

Khalil Shalabi of Wyth

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 Khalil Shalabi of founder and chief executive officer at Wyth Wyth is new carpool and rideshare app and service exclusively for university students. It is a closed loop system whereby drivers and riders are from the university community making it a safer option than current services. Khalil , thank you for joining us.

Speaker2: [00:00:58] Thank you all for giving me the opportunity.

Speaker1: [00:01:01] Right. So where are you calling from today?

Speaker2: [00:01:04] Just south of Chicago, Illinois. Great.

Speaker1: [00:01:07] And so tell us about your background before with what did you do before this?

Speaker2: [00:01:12] Well, I've been an entrepreneur for the last 40 some years. I've started multiple business ventures in different sectors. But for the last ten years, I worked in as an executive in logistics with a company that had over 11,000 drivers throughout the US and Canada. Great.

Speaker1: [00:01:31] So tell us more about starting a business in the area of ridesharing. What are the issues there?

Speaker2: [00:01:37] Sure. I think if we take a step back and look at the majority of successful businesses and how they evolved, I think a lot of it came as a result of ones experience of

problems that one encounters in their life or others around them encounter. So as you begin to look at that problem, you put forth a solution to that. If we look at Netflix with Reed Hastings, it was a simple bill that he received regarding being late two months and sending back a video. And that was the problem that he wondered how many others kind of and then Netflix is around blockbusters. Not so for me. I'm the father of four daughters that graduated from major universities. Three of them are doctors. So that tells you that my wife and I had to travel so many times to pick up and drop off our kids. And it's typically, after working a long day in the office that you had to travel with my youngest, I had to travel two and a half hours each way to Madison, Wisconsin, to pick her up and drop her off. It was on one of those trips that I began to think, there's got to be a better way.

And as they began to discuss the aspect with students about finding rides with each other when they go home, etc., there was a general excitement in the sense, yeah, we're always looking for rides, not just to go home, but visit our friends at universities and other things. So that's how we started the process with the carpool option, if you will. And then in 2019, obviously, COVID hit, which changed the business world. And what we began to hear from universities is that they were trying to create what they called a COVID bubble. And what they meant by that is that they wanted to insulate their students, faculty and staff from outside forces. And that really gave us an opportunity to look at rideshare in a closed loop system, as you have mentioned, whereby all of the drivers, all of the riders are from within that community. And so we pivoted and we began to sell this and this aspect of our business model to universities. And right now we've got around 23 universities with over a million students who are extremely interested in our product. And so we just began we've just launched at the University of Alabama.

Speaker1: [00:04:08] Great. And so what is the challenge in starting a business here in the ridesharing space?

Speaker2: [00:04:14] I think obviously the number one challenge or the multiple challenges that one faces is revolves around the aspect of the monetary resource, having enough money to be able to execute your business plan, but also the human resource, finding the right team to be able to help you execute with the experience that they have. With with right now we've got almost 30 individuals that have extensive experience in multiple different aspects, whether it's marketing, HR, etc., that are able to sit there and help me and help the overall prospect of this being a successful endeavor.

Speaker1: [00:04:57] But what is the potential reward here? What can be made from this?

Speaker2: [00:05:01] Well, I think for us, as we look at the aspect of five year projections on the carpool and the rideshare aspect of it, you know, we're looking at a potentially the company being evaluated after five years, around \$68 Billion, and that is just based on the two service models, that carpool aspect of it and the rideshare aspect of it. But more importantly, how then the rideshare and the carpool? I think all technology companies revolve around data and the monetization of data. So for us it is an extremely important aspect. And the reason being is because of our customer base and the age our customer base, 18 to 25, this is the most sought after data on a sector within the population. And the reason being is corporations look at this sector that if they can get them at this early stage in their life, that they potentially can have them for the next 40 years. So while the market for carpool is approximately \$4 or \$4 billion for us and the rideshare market to be around \$9 Billion, we see that the market for the data that we generate is going to be even eclipsing both of those together. And here's the important factor of why most technology companies that monetize their data, they're monetizing it on one touchpoint, which is the geographic aspect.

Where did you visit? That's why we see a lot of if you visited a website, you see a lot of ads that come through and, you know, trying to sell you because they know exactly where you visited. For us, students will be able to share also with us their demographics. You know what their gender is. That's number one. Number two, we'll also be able to elicit from them under on a voluntary process. Just want to make sure that we understand the psychographic aspect of it. What are their hobbies? What are their interests? What are they studying in school? What's their taste of music? What do they like to hear? And the reason we're going to be able to get this voluntarily from the students is have they as they travel together on a carpool, let's say a trip, then wouldn't they like to know a little bit about each other so that they can break the ice and be able to talk with each other, have the right music, etc.? So I think this decision making process, based on the data that they give us, is going to make a much better avenue for the writer and the driver to kind of match together.

Speaker1: [00:07:30] So what are the differences between you and your competitors? How are you different?

Speaker2: [00:07:35] Yeah, it's a great question. I think if there's one thing I'd like to do is, is thank Uber and Lyft for basically doing one thing ten years ago. If you were to ask a person that, hey, you're going to be able to jump in a car with a total stranger, and that stranger is going to be able to give you a ride from point A to point B. You know, they would have thought that you're crazy, but Uber was able to overcome that and Lyft. And now we are facing a much different marketplace in the sense that this process of getting in a car with a stranger is a much normal process for us. So coming back to the aspect of what differentiates us from Uber and Lyft, there are four main differences between us and between Uber and Lyft. The number one value proposition is what we call is our closed loop system. And here what we mean by that is all of our drivers are going to be vetted drivers through organizations, through the university, through their EDU. And so they are very known who they are. And all of our riders are going to be from that same community. So when we talk to organizations about that, they felt extremely comfortable that, hey, me knowing that I'm going to get in a car with a fellow student, it gives me a lot of relief.

The second important value proposition that we're offering that is totally different than Uber and Lyft as we launch at the universities, is the potential partnership with student organizations. We have begun a process of building relationship with the Student Government Association, which oversees all of the students at the university. We've also met with the four councils at the University of Alabama that represents 66 fraternities and sororities, and all of them are on board, as well as the faith based organizations. All of them are on board with us in the sense of since every organization they're members can be either drivers or riders for us, why not turn that asset into a moneymaking aspect for them? So by partnering with us, they will be able to receive anywhere from 5000 to 20000 a year by turning their members into drivers and riders. For us, the third value proposition that we offer that's different than Uber and Lyft is our pricing model right now. As we look at the Tuscaloosa campus of the University of Alabama, students there were actually paying anywhere from \$12 to \$40, depending on time, depending on surge, depending on distance for us within a three mile radius that covers the 97% of the housing, as well as the campus itself, as well as the business district that the students go to.

All of our rides, irrespective of distance, are just going to be \$5 later on. We will also be putting forth an unlimited ride package for students. As an example, four days Thursday, Friday, Saturday and Sunday they can ride for 30 bucks and for a five day unlimited rides. They can pay \$50 for that. So this is the third aspect of our differentiating. The last aspect, which is also the most important for us, is the aspect of safety. I can tell you 50% of the population of any

university are typically females. And as we talk to the 19 sororities at the University of Alabama, as we talk to the university, as we talk to parents, the number one aspect that they talked about is the aspect of safety. And as we talk to the student and sororities in particular, the leadership there, when they realized what we were doing in the sense of a closed loop system and they're going to be getting in a car with a fellow student, they felt extremely comfortable in using our service and promoting that service. So these are the four main elements that differentiate us from Uber and Lyft.

Speaker1: [00:11:19] So what advice would you give to someone that's entering the ride sharing space?

Speaker2: [00:11:24] Yeah, I would I would say probably they have to have a lot of endurance and fortitude. I started this this concept in January of 2017, and we just recently launched at the University of Alabama. So having that endurance and having that 42 to be able to continue to send endeavors is very, very important.

Speaker1: [00:11:47] What online information source do you find most helpful in your work?

Speaker2: [00:11:51] Um, for me, I think reaching out to and looking at Inc, looking at Forbes, utilizing the research capability of Bloomberg is extremely important. But if there is one thing that I would suggest to any entrepreneur or anyone with a business idea that they think it's going to be a large idea that they should get to know a. Dr. Steve Blank. Dr. Steve Blank is the one that put together the MVP's, etc. and he really nails the aspect of success. If you follow the directives of Dr. Steve Blank. I think you can become a successful businessman.

Speaker1: [00:12:34] Right. Well, if you could start a business tomorrow in the ridesharing space, what would that business be?

Speaker2: [00:12:40] I think it's the same thing that we're doing right now. Hall Universities have always been the hotbed of where you want to start a business. If we look at Facebook, if we look a lot of companies, this is where they started at the university aspect of it and including carpooling. I mean. Right. Started by Steve I'm sorry, Steve Logan. And it was started in 2008 as a carpool option for students. And at that time he was going to UC Berkeley and he wanted to

go to visit his girlfriend in Los Angeles and he couldn't find a ride. So he figured that there's a lot of people that like him that we're looking for. Right. So he started that business called Zim Ride Zim, right. In 2013 was sold to Enterprise and they converted it to carpool, but rent the car from us, thereby killing the idea that he created. So we're doing that. So the thing about universities is college students are always the the best first adopters of new technology. And that's why we're starting their.

Speaker1: [00:13:44] And so what is one thing your business did that you didn't expect?

Speaker2: [00:13:48] I think for me, obviously, when you have a vision of basically changing the world for the better, it is extremely hard to find and to get people to kind of join you and to see that vision. But for me, I think what was rewarding is it was really the opposite as I began to talk to people. There was instant identification of the process, whether they have kids in college or they go back and they remember themselves as being in college and always looking for rides if they didn't have a car. So for me, that was the thing that I did not expect with this business plan, the ability for people to identify with the problem as well as the solution that we're bringing forth.

Speaker1: [00:14:30] Right. Well, in the last minutes that we have here, what else should we cover that we haven't?

Speaker2: [00:14:35] Well, I think we covered the solutions for mobility and potentially, you know, the aspect of kind of organizing the over 10 million students with cars on campuses now, those 10 million students with cars on campuses, they are in 2800 college towns. A lot of people think that Uber is everywhere, but Uber is not. Uber in the United States is an only 263 cities. So I want you to imagine that there are ten and that as we look at Uber and Lyft today, Uber is worth approximately between 70 to \$100 Billion. Lyft is worth approximately \$30 billion. All of their business model revolves around drivers. All of their business. Now, without the drivers, they really don't have a business. And so for us, we have over 10 million students with cars in 2800 college towns. The question for us all is how do we organize this vast majority of students with cars so that they are able to leverage this asset into moneymaking into a job making good money? Right now, we're offering students 14 to \$20 an hour on a flexible schedule. That's a lot of money, especially in a state where the minimum wage is \$7.25. So for us, the aspect of

organizing this \$10 Million into so many different facets, again, whether it's mobility, whether it's the aspect of last mile delivery.

But we see something else even bigger than all of that put together. If we look at the social media and what has social media done for us in the sense of separating us, in the sense of placing each of us on an island? When we look at Twitter, we look at a company that allows people to kind of put their thoughts out there. But you're really on an island, putting your thoughts, trying to get a reaction from someone. When we look at Facebook, Tik Tok, etc.. You're really putting out there pictures and videos of yourself and things what you have done. But there's nothing out there right now that we see that can really bridge that gap and bring people back together. And we really see the aspect of us launching at the university, launching with students that we are we can be in the future, play a positive role on a social aspect of our platform so that we can bring people together to do things together. So that is some of the things I think that we are very, very excited about as we continue on our march in launching this company.

Speaker1: [00:17:08] So how best for listeners to get back in touch with you?

Speaker2: [00:17:11] The best way is to send me an email. My first name lobby at Goethe. So it's Al. I'll lobby Halabi. I'd go with.

Speaker1: [00:17:23] Right. 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: [00:17:29] Thank you all. Have a great day.

Speaker1: [00:17:33] Investor Connect helps investors interested in startup funding. In this podcast series Experience, investors share their experience and advice. You can learn more at Investor Connect dot org. Paul Martin is the director of Investor Connect, which is a 500 1c3 nonprofit dedicated to the education of investors for early stage funding. All opinions expressed by hall 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.