

How to invest EP11

Hall T. Martin: [00:00:00] Ever wondered how a mobile server could revolutionize the retail market in India? Well, in today's Investor Connect, we're diving deep into the startup scene with a guest who's on a mission to reshape the Indian retail landscape. We'll talk about the challenges of funding, the potential of online offline shopping preferences, and the strategies to navigate a fragmented market.

But before [00:00:20] we jump into that, let's talk about the venture capital game in 2024. Still with groundbreaking tech and innovative startups ready to redefine industries. I'm your host, Hal T. Martin, and this is Investor Connect, where we explore the highs, the hurdles, and the strategies behind a startup's journey during an exhilarating year for venture capital.

Buckle up for an insightful conversation.

Hello, [00:00:40] this is Hall Martin.

Guest: How are you doing? I'm good, Yusef.

Hall T. Martin: How are you? I'm good, doing good. Looking forward to learning more about your startup and what you're doing there. What can you tell me?

Guest: Yeah, We're trying to build a mobile server cloud solution in India, which is truly a new concept in India.

So,[00:01:00] for that, we currently In an ideation

Hall T. Martin: stage.

Okay. Uh, yeah. Are you in the US or India? India. Okay. Uh, we only, we only fund, uh, US deals. Are you coming to the US soon?

Guest: Uh, maybe, uh, we think if we got the deal [00:01:20] then we will definitely talk to, go to the,

Hall T. Martin: Um, do you have a pitch deck you can share with me? Yeah, of course. Okay. You wanna show it now?

Guest: Uh, yeah.

Hall T. Martin: Cool. All right. Go ahead and share your

Guest: screen and let's see it.

So, uh, Martin, [00:01:40] basically what, uh, we are trying to build in India is, you know, India is about to reach 1.5 trillion in retail market, which is so fragmented in little stores and like that. So, what, uh, organized market in India, it is about to reach out of 1. [00:02:00] 5 trillion, it is about to reach 800 billion in India, and it is about to capture the major chunk of the retail market in India, and as per the users, currently in India, there are around 1.

5 billion transactions done online to UTI in India, which we think is the right [00:02:20] time for us,

Yeah, we have actually monitored all the markets and we have done surveys based on the people's opinion, what exactly they are facing, probably what kind of problems they are facing, uh, regards to the retail market, retail shopping market.

You have any revenue yet? [00:02:40] Yeah, we haven't started yet. We are just, uh, trying to, uh, raise funds for, uh, product development. Because we had funds before to start a prototype for that. But those funds are not enough to get an, uh, product which we can, uh, pilot in [00:03:00] some stores. Okay.

Hall T. Martin: All right. so how much have you raised already, if any?

Guest: We, uh, talked with an investor. Uh, they were ready to invest, but, uh, similar kind that they say that, We don't [00:03:20] invest in pre said startups just because our eligibility criteria that doesn't matter. In India, basically, they don't invest in early stage startups. So that's why we are not able to raise funds from

Hall T. Martin: investors.

Have you found any anchored clients? Anybody that wants to pay you to [00:03:40] build a product?

Guest: Uh, no, currently not. But, uh, on the other hand. Despite regardless of, uh, these kind of, uh, would say rejection or anything, but they, everyone who,

uh, when we pitched, everyone said that this is going to [00:04:00] be a game changer in India, just because the timing is right.

Just because of the boom of the online payments in India, that is, that is what will make this, uh, good. Startup in India and we still have a great impact on the people who like, okay.

Hall T. Martin: So what's the next step for

Guest: you [00:04:20] guys? Currently, we, We have done research on the product. And, uh, our next step is to build the product and pilot it for three months.

Then after that, we will, get more stores on board, which will, uh, eventually lead us to more traffic from the [00:04:40] shoppers who shop from our application. So after that, we will, uh, simply this, Uh, given, uh, like, the service will be free for an year to the store, so just make sure that they see what will, what are the benefits.

Okay,

Hall T. Martin: that sounds good. and I think what the next step is, um, if [00:05:00] you don't have a product, you don't have revenue, Now in the U. S., I'm not sure we can help you much at this point. Uh, we really need to get some funding to build something and then when you get to the U. S., that's usually the expansion stage of it.

We can help people then, uh, go grow their business in that case. But from where you are right now, I don't think this is a fit for what we [00:05:20] can do or what our investors would be interested in.

Guest: Okay,

Hall T. Martin: you have an MVP or beta yet or no?

Guest: Yeah, we had, uh, we had a kind of beta product which we tested on the 10 to 5 people, 5 to 10 people.

Hall T. Martin: Okay, [00:05:40] well what you want to do to get investors interested is to get the MVP into some customer's hands and have them use it and then give you their feedback. They say, I like this, I want more of this, I use it a lot, you know, there's some value that comes out of it.

Because when you go to the investor, you know, the product story is okay. But what [00:06:00] they really want to hear is the customer story. What's the customer saying? They need the product. They will pay for the product. They like what they see. They want to use more of it. So you have to somehow get that into a customer's hands so that they can actually give you some feedback.

And whenever you talk to an investor, you always bring up the customer's, uh, feedback. Every time you go to an [00:06:20] investor and you have to go to many times to get the check, uh, you have to say, I've talked to this customer, they have this problem. I went back and I followed up and I gave them a solution. Uh, they like what they're seeing so far.

They're going to pay me, uh, uh, 5, 000 to do a beta test for them or a more detailed prototype. And so the, as that [00:06:40] customer story unfolds, so the investor will get more interested in the deal. And that's the key here is we have to get more customer. you know, engagement with what we're doing. What comes before revenue is engagement.

So what investors are looking for is customer engagement. How often do they use it? How many times do they use it? How long do they use it? And what [00:07:00] value do they find in it? So somehow we have to get your product into some people's hands, even if it's. free, we have to somehow get them, uh, giving us some initial feedback.

Have you done that so far? And do you have any engagement numbers yet?

Guest: We have, uh, currently we did an, uh, survey related our product, [00:07:20] on every general students from age 18 to 30, between the age of 18 to 30. And we've got a very, uh, that. Kind of response where people said around 80 percent of the voters just said that we go for an online offline shopping.

The reason is because [00:07:40] of the, Engagement they are having an in store shopping and that kind of stuff because in India, the pricing is what matters to everyone. So if a product in US, that product, similar product in India will be at very cheap cost. So based on that [00:08:00] survey, we got an insight that the online platforms are giving a lot of coupons and offers by collaborating with the brand.

So why can't we collaborate with the brand and give people offers and, uh, an online experience into an offline store and giving that while giving that [00:08:20] experience, we can leverage the, store inventory by putting it on the

application and, uh, making this application an omnichannel platform. Where a person can use BOSS, uh, like, uh, there's a term called BOSS, buy online, uh, and ship in store where you [00:08:40] see nearby stores on the app and you are able to check what kind of, uh, items there.

Uh, we are available there if, if, uh, if a particular item is not available there, you can book that item and that particular store will bring that particular item from another store and make it available there. And the person, person, [00:09:00] uh, customer can go to the store and purchase that product from that store.

And we can also, uh, implement Boris by online returning store. We can also do this. We can also, do it in a sense like Amazon to give them delivery in one day delivery. They haven't, uh, uh, slogan for one [00:09:20] day delivery. We can reduce the delivery time to approximately three to four hours in India by this simply, implementing an algorithm where our application will recognize the customer's position.

And we'll locate, overall, uh, stores where that particular product is available nearby him. So, [00:09:40] according to that, that product will be shipped from the nearby store to him or her, to her home or that will be done to, to the home delivery as we can see.

Hall T. Martin: Okay. All right. No, that sounds good.

Uh, why don't you, uh, send me the pitch deck since it doesn't load so I can look at it. Uh, you have my email address on the invite, [00:10:00] go and send it over and I'll look to see what, uh, interests our investors may have. I don't know if it's a good fit, but keep me informed of your progress as you get customer interactions and, uh, more feedback from the customer.

This could sometimes change the investor's opinion of it. So I'll look for your deck.

Thanks so much for taking time. [00:10:20] Thank

Guest: you.

Hall T. Martin: What is TABA authorized funding? In the second part of our episode, you will learn all about this and much more. We also talk about pitch deck refinement and the nitty gritty details of making it all happen. Stick around

as we navigate time commitments, in person meetings and the promise of a tailored proposal.

It's a conversation that demystifies the path to funding [00:10:40] and you won't want to miss it. Let's get started.

hi Keon.

Guest: Thanks for joining.

Hall T. Martin: Nice to meet you. Very different. Yes. But uh, yeah, appreciate you taking time to catch up with me today.

Love to learn more about what you're doing there and your fundraise and glad to tell you about 10 capital and how we work.

Where would you like to

Guest: start? Maybe I like to learn more about what you are [00:11:00] doing because this is first time I am engaging in talking to a person like you. And then the free information. I have a startup climate tech startup company and have, uh, and a surface. Yeah, I am phase two or worse. We are working on [00:11:20] nature integrated building materials for energy savings and decarbonization, et cetera.

Hall T. Martin: Okay, that sounds great. So, uh, let me start with 10 capital at heart. We're an investor relations introductions program. We take your pitch deck, go out to our network and build a list of interested investors. There's [00:11:40] 20, 000 all accredited. A third or VC, a third or angel, a third or family office. And then we see who's expressing interest in what they want to do with it.

We then invite them to come here. You pitch in one of our five online events each month, where you pitch 15 minutes to pitch and answer questions to a panel of investors, usually two. And then we have those, those [00:12:00] interested people are in the audience and they're looking at the deal and they're deciding if they want to learn more about it, ask questions, et cetera.

We do several of those events. We also do custom events where we bring a thought leader in that talks about what's going on in your space and then have you pitch on the back end of it. We do investor update meetings where you, in

addition to updating [00:12:20] your own investors in a monthly call, We would invite our prospects to join that call.

So those are the kinds of events we do. Uh, we also go through angel groups and syndicate funds where you have to fill out the application form. We help you with that process. We go through and we apply at different angel groups. We think would be a good fit for what you're doing. And then usually, [00:12:40] uh, near the end of that process, we decide, well, there's a lot of investors looking at the deal, but people aren't signing a check.

Online zoom. It's easy to start the conversation, but it can be hard to close. And so we set up a series of in person events. We call everybody to see who wants an in person event. And then we figure out how best to work with it. We've done [00:13:00] these in Austin and other cities where we get 15 or so investors in a room for a dinner meeting 5 to 7 for a lunch meeting 2 to 3 for a coffee and we go through and The pitch deck and two hour meeting, answer everybody's questions, help them figure out what they, uh, what diligence they need to have.

And we solve that for them. And then at [00:13:20] the end, we see if we close, we usually get a 20, 25 percent close right out of that. So it's great to take a group of investors and get to a conclusion you're in or you're out and we move on. So that's what we do. We're a monthly retainer is 3, 000 per month. It's a three month commitment.

So 9, 000. And then after that, it goes month to month. And. [00:13:40] Typically people in three months get 500, 700 K worth of introductions out of it. Our angels, right? 50 K checks, high net worths, right? A hundred family offices, right? Two 50 and the VCs, right? One 50 to 500. Most companies coming to us are at the. So we're mostly dealing with angels and family offices, but [00:14:00] if you are later stage, we can go to venture capital as well.

, we're not a broker. There's no other fee. It's just that one. We do an in person event. Uh, we can either have a very nice dinner, but you have to cover the cost of it or we can have a very low cost dinner, uh, you know, at hors d'oeuvres or whatever. So it varies quite a bit what we can do with that. What questions did you have for me?[00:14:20]

Yeah,

Guest: in fact, uh, one reason I reached out to you and scheduled a meeting is that you in the email indicated that you are also TAVA authorized company. T

Hall T. Martin: A B A G A D A T T A B A. Yes. So, yes, we'll have [00:14:40] that event this week and tab of fundings. If you're familiar with it, it basically says you can take a portion of your grant funding S.

P. I. R. N. S. F. etcetera. And you can apply that to consulting services. And we are a consulting service. I've sent my. Proposal, which I'll send to you. I've many, many companies [00:15:00] have taken my proposal to their tab of contact and they've looked at it and said, yes, you can use tab of funding. Mostly it's 6, 500 for the phase one and 50, 000 for phase two and sometimes more.

So the idea in our event that we'll have this week, I think you're signed up for it is we're working with a group named neutrino donut, Earl Hager. Who works [00:15:20] in the SBIR space. I actually myself teach a class in the Los Alamos labs for deep tech consulting. So I deal a lot with this, uh, this area and he's going to talk about how you can use tab of funding and what you can use it for and how you get it signed off.

I've had several companies. Go and search their tab of contact [00:15:40] and have not found them. Who do I talk to? Nobody in the lab knows. And so we'll introduce you to Earl Hager, who knows how to access tab of funding, and he is an expert at it. So we'll have that discussion in the event. Are you signed up for that?

Guest: So the way, uh. The NSF TAPA funds works is [00:16:00] that, as you said, I need to submit the SCOVA work and deliverables from the TAPA authorized companies to the NSF director, and the director will approve or disapprove it. So, um, So, uh, I like to see maybe the scope work because I need to [00:16:20] relay this information to the National Science Foundation director because I want to use the type of funds.

If I decide to work with your company,

Hall T. Martin: that's right. Many people use the tab of funds for us. And so tomorrow at, uh. three o'clock central time. We're going to have that program [00:16:40] and we have over 100 people signed up for it. So it's a very popular one. A lot of people are going to be looking for the same thing.

How do I get my tablet funds to use our services and other things as well? So I'll, I'll, we'll be glad to see you there. Uh, can you tell me more about your company and your fundraise?

Guest: Yeah, so I have been primarily focusing [00:17:00] on the federal grant. Um, so I have raised one, uh, 1.1 million, one and quarter million dollars from the National Science Foundation.

And, uh, phase two ends next to June, and I am working on [00:17:20] commercialization. So we have. Engaged in full scale manufacturing, um, but while working with, um, you know, the early adopters who can adopt my technology, I am also interested in, like, angel investors or, um, yes, like, like funding, uh, [00:17:40] raising funds, uh, from the private, entity.

Hall T. Martin: Okay, that makes sense. Do you have any revenue yet or no?

Guest: No, we are pre

Hall T. Martin: revenue. And how much are you trying to raise? We are pre revenue.

Guest: I mean, ideally, I don't know whether you are aware or not, the NSF SBIR Phase 2 could [00:18:00] match up to 1 million, so they provide 2 to 1 ratio, so if I raise up to 1 million, the NSF will match half million, so my goal is to raise 1 million to have additional fund from the NSF.

Hall T. Martin: Okay. And, uh, yeah, [00:18:20] no, that makes sense. Uh, so that sounds good. That tells you what I need to know. So what we can do next is, um. I can send you an email about how we work and then I'll send you a proposal tomorrow. We'll have the event tomorrow at 3 o'clock. I think you're registered for it. And then we can talk afterwards about next steps and how we [00:18:40] can work with you.

But once you had the proposal, it'll explain in more detail how we work. Did you have any particular questions about our program?

Guest: Just want to. Like, no, like, uh, whether you have a work with people like me, like climate tech, who is in the building [00:19:00] sector, who is in the, you know, the decarbonization or energy savings or indoor, good indoor air quality, et cetera, yeah.

Whether you have experience with working with a company like mine.

Hall T. Martin: So, you know, climate tech is 5 to 10 [00:19:20] percent of our deal flow. you know, majority is life science and tech is, is in most cases, uh, we

have done alternative energy. We've had biomass deals come through many solar, many, many electric vehicle charging systems come through.

We've had carbon sequestration systems come through. Uh, we've had, um, geothermal on both on the [00:19:40] residential and on the commercial scale. That was interesting as well. The, the thing I find is if, you, you have, some of these have very large, uh, install structures, like the one with algae was growing algae and it had these huge tanks.

And those are typically corporate venture capital because angels and VCs [00:20:00] and. Just can't get angels and family offices can't get there because of the cost of installing it. So when we get into decarbonization, they either fall into two categories. One, it's a standard angel deal where anybody can be a part of or two, it's going to be a corporate VC deal where you're going to need infrastructure money.

And we're going to a lot of the [00:20:20] energy companies were here in Austin. We access shell Chevron Baker Hughes and others in Houston. Where they have corporate VCs and they're making substantial investments into these things as well. We have about five, VC funds that are traditional that work in the climate tech space.

And of course they're, they're looking for things that are, [00:20:40] capital efficient. You don't need 20 million to build a tank. You just need, uh, 2 million to build the technology. So in which case is your, your deal?

Guest: I mean, the my original application is for the building systems as a window as an interior [00:21:00] partition.

So, or the, the parking shelter, et cetera, but I. I am working with algae, and I also realized that I need to figure out the end of the use when the system grow microalgae, and I've been also interested in the tapping [00:21:20] into biofuel field. , so, going back to your questions. I do not know, and hopefully working with your team can also help me with identifying the right

Hall T. Martin: group.

Right. So we can go to both if we need big [00:21:40] infrastructure, because sometimes you have to do this at the Very large volume scale. And other times you can do it at the very micro scale. And so we can just do it with a PC or an app. We can do things to prove it works and then scale it up from there. So it just depends upon which one it is as to where we go.

Typically, there's infrastructure funding available. If you're building [00:22:00] infrastructure, you can get funding special funding for that. And then, , if it's not required, well, then we can start much smaller to prove it works, get validation, and then get bigger dollars from either corporate VC or, or standard VC afterwards, because you have to come up with a fair amount of validated data to get them in.[00:22:20]

Guest: Right, right. I see. And then also, is your team helping me with, uh, refining my pitch deck, depending on who I am pitching? Two.

Hall T. Martin: Yes. We, we, we make that a part of our program. We'll, we'll help you figure out what content we have to put into it. Typically, you have something to start [00:22:40] with. And then with that, we modify it.

If you wanna start from the scratch, we have a basic template to fill out from the beginning. And then we have a design artist that makes it look, uh, professional and polish. And there's no extra cost for that. That's just part of our standard program. We would take the first week to do that before we actually go out to the marketplace.

We try to do it in one week and no, don't take any more time than [00:23:00] that because we, we want to get out and start talking to investors as soon as we can.

Guest: I see. And then the, can you maybe, um, briefly explain the time commitments and in person meeting, uh, commitments. I will be available for the online meetings, but I was like to know how many, how often, when do I need [00:23:20] to present in

Hall T. Martin: person.

So if we had a good dinner series, we would be doing maybe one a month, uh, one every other one, maybe two a month. And if it were in San Francisco, you'd have to fly to San Francisco. You have to go to the dinner meeting that evening. And then the next day you can continue working online until you [00:23:40] got back to back home. a day a month is what I would book for that. And then there's some travel time that goes into it. , it would not be 10 or 20 events. It would be 1, 2 or 3 events. I would think it's not a huge number at this stage.

Guest: Okay. So, so you're saying that the during those 3 month period that will [00:24:00] have a 1 to 3 in person meetings that require travel

Hall T. Martin: and then that's right.

We looked this up at least 1, at the end of the, In the third month to see if we can have an in person meeting. In some cases, we have three people in Chicago. Well, you just fly to Chicago and then have a lunch here, have a coffee [00:24:20] there, have a dinner there. You just drive around. So it's a day to go do it.

So an in person event is usually one day out of the schedule. And then you have travel time on top of it. Where are you based?

Guest: Charlotte, North

Hall T. Martin: Carolina. Okay. So it's, uh, the, we have a lot of an Austin, Dallas, uh, [00:24:40] Bay Area, New York, Chicago are the top four that always come up just because the database is very strong there.

You did get Phoenix and Nashville and Peoria, but in most cases, we don't end up doing an in person event with one offs. We just get on the phone and zoom and we work our way through that. But there's 10 guys coming together. We can [00:25:00] generate a lot more funding if they if they can all come together. So it only makes sense if there's a cluster of people in the city to go do an event.

Guest: I see. And then you're going to share the other schedules. Uh, via email, right? What, like, programs am I having through your, uh, you know, [00:25:20] your companies?

Hall T. Martin: So we'll send you a proposal here tomorrow. Most likely that describes in more detail. I'll send you a short email after we finish here. That says, here's how we work and how you pay.

The way it works is if you say, hey, I want to do this, I put in the 1st payment. And then we set up an onboarding call the next [00:25:40] day. We'll spend one week on the deck. We'll also be working on the intro mailer at the same time. And then it takes about a week and a half to go and get the results back. And then we start going to events is how that works.

So it's a pretty fast start, even with building the deck. We should be out in front of investors in about two weeks.

Guest: Okay. Okay. Sounds good. Then I [00:26:00] will look forward to receiving your email

Hall T. Martin: then. Okay. I'll send it. Thanks so much for taking

Guest: time. Yeah. Thank you. Bye.

Hall T. Martin: And that wraps up today's Investor Connect. We've explored the dynamic world of Indian retail startups, tackling challenges and strategies. But before we go, let's revisit the vibrant venture capital scene in 2024, a year filled with innovation and [00:26:20] groundbreaking startups curious about TABA authorized funding in part two, we dove deep into pitch deck refinement and the nuts and bolts of making it happen.

As we navigate time commitments, in person meetings, and the promise of a tailored proposal. Remember the funding journey is complex, but thrilling. Thanks for tuning in to Investor Connect. I'm Hall T. Martin, your host. Stay curious, stay informed, and until [00:26:40] next time, happy investing.