

## Olivia Kim of GingerBread Capital

**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 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. This is Hall Martin with Investor Connect. Today we're here with Olivia Kim, principal at Gingerbread Capital. Gingerbread Capital focuses on investing in and supporting the next generation of women founders and entrepreneurs leading high growth businesses across a variety of industries and sectors. Olivia, thank you for joining us.

**Speaker2:** [00:00:55] Thanks for having me.

**Speaker1:** [00:00:55] Hall So we always start with your background before investing in early stage companies. What were you doing?

**Speaker2:** [00:01:02] Sure. So like many people, I started my career in investment banking. I was an analyst at Bank of America merrill Lynch and their technology, media and Telecom Investment Banking Group based in New York. And so I was supporting my teams who were advising on a range of different transactions across debt and equity. And after that, I moved back to San Francisco, which is where I'm originally from, and worked on the investment team at Illuminate Capital, which is a private equity firm focused on making control, investments and enterprise software companies. And from there, I moved on to gingerbread capital, but I guess that's just helpful background in terms of what led me to gingerbread is that I think throughout my life and definitely my early career, I've I've cared a lot about surrounding myself with women and also, you know, working to support women in my day to day life, whether that be outside of work with volunteer work. And I went to Barnard College, which is a women's college. So I think, you know, graduating and going into banking and private equity, which are very male dominated industries, I was really yearning to to spend more time supporting women in my day to day work. And so when the opportunity to work with gingerbread capital and Money Roberts came up, I really jumped at the opportunity.

**Speaker1:** [00:02:32] Great. So what excites you right now?

**Speaker2:** [00:02:36] Sure there are few things that excite me right now. I think both from a broader venture ecosystem perspective, but also from an investment perspective that gingerbread capital. So I think from a broader ecosystem perspective, what's really exciting to me is that kind of the the mission that our reason for being has really been, you know, the trends have been moving in the right direction. I think it needs to be said that much more progress. There needs to be much more progress made. But I think even over the last few years since I've been in venture, I've seen and felt that the venture community has cared more and become more cognizant and aware of the lack of diversity in both the funder VC as well as the founder communities, and particularly for black and Latinx founders, particularly female founders. And I think we've felt more we've had more male VCs and more senior VCs coming to us to get more deal flow and to introduce us to their female founders, to introduce us to to have them us introduce them to, to other female investors, which is really positive and encouraging. And and we've even had male beasties coming to us, too, looking to introduce us to female lead funds so they can invest as LPs. And I think lastly, anecdotally, I haven't seen the numbers, but I think a lot more larger venture firms have put more of an effort into hiring senior women with check writing capabilities. And I think these are all aspects that are really important into making the venture ecosystem a more equitable and efficient and successful community.

] I mean, I think it's definitely frustrating that the pace of change is slow, but I think it's all positive. So that's something I'm really excited about from the broader ecosystem perspective and then from an investment perspective. So gingerbread capital, we invest through a gender lens. You know, all of our companies either have a female co-founder or founder, so but we invest across industries and we're generally stage agnostic as well. But there are a number of themes that really tie into our thesis that we've been investing against for some time and that we'll we're excited to continue investing against. And I think I'm happy to walk through a few of them. One is kind of products and services across industries that are have an increasing demographic focus and particularly focusing on serving historically underserved demographics, such as we have a company called 28 Health that's focusing on providing medication delivery and telehealth services for all women, but particularly focusing on women who are covered by Medicaid. So something like that, companies that are lowering barriers to access, whether that be in health care like a 28 health, financial services, etc.. And another area of future work. I

think that ties into our thesis as well. Kind of what does work in the workplace look like going forward? And another thing that we're really excited about is around conscious consumption. So products and services that are better for you, better for the planet as well.

**Speaker1:** [00:06:06] Great. Well, you see a lot of startups and investors out there. What's your advice for people that are investing in early stage companies? What do you tell them to do before they write that check?

**Speaker2:** [00:06:15] Sure. That's a great question. I think one thing that is really obvious when you think about it, but sometimes I'm surprised at how often it kind of gets left out of the conversation. And that's really around the exit and what the exit is. I mean, as investors, where the main point of investing obviously is us as gingerbread and other firms. There are other motives for investing as well as like the kind of impact that we're making and other other motives there. But as investors, the main point is to really make sure that you're getting a return on investment. And I think there are sometimes when I'm talking to companies or certain people trying to get into investing who, you know, I think the question around like, is this a good business versus is this a venture capital business? I think that's something that you need to continue to keep on top of mind because there are a ton of I think I see a ton of great businesses that can be profitable and make their customers happy and are serving a real need for their customers. But that, in my opinion, might not necessarily be valuable for whatever reason.

Maybe the market's not big enough. Maybe they're really large competitors in the space that it doesn't necessarily make sense from my perspective. But you need to think through as venture, as VCs, we're always going to be optimistic. But what? Is there a path to exit that you see that's generally realistic? And what are the paths they're. And then otherwise, I think that there are very common ways to to evaluate startups as and I think the team especially the earlier the company the team is really important. Do they have experience in the space that they're building in? And also I think like having someone with business acumen on the team is always going to be important, both business and the technology side, too. And one thing that I've been I think is becoming increasingly important to pay attention to or what are these companies acquisition channels and are those going are those efficient? And does the founder have a hold on those? Because I think particularly for consumer companies post the iOS change, that's been just really top of mind recently.

**Speaker1:** [00:08:42] Great. And then on the other side of that table, what's your advice for people running startups? What do you tell them to do before they go out to raise funding?

**Speaker2:** [00:08:49] Sure. I think something that's really important, at least for I mean, I think generally and something that's always been important for my team is. Can a founder really demonstrate that they have a really strong grasp and a strong understanding of the competitive landscape in which they're working in? Because one of my one of not my least favorite things to hear, but it's something that kind of frustrates me is when I'm talking to someone and they say, you know, we don't really have direct competitors because our our product or service is different from all of those out there, which totally might be true. I'm not saying that that's not possible, but I think there are so many circumstances in which maybe your product or service is not the exact same as any other company in the market. But just because a consumer or an enterprise buyer bought another product that's adjacent and might have similar not exactly the same capabilities, but they're not going to on top of that, I mean, maybe in some markets, but not always, they're not going to on top of that also purchase from me as well. So really understanding what the space that you're playing in and the value, the specific value providing to customers. But also how are you going to cut through the noise and the marketing of the other players in the space or in adjacent spaces or similar spaces? And is there customer education that's going to be needed around? Like, how are they going to know that they need your product and that their your product is going to serve their needs better or more holistically than the other ones? And is that customer education going to be expensive? Like, what does that look like? So I think that's really important.

And then I think just in terms of trying to find funding, I always tell people, which I'm not sure is the right advice, but I always tell people to kind of cast your net wide in terms of going out to identify investors or partners because. B.s. and funding is really a people business and you're really looking for partners, and it's not always clear who your particular value is going to resonate with. I've kind of seen some examples where a partner at a firm, they have a general, they have a, you know, more specific mandate, but they have some flexibility. And then one partner at the firm gets really excited because I have a personal experience about a certain product that might not be directly in the mandate, but maybe like a Jason or a related or or and and that happens and they end up funding that company. So I think just talking to as many people as you can is, is definitely beneficial.

**Speaker1:** [00:11:47] Right. Well, let's talk about the state of startup investing. We're in interesting times here for sure, but how do you see the industry evolving from here?

**Speaker2:** [00:11:55] Sure. Well, I think that. I guess I'll talk to one think about one area that is related to capital, actually, and that we've kind of seen over the last few years is the increased role of the family office within the venture and funding landscape that's relevant to us because gingerbread capital is actually funded out of Glen Roberts and the Roberts family office. So we've that's something that we've been paying attention to. More family offices are getting involved, both kind of on the direct investing side, as well as investing in as LPs and investing in in funds. And I think to us, there's something that Linnea talks about all the time when Emma Roberts is our founder and managing partner. But there's a I think it's a \$30 trillion wealth transfer that's going to be happening by 2030 from baby boomers to the next generation. And the next generation is majority female and women. We believe that women are going to want to put money to work in funds and companies and work with partners that care about diversity and care about their impact and really have a proven track record of that. I mean, if you think about Mackenzie Scott, who was previously married to Jeff Bezos, she's put a tremendous amount of money to work behind women and behind philanthropic and impactful causes. And I think that's a trend that we obviously very much believe in, and we think that that's just there going to be more and more women and people caring about that going forward.

**Speaker1:** [00:13:46] Great. And what you think is the biggest change we'll see in, say, the next 12 to 24 months?

**Speaker2:** [00:13:51] Yeah. That's a really good question. I'm not. I'm not totally sure, but I think in terms of the change. But one thing that I'm really excited to. Well, actually not excited, but I'm really interested to see kind of these posts. I know we're not post COVID or we're not out of the pandemic yet, but when 20 when the pandemic hit in 2020, it had really kind of extreme effect on kind of areas that VCs were excited to invest in. And I think that some of those areas are going to be continued areas of excitement, expanding markets like mental health, which I think that became a big focus during the pandemic and will continue to be post-pandemic. I think it just shed a light that will continue to the market's going to continue to expand. But there are other areas that I'm interested to see if that momentum will continue for. And for

example, like kind of connected at home fitness. I just saw something about Peloton the other day about how their Q1 results were just released and I think they have a funky fiscal year, but like but sales of bikes were down, I think 17, 15, 20 or somewhere around there percent. And are people going to continue to be working out at home or adopting these kind of at home fitness trends? Or are they going to want to go back to the gym or have they decided to pick up running outside? We're not sure, but I think we're going to kind of see the shakeout of some of these trends of where COVID will have changed the game forever in certain markets. And one, where is that just kind of a COVID bump for some of these industries and then it'll kind of level out or what does that look like? So I'm not sure exactly what the change will be, but I'm interested to see how it all shakes out.

**Speaker1:** [00:15:53] Well, we talked earlier about your investment thesis and some of the things you're doing there. What else would you like to add about that and what's your criteria for making an investment?

**Speaker2:** [00:16:01] Sure. So I guess just to refresh our our thesis is really around that women are building great businesses in every industry and every sector at the early stage. And given that VC is a relationship business and there are a small fraction of VCs with tech, female VCs with tech writing capabilities in the ecosystem, we think that many of these female founders, founders and businesses are overlooked and undervalued, and we're hoping to kind of fill that gap and catalyze others to pay attention as well. But our criteria, as I said, is that the company has a female founder, a co-founder. And I think that we're always looking at team kind of who's on the team and do we believe that this team is the right team to build this business and win the market? And then I think we are we invest at the we are typical entry point as a series stage or later and we look to make opportunistic and selective investments earlier. So we're really looking at traction and kind of what they've done since launch, since we do we don't do pre-launch businesses. And then on top of that, obviously with the quality and kind of the differentiation around the technology or service that they're providing.

**Speaker1:** [00:17:25] Right. And you mentioned several stars before, but would you like to mention one or two more that fit your thesis?

**Speaker2:** [00:17:31] Sure, I'd be happy to. So I mentioned 20 at Health before, which I think is reflective of the fact that and I talked about this earlier, but that digital health and health care has become has been such a huge focus in the last two years with the pandemic. And it's an area that we've been focusing on a lot of great capital and made a few investments or in this past year or so. But another one is TIA, which just announced a \$100 million raise led by Lone Pine Capital. And they are really aiming to be the front door of women's health. They have clinics there. I believe their flagship clinic is in New York and they're building out clinics in San Francisco and Arizona and a number of locations. And they also, I believe actually the majority of their services are provided via telehealth, but they provide both gynecological primary care, mental health services, as well as acupuncture. And I think TIA and telehealth are reflective of the fact that women's health used to be considered a few years ago to be niche, which makes absolutely no sense given that 50% of people are women or over 50% of people are women. And women actually make the majority of the health care decisions both for themselves and their families. So that's one we're really excited about. And then another one is actually I'll mention two to in the health care space, but Hued is a really early stage company that we invest in their seed last year, but they are focused on increasing increasing access to culturally competent care for black and Latinx patients. They're creating a cultural competency curriculum for health care providers and then working with health care providers and providing kind of a marketplace of culturally competent providers that black and Latinx consumers and patients can find more easily. And then I'd say, lastly, we just invested in work at Health, which is a telehealth platform that's focused on providing access to addiction treatment, particularly for substance abuse or for alcohol use disorder, as well as opioid use disorder and just lowering barriers there. And I think that's been greatly accelerated by the pandemic and allowing people to access care via telehealth.

**Speaker1:** [00:20:12] Well, the startup world is full of challenges. What do you find is the main challenge your startups face right now?

**Speaker2:** [00:20:18] Sure. I think one challenge I mean, I think we've all been hearing about it, but it's been really the labor markets have been totally insane. And I think hiring the right talent quickly enough has been really, really hard. You know, these businesses is so much capital to scale, but you need you need a lot of people to help with that. And particularly on the tech side, as well as the marketing side, too, I think has been difficult to just hire that the pace that they

need to. And then on top of that, I mean, speaking of marketing and I mentioned this before, but the iOS changes have been had a huge impact, particularly on our consumer companies as well as just consumer companies more generally in the market. Being able to acquire customers efficiently has been and kind of going back and reworking the playbook for where and how to acquire customers through some of these channels has been has been really difficult. And then on top of that, I think just raising our reason for being raising money for underrepresented founders is I think continues to be a lot more difficult than it is for founders that felt the quote unquote typical profile.

**Speaker1:** [00:21:48] Right. Then on the other side of that table was the challenge investors face in today's market.

**Speaker2:** [00:21:54] Sure. I think it's an increasingly competitive on the investor side, which I'm sure everyone has said to you before. I recently just read an article around that the quote unquote reverse pitch is becoming more common where founders aren't. They're not going out for a raise, but investors are sending them information saying this is all the work that I've done on you. This is what I know about the company in the market. And this is how we can help, which is which is really crazy. But I think it's become increasingly competitive on our side. And I think figuring out how to navigate that and rethink, rethink how to approach the current landscape and really thrive in it, and especially when kind of diligence and deal timelines are getting significantly compressed. I think thinking through that and being click on your feet and thinking through strategy on how to how to navigate that on a day to day is, is, is difficult and something that I think all investors right now are trying to figure out.

**Speaker1:** [00:23:01] We see a lot of sectors and applications out there. If you had to pick one or two that you think are good opportunities for investors to pursue today, what would you put at the top of the list?

**Speaker2:** [00:23:11] Sure. I think that's a great question. Obviously, I think as a disclaimer, you should be investing in areas that a really resonate with your interest and B that either, you know, you have some sort of background or perspective in or you know, people you can get up to speed there have some sort of a. Someone to advise you on that. But I'd say one area that I've been increasingly interested in and and surprised by is Pet. We have one pet focused



investment at gingerbread and it's doing great and the company is called baseballs, but we're definitely looking to do more. I think the tailwinds, they're just are really interesting. I mean, I think even before the pandemic, pet ownership was increasing among millennials. And I think as Gen Z ages, it'll, it'll, it'll be the same there. But people are increasingly spending more and more on their pets and more people are owning pets. And then with the pandemic, I think we all know someone who got a pandemic puppy or or a kitten and the need for services to help pets live healthier lives to live longer, lives with their food and with their care. And, you know, even with their leisure and their activities, that's been something that I think the market is. The tailwinds are just really, really growing quickly and there's there's no sign of stopping. So that's an area that I am looking to spend more time in and hopefully we'll make more investments there. And I think it's an area that people should look into.

**Speaker1:** [00:24:56] Great. Well, in the last few minutes that we have here, what else should we cover that we have at?

**Speaker2:** [00:25:01] Um. I think mostly covered everything. I'll just say our goal at gingerbread is to help more female founders get funded and make them support them and make them more successful. So feel free to reach out and I will do my best to help. Whether it's to evaluate the company, if it's in scope for gingerbread or to connect you to people that it might be more relevant investors or partners or people willing to provide feedback. I'd love to be helpful.

**Speaker1:** [00:25:35] Great. So how best for listeners to get back in touch with you?

**Speaker2:** [00:25:39] Sure. I would say probably you'll have my information, but I think LinkedIn is a good way to reach out.

**Speaker1:** [00:25:47] Great. We'll include 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:** [00:25:53] Thank you so much.

**Speaker1:** [00:25:57] 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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