

Rohit Gupta of Future Communities Capital

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. Interested in raising funding for your startup where your next fund raised, consider Tin Capital Syndicate platform, an online portal using a special purpose vehicle. The syndicate platform allows for online investment and access to over 12000 accredited investors. Log into the King Capital Syndicate platform to find your next investment. To learn more, go to Tinn Capital Group SPV. Well, hello, this is Hall Martin with Investor Connect the here with Rohit Gupta, managing director at Future Communities Capital. Future Communities Capital looks for technology entrepreneurs focused on disrupting legacy industries such as government health care, finance and real estate. Rohit, thank you for joining us.

Speaker2: [00:01:00] Pleasure to be here.

Speaker1: [00:01:02] So tell us more about your background. What did you do before investing in early stage companies?

Speaker2: [00:01:07] Yeah, that's a great question. I was at another fund and this was early two thousand eight and we were heavily focused on real estate, but we sort of had a broad mandate of what we could do with our capital. I kind of started to see early 2008, like most people, things were not headed in a good direction. Right. The conversation with our board was even though we're not, we don't have like risky assets on our books. We don't have like bad debt. We don't have any real estate as a whole tanks. It's not going to be comfortable. And so we started looking for diversification, the strategy, other asset classes. And I really said, you know, venture, I think is our place and that kind of just started everything. We just did some early deals that, you know, our first for our first four deals were absolutely tremendous and that kind of started things for us.

Speaker1: [00:01:53] Great, so what excites you right now?

Speaker2: [00:01:56] Right now, adventures in a great spot, I think obviously capital markets have been tremendous this year and we've had more exits than kind of know to do it, and we're just sort of humming along and we have an interesting new strategy that we're pushing it for future communities and things are great. I think the world is sort of at this moment where innovation is very critical across the board, right?

Speaker1: [00:02:22] 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 check?

Speaker2: [00:02:31] Right, OK. Venture capital is probably probably the easiest industry to become a part of because all you have to do is write a check and all of a sudden you're a venture capitalist. But it is the hardest one to be good at. And I often tell people, you know, everything looks good in a slide deck, right? I mean, we have a number of LPs and folks that we've done business with who are new to venture capital. I say, don't put all your eggs in one basket, don't put a lot of your money in this asset class because it's super risky. And you know, really, you have to dig down past sort of the slide deck. You know, it's not just hopes and dreams and unicorns, and it's it's the dirty work. How are these? How are these this team? How are these folks going to sell this thing?

Speaker1: [00:03:16] Great. 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 funding?

Speaker2: [00:03:25] I guess it depends what stage they're in and what kind of funding they're looking for, right? So the pre-seed investor is different than the a different than the B and so on and so forth. The main thing is to have all their ducks in a row, right? Having their story in place, being able to pitch it well and assuming that's done, get a warm intro. It is hard to go to somebody cold and get a check. Find somebody in the middle that can facilitate bridge, you know, an introduction to anybody in the world of sort of LinkedIn and social media and stuff. It's not as hard as it seems to find somebody in your network who can come through the funding.

Speaker1: [00:04:07] Great. So let's talk about this data startup investing, you see in a lot of it. How do you see the industry evolving from here?

Speaker2: [00:04:14] That's a that's a great question, and, you know, there's sort of like the micro, the macro of it, but there are these, you know, massive funds that sort of can dominate, right? Whether it's SoftBank, whether it's Tiger Global that can just do however many deals a day, right? Like we get into some crazy numbers really fast. Where we sit, though, as a fund is, we don't want to have those problems. We don't want to look at the same stuff they're looking at. We're looking at kind of the underserved, weird businesses, you know, startups who kind of are not from, you know, the valley. They don't have the same story, the same policy. We want folks in the middle of nowhere. You know, there's there's a market for both of them. It's a little tougher to say, I'm going to go out to Buffalo, New York and find, you know, great founder out there, but we'll do it. We have been doing it. It's it's been. I think a key to our success is that secondary tertiary markets and the founders out there have better returns in sort of the folks who kind of here in the bay already and have a high priced high valuation.

Speaker1: [00:05:15] So what's the biggest change you think we'll see in the next 12 months?

Speaker2: [00:05:18] Wow. I mean, what was the biggest change over the past 18, right? Change has been so fast. I'm I'm a coffee and handshake guy always have, and I want to meet a founder face to face, get a cup of coffee, and we'll just sort of hash it out. And that world, you know, before two weeks ago didn't lose on pause for a long time. And for for me personally, it was a little bit of an adjustment for say, OK, I'm just going to meet people over Zoom and then and wire money. And now it's fine. I guess it's different, but it's fine. It's sort of rolling with that change. You know, I think that the amount of money in the ecosystem is going to really it's going to drive things in a different direction, right? Well, you know what? Let me take that back. There's a little bit of push and pull because as things start to slow down, if we start to see the economy on a macro level, like, you know, inflation, all these sort of worries, if that stuff actually starts to creep up and happen, then valuations drop and interest drops. But there's so much money in the venture ecosystem that can keep things propped up for a long time.

Speaker1: [00:06:24] Right, so let's talk about your investment thesis. What exactly is it and what's your criteria for looking at startups?

Speaker2: [00:06:31] This is this is where it's interesting for us, we look at legacy industries. You can think government health care, transportation, prop tech, big big markets, very slow, very difficult to innovate. We like those spaces. We think that they're ripe for innovation, ripe for disruption, and we think that we can sort of help those startups bridge that gap.

Speaker1: [00:06:51] Cool. And so can you mention one or two strips that fit that thesis?

Speaker2: [00:06:55] Yeah, we recently did a deal founder in Buffalo, New York, Ogunyemi og a.m. Why they are a sleep apnea solution. Absolutely love that company. Sleep apnea is, you know, 80 percent undiagnosed and very long tail of low compliance. Most sleep apnea suffers. Even if they have a CPAP, they don't use it. And like the long tail of sleep apnea, is chronic disease and death. It is a brutal, brutal sort of like gap in our health care market health care system.

Speaker1: [00:07:30] Cool. So what do you think is the main challenge startups face today that you deal with?

Speaker2: [00:07:37] Wow. You know, I think work from home is sort of changed things a bit before, I would have said one answer, but today it's OK, how do we build a team of maybe five to 10 people? Very close knit, working in very cramped quarters and lots of face to face time? And how do we do that over Zoom? How do we sort of retain that culture and that drive when conceivably people could be in three different time zones in a given day? It's tough. It's a tough thing to figure out. And honestly, even the big companies, even even here in our office, we sort of struggle with it. If they get past that, then, you know, it's a typical startup stuff. It's people problems. It's how do we go get our next round of funding? What's their deployment schedule look like? Are we moving fast enough? Same game.

Speaker1: [00:08:27] And then what's the challenge the investor faces in today's world?

Speaker2: [00:08:32] Well, OK. Putting my investor hat on. Our challenge is how are we managing so many deals, right? So before, you know, Mr. Coffey and handshake? You'd have to come to San Francisco to meet me. Right now, it's in a given day, I'm on, I'm talking to founders in Asia, Europe, East Coast, West Coast, Central Time, all over the place, and it's just sort of. My

hours are crazy now. I assume everybody else is too, but it's it's it's almost like too much of a good thing these days.

Speaker1: [00:09:08] And so how do you think the internationalization is going to work out if you start into people all over the world, you know, entities don't exactly align, currencies don't align, you're not there to work on it. What what do you think is the solution on that?

Speaker2: [00:09:24] I think it's different depending on the country and depending on the stage of the company, you know why. He's done a pretty good job of telling companies, you're going to incorporate here, and that's for a lot of startups that kind of what they say, whether it's a safe or whether it's this sort of like localization has been has been a big sort of bellwether in the market. But yeah, you know, part of it is getting familiar with UK law or understanding, how does this work in the Philippines or India or something? And it's a bit of a learning curve on both sides, I think because they they approach U.S. capital and it's like, well, that's not really how we work here.

Speaker1: [00:10:03] Right, you get a distance issue. You've got a language issue. You've got a lot of issues that we have to get alignment on. But I noticed since many of the calls I've had that the language is English, they're happy to be dollars. Happy Delaware. See, there are firms that are actually aligning the investment instrument to be international, not just U.S. base. And so it seemed like there's a movement in that direction to unify.

Speaker2: [00:10:31] Look, I think at the end of the day, we talk about exits. A lot of companies would rather go public here on Nasdaq and going public wherever they're from.

Speaker1: [00:10:40] Right. Right. Certainly the market to go to for selling your product, and I think that's one of the biggest draws. I see people coming to the U.S. because I want to raise money, but I really wanted to sell my product because there's so much more here to more money here, more customers and more density, that type of thing. So you see a lot of different sectors and applications out there. What do you think are some of the top immediate opportunities for investors to pursue in today's market?

Speaker2: [00:11:08] Well, I guess it depends on what the investor is looking at. If I'm talking to somebody totally green, they're really looking at something where they understand it. Right. The biggest risk is is messing with something that sounds good on paper, but I don't know what the heck they're talking about. Having a sort of deep understanding of any deal makes it a lot less risky. You know, but investors are looking all over the place. We're we're we're looking at stuff now that I don't think we would have a year ago. We're sort of markets are expanding. I think there's a big. So for example, there's a big push right now in human performance. Hmm. And we're seeing a lot of performance based startups that I don't think those models in those ideas really even existed earlier this year. It's become this really hot button issue, and we want to get involved there, too.

Speaker1: [00:12:06] Great. Well, in the last few minutes that we have here, what else should we cover that we haven't?

Speaker2: [00:12:12] That's a good question. I'm not usually I don't usually have something so open. Ok, well, if you're asking me what we should cover. I would I was interesting, like local ecosystems. How do we build an ecosystem outside of the valley? There's like a few key areas in the U.S. that have historically and maybe in the past five years have popped up as startup hubs. But going outside of those, there's tech talent everywhere. Right? The values, the valley, because we imported all that tech, talent, places, and I think there's something to be said for saying, we're going to go to where the talent originated from and we're going to get these kids and, you know, convince them to build something in their backyard.

Speaker1: [00:12:54] So what's your thesis there, what do you think people should do if you're not in a major or even a secondary tech hub? How do you get it going?

Speaker2: [00:13:03] It's about meeting people, it's about building that network, there's their startups everywhere, right, or people who want to build startups. And sometimes, you know, we've seen companies and we've seen founders who were super early like, you know, a friend of mine was talking about his idea for years. You just hang out. He's talking, talk and talking. I was like, Why don't you just go build it? He's like, Can I do that? It's like, Man, I'll be your first investor. Like, I've never heard anybody so passionate, so in-depth about this thing. Let's just go do it. You know, sometimes it's taking taking a flier on somebody who just has an idea but

doesn't know where to start. And look, that's incredibly risky. But if they're smart and they're passionate and you want to get behind them, I would totally do it. Figure out how to build a company with them, even if I'm not going to be in the trenches with them. I'm there every step of the way. Let's go build a team. Let's go. Have a thesis. Let's go sort of like get a deck together, all that sort of stuff. That's that's the fun.

Speaker1: [00:13:57] This has when foster those introductions, and I agree, I think startup communities are built on connectivity and interactions, and you have to foster those, how do you foster those right?

Speaker2: [00:14:09] It's kind of like what Brad Feld says, you know, you put your hand out first. I think most of this stuff happens because we're good to each other. Like venture is a very weird space in the world. If you take a step back, everybody here kind of came here because we are all helpful. I totally take that to heart, like I help people more than I have time for because it's just part of how the game is played. You know, I've always sort of done that, and I, countless friends who do the same thing were always helpful to people, and I think that that's how you build an ecosystem. So even if you're in Buffalo, New York, or you're in North Carolina, you know, like some of our founders, they find other people who are helpful and they help them.

Speaker1: [00:14:52] Great, so appreciate the information on that. How best for listeners, get back in touch with you.

Speaker2: [00:14:59] I'll take you back to the beginning. You can find me on LinkedIn, Twitter, Twitter, LinkedIn, whatever. But the best way to find me is through a warm introduction. The conversation moves so much faster if you just get somebody in the middle of say, like, you should talk to this guy. I'll do it every time.

Speaker1: [00:15:14] That's good advice. Well, want to thank you for joining us today and hope to have you back for a follow up soon.

Speaker2: [00:15:19] We'd love to. This been a more fun.

Speaker1: [00:15:25] 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.

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