

Lawrence Chavez of EveryDay Contacts

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. Investor Connect is a 501 C three nonprofit dedicated to the education of investors and startups for fund raising. 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.

Speaker2: [00:00:44] This is Hall Martin with investor connect them here with Lawrence Chavez, CEO at Everyday Contacts. Everyday Contacts is a premium daily disposable contact lens company designed for both patients and eyecare professionals. Lawrence, thank you for joining us.

Thank you all. Excited to be here.

Great. And where does this podcast find you today?

Albuquerque, New Mexico, which is where we are headquartered.

All right. So tell us more about your background. What did you do before this?

So my background by education and training, it's accounting and finance. But I have done I'm an offshore art, so I've done a little bit of everything, both from starting a number of businesses, including way back in the nineties, starting a retail music store, which is still in existence, it's still going strong and all the way up to being involved with a stage venture capital firm here in Mexico for a while.

Great. Let's talk about starting a business in the contact lens space. What do you see as the opportunity there?

So for us, the opportunity is to take an industry that has some unique differences from most consumer products. So contact lenses are one of these products that's kind of a consumer product, kind of a medical device, which really is a medical device.

But people treat it very much like a consumer product. I keep mine in my drawer, in my bathroom, at my house. So the opportunity for us is to take the industry into the next stage of the Internet. There's people who've tried to do things. 800 contacts has been very successful, but it has caused some challenges for the doctors and even for patients. And there's other people that have done far worse things, including being fined by the FTC for some bad behavior in the contact lens market. So what we see we're doing is basically redeeming the doctor patient relationship and allowing the doctors to recapture and reclaim that patient.

Great. And so what is the challenge in starting a business in this space?

I think the challenge for this business is the market is fairly entrenched just because of their the need for prescription for contact lenses. And one of the biggest challenges is just establishing those relationships with both the doctors and other thought leaders in the industry, which were very happy to say we've done an excellent job of.

Speaker1: [00:03:03] So what is the potential reward? How much your company is selling for here?

Well, the companies go for all over the place. So that's probably been a year and a half, two years ago that our contacts was acquired for \$3 billion. So that's kind of the high end of the spectrum. There has been acquisitions in the tens of millions to 150 to 200 million in the past 5 to 10 years. So there is a lot of opportunity here and I'm very excited about how we are getting to where the puck is, we're moving to where the market's going, particularly the things that have been exacerbated by COVID and how the doctors need to maintain that relationship with their patient.

So what's the difference between you and your competitors?

Well, there's a couple of different competitors in our space. So for the mainstream contact lens companies, there's four of them that basically have 80, 85% of the market. And the primary

difference between us and them, even some of the other companies, is we see our job is to help the doctor reclaim that relationship with their patient. And what that means is for contact lens users, about half of them walk from the doctor's office and buy product from other retail channels so that half of the doctor's patients do this. So basically the doctor makes a recommendation on the lens. Patients can either buy it from their doctor or go somewhere else, but half those patients go somewhere else and they go for price and convenience. Well, the reality is that costs the doctor a lot of money in aggregate over half a billion dollars a year in lost revenue for the doctors. More specifically, a patient that comes in for an eye exam that pays \$120 for an eye exam, then turns around and walks out. That patient was \$120.

Patient We can take an existing patient. The doctor has a relationship with them by providing a consumer friendly, quality, daily disposable contact lens. Take that patient for \$120 patient to more than double that revenue for the doctor. So it's a fairly significant increase for the doctor. And we do that in a way that's very consumer friendly. We're solving the consumer problems. The doctors have price and convenience.

Right this. What advice would you give to someone entering this space? Entering the market.

You know, it's a very interesting market. It is on one hand a very large market. On the other hand, the degrees of separation are very small. So the advice that I would recommend is get connected. We have been very blessed. We have some amazing advisors. We've met some people early on that made connections. So it's a very friendly market. People are willing to support and help each other, but it is those connections and you're probably two degrees of separation from anybody in industry, so those connections become very valuable.

So what online information source do you find most helpful in your work?

So for us, there's a number of things that are out there that are publicly available for Microvision counsel. The contact lens spectrum is a actually a magazine. They do an annual report that provides a significant amount of information that we're able to utilize and leverage just in terms of consumer behavior and doctor behavior, those type of things. So those are the primary two that we're able to get. And then there's just other things in terms of nothing beats customer discovery, talking to the people in the industry. So like you've been talking to a lot of customers and doctors in this space know it very well

You could start a business. Tomorrow in this space. What would that business be?

That's an interesting question because there's probably five or ten different opportunities. One of the things that's been very happening very significantly in that space is a real strategy for private equity to acquire added eyecare practices, which is a great opportunity for us because we're able to partner with these groups and be able to help solve that problem and making their customer a much more higher value customer. I think there's a big opportunity. On a side note, myself and a doctor from Chicago, Dr. Dana Sams, recently started an organization that's a nonprofit, Latinos in Optometry, to support the Latino and Hispanic community. In the optometry space, I think there'd be a large opportunity for a role of strategy and practices that support the Latino and Hispanic community, because that's not being done at this point in time. So there's probably three or four other market opportunities out there, but I think that would be one of the cool ones.

Right. And what is one thing your business did that you didn't expect?

One of the interesting things as we go out and talk to investors that we were very surprised on, our business model is predicated on partnering with the doctor as our retail partner to reach these customers. But for the consumer, it's very DTC. Everything they're getting is a monthly subscription to their home or office, the ability to go on and control their supply online, which is that consumer friendly element. And as we've talked to people outside of the industry, a lot of people, including when you talk to investors, they give you suggestions on what you should do. And one of the common features is why are you partnering with the doctors? You should just go direct to the consumer. And so that was a really surprising thing, is how strong of opinion people had on that. So people were either very strongly supportive of the doctor idea or strongly supportive of doing the exact opposite. To be clear, we've chosen we've chosen our path. We think it's the right strategy for a number of reasons. If anybody wants to contact me, I'm more than willing to enumerate those those reasons. But that was one of the surprising things, is how much pushback we had from people who thought going straight to the consumer was a good strategy. That's interesting.

Speaker1: [00:08:32] Well, in the last minutes that we Have here, what else should we cover that we haven't?

For us. I think the thing that we haven't covered is really the the problem statement in the market, which is that whether people like it or not, doctors make eye care practice makes half of their revenue from products and the other half from services. It's fairly amazing. That's the way the industry is set up. And because most of these products are competitive in the marketplace, most doctors are trying to do their best to be competitive. And so what we do is we help the doctors reconnect with those patients, and we feel like we've done this in a fairly novel way. Our business model is one that we've developed an e-commerce platform that connects with the doctors, connects with the patients, connects with our fulfillment house. We're dropshipping that product. We have the ability to do customer follow up. And I think that's the one thing that we really didn't cover and that we can do. If anybody wants to reach out to me and learn more is how we do that, how we create this next generation business model in a market where you have this kind of productive provision of a prescription that protects the doctors in some ways, but it also is a barrier for the patients in other ways. And we kind of bridge that with this next generation business model and our what we call our operational platform or our commerce system.

Great. Well, so how best for listeners to get back in touch with you to learn more about it?

So you can reach me by email and Lawrence Chavez at everyday contacts dot com. I don't have an issue with people calling my mobile as well. So 5054598212. I get more than enough spam. I'd be happy to hear from some people who are interested in hearing some good stuff.

So that's a good point There's always time for qualityDiscussions, so we'll put 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.

Thank you all. I appreciate it.

Speaker1: [00:10:27] Investor Connect helps investors interested in startup funding. In this podcast series Experience, investors share their experience and advice. You can learn more at

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