# Raymond Luk of Hockeystick

**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.

**Speaker2:** [00:00:38] Hello, this is Hall Martin with the Investor Connect. They were here with Raymond Luk, CEO and founder of Hockey Stick. Hockey Stick connects start ups with founders. Started ups need capital injections to grow fast. Hockey sticks makes the process easier, faster and more intelligent by using data to drive connections. Raymond, thank you for joining us.

Pleasure to be here.

Great. So tell us about your background before investing in for starting hockey stick.

**Speaker3:** [00:01:02] Yeah, I've been a serial entrepreneur for over 20 years, so I started my first startup out of college and I've gone on to run and operate. A bunch of different companies have been an angel investor. I started and ran a successful venture capital fund and and now I'm running hockey stick. And I think that, you know, somewhat being on both sides of that investment table. You know, startups trying to raise money. And then as an investor trying to deploy capital, I kind of gave me a lot of insights that I've been applying to this day on hockey stick.

**Speaker2:** [00:01:37] Right, so what led you to start working in the startup space?

**Speaker3:** [00:01:42] Yeah, I mean, it's really simple, if you know any entrepreneur, in fact, you know, not even a startup founder, but any business entrepreneur knows that it's very difficult to raise money for their business. And that's whether you're raising angel money, venture capital loans, any other kind, even finding customers like it's hard. But I think specifically the

fundraising, we just thought and I think that really the process is quite broken because it seems to be designed more for the funders than the founders. So an example of that is, you know, every funder has a different process, different intake, different set of criteria. And so which is fine, which, you know, I was a VC, so I had exactly the same thing, but we really require our founders now to learn everything about us. And they didn't start their company to learn how to fundraise. Hopefully not. So it's almost like the better you get at gaming the system, the worse you are running your business. So we just we're trying to solve that problem of making it easier for great founders to get access to capital without jumping through all those hoops.

**Speaker2:** [00:02:51] Great. So what's your advice for people investing in Start? What do you tell them to do before they write that check?

**Speaker3:** [00:02:57] Now, I'll answer that in two ways, because we are a startup and we're also a startup who helps funders find help. Essentially, we're like a matchmaking platform right between funders and startups. So I think from a, you know, if you're investing in startups, especially if you're an early stage investor, you know, be prepared for the long term. I think I still believe that people don't realize that it takes 10 12 years on average to get an exit out of an early stage company. It's one of the reasons why it's so difficult to make money as an early stage investor, even though I want more people to do it. So I think it's I think the first thing is be be aware that it takes a long time even for especially for great companies. And you know, as an angel, I've been in deals for 10 years and then I was lucky enough that they did an IPO, but there were many opportunities along that journey for me to say, How's it going? How come you're not growing faster? How come your competitor raised more money than you? And we have this kind of artificial timeline in our head that things should go quickly. But that's only true for early exits.
So if you want to exit in three years, that's a very different outcome you're going to have. So I think number one is is as an investor, as B be patient either easier said than done. Of course, we're all we're all in a hurry. I think for, you know, for the for the startups, it's a slightly different issue. I mean, yes, you have to be patient as well, but going kind of riffing off of set about your, you know, advice for for funders. And my advice for startups also is also if you're an early stage startup, you have to build relationships with people. That's partly why hockey stick exists is to help bridge that gap. But you know, it's I think a lot of entrepreneurs, they'll pitch somebody, they'll say, no, and then that's the end of it. But no, no, doesn't mean it can mean later, you

know, come talk to us later. Sometimes it doesn't mean that, by the way, sometimes it does. And I think building up a network, a long term network on LinkedIn or something like that is a skill that a lot of most entrepreneurs have this skill, but it's something that we really believe in.

**Speaker2:** [00:05:11] Right, so let's talk about the state of startup investing. How do you see the industry evolving from here? Where do you see it going?

**Speaker3:** [00:05:19] Well, one really interesting thing, although it was, you know, for society, it was not such a good thing was that the impact of COVID on travel, on tech events. It's I think it's been very disruptive for venture capital in particular because. Pre-covid, most people, if you asked most VCs or angels, they would not invest outside of their home city or home region. And if you if you were taking a poll in February 2020 and asked 100 VCs, would you invest in a company where you've never met the founders in person? The answer would be the majority would have said no. If you do that same poll today, 100 percent would say yes, and probably 80 percent said would say, I've already done that deal many times. So one really one big trend that that the pandemic has forced upon us, which I believe is a positive legacy, is the digitization of investor connections and meetings means that people are more open minded. They're making more cross-border investments across state lines. They're meeting entrepreneurs of different types, not just the ones that happen to be in your personal network or in the same clubs as you. And I think that that that has really. It definitely has resulted in more velocity of capital being deployed, and that's a positive thing.

**Speaker2:** [00:06:46] Right. And what do you see is the growth rate of start ups today, how fast you see it currently growing here post-pandemic?

**Speaker3:** [00:06:54] I think that we were scared when the pandemic's start started. Not we're not finished it, unfortunately, but. We were definitely scared that the the amount of capital being deployed would really dry up and there was, I think, a quarter, maybe a quarter and a half where that was true. There's a lot of uncertainty. Deals were not closing that had not been started pre-pandemic. But going back to what I was saying before, that's really changed. So if you look across, you know, globally but especially North America and Canada and the United States, you know, the venture dollars, everybody knows this has gone up. Valuations has gone up. It's very frothy. So I see that as number one, a really good news story for, you know, we have

not again, as a business community, we haven't let all of these crazy restrictions on our travel and, you know, congregating together that we want to do. We haven't let that stop us doing business. In fact, it's probably gotten easier to do this over Zoom. That's a good thing. I think that it's an an overall in terms of valuations and amount of capital and the growth in late stage deals and SPACs and all kinds of things. You know, I don't know if this is the top of the top of the market or a bubble, but it certainly if you're a startup raising capital and you're a good startup, there's really no reason you can't get the capital you need. And and I've been through a bunch of different cycles where that wasn't always the case. So I think it's there's a lot of growth right now in startup investing in general.

**Speaker2:** [00:08:32] Right, well, you talked about some of the challenges started space in this space. What are the challenges on the investor side you think they face in making investments in the early stage?

**Speaker3:** [00:08:43] Yeah, I think in some ways, the venture capital market and I kind of say venture capital, I think it's kind of somewhat overlaps with like seed funds and angel funds and things like that. You know, it is also being disrupted. There is competition. There's more private equity funds competing with venture, particularly in deals where let's say it's a later stage company with with predictable revenues and metrics that looks a lot more like a traditional PE deal than a venture deal. So I think there's there's more competition, there's competition for people acquiring companies earlier, you know, the early early exits, there's platforms like Hockey Stick, but there's other platforms as well that are trying to maybe pool like pool capital, like Angel, the syndicates. You know, equity crowdfunding hasn't really taken off, but I think the potential is still there. So I think there's some more more options, even if you know, at a higher level, there's more debt options. So there's more like SAS funding, Clear Co, there's a lot more private lenders out there as well who are jumping on this bandwagon. Even the venture debt market is really come back. So I think that there's there's a there's a lot of interesting trends that are somewhat competitive to the traditional venture capital market, which for the entrepreneur is a great thing I think is a great thing for everybody. But for entrepreneurs especially, you know, I never complained about having more capital and more more options.

**Speaker2:** [00:10:14] Great. So tell us more about hockey stick. How do you fit in the overall landscape here with other tools that are in the early stage world?

**Speaker3:** [00:10:23] Hockey stick really like we exist to help companies get easier access to capital, so we have we do three kind of main main things. One is we help companies raise venture capital. Another one is we help them get loans and the other ones, we help them get government grants because those typically are the three leading exits aside when he wants to buy a company, that's another financing event. But Loans Grants Venture are the main sources of early stage funding pretty much anywhere in the world. So Hockey Stick is just to make that really easy. And probably the things that we do quite differently than other people is that number one is when you join Hockey Stick, you know, we really are optimizing for the founder's time. So we don't want you to waste time. We don't. We're not encouraging you to reach out to a thousand different investors, hoping one will say yes. So we've really optimized our platform and our advice that we give people on. Let's really get to know you. Let's connect you with exactly the right people. And hopefully that's only three connections. And hopefully one of those three leads to a term sheet or leads to funding. So we kind of describe it as like fundraising as a service like fast. It's not really a good acronym, but where you join one platform and then as you grow, let's say, from pre-revenue to revenue, obviously different investors loans grants will be available to you will automatically figure that out automatically go help you get that. So it's it's turning. Fundraising into an outsourced service is something quite new and allows us to use data technology, our relationships, matchmaking.

But one other thing we do that that not everyone knows about is we actually play kind of an educational role, especially in tech startups. Whether you're raising your first seed round or you're raising twenty five million dollars a Series A or Series B, I wrote a book on pitch decks called Pitching a Leap of Faith, and it's based on having worked with lots and lots of entrepreneurs and analyzed thousands of pitch decks. I created a framework that's designed to help entrepreneurs tell their story in the most effective way. That also kind of helps eliminate a lot of the confusion that entrepreneurs have when they're getting pitch deck feedback from VCs. Because the VCs job is not to help you prove your pitch deck, your VCs job is to filter you and decide, Is this a deal I want to do? But on the way out the door, they're going to give you a bunch of pitch deck feedback, and usually it's very confusing. It's kind of arbitrary because usually it's a way of saying no, but I don't want to just say no to your face. So, so pitching a leap of faith, there's a book and also a course. It's offered free for all of our users, and it's really helped move the needle for a lot of entrepreneurs to somewhat tune out the noise that they're getting when they're pitching and help them tell their best story. And it's something that we, we

kind of did for fun. I like to write, I'm a student of business, so I enjoy that, but we've had fantastic feedback from people. That said, it's very different than other resources out there, right?

**Speaker2:** [00:13:30] And what type of startups are the most successful with the hockey stick solution?

**Speaker3:** [00:13:35] Yeah, it's for us, it's from, you know, early like really early stage, you know, two people and an idea up to, I'd say, just beyond the Series A. That's that's our sweet spot right now. You know, we don't limit ourselves to that and we don't limit ourselves to only tech start ups. But I think it's our sweet spot because if you think about it, the needs for capital are extreme at that point, because if you don't have any capital, you just die, right? You don't have a backup rainy day fund. But also you have a very small number of people. So if you have two founders, three founders or five person company, you can have, you know, 60 percent of your team being experts at fundraising. So it's it's that kind of sweet spot that collision of a lot of need for capital, not a lot of resources. And frankly, you know, as an investor, you would want the companies in your portfolio to be experts at sales, product marketing, product management, maybe engineering, hiring, but fundraising is not something that you want them to be experts on. So I think that's that's kind of a unique niche that we fill in Pakistan, right?

**Speaker2:** [00:14:47] Well, in the last few minutes that we have here. Well, should we cover that? We haven't?

**Speaker3:** [00:14:51] No, I think that, you know, we one of the great things about my job is that I spend a lot of time with founders, so I'm always asking them about their stories. And, you know, going back to what I said a little bit earlier, one of the things that's really fascinating is that every entrepreneur has a different journey and a different story, right? Whether they're they come from a wealthier background or less wealthy background, whether they live in Silicon Valley or or Austin or Toronto or other places. So there's a lot more diversity in founders than than we think. And that creates a lot of opportunity. That's I think it's been overlooked. There's a lot of types of businesses that have been underfunded, types of founders, you know, female founders, just as one example. So one of the really gratifying and fascinating things about running a platform and having all this data is you can start to see what works, what doesn't. And

you know, I think we expected when we started that we would just kind of mirror offline. So, you know, you join Hockey Stick and we'll kind of mirror offline processes, help you get access to the right people.
What we found was that because we're digital only, you know, we have like Japanese investors, connecting with startups in a small town somewhere not in Silicon Valley or not in Toronto Waterloo corridor. And for them, they're indifferent now because it's all digital. So there's some really interesting trends there that I think will only see the impact of this maybe years and years later. But you know, I think a lot of a lot more great companies are getting funded through platforms like Hockey Stick. That's I think that's, you know, I'm an optimistic person. That's why I am an entrepreneur. And I think that I love seeing that. I love seeing that. There's more like there's this great saying from Larry Wall, the founder of the Perl programming language, which nobody knows but me very few people. But you know, his mantra is always, there's more than one way to do it. And I think that's that's something that, you know, that kind of diversity of opinions is really innovation. So we see that a lot in our data and again, super pumped about what 2022 is going to be like.

**Speaker2:** [00:17:02] Great. So how best for listeners to get back in touch with you?

**Speaker3:** [00:17:06] Yeah, I'm pretty easy to reach on LinkedIn. You can just look up, Raymond, look, look, look on LinkedIn also if people are interested in signing up. Paul Plastico If you want access to the book the course, it's free for start ups to sign up. So that's a really easy way to get access to me and my team. You know, if you're an investor, LinkedIn is the best way. And I love to hear from people, right?

**Speaker2:** [00:17:35] Well, we'll include 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.

**Speaker3:** [00:17:41] Looking forward to that. Thanks.

**Speaker1:** [00:17:47] 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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