

## Elisa Miller - Out of Chloe 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. Need help in finding investors for your Startup Fund or Angel Group 10 Capital provides funding as a service, helping you find investors contacting capital gain access to investors for angel and venture capital funds, family office rounds and syndication raises. To learn more, go to 10 Capital.

**Speaker2:** [00:00:43] Hello. This is Hall Martin with Investor Connect. We're here with Elisa Miller out managing partner at Chloë Capital. Clay Capital is a seed stage venture capital firm that invests in women led innovation companies. Alisa, thank you for joining us.

**Speaker3:** [00:00:57] Thanks so much for having me. It's a pleasure to be here.

**Speaker2:** [00:01:00] So tell us more about your background. What did you do before investing in early stage companies?

**Speaker3:** [00:01:05] Yeah, happy to give you a little bit of my background experience. So I started my career mainly as a tech entrepreneur, and I now consider myself a serial entrepreneur as well as an investor. And I'm also, of course, a mother to two amazing children. And my dog, who is my one son, I have two other daughters. That's a little bit about me personally and then my background. I spent most of my career as a serial tech entrepreneur starting multiple companies in the software services space primarily, and then also spun out some software product businesses as part of that journey as well. I also spent some time during that part of my career preparing for a career as a VC by mentoring many hundreds of different startup founders. My software services company was building software for everything from Fortune 500 companies to universities and startups. So I got involved with the tech space that way and was connecting to all these incredible companies in the innovation space and started to get more and more involved as a community leader and ecosystem builder in that innovation space throughout that time. And then following that, I, I also started wearing a few other hats

as a mentor. So some other hats I wear are as an entrepreneur in residence at Cornell University, where I help advise both student startups as well as Alum startups there.

**Speaker3:** [00:02:32] I'm also an innovation advisor for Nicea, which is the New York State Energy Research and Development Authority, where I help advise on an eight hundred million dollar portfolio of climate tech innovation companies and programs. I'm also an instructor and mentor for the National Science Foundation, where I help advise on research backed startups that are coming from academia and academic based technologies that are being commercialized into startups. And then finally, through all of that journey, I have become an investor now with Chloë Capital and that has been my main focus over the last four years at Capital. We are a movement based venture capital firm investing with a gender and diversity lens. My track record so far as an investor is up to about twenty seven companies. Six of those I co-founded. I've got then about 11 that we've invested in with Kalay capital, the rest I've invested in as an angel. And then we've got about four M&A transactions under my belt so far, twice on the acquiring side, twice being acquired. And it's one that is actually in the works currently. So that's just a little bit about me and my background and excited to be on this journey. With Chloë Capital now investing in diverse women leaders in the innovation space sounds great.

**Speaker2:** [00:03:55] So give me where we are today. What excites you right now?

**Speaker3:** [00:03:59] Oh, my goodness. Well, this notion of investing in women is probably my main passion in life, if you can't tell. So I'll talk a little bit about that. And what's exciting to us about that we have coming up soon in that space. So first, why is this important to me and why is this important to the world really? So we believe at capital very much that diversity and innovation are really inextricably linked. We believe we need to have all of the voices at the table driving innovation to get the best solutions to problems, to build the strongest businesses, and to deliver the absolute best financial returns to investors first and foremost, which, of course, is our goal as any venture capital fund. We then look out to how can we solve some of the biggest problems and challenges in the world that we all face as humans, whether that's climate, education, health or finance. We look at how these diverse women innovators are creating new and unique solutions in each of these spaces and looking at these problems in new ways and with a new perspective that then helps them create these thriving businesses.

Now, in terms of a few ways we're actually living this mission to invest in women right now, we have a couple of really exciting programs coming up. So be capital. We have a fund that invests capital directly and women founders. And then we also have our accelerator programs, which are virtual rapid accelerators that are followed by a forty eight hour fundraising experience that creates opportunities for women entrepreneurs and connects them with networks and capital. We have a couple of views coming up very soon. One is our diversity in climate tech program, which is an accelerator focused on climate tech women led companies, and that one is in partnership with Cornell University and with nicer than New York State Energy Research and Development Authority.

**Speaker3:** [00:06:00] And the program is going to take place in October. But we are actually accepting applications for it right now as we speak. And in fact, July 16th, tomorrow is the funding deadline. But we'll be looking at opportunities, pass that on a rolling basis as well. And so we have a great website for that capital com slash climate tech where folks can check out that upcoming climate tech program. And then we also have another program coming up next spring, which will be a partnership with our Mellon Foundation and Ascender, which is an incubator in Pittsburgh, Pennsylvania. That program will be taking place spring. Twenty twenty two in Pittsburgh will be focused on women led innovation companies in the Westmorland Allegheny County's regions of of Pittsburgh, Pennsylvania, really excited about. That's coming up. And then one more thing coming up. We have so much on our plates right now. We have a partnership with Nyrstar and we will be announcing soon and impact investing course. We it's always been part of our goal to build out the ecosystem in general and get more investors to the table. And we haven't understood or haven't taken part in this space before. So this impact investing course will help folks learn more about investing with the gender diversity lens impact investing and just getting started with the angel and venture capital world as well. So really excited about that opportunity, thanks to a nice star's participation. So those are some of the things we have coming up in a concrete way that are helping us live. That mission of investing in women that I just spoke about.

**Speaker2:** [00:07:33] Chip, sounds like a great set of activities and events. So you see a lot of investors and a lot of startups out there. What's your advice for people investing in startups? What do you tell them to do before they write that check?

**Speaker3:** [00:07:47] That's a great question. So at Chloë Capital, we do have a very involved process for screening and due diligence of start ups before we make any kind of investment. And that's true for me as an angel investor, as well as a slightly different process for angel investing versus venture capital investing. Of course, angel investing tends to be a little more personal, whereas venture capital investing is a little more institutional and has more processes behind it. Of course, of both typically do have a few common elements, some things like starting out, knowing that you're going to do more than just write this check that you are going to, of course, be service oriented and help these founders along their journey in multiple different ways. We have a real culture of mentorship, equity capital that's been part of our ethos from day one. We are community builders and mentors first and foremost. So we're always thinking about how we can help a company with connecting with more capital and with how they can make them the right connections to succeed, whether it's connecting with talent, connecting with other co-investors, connecting with strategic partners and clients, or even with potential acquirers down the road that will help them with their exit ultimately. So we do want to make sure we can do that. We do that partly through our programs and partly through curated one on one mentoring that we do with all the companies in our network and in our portfolio. So that's important that you're thinking about what companies to invest in, making sure it's a company you can help with more than a check and that it's a company you can help with your network. One thing that can be helpful is to come up with your investment thesis. So both angels, as well as the U.S.

**Speaker3:** [00:09:21] funds often have an investment thesis or a strategy. And for this, you think about what types of investments you're interested in, what stage of investments you're interested in, whether it's early stage companies or companies that are further along in a three day series B, C and beyond. And going after that growth capital, capital, we typically go after seed stage companies. We also go through series. So those are companies that have a product in the market, typically have some early traction with customers, some early revenue, and are getting to that place where they're just ready to start scaling to the next level. And they typically only invade and only raised maybe a little bit of money angel around or through some competitions or accelerator kinds of programs. And then we I'll take one more thing on that. How then can we go on to the next question? There's a lot of things that go into a thesis, everything from geography of investments to themes for the investment, climate, education, finance, some of the things we mentioned that Chloe health and then technology, things like it.

We focus on enterprise software as a service type companies primarily. So there might be technology themes you're interested in, like A.I. or beyond, as well as those industry themes. And then, of course, thinking through things like your gender and diversity lens or impact, things like that, that might be relevant to your portfolio as well. There's a lot of different things that go into a thesis and strategy. And then beyond that, there's, of course, a screening and a detailed due diligence process. And if you like, I can jump into that or we can ask the next question and I can go into that in the future.

**Speaker2:** [00:10:55] Yeah. So let's talk about the other side of that question, which is what's your advice for people running startups? What do you tell them to do before they go out to raise that round of funding?

**Speaker3:** [00:11:06] Oh, sure, well, there's a lot of preparation that goes into it, and actually this ties to that screening and due diligence process and what you need to have to kind of be ready for that process. In a way, I can answer both questions at once. I always love efficiency as a busy woman founder. So in terms of a startup company to be ready for a due diligence process that you might go through with an investor, a couple of things you need to do. One is finding out that founder investor fit is really critical. So knowing what that investor's thesis is and how you fit into it is really important. So doing your homework ahead of time, making sure you've really researched the investors carefully rather than just doing approach where you just random and cold email a whole ton of different investors, really take your time to figure out the ones that are the best fit and contact those. Of course, if you can get more Montreaux or contact them through a program or about where you can meet with them in some way. It's always great to have that additional layer of connection, but it is perfectly OK to reach out to if you don't have an introduction available. And then once you kind of know that their thesis is aligned and that you think it might be a good fit and you're overall aligned with the venture capital model, which of course, you need to make sure that that's a fit for your business.

**Speaker3:** [00:12:19] There's lots of models that and lots of businesses that don't align with the venture capital model, but they can be very, very successful. And there's lots of different sources of capital out there. There's a great book by Genesis on that kind of outlines some of the different sources of capital outside of the venture capital world. That can be kind of a great approach to figuring out if your company is actually a fit for you at all. And then beyond that,

then it can be great to then be prepared for that due diligence process. You'll typically want to set up a data room of some kind. There's lots of software platforms that can help with this, that forming some kind of a secure place, or it can sometimes be as simple as a Google Drive file that has your documents organized in one place. But there are different secure places to put them as well if you need a certain higher levels of security or proprietary information and stuff. So you set up some kind of a data room that's going to have all your materials ready to go.

**Speaker3:** [00:13:14] Some typical things that you might find in a data room, although there's a lot more than this, depending on the company and the investor, are things like your pitch deck, your executive summary, your cap table, your business model canvas, if you have any of those kinds of materials, some of your financials, both past financials as well as financial modeling and projecting out into the future of your financial performance is typically going out three to five years somewhere in that range, depending on the investors. And then you'll also have any IP or intellectual property that you have so secured patents or trademarks for your company will want to have those in a data room and available for investors. And then you'll want to have information about your team bios, as well as access to how they can check out your product, whether there's a prototype that they can either view, if it's a technology product, if there's a video demo of it, or if there is a dummy account that they can kind of access and poke around in the software, other things like that, how can they access and do their technical due diligence? But what you want to think about is that the investors are going to be thinking about due diligence in a number of ways.

**Speaker3:** [00:14:20] They're going to think about their technical due diligence and product diligence, financial diligence, market research and competitive analysis. They're going to think about legal due diligence and reviewing all the patent and legal materials for the company, as well as any operating documents, things like that, and then any industry kind of due diligence that might be custom for that particular company. So as you see, we do those different kinds of due diligence through a due diligence committee that typically has experts in all those different areas. And we produce reports in each of those areas. And a lot of investors approach this in different ways, but they'll often be looking at some of those same kinds of areas. You want to have all the materials ready to go in your data room to make it really easy for an investor to find everything they need to go through that screening process as quickly as possible. Better for you if they can go through that process quickly so you don't have to wait as long to get that funding

in place. Many startups are moving at light speed. They want to get that funding in place quickly. And it really helps if you have your materials organized, the due diligence process will go smoother and be quicker in general.

**Speaker2:** [00:15:23] Great advice. So let's talk about the state of startup investing. How do you see the industry

**Speaker3:** [00:15:28] Evolving going forward? There's always so much changing and evolving in this space. Right. And, you know, in the past few years, we've seen so many different things emerging from things like things like crypto going up and down, up and evolving to change the investment industry in various ways. And now we have obviously Spack, which have been around for a while, but of course, are now becoming very popular as well. There's almost always you can always count on there being some sort of craze in this industry. There's always something that's really popular for a while, whether it's cannabis or crypto or Sfax or something else. There's always new themes that are emerging, whether it's A.I., et cetera, and things that investors get either excited about for a while or that startups get excited about for a while. And then some of those things linger and become really part of the ecosystem in a deeper way, like, well, maybe some of the crypto coins themselves go up and down. Things like block chain are here to stay for quite a longer time, to come from an infrastructure standpoint, in terms of how we look at new technology infrastructures and what's being built out. I'm watching currently. That's something that will likely be around for a while. And we're still in the infancy of what we can build with that technology infrastructure, while there might be other places that are kind of coming and going. So we see a lot of things like that where there might be some component of a craze that ends up being something longer term that influences the ecosystem in a bigger way.

**Speaker3:** [00:16:53] And then there might be things that kind of come and go quickly and crash and burn for a while. My anticipation with that is that we'll both see that as just to define terms here, to start throwing around a lot of language. And hopefully some people to the audience may know some of these terms, but not others. So Spack is a special purpose acquisition company, and that just means that it's a type of company. Typically that is a way for a company to go public. That's a little bit of a faster, more efficient process. And what it is, is typically an organization will set up a stock with maybe a particular theme like let's say it's an education stack, and they know that the goal of it is to acquire and take public a education technology

company. They won't say what the company is yet, but they'll be a team putting together this fact that will then raise money from public investors on the public markets and then they will then go out once they've raised that funding and go out. And they'll be some raising from the private markets as well. There's more complexity to it that we can go into there down the road. But but then they'll go out and select an ad tech company that might be suitable for that acquisition and that company will get brought public through the through that acquisition.

**Speaker3:** [00:18:07] So it's another path for companies to have a liquidity event or an event where they do go public and can offer liquidity to their original shareholders. So while that's kind of exciting in a way for certain investors, because it means that some companies can go public a little bit quicker. It is one of these spaces that because there such a craze around it right now, I anticipate that we'll both see some great companies going public back then and creating some great opportunities for both investors and public investors. And then, of course, like any craze, we'll probably see some really terrible situations emerge as well, where companies that should never have gone public or weren't really ready to go public, go public for these vehicles. And maybe a lot of public investors end up losing their money in that. So, of course, like any investment, one should be really careful and do their own due diligence and homework on investing in something like this back or any of these kinds of crazes and things that we see emerging in the ecosystem or whatever is popular in the day. A while back, it was those initial coin offerings. And we know that some of those went really well in the crypto space. These CEOs and others, of course, were total disasters with lots of fraud, probably people who are going to go to jail eventually for them, things like that.

**Speaker3:** [00:19:16] So it's always kind of the Wild West when you're in the innovation space in terms of what's new and what's coming up and what's exciting. But I will say, of course, with all of this these trends, the one I'm most personally excited about, of course, are the ones that tie to our capital investing, where the gender and diversity lens is one of the most exciting things out there and one of the most exciting opportunities for growth and financial returns while also making an impact because data shows over and over and over again that investing in diverse leaders actually results in better financial performance of your portfolio. So that's, of course, what we're doing in clay capital. And one of the things we're very, very excited about. And then, of course, some of the trends in the spaces of some of our upcoming programs, like climate tech is of course, another thing that we're very excited about right now. And we're excited that there



is more and more support of all different kinds for climate tech companies, whether it's investors like capital that are buying into the space, as well as great sources of grant funding and government funding and other sources to help build those companies and risk those companies for investors in the early stage through organizations like they started making New York State our amazing place to start and grow a climate tech company, for instance.

**Speaker2:** [00:20:28] Well, let's talk about the challenges you see startups, investors face out there. Let's start with startups. What is the main challenge you find your startups facing?

**Speaker3:** [00:20:37] Well, over the past few months, of course, the pandemic was one of the biggest challenges and that was one that, of course, we're still seeing lingering impacts from and one that, of course, when you look at that gender and diversity lens, of course, the pandemic also did have a disproportionate negative impact on women in Bayport communities and multiple multiple ways for everything from childcare crisis to disadvantaged communities that were impacted by it more and more profoundly. So certainly we've seen impacted that what we're very proud of its capital is we also really saw our founders rising up during this time. We saw many founders that actually had ways that they could really help during the pandemic. And we see that over and over again, women leadership, women in leadership, that they're so community oriented and impact oriented that while they're running these billion dollar companies and creating this incredible growth opportunity, they're also still thinking about their communities in ways they can be supportive. So we had founders who stepped up and helped in the health care space group's founders like Provider Pool Westbrooke, as it was in nursing leadership when she founded her startup company. And it's a company that helps connect nurses with long term care providers and hospitals. Of course, she was really on the front lines during this crisis. We also had boundaries that use their some of their platforms. We're making masks and creating whether it was sustainable manufacturing platforms like enabled or companies that made masks to help with their community during this time when there was initially those shortages. And so we've seen people stepping up over and over again shape and from Noad, who creates these backyard cottages or studios called the Flex Unit, those are something that can actually be used as a quarantine shelter in a backyard or a home office.

**Speaker3:** [00:22:25] So, again, really relevant during a pandemic and then even risk analytics, which is another one of our portfolio companies that's in the remote work and education space

and helps with analytics on digital meetings like the ones we're having right now. So that one's been obviously profoundly useful in the education and corporate training space during this pandemic when so many folks have gone to remote. So. Really proud of the ways our companies have stepped up during those kinds of recent challenges. And then, of course, there's all the new sets of challenges that companies typically face outside of a pandemic. So just to list one or two of the most common ones we see in the companies that we monitor are things like fundraising, of course, is number one, and access to capital is critical. And especially for women in BIPAC boundaries that are only receiving less than two percent of the venture capital pool, and then also we see team building at the early stages, one of the key challenges is building out that initial leadership team, finding the right co-founders, building those relationships and then recruiting talent to really grow and scale at those next stages. So all aspects of team building are always some of the most challenging areas that founders want mentorship around. And so those are just a few of them, and then, of course, building out your culture, and that ties very closely to the team building, building kind of an intentional culture from the start. And if you're working with someone like capital building, a culture that's also focused on diversity, equity and inclusion from day one as well.

**Speaker2:** [00:23:56] So on the other side of that was the challenge to find investors face

**Speaker3:** [00:23:59] In today's market. Sure, so investors are faced with a number of challenges as well. And for us, it's more about building a whole portfolio of companies that can really work well together and that can be cohesive. And that will end up ultimately in our case, we like our founders that will actually mentor each other, help each other out in different ways and really build that longer term community and hopefully grow and build those companies that are billion dollar companies that then they can get to a point where they can get back and turn around and invest in more companies. So for us, it's really about building that larger community and ecosystem so that more women leaders have access to capital, access to resources and can create real opportunity and their own communities. So that's one of the biggest things we face and one of the one of our biggest challenges, too. And then, of course, we face as as venture capitalists who we're starting a startup fund because we're still fairly early on here at Chloë Capital. We think some of the same challenges our founders do, too, were business leaders as well. And so we also have to build our team capital. We've been growing our team very rapidly. So we faced some of those same challenges that our founders faced. Right.

We have to take our own advice and use our own medicine with things like, you know, things we say, like hire slowly or quickly, things like that.

**Speaker3:** [00:25:22] You can kind of mantras that you can think about as best practices for building a team. We have to think about all of that as well as we build out our team. We have to be intentional about our own DIY culture and things like that. So we're working through some of those same challenges. And of course, as venture capitalists, we fundraise as well. So we have those same challenges, too. But we go out there while we're the startups are raising from an angel investor or a venture capitalist. Typically a venture capital firm like Capital is raising funds from what we call our limited partners or our investors that are typically either family foundations, family offices, high net worth individuals, or occasionally larger institutional investors like foundations, university endowments, things like that. And those are all the folks who are then coming in, investing in our fund so that we can then turn around and deploy that capital to women led startups and innovation companies. So we go through some of those same kinds of challenges as well. And I know we're coming up on time here. Also, are there any last thoughts you have or would it be a great time for me to share some different ways for folks to get involved with capital or ask further questions

**Speaker2:** [00:26:29] In a few more moments? I had a couple of questions. One was you mentioned several applications and sectors out there. If you had to pick one or two that are really good opportunities you think investors should pursue, what would you put at the top of the list?

**Speaker3:** [00:26:41] Yeah, I would definitely put climate tech very high at the top of the list right now, since, of course, our next program is coming up in that space. And we've been very prescient in general like previously to this. Our big theme was the future of work in education. And we were exploring that theme just prior to the pandemic. But it turned out to be very prescient in that it was an area that during the pandemic became very, very relevant. It's our job as venture capitalists sometimes to see the future. And what's going to be a really important kind of attack is something that's going to be critical to all of us as humans in the future. So that's a no brainer, that that's a theme we should all be looking at right now. That's something that we're excited about in that we're already working actively in. And I just do need to let you know I need to wrap up from a timing standpoint, but I'm happy to share any final thoughts.

**Speaker2:** [00:27:28] Sure. Just give us your final thoughts there and let us know how best to get back in touch with you.

**Speaker3:** [00:27:34] Absolutely wonderful. So some great ways to get involved with our movement to invest in women, to check out our website at Chloë Capital dot com and contact us at info at capital dot com, and that's info at Chloë Capital dot com and info at dot com. And we'd love to talk to you. Would love to chat more and connect more following the podcast. And we're really excited and honored to have been here. And please do check out our site and please learn more and connect with us in London.

**Speaker2:** [00:28:08] Thank you for joining us today and hope to have you back for a follow up soon.

**Speaker3:** [00:28:12] That would be wonderful. Thank you so much, Paul.

**Speaker1:** [00:28:16] Investor Cadec 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 five 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.