

Transcript of Jose Luis Silva

Hall T. Martin: [00:00:00] Well, hello, this is Hall Martin with Invest Connect. Today I'm here with Jose Luis Silva, co-founder and managing partner of Duke Capital vc. Duke Capital manages emerges as a beacon of change within the American venture capital landscape, carving a niches, one of the select VC funds exclusively dedicated to nurturing the growth of early stage startups, led by [00:00:20] Latinx founders.

Jose, thank you for joining us.

Jose: Thank you very much Holly. It is amazing for giving me the space to Great. So where are you calling

Hall T. Martin: from today?

Jose: So I'm here in Austin, Texas where I live with my family.

Hall T. Martin: Great. I'm here in Austin as well. So glad to connect with you over the riverside today. So, let's just jump right into it.

[00:00:40] What was your background before joining Duke Capital? Yeah,

Jose: sure. So, uh, before starting the fund, I used to be an investment banker. Sold my soul to the devil those years in my twenties. So it was a great, great timing. I, I spent there almost 10 years. Specialized in, in m and a and capital markets as [00:01:00] well.

And I, I specialized, uh, two blue chips, blue chip companies, uh, trying to buy or sell. And, uh, and I did that in Mexico City. I'm Mexican, so I did that. Then, uh, I got rid of that one for my M B A and then everything started from there when I started the [00:01:20] fund.

Hall T. Martin: So what excites you right now?

Jose: Yeah, so I mean at that moment, there was a very.

A great aha moment for me during my M B A because in investment banking, you, you don't see the, the reality, which is the entrepreneurs outside [00:01:40] that are American, the reality, right? The the ones that start creating and start their own business. So, That was the, the thing that made me very excited about

when I was, I was studying and actually it was, that was a driver to start my own fund in Mexico City.

So today that same [00:02:00] spark is a spark that makes me wake up every day, the entrepreneurs that are outside. And since I am Mexican and now I am, I live in the us I've personally lived. What is, to come in as an immigrant and it's difficult to blend in. So since day one, I dedicated my [00:02:20] fund to invest in people like me, so they would never fail because of the lack of money.

So that makes me very excited every day, makes, makes me continue every day to invest in early stage Latinos that are changing this country.

Hall T. Martin: Well, you see a lot of startups and a lot of investors. What's your advice for people [00:02:40] investing in startups? What do you tell them to do before they write that

Jose: check?

Yeah, so I mean, for me it is about the team, right? So you can have a great product, uh, iPhone 14, pro x, max, whatever. But if you have a bad team, you will not sell that, that product. [00:03:00] Instead, you can have a perfect team, an amazing team, amazing human beings, and probably you can have a bad product or service, but you will make it happen.

You will pivot, you will make enhancements, whatever. So with that said, my number one thing is to really get to know the team, the founders behind [00:03:20] this startups, and not only the founders. Also, if this founders, they already have a team in place, go and interview everyone in the company, in, in the startup.

I think everything starts from there. So, building that relationship with that team. It's vital for any investor, either [00:03:40] an angel investor, a friends and family, or even a venture capital, institutional venture capital like us. That for me, is the DI differentiator between a good and a bad investment.

Hall T. Martin: Great. And on the other side of that table, what's your advice for people running startups? What do you tell the founders to do before they go out to raise funding? The

Jose: same again, so, [00:04:00] if you go out there, there's a lot of money, but you have to direct that money to what you do. First. Try to search for investors that do invest in your industry.

Try to find investors that have the same mission that you have. For example, if you're a Latino and you [00:04:20] go to see who is DUX Capital, and you see that Dux Capital invests in Latinos. Then there is a fit there. So , my recommendation is to always try to look for that fit, with the investor and again, make a relationship with that investor.

If that fund or group [00:04:40] of, of allocators, uh, has a lot of different collaborators, try and become friends with all of them and, and try to. Attack these investors in, in many instances. So that's, that is my recommendation with, startups seeking, an investment round. Great.

Hall T. Martin: Well, let's talk about, about the [00:05:00] state of startup investing.

How do you see the industry evolving these days?

Jose: So, I mean, I'm very positive on the situation these days, uh, 2023 for an asset allocator such as us. It's gonna be one of the best vintage years in the, in the past 10 years, set by different analysts and, and us as well. [00:05:20] Because venture capital and investing in startups is counter cyclical.

When you allocate this capital in macroeconomic situation such as today, you are valuations are more into ground, more. not that overvalued. So this 20 20, 23, it's gonna be a great, [00:05:40] allocation for venture capitals and investors. And in turn for startups if they find those investors, It is a good moment because unfortunately money scars more scars this year. , but I, I believe it's gonna be a good momentum for both. Startups and VC funds, [00:06:00] startups who innovate are the ones that are winning that are going to win. and it is difficult to find them, but of course you have to be very active as an investor in order to find these good deals.

I'm bullish on the US markets, especially when you invest in diversity and inclusion, which we do [00:06:20] because diversity, it is proven that drives larger profits. Great.

Hall T. Martin: Well, let's talk about your fund. Tell us more about your investment thesis for this sector of investing in Latinx. How exactly, what exactly are you looking for?

Jose: Sure. Thank you. So first of all, as a general rule, we have to have four variables. In [00:06:40] order to invest, we have to have knowledge on that industry. We have to have network on that industry, and we have to have a

background on, on that industry. And of course, it has to be a Latino founder. So I. With these four variables, because we are , a smart money fund.

If we don't have these [00:07:00] variables, we, cannot invest because money's out there. But I think that an active investor in your startup, it is very valuable. So, uh, we like to lead rounds all the time because of our investment banking background. We do so, and we invest in early stages, meaning seed and series [00:07:20] A rounds, especially seed rounds.

We allocate \$1 million on average in these startups, and these startups have to be located in the US market. We receive pipeline from most of the us. Primarily in the states that the Latino community is more present, [00:07:40] a lot from California, Texas, of course, Florida, Chicago, the Boston area as well, New York, and that is our main thesis.

We are, as I said, a very active but non-invasive investor.

Hall T. Martin: Sounds good. Can you talk about a portfolio company that fits that thesis?

Jose: Yeah. For example, [00:08:00] in in industries like FinTech, InsureTech, legal tech, e-commerce, we are one of the few. , Latino funds that invest in C P G as well because we have background on the C P G industry, uh, like food tech or around logistics as well.

Last mile delivery, commerce marketplaces. And, uh, , one [00:08:20] example of a C P G investment that we've done in, in fund one. Today we're in fund two. It is chadis, which is his, An Austin-based c p g startup that uses regenerative cheese, , that created a, cracker that competes with, uh, crackers that are mostly On non cheese, [00:08:40] elements. So, uh, we invested in them, three years ago, and today we're helping, helping them, sail in all around the place in the US in Latin America as well. And that is, uh, an example of a startup. We invested in their pre-seed round, and today they're raising a serious a round.

So like, like those, we have [00:09:00] invested in 18 startups since we started. This is our eighth year of operations and with in fund two. Great.

Hall T. Martin: So I always ask this question, what online resource do you find most helpful for your work?

Jose: So I would say three of them. I, I love [00:09:20] PitchBook. it is, an amazing, place to look for deals, especially for, for venture capital deals.

So that one is very valuable not only to search for deals, but also to search for, for comps, right? So when you want to evaluate the startup, it is a great place to see. Comparables and see [00:09:40] multiples around different sectors. Crunchbase as well. It's, uh, I like it very much, which all these deals are, are reported there as well.

and there's another one that I really like called Quida. I'm, I'm gonna send the, the link. So EQU gives you an online, [00:10:00] platform. To prepare valuations, even if you're not a finance guy. So this is great for, for VC funds or for investors in general, but also is very good for founders to try to prepare your valuation of your startup.

So I would say those three are amazing.

Hall T. Martin: Sounds good. So [00:10:20] you see a lot of businesses and new business models and technologies. If you could start a business tomorrow, what would that business be?

Jose: Yeah, so I mean, I love this question. We receive 30 startups per week, so we see a lot and I'm very grateful for that.

And, and we've seen amazing business ideas. [00:10:40] So one that excites me a lot since we started. it's in FinTech, especially with the Latino, Population. , the underrepresentation of banking services to our community has been historically low. the remittances that go from the US to Latin America, it's trillion dollar businesses.

[00:11:00] So I would do something around that combining, crypto. Blockchain and FinTech in order to help Latinos in the remittances areas. So that would be something that I would be interested in doing. There's startups that are doing this historically, but , I would try to do something around that more innovative and, and [00:11:20] more, more accessible to our community.

Hall T. Martin: Cool. Well, in the last few minutes that we have here, what else should we cover that we haven't?

Jose: So probably in the. In our team, I would say it is a very diverse team. We, all of us are Mexican. We are, two co-founders. Daniel Santa Marina, and myself and Susanna Espinoza [00:11:40] Reyes, our, our third partner. She, is one of the few Latina gps.

unfortunately we need more. and talking about Latinos probably, I, I can say that. We are 19% of the population of the US and unfortunately, less than 2% of money flows into us. [00:12:00] So that is a glaring disparity that cannot be ignored. So, we are not only a profit driven fund, but, but as I said, a mission driven fund.

So, I invite our audience to take a look at this misdirect presentation because it's not only in, in the Latino group, Community, but in a lot of immigrants. [00:12:20] So that it's, that it's amazing because we combine, the mission with the profit, right? So, our team is very specialized on tackling this, this type of investments and, and take a look at our webpage and, and all the materials that we're gonna send to see how we do it, right?

So probably that, that could add up [00:12:40] to what we've been talking. Great.

Hall T. Martin: Well, so how best for listeners to get back in touch with you.

Jose: Yeah, sure. So I respond to everyone, so my email, please send me an email at any time. I'm very intense JL at Docs Capital vc. Dukes [00:13:00] Capital, the right name is Dukes and I didn't say it.

Dukes means leader in Latin, so JL at Ducks Capital VC and obviously welcome to receive any LinkedIn contact and obviously in our, on our webpage, www.dukescapital.vc, that's the best way [00:13:20] to get a hold of us. But please send me an email and I'll respond to you at asap. Cool.

Hall T. Martin: Well, we'll include that in the show notes.

I wanna thank you for joining us today and hope you have you back for a follow up soon.

Jose: Thank you very much, Hal. This was an amazing and and hello to all the audience as well