

Guy Remond of EHE 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. 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.

Speaker2: [00:00:44] Hello. This is Hall Martin with the Investor Connect. Today. We're here with Guy Remond, co co-founder and partner at EHE Capital. EHE Capital is a highly efficient, tech led private equity organization with a genuine focus on supporting entrepreneurs through their company's high growth stage through to a successful conclusion. Guy, thank you for joining us.

Speaker3: [00:01:03] Hi ho. How are you?

Speaker2: [00:01:05] Great. I'm doing great. Doing great. Looking forward to catching up with you. Where are you calling from today?

Speaker3: [00:01:12] I'm based in Manchester. She may be able to tell by the accent in the UK, in the north of England. For anyone that follows the football over here or soccer, as you guys call it, famous for Manchester City and Manchester United's football teams, Manchester City have just actually a week or a week ago won the Premier League for the third year running.

Speaker2: [00:01:36] Right. So tell us more about your background. What did you do before this?

Speaker3: [00:01:41] So I'm a tech guy. I'm kind of a geek, I guess, in a nice way. And I built a software company called Cake Solutions, which I started in 2001, and it was acquired in 2017. And since then, really, I did a couple of years with the acquiring organization. Then kind of I was in the spot that I guess a lot of entrepreneurs who who have an exit then assumption as to what to do next. And I ended up investing in a few companies that I've worked with in the past that

were looking to go for fast growth as well as working with them. So I kind of worked with probably six or seven companies in that regard, and I also set up two brand new organizations with two different co-founders. The first one is a legal document platform called Guider, which is DUI, ADR, qui dia dot legal. We aim to be the the largest, most successful law firm in the world. That doesn't imply any lawyers. So we aim to work with small to medium sized law firms to help them digitize their services and compete against the non legal self-help platforms. So that's one organization. My business partner is a guy called Davis and partner based in upstate New York. Proper lockdown story just very quickly and spoke first spoke to him in October 2019. We decided to move forward and build a platform that kind of fulfill the vision he'd had for a few years in February 2020. And then obviously March 2020, the world shut down.

so I actually met Dave in person for only the second time about three months ago. And in the meantime, we've built and launched this amazing legal document platform. And then finally, what you guess what is what we're here to talk about today is capital. So I set that up with my business partner, Gary Fletcher, who is from the funding world, and we originally set out to do private equity a little bit differently. We felt that in many cases the entrepreneurs were forgotten and not dealt with in the right way. And when it came to funding and we wanted to with our entrepreneurial head on, work with entrepreneurs and help them get the right funding from the right kind of investors and invest in those companies ourselves and help those companies grow. We then since pivoted to also add a platform which is effectively a matchmaking platform. There's a lot more to it than that. We're really leveraging technology to help us make some of the decisions along the way. But ultimately we want to provide filtered, highly filtered deal flow for our investors. And we also aim to provide the entrepreneurs who are successful and get through our vetting process. And we want to provide them with not just one investor that may be interested in them, but several. So the entrepreneurs have a choice of invest and they can make the right choice for the right reasons, rather than really having no choice or having a choice of one investor. Which can be problematic sometimes.

So to us, the challenge is starting a business like this.

Well, I guess funding is always, always a challenge, which is kind of ironic because that's what we're trying to solve for other companies. Now, fortunately, Gary and I have been successful in our business career, so we've been able to sell off on this and we intend to carry on doing that. It's actually a terrible cash flow model because we quite literally, we really don't make any money until the the exit of these companies that we help secure funding. So really, the next

three years, probably more like five years for many companies before they get the exit that they're aiming for.

Speaker2: [00:06:06] So what are you seeing in the way of exits these days? Where are you seeing around valuations and the like?

Speaker3: [00:06:13] Well, you know, I mean, Gary comes from quite a traditional industry, so his background is laser industry, had several successful exits within that industry, quite well known in that industry. He sits on the private equity board of a mid-sized private equity organization. Know he's used to the more traditional valuations and exits where it's defensible multiple on the Dow. So I come from the mad world of tech and sometimes there's no rhyme or reason for the multiples and the valuations and actually the valuations that entrepreneurs consider companies when they're looking for funding. And so we try and put a pragmatic front on that side of things and make sure that we believe that the entrepreneurs who are looking for funding are doing so at a realistic valuation and bringing in the right investor as a consequence so the valuations can be nuts. Know if you're if you're in the metaverse in particular at the moment, you know, there is literally no rhyme or reason. But valuations have traditionally been very strong. Quite often a multiple of revenue as opposed to a multiple of profit or EBITDA being very strong. It'll be interesting. The world is clearly moving towards certainly business is going to struggle a little bit over the next couple of years, maybe even recession. And it will be interesting to see what happens with the valuations when that happens. We're already seeing the stock price of some of the tech companies falling quite dramatically. My sense is that that will continue for a little while before they begin to build back up again. They are, you know, ultimately long term, strong stock options, in my opinion, because they attract product companies that are going to lead the world and solve big problems in the world. And the tech companies that are going to survive, the companies that don't adopt technology are probably going to be dead by the time 2030 comes around.

Speaker2: [00:08:30] Well, there are several companies that are providing platforms in this space. How are you different from your competitors?

Speaker3: [00:08:38] Yeah. So we for a start, we are entrepreneurs ourselves and although we, we have a fairly large degree of automation and pretty smart technology within the platform

and we have big plans to carry on improving that and building that over the next couple of years. And that in itself will make us pretty unique in the way that we're going to do that. And clearly, I want to tell you too much about that, because that might give the game away a little bit. But I think we also understand that the human element is really important here, and I believe that we do a high degree of high quality filtering of the opportunities, and we provide all our investors that we put our companies in front of with a decent amount of information, not full due diligence, because that's up to them. They're the they're the experts in this area. But we provide a high degree of information and filtering on the investment opportunities so they can, as informed investors, they can make their own decision. We don't make any recommendations. We just do some some work and provide them with the relevant information.

Speaker2: [00:09:54] So what advice would you give to someone that's entering this space? What do you tell them to do before they jump in?

Speaker3: [00:10:00] Well, I mean, if you I mean, I would assume that you mean the entrepreneurs looking for funding. And then the biggest issue we have to two big issues. One is normally the quality of the pitch deck, the pitch that should generally sales debt rather than debts that have been aimed at investors specifically. So they quite often don't tell the story in the way that the investors want to understand the business and the financials in particular. And I think the second major problem we have is often valuations where there is an unrealistic expectation on the valuation. And we have to really try and guide the entrepreneur and and say, look, you know, because of X, Y and Z, our feeling is that the valuation should be between these two kind of figures. And really, it's up to the entrepreneur then as to whether they agree or not and and ultimately whether we put them forward to our investors or not, because it's pointless putting forward a pitch deck with a valuation that is just clearly not realistic and would never pass muster with the investors. We try and get the entrepreneurs to be as investor ready as possible. We provide them with the pitch deck that we've helped the entrepreneurs with. We provide them with a report on the the the directors that we've reached out to a number of websites via their API's and pull pulled in all sorts of current information and historical information on all the key team members and the entrepreneurs who have founded the company. We also provide a video of the entrepreneur actually presenting the pitch deck so that the investors very quickly can decide whether it's something they want to look into further.

Speaker2: [00:11:59] Straight. So what online information source do you find most helpful in your work?

Speaker3: [00:12:05] Well, like you say, we've got this we've got effectively an AI that goes out and tries to find information from various websites. So things like TechCrunch. Useful, really useful source of information. LinkedIn is a very useful source of information or the APIs are very limited. Twitter. You can do some sentiment analysis around Twitter and the companies house in the UK. I'm sure there's a body in the US as well and similar Companies House. But Companies House is a government organisation that keeps all the records from various companies, the company officials and the company accounts and historical accounts and that kind of thing. So, you know, there are many different sources of information that some of which you've got to pay for, some of which are freely available. And we try and tap into as many of those as possible automatically to produce this report for the investors so it can supplement the information that the entrepreneurs supply through our platform and through the deck.

Speaker2: [00:13:16] Well, that's great. So you see a lot of different businesses out there and technologies that are coming up. Aside from the business that you're in now, if you could start a business tomorrow, what would that business be based on new opportunities that are coming up?

Speaker3: [00:13:30] Well, to be honest, it's the kind of stuff I'm doing now, you know. You know, if you speak to people, everybody's building a platform at the moment. Right. But the reality is that platforms are the future of tech and businesses and making things efficient. The vision for IHG is to be the largest and most accessible community of investors and entrepreneurs in the world. And we're using technology to manage that. It's effectively a digital community of entrepreneurs and investors, but we also then plug in events, in person events, and now that we can. And it's been amazing since we have done you know, we've had several investment events here in the UK this year and last year with 100, 200 of investors and entrepreneurs in the room chatting and doing business. So it's that kind of combination of that hybrid model that we're hearing so much about with how this is working. And I think that happens with platforms now that it's that combination of successful platforms combined both physical and digital. So yeah, that's those are the kind of businesses that I would be looking at in the future.

Speaker2: [00:14:50] And now in the Web3 world, next generation Internet technology, we're hearing a lot about distributed autonomous organizations for fundraising and other things that similar. What's your take on those, and do you think they will be successful in raising funding in the future?

Speaker3: [00:15:07] Yeah, totally. I mean, I've you know, I've taken part in several networking events across the world in a VR room using an Oculus headset. And actually the pretty good I would say I was pleasantly surprised. I've been around a house in the virtual world, a new build that you can walk in and walk around each room and have a look around and that kind of thing. And again, usually the the Oculus headset. So there's plenty of real world practical stuff going on in the metaverse already. Imagine being, you know, being let's take Manchester City, my football team are here over here in the UK. They have a fanbase all over the world, as do Manchester United, as do most of the Premier League football clubs. And you can have the best seats in the House on the other side of the world with a VR headset on, which are becoming smaller and smaller and higher and higher quality. And watch the game and you can turn around and there's people sat next to you and there might be avatars, there might be actual real life images of the the top parts of some of these some of these bodies. And you can buy the best seats in the house and watch the game from the favourite spot in the stadium without even being there. So and another practical use, I talked about the, the entrepreneurs help entrepreneurs, the events that we run. Imagine having some AR glasses on that as you walk past somebody and it says who they are, what company they work for, whether they're an investor, whether they're an entrepreneur, and just having that information flash in front of you, imagine them arranging to your mark on on the on the platform who you want to meet during the course of the evening and being able to spot them in a crowded room without having ever met them before because you are flashes will take you to where they are in the room and that kind of thing. So there's some amazing uses of technology that are being implemented as we speak in the the metaverse.

Speaker2: [00:17:24] Well, great. Well, I've been running this business for some time. What's one thing your business did that you didn't expect?

Speaker3: [00:17:31] Well, we were pure private equity players to begin with. We wanted to do things differently, essentially playing our own park and the entrepreneurial angle. We are entrepreneurs ourselves. Quite often the bigger investment organizations aren't. So we wanted to be a bit different, and actually we still do that, but we pivoted as well to the platform play. So and actually we, we launched that thing probably about eight weeks ago now and we've already had 75 investors sign up for the platform. And I think in the region of 40 pitch that have come in that we're currently going through the platform, going through our process where the the guys that we have in our team are looking at the quality of the offering and the ones that get through we're working with to fine tune their presentation ready for the for the investors. So that was something that we weren't expecting to do 12 months ago even.

Speaker2: [00:18:32] One of the last minutes that we have here. Well, should we cover that? We haven't.

Speaker3: [00:18:36] I think one of the things you talked about the we touched on earlier in the conversation about the amount of money you need to to launch these things and actually to start a business. Nowadays, you don't need much money. So in my opinion, you know, you've got plenty of SAS offering software as a service offerings that for the first part of your you know, as you said, the business is free and it's only when you get to a certain size that they actually start to charge. So you can start a business operationally using some really smart technology for very little money, and you can be very smart with marketing as well. So you can do what you're doing. You can do podcasts, we do podcasts, we do one the which is called Extraordinary Entrepreneurs Together, and I do one for Guided the Legal Document Platform, which is called the Guide Legal Community Podcast. And I do as many of these kind of things as you can. And the podcasts that we produce internally are then transcribed into blogs, and we push stuff out into the kind of the blog space as well. And then we use all the various social media channels to the relevant ones to try and push the message out there. So there's an awful lot of stuff you can do that actually doesn't cost you anything of your time. So the message for me is that if you've got a great idea, then give it a go and always consider the worst case scenario. Don't be silly about it. Don't put tons of money into it. Try and do things on a shoestring till you get to a certain point where you prove the concept and you really got a platform to launch your business properly. But yeah, absolutely give it a go because if you get started, it's really cheap.

Speaker2: [00:20:24] Great. So how best for listeners to get back in touch with you?

Speaker3: [00:20:29] So my personal email address is my name, which is Guy Jiu Y and then Raymond r.E.M, OMD. So that's Guy Raymond at gmail.com. Or you can get me on my email address, which is Guy G y at IHG dot capital. You can find me on links in the bios pretty up to date, and the companies that I'm working with are pretty current as well. And so I'm sure you'll be able to find information about me out there if you want. There's also there's several books that I've been involved in or written on Amazon. Again, if you're interested in any of the areas that I'm involved with.

Speaker2: [00:21:12] Right now, I want to thank you for joining us today. We'll include those in the show notes and we hope to have you back for a follow up soon.

Speaker3: [00:21:19] Really nice to talk to you. Thank you.

Speaker1: [00:21:20] How 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. Multi 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.