

Carolyn A Jenkins of EPSoft

[00:00:04] This is the Investor Connect podcast program. I'm Hall Martin and the host of the show in which we interview Angel Investors, venture capital, family offices, private equity, many other investors for early stage and growth companies. I hope you enjoy this episode.

[00:00:23] Hello, this is Hall Martin with the Investor Connect. We're here with Carolyn Jenkins, CEO and head of the product division at EPSoft Technologies. EPSoft Technologies is a global software company founded in twenty fifteen and headquartered in Dallas, Texas. They're the creators behind Eppy soft, intelligent automation platform. And in the end, solution for business process management and intelligent automation platform supports both front office and back office operations with powerful, natively developed tools that help businesses make better decisions, all with a single pane view for seamless management. Carolyn, thank you for joining us.

[00:00:53] Thank you for having me. I appreciate it.

[00:00:56] Well, great. So what was your background before you started investing in early stage companies? What did you do before this?

[00:01:01] When I got involved with startups very early in my career, I participated in an entrepreneur program back in like ninety one or ninety two ish when I was getting my MBA at UTI and shortly after getting my degree, I started helping startups. My first startup that I helped was in the CPG space and then I worked for some other small businesses until my son started kindergarten and I went to work for a large company like many people do. But in mid nineteen ninety seven, I was one of the first few employees at a tech startup in Houston and we became the fourth fastest growing company, private company in nineteen ninety nine. And we had a great exit in 2000 before the crash. Always exit before the crash and I was by I was hooked. Since then I've co-founded multiple tech companies. I've written checks into those companies. My different co-founders and I have raised multiple rounds for multiple different firms and had several more exits, another one in 2008 right before the crash. But one of my favorite consequences of working for so many startups is that it gave me the opportunity to head a lot of different departments. I've been head of marketing, head of H.R. Head, a support

implementation, customer sites, cetera, and I've had the role of CEO, of CEO. And as you mentioned, I'm now heading the product division of another startup and being an executive at all these startups and personally investing in companies that I co-founded. Help me have some perspective before I was bold enough to write that very first check and a company I didn't work for, but I did take that leap as an angel investor. However, that experience that I've had doesn't necessarily equate to always picking the right startup to help fund. And I'd like to say it was a perfect record, but I don't have a perfect record. Startups are risky and not for everyone.

[00:02:57] Well, absolutely. Well, so what excites you right now?

[00:02:59] Right now there are well, there are a lot of areas, but there are two that really jump out. I am very, very excited about breakthroughs in neuroplasticity and the biotech software space. And obviously, as of I just joined a business process management intelligence automation software company. I'm very keen on that space as well.

[00:03:21] Well, that's great. That's great. So you've seen a lot of startups and a lot of investing. What's your advice for people investing in startups for the first time? What do you tell them to do before they write that first check?

[00:03:31] Well, first, the obvious never, ever, ever invest money you can't afford to lose in the tech space. I'm personally not a fan of startups that plan to compete on price alone or where the differentiators are obscure. Second, take off your happy ears if the startup tells you it's six months and then they'll have a minimum viable product, presume it's nine or twelve. If they tell you it's going, they're going to raise still a million dollars in revenue. It's half that. You know, any time they give you a cost or a timeline, just double it. And whatever they tell you in revenue, cut it in half. And if you're still interested and excited, maybe you should invest in them. You know, you really do. They're optimistic. So you have to take off your happy years and put a little reality to the story. And for myself, I look for businesses that I can passionately relate to. I was drawn to biomedical music solutions because I have an adult son who has cerebral palsy. And when he was a young child, he struggled to learn to walk. And so when I heard what their methodology and solution was doing and how they were helping people with Parkinson's and CP and MS walk with with no walker, no pain, giving them back mobility, giving them back freedom, I was hooked. I was hooked. I want them to succeed.

[00:04:52] Well, that's great. And so on the other side of the table, what's your advice for people running startups? What do you tell them to do before they go out to raise funding?

[00:04:59] You know, they really need to perfect their storytelling skills or hire someone with the skill set that will go with them. Right. As some people are just not very good storytellers. And you need to recognize that the storytelling may need to start at the end of the story, not at the beginning. I do a lot of startup mentoring. I do a lot of. Pitches and I've seen way too many demos that walk through the solution step by step by step, giving you this flow of the software or the app. And so it's many, many, many minutes before they get to the finale. And what the punchline is, in reality, you might want to start with that and really rein in your audience. And I'm going to pick on BMW just a little bit. But when I first met biomedical music, they were making this mistake. They talked about their custom audio files, the assessment of the patient's abilities, et cetera, et cetera. And now they lead with a video that shows a Parkinson's patients struggling to walk with a walker before using BMI. And just weeks later, after multiple treatments, walking forward and backwards outside unassisted, no walker, no gain. That's a good story that causes potential investors and partners to lean in and want to hear the rest of the story. I also think it's important to be able to briefly explain your product and non technical language that both seniors in high school and senior citizens can understand. A lot of very technical people start tech products, right, and software companies and they become founders and then they struggle to explain their solution in a non-technical way.

[00:06:41] So that's a big challenge. And I'm working on that challenge still at EPSA. It's a very technical story and it's a challenge to tell it in a non-technical way. So maybe the listeners today could weigh in later. I can email me and tell me what they think because I landed on this solution that, you know, it's a compared it to the iPhone, right? Everybody or any smartphone, anyone can find an app and use that app to make different parts of their life more efficient. You don't have to code. You don't have to do the integration. Someone's done all that in the background for you. You don't have to be technical. You can sort of build an auto pay so you don't have to write those checks anymore. You can check your usage on your utility apps, et cetera. And AP Solved is a tool similar to that. But for business, one tool, one pane of glass where a knowledge worker might pick the part of the tool where they can ask for a process to help get rid of their redundant tasks. So now they can focus on something more exciting. Or a

business analyst might log in and request usage reports so they can improve efficiencies and an executive might log in and model process changes because of some pending M&A or market shift. They tried to use no no jargon, no technical language. I think my mom might have understood that.

[00:08:01] I have to ask. That's that's a good point. It could be a challenge to explain things to people that are not in the industry or the space, but it sounds like you're well on the path there with good storytelling and good analogies.

[00:08:11] I try.

[00:08:13] Ok, so let's talk about angel investing. You've done that before and you see it over the years. How do you think the industry is evolving these days and not just angel investing, but in startup investing in general?

[00:08:24] That is such a good question. Investing? Well, a lot of the startups today are getting very involved with out of the gate carrying about a double bottom line or triple bottom line. And I find that fascinating. It's admirable, but it's also one more challenge. Sometimes it's they're forcing it into their business model. It's not necessarily easily added into the business model. So I think that that's fascinating to just sort of watch how that is evolving when people are giving their pitches. And as an angel investor, for me, I have to analyze, is that too much of a distractor? I want people to be good for the environment. I want them to be good, socially good. But should you ease into that or can you do that from day one? So I find myself personally struggling with some of those. And I think for angel investors, it's evaluating the pricing model. What we're seeing, at least in the RPA space, right, is traditionally SaaS software has been very subscription based. And so you get a lot of pitches about subscription space. But the companies that use us right, the customers are really wanting more of a usage based or a hybrid based model. And I think that also as an investor makes it a little more challenging because there's a little less predictability and the revenue stream. So you signed a customer, but there are this year may not necessarily equate to their IRR next year, even if you retain them, but it also could protect the downside because they may not leave you if you let them scale their usage down and back off. So definitely thinking about this from the other side, it pays off. We're looking at sort of a hybrid model where there's a steady state cost, but then

some variability based on usage. And as we might go try and raise money in another year, year and a half, have to think about how that's going to play out when we present that to potential investors.

[00:10:18] Oh, that's great. That's a good point. It's becoming a much more. Complex world here and simple subscription doesn't always cover it, especially when you bring in data sets and algorithms and other things which can vary quite a bit.

[00:10:30] What what value you're bringing, it is it's complex and it's that's one of the struggles, is finding the balance between the flexibility and the complexity. The pricing could be extremely, extremely flexible, but then it'll be so complex it'll take everything. You'll need a separate software program to figure out the price, and we don't want that either. And so it's finding that balance that will then give you the balance of what is what am I? Core revenue is predictable. And what of my core value is flexible, which means I'm probably going to have a little bit more complexity and what my finance team has to track as well. So good point. So you've been investing what your investment thesis for putting money into a startup or more particularly what your criteria for me, as I shared a little while ago, if I can't get excited about personal opportunity, if I can't relate to it, I, I need to feel like, well, I guess the way to say this better is like my personal investment loss mitigation strategy, because it's going to happen. You're going to lose some of your investment is believing that I helped move the needle forward in some meaningful way.

[00:11:39] So I sleep well at night, even if I didn't get a two dollar return on my one dollar know, I still feel better at night. So I want to be passionate the way I am passionate about my music even and choosing to go to work for Eppy soft. I was passionate about what they're doing because I relate to making it better for employees, elevating the human experience, elevating your customer experience from all of the different departments that I've run. It spoke to me, so I was willing to invest my time and talent into that solution, just like I'm willing to invest with biomedical music. I also have a no jerk policy. I tell you, early in my career I was very accepting of narcissistic CEOs or high maintenance primadonna cels heads. But those days are long behind me. If you are a jerk, I will not invest with you. I will not give you money and I will not work for you. I don't care how good your idea is.

[00:12:35] A good point. So can you mention startups that fit that thesis?

[00:12:39] Well, I may well be a mouse obviously fits that thesis for me. I mean, I feel like I'm talking about them quite a bit, but I do relate to them just so incredibly well. Just that personal connection sounds like a good one.

[00:12:53] So let's talk about the challenges for the startup and investor in today's market. We touched on that a few moments ago. But what do you think is the challenge startups face when they're launching today?

[00:13:03] Several. Getting the revenue model right is so key it's hard, but more and more marketing. And Leegin is a huge challenge. There's so much in social media and it's so hard to have the budget to for PVP or SEO. And you've got to have good content, of course, but getting that content and right in front of the right individuals, the more and more privacy laws that there are and rules that restrict you from giving content to people who don't want your content, put you a little bit more that quandary, Abdoul, if they haven't seen it, how do they know they don't want it pulling more and more of a challenge? So I think it, again, pushes us where a lot of the employees need to be an evangelist. A lot of the employees need to be a good storyteller no matter what their skill set is. Someone hopefully more than someone needs to be a great networker because your first customers are likely going to come out of pre-existing relationships. They're not going to stumble across your website because you're not going to have enough money to get the search engines to find your site.

[00:14:07] Good point. And what is the challenge the investor faces these days?

[00:14:11] Timing and talent? I don't know that it's any new than all the other decades of investing like in the space that I'm in now with AP software, great market leaders. Forrester forecast the RPA space alone to be two billion this year with double digit growth for the next several years, the market's expected to grow and investors should explore getting in before the window of a good ROIC is too diminished. And that's true in any space. It just gets too flooded for that good ahli investment. But talent is tough, and I think all this virtual makes talent even harder. Know a company that's built around one superstar? Very risky in my opinion. Right. And investors need a company built around a very strong, cohesive leadership team. But I think it's

harder to vet a strong, cohesive leadership team like this over a room call or a video virtual call. You're missing some of that interaction to really get the team and how they do with each other. And so I think every investor, if you're an angel investor or VCP, need to really think about your strategy for how you vet the dynamics.

[00:15:21] The leadership team to good point, so you see a lot of sectors and applications out there in today's market, if you had to pick one or two to be at the top of the list for most interesting to pursue, what would you put up there?

[00:15:33] Ok, I'm a broken record, but I'm shocked investors have not beat down the door. Bottom line is, if I feel investors constantly reach out to EPS off when they realize that is a hot space and, you know, we keep telling them we're not quite ready because they don't take money. If you're not if you don't need to write, wait till as long as you can. We're great. We're doing fine. Biomedical music. I'm shocked. So any investors listen to this, please? I give them a call. I mean, you know, the results. They've been published in multiple independent international journals, neuroscience journals, 100 percent results from independent trials. Every single patient got better. They just won a whole bunch of high profile awards at the end of the year last year here in Austin, the 50 award, Agaba Award, et cetera. And they're not funding look like not institutional funding. Right. So call them.

[00:16:30] Oh, great. Well, I think they are great opportunities for sure. And there's a there's a lot of good ones. And those are two good examples in the last few minutes that we have here, what else should we cover that we haven't?

[00:16:40] You know, I'd like to plant a seed. If you're considering founding a startup, working for a startup or investing in one, don't just evaluate your own risk and reward tolerance. Evaluate the risk and rewards for you, your significant other and your current or future kids, if you have any. But if I have loved every minute of my journey, but I also recognize it's not for everyone working and investing in startups. It's just a different dynamic and it's just not a good fit for everyone. And that's a good thing because we need lots of different personalities to make the world go round.

[00:17:15] It's a good point. So how best to get back in touch with you?

[00:17:19] You know, my my work email is the best thing. Carolyn Jenkins at AP Softbank Dotcom.

[00:17:25] Right. We put those in the show notes. And I want to thank you for joining us today and hope to have you back for a follow up soon. Thank you. I've enjoyed it.

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