

## Sophie Liao of Oyster Ventures (v2)

**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. Hello, this is Hall Martin with Investor Connect Day, we're here with Sophie Liao, founding partner at Oyster Ventures. Horseshoe Ventures is a seed stage focused venture fund based in San Francisco, New York and Hong Kong. They target companies that bring liquidity and efficiency to antiquated industries and with massive potential to scale. Sophie thank you for joining us.

**Speaker2:** [00:00:58] Thank you for having me.

**Speaker1:** [00:00:59] Great, so tell us more about your background before investing in early stage companies.

**Speaker2:** [00:01:04] My background is I started off as a documentary filmmaker and covering the world of technologies, and that's got my interest in technology building and as well as later on investing. So how I got my foot in the door is a rather interesting story is I used to work for a visual effects technology company and then later inspired myself to start a company in the VR software stitching industry. And then I got really lucky, sold my company within six months to a large media vendor, and that's kind had my foot in the door in Silicon Valley because the local VC fund Ranthambore Ventures gave me a ticket to be a VC and I started there later. All I was a venture partner at DFG Dragon. Fast forward in Twenty Seventeen, I started my own fund, Oyster Ventures. Now we are to fund three team of eight.

**Speaker1:** [00:01:57] Right, so what excites you right now?

**Speaker2:** [00:02:00] Fintech. Anything provides liquidity and efficiently to the traditional world that I think. Me and my team are very excited to to see, yeah.

**Speaker1:** [00:02:11] And what about fintech excites you as far as any particular sector, payments, disbursements or otherwise

**Speaker2:** [00:02:18] Across the board? So starting from 2016, we spotted the trend of four major trends to summarize this. The first one is we as a venture capitalist, are always looking for the next innovative ideas and groundbreaking technologies. Little did we know that is our only industry that needs the most disruption because there's zero efficiency and there's especially for early stage investors that it's rare liquidity as well. So we think democratizing the private investment space would be the trend for the next 10 20 years. So starting from Fund one, we're having purposefully sourcing deals within private innovation space tailored for either retail investors to better equip them to become more sophisticated investors or to invest in tool sets that helping me as a fund manager, streamline my workflow and sourcing deals, investing deals, exiting deals that in the technology, scalable way.

**Speaker1:** [00:03:23] So what's your advice for people investing in startups? What do you tell them to do before they write that check?

**Speaker2:** [00:03:29] Depends on what state and how deep the pocket is before you write any checks I like to properly address as one being a good investor or get your foot in the door of a good company is very, very different game than being a good fund manager. So that's one. If you just want to throw some spray and pray into early stage companies, that's I give you different sets of suggestion. But if you want to become a good fund manager, you know personally and you check to build track record later on, you can build build a history so we can raise money from professional LPs. That's a different area. But all in all is, you know, properly assess your own risk taking appetite and matchmaking with the right companies.

**Speaker1:** [00:04:19] Great. And then on the other side of that table, what's your advice for people running start ups? What do you tell the founder to do before they go out to raise funding?

**Speaker2:** [00:04:27] I have an interesting analogy is I could give you a very institution ready answer, but to be more real and I feel launching a company is really having a baby. One, you

need to find a good partner if you're going to be in this, you know, start up marriage for more than 10 years. Just be prepared. Second, if your solo founder, are you ready to be a solo parent to your children? So after that, you need money to raise the children. So do you have the capability to continuously fund raise? After that, the your children will go through different life's ups and downs. Are you mentally prepared to have a board of advisors to help you go through those product pivoting international market expansion cycles? So I feel it's really no no different than raising a child. I I don't have a child, but after running my fund like a startup and in contact with more than 5000 startup founders every year, I feel there's some commonalities among successful founders. But I would say having grit in this, in this, you know, starting your company for the right purpose. Finding a good co-founders. Keep a life. You know, physical and mental balance are are the key points.

**Speaker1:** [00:05:55] Yeah, great. So let's talk more about your investment thesis. Can you give us more detail about it, in particular the criteria you use for actually making an investment?

**Speaker2:** [00:06:05] Our investment thesis is all about new fintech economy, because instead of me trying to predict which consumer product, which enterprise SaaS is going to take off for me is instead of predicting that I would just use wherever people spend money is the way of voting. So that's why we call it fintech. Anything that touches money directly that I will take a better, deeper look into it. I call it new fintech economy now to break it down. I have three areas to cover. One is alternative asset class. Second is innovation within the private investment space. Third is Web three, so our was an oyster venture, our bread and butter. Also, what makes us unique as a venture fund is we had purposefully sourcing deals that can help retail investors become more sophisticated investors and help myself to run my fund at a scale meaning if I break down how to run a fund into seven different steps. Fundraising deal, sourcing, due diligence, investing, portfolio success, exiting and back office. I source deals in every single of the action items. So basically, I'm preparing an investor toolkit to free my own time so I can take a step back and strategize and then also keep scaling my venture fund. For example, our biggest winner from Fund one is a company called Republic, which is the largest crowdfunding platform in North America right now. Very proud. Kendrick did a terrific job of pioneer. That front is democratizing private investment space for retail investors. And we also want to our largest portfolio for global, which we consider as a productized exiting strategy and providing they are pre IPO secondary trading platform, providing liquidity for otherwise founders or early stage

execs that wants to cash but have to wait 12 years for IPO. So that unique investment thesis has serving us really well and were very well in the put in the top percentile of venture funds. So that's that's our bread and butter investment thesis.

**Speaker1:** [00:08:14] Yeah, great. And that's a good example there with Republic as well. We know them well and they're doing a great job. So let's talk about challenges in this space. What do you find is the main challenge that startups face that you work with?

**Speaker2:** [00:08:28] Even challenges for founders saw challenges at me as early stage disease

**Speaker1:** [00:08:33] Challenges for founders raising that child you talked about before. You know, growing that business. What do you see as the biggest challenge your face, your founders face?

**Speaker2:** [00:08:43] So I think I would help if I may. I want to speak at the macro and micro challenge. So I think horizontally the challenge is the social media as well as mainstream media using 99 percent of the real estate to cover the one percentile successful founders. Therefore, a lot of attract a lot of people coming into start launching their startup for the wrong reason, because for them, it's as if there's a one way ticket to be become a billionaire within a short amount of time. So that's the mental challenge. If people come in for the wrong reason, does not have enough patience to see things through. Didn't really build enough grit when startup had to hit the wall. So I felt that's the main challenge is doesn't matter how brilliant your product is, you are not mentally ready. Therefore, for me, as a VC, I'm scared of giving you money because I'm not. The world of Andreessen Horowitz can raise a billion dollars. And, you know, if you're not successful, guess what? Let me take my another check to bet on another founder. So that's my challenge. For, I think the biggest challenge at me as VC to in front of my founders. Now, for founders itself, the challenge is how to keep a balance of entrepreneurship and personal life. So I feel before I was looking for those the ones that is young, aggressive, that wants to be successful despite everything. And now these days, maybe I grow as as my fund, as I'm at a Fund three, so fund one and fund to. I was looking for that imbalanced lifestyle fund three. I slowly realized, you know what? I wanted to support and encourage founders to have a balanced life because I think that will boost the longevity of the company.

**Speaker1:** [00:10:42] Yeah, right. Well, you've talked about several sectors and applications in your investment thesis. If you had to pick one that you think is a really good opportunity for investors to pursue, which one would you put at the top of the list?

**Speaker2:** [00:10:54] Oh, definitely. Any tools that that help democratizing private investment space either is access to different asset class or providing the tools to help them manage their personal investment portfolios. So yeah, I think that's the trend as if 20 years ago, you are looking for the Robin Hood to help retail investors invest in stocks easier.

**Speaker1:** [00:11:20] Well, in the last few minutes that we have here, what else should we cover that we haven't?

**Speaker2:** [00:11:25] I would say if anyone's interested in launching your own fund but feel insecure or not confident enough, I want to tell everybody that I'm female solo GP to start with first generation immigrant, do not go to Harvard, MIT or Stanford, and I, my none of my Family Force generation are investors nor entrepreneurs or, you know, venture capitalists. If I can do it, everybody can do it. You just have to put your mind in it and then you can contact me if you want to launch your fund or want to learn that how I build it, I'm an open book.

**Speaker1:** [00:12:02] I'm sure many people will take you up on that. Appreciate you making that offer. So how best for listeners to get back in touch with you?

**Speaker2:** [00:12:09] And easy, just Sophie at Oyster DVC.

**Speaker1:** [00:12:14] Great. We'll put that in the show notes, I want to thank you for joining us today and hope to have you back for a follow up soon.

**Speaker2:** [00:12:19] Thank you, Hal. I really appreciate it.

**Speaker1:** [00:12:24] 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 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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