

Maan Hamdan of Hexa Ventures

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 Investor Connect is a 501 C three non-profit dedicated to the education of investors and startups for fundraising. Please consider donating \$100 to the program to help others in their investor and entrepreneur journey. You can find the Donate button on the Investor Connect org website. Well, hello, this is Hall Martin with the best connect. They were here with Maan Hamdan, managing director at Hexa Ventures. Hexa Global Ventures brings capital resources, experience and talent, partnering with visionary entrepreneurs to help shape the best ideas into great companies. Maan, thank you for joining us.

Speaker2: [00:00:55] So thank you for having me home.

Speaker1: [00:00:57] So tell us more about your background. What were you doing before investing in early stage companies?

Speaker2: [00:01:02] And well, I I've got a fairly different background than your typical investor. I started my life as a very poor kid in a rural town in Lebanon. So the first part of my life, I didn't expect even to go through college. But through the help of some people, I was able to go through college. In fact, went to a great college with what the American University in Beirut studied engineering and then worked as an engineer for four and a half years of my life, built buildings and conferences and just thought, that's what I will be all my life and engineer building buildings then discovered I love people and I like to be around people. So I moved from there back to another great university, University of Texas in Austin, to get my MBA and from there started the next phase of my life, which I thought that would be my next phase of my life. Being a business executive in the telecom industry because I was hired by GPE from UT Austin and spent five years in the telecom industry in high level positions. But, you know, having gone gone through three phases of my life, whether it's the engineering and construction or the telecom, I always felt something was missing and the. And one day I've always loved gardening. I always loved planting trees. So I thought, You know what? It's that that was the answer for me. I really like to start thinking and build things. So that's why in nineteen ninety four, I became an

entrepreneur, built my first company and then second, then third, then fourth have over the years, I've built over 30 companies globally and enjoyed every bit of it.

Speaker1: [00:03:00] Great. So what excites You right now?

Helping other people do what I did. I truly I had a great exit back in in 2015 was an HKLM software company called HR Smart that was acquired then and did very well. However, I could have done much, much better had I had better mentoring, better advisory and better funding. Located in North Texas, H.R. Smart was located in Richardson, Texas. At the time, I did not get that I technology start ups in North Texas were not very well supported. So I did well and I got some support, but not the kind of support that, for example, one of my competitors got the company called SuccessFactors that was located in Silicon Valley. Well, they got the kind of support that helped them exit for three point seven billion dollars. I didn't get that, although I did well, I didn't do as well. So I decided after I had my exit. Rather than retire, I decided to pay it forward and create an ecosystem to help entrepreneurs do better than I did. And the ecosystem, we call it extra, and I'll tell you more about it if and when you need to, right?

Speaker1: [00:04:32] Well, you see a lot of startups and a lot of investors out there and what you do. What's your advice for people investing in startups? What do you tell them to do before they write that check?

Speaker2: [00:04:41] You know, the typical you hear that probably from every investor, you know, the basic thing, obviously, that you need to know whether the idea that you're investing in is an idea or a product or a service that is in need and there is a market for it. That's the basic. But the most important thing, in my opinion, is really the people that you're invested in. If the people are passionate about what they're doing and whatever their product or service is has a need in the market, then they will succeed. Now, people that fail, it's not if they have the passion and the product is valid, if people fail, it's because maybe they have missed some element along the way that could have been provided for all these. I call them as avoidable issues. And that's what we built hexa to help with. But if you have the idea, the right idea in the right market and a passionate person behind it, for me that that should result in a success. You know, 90, 100 percent of the time today. Unfortunately, as you know, it's five percent, 10 percent of the time. Startups succeed. The missing piece is usually one piece in a whole chain of

services that people miss out on, but those would be things that with the right mentorship and advisor advisory, they could have fixed something great.

Speaker1: [00:06:17] And then what's your advice for people running startups? What do you tell that founder to do before they go out to raise funding?

Speaker2: [00:06:23] Believe mean? The key element for me is believing in your product and believing in yourself, and if you have any doubts in what you're trying to sell. Uh, what we're trying to build as a product, then don't waste your time trying to make it into a A. Your next company. And if you have any doubt in yourself and your abilities, then don't try. However, I say that every person has the capability of being a successful entrepreneur. They just need to have the confidence, self-confidence, and they need to find the right idea in whatever they do in their industry because there is potential for innovation. Obviously, every day, thousands of new innovative ideas are coming up. It's really up to us to look for it. The one thing I would also make sure that the future entrepreneur has is the thick skin and that they need to be able to take some risks without really getting scared. And if they get scared too easily, then they should be an entrepreneur.

Speaker1: [00:07:41] Let's talk about the state of startup investing. How do you see the industry evolving from here?

Speaker2: [00:07:47] Oh, gosh, I especially in the area of technology, it's evolving significantly. However, it's evolving in every industry. I say technology because technology is becoming a component in every other industry, which creates opportunity for companies to be created in construction and finance, in banking, in health care. They really are technology companies that would help in those specific industries. So do you call a medical software? We call it a technology company or a healthcare company. I don't know. But I know that there will be millions of these opportunities because we're going from an era where where a lot of things were manual to an era where now not just information is supreme, but also the advent of artificial intelligence and global networking are making things available in ways that we haven't dreamt before. Significant opportunities? Great.

Speaker1: [00:08:56] And so what's the biggest change we'll see in, say, the next 12 to twenty four months?

Speaker2: [00:09:00] I can specifically speak about North Texas. I guess the startup market is already very growing, very quickly in North Texas, and I expect it to even grow at a faster pace in the short term. The reason for that is multiple faults. One, Texas in general is a great destination for people from all over. So there is a lot of a lot of companies and a lot of people with ideas coming into the state because of the friendliness of doing business and the low cost and the central location of Texas. On the other hand, the colleges and universities in Texas are all evolving at a very fast pace in order to meet the demand for creating the talent. And the next innovators and lost. Well, and thirdly, there are a lot of organizations like Hexa, like the innovation quarter in Richardson and other other organizations in the area that are stepping in to encourage more more entrepreneurship and more startups in the area. And last but not least, I believe the investors in Texas are starting to look more at startups because historically, as you may know, most of our investors in the state have. And steered away from start ups, and they were more investing in big real estate projects or oil and gas or other financial type investments, but they avoided technology, they avoided start ups. That is changing. We're seeing more and more investors getting into that field. So all these four elements coming together is going to make it a very exciting time.

Speaker1: [00:10:57] All right. Well, let's talk about your fund. What is your investment thesis and your criteria for funding startups?

Speaker2: [00:11:03] Well, we're we're a little bit different to whole than your typical fund because we don't really have a like a standard fund that we we have limited partners and general partners and so on. Hexa Ventures, which is our incubator accelerator, is is the model we use is threefold. The first model under its ventures is your typical incubator model where we take a small equity and return. We give the startup advisory and mentorship and help with their business plan and introducing them to other funds, helping raise money and helping them build their own boards and so on. The typical incubator model, we do that as the basic service. However, we undertake such ventures. The Hexa ecosystem consists today of six companies. Each is designed as a not-for-profit shared service to help the entrepreneur in in making sure they deliver the great service or product they're designing. One of these companies is a

technology company that helps them build their own technology team. This company can help them find themes and build them in any one of 10 countries around the world. We have a company that helps them with their marketing. We have a company that helps them with sales and sales support. We have a company that helps them with customer service and project management, and we have a call, a co-working place, a collaborative co-working place where for those that are local, they can sit together in the same building, collaborate and help each other.

Plus, we have a lot of amenities for them to succeed. So the dark hexa ecosystem is built to help the entrepreneurs succeed. I built it personally because I started a lot of companies and I knew where I needed help along the way. So I built that ecosystem to help the entrepreneurs so hexa ventures as their level to support. They typically make all these services of these companies available for the entrepreneur at cost. In that sense, no profit make it a non-profit. They pay the difference for these companies, and then they could also. They subsidize some of these services to the level of 30 or 50 percent. So an entrepreneur, could you know if that that is getting, let's say, a space for a thousand dollars a month to rent hikes, adventures may pay half of that on their behalf. And so on. The third level is where X Adventures write a check as a typical investment fund. That's limited, however, and today we're limiting it to around 50 thousand per company when we write checks and we're limiting it to technology companies that are in the pre-seed stage. So once the company gets to the seed stage, it's usually when we invest in them. We invest in them in helping them with services or in helping them in funding and advice.

Speaker1: [00:14:23] Great. Can you talk about one or two startups that fit your thesis that you work with?

Speaker2: [00:14:29] We have about 40 of those now. We have actually in the last three years since we started doing things, we have had four exits for successful exits. I'm happy to say so. So things are not exciting for us, but let me use a couple of examples of those. One company that fit this model is called trend data. It's a predictive analytics company. The way we help the company as we help this company is is one we help in every way. In essence, we help advise and and mentor and help them in creating their business plan early on. Then we help them raise some funding. Then we're helping them with the many of these services, for example. They have a technical team of 15 people that are provided through the hexa system at cost, and we're Hexa Ventures actually pays for 30 percent of that cost and that we have. So Hexa

Ventures own a good amount of equity in trend data. Now, trend data has grown and created essentially five subsidiaries, and one of these subsidiaries exited recently successfully. So that's a company where we now we're taking it to the next level, in fact. Paul Volcker, who is the mayor of Richardson, just joined us as a managing partner and CEO for trend data to take it to the next level. So that's an example of a company that we work with heavily. On the other hand, I give you an example a company called Titan, which is an Indian company that we existed in Southeast Asia, that Hexa Ventures provided advisory and mentorship and support in building their U.S. presence. So we have a minimal relationship there. Just say we own some equity in them, as has their advisor incubator of their U.S. presence. We help them hire people locally here. We're helping them with connections and with funding and so on. But we they don't use a lot of the services of the hexa ecosystem, and we have, like I said, 40 in between some we heavily invested in, some we like Titan, where we we just incubated and held, you know, not deeply great.

Speaker1: [00:17:15] Well, let's talk about the challenges in the today's market. What do you think is the main challenge your startups face when they launch their business?

Speaker2: [00:17:23] Oh gosh, that's it's the first. Each startup has different challenges. In fact, the same startup had different challenges every week. The challenge is typically in North Texas. The biggest challenge startups have today is finding the right funding. The local environment for starting business is very healthy. The access to talent locally is very healthy. Usually these are difficulties that any entrepreneur or let's let's call it this way these are raw materials that any entrepreneur needs is having a good infrastructure, good business environment, good access to talent, access to capital and then obviously access to market to sell. And in North Texas, everything is available today. The weakest element is the access to capital. And that's why I'm very excited that a lot of the investors in Texas are starting to invest in startups. However, some startups may have difficulty and they may build the greatest product, but may have difficulty in selling simply because the founder did not come from business development. Background Other another. In fact, we have one of those in the building today, one of those startups where they have a great business development team, but they they're not organized enough to be able to manage their their projects in a proper way or their financials in a proper way. Because the founder is a great business development person and his partner is a great technology person, say they built a great company, but they don't have somebody that could organize the company

from a financial and operational perspective. So again, this is where hexa, by the way, is stepping in to help because whatever the need of the entrepreneur is at the time, we have a way to help them through one of our companies. But the difficulty? Like I said, differs by company and by time, North Texas, I repeat, is and I hope that people will listen. Wonderful start ups, wonderful market, where we're having difficulty is finding the right gap.

Speaker1: [00:19:44] And then what's the main challenge investors face in your market there today?

Speaker2: [00:19:50] I honestly cannot answer that, I apologize, I cannot answer that because I'm an investor myself, and I haven't yet had a challenge in finding the right deals. I haven't had a challenge in getting good return on my funding. Granted, there may be cases where the company, for some reason or another, I have investments that didn't work. One of my recent investments failed because COVID hit and the company was building software for sports events. One. When there are no sports events, people don't need the company. It failed. This happens, however, that's not an issue of the investor or the entrepreneur. That's a market issue. That's a Godswill, I guess. But the I don't see in our environment here a lot of challenge for the investor other than simply opening their mind and looking at younger companies, especially in the technology market.

Speaker1: [00:20:55] We see a lot of different sectors and applications there for start ups, if you had to pick one or two that you think are really good opportunities for investors to pursue today. What would you call out?

Speaker2: [00:21:06] Any any area in technology these days would be a good investment. Now, some of the most popular these days revolve around artificial intelligence. Obviously, you hear this all the time. Analytics is another huge area because data is so available now. And if you don't have an analytics system, even if you're a store, you'd have difficulty running your your business very effectively. However, you know you hear about IoT, which is the Internet of Things, is also up and coming because now, as technology goes into very every aspect of our lives, those little parts that go into these machines is becoming very big. But the I don't think you can go wrong with technology these days with any technology companies simply because

the the potential is huge and the demand is already high and it's growing much faster than supply.

Speaker1: [00:22:07] Great. Well, in the last few minutes that we have here, what else should we cover that we haven't, I guess?

Speaker2: [00:22:12] How can we, as both both of us here are are serving the entrepreneurs and the startup market? How can we promote the startup market to the Texas investors better? And I I personally, I don't know how to do that. My background is mostly an entrepreneur. I'm investing these days simply because I made made a lot of money along the way, but and I know how to invest it. Having been an entrepreneur myself, but you know, different investors, family offices, large investors, what can we do as as a team you want us in order to educate them better so we can have more of that happen? That's one thing I would ask us to to, and I don't know the answer there, but I can ask us to spend more time. Great.

Speaker1: [00:23:15] We'll look at how we can answer that question. So how best for listeners to get back in touch with you?

Speaker2: [00:23:20] The best way is I'm very active on LinkedIn and so reach out to me through LinkedIn. I respond very quickly. I connect with people. I have over 20000 connections on LinkedIn, but I'm active all the time, so it's not like that would be kind of the best way and it'll allow me to know better the person that connected with me. And so what I respond, I can I can intelligently respond.

Speaker1: [00:23:51] Great. Well include those in the show notes. I want to thank you for joining us today. We hope to have you back for a follow up soon.

[00:23:57] Thank you. Thank you so much.

Speaker1: [00:24:03] 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 Canaccord. 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

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