

Gayatri Sarkar of Advaita Capital

Speaker1: [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. Interested in learning more about investing in startups, launching a new startup need to raise funding, the startup Funding Espresso is a daily podcast and a short, concise format delivered to your inbox every day Monday through Friday, the time it takes to drink an espresso. You can learn about startup funding to subscribe, go to invest, connect again and put your email into the pop box. Hello, this is Hall Martin with Investor Connect. Today we're here with Gayatri Sarkar , general partner at Votto Capital and founder of CVC Gayatri. Sakuya is the founder of Advaita Capital, a growth activist tech fund focused on the ESG metrics and venture asset class team of experienced investors from former BlackRock CIO Oppenheimer, SAC Capital and Hedge Funds. Gayatri is also the founder of QBC, a media platform that featured what her billion plus combined capital and institutional investors champion the diversity, equity and inclusion for VCs investors. Gayatri, thank you for joining us.

Speaker2: [00:01:17] I'm super excited to be here all. I'm a big fan of your podcast. I've heard it and I never thought that I would make it to the podcast.

Speaker1: [00:01:25] Very good to have you with us today. And so let's kick off with your background. And what did you do before investing in early stage companies?

Speaker2: [00:01:34] Yeah, so I never wanted to be an investor and I never wanted to be an entrepreneur. That was the mindset of the environment I grew up in. So I grew up in India and I studied physics and math. I work for Hewlett Packard Labs, IBM. I manage multibillion dollar accounts there and I work for Goldman Sachs. And then accidentally I became an entrepreneur. And it's like a drug. Once you're there, you cannot come back. I had built a successful consulting company of my own and my first client was Treasury, US Treasury besides State Street and a lot of large asset management firm boutique firms. So that was my first foray into entrepreneurship, was nothing like a venture capital kind of a business, but it was more like a small business. It was WB and SEED certified and I really enjoyed that. And it's a hell of a drug. You can you cannot get out of it. And I do. After that. I work for a Federal Reserve Bank of

Boston. I used to manage US Treasuries assets for U.S. military and Navy, works in a hedge fund, had a small fund of our my own, sold it to an affiliate. So, yeah, that's helped by my journey happened. I always consider myself as a tech architect and technology is something that I understand and nowadays I'm investing in that area to.

Speaker1: [00:02:59] So what excites you right now?

Speaker2: [00:03:03] I think there is always something that is happening in the venture capital world, in the private asset class to be excited about, especially in the early stage, especially with covid-19, I think there's a new opportunity is coming because there is so much of issues of that we're seeing around. A lot of legacy verticals has not transformed. So especially they have not been digitally transformed. We are not able to go to any sports arena. We this is the first time in our life involving a woman to we still were able to play sports. We were still able to play sports in our backyards with our friends. So I think things are changing. And I would love to invest in those areas which are creating new economy, especially in future work. Do you take a machine? Learning data has always been an engine of where we see at the forefront of intersection of technology and, as we call it, a zero marginal asset class of everything that is free. But I think it's a new world that we are living in right now, especially due to pandemic. And I think we are going to see a lot of amazing companies coming out.

Speaker1: [00:04:18] Right, and so you see a lot of startups and a lot of investors out there. What's your advice for people investing in startups? What do you tell them to do before they write that first check?

Speaker2: [00:04:27] Oh, I'm not I don't think I'm the right person to give an advice to my fellow investors who are who I know all of them pretty well, but I think they are all very smart. At the end of the day, as I can save you all are money managers. We are raising money from institutional LPs and our biggest focus is making sure we can get our investment returns. So we are always looking for companies that's going to disrupt the market. That's going to be the next unicorn. But at the same time, I think nowadays the investors process is also changing. We are looking for not just great companies that's going to change the world, but at the same time you're looking for to bring much more gender parity. We are also looking for sustainable tech. I

think these are the newest opportunities that venture capitalist as well as growth stage investors like me and looking into it.

Speaker1: [00:05:26] We're on the other side of the table. What's your advice for people running start? What do you tell them to do before they go out to right that raise that first round of funding?

Speaker2: [00:05:34] Yeah. So I should give a full disclosure. My second startup, when I started, I was let go of my first was successful. I will be really good in my second and I failed that. So there's definitely not a secret sauce to success. Everybody has their own path, but also one has to be open for feedback and learn as fast as you can. It's OK to fail, but it's not OK to stop trying. So I would strongly suggest startups to understand the market that you're in, do a research and at the same time I will tell them that. Ask the question, what's the founder investor before you go and ask for checks and dollar signs from your investors? The kind of investors that you like aren't the kind of investor you really want because they might be investing in different verticals. I think a lot of founders, they don't do that background check. That's one. Number two is that a lot of companies are not built for venture capital. And this is I think we have been shouting from the top of the rooftop that a lot of companies are like small business or they can grow and become more like a private equity type of opportunities, but they may not be venture capital business. So I think founders need to understand where they find themselves fit and what kind of investors that they can attract. And at the same time, how is the fundraising landscape? I think people has to do more research and understanding before they jump into the water and start swimming.

Speaker1: [00:07:09] Let's talk about the state of startup investing. How do you see the industry evolving from here? Post covid?

Speaker2: [00:07:16] Yeah, I think the industry is changing leaps and bounds. I remember when I started my business, it was a very different time and it was not that long ago. The fundraising landscape has changed and become extremely greedy. And I mean, at that time you raise Angel Runcie drowned and you jump into sea. Right now there are tons of sea dragons. There is seed precede seed. God knows how many seed rounds people are raising. And then when you jump into series a year, you're much more mature company. You understand that you have already

got a product market fit. You are already building your IRR. So there is there's a lot of nuances that has played before as an uncertainty inflection point, but now has pushed to you and you helped you to cross the chasm. So I feel like the fundraising landscape is going to change further to covid-19. I mean, people are doing Zoom commitments. Think about that. How amazing it is. I mean, we have never had any seasoned investors will do a zoom commitment, but that is happening. And I think adaptability is a huge factor as a human and as a startup. So one has to understand how they can evolve better. And also they need to understand how they can attract investors, where they can come as someone not just with a check, but also mission in line and roll up their sleeves and help those startups to go to the next level of risk group.

Speaker1: [00:08:49] So what do you think is the biggest change you'll see over the next five years?

Speaker2: [00:08:52] Oh, wow. I have no idea about that. I think as an investor, as somebody who studied economics and finance at a graduate school, I will always say if I knew what's going to happen in the future, then here I am. I mean, I would not have been an investor, but I personally take that as a trend in the technology world. We will definitely see a lot of digital transformation coming, as I said, in the verticals, which has been much more legacy, but also a feature of tech future of work. We will see health care, health tech is going to evolve. I think Hiltzik has had still a lot to do, especially not just with telemedicine, but other opportunities. Health care is a had been a huge issue. I'm not an investor in health care vertical, but I strongly feel it has to evolve and bring much more mass level acceptance in the way health care strategies are there in the country. But I also think sports and team is one of area. I think people would love to have build a community around live events and live events.

Speaker2: [00:10:04] This has always been here. Let's go to the live events ground and be together. This is going to change. Is it going to change this time? So I think team is another area. We'll see a huge change with sports as a part of that said, future of work. And obviously we will see a lot of picks and shovels, companies coming around, sports, tech. Obviously, fintech and crypto, we are seeing a lot of changes coming, and I hope I really hope a lot of great engineers get it into solving crypto problems so that it's no longer a tech issue and no longer a physics issue. Also, we have been a great believer of quantum computing, but I think the physics has to evolve. And I I'm a big believer that a lot of great scientists who are working on the quantum

computing area, you will see a lot of great startups also coming in. But but I think it will take time and it will take time. Have some great, amazing, intelligent by intelligent means, really intelligent folks to come into this and solve those problems.

Speaker1: [00:11:13] Group, let's talk about your investment thesis. What exactly is your thesis and in particular, what's your criteria for looking at startups?

Speaker2: [00:11:20] Yeah, so we are much more focused on the growth side of the venture capital tech area. And we are much at the at the phase of understanding how diversity, equity, inclusion and broader environmental social governance mandates can bring in effecting the performance metrics of this company. So that's our biggest investment, is we want to open opportunities to all the tech companies that wants to disrupt the market, that at the same time, how can we bring much more better operational values as investors? Because I think the growth stage, most of the investors does not care about various equity diversity or environmental social governance mandates because it's like you do whatever you feel like and just be the next day decade calm. But for us as an investor, we want to be a guide where the startups don't have to leave money on the table and doesn't have to bring further risk to their valuations because the world is changing. And I think the startups also understanding the growth stage. It's a very different world right now. And as more companies chasing private growth, equities becoming a new breed.

Speaker1: [00:12:33] Can you talk about one or two startups that fit your thesis?

Speaker2: [00:12:37] Oh, I will not pick up one or two startups as such. But I definitely think there are amazing startups that are out there that we would love to invest, whether it's automation anywhere or ball of thread. I think I love those startups that are no longer startups. They have become big and there are some amazing startups in the early stage that have been around. I'll give an example of over time. I think they're doing amazing. And the team space, they are transforming it and they are a lot of great startups that are out there that are doing a lot of picks and shovels of the space tech when people are all ready to go to Mars and Moon. So these are startups which are helping you to enable that opportunity.

Speaker1: [00:13:23] Great. Well, you see a lot of startups and investors out there. What is the challenge you see most startups face today when they launch their business?

Speaker2: [00:13:32] Yeah, I think as we have seen the statistics, most of the startups, they don't even make it to seed round or at least one person make it to series. So things are becoming obviously more and more difficult. But I think when I started my first company versus where we see right now, there are a lot of open source information services are laying out their investment thesis, the blogs, and how to become a better technology entrepreneur founder. So so there's lots of tons of opportunities that are out there. I would strongly suggest startups that in order to not just to solve a problem, you need to understand at the end of the day, you not only are solving a huge issue, you also need to find out what is the best way to make money when you're trying to solve the problem and bring that as a part of your product architecture. I always say that and understanding your not just your market, your product market fit, but also building a community is so important you need to have your loyalty loyal fan base. You need to have a community around you who loves you, who supports you, and who can vouch for you. I think as a startup, there's nothing more sexy. There's nothing more intelligent than building a community around you. I would strongly, strongly suggest every startup that are going out there build a community around your product, people who can vouch for it.

Speaker2: [00:15:00] And always I mean, don't don't spend time on I always find is a huge agenda, has always been an issue with me trying to perfect your product. This is the huge problem with every startup. They want to perfect their product. You don't have to do a perfect product. You just have to go out there in the market, have one or two features, fix that and make it scalable, repeatable process. The scalability and repeatability is such an important criteria and I think most of the time startups fail to realize. I think the moment you build a sticky product feature, you find your customers being attracted to it, then build on top of it. And what happens is that if your features are not that great, come back and come back to the drawing room and redo a better thing or a different feature. I think these are the things that startups highly ignore and they want to do all. I want to bring at least ten features and then go to the market. No, I think bring anybody as your client, as your customer. Having someone who's going to pay even a dollar for what you're doing is a big proof of concept and an opportunity that. You are showing it to your investors that there are people who are backing you.

Speaker1: [00:16:16] Great, and so on the other side, what's the challenge you see most investors face today?

Speaker2: [00:16:24] I think the challenge investors face today is, which is a good challenge, is having amazing start ups and getting like which one to back. So especially with democratization of open source information technology, we are seeing tons of start ups are starting their businesses because, you know, the cost of starting a business is always zero. And not just with startups, it's with funds also. So there are a lot of new investors in the market compared to when I was starting my business 10 years ago. So it's a very different world that we are living in. But again, quality startups are always rare to find. But at the same time, there are a lot of startups which has proved that even maybe at the beginning, they lack quality. They have learned and improved and embraced that. And I think as investors, especially in the early stage, we are not looking to invest in the best product, just looking to invest in the best founder. So the bet is on the founder. The founders need to understand how they can take with their investors. And we are looking for a long term marriage and hoping that marriage will continue with a better performance driven return.

Speaker1: [00:17:37] Well, you see a lot of sectors and applications out there, if you had to pick one or two that are good opportunities for investors to pursue today, what would you put at the top of the list?

Speaker2: [00:17:46] Oh, interesting question. I personally, part of this growth equity, because I feel like there are tons of women who are starting their businesses. They are getting dollars from amazing early stage female VCs. But there are not many voices that are out there at the growth stage, which is where women are decision makers. And that's where the the down hole seed capital lacks. And most of the female founders has to do an IPO after Series B C while we see male entrepreneurs are still raising C, D, G and H. So I feel we need more. Investors are the good side, especially female investors and diverse investors. Hopefully we'll get there. But at the same time, I think we'll see a lot of newer investors coming in, investing in the TMT space. That's a that's going to be a very hot space and.

Speaker1: [00:18:44] Great, when the last is that we have here, what else should we cover that we haven't?

Speaker2: [00:18:48] Oh, wow, you ask such amazing, great questions. I don't know what else can we cover, but I can I can say one thing that when it comes to sustainability, environmental, social and governance, we always think that this is an extension of philanthropy. And I always tell that to investors and founders know doing good drinking, much more diverse team, diverse forward and creating a product that is good for the environment is is can also be performance driven and investment driven. So doing good and making money are not mutually exclusive. And that is what we are preaching to all entrepreneurs, investors, because before we go to the moon and Mars, this is the Earth we need to live in and we need to take care of it.

Speaker1: [00:19:39] Well, great. Well, how best Fleisher's get back in touch with you?

Speaker2: [00:19:42] Yeah, sure, people can always get in touch with me through my Twitter account. It's a G.S. Underscore VXI activist, and I'm always sharing tips about entrepreneurship, startups, emergency fund managers. So happy to connect to my team. As always, happy to be Amy.

Speaker1: [00:20:03] Great, we'll include those in the show notes, want to thank you for joining us today. Hope to have you back for a follow up soon.

Speaker2: [00:20:08] Yeah, absolutely. Thanks a lot for spending this time with me. I really enjoyed it. And I love your pillow at the back.

Speaker1: [00:20:16] Great. Thanks. Investor Connect helps investors interested in startup funding. In this podcast series Experience, investors share their experience and advice. You can learn more at Investor Connect. Doug Alti Martin is the director of Investor Connect, which is a 5.1 C3 nonprofit dedicated to the education of investors for early stage funding. All opinions expressed by Hall and podcast guests are solely their own opinions and do not reflect the opinion of Investor Connect. This podcast is for informational purposes only and should not be relied upon as a basis for investment decisions.