

Jessica Karr of Coyote 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. 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 Investor Connect. Today, we're here with Jessica Karr, founding general manager at Coyote Ventures. Coyote Ventures is a venture capital fund investing in early stage startups that are innovating in women's health and wellness. Jessica, thank you for joining us.

Speaker3: [00:00:54] Thank you for having me. Excited to be here.

Speaker2: [00:00:58] Great. Well, tell us more about your background before investing in early stage companies.

Speaker3: [00:01:02] Yeah, so I'm originally from Texas, was always interested in medicine, so I studied biochemistry and ended up going a research route, so I did a master's in biochemistry and moved out to California and was very lucky. I actually got a job after grad school at Impossible Foods when it was less than a year old. So I was working in research and development in the early days of the Impossible Burger and had a really good time working there for four years, helping develop the burger, helping with the intellectual property and the launch of the burger. And then I went to business school, worked with a lot of other startups and considered expanding my thesis like beyond food tech and just impact focused startups that are also science focused as well. And that led me into women's health, seeing that the, you know, the area that I want to have the most impact being gender equality and women's health being historically marginalized, but also very science focused. And I know we'll get way more into that in the show later. But I had worked with another fund and started seeing women's health deals, though that was not the focus of that fund that I was with. So I knew that I wanted

to start my own fund during that time and started angel investing. I worked with Republic, the crowdfunding platform, as a venture partner where I still am and just dove deep into women's health, right?

Speaker2: [00:02:46] So what excites you right now?

Speaker3: [00:02:48] A lot, I think that there's a huge explosion of women's health going into the mainstream and there's also a lot more women in STEM finance and medicine really innovating for their own needs, as well as speaking up about investing and also making some of the historically taboo topics really mainstream as well. Not being afraid to go out there and talk about women's health and women investing back in the seventies, women couldn't even open their own credit card, or they would need a man to sign on their bank account. So we really come a long way.

Speaker2: [00:03:27] Great. And so you see a lot of startups and a lot of investors out there. What's your advice for people investing in startups in this sector? What do you tell them to do before they write that check?

Speaker3: [00:03:38] Um, first of all, I would say thank you. There needs to be a lot more investors in this area. Definitely very collaborative place to invest, which is another thing I love about it. It's not the type of area where you're just going to see a deal close a day after it's launched. It really needs the right partners. So thank you for investing. And also, yeah, like I said, very collaborative. So we're happy to collaborate, and you can also check out our partner organizations resources. We'll add that to the show notes as well. It's called femtech focus. There's databases of startups as well as exits, and then there's a podcast with about one hundred and fifty episodes.

Speaker2: [00:04:20] They're great. And then on the other side of that table, what's your advice for people running startups in the fintech sector? What do you tell them to do before they go out to raise funding?

Speaker3: [00:04:31] Um, also say thank you and we need more of you as well. And you have to really have a thick skin doing this. You know, the founders and operators are doing the real work

here. So yeah, you're going to need a thick skin when you are fundraising, especially as a percent of fintech startups are run by women and most investors are men. And with the added layer that you're talking about, sometimes very intricate topics of women's health and so definitely can practice preparing for those conversations. I know there's been a lot of sort of negative experiences there, but it's definitely getting better and better. I'd say the same thing about their resources, and there's a lot of communities as well. So fintech focus that I mentioned also has a community. Another really great one is called Fintech Insider. There's the Women's Health Coalition and there's events that you can look up as well that are really nice.

Speaker2: [00:05:40] Yeah, great. Well, let's talk about the state of investing in fintech. How do you see the industry evolving from here?

Speaker3: [00:05:46] Definitely booming and pretty much every area, because, yeah, the women really need the innovations. I would say, you know, and it was just budding, maybe there would be just a few, you know, some of the industry leaders that have raised a little bit later stage. As of last year, MAVEN and Willow, they've definitely paved the way, I would say. Now there's a little bit more recognition that each segment can also have a competitor. I think before it was like, Yeah, of course, there can be competitors in other industries, but in women's health, it was sort of like, Oh, that already exist. But actually just recognizing that the women's health market is so huge. Our report recognises that women's health could reach one trillion by twenty twenty seven globally. So there really is room for more competitors, and that would be really good for this space as well. And I would say also historically, a lot of companies have been able to launch as a male focused company and then launch a women's segment such as Hims and hers. That could definitely be reversed at this point, I would say. Women make most of the consumer and health care spending decisions about 80 percent. So I think that that's a really exciting way that it's evolving. And pretty much every area of women's health is growing or definitely has the opportunity to grow with a lot of basic research being done as well.

Speaker2: [00:07:21] And what do you think is the biggest change we'll see in, say, the next 12 to twenty four months in this space? What you think may be happening?

Speaker3: [00:07:28] I definitely think everything I think there will be, especially at the ground floor where there's pre-seed and seed. I've definitely seen just a ton of ideas. I think also

covered marked the, you know, like availability for telemedicine in all areas and especially women's health. So increasing accessibility to care, as well as DTC products as well, like more online availability and launching accessible products in many ways. So different customer segments, different price points, different geographies that are being focused on. I think accessibility is definitely a key area that will grow.

Speaker2: [00:08:18] Great. Well, let's talk about your investment thesis for your fund. What exactly is it and what's your criteria for making an investment?

Speaker3: [00:08:26] Yeah, so we consider conditions that solely, disproportionately or differently affect women, so solely are some of the obvious ones where menstruation and menopause only affect women differently is something like women's heart health. So women actually experience heart attacks differently from men and actually die at a higher rate because we don't actually recognize that that's what's happening and then disproportionately something like mental health services for PTSD. Of course, that's going to help men as well, but women disproportionately suffer from PTSD. So those are a few examples. So we definitely want to cover a wide range and just invest in areas that really improve women's lives. And our criteria, I think, is similar to any other B.S. that's wants to be really investing in the top deals. We want to see a really strong team. And so the only exception I would probably make to Angel Round or precede deal is if they have an MVP developed and a like a really strong team. Otherwise will be mostly seed stage where there definitely is an MVP. Well, we're not doing highly regulated areas like therapeutics and Class three med devices. But the interesting thing about women's health is it covers a lot of different industries biotech, CPG devices, digital health. So we're considering all of that and know this is our fun one. We're just kind of our pilot fund, so we're participating in a smaller rounds, I would say most mostly seed, but we'll make a few exceptions for Series A.

Speaker2: [00:10:11] Great. Can you talk about one or two startups that fit your thesis, perhaps your portfolio?

Speaker3: [00:10:16] Yes, so we have for portfolio companies so far, our first one is in sexual wellness, it's called Mod and that was a Series A out of New York. They saw the opportunity to sort of elevate that experience and speak to a little more mature customer. So you look at like Trojan and directs, you look at their marketing and it's not really aimed like a woman who

maybe wants, you know, like a cleaner product. And so they saw that opportunity really their innovations in their branding. And then on the flip side, we do some health checks. So we did an endometriosis diagnostic and their science is based out of University of Texas San Antonio. Really great science there. So one in 10 women suffer from endometriosis, but often can take up to eight years, and they have to have surgery to get their diagnosis. And so it's a really important problem. And then we've done a menopause supplement that's really exciting, and our latest investment is Flex company that does the menstrual disc.

Speaker2: [00:11:27] Great. Well, it's lots of challenges, as you mentioned before, in this space. What do you think is the main challenge startups face when they go out to raise funding?

Speaker3: [00:11:35] One is unconscious bias, so a lot of times are female founder, and I would say for all female founders, they're being asked even by women investors, more about their risks rather than the upside. And so I would say an advice would be to definitely practice like diverting. It's kind of like media training. You divert the risk question into an opportunity answer while still answering the question, hopefully. And I think that's something important like we have it in our team guidelines to actually write out questions ahead of time and really recognize where you're asking more risk questions, which of course we need to do. There's a lot of risks and start ups, but that's definitely a big piece of advice that I think as investors, we need to be more aware of as well. And you'll also have to answer a lot of questions about challenging and advertising. So a lot of Google Facebook bans women's health terminology by flagging at US porn, even though it's trying to solve a real problem. So I think women's health companies really need to work really hard to find other ways to advertise outside of those traditional ways. And an interesting story is that Dame Products actually sued the MTA, and now they're able to advertise and they're basically sex toys for women. But the MTA also allowed him to advertise for erectile dysfunction. And so you could kind of like really easily see that it's an equitable and so Dame products actually won the lawsuit after two years and can now advertise. So there's a lot of cool ways to advertise on kind of a proponent of doing things a little bit differently. I think Facebook costs too much to advertise personally, so there's a lot of new ways to reach your customers, right?

Speaker2: [00:13:33] What's the main challenge investors face in funding this space?

Speaker3: [00:13:37] I think if you're not really focused on it and you but you want to get into it, it can seem like a little difficult to navigate the competitive landscape. Like I said, women's health investors are very collaborative and I'm seeing a lot of interest in the area. So I'm actually in the all groups where we're talking about a lot of these deals. So I would say if you're looking to invest, you don't quite understand the landscape. Definitely reach out. We're happy to collaborate. And the fintech focus does have on the website the list of companies. I don't think you're going to get into the weeds as you would if you were actually talking to us, but you could be able to access that list of how many companies are working on an organic cotton tampon, to be honest with you. There are a few of these spaces that are a little crowded, so I would say that might be the hardest part. If you're new investor to it is understanding the competitive landscape, and I would say it's also important to understand the science. So definitely work with someone if you're not too educated in that area as well.

Speaker2: [00:14:48] Right? Well, there are several sectors and applications in the fintech space. If you had to pick one or two that are really good immediate opportunities to pursue, what would you call out?

Speaker3: [00:14:58] Um, I think as I said, I was seeing a lot of telemedicine just because there is a ton of opportunity of like, OK, we're not going to the doctor in traditional ways. So I think that's one area. I mean, I could go on. It's hard to limit to one or two. I think mental health is something I'm seeing as like a really big opportunity to work on and something I'm not seeing, but I would like to is more cryptocurrency blockchain solutions because that is the hot topic in the rest of the investment landscape. But I'm not seeing a ton in women's health. So if you are a founder working in that, please yes, message me.

Speaker2: [00:15:39] Right. Well, in the last few minutes that we have here, what else should we cover that we haven't?

Speaker3: [00:15:44] That went by really fast, but I'm not I'm not nothing's coming to mind that I need to discuss immediately.

Speaker2: [00:15:51] Great. Well, so how best for listeners to get back in touch with you?

Speaker3: [00:15:56] I'm very active on LinkedIn, so please add me some and happy to go from there.

Speaker2: [00:16:03] 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.

Speaker3: [00:16:09] Thank you so much.

Speaker1: [00:16:13] 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 by host and podcast guests are solely their own opinions and do not reflect the opinion of Investor Connect. This podcast is for informational purposes only and should not be relied upon as a basis for investment decisions.