

# How to raise funding 15

**Hall T. Martin:** [00:00:00] John, thanks for taking time to join

**Guest 01:** us. Of course.

**Hall T. Martin:** So good to connect with you now. And just want to learn more about what you guys are doing at juggle apps.

I've looked at the website, but love to hear more about it.

**Guest 01:** Yeah. So we are, um, combating social isolation, trying to keep people connected. In a world that's kind of lost that through social media [00:00:20] impacts and covid and all sorts of things, and it's leading to record high suicides. New York article last week in L.

A. Times, and, social isolation become like 3rd leading cause of death over 50. and it's a big deal. People are working from home. They're meeting zoom. They're not staying connected. And and so, [00:00:40] yeah, so that's what we're dealing with. And we're going to monetize it because it also will impact business relationships.

So think about businesses that have high touch. You know, high care for relationships, think about relationship sales, think about, um, stay at home moms and dads who now have a big economy and, you know, they're, they're earning money that way. There's lots of people like that. They'll [00:01:00] pay anywhere from 2 a month to 20 a month for what we can offer.

So that's

**Hall T. Martin:** what we're doing. And what do you offer for two or 20 a month? Exactly.

**Guest 01:** So we have a personal right now, we have an app in the app store and in the Google play store that is available for free. And there's also a paid 2 dollars a month version. [00:01:20] And, there's a web app that is in development right now already designed.

The back end has been built. The front end is being built right now. And that, We'll be launching, I'm going to, you know, we're probably going to slow down

our development on that a little bit because we're focusing on marketing and trying to get launched. And so, like, pick up a couple of billion dollars.

I'm going to really just, [00:01:40] we're being really smart with our pennies right now. So, uh, it may end up launching, I would say in March, maybe April, maybe March up there and there, but that'll be for the web app. That's for the. The higher price

**Hall T. Martin:** points are okay. They launch you in April then that sounds good. Uh, cool.

And so you have a, I guess, a minimal version now that you're putting out there. And have you [00:02:00] had any engagement numbers or anything like that?

**Guest 01:** So we've just started, kind of getting the, the, app out there. We haven't actually marketed it yet until like maybe last week. So, uh, we've only got a thousand users right now.

And, we, but again, like we didn't just turn on notifications yesterday, we just turned on [00:02:20] ability to pay last week. Um, so, so we're just, you know, we've been working on this a long time. We finally have our tech where we're ready to go big and, we're, that's really the reason why I'm raising money because I, I've tried to bootstrap this thing as much as possible, preserving all the equity, you know, just ferociously.

To my own detriment, I would say, and [00:02:40] to get to this point, and then that's why, kind of having to, I'm kind of waiting too long on that process. But,

**Hall T. Martin:** uh, anyway, that's where I am. Great. And so what's the valuation on the deal? Is it a price round or convertible note? And what valuation did you put?

**Guest 01:** So what I've put here is just kind of an interesting approach, I think, is that, so I raised the money [00:03:00] like last year, a year ago right now, and I raised it at a 10 million, pre money safe. And, that, basically we spent, since then, we spent over a billion dollars on the product. We've worked really hard.

but I've, set up four tranches for the, for the four million dollars. The first tranche is, they're all safes, all free money. The first [00:03:20] tranche is, is still at 10 billion. And then the 2nd 25th. That's where it's set up right now. Again. I don't know that that's the right way to do it. may actually not raise the whole 4.

I don't think we're going to need it. We've just kind of got to think smart with our dollars. We can pull this off for. You know, [00:03:40] somewhere between 2 and 3 billion dollars. , so, I can, I don't make the same mistake. I'm in for just a delay raising money. And if somebody wants to write 10, 000, 000 check, I need to take it.

But, I truly think if we can just get a couple of dollars in the door, we're going to be marching on the road.

**Hall T. Martin:** Okay, uh, you may want to make those post money safes because you'll find [00:04:00] investors are very sensitive about dilution and they're very up on it on safes. Now, more than a year ago, it's one thing to consider.

Got

it.

**Guest 01:** Yeah, I'd love to. Certainly now, I guess I'm starting to understand your model. And of course, I've had this happen before where I've been approached by people telling me they want to raise money for me. And, you know, it's my understanding. Of course, there's [00:04:20] very strict laws around that the SEC and.

Okay. And unless you're specifically licensed to do it, you can't do it. So obviously you've got that figured out, nailed. So tell me

**Hall T. Martin:** about that. So we're not raising you money. You're raising money and we're helping you is how it works. I started three angel networks in Texas and looked at the broker model and found out I was going to lose most of my angels [00:04:40] and all my VCs because they don't let brokers in the deal.

So I want the retainer approach and our approach is just like a lawyer or accountant comes to you and they say, I can help put the docs together. I can put your books together or CFO. I can put your financial forecast together. I'm going to charge a fee for doing that. And that's our approach to fundraising is we're really not raising money for you.

People we work [00:05:00] with are out raising money. They're halfway through the raise and they run out of investors. We're going to help you go get more investors. We can go and reach out to our network. We're going to go run

campaigns. We're going to go run events to meet with them. We're going to go do mailers to update them on how you're doing.

We're going to go fill out the application forms to go to angel group. So all of the scut work that [00:05:20] goes into raising funding, that's what we're doing. We're doing all the scut work and then you're out, you know, actually picking up the introductions and carrying them through to a close. We have lots of tools and techniques for how to do that.

We're putting in place in person, events as well as hybrid events. The world's wanting to get back more in person. It can be hard to close on Zoom. Zoom's good for [00:05:40] opening the dialogue, but it can be hard for closing. And so in person is what we're using for that. And then we're seeing some interest in getting to hybrid where some people want to be online, some people want to be in the room.

And so we're going to kick off our first Austin event end of January that's hybrid. This is what we did before the pandemic. But after the pandemic, everything just moved to zoom [00:06:00] straight away. And the first call is always on zoom and that's fine. But what we're finding now is that some people want to get at some point in the process in person to meet them.

And we'll be doing that. So like I say, what we're doing is we're helping you find more investors within the best relations and introductions campaign, but we're doing all the, the, the back [00:06:20] office stuff that most people don't want to do all the mailers, all the CRM work. We capture all this on a spreadsheet, share it with you.

Weekly call progress calls like we're doing now half hour go through and see where we are. What the next step is. We're helping fill out the angel group applications. We need fair amount of support from you because you have the core information. If you have a data room, we [00:06:40] use it. If you don't, we'll help you put it together.

You have a term sheet, we use it. If you don't, we'll help put one together. So we just start from wherever people are and start filling in the gaps and start going forward. And then mostly as online events, in person events, and it's angel group applications is what we spend most of our day job doing.

There are syndicate funds, VC funds that we [00:07:00] go through. Make an introduction. We have what we call the funding funnel, which is a process for carrying an investor through to a close. It's not like, you know, how to close

investor. I do get a lot of people that haven't dealt with investors before. And we do get a lot of angel investors who probably aren't quite aware of what they need to do on a diligence.

And so they, procrastinate and they stall [00:07:20] out and we, we have to move them forward. In person events is a good, one of the ways we do that. We're having an event 30 days. You have to make a decision here. It is you're in, you're out. At that point, we move on to the next group, they come back later. That's fine.

But we're not chasing him anymore. And we're saving our time because you can end up with 2300 investors on these lists that you're chasing. [00:07:40] And we need to start sorting through who's going to do something who's not, you know, we do the the three three tranches technique a lot. That's a great way to get it out there.

We'd like to run Transcribed deadline campaigns, you know, and we get 70 percent of the way through. We're going to, you know, we're going to close now, but that out there six weeks is a good number. And we start driving it through when we [00:08:00] calculate the interest in the committee that goes into it.

That means people that are thinking about it, but haven't actually written a check yet. And so therefore we demonstrating that there's interest in the deal from more than just what's in the, in the bank at this stage. So those are the things we do in our case.

**Guest 01:** Yeah, that's good. , so how do you, how do you get paid?

**Hall T. Martin:** How does that [00:08:20] work? Well, it's a 3k, per month, uh, retainer and it's a three month commitment. And so it's 9k to get into it. Now. I will say we really want to see revenues. So I don't know if we're really ready right now or not. it can be very hard to do pre revenues. So we're probably Probably going to have to think about that before we actually take you on as a client.

Uh, [00:08:40] love the hat, you know, great, great technique, technology and great team and all those, no problem. But pre revenue in this market is going to be really tough. The majority of this is going to come from your network. So why do you need us? So one question we always ask is, uh, have you run out of investors to go to yet?

If the answer is, uh, no. Well, then you got to go to your own [00:09:00] investors. First, go, go close. What's here when you run out of investors, that's when you come to us. And I just, yeah, that's how I got into it. I was getting calls from people in Seattle, Chicago saying, I've talked to everybody in my town. Now what we'll come to us.

We'll put you in front of the investors in other parts of the country, because you don't need to pay me to go talk to your investors, because that's what you [00:09:20] do is start with your core and then just draw the circle wider. Some point you do run out of your investors in your location. Love to have vocal angel groups and other people in the deal.

Cause I used to get calls from people all the time saying, Hey, nobody back home would give me money. How about you? Well, this is not the story you want to take to an investor. They wanted to see that you did raise [00:09:40] money from back home, but it just didn't put all of it in. And now you're just drawing the circle wider.

So I think the next step is for you to go and, you know, just. Carry on with what you're doing there. If you have a question, you got to help it along the way. And when you run out of investors, let's get back together. I think that's the time we would like to engage, uh, in this process because I think that's where we can be more effective.

[00:10:00] and the problem is when you get the circle wide enough. You know, relationship no longer really matters in the discussion. The early days, it matters a lot. As you go further away from the center, it matters less. And by the time they get to our investors, it's very much a financial, a numeric quantitative.

Do they have the traction? Do they have the numbers? Do they have the [00:10:20] growth rate? And with pre revenue, I found that was very hard to do. What we wanted to also see is the growth story. We're able to put out updates every week on sales, team, product, and fund rates. Those are the core four things. If you're in revenue, that's really not hard to do.

If you're pre revenue, I found I would normally get two, three updates and then They'd [00:10:40] run out. You know, we told you everything, you know, there is nothing else and nothing else is happening right now because you have money. that's not a fundable situation. So we want to avoid those and just basically say when you have revenue, well, usually there's something always happening around generating leads, closing sales, talking to a customer, finding a partner, generating a network.

You know, there's lots of things that go with that, that [00:11:00] really generates the updates because now the team is expanding. Now the fundraiser is expanding. And now the. Uh, the product is usually getting better because they're giving you feedback on it. So I think that's the next step is let's circle up in, you know, January, February, and see how it's going with your campaign and see if it makes sense for us to come in at that point.

Because you got these two guys [00:11:20] here to close already. So by all means, don't, don't generate from us, go, go close these guys that you have. What are your thoughts there?

**Guest 01:** No, that makes sense to me. we offer revenue. we are, , we are getting some good feedback from customers. We are iterating our product very quickly.

We're making changes more than once a week and as far as with new updates observing and launching them. [00:11:40] And so that's good. but yeah, I think, look, at the end of the day, we were going to, I mean, the truth is, it's a lot like my bankers. You know, when you don't need the money, then you can get it pretty easily.

So,

**Hall T. Martin:** well, you know, if you had the traction, you'll, you'll find that, uh, there'd be so much more interest in your deal. You'll get so much further with [00:12:00] investors now, family and friends, you know, that doesn't really matter. We believe in you believe in the product and you have some customers that often sign up because they believe in the product and you.

And so certainly that those are the ones you want to be closing right now. And you want to keep track of it. You know, it's basically a sales process. So just like, uh, You're selling equity in your company. You have to [00:12:20] have lead funnel. You have to be warming up the leads and taking them through the process, keeping track most importantly, you have to follow up to close.

I am amazed how many people will come to me thinking that they're just going to give me a pitch and I'm going to go chase them down to get them a check. Well, that's not quite how it works. Uh, you have to go back and ask for the. the check and, and, and [00:12:40] in many ways with angels, you have to work it through the process.

You have to send in the pitch deck, explain it to you, send the term sheet and explain it as you go to the due diligence and explain it. And you work your way through it as baby steps is all the way through. So it does take some time to get those angels through that are not, uh, family and friends because they, they're learning [00:13:00] everything from scratch, of course.

So those are some things to consider.

**Guest 01:** Well, yeah, let's circle back in, uh, February. Let's do

**Hall T. Martin:** that. We'll do that. We'll come back and see what we can do then and see how it goes, but sound like you're on the right track and, uh, looking forward to seeing next steps. Okay. Sounds good. Okay. Thanks so much. Have a good one.