

## Julio Moreno of Santa Cruz Angeles

**Speaker1:** [00:00:04] This is the Investor Connect podcast program. I'm Hall 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. The. They need help in finding investors for your startup fund or Angel Group 10 Capital provides funding as a service, helping you find it credit investors contacting capital gain access to investors for angel and venture capital funds, family office rounds and syndication races. To learn more, go to Tinn Capital Group. Hello, this is Hall Martin with Investor Connect. They were here with Julio Moreno, partner and co-founder of Santa Cruz Angels. Santa Cruz Angels invest in early stage startups from across Latin America and areas of fintech, logistics, AI and more. As of now, Santa Cruz Angeles is close to 40 angel investors as members pay a monthly membership. Julio, thank you for joining us.

**Speaker2:** [00:01:04] Thank you, Paul, it's a pleasure to be here.

**Speaker1:** [00:01:06] Great, so tell us about your background. What were you doing before you started investing in early stage companies?

**Speaker2:** [00:01:12] Entrepreneurship after I got my engineering degree from Georgia Tech in 2013, I came back to Bolivia, which is my home country and founded a food delivery service app called Netcom. And became a leading platform in the country after three years, this company was bootstrapped all the way. And in 2018 it was acquired by Delivery Hero, which is the leading global local delivery service platform based in Frankfurt, Germany. And I've been serving as a director for Olivia D.H Bolivia subsidiary for the past three years. And we reached amazing growth and penetration. From my experience as an entrepreneur, having to go deep in our pockets to fund the company I co-founded at the same place in 2019, just the first Angel Investment Group in Bolivia to cover the investment gap for startups and providing alternative investments for executives and business owners.

**Speaker1:** [00:02:11] Great, so what excites you right now?

**Speaker2:** [00:02:14] Um, I would say hitting our first exit, our current stage as an angel investment group is building confidence and learning the ropes, taking small steps at a time in the VC world. Having in mind that most of our investors are used to control risk investments in many colors and with well-defined timeframes for ROI. So having investors have skin in the game, taking that first leap towards putting a few chips in those we bring to the table has an incremental effect in our network and ecosystem. Having an exit at one of our portfolio companies will start to solidify our purpose and build confidence among investors to get into more deals in the future.

**Speaker1:** [00:02:59] All right, will you see a lot of startups and a lot of investors in your area? What's your advice for people investing in startups? What do you tell them to do before they invest?

**Speaker2:** [00:03:08] Hmm. Basically, do your own due diligence. Educate yourself to form your own criteria and decision making process. There's a ton of great tools online, such as a Wiki Startup Investor program, which is available on YouTube. And it's fundamental as well for investors to understand who and what they are investing in. Understand key components like such as valuation, financial metrics, APIs and additionally, recently I recently read a book from Peter Thiel zero to one, which gave me like a very strategic view from catching companies known. And it's having a name for those companies that are 10x better, better in terms of efficiencies and scalability than current solutions. This trait will inevitably make these companies become monopolies. These companies are the ones that really make the difference in your portfolio.

**Speaker1:** [00:04:09] And then on the other side of that table. What's your advice for people running start ups? What do you tell them to do before they go out to raise that capital?

**Speaker2:** [00:04:17] Myself being an entrepreneur, I will advise being resilient as a fundamental element to have also being flexible at all times, having the ability to pivot swiftly all the way from macro and micro elements in your business plan, for example, to meet us at first, which we charge a fixed amount to our partners, no matter how many orders we provide to them in a month. It took us two months to understand that this was not aligned to a sustainable growth trajectory or business proposition. We changed it to a commission rate

based on monthly sales and our platform and similar case happened with writers with their time, investment and compensation. Finally, invest in understanding your users and having that constant feedback loops on how to improve your solution or product. This process will indicate where to invest resources and also if you're on the right track on product to market fit.

**Speaker1:** [00:05:15] Well, great, so let's talk about the state of investing where you are. How do you see the industry evolving from here?

**Speaker2:** [00:05:22] I think that the pandemic has been a huge catalyzing factor for the digitalisation of industries, and China specifically has become a massive focus in B.C. right now since it has idealized, digitally penetrated demographics for new business opportunities and technologies to arise. And it's also seen the numbers so far in 2021. There has been more influx on VC investing in the 10 than 2019 and 2020 combined.

**Speaker1:** [00:05:50] Wow. It's quite a bit. So what do you think the biggest change you'll think we'll see in the coming 12 months?

**Speaker2:** [00:05:58] So adding on from the the last question question, I think large funds and VCs have changed their mindset on them and are now aggressively pouring money into the region, basically. And that is causing tectonic changes in the whole ecosystem.

**Speaker1:** [00:06:14] Well, great, and so tell us about your Angel Group, what's your investment thesis, more particularly what your criteria for investing in the startup.

**Speaker2:** [00:06:22] Uh, reducing it to a few key elements, I would say start ups to have a having a great multidisciplinary team, having some traction product to market fit, understanding total addressable market, having a clear monetization model and having an exit strategy mapped out with possible core courses such as an IPO or identified companies who will acquire them and have a track record doing so.

**Speaker1:** [00:06:52] Can you mention one or two strips that fit that thesis?

**Speaker2:** [00:06:56] Yeah. We recently invested in Gucci. It's a non payment platform based in Ecuador. Disinvest investment was made through Magna Partners. I see them going public in the next years to come, such as the local, the local data in Uruguay recently or being acquired by Stripe or some other comparable company.

**Speaker1:** [00:07:21] Right. So let's talk about the challenges in the space today for both startups and investors. What do you think is the main challenge for startups in your area face and launching their business?

**Speaker2:** [00:07:34] I think it's having to fuel or resiliency to keep going in the never ending competitive landscape at first. And at the other end, having the project be seen and funded among all the vast array of startups looking for the same.

**Speaker1:** [00:07:49] Great. Then what's the challenge investors face in today's market?

**Speaker2:** [00:07:53] I would say investors not doing their homework in terms of doing their own due diligence and learning their own mechanisms of decision making and investments. I see too often investors investors go with a trend or are too emotionally attached to an opportunity or entrepreneur. In addition, thinking long term is hard for investors and this is a long term game.

**Speaker1:** [00:08:20] Great. Well, you see a lot of different applications and sectors out there in the today's market, if you had to pick one or two that you think are really good opportunities for investors to pursue today. What would you put at the top of the list?

**Speaker2:** [00:08:33] I think fintech is a clear winner due to its transformative implications in society and economy and massive breadth it has overall. I think we are currently at the cusp of an inflection point in this industry, just seeing how it ends, how different countries are gradually becoming more accepting from a regulatory perspective and welcoming new new technologies to provide financial services that ultimately benefit to the consumer and the value chain.

**Speaker1:** [00:09:05] Great. Well, in the last few minutes that we have here, what else should we covered that we haven't?

**Speaker2:** [00:09:10] I'd like to highlight the importance of a sharing deal flow and insights among angel investment groups, funds and accelerators. This is essential for strength strengthening the whole ecosystem, starting from the startups, getting compounding reach and wavelength for investors to know about them. Angel groups who have access to a wider range of investment opportunities across borders and accelerators, with more quality startups joining their programs.

**Speaker1:** [00:09:41] Great. So how best for listeners to get back in touch with you?

**Speaker2:** [00:09:45] Everything is fine. You can find me as William Moreno, an email works as well eye contact at SSA analyst, right?

**Speaker1:** [00:09:58] We'll put 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. Thank you all. Thanks for your time. Investor Connect helps investors interested in startup funding. In this podcast series, experienced investors share their experience and advice. You can learn more at Investor Connect. Paul T. Martin is the director of Investor Connect, which is a 501c3 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.