

Shahab Samimi of 7 Gate 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, many other investors for early stage and growth companies. I hope you enjoy this episode.

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Speaker2: [00:00:44] Well, hello, this is Hall Martin with investor connect. They were here with Shahab Samimi senior associate at S7 Gate Ventures. 7 Gate Ventures is a venture capital firm based in Vancouver, Canada and Silicon Valley. They invest in early stage startups from pre-seed to pre-series a Shehab. Thank you for joining us.

Thank you for having me today.

So tell us more about your background. What did you do before you started investing in early stage companies?

Oh boy, that's the long life story that I have for you there. So I started, I guess, three different businesses in my time. So I spent a good amount of time in my early 20s building companies and taking a lot of risk there. And then from there, I guess my my second business really helped me to kind of just fall into investment banking and the Canadian capital markets. And so I worked at a boutique advisory firm working with a lot of executives with an aggressive strategy, advisory financings, private placements, and then ended up having coffee with the VP of a larger investment bank. They like me, I like them and got invited to the Christmas party, which was great, and things kind of went from there and got an offer was there for a short bit. But I really wanted to leverage my operational expertise and work with founders on more granular level. And I thought venture was probably a best fit for me, and a lot of people ask me, How did you get into venture? There's really no clear cut way.

It's ultimately your network is your net worth. And so I just ended up cold, reaching out to a lot of different funds. Use my network that I had and funds and kind of landed at 78 here and been here for about, I'd say, four years or five years now. So alongside that, while I was doing that during COVID ended up building another kind of startup. But it was there was a lot to manage just because I had my MBA going on at the moment, so I ended up removing myself from that as well.

Right? So what excites you right now?

There's a lot that excite me. There's a lot happening, primarily in space space technology. I feel that not just frontier tech, but it's also a lot of data plays. There is a lot of software plays, more data and software kind of looking back on Earth, Earth conservation, from satellite communication to global internet machine to machine communication. So. So I find that very interesting. I also find what's happening with 3.0 right now is at the forefront, revolutionizing kind of internet protocols at this moment. And yeah, those are kind of the two things at the forefront that I see what's happening in the sector and in the market,

right? So you see a lot of investors and a lot of startups out there. What's your advice for people investing in early stage companies? What do you tell them to do before they write that check?

I think the best thing is to meet with the founders and the team over a number of meetings to really see one, can you work with that founder of a multiple of the coachable? Do they have the grit to really shift and pivot when something doesn't work? It's more of a soft skill or people skill, rather than a financial kind of analytical perspective or approach, actually. So that's one making sure the market size is large enough that they can be a key player in it and also making sure that they have competitive moat competitive advantage, that they can build a product and have a position within that market.

Right. And on the other side of that table, what's your advice for people running startups? What do you tell that founder to do before they go out to raise funding?

It's not easy, it's a full time job, you starting your own business. You're a janitor. Your sales, your marketing, your air or everything that they raise. So there's a lot of founders that I've met that

want to be founders just for the sake of saying their founder and having that title. So that's one thing, as an investor, you need to kind of filter through because that title sounds sexy and beautiful. But underneath it, it's a lot of work.

It's a lot of stress. There's significant mental health issue, being founder and building a company from ground zero and up. So before you partake that, just make sure it's something you want to actually do. It's not easy to build a company, and there's a lot of failures at the end of the day. And so once you get to that point where you think you can raise capital, you have an MVP, you have some use because you have some growth, you have a solid team, a solid story. That's another challenge. That's another hurdle of raising capital. You want to again leverage your network, do some cold reach outs. You're going to be learning as you pitch and as you meet with investors. So have a few your first initial five meetings. So is you, I guess, just pivoting and cleaning up the story and the pitch. So that's kind of what you learn. And then those follow on subsequent pitches that you do. You have a refined story and you can really get to what you're doing, how you're doing it in a very concise manner. And that's what an investor wants to hear because they hear many pitches, you know, probably four or five hundred deals that you know that you're looking at on a yearly basis. And to filter, you want to kind of meet a founder that knows what they're doing, how they're going to do it.

And yeah, it's kind of A..

All right. Well, let's talk about the state of startup investing. How do you see the industry evolving from here?

Yeah, the initiatives have shifted significantly, I'd say seed stage series a stage has really changed definitions over the last few years. It seems that round sizes, financing rounds are growing more and more. There's a lot more capital right now in the market, I presume, just because of COVID. There was no investing or deployment of capital over the last year or year, and a bit so everybody is very active. Some of the funds that are funds have to deploy their capital where family office venture. So we basically can choose at any point or time who and when, where we want to invest. So we're not stricken by limited partners or investors saying you have to deploy X amount of investors so we can make smarter strategic investments and decisions. And we're not just deploying capital for the sake of deploying capital, where deploying capital for the sake of helping someone build their business and someone that we can actually work with.

So great. And what do you think is the biggest change we'll see and say the next 12 to twenty four months?

Yeah, that's a great question. I can't tell the future, but I would say probably the biggest change is potentially the democratization of investing and allowing your traditional non-accredited investors, retail investors to be able to access investment opportunities.

So I'm going to see potentially more crowd funding, reggae types of platforms popping up that will allow greater access to capital. I presume.

Right, so let's talk about your investment thesis. What exactly is it and what's your criteria for making an investment?

Yeah, so we're primarily focused on software marketplace's technology in general, it's an agnostic focus, but that's kind of our bread and butter software, SAS marketplaces, but we've done everything from health, tech, travel tech, prop tech, medical devices. It's really been more opportunistic and where we can find value and where we can have founders. So I presume that's kind of what we're going to be focusing on moving forward. We've also been focusing primarily on a lot of international startups, companies outside of North America that want to come to Canada just because we see a lot of immigrants, one want to come to Canada. Second, if we give them the tools and the ability to build a business here, they have a lot more grit. They have a bit of a chip on their shoulder and they're willing to work just that extra more to build something and be successful in that regard. So that's kind of been the focus so far as international based companies and bringing them to Canada because we can get them into residency work permits, things like that.

Great. Can you talk about one or two startups that fit that thesis?

Yeah, there's one called Daesh D.J., which it has been doing well, there's another one called Stop Gramme and Restock, which is a Shopify app.

They're doing very well as well, and they're looking to build a basket of Shopify apps, so they're growing significantly right now. Within that Shopify ecosystem as well.

Great. So let's talk about the challenges in the startup space today. What do you think is the main challenge startups face in launching their business?

I would say the main challenges is finding the right partner co-founder, there's been a number of instances where co-founder and just wanting to not continue. Second, I'd say it's just. Finding the right market size or right product? I feel a lot of founders don't do enough research to see if the market size is large enough or if it's really a problem that they're solving that users or consumers would use or businesses would use. So that's the other one. And then also, I feel there is access to capital to a certain degree. I feel the underserved, underrepresented, undervalued individuals, people of color. Immigrants generally have a challenge raising capital. And it's kind of one of the focuses that we have is helping founders who meet that category trying to change that stigmatism, that that is within the industry as well and helping founders that don't fit a specific bucket.

Then what's the main challenge the investor faces in today's market?

I think the main challenge is the general challenge which exists is finding good deals, finding good founders that can build product and having enough bandwidth to look at every opportunity to a certain degree, just because there's a lot happening and it's not just looking at new opportunities, but also managing existing investments and making sure that those grow and mitigate their risk on the investments they've made.

So it's twofold.

So you see a lot of different sectors and applications, and you mentioned a number of them earlier, you had to pick one or two that you think are really good opportunities for investors to pursue today. What would you call out?

In regards to a sector, a sector or application or a subsector, we talked about data and software and various other things email, AI, et cetera. But like you said, there's many, many out there and investors are always looking at where they should be focusing. Yeah, I think cloud infrastructure has a lot more room to grow. I believe with the new two sectors of Web 3.0 and space technology, there's a lot of data software plays. There's a lot of data analytics, edge computing as well as going to be a key factor. It really depends. And I think for any new investor, it's really

look at something that they understand and are passionate about and are interested in investing in. So I think those are kind of the key metrics to look at.

Speaker2: [00:11:47] In the last few minutes that we have here, what else should we cover that we have in?

Yeah, I think if there's any founders startups that are outside of the bucket of what Sandgate looks at, feel free to email me or take me on LinkedIn. I'm always happy to make introductions to other investors or groups in my network, just because sometimes startups founders have a challenge of raising capital or getting connected to the right party. So I'm always happy to make introductions on that end as well. Just because an investor looks at a deal when it's generally coming in from a warmer lead or somebody they know or somebody that's known within the industry as well. So I'm always happy to happen to make connections and help founders on that end. That doesn't really fit within what we're looking at. So always, always happy to take a call or have a conversation, right?

So how best for listeners to get back in touch with you?

Yeah, I think my email will be listed LinkedIn's always a great way as well, I have both my emails on my LinkedIn profile as well. So if you're free to reach out that way and yeah, those was kind of the best two avenues.

Great. Well, I want to thank you for joining us today and hope to have you back for a follow up soon.

Absolutely. Thank you very much for having me.

Speaker1: [00:13:04] 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. Talk all. Tim 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

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