

## Ford Smith of Ultranative

[00:06:03] We're here again with Ford Smith, founder and CEO of Alternative Alternative. As the ultra level of alternative medicine, there are venture studio focused on transformative health care, the empowered healers and entrepreneurs to innovate, disrupt and scale in their mission to build a better world for. Thank you for joining us again. I believe in July, we invite you to discuss how covid-19 accelerator the cannabis sector. So glad to have you back.

[00:06:26] Yeah, thanks, man. I'm glad to be here. Thanks for thinking of me.

[00:06:30] Great. So let's talk more about your background. What did you do before you started investing in early stage companies?

[00:06:37] Who you know, I spent about four years in independent film finance production and a brief nine month stint in talent management before I realized that life is too short on the talent management side to film production and finance. That was fun. And it's still something that I dabble in today.

[00:06:57] But then being someone's effectively a high level strategic assistant was not in, you know, something.

[00:07:07] I wanted to keep doing a tough life. Yeah. So. So what excites you right now?

[00:07:14] Who to the future of functional alternative and psychedelic therapies? I think that yeah, I know. I think I have a deep belief through personal experience and using all of those modalities that if we're going to turn the ship, this Earth ship back on the right course, that those are going to be an integral part to doing so, especially the psychedelics. So really interested in helping steward this new newly commercialized market, you know, in a very holistic way.

[00:07:58] So it's looking forward to learning more about that. We always like to get your advice for those that are investing in those who are starting up companies. So what's your

advice for people investing in startups, in particular in this sector specific to the functional psychedelic sector?

[00:08:18] Yeah, you know, I think I'm I'm taking a lot of my learnings from my experience and in early stage cannabis kind of venture investing, I think that you've got to have a an ecosystem approach.

[00:08:33] You've got to be I think it's you know, my my analogy was like it's hard for a private equity fund in New York to be making really solid sound investments into early stage California based cannabis companies. They just you know, it's hard to have a good perspective on what needs to happen and how you can offer the right strategic help and advice to scale these companies properly. I'm taking that same approach to psychedelics. We've not made an investment yet. It's been really three years due diligence of networking, building the community, participating in the community, being a financial sponsor, making donations, things like that, and just really building the network so you can identify what the landscape is going forward.

[00:09:24] I think the second thing I would say is really having a good lens on and an understanding or an advisory committee that understands health care, the current payer system, provider networks, things like that.

[00:09:35] Because as far as psychedelics become.

[00:09:41] Commercialised and clinically validated, they're going to need to integrate in the current Western model of medicine and it's a big question mark right now on how that works. So it's kind of it's a paradigm shift that we're all kind of going through. And I think the best thing you can do is be building a community and supporting, you know, the stakeholders within the psychedelic kind of renaissance, the people that have been carrying the torch, you know, long before us. So supporting that network and then being able to bridge the gap into the health care space and understanding how this is going to integrate with the current provider and their models that exist today.

[00:10:18] So for those who are running a startup in the psychedelic space, what he coached him to do before they go out to actually raise funding, do they need to build a community first or can they just go straight to raise funding based on the science and the the the evidence that they have behind their therapeutics?

[00:10:37] You know, I'm not really coaching anybody on what to do, I think that.

[00:10:43] There's obviously been a boom in the psychedelic space in the past six to nine months, I guess 12 months, I think. After having spent the past few years as a part of this community, it's clear to those inside of it who the kind of conscious, thoughtful companies and entrepreneurs are, you know, you've you've got a lot of the market that's moving towards, you know, you've got a lot of Canadian and nothing against Canadians. It's just usually the first mover market that likes to go and identify these licenses or assets or IP portfolios and then take them public. And historically in cannabis, it's been this kind of pump and dump model. I think that as an investor, which there are very few psychedelic funds in the space right now, I look at these companies and it's very easy for me.

[00:11:40] You know, you can see the Kinsley's psychedelic community is, you know, going to have to edit that.

[00:11:52] Sorry about that. Sure. Let's just just pick it up from where you were and say it again.

[00:11:57] Yeah, the as I look at these companies, I'm not necessarily coaching them on how to run or operate their business.

[00:12:08] I think if you've been in the space long enough and you know and understand the community and goals in the community, the community is very, very small. I would argue the kind of tastemakers thought leaders in the space is about a hundred individuals world wide. There's a there's a larger community that supports it. But really, the people who have been moving the dial, it's it's quite it's quite small. I would say that from my perspective, it's I look at some of these companies that just have these IP portfolios and they're going to go into clinical trials and then drug development right off the bat. I'm not so much interested in. I think that there's a more holistic way to go about this. I think that there's a lot of these previous cannabis

investors that are seeing this as kind of like the next cannabis wave, the next cannabis boom. And I just don't think there's a lot of thought going into the setting up and structuring of a lot of these companies. If you find, you know, if you plug into the community first, you find, I think, the real thoughtful, conscious executives and entrepreneurs that are building the businesses that need to be supported. But from the outside are looking in these companies that are going public, you know, that have these big, you know, PR marketing announcements. It's it's as a as an investor, I would just caution, you know, each investor and say, like, you know, cool, you may make some money on some of these opportunity at these public, you know, these public opportunities. But I think that I'd hope that we're we're entering a new phase of investment thesis that involves more of impact and and making sure that you're investing in the right people and businesses as opposed to just good investments.

[00:13:57] Ok, and so how do you see the psychedelics industry evolving? It seems like it's emerging and I don't know much about it, but interested to learn where you think it's going.

[00:14:08] I think that we are in obviously the first inning of kind of. The psychedelic industry, I think that this movement tried to get started back in the 60s and unfortunately kind of Timothy Leary put a big target on his back and the psychedelic movement as a whole. And so, you know, here we are. What is this? You know, 60 years later, trying to do it again, I think that this, you know, in the next three years we're going to have a lot of really interesting modalities being passed to the FDA clinical trial process. MDMA will be legalized for their applications to treat PTSD, most likely by the end of twenty twenty one. Psilocybin looks just around the same time, which is the active ingredient in magic mushrooms right now in the United States. Ketamine is being used in intravenous and intramuscular applications to treat treatment resistant depression. They you know, it's not currently covered by insurance. So what we're seeing is a little bit of background ketamine in high doses. This is a very psychedelic experience. And through that experience and through some of the other neurochemical mechanisms that are happening while you're under the you know, the dose of the ketamine, it's it's treating depression significantly better than standard SSRI antidepressants, really. And, you know, the scary thing is for pharmaceutical companies is that, you know, racemic ketamine, which is the ketamine that they're using in these these clinics, it costs roughly three dollars a dose as a treatment resistant depression on average, costs a health care provider around fifteen thousand dollars annually. So hypothetically, you know, that same patient could go in for a few

few infusions a year for significantly less than what it would cost to pay the pharmaceuticals. Yeah.

[00:16:15] So what's the biggest change you see coming up? Is it these therapies going mainstream or is it gaining acceptance? But what's the change that you see happening now?

[00:16:26] I see. Yeah, definitely going mainstream.

[00:16:28] I see the FDA validating a lot of these anecdotal claims that we've been seeing over the past years regarding psychedelics positively affecting mental health and trauma. I think that you're going to start to see these kind of psychedelic clinics pop up.

[00:16:50] I believe you don't quote me now. You sure you can quote me that three years ago there were somewhere around like 60 ketamine clinics in the United States. Today there's somewhere around three hundred and eighty ketamine clinics. So in a short period of time, there's been this big boom and this big rush because of the efficacy of this medicine to treat depression. It's been happening. So a lot of these early entrepreneurs that are wanting to get in the psychedelic space are starting by partnering with the doctor and setting up these ketamine clinics. And then eventually, you know, their hopes and goals are to you know, if they've got a menu of psychedelics, ketamine's the first one, you know, in a year or so. You've got MDMA, you know, two years, you got psilocybin and then kind of keep adding to the list of offerings.

[00:17:40] So what's your investment thesis for psychedelics? What's your criteria here?

[00:17:47] I'm interested in I'm interested I'm interested in businesses that quantify the impact of psychedelic therapy, not only on mental health, but physical health. There's a there's a business called a called capitation where large health care providers will go out and identify certain patient populations that they could use help in lowering their costs or their spend on. They'll find a private company that has experience in some new domain or, you know, a new medical field that says that they can lower the health care spend on sale, a lupus patient by way of using these new therapies and modalities that that health care provider will come in. They'll cut a deal with this private company where the company will come in and then they'll say, all right, cool. You know, payor will say whatever you save us per patient will, we'll split with you.

There's currently no, you know, platform or company out there doing this in the psychedelic space. I think over the next five years, there are going to be some of these startups that come in and they figure out how to actually quantify the impact of psychedelics to the bottom line of a large payor. And I think that that's, you know, every large parodist wants to measure things. They want to understand how certain therapies are affecting their patients and effectively their bottom line. And I think that historically, you know, you can talk to some of these large insurers and they'll all admit that they know that supplements and magnesium and vitamin D and stuff like that are beneficial. But because they can't measure it, they're not going to insure it. And some of these, you know, some of these digital tools that you can use to actually these quantified self tools that you can use to plug in what supplements you're wearing, have, you know, biometrics captured through some sort of feedback loop, whether it's, you know, an or a ring or an HIV heart rate monitor. Those are the types of systems that you're going to see that large payers are going to be interested in capturing data through so they can understand which modalities to start supporting financially. Right.

[00:19:58] Let's talk about one or two stars that fit that thesis.

[00:20:04] Yeah, I mean, internally, I've been I've been incubating a project, but no, we haven't we've not found anything yet.

[00:20:12] Ok, great.

[00:20:14] So in the space, it's very early. It's bleeding edge. What are the challenges that you see your startups facing when they try to launch a business in the psychedelic space?

[00:20:22] Is it regulatory or is it market acceptance? But what where do you see them spending their time?

[00:20:33] Regulatory is a big one.

[00:20:37] You know, there's there's really kind of three buckets, I'd say, that are in the psychedelic space right now in regards to the market, in regards to the kind of market segments in its business segments, its drug development, which, you know, you need to understand

regulation. That's that's biotech. You need to understand, you know, you need to have a strong science background. That's a that's a beast of its own. And that's a very expensive business to get into the drug development kind of sector. There's the clinic business and that's you're going to deal with HEPA and regulations there. You know, you're going to have to find a doctor to partner with in your business to actually be able to, you know, the you know, you hang your hat on his license and then the other one is these digital tools. So data and analytics, social networks, communities, things like that, to help actually quantify the application of these therapies and the impact of the medicines. Yeah.

[00:21:35] And, you know, along the same lines about investors and investing in this space, what's the challenge most investors have?

[00:21:42] Is it finding quality deals? Is it finding ones with traction where you see investors struggling in this space?

[00:21:51] I think and I think around management teams, I think it's part of strong management teams.

[00:21:58] And I think that.

[00:22:02] The yeah, I would leave it at management teams, that's the hardest thing.

[00:22:08] I guess it's a new area. So there's just not a rich pool of experienced managers in this space yet. Is that the issue?

[00:22:15] That is absolutely the issue out there. Slowly but surely coming. Yeah, for sure.

[00:22:20] Do you think this crossover from the cannabis space where people can take lessons learned from there and bring to psychedelics, or do you think it's just completely different?

[00:22:29] I think it's different in the same way. I think the same is that. It requires, I think, community and collaboration is key in being successful in this business.

[00:22:48] I think that capital allocation or capital raising is.

[00:23:03] Let's go back. Can you start the question again?

[00:23:05] Well, so do you think the T's are crossed over from the cannabis space where management teams can go from there to psychedelics? Is it the same or is it completely different?

[00:23:15] Yeah, I think, you know, to be honest, I think it's completely different. I think you're seeing a lot of these people come over from the cannabis space just because it feels like a natural progression into the psychedelic space, because most people consider a lot of people consider cannabis as psychedelic. I think that their different skill sets this looks much more like health care and the pharmaceutical business than it does cannabis. Cannabis is more agriculture, consumer packaged goods business.

[00:23:43] This is really a lot of you know, a lot of this is focused around regulation, you know, going through the FDA process and just traditional health care and understanding insurance and payer models and integration.

[00:23:58] Ok, well, when we go, you talked about treating depression as being a good application or having good success there. What other subsectors or applications do you think are good immediate opportunities for investors to pursue in this space?

[00:24:13] In regards to the apology.

[00:24:17] Ok, sorry, can you repeat the question?

[00:24:21] Yeah. So long ago, you talked about treating depression as a good application for the psychedelics. What other sectors and applications do you think are good opportunities for investors to pursue?

[00:24:34] I mean, yeah, obviously depression. Yeah, that's a big one. Anxiety, PTSD, you know, early childhood trauma, which is really falls underneath the anxiety, PTSD, depression bucket

and then and then ADHD. So focus on performance, human performance. I think it's going to be a big market for this.

[00:24:57] You know, like micro dosing has been something that's been trending for the past year now.

[00:25:02] And, you know, the micro dosing movement really stems from, you know, they say Silicon Valley executive is using small forms of psilocybin or LSD to kind of enhance their productivity. And I do see that's I mean, I hear conversations. I mean, I've been hanging on Austin for the past few weeks. And it's not just happening out in L.A. You know, you've got people in, you know, rural Texas areas that are talking about this. So it's not something that I think is going more mainstream is the micro dosing. And then behind that is going to be the larger, more integrative, you know, trauma treating applications.

[00:25:43] What is the efficacy of micro dosing? Do you think that's a very strong case or do you think that still has to be proved?

[00:25:53] I believe I don't.

[00:25:55] Don't quote me, I think Johns Hopkins might be doing a micro dosing study right now. There's a few groups that I'm not going to pull on the names, but they're researchable. There's a few different initiatives globally right now studying the effects of micro dosing, both psilocybin and LSD. And I will all attest to the the efficacy myself. Personally, I'm not I'm not a researcher, but I'm doing my own research and I give it the thumbs up.

[00:26:24] Cool. OK, well, in the last few minutes that we have here, what else should we care that we haven't?

[00:26:30] Um hmm. I you know, I think that.

[00:26:39] We as investors, as entrepreneurs, as a society, have a real opportunity to disrupt the current paternal health care system. I think that. There's a better way to go about healing and treating people, and I think that a lot of these modalities.

[00:27:11] They they support.

[00:27:15] Inner growth, and I think that once, you know, I'm a big believer that that our current political system and some of our, you know, financial systems are a bit broken. And, you know, as a as somebody who's passionate about creating change, you know, you look at, you know, what's what's the best way for me to actually go about creating change? Do I you know, do you run for office? Do you do you get out in the streets and shout and riot? And I have a deep, firm belief that if we heal the people, the systems will be healed in turn. And I think that using these modalities to heal personal trauma influences the system as a whole. And I think that this movement is is bigger than ourselves. When we when we heal ourselves, we get to go out and we are more conscious and empathetic to healing and treating and helping other people. And so, you know, I guess the thing that I would say is that what's I don't think we should take this opportunity lightly. I think that this is a big movement. And I think that we have the opportunity to really create a lot of change and heal a lot of people and and heal our planet in turn.

[00:28:33] And so as far as investors are looking at this space, you know, I would I would ask each individual to like ask themselves why they're doing this and if they don't know, maybe go do your own research yourself. You know, go, go. You know, check out. You know, there's a good there's a great website double-blind dot com. It's a double-blind magazine dot com. The magazine is called Double Blind, but they do a really good job of just talking about and educating people on on psychedelics. And the research is happening. And I would suggest, you know, go to your own research. And if you need to go to your own personal exploration, you know, you know, do that to in states and cities that are legal, that because there are there's now about five cities, I think DC, Denver, Santa Cruz, some of these municipalities have decriminalized these these medicines. And so you can now currently do them legally in the United States, but which I think is great.

[00:29:32] So it sounds like there's tremendous cost savings here and potential new solutions to mitigate depression, anxiety and so many of the things that it's going to be a great boon.

[00:29:42] We don't have to rely upon very expensive pharmaceuticals. We can rely upon more natural solutions. So it's Salick. It holds great promise there.

[00:29:51] Yeah, I agree, man. This is the kind of there's a saying kind of going around that the exodus of Big Pharma has begun. And I don't I do know that there are definitely synthetic pharmaceutical drugs that do very great specific things. So I'm not knocking the pharmaceutical industry as a whole because I think that we wouldn't you know, there are a lot of drugs out there that are very necessary. But I do think that. I think that, you know, nature has its own form of medicine that we kind of pushed to the side for a long time, and I think that we should maybe look at that first before we go these other pharmaceutical routes. And I think that that's what's happening right now. People are through education and research and accessibility where we're getting the opportunity to explore if that's true. And, you know, time will tell.

[00:30:46] Well, that's great. Well, how best for listeners to get back in touch with you.

[00:30:51] Check me out or check me my emails. Foord at ultra negative comments, ultra native dotcom. You can go to alternative dot com, obviously. And yeah, feel free to shoot me a question or, you know, happy to jump on the phone and, you know, do whatever. I'm passionate about the space.

[00:31:12] Right. Well, I'll put those in the show notes. Want to thank you for joining us today and hope to have you back for a follow up soon.

[00:31:18] Yeah. Hey, Hall, thanks so much, man. I really appreciate what you're doing and thanks for thinking of me.