

Investor Connect - Abby Levy of Primetime Partners

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.

[00:05:12] Hello, this is Hall Martin with Investor Connect. Today, we're here with Abbey lead co-founder and managing partner at Prime Time Partners. Primetime Partners are an early stage venture capital fund that invests in and builds from the ground up companies that can transform the quality of living for older adults. They support the founders and organizations that create meaningful new products and services and experiences in the underserved trillion dollar global sector of aging. Accelerate business growth through their direct to consumer marketing expertise, their strategic distribution distribution partners, synergies across portfolio companies and an engaged network of advisors also core to their mission to unlock the talent and expertise of experienced older adults as founders and business builders. Abbi, thank you for joining us.

[00:06:03] So glad to be here. Thank you for having me.

[00:06:05] Great. You tell us about your background. What did you do before you started investing in early stage companies?

[00:06:32] Well, I've had a few different roles in my life, but most recently was a founder myself, starting a business called Thrive Global with Arianna Huffington.

[00:06:42] But prior to that had really focused my career on on marketing and business growth as an advisor working at McKinsey and Company and then as a product manager at Oxfam International.

[00:06:52] So pretty much all of my experiences have been around business growth. And most recently when I was an executive at Soul Cycle, I started a personal project which involved kind of figuring out for my parents how they could spend their time. They're both retired and began this kind of exploration of what happens life post 60. And to be totally honest, I was really dismayed that there didn't seem to be a lot of alternatives for how older adults could

meaningfully spend their time, especially if you're not in the one percent. And that kind of exploration led me to start to come up with some of my own business ideas for different products, services and experiences for older adults who I viewed to be a very much ignored and underserved market, even though they're twenty five percent of their soon to be twenty five percent of our population, two thirds of our net worth, and the majority of our health care spent in our country. And as I started to write these business plans myself, it dawned on me that really we need to build an entire ecosystem of new businesses that serve this audience. And that's where the idea for prime time was born, which is to be the catalyst for founders to enter the space and to build meaningful businesses in the space.

[00:08:07] Right. So so what excites you right now?

[00:08:12] Well, you know, it's I get asked all the time the impact of covid on the fund. And just as a bit of context, we launched the fund during covid. We fund raised and raised 50 million dollars during covid. We've made nine investments during covid. So it has definitely and working remotely has been something that is as as tragic as it has been for for the world at large, for the sector of aging. It has really cast a light on what happens to older adults, particularly those that are living into the living facilities. And so the reason I bring this up of what excites me is that what the main thing that actually excites me is that there's so much more attention now than pre covid on the sector. And what that means is that means you have the attention of large enterprises like employers and payers and the government who are much more eager to innovate and invest in innovation and work with startups. And on the other side of it, you also have a lot more talented entrepreneurs entering the sector. So at a high level, what excites me is the momentum in the sector, specifically within the investment themes. We have several delineated investment themes. And and the way that I think about the landscape is we align with what older adults care about.

[00:09:30] They care first about their health, second about financial security, and third about having meaningful experiences. The implications of which is we make investments across health, tech and services, fintech and services and consumer tech and consumer services. And so within each of those sectors, there's certainly different themes that that resonate. But and I'm happy to go into detail on any of them. Ones around aging in place, behavioral health and wellness for older adults, longevity, health or body as we age is naturally declining. Alzheimer's

and dementia is a perfect example of that. Within financial services, 50 percent of Americans are going to run out of money because our longevity is has extended beyond our bank accounts. And so there are a new crop of new financial services and products that deal with acid, both acid, a cumulation, but also innovative revenue sources for older adults. And on consumer experiences, there's a big push around combating social isolation of older adults live alone. And that number is going to be increasing as longevity pushes that number pushes the age that out. So those are some areas that we're really excited about and really looking for entrepreneurs ready to tackle these big issues.

[00:10:48] Right. So what's your advice for people investing in startups in this sector? What do you tell them to do before they write that check?

[00:10:57] You know, I think that it's there's the common advice for anyone interested in early stage investing, which is around team and innovative product and market size, those three things, you know, take it take taken as a given. I think the some of the things I've learned and we've only been out the six months, so take it with a grain of salt.

[00:11:15] But some of the things I've learned is that people you typically talk about seniors as if it's one monolithic group, seniors. Once you hit sixty five, you're just a senior. And what's fascinating about this space and actually if you look sociologically, the older you get, the more unique you are.

[00:11:33] And so the heterogeneity of the space is really a hallmark. And so to investors, I would say whatever product or service or technology is targeting the senior, it cannot be a blanket statement for for everybody because there is no one size fits all model. It's a very heterogeneous group. Make sure that this investment you're making really is speaking to a cohort and it's really resonating with that group. And so that's one thing I would say.

[00:12:00] The second thing I would say is don't be scared of direct consumer.

[00:12:05] I think to date almost most of the startups out there, with the exception of maybe great calling card dotcom, have been focused on the either an enterprise client, because I think VCs want to see SaaS models and recurring revenue models. And so they're nervous to look at

direct to consumer as a model. But as to my point around the heterogeneous Gennadi of the market, there are a lot of consumers in this market know you've got consumers that are differentiated based on their technology or digital sappiness we've got for myself. My parents are aging or my parents are in their 80s. Know you've got the the adult child, you've got other family caregivers. So there's a lot of different consumers to play around with. And so I guess my second piece of advice is to to to not be scared off of if there seems to be a really compelling acquisition model around going direct to a consumer versus having to go through a health plan.

[00:12:58] Right. And then on the other side of that table, what's your advice for people running startups in this sector? What do you tell them to do before they go out to raise funding?

[00:13:09] You know, again, there's the basic you know, what you need to do to show up to get venture money in terms of team product, defensibility product market fit, TAMme, all of those things. But I think specifically in this sector, I think because and is this is a gross stereotype, but there's so much trust that particularly for the older adult consumer and whether it's B to B to C or B directly to the consumer, trust is very important. So how you build a brand to embody trust is very, very important. And so I think oftentimes brand is one of those things that entrepreneurs decide to invest in in year three of their product. And it's it's kind of a leader. It's an afterthought. And I would just say brand and trust is something I would really think about for this market is is point one. Point two is really around affordability. You have to remember that this is a consumer or a market with fixed or declining income and anything new, really, you need to think hard about the fact that this market is shifting while people talk about the affluence of this generation.

[00:14:20] There's just an increasingly large middle. The perfect example is one of our portfolio companies are terrible. There's 50 million Americans without a financial plan that a retirement plan and that those 50 million Americans fall beneath the assets under management to be interesting to it, like a Fidelity or Schwab. And so it's that middle of the market that is very, very, I think, appealing, and that is only increasing as older adults cumulate their assets. So I think it'll be another thing, which is look to the middle. And then the last you know, I I guess I don't know if it's advice, but to date, one of the largest players in the sector has been the government and nonprofit community based organizations. Those have been the entities that

have tremendous amount of funding from from the government and from from other sources to support our seniors and their and their daily living. And to just there is no playbook that you can apply for, kind of like a typical digital startup for this sector. And to think about all the other stakeholders who, by the way, may be government related.

[00:15:35] Right. So let's talk about the state of investing in this aging industry. How do you see investing changing at this point? How do you see the industry evolving to take care of that?

[00:15:48] You know, I get asked this a lot, which is people say, wow, this is such a novel idea to have a venture fund focused on on on older adults.

[00:15:56] And my response that's typically been, you know, the demographic shift has been a data point that any investor has been aware of. So if you look at any health tech firms and tech firm, consumer tech firm, they'll typically, in their investment themes, have a bullet point with silver tsunami or aging tech or grey tech or whatever it might be. And so it's been an area that investors have no one is coming because of just the sheer demographic demographic shift. That said, I think what you're going to see at this point and the reason why we built an early stage fund is there's just not enough supply great companies yet. And so I think what you're going to see is you're going to see a lot more investors placing bets in the space because it's such a new area for entrepreneurs to be focused on. And I think that you're going to see a lot of testing and learning. You're going to see a lot of corporate venture. And the payers themselves all have venture arms. They're all experimenting and investing. So there's a lot more, I would say, corporate activity. When I talk to large financial services firms, whether it's Northwestern Mutual Nationwide or MassMutual, they're all creating incubators or investment funds that where this is a theme.

[00:17:08] So I think you'll see increased corporate venture or already corporate venture is playing a role in this space right now.

[00:17:16] So what we see is the biggest change that's coming up in this time frame.

[00:17:25] I think technology in the home is going to be something that moves as penetration of smartphones and tablets increases, technology in the home is going to change. And that's

because if you look at broad trends of what's going on in health care, health care at home is changing. And part of that was accelerated by covid with the use of telemedicine tripling and the majority of Americans, frankly, for the first time using telemedicine. But I think technology overall in the home is something that today's seniors at age 60, 65 are digitally native, our technology native. And so they have spent their working careers using technology and they expect it for the rest of their lives. So I think that, you know, I would say penetration of technology over the next 10 years is dramatically different. So that is one area. And then I think the second area is, as one of the statistics I like to say, is that recently the World Health Organization came out with a study that said 50 percent of people in the US born after two thousand seven, will live to be 100. In other words, in a couple of decades, 50 percent of our population will be centenarians. And that is a huge change from a consumer experience, because if you win lifespans were in the early 70s, you know, you didn't try to figure out what am I going to do at this time? And now we have a very long third chapter, three decades worth of life that is unplanned for. And so what that means in terms of experiences, real estate, travel, work opportunities, all of that has to be filled in. And so I think in addition to kind of technology that treats older adults as digitally native as they will be shortly, I think a second area is going to be the experience economy apply to the older adult.

[00:19:29] All right, so you mentioned a moment ago about your fund and what you invest in, but can you tell us more specific details? What is your investment thesis for this sector?

[00:19:42] I think, again, it's hard because we're in multiple industries between health care, finance and consumer, but I think the an umbrella thesis would be that the issue isn't about creating new technologies, new inventions that haven't been created.

[00:20:01] It's really about the application and engagement of those technologies to this audience.

[00:20:05] Perfect example is in the wellness space, everyone in health care has been talking about social determinants of health and behavioral health and wellness. And if you think about most of the digital businesses, you can take peloton or or, you know, several mental health apps.

[00:20:21] All of these things have been designed for a not even designed are marketed to a younger audience, seeing the picture of the fit man and woman in their workout gear is not necessarily the right messaging to attract someone in their 70s who may or may have a chronic condition or two to get them excited about, in this case, fitness. And so I think one of the things that we're most interested is how are people using existing technologies, but most importantly, navigating the conversation with older adults to really engage them, to speak to them, to design for them. And I'm not just saying it's only about marketing because it given my background and my proclivity, but it's also just around how our business is showing or able to prove engagement, because that's been the missing link in the sector to date, has been engagement.

[00:21:16] You mentioned one or two strips that fit that thesis.

[00:21:20] Yeah, so one of the startups that we invested in is a business called Get Set Up, get set up, that is the website.

[00:21:29] And what they do is they provide live video learning enrichment for older adults. It's basically small zoom classes taught by a peer and other older adults on a range of topics. And what they've been able to do is to use an existing technology zoom and make the process so accessible to older adults in terms of having a customer service number.

[00:21:54] You can call if you need help getting on Zoom and how to use the product by having it be a community of peers and by then also having classes that teach older adults on how to use technology. And so what they're finding is that their audience is coming back several times a week to take more classes. And that kind of stickiness and engagement is something that you would, you know, any entrepreneur would kill for. And they're finding it because they're meeting their target audience where they are and bringing them along. And so that would be one example. And engagement. A second is a business we've invested in called Cowell. Cowell dotcom is a destination for purchasing your home health supplies. These are items that you need. For example, if you incontinence and the diapers kind of your your everyday needs, if you are caring for a loved one who has a certain health needs or for yourself. And what they found with engagement is really they lead with empathy. And the empathy is the job of being a caregiver. If you yourself are the ones that need the home health supplies, that it's a very

challenging, concerning, stressful time. And so they engage with with empathy in terms of the content they provide that the customer care support teams that are all former caregivers themselves and they have developed this loyal following and customer base when let's be honest, this audience could go to Amazon, but they don't they stay with care well, because of the service the care will provide.

[00:23:26] Right.

[00:23:26] So in this new space with aging and so forth, what are the challenges the starter faces in launching? What do you see something unique about this space that makes it difficult for the startup?

[00:23:40] I think it's the same it's the opposite of the opportunity, which is really around acquisition and marketing, the startup typically is either selling to a health plan or payer or a large enterprise who typically wants to do a pilot to prove our and efficacy. And that's just a long lead time process. So that distribution is the challenge on the enterprise side and its acquisition is the challenge. It's a direct to consumer business. And in both of those cases, I do think and that was my point earlier around the how covid is accelerating the sector, I think that the distribution channels are a lot more eager to try innovation, which is fantastic. And I think the consumer, particularly because the consumer is now everyone's at home, they're doing a tremendous more activity on Facebook, which is twenty five percent of the users on Facebook or older adults is the fastest growing audience there. And so they're spending more time looking for content. So it's actually a great time to experiment direct to consumer acquisition for this audience.

[00:24:41] And then same for the investor, where the challenges and investor faces in trying to invest in startups at this stage, in this time frame.

[00:24:51] You know, I think the the again, the challenges, like, you know, is not specific to this industry, I think that the point I would make is that most venture testers have certain KPIs or thresholds on what they expect to see from a business they invest in.

[00:25:10] And I think because this is such a new sector and people are still learning as we go, they're going to have to be more flexible on what some of those KPIs and thresholds are. They're going to have to take some leaps of faith that these startups are building for what is to come, not what exist today. That sounds kind of obtuse. I think what I'm saying is that there's going to need to be a high risk tolerance for for this sector because there's so many things that are not proven yet. There is no case study to say, oh, this is that. It's like people always talk about this. Is that Uber of blank?

[00:25:47] There is no analogous unicorn. That's ever been created in the space, and so it's really we that.

[00:25:57] So therefore, you have to take a leap of faith without relying on precedent.

[00:26:05] Oh, very good. So you mentioned several subsectors in applications that you're going after, if you had to pick one, that's just a good media opportunity for investors to pursue, which application would you call out?

[00:26:20] That is a great question.

[00:26:23] I think anything around its digital health. That focuses on wellness or social determinants of health like fitness, nutrition, mental wellness, sleep, all of those things that the the older adult has more control over and the preventative side.

[00:26:45] And the reason for that is just that the health plans with the risk, the risk paying providers, they bear the burden of this this burgeoning and blossoming health care expense. And so I do think there's an appetite right now to test and learn in that space. And so I think that's a very interesting space to spend time and is really this whole behavioral health.

[00:27:12] Yeah, very good. So minute that we have here, what else should we cover that we haven't?

[00:27:22] That I think just a startup opportunity that for if you have any listeners who are working within existing businesses, how they can take what they do and reach this audience,

because there is one of the fastest way to serve this audience is to take existing products and services and and and figure out how to reach this audience, which is always designing new ones. So I do think there's the opportunity for I guess I would say, corporate innovation in addition to startup innovation.

[00:27:55] I would also say that this is a global issue.

[00:27:59] While the US population is forecast over the next 20 years for twenty five percent of the population to be age 60 plus in China and Japan, it's over 30 percent. And so looking overseas to see what innovations are in those economies and then as a startup, thinking about designing a business not just for the US market, which is pretty typical of American design for America, but to think to think global.

[00:28:25] Right.

[00:28:26] So how best for listeners get back in touch with you, they can reach me at Abbey ABB Y at Primetime Partners dot com. Send me a note with with ideas and and, you know, whether that's to co-invest if you're an investor or an entrepreneur to get feedback on your idea. And ultimately, if you want to join as an investor in our fund, we will be looking to fund two and in just a short while.

[00:28:54] Right. We'll include those in the show notes. I want to thank you for joining us today and hope to have you back for a follow up soon.

[00:29:00] Great. Thanks for the time. Wonderful to chat.

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