



Start-Ups in New Mexico

Presentation to: NM Legislature

July, 2021



MISSION

Provide opportunities where our members can obtain outstanding financial returns by investing in early-stage companies in New Mexico and the Southwest Region while accelerating them to market leadership.



Drew Tulchin, President – New Mexico Angels



- First CFO w/ Meow Wolf: raised \$125M, acquired building, hired 100s, revenues \$14M.
- Support start-ups: Electric Playhouse, Build with Robotics, Parting Stone. Raised \$300M+, created 1,000s of jobs
- Community engagement: Questa, SF Co, Grameen Foundation, VISTA, AmeriCorps

John Rice, Board Chair – President of ASiQ

- Specialist in Turn-arounds in NM
- Chair of the Board: Sigma Labs, Akal Group
- Coca-Cola



INNOVATION



20 years investing \$20 million in NM start-ups
Advancing local economy and 1,000s of jobs



Rockies Venture Club Partnership (Colorado)

- Member access to deals & trainings
- Increased investment flowing for NM businesses



2021 - **New Programming**, Collaborative Investment, Company Support & Partnerships

INVESTING



Investment Opportunities: Monthly



Get Involved in Portfolio Companies – Mentor



Due Diligence: Team Approach Among Angels



SPVs! (Special Purpose Vehicle LLCs)

Leverage: NM Angel Relationship = \$1 million



SPONSORS – Many of us working together

TITLE

EDUCATION



SPONSORS – Working Together

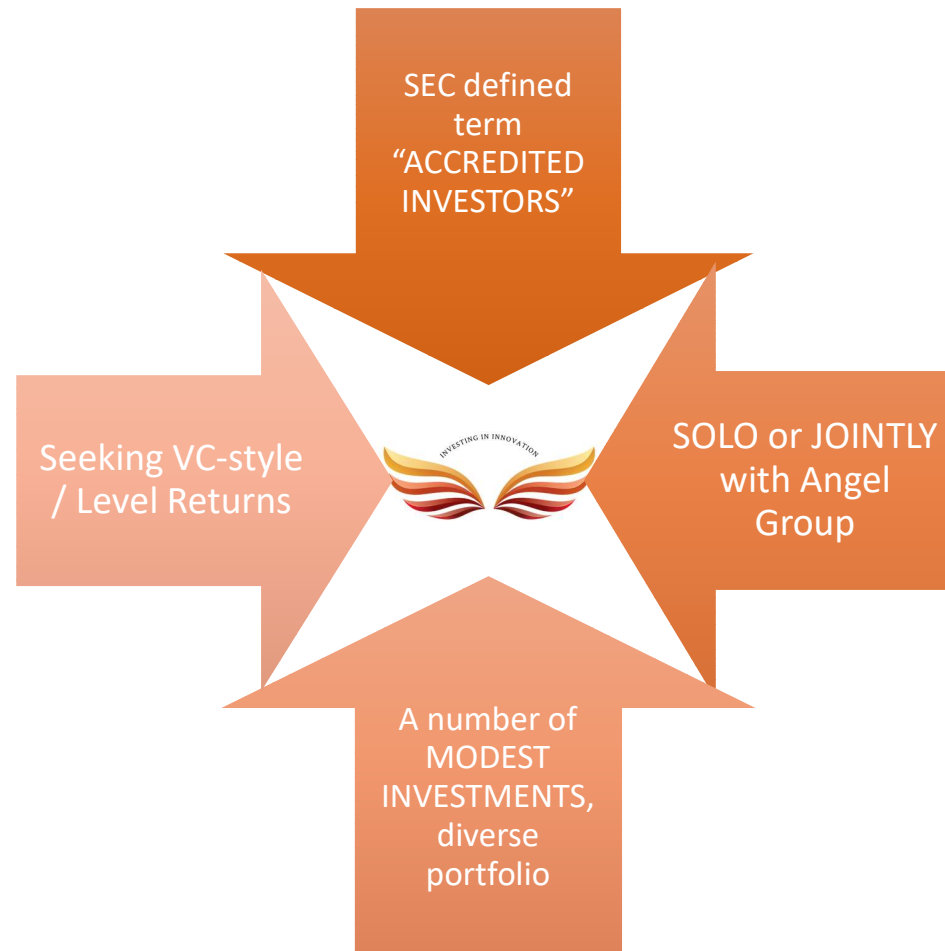
PRIME



SPONSORS – Cont'd



What is An Angel Investor?



Typical Angel Deal

- Seed-stage company
- Pre-Money valuation below \$5 million
- Raising up to \$1 million in exchange for up to to 20% ownership of company
- Bring more than cash – advice, expertise, connections (rolodex)
- Return from an EXIT (acquisition, IPO, shares purchased, new investors)

Angels Look for...

- Barriers to Entry: patents, trade secrets, (unfair competition, secret sauce)
- Solid management team
- Scalable product / service for high revenue in short timeframe
- Desire for advice and coaching. Learning / Growing
- Investment Return: 10X return over investment life (preferred to be 3-5 years)

ANGEL MYTHS

- Angels fund an idea on paper
- Angels cover high-paying Exec. Salaries
- Angels don't need to see a business plan
- Angels don't care about their Return on Investment (ROI)
- Are 'Just a Check'

Angel Trends Nationally

\$4m pre*

\$250k per group

\$10k per investor

Seed Round

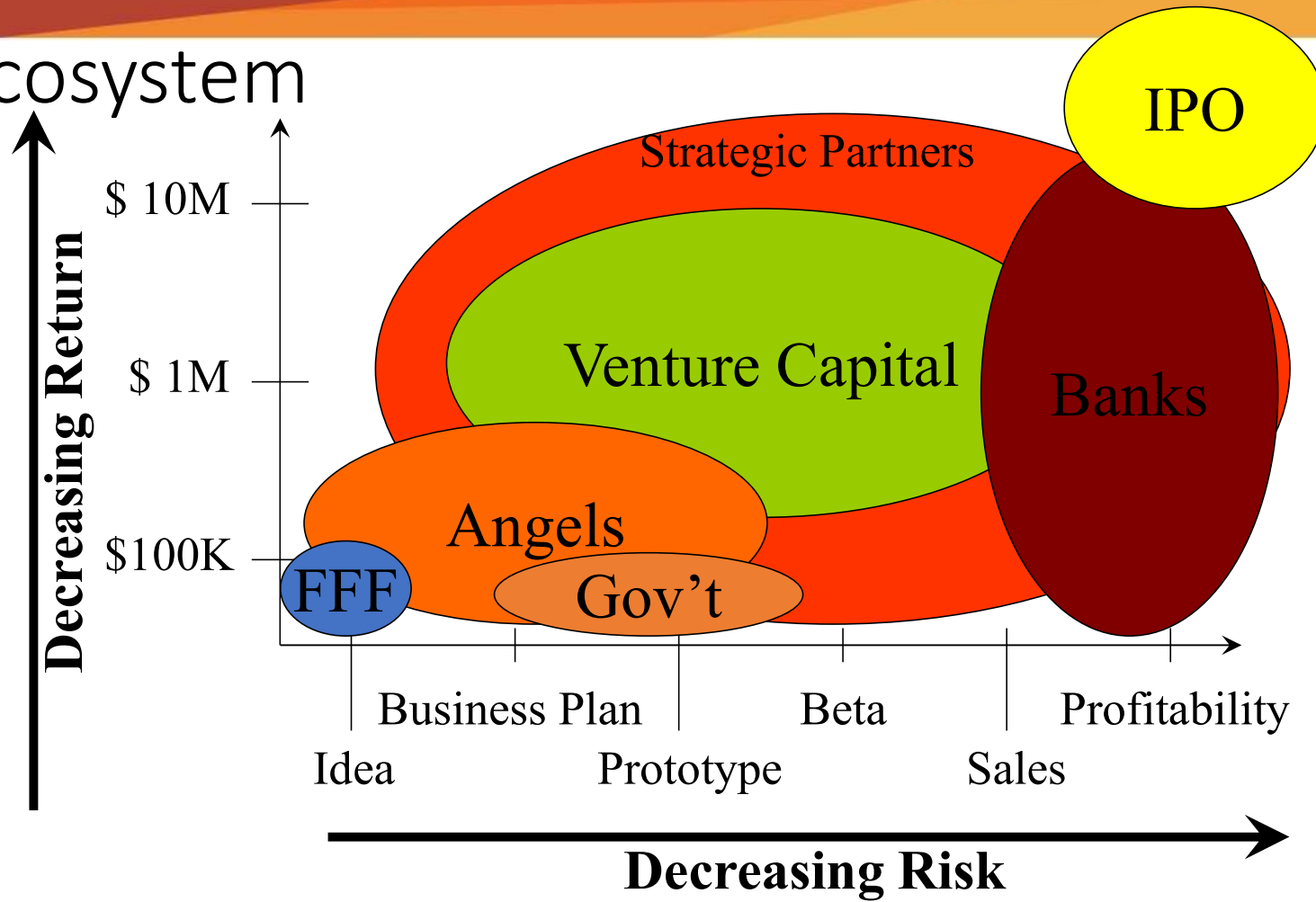
Investment Structure

46% Convertible Note

36% Preferred Stock

4% SAFE

NM Ecosystem



Reference: Tom Stephenson, Verge

NM Angels – By the Numbers

YEAR	INVESTMENTS	\$ INVESTED
2010	5	\$562K
2011	5	\$1.3M
2012	2	\$1.6M
2013	5	\$1.4M
2014	4	\$1.4M
2015	5	\$1.4M
2016	7	\$1.6M
2017	5	\$900K
2018	6	\$760K
2019	5	\$850K
2020	4	\$700K
2021	4 so far	\$3M & counting



New Mexico Angels – Process

- Entrepreneur Submits to GUST.com
(presentation, business plan, financials, use of funds, team)
100 applications YTD
- Screening Committee: review and vet
20 under consideration now
- The “Funnel”
 - Quarterly: 6 Companies undergo ‘Due Diligence’
2-3 Companies Present to Investors
 - Annually: ~5 companies funded



NM Start-Ups In the News



Tech Tribune: <https://thetechtribune.com/9-best-tech-startups-in-new-mexico/>

Case Study – Meow Wolf



Meow Wolf Economic Development NM EDD Link <https://gonm.biz/why-new-mexico/case-studies/meow-wolf>

Meow Wolf FAQ, including community news: <https://meowwolf.com/faq>

Case Study – Taos Bakes



Taos Bakes: Brand Ambassadors Troy Aikman and Erin Andrews www.taosnews.com/news/troy-aikman-erin-andrews-new-brand-ambassadors-for-taos-bakes/article_e5e2b82c-ee3a-11eb-83fe-cfdcc543ffea.html

Case Study – Build with Robots



Video: Breezy One Robot

www.youtube.com/watch?v=Uo9KysNSxkQ&ab_channel=BuildWithRobots

Invest in NM w/ State \$

1. Renew NM State Angel Tax Credit:

<https://nmangels.com/angel-investors/angel-tax-credit/>

2. Double the Catalyst Fund: Managed by Sun Mt Capital

3. Go Local w/ SIC, other State of NM Funds

Look to CalPERS www.calpers.ca.gov/page/investments/emerging-transition-manager-programs/california-investments

Leverage Great Opportunities

CDFIs & Credit Unions

VISTA & AmeriCorps

Public Bank

Support What Works

Leverage State Institutions' Existing Programs: NMFA, NM EDD

Protect Citizens: Pass Usury Laws, Provide Credit Education

Recognize Success: Awards Help, Use NM Media, Engage the Public

Go Get Stuff Done. Thanks for your efforts!

Recommended Reading

- **Venture Deals** by Brad Feld
- **Angel Investing** by David Rose
- **The Secrets of Sandhill Road**, John W. Thompson
- **Venture Capital for Dummies**, Peter Adams (RVC – our partner) et al

WE CAN DO IT, TOGETHER!



- Collaborate: Break down silos
- Leadership and consistent message
- Participate
- See MORE BE MORE for all!

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