

Kevin Rivers of Black Ventures, LLC.

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 to start funding espresso as 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 and to learn about startup funding to subscribe to Disconnect Dog and put your email into the Pop-Up Box.

Speaker2: [00:00:44] Hello, this is Hall Martin with Investor Connect . Today, we're here with Kevin Rivers, managing partner at Black Ventures, LLC. Black Ventures is an emerging private equity firm that buys digital assets and wildly inefficient markets, whether it's music rights apps, YouTube IPIS and enterprise software or books. They're interested in working with you. Kevin, thank you for joining us.

Speaker3: [00:01:05] Haven't.

Speaker2: [00:01:06] Great. So tell me tell us more about your background. What were you doing before you started investing in early stage companies?

Speaker3: [00:01:14] Yes, I saw it before I being like an angel investor. I've been in the music business for over 17 years. I can start Motlow Tech start ups in the music space. You know, I started my first tech startup in high school. I kind of like grew from a small indirectly label to a more digital aggregator. Then in 2010, we launched the first store was garnering attention from TechCrunch and other news sources where we negotiated licensing with all the major record companies and artists and give them access to millions of songs on a Facebook platform when Facebook was a platform network and then after that launched another business that generated millions of dollars in revenue and from there sold that company. And from that just start to invest in startups and the best companies. And now we're blessed that we're on a path of actually acquiring businesses. And this is a great opportunity right now to to be in the space that things start to consolidate. So there's basically a pretty short background story for the.

Speaker2: [00:02:34] That's great. So what excites you right now?

Speaker3: [00:02:39] So after the summersaults, so what's really exciting is the convergence of artificial intelligence, AI and the digital media space. And so now you have exciting tools that allow just for anybody to utilize these A.I. tools to to also generate and produce compositions. You know, this is something that hasn't been done in a very long time. And so now for the first time, you don't have to be, you know, a very talented musician. You can actually be a hobbyist music lover and be able to produce content. Right. You know, just by utilizing artificial intelligence that I saw. It's incredible. It's very exciting.

Speaker2: [00:03:27] That's great. So what's your advice for people investing in startups where you tell them the day before they write that first check?

Speaker3: [00:03:34] Ok, so usually when I speak to my investing partners, you know, I always tell them to do the due diligence. You know, I'll get to know the founders, you know, because there's some amazing founders out there that has great backgrounds, great stories, you know, and what's most really most important is that, you know, as an investor, you're not really too much in the product, the most invested in the person. And so from my perspective, when I look at a deal, I like to make sure that I'm betting on the person and so on that person to execute their vision and their idea. And so that would be great advice I would give to any new investor or existing investor.

Speaker2: [00:04:20] Right, and so on the other side of that table, what's your advice for people that are running start ups? What do you tell them to do before they go out to make that fund raise?

Speaker3: [00:04:29] Good question. So basically what I do, I always tell them to to bootstrap as much as possible, you know, make sure that it's so fun to profitability if they can grow that business without raising money. That's actually the best thing to do. But they have to raise capital. I encourage and raise capital. But as an investor, you know, when I look at a startup, I usually like to see at least a market concept or a market or it has some traction, some kind of revenue metrics or user metrics or other benchmarks. And so this allows me to really engage and get a full understanding of the execution and the kind of ethics that that founder has

utilized when building a business. So for me, it's very important that as a founder, you're able to build your startup using your own cash and then as you scale, be able to invite outside capital to really help you drop start that second growth stage.

Speaker2: [00:05:41] Right. So let's talk about the state of startup investing. How do you see the industry evolving from here? What do you think is going.

Speaker3: [00:05:49] It's definitely a lot different as opposed to like, say, 10 years ago. I mean, now, especially with the pandemic, we've covered a lot more deals being done virtually online as opposed to like a coffee, you know, cafe meeting even. Those are very traditional and very useful. Now, you know, investors are becoming more welcoming to startups and founders to me to assume call or I can take time out to really be able to connect with them so that think a transition. They're also going to see a lot of play, particularly in the fintech space. So a lot of activity particularly and more of the rural markets like let's say like Africa and, you know, in Asian markets where there's so much room for building financial tools and developments, there hasn't really been tapped yet. And so you can see a huge activity there. And then, of course, in the media space where I'm at, this huge consolidation in the space. So as an investor, it's a great opportunity to start investing in and media startups that's building content, creating content. And if you're in the private equity space, it's a great time to acquire and build the overall business.

Speaker2: [00:07:20] And so what you think is the biggest change we'll see in, say, the next 12 months?

Speaker3: [00:07:24] As far as investing, I will say we're going to see more, I invest start ups, definitely a lot of watching technology being created, more currency. We're going to definitely see more of things when I see more consumer wearables, as well as consumer audio, deathlok audio. You know, with the advent of like audio platforms and messaging like clubhouse, you know a lot more ways for a communication, how people can create conversations and and share ideas. You're going to see a lot of activity being produced within those kind of markets.

Speaker2: [00:08:11] Ok, great, well, let's talk about your investment thesis and what you invest in, can you tell us more about your thesis and how it works?

Speaker3: [00:08:19] So so we believe that in our space as a private equity firm, we feel that a lot of the even middle market companies are go after companies that's doing five million or more in revenue. And as a result, you know, Founders' that's doing less than five million in revenue are not they don't have the right access to capital to offset their business or to invest in a different venture. And so our thesis is that we believe that by acquiring these kind of companies, we're able to provide access to capital to this kind of founder that's looking to basically sell the business. At the same time, we're able to get, you know, basically like small fishes and turn off small fishes, so much bigger whale and grow that well to become a much greater business. So what we're doing now is we're focusing more on YouTube. We feel that the YouTube market is a pretty hot market right now. Just this past year, YouTube has paid out four point five billion to the record companies and not just the music business, not including the film business and the videogame business. And so as a private equity company, we're definitely actively looking to acquire new YouTube channels and businesses that's generating great cash flow and allow us to grow the overall business, the overall YouTube business as we acquire emerge this business of one larger company.

Speaker2: [00:09:59] Well, it's quite a bit so you have any startups that fit that thesis you can tell us more about.

Speaker3: [00:10:06] Yeah, so so, for example, we recently acquired a YouTube business about a few months ago and actually, you know, based more on Arabic markets and we really we really put our interest is that this particular YouTube business has roughly a million subscribers, you know, very active and they have a lot of audio catalog. And so since our existing business, you know, being in the music space, we have relationships with, you know, Apple and Spotify know we're able to leverage that asset and be able to go back and do more outside of the typical system. So it really worked out perfectly and something like that and other, you know, space in which we see, you know, channels that created, you know, top 10, you know, are so top 10, you know, celebrity gossip, you know, you know, things like that where we can see ways that we can create other verticals, like a podcast where users can be more engaged. Those are ways that we feel we can add more value to those kind of businesses.

Speaker2: [00:11:25] All right, so let's talk about the challenges out there in the market today. What are the challenges in space for the startup?

Speaker3: [00:11:34] So for starters, I think right now, I think the challenge is going to be really about execution as a startup founder. You know, we're launching a first tech startup. It's really about you really got to do a lot to really do your homework, you know, really, you know, research, you know, find out what's your market and figure out which competitors are and really kind of figure out how to really attack the problem that you're trying to solve and see if it's really meant to be solved. And so I think that's a really big challenge. Another challenge is really utilizing the current infrastructure of development and building the platform or product without having to occur too much cause because even with venture backed startups, they've raised money, but they haven't really fully tap into other resources where they kind of lower costs and actually saw their, you know, their burn rate goes to the roof and then they had to shut down the company. So to me, I can definitely see huge challenges for the startup legal system.

Speaker2: [00:12:57] Right. And then where are the challenges in the space for the investor

Speaker3: [00:13:03] Or for investors? I think it just depends on the court focus. You know, I know for us, you know, when we look at freesheet bills and she feels the challenge for us has really been about going back to execution, kind of fun to perform on the idea. Can they execute their vision of a do they have that like like hustle or grit, if you will? And so we tend to look at things like that and do see if there's a product markets that, you know, do do they have the traction to back up their bill, basically their own features. And so as an investor, the challenge is going to be finding the right deal that fits the portfolio and also finding the right founder that can execute on those kind of things.

Speaker2: [00:13:58] Right? Well, you see a lot of different subsectors in applications out there. If you had to pick one or two that are good opportunities for investors to pursue. What do you put at the top of the list?

Speaker3: [00:14:08] For four applications, I would definitely like audio or definitely audio. It's a big too big one. So any apps that's focusing on putting audio as a way of communication, really

real time audio drop audio. I think those are huge opportunities. You know, anything that deals with utilizing A.I. to reduce productivity, you know, whether it's an enterprise level or consumer level, I think those are also great opportunities as an investor. And really, you know, it is really based on the investors appetite, you know, what they're into. And so, yeah, I think that'd be great. Absolutely.

Speaker2: [00:14:52] Well, in the last year that we have here, what else should we cover that we haven't?

Speaker3: [00:14:57] So, yeah, I think what's important is for investors to to really it's a really bad bet that, you know, we could really focus on the vision that they have for us right now. We're actually in a process of raising our first inaugural fund, which geared towards, you know, acquiring digital business. And so what we look for is that we look for, you know, YouTube channels and assets that we can feel to align with the overall vision of how we can grow a large business on each market. And so for black ventures, our ultimate mission is to provide access to capital from an underserved market.

Speaker2: [00:15:47] Very good. Well, so how best for those listeners to get back in touch with you?

Speaker3: [00:15:52] Ok, so so any listener that's that's interested in hearing more about what the germs that can you know, this is my little profile or they can email us at sales at Beilke v.C dot com and even myself or one of my partners will reach out and let's work together.

Speaker2: [00:16:14] Right. We'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 for that.

Speaker1: [00:16:27] 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 523 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

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