

# How to invest 07

**Hall T. Martin:** [00:00:00] Hey everyone. Today, we're getting into the nitty gritty of startup success and the investor game. Join me for a chat where I explain how 10 Capital works, connecting startups with investors through events, intros, and solid support. While many focus on FDA approval, our guest today shares a unique approach.

They're laser focused on data collection to supercharge the US dataset. Join us as we unravel [00:00:20] the strategy and. Discuss the vital role of well defined FDA path plays in securing investor interest. Stick around as we unfold the investor playbook and chat about the crucial FDA path. Let's dive into this episode. Well, cool. Well just wanted to learn more about where you are with your fundraise, and glad to tell you about 10 Capital.

Where would you like to start? [00:00:40]

**guest:** Well, I think if you give me an, I read up on you a bit, uh, I'd like to understand, you know, uh, a bit more in detail about your business model, about your added value and, and, you know,

**Hall T. Martin:** success. Sure. So at heart at 10 Capital, we're basically helping you find more [00:01:00] investors. We do investor relations and introductions, taking your deck out to our network.

We have 20, 000 and we're building a list of interested investors. We usually get 3 to 400 saying they're interested, although it's just superficially interested. And then we're going through the process of giving him updates about the deal, and then we're inviting them to hear you pitch [00:01:20] in our online events.

Now they are at 3, 1, 1, 1 to 3 PM us central time. So that's going to be a bit late for you. If you wanted to join it's 9, 10, 11 o'clock, but we've had people do that before. Unless you have somebody here on the us time zone. A lot of people have someone here in New York or something that's doing it, doing that, that type of work for you.[00:01:40]

But we, you, you asked, you have 15 minutes to pitch, answer questions. We do several of those. Then we start doing custom events. We invite thought leaders to come out and talk about what's going on in your space. Net has the that attracts more investors into the zoom call. These are all online. After we do a series of events, we then start going through our network [00:02:00] and we

start applying to angel groups and syndicate funds and micro VCs that would fit.

We're helping fill out the application form and going through their process because they've got a gated process we have to go through. Like I say, it's investor relations. After you get about the second month, uh, middle of second, third month, we start working on closing the investors who have [00:02:20] expressed interest.

And we find that we can schedule in person meetings, uh, to help close. Once you have an introduction, you can take them to close. If you like that can be easily done over zoom. If it's a 25, 50 K check, that can be harder if it's a hundred or 250. 1, 000 check because they want to know more about you. So somebody is getting on a plane to [00:02:40] go meet the other person to close the deal.

So to speak, explain how it works and how the technology and so forth works. So we, we often set up in person dinners and lunches, uh, in the third month. on average, people get 500, 000 worth of introductions out of it. Some get more. They have more, updates. We look for updates on sales team, product and [00:03:00] fundraise, what's happening in the deal.

If there's the FDA path, well, then it's not revenue. It's, uh, uh, where you're doing on the, uh, on the FDA path. How are you making progress toward the FDA approval process? I don't know where you are with it, but that's that's how we work. We're a monthly retainer. It's three K per month for a three month commitment, and after that it goes [00:03:20] month to month.

Some people bring us in at the middle of the campaign and the end, and you can do it in three months with what's left. Most people have raised some money already when they come to us, but if not, we can take people at the beginning. You start with convertible notes and go out to start raising money, get the ball rolling and look, looking for the lead investor who might come in.

It always helps if you add some [00:03:40] money already raised from other people to sign up a lead investor. So I think it's a positive there. We're not a broker. There's no, we'll go back. It's just that.

**guest:** What's that? You do safe, safes and convertibles

**Hall T. Martin:** as well. Well, we, yeah, we, I like convertible notes. I think they're more familiar to investors, safe notes or work also, but you have to have [00:04:00] a valuation cap and a, and it has to be a post money safe.

It cannot be a pre money. The investors have figured out that that changes their ownership dramatically with his pre money. So, but safe notes, incredible notes are basically doing the same thing for us. They're getting people in the deal without having to set the valuation and we do that a lot. And so that's how we work.

[00:04:20] Uh, any questions about 10 and how we work?

**guest:** So three, 3k for three months and, uh, anything

**Hall T. Martin:** else? Uh, if we do an in person dinner and we have to rent a, uh, a dining room, you know, a private dining room, 10, 15 people, we would have to pay for the food in the room, but that's the only other fee that comes in.

There's, there's no broker fee. There's no [00:04:40] success fee. There's none of that. I have a large, I started three angel networks in Texas back in the 2000s and found angel groups and VC funds of which I had a lot do not allow brokers in the deal for the most part and did not want to lose my investor network.

So I went to retainer model. And so that's how we got to this, this place.

**guest:** Cool. So let me maybe [00:05:00] ask you a bit of a direct questions. I'll, I'll give you a very short, uh, If the one going to the pitch and everything now just give you a kind of a overview we do vocal biomarkers by by the way, as you will understand we are able to prevent a large number of strokes, based on a person's voice.[00:05:20]

We've got CE approval already, the local Israeli approval as well, peer reviewed journal, we've got different ISOs, we've got patents already granted, and we are in the midst now of doing two pilots, one in Europe and one in Singapore. Uh, one with a [00:05:40] partner, Boston Scientific and Philips in Europe, the other one with the Temasek Foundation and the Singapore Ministry of Health, those are the two pilots.

That's where we focused as a first, as I said, is, uh, actually detecting. Atrial fibrillation, a major cause of stroke, other complications. And then we're moving on to other [00:06:00] vocal biomarkers. And, uh, the U. S. for us, because it's a, it's a different kind of product and what I mean by that, the first

product we've done and that we've got approved in Europe is called, is say the letter A for five seconds, twice a day, uh, basically using signal processing and deep learning.

And the same [00:06:20] product is for Asia, while in the US we're looking to do free speech. So we're looking to do, we got an ally with the Mayo Clinic. We got tier one US electrophysiologists that have invested money into the company as well. And we've got a good network there. We've done a ton of, regulatory assessment for the FDA.

[00:06:40] And we've got Bayer, the pharmaceutical company, investing in us, and in, and AXA, um, you probably know AXA, the European insurance that did a seed in, in, uh, investment. So our focus at present, when we're talking about smaller money and not like a 10 million investment. is not [00:07:00] focused so much on the U.

S. And the question is, how does that actually affect the ability to raise in the U.  
S. Seeing that our focus initially

**Hall T. Martin:** is not there. What FDA path are you on?

**guest:** So we need money for the FDA path. We need to do a, a data collection to enhance the data we've got in the U.

S. And then for that, we need a good few [00:07:20] million of dollars. What we're aiming to do given the market environment today is to do an investment to, to raise about a million to a million and a half dollars. So you can call it whatever you want to pre a, a late seed. I don't know whatever you want to call it.

Doesn't really matter in my opinion. And, uh, you know, if it's a series [00:07:40] A. Or pre a it will have evaluation, uh, decided on by the lead investor. Our previous round was a was a convertible a safe note with a 25 percent discount on a 20 million euro cap.

**Hall T. Martin:** What valuation are you putting on the current raised 1.

5 million?

**guest:** So that will basically [00:08:00] depend on the lead investor. We've got a follower out of Europe that's interested, waiting for a lead investor. I'm talking to a few lead investors now, but basically I want to increase my

**Hall T. Martin:** reach. Well, what valuation cap would you put on the safe note for the, uh, that until the lead investor

**guest:** comes through?

Well, if the previous one, if the previous one was 25 percent discount on a 20 million euro [00:08:20] cap, you know, it all depends on, uh, you know, I'll take over. whatever I see is out there and I'll decide what is the best one. I'm not dictating what is the cap or what is the valuation before I get the investors to lead or unless the person wants to go into a convertible.

**Hall T. Martin:** Right. Okay. That makes sense. So [00:08:40] what FDA path exactly is this, uh, you're using, is it a DeNovo or what exactly?

**guest:** So it will be a 510 K according to the regulatory assessment. We got out a company called the MCRA. I don't know if you've heard of them or CRA. Yeah, they, their company had worked very closely with Bayer, recommended by Bayer to us, like a lot of these top tier one companies, a lot of, [00:09:00] uh, people, previous ex FDA, they've also based in Washington amongst the rest.

And that was the assessment five, 10 days.

**Hall T. Martin:** Okay. All right. That makes sense. no, that sounds like you have a good, uh, tool there. Good product. we've worked with a number of Israeli companies before. Like I say, the challenges have been engaging with our [00:09:20] investors from Israel is the time zone difference makes it a little bit tough.

And if you have to go meet with people, it's a flight from Israel to the U S and in anything over 200 K I find is a flight. But if you're familiar with that and you know, you're ready to do that. I lived in Israel for two years, 95 to 97. So I, yeah. I knew the, uh, the challenge of flying back and forth. It was, uh, it, it was, it was a [00:09:40] thing.

so, but if, and usually people have somebody in the US on the ground, in the us, uh, a small apartment in New York or Boston

**guest:** to handle it. We don't got anybody, handle anybody in the us. But I think we've got people in Europe. But at the end of the day, you know, if we arrange a group of investors that are serious about investing, I have no problem hopping on a plane and coming and doing it.

You know, uh, [00:10:00] kind of a mini roadshow, with these investors as well. So the big, the big question here is, you know, at the end of the day, you know, you said 3k, 3k for three months, if I understood correctly,

**Hall T. Martin:** 3k per month for three months, so it's 9k for the first three months. And then some people get it done in [00:10:20] three months.

Others have to, especially if you're starting a 5 million raise, like many people do in this space, 60 percent of our deals are licensed. Science. So there's many of those, uh, that's five, five,

six

**Hall T. Martin:** months easy to start making a full dent in that today's markets a little bit tougher than it was three or four years ago, uh, valuations have to be more market realistic, and [00:10:40] people have to be more negotiable, but if you're in the right place with the right product, a lot of AI enabled technologies are doing very well, don't know if AI is part of yours, but if it is, I'd make sure people know that upfront that you are in that world, because that's a growth strategy for sure.

A lot of biomarkers are being done with, uh, AI tools, even without an FDA path [00:11:00] to get out there and help with drug discovery. If you have the, the value of that is if you get out and have people start paying you a hundred K a year for your platform or whatever, it just gives validation that you're in the right place or paying money to get your data.

That that's a big, big signal to the investor. But so we can talk about that. If you sign up, how to make sure we get the value [00:11:20] props out to the, uh, in bar marketplace that we see today.

**guest:** So, so two questions. Uh, I wasn't clear on the first one. The fact that we're not targeting the FDA to at present, how will that affect the raise in the U.

S. Investors?

**Hall T. Martin:** Well, almost everybody in our program in life science are on an FDA path. And what [00:11:40] the investor wants to hear, especially the angel investor, is that After this raise, you don't have to raise too much more money and you can get to FDA approval in short amount of time, 12, 24 months. These are the things they want to hear.

What they don't want to hear is we need seven more years and 50 million more because they'll get diluted out. And that, that, those [00:12:00] are tough, tough to do, especially in the oncology space, where it's just. So expensive, but for for deals that we are getting from point A to point B and 12 to 24 months, we need 1, 000, 002, 003 million dollars.

This is a very viable path. And there's a lot of people that are very interested in it because the outcomes in this space are very, very good. access are [00:12:20] tremendous in this place compared to attack. So yeah, we, we, and like I say, 60 percent of our deals, the two things that do well now are biotech and AI.

Those are the two things that are getting funded with relative ease. Everybody else is having a harder time.

**guest:** So take me about three years to get the FDA because I have to do more data collection there.

**Hall T. Martin:** 36 is not too bad. The thing you want to show [00:12:40] is that it's a very known path. It's very well figured out.

We know exactly what we have to do, exactly what we have to raise. There's no mystery. There's no risk. We've talked to the FDA. If we do this, we get that, uh, this is the message. We have to get it off there, and then there's an exit If we're going to get it to FDA approval and sell, who's going to buy it?

And they want a very, very strong exit. We've talked to 'em, they, [00:13:00] they, they've given us Lois, they've given us numbers. They've given us exactly what we have to do. It's very, very well known is what they, what investors want to hear. Yeah, I think we,

**guest:** we still, uh, well, we still need to do more work in the US than that, but definitely we've got our partners outlined already.

We're talking to some of the strategic companies that [00:13:20] can either be partners or exit strategy for us. Can you say a few words about your track record, a bit about success, uh, mainly in the field of AI in the U. S. now, maybe even more specifically in the field of cardiology, if you've

**Hall T. Martin:** got anything? Well, we have a number of cardiology deals going through our program.

We have Amplify, we [00:13:40] have Capella, we have Windmill. Those are different elements in the cardiology space. Some of them are making use of our physician program. We have physicians who do advisory work, we sign them up, they give us evaluations, we do surveys, and they give us their feedback. And so we get a written document that says, these physicians looked at it and they say, this is a [00:14:00] great thing.

Having our next event on December 6th, it's gonna be 5 to 7 p. m. in the evening, uh, you know, midnight to one for you, if you wanted to see it or, or get the recording later, if you like. Uh, but the idea is you, working with AngelMD, which has 25, 000 physicians on the platform. And we're going out to recruit physicians to [00:14:20] come in and give us, become evaluators, so to speak, of those technologies.

So those three companies are going to pitch and get the evaluators. And then some, some want it because they want to raise money. Some want to use it for the FDA path. Some want, uh, real advisors to come in and coach on design and structure and so forth. So there's lots of [00:14:40] reasons why people want physicians.

Everybody has five to 10 physicians on their cap table already when they come to us. And they're, they're, they're great investors. So it's, it's certainly worth doing that. So building these evaluation or surveys, it depends on how big they are. it can be a big, a nice, nice thing. And that's part of what we do.

You come and join our program, you get to, we'll help you build one of those packages [00:15:00] as well to take out. And then you get access to a large number of physicians in the U S if build, you need to build up that community. We can help with that. So. some of the evaluators turn into investors, doctors who are looking at the report, become investors, and then we go out to angels and say, well, these, this is how much money the physicians have put [00:15:20] in.

How about you? And if it's more than two or 300 K, then usually the angels are jumping on board that pretty quick because that shows real, real value of validation. Overall in our program, I would say about 70 percent raise funding. 30 percent don't the 30 percent that do not. Do so for one of three reasons.

Number one, they have a valuation that's out of [00:15:40] market. Uh, we just think we're worth 70 million, but we can't really tell you why. two, there's something wrong with the deal. We're missing something key. You have to step out, go fix that and come back. you know, something wrong with a team or



there's a lawsuit on the, on the, on the books, we have to go clean that up before we're going to go and put money in and then three is, uh, like a followup.

[00:16:00] We, you know, generate introductions, make the introduction. And then a month later, they're saying, Oh yeah, I need to call that guy back. Well, a month later, we're, we're, kind of starting over again. You know, we didn't pick up the dialogue and carry it forward and build a relationship and go and close them again.

25 K check can be very transactional. More than 50 K is usually not [00:16:20] as more relational. So we have to be in there really knowing how to close. So the ones who do well are the ones that are. Raising money halfway through the raise. They need more. They've run out of investors. That's when they come to us.

So if you have other investors to go to, by all means do so. But if you run out of investors, we're a good, good place to find more.

**guest:** How long does it usually take to [00:16:40] close about a million to a million and a half, would you estimate?

**Hall T. Martin:** it'll take a month to set it up and get it out there and build the list. And then another month to get through diligence and so forth. The third month, if things are going well, you can start picking up a lot of that.

in this market, it could take longer than a month to close a million, million and a half. Now you could get a [00:17:00] fund that's going to put in a million and a half and you're done, but usually we're going to three or four investors. So it's going to take time to go through. So four or five months is what I would think that would more likely be just because it takes some time.

If your campaign goes over the hot, you know, the last two weeks of December, we automatically give you two weeks on the end of the campaign. [00:17:20] So if you sign up and say, Hey, I want to do this, you put the payment in. Next day, we'll have an onboarding call one week from then we want to mail out the intro mailer.

So let's set ourselves a one week deadline to get that done. It's not hard, but we just need to prioritize it. Get it out there. It takes a week and a half to go through all the lists. We have our initial list and now we invite them to come to the [00:17:40] events. We start going to events then. So it's pretty fast start.

Typically, you have the deck ready. If you need help with that, we can help. Upgrade the design. Sometimes we do that. takes two to three days, but You know, we we pay for that. There's no cost to that I just want to give us the best possible pitch as we can i'm not seeing your deck, but typically If [00:18:00] you've raised money this much money, then you probably have already got a pretty good deck together on it Yeah, we've got a good deck

**guest:** and you'll success right there

**Hall T. Martin:** Well, I call it 70 percent of our clients raise money, but 30 percent don't for the reasons I mentioned.

One thing we do is we calculate a campaign score. We give you points for things you do. You come to events, [00:18:20] you pitch, you follow up, you give us updates, you get points. When you get to 100 on the campaign score, 90 percent have raised funding. So people that go through the process and really stay with it and do a job, you know, they get money.

Those who You know, can't quite figure out how to show up to the event or can't quite prioritize follow up to the investors. They, they struggle [00:18:40] in raising money. Of course, if you stay in long enough, you will, but it is 3k a month. So we have to think about that. Okay, great.

**guest:** Well, we're watching a cash now, of course, naturally due to the thing.

I think, um, good to understand the process. Let me give it a bit of a thought because we're a bit, uh, watching it tightly now. Uh, we're [00:19:00] waiting. We've just, uh, One of the competition in Singapore. So we should be able to get some money and hopefully that will facilitate things. So let me give it a think and I'll get back to you then.

Sure.

**Hall T. Martin:** So I'll send you an email about how we work and sign up. I'll send you a campaign proposal probably tomorrow. Uh, and with that, you should [00:19:20] be able to take it to your team and decide what you can do with it and go from there. Did you have any other questions for me? I think I

**guest:** understood it in general, uh, you know, your, your experience, how many companies to date have you actually

**Hall T. Martin:** worked with?

Uh, to date, you mean currently in our program or since the inception in 2009? Since [00:19:40] 2009. Oh, probably six, 700. Now, once upon a time, we would charge 500 a month and we would have 40 to 50 companies in the program running and we were just giving them the leads. We've since grown the program quite a bit. We now charge 3, 000 a month and we have no more than 25.

We're at 24 right [00:20:00] now. And we'll probably be down to 22 at the end of December and then back up to 25 and sometime in January. So we only take on so many clients, but, uh, we've been doing this for since 2009, 12, so hundreds of companies have gone through and the program has changed over the years a little bit from what was originally a mailing program [00:20:20] to an investor relations program has grown up a little bit. In the U. S., I'm finding a move back to in person. We're actually shifting more to in person events going forward because people want that. You know, I found somewhere along the way there needs to be an in person, uh, discussion to close if it's over 100k or more.

Yeah, one meeting

**guest:** is fine, but if [00:20:40] I have to find myself close, you know, meeting guy that wants to do a hundred thousand dollar check three or four times, it's a bit of a, complicated. So what's the average about once, once, uh, towards more closing and to get, uh, give the final pushes enough, or do you think it's going to need more than that?

Well,

**Hall T. Martin:** I think you can make one trip and go around and meet [00:21:00] people. It's like a week you spend in the US and you go to New York and then go to Bay Area, go to Chicago, go to L. A, go to Austin. These are where the clusters are. So, in the cities, you can, you can make a tour around and meet people and close in one go.

In that case, you just have to be care, you know, organize it that way, you know, where it's going to be a worthwhile trip. [00:21:20] One week across is probably a meaningful trip to do. And you may have other reasons to come to the U S as well. A lot of people are trying to sign up more, you know, more partners like Mayo or more, exits like, uh, Johnson and Johnson or whoever your, your exits are.

So if you put all those in one trip, it would be a meaningful trip in that case. Okay. All [00:21:40] right. Thanks so much for taking time.

**guest:** Likewise. Thank you. Have a good day then.

**Hall T. Martin:** And there you have it folks, a deep dive into the dynamics of startup success and investor strategy. I trust you enjoyed uncovering the secrets before Tint Capital's unique approach and our guest's groundbreaking work in Vocal Biomarkers. Before we sign off, let's recap. From curating a community of investors and hosting pitch [00:22:00] events to helping startups with angel group applications, Tint Capital is your go to ally in the fundraising journey.

A special thanks for joining us today. If you found our insights valuable, hit that subscribe button for more industry wisdom. Until next time, this is Halty Martin, signing off.