

How to raise funding 14

Guest: [00:00:00] Marcus, thanks for joining. Yes. Thank you for having me. Appreciate it. Nice to meet you.

Hall T. Martin: Yeah. Nice to meet you as well. Looking forward to learning more about what you guys are doing there. It looks pretty interesting from the website.

Guest: Oh, thank you. Appreciate it.

Hall T. Martin: how'd

you

Guest: get into it? So, uh, I was actually in medical school back in, uh, 2011, uh, in Fort Lauderdale and, [00:00:20] uh, was really interested in doing research while I was in med school.

Uh, close to me was Bath Comp Palmer Institute, which is a number one high institute in the world, uh, down in University of Miami. Uh, they basically have the number one ophthalmology, uh, research program and residency, in the country. And, uh, I was [00:00:40] really lucky to get hooked up with some researchers and also clinical researchers at the VA there.

And I got to work on, um, some really novel technology that I had to do with basically computer vision and training computer vision models on clinical data and, um, I was basically [00:01:00] the guy training the AI and, uh, using, uh, super high magnification, cameras, uh, combined with the computer vision technology to basically diagnose, uh, different eye conditions and, uh, back then it was a really new thing.

There are only three groups in the world working on it. And it was really [00:01:20] expensive and required really, really, , expensive technology. So, it combined, um, custom high magnification lenses with expensive split lamp, ophthalmoscopes and, 50, 000 digital cameras and everything. what I wanted to do, uh, as a result of [00:01:40] working there was see if I could miniaturize it, make it cheaper.

And then eventually over time, combining with other technologies to have a usable, affordable handheld device that people could have in their home. Now, I

hadn't exactly predicted that telehealth would [00:02:00] exist or take off or anything, but I figured that at some point, we would come to a point where we would get some sort of healthcare at home.

And I thought it would be a good device to contribute to making healthcare more efficient. As time passed, the technology, uh, cost came down, the size came down, [00:02:20] and, uh, two years ago I started working on it full time as a startup, , because all of those things plus telehealth had sort of combined into a perfect storm to make it viable.

Hall T. Martin: Great. Is it a shipping product? Do you make revenue with it, or where are you

Guest: with it now? Uh, no. So we have a virtual concept [00:02:40] prototype. and we have validated ad testing to validate demand for the product at a certain price point to around \$300. Mm-hmm, . And, um, we also have numerous patents pending as well as, uh, two allowed patents.

Uh, the technical patent is, uh, essentially for the world's [00:03:00] first, uh, touchless blood pressure determination. And we have numerous other plans that we believe will be allowed in the next couple years. and then, At the moment, uh, launching a refunder campaign, so we just want to treat somebody and we've raised over 70, 000, on that campaign, and we basically just want to get to 300, [00:03:20] 000, then use all of that money to do Kickstarter ads, so we've already validated that for every 3 we spend in ads, uh, we'll get there.

Thank you, everyone. Sorry, every 3 that we spend in ads, we'll get an interested email, uh, from a customer, potential [00:03:40] customer, and then 5 percent of those people at minimum will convert into a paying Kickstarter backer. So, we basically have a 60 marketing cost for each device, which is about 20 percent marketing cost per device.

Okay. So, our goal is to basically, from this round of funding, do a Kickstarter campaign. [00:04:00] And then the next step is. After the Kickstarter campaign, we'll essentially print the screen and say, Hey, we have a million and a half dollars in pre orders in the bank. We'll either seek VC funds and, or, uh, we'll directly approach insurance companies to get either letters of intent or, actual pre orders, for [00:04:20] mass, mass production.

Okay. That sounds cool. In the background, we'll also transition to Continued pre orders, to just increase the amount of initial orders we get and reduce the production cost further.

Hall T. Martin: So you're using Kickstarter to show the interest and then using WeFunder to get the additional funding [00:04:40] for it as

Guest: well?

Well, yeah, but the WeFunder comes first and then the Kickstarter

Hall T. Martin: comes second. Oh, okay. So how much do you have on the Weep under so

Guest: far? So, so far we have over 70,000. I think it's like 72,000 at the

Hall T. Martin: moment. How much do you have to make the Kickstarter campaign work?

Guest: , 300,000.

Hall T. Martin: [00:05:00] Okay. Because in Kickstarter you're supposed to be raising money to pay for it, but you're, maybe that doesn't pay for all of it.

Guest: So if I raise the 300,000 on funder, that's all going to add. And then the ads will attract the buyers. So I'm planning to sell 5, 000 devices and then the money from the Kickstarter will help to [00:05:20] produce and ship it.

Hall T. Martin: Okay. So the WeFinder is simply generating the, the demand for the product through Kickstarter is how that

Guest: works.

Right. And if I told you I hadn't done any ad testing, you'd say, well, this sounds pretty risky. But don't you want to make sure that people actually want this thing first? So we've already gone through that [00:05:40] step for the past six to eight months to validate that we have people in various demographics that want it.

At a certain price. So we're basically already ready to do the Kickstarter. We just need money for ads to let people know it exists.

Hall T. Martin: So you're saying 300k gets you 1. 5 million in orders. How did you get to that conversion

Guest: rate? [00:06:00] Yeah. So we have, uh, we validated that we can get an email for 3 from people who are not only prior crowdfunding backers, but have a specific interest in this device.

And then the low range of conversions on emails for Kickstarter, as long [00:06:20] as you are doing the effort to show people your product or your idea. And you know that they're interested in your idea, which means you're doing the manual labor to get people's emails rather than buying email lists, then the low range of the conversion is 5%.

That can go up to 20%. So we could potentially get [00:06:40] 20, 000 orders instead of 5, 000 orders. This conservative legal is very confident we can get 5, 000 of it.

Hall T. Martin: Okay. Now that makes sense. So, um, I guess, you know, where we sit at Tent Capital, we, we do help with some WeFunder campaigns. We have angels that put money in more like 5k checks than 50k checks, but they, they do fund WeFunders in those cases.[00:07:00]

Uh, from time to time, I think they, they put some money in on the Kickstarter, but that's, that's probably not as interesting in that case. And then where they really help is when you get finished with the Kickstarter and you're ready to start to go into the market with. final product. I think that's where mostly we find our, our investors get excited because you're going to market with the final product itself.

And so we, we have [00:07:20] investors angels to write 50k checks and the high net worths write a hundred and the family offices write 250k checks to get into it. So the idea is you're probably going to go to market pretty quick after you get the thing rolling because. You've got it proven and it's working and you figured out all the details around the product.

And there, after that, we angels and angel groups tend to be [00:07:40] the right fit to go for. What was your thought

Guest: there? So my thought is that, uh, we're looking for investors for a refunder and we're even willing to, and we have started the process of doing ad testing, uh, to acquire refunder investors. And we've had some initial traction there and I don't know how long it'll take to finalize that before [00:08:00] we start spending serious money on it.

But we believe that when we finish our refunder, at that point, we know that our Kickstarter is going to succeed. And once it does, we're technically going to be profitable at that exact point. And if I want to, or if we want to, we can basically [00:08:20] take that million and a half dollars, put it into more ads, and more and more and more for the next six months.

Require tons of preorders, and we're going to promise the backers a delivery date of 12 to 18 months. So we could technically spend six months getting more and more preorders by just recycling the cash, and [00:08:40] then at that six month mark, take the next 12 months to finalize everything and deliver. So, we technically won't need money after after the refunder.

The reason I would like to get money obviously is you can move faster than you can hire more employees. Go faster. Establish your market position, all of those things, [00:09:00] but we don't need to do that. So I would just say to any potential investors, this is the opportunity where we know for sure we need the funds at the point where we don't need the funds anymore.

I don't know what my advisors will tell me about when to seek more funds or maybe not to seek any more funds. , so I [00:09:20] feel like this is a relatively low risk opportunity for people who want to invest at this time, because I've already validated the ad, uh, the demand through ad testing. And also, we already have people coming into the refunder, up to 70, 000 at this moment, and we already have a proof of concept device, and we're not [00:09:40] creating, uh, new hardware at all, we're combining existing technologies, uh, into a device, and our IP Comes from the combination of the hardware and also the interaction between the hardware and AI.

And we haven't started developing the AI yet. We'll need more employees to be able to do [00:10:00] that. But we've already filed for IP for them. So, um, that will be protected.

Hall T. Martin: So is, are you actually creating hardware itself that ties the pieces together or just using software to tie the hardware pieces together?

Guest: Just using software. So we're basically taking off the shelf. Sensors [00:10:20] combining in our device, and then we will have a custom PCB that will definitely be custom, but it'll be the software and the interaction of the hardware with the software that generates the IP.

Hall T. Martin: Okay. No, that sounds pretty cool. Well, it's not like you have your funding pretty well taken care of.

You've mapped it out. I thought it was a great [00:10:40] strategy using WeFunder to generate the ads for the Kickstarter. And you've tested it, you know what the conversion rates are. Well, then you're well ahead of the game. You know how much you have to do and if you're on track when you actually execute it.

So that's a great thing as well. And then if you get to, uh, you know, a good profit rate on the product, then you can probably just self fund from [00:11:00] there. If you have a low margin, well, then often you're raising money to get the product to a certain scale before it really, you know, economies of scale kick in.

Uh, so it sounds like that's the strategy at this point. So, well, sounds great. I'd love to learn more about your WeFunder. You can send me the link to it. Uh, we'll check it out and I'll go talk to some of my investors and see what they think. And if [00:11:20] there's interest, we'll come back and say, Hey, let's do a campaign.

Uh, if, if there's enough interest, I should say, because you have to have a certain amount of people to make it worth. Putting it into the process, but if there is, you know, glad to be a part of it. Uh, this is an interesting space to be in. We see a lot of interest in what we call health, health 3.0 or telemedicine 3.

[00:11:40] 0, which is, you know, the data driven world coming off our devices is going to help determine our healthcare monitoring. And so this is a really great example of, uh, coming together.

Guest: Right. And if you have a couple more minutes, I'd just like to give you a little bit of a background on like why. A tricorder, any tricorder is important [00:12:00] in the world.

I mean, I don't know if you're a Star Trek fan, but all the Star Trek fans of the world have been clamoring for technology from the show to come into fruition. So, we have 3D printed food now because of the replicator. And we have, uh, iPhone because of the communicator, essentially. The tri-quarter is the [00:12:20] next thing that people want.

If you're familiar with the xprize, the very first one was awarded to Richard Branson for being the first private company to go into, I guess near Earth orbit. That same XPRIZE Foundation created an XPRIZE for a Tri-quarter because so many people wanted it and they actually awarded [00:12:40] the prize. But if you go and look at the company that was awarded the prize.

They had five different devices and they weren't even meant for the consumer. They were meant for a physician to use an ER or something like that. So, uh, I believe they awarded it prematurely. since then, other companies have tried to make something, but none of them have been for the [00:13:00] consumer. Uh, the closest thing to what we have, uh, it's called title care.

Uh, you can go on that.com and check out, uh, the title care device, but their devices. not fully integrated, so it's not really a tricorder, has fewer sensors, , and also you have to have a telehealth subscription, uh, to even use [00:13:20] their device. With our device, we don't want to force the subscription on, on to people, because they're 40 percent of the country, essentially, even if they have insurance, they can't afford to see their doctor.

So what's the point in selling a device to someone, and then they're not in a financial position, uh, to even use the telehealth? Well, [00:13:40] they might still want the device so they can track their health and fitness at home until they're able to afford the telehealth, uh, either a single appointment or a subscription.

So we feel like there's an even bigger market than what Tidal Fare is going into, and they're basically the only direct competitor in this space. Of course, there are lots of other telehealth only companies. [00:14:00] There are telehealth companies that integrate individual sensor devices, like seven different devices with individual sensors, some of which are Bluetooth enabled, some of which aren't, where you have to manually put the data into your telehealth app, but those are already obsolete.

So, there's, they're still trying to integrate those things but they're already [00:14:20] obsolete because FidoCare exists and now we exist. And, , I really believe that it'll be. Us versus title here or some other products come in behind us. It'll be those of us against title care and we will be the ones to really bring about this connected telehealth [00:14:40] industry.

So, I definitely encourage you to look up all of that online and, uh, before you speak with your investors and then sort of let them know where we are in that whole, Because here, I can connect to tell them and I'll make sure to send you our link as

Hall T. Martin: well. Okay. Yeah. Please send it over. Love to look at it.

And, uh, anyway, I let's [00:15:00] stay in touch and see how it goes. And, uh, like I say, I'll talk to investors and let you know if there's interest in it.

Guest: Okay. Thanks a lot. Nice to meet you. Have a good day.