formal group that I'm involved with.

[00:01:34] **Hall Martin:** Great. Well, how do you see the industry evolving for angels and angel groups, where do you see it going?

[00:01:41] **John Strong:** Well, obviously, as far as for here in New Mexico, we have some active angel groups, but funding is always a challenge as far as attracting people that understand the industry and are willing to kind of take some of the leaps and educate themselves, which is kind of a frustration here locally. My experience in other places that I go, like, Southern California, Northern California, people seem to be a lot more aware and open to making these types of investments in early-stage startups. As far as my area here, we have some good groups that provide good mezzanine level financing, but the doughnut hole here is the early-stage development and finding enough people to provide funding.

[00:02:36] **Hall Martin:** And so, what's the biggest change you think you're going to see coming up in the near future?

[00:02:41] **John Strong:** Well, I hope locally – I've been working with groups within our state legislature to try to provide better incentives to angel investors here in New Mexico. It's a key component. Many states have really comprehensive programs around those areas. We haven't really done much here, but we're trying to make a push for that.

[00:03:06] **Hall Martin:** Great. So, what's the biggest challenge you face today as an angel investor?

[00:03:12] **John Strong:** For myself, it's generally finding really qualified businesses and entrepreneurs that I can develop a relationship with and help them in their expertise. Fortunately, there's a pretty active startup, there's a lot of startup activity in the area here, mostly because of the proximity we have to the two national labs.

[00:03:37] **Hall Martin:** Well, great. So is that part of your investment thesis, or what exactly do you look for in a deal that you want to invest?

[00:03:44] **John Strong:** Well, I'm pretty open. My focus has been mostly healthcare, financial services technology, and some consumer products, hardware, things like that. I was in early thunder for Scout Security which is now a public company in Perth, Australia, that's a wireless alarm business that was also _____ they were chairman when they had their IPO. So I look for things that I think over time have the ability to grow into larger markets. So I tend to like basically moonshots, big ideas.

[00:04:23] **Hall Martin:** Okay. And can you mention one or two companies that fit that thesis?

[00:04:27] **John Strong:** Yes, I think the most exciting companies I'm involved with currently are a blockchain platform called Devvo.io. Its founder is a local Albuquerque entrepreneur who sold his first company to Facebook, and he has assembled, you know, blockchain is daunting to a lot of people, I'm not talking about cryptocurrency when I talk about their platform, it's basically all the other things involved there as far as identity, security, cybersecurity, speed, microtransactions. They have the fastest platform in the world, and they've assembled, what I feel like, is the highest-quality team in the blockchain space globally. Just to give you an example, our directors, last year, we were contacted by a person who only identified himself as a military officer getting ready to retire and he'd been watching their progress. And once he did retire, he contacted us again. He is General Vince Stewart. He was the commanding general of US Cyber Command, and prior to that, he was the Commander of the Defense Intelligence Agency. He says we have solved all of the most important problems he faced in cybersecurity and defense globally. And obviously, he's probably one of the four or five leading experts in that area in the world, so he joined our board. And we recently hired Chris Church who was the Chief Executive Officer of Swift Global, the wire service for

banks, who thinks we have an incredible opportunity. We recently hired Mike DiPetrillo who joined our company – he was the head of blockchain development at VMware and grew up from two people to 200. And so we've got a pretty great team of people there. And what I'm excited about for Devvo.io, in particular, is they've spent the last couple of years filling out an important portfolio of patents when other people were just trying to hype their new businesses; they've been just keeping their head down focused on the long ball, and I think they're going to end up being a very, very big winner. Another one is in entertainment called Electric Playhouse, and the way I would describe that is it's kind of next-generation Dave & Busters or main event. It's a lot of video and interactive entertainment. We have a full bar, restaurant, things like that. Our first location opened in Albuquerque and was off to just an incredible start. But we opened in early February and only had about five or six weeks of runtime before the pandemic closed everything down. But we're well funded, we're going to be fine, and we're close to signing leases in Houston, Texas, and Dallas, Texas for second and third locations. We've also just set up an experience-type project at Area 15 in Las Vegas, and I think that's going to go over very well too. But they have an incredible opportunity going forward as far as entertainment, it's really impressive.

[00:07:51] **Hall Martin:** Great. Well, do you have a fund or invest out of a fund?

[00:07:55] **John Strong:** I just invest directly myself. I have a group of people that are kind of in my network, they tend to follow me on Follow-On Investments. So if I pick an investment, I have a group of people that I call them up, and many times, most of them will come along with me in investments.

[00:08:15] **Hall Martin:** _____ invest in funds those that also then invest in startups in a certain way?

[00:08:20] **John Strong:** I have in a small way. We're getting ready to restart here locally a group called the New Mexico Angels, and I've made a commitment to join the group. It's an angel network, and so all of the members will kick in some investment capital so that they can make investments on behalf of the group as well. But generally, I tend to pick my own investments.

[00:08:46] **Hall Martin:** Great. And so what excites you right now?

[00:08:49] **John Strong:** I'm particularly excited about the two companies I just mentioned. I'm also very excited about a company that I raised the seed round for this past year called K&K Skin Labs. The basis of their business is the two founders, one of them is a Ph.D. in molecular biology at UNAM Research, and they've isolated a molecule that is in a compound related to Resveratrol that's so healthy, that's in grape skins and that type of thing. And this compound is 10 times more anti-inflammatory and six times more antioxidant than Resveratrol. We received a global patent for that molecule for the use in cosmetics and skincare products, and we've launched a line of skincare

products based on it, and it's been doing very, very well. And I'm getting ready to start a secondary round of financing for them, and we've had some preliminary talks with very large multinational groups about acquiring the patent portfolio, but I think we want to try to grow this at the retail level for a while before we think about selling that.

[00:10:07] **Hall Martin:** Great, so you've been investing for a while, what's your advice for people investing in startups? What do you tell them to do before they write that first check?

[00:10:13] **John Strong:** Well, I lost my entire investment on the first three or four, so I think my advice is don't be too attached to your money because it's a learning process, and I've made about 16 or 17 investments at this point, and, like I said, at the very beginning, you're just kind of finding your way around, I didn't have anybody teaching me, and so you learn by making those mistakes, and I've made enough of them, I'm sure I'll make more in the future. But the successes are so rewarding that it kind of will make up for it. You just have to stay with it, stay at it, and don't limit yourself to just one thing. I mean, if you only make one investment, you're not going to get anywhere. You've got to make a few of them.

[00:11:01] **Hall Martin:** And so, on the other side of that table, what do you tell people that are running startups? What should they do before they go out and ask for a fundraiser?

[00:11:09] **John Strong:** Well, they need to do their homework, and they need to be prepared. Probably the number one issue I have with young startup entrepreneurs is they get too obsessed with their cap table, and it's always a conversation that I have with them at the very beginning. And I just know, look, you have to be willing to allow people to make money if they're going to come along on a journey with you. And so, you can't be so worried about keeping every bit of equity that you can for yourself. You should be more focused on growing a healthy business, the rest will just take care of itself.

[00:11:48] **Hall Martin:** That's good advice. Well, in the last few minutes that we have here, what else should we cover that we haven't?

[00:11:53] **John Strong:** Oh gosh! One of the exciting things about New Mexico, that's also a frustration for me, it's easier for me to find investment dollars from people outside of New Mexico than it is within, which we're obviously trying to change that. But what a lot of people outside don't understand about New Mexico is that the opportunities here are just immense. We have the two national labs, nowhere in the world are this concentration of brainpower and ideas and patents and things like that, that are spit out of those labs on a daily basis. It's just really amazing. We have a technology transfer office at the University of New Mexico, that's kind of jointly operated by the labs and the university. And there are so many opportunities there that

I think people would be wise to spend a little time and go through those file cabinets, they're filled with business opportunities just waiting for somebody to pick them up.

[00:13:00] **Hall Martin:** That's great. That's good information. So, how best for listeners to get back in touch with you?

[00:13:05] **John Strong:** Email is the easiest way, and I think you said you have my email. It's just johnbstrong@yahoo.com, pretty simple. I don't mind people reaching out to me, love it, love to talk to people.

[00:13:18] **Hall Martin:** Great. Well, I'll put that in the show notes. I want to thank you for joining us today and hope to have you back for a follow-up soon.

[00:13:24] **John Strong:** Okay, great. Thank you.

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