



Nicholas Zaldastani

The 4 Top Secrets for Raising Capital In The Wellness Industry

SUMMARY KEYWORDS

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Hello, welcome back to the Optimal Performance Summit. I'm your host, Dr. Patrick Porter. Today's guest is someone who is a mentor capitalist. I've known him for quite a number of years now he got involved with our technology over 10 years ago. He's now our CEO, and he's going to share with us a little bit about the new technology that's out there and why today is the best time to be a part of the wellness industry. I want to introduce Nicholas Zaldastani to the summit. Hello, Nicholas. Good day,

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everyone. It's good to be here. And Dr. Porter, good to see you as usual. And very excited to be on this summit. Because this all started back in the early part of the century, I was up in Park City, hanging out with a guy named Paul Zane Pilsner. Many of you might remember him from the Reagan years, and also his book on the next trillion dollar industry, the wellness industry, and he really affected me he really pressed me hard to take my own wellness into my own hands. to really take an active role in the way I was going to live the rest of my life. And as my life continued after that, you know, things get busy and all that stuff. But I was really always watching for stuff out there. That was really very, very special things out there in the marketplace that would help me better myself. And it was in 2010, actually, that I became aware of your technology, as you know, and very, very excited about it. And I think one of the highlights of my life will be the phone call I got from you and your wife. About now Wow, almost five years. It's amazing how time flies, talking about how you wanted to grow your business.



And I was such a fan of your work and what you had accomplished, that it was a privilege to start doing due diligence on the company. And very exciting time back four years ago, because we were starting to see some Real nice increases in the way people were thinking about more specifically, technology and the whole notion of wellness. I was starting splitting with a lot of different things that were out there starting to watch some companies that were very small at a time. People know about him all the time now things like common headsapce, but the market was just starting that and it's been a very exciting past four years, I spent the first basically two and a half of them being your chairman and the first investor in Brain Tap. But it's really been the last year where I've been full time. A little bit more now, a year and a quarter Time flies. Been the CEO and I've had so much fun because this is such a excellent team to start with, but the team does not stop at the walls of the company. The team is the set of Doctors, wellness professionals worldwide, that resell Brain Tap the team are the influencers out there in the marketplace that I've been basically highlighting the benefits of brain tapping in one's life. The whole aspect of looking at this way beyond just a mindfulness, relaxing type product, but something that really does change our days, every day and makes them better. And so the mission that we all set up last summer, in terms of how we looked at brain tap into the future, was the mission to better a billion brains. And I think that when Mark Zuckerberg was asked many moons ago, what he was going to do with Facebook, his comment when it was a small company was to connect a billion people. I think at that point, everyone sort of smiled and and moved on And I think the way we're going to better a billion brains at brain tap is by working with everybody that's listening. We look at this as the Brain Tap nation, everybody in the Brain Tap nation is part of the mechanism we will use to pass the word along. And that's what's been most exciting about the past year and a half is the number of people that have certainly benefited from Brain Tap, and and Brain Tapping in general, but more excitingly have introduced us to other people that get just as excited. So it's a pleasure being here this morning. For me in San Francisco, and you back on the east coast.

04:41

Yeah, it's it's great to know also we had some questions because you're a mentor capitalist, and you take an active role in the companies you're dealing with, when you're looking at a company like a wellness company, because we have a lot of wellness professionals are going to be watching this in maybe they're not involved with brain cap yet. But what do you look at when you're looking at Something because people like headsapce and calm like you're talking about, we're talking about, we believe that high tide rises all boats, you know, as they say. So here we go, we've got these companies that are out there spending millions of dollars, marketing dollars, and basically telling people Hey, you, you can you can de stress you can relax, but what else? Are you looking at any wellness company? Or does the venture capitalists look at, or just a venture capitalist or somebody wants to invest in a company?



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That's a great question, Patrick. You know, I think that, at the very beginning, my due diligence was really spent on how big is this problem? I always look when I invest in a company at four major things I look at is the problem significant enough that I want to get involved in solving it. You know, I'm in a privileged situation to handpick my investments. And I really make sure that every single one of the companies that I've invested in has a significant problem that it's solving because if it does, then We can try a few times to get it right. And more importantly, make sure we succeed. So the problem is the most important thing in my books. Having a solution that totally solves the problem is also extremely important. So that problem and solution part are the first two things I look at. The next one I look at is the implementation team, the team that's putting this all together. The question I always ask is, why this team versus any other team? And then lastly, I look at the implementation plan. And that is, where is this company going? And what does it need to get there? And how can I help? So an acronym psi squared has been in my vocabulary for the past 20 years, doing due diligence on companies and when I think about this space, it's been really exciting because everybody wants to be a little bit better. And you talked about the tide rising, when you have the success of headspace calm and a few of the other meditation apps that are out there at the extremes. They are at right now. It's exciting because that means there are a lot of people out there that are willing to take time out of their day to better themselves. And and that is, basically, as you said, made it much easier for everybody else to participate. Specifically, let's get into the details. headspace and calm are worth over a billion dollars each right now, that means that any Wellness Business yours be at ours has also got an opportunity to go for that type of valuation. And that means that there are investor dollars out there that means that there is market opportunity out there. And so when I look at this space, this whole area of self wellness, self help self development, I am looking at a space that right now is hotter than it's ever been, especially given the last, you know, six months, five months. So, I it's exciting. You know, I look back I actually just published an article before This magazine. And in that article, I talked about the fact of what will people be doing a year from now as they look back on this time? Will you be looking back on this time thinking, ah, boy, this is so much fun. And I got to see Tiger King. I can see a lot of reruns, or, and I did a lot of good eating, and I put on my Covid 15 or 20 pounds, or will you say I lost that 15 or 20 pounds, I'm better than I've ever been before. I am more prepared for the future than I've ever been before. And I really mastered myself to a whole nother level. And that's the place I would like to be. And that's the place I've pushed myself to be. And that's the place that I think most of you are pushing yourself to be. And the thing I would say is, can you push yourself a little bit further right now? Because this and this whole time, this whole year is going to go down in history. In a way that's spectacular. We're learning a lot about each other, or respecting a lot about each other, or figuring it out together. And it's a great time to better our brains.



09:14

Right? It's not there's no better time to put in a wellness Spa in your own home, obviously. And, of course, we believe Brain Tap's a part of that. But there's a lot of other technologies that we partner with. I mean, one of the one of the nice things about today is there's no competition. There's a lot of people looking to help people move in the same direction. And you're really you're kind of the king of strategic partnerships, let's say because you got us a partnership with Duke and got them involved with us. You're also one of the engineers, you're part of the engineering school there the board. So working in that area, and then also bringing research into it because a lot of people a lot of what we do in the wellness industry, not just Brain Tap but everything people go, where's the evidence? Where's the proof? I mean, how does this work, everybody saying, Hey, I feel good, I feel better. Whatever. That was really key for you. So how important is that for an investor mindset to know that you've got a proven solution?

10:06

You know, it's so important because Okay, let's look at oral hygiene for a minute. Let's Let's forget about Brain Tap. Let's forget about mental. Let's just look at the simple importance of oral hygiene. There are studies out there that some of you know, that says that, or that state that oral hygiene has a lot to do with Alzheimer's and dementia. And most importantly, we all know that oral hygiene is very, very critical. And so the question becomes, as the CEO, if I take the role of CEO of Procter and Gamble, actually a classmate of mine at Duke is the CEO of Procter and Gamble and I, and I basically think about Taylor's day and what his life is like, and he just got this really amazing new oral B toothbrush. It's the i o It's fantastic. They launched at the Consumer Electronics Show this year. And I think about that. The whole thing is are we launching a toothbrush, or are we launching something, it's all about oral hygiene. And so if I take a look at the whole product here, it's not just the toothbrush. It's the type of toothpaste. It's the toothbrush. It's the flossing mechanism. It is the mouthwash you use, it's the food you eat, it's the number of times you go to your dentist to keep your plaque off, etc. And so you can start to see that the whole stack is is a bunch of different stuff. And so to launch a great toothbrush, the importance is to know that whole piece and so for us a Brain Tap we look at it the same way. We look at ourselves as a platform to allow for multiple ideas to be you know, placed or multiple ideas to be brought to the the conscious and subconscious spring and that fits into protocols that most of you out there that are adopting can leverage into your own practice. And for those of you that are individual, as as we move forward, please read our blog and our Facebook page and our Instagram pages because we are constantly introducing technologies that we have found out there that are pretty awesome to maximizing our life and getting more out of it. I mean, we all now know that we're going to live well into our 80s. It's not a matter of living into our 80s. It's a matter of how are we living when we are in our 80s. And I certainly don't want to be, you know, stuck on a bed, barely able to move for a decade in my 80s. I want to be out there, I want to be skiing, I want to be playing tennis, I want to be active. And so this is



all really important that I take self wellness into consideration fully, not just parts of it. And so that whole product for us is all about how does the brain actually perform better and in interact with other areas of, you know, self wellness overall. And so this is why we have such a huge practice with chiropractors, and other basically alternative medicine doctors, because it fits so well with what they're doing. And it's been a pleasure meeting a lot of you out there that are listening right now. Because it's amazing how much service you all provide out there to people. And it's been a pleasure being partners with you.

13:32

Yeah, that's great. So in the, in the process, there's there might be a lot of people out there that have a creative idea or product or service, and they're looking for funding. I mean, you've you've actually brought in that equation to Brain Tap because we didn't, we've never raised money before. So we have no idea how to do that. So what do you recommend for people putting together a strategy for fundraising and how do they know it's time to do that? Because some people do it too early, and then they lose their whole company in the process.

13:59

Yeah, that's it. That's a very good comment. You know, it's interesting, I look at building a business very much like going up a flight of stairs, it's that simple. Every single time you hit a stair step, you've got to go up. And you have three ways to get up that step. The first one is the most obvious, and that is organically, just make profit. And you'll get up that step. You don't need any funding, you don't need anything else. But sometimes, and very often, like Brain Tap, you know, Brain Tap had existed for quite a few years had had great success, been a breakeven company, which you, you know, is phenomenal in the early years to be able to accomplish. And so the question as you come along is what do you do at each step, and many of the early steps of Brain Tap were done just through just organic growth and very effectively. So that's something you all might want to do at the beginning stages because Patrick, you just mentioned it, you know, the early stage monies are more expensive. And if you can work through those, it's a lot more effective. But remember, as you go up each of these steps you can, the first one is you just get through it through organic growth. The next one is the obvious one. It's the raising capital side. And that's where you've really mastered your psi or psi squared. And you've answered those questions very clearly for investors, so they understand what the opportunity is all about. And they want to either participate or they don't.

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And so that's the funding side. And then the last side, you know, is one where, who could you sell your business to? Is there an opportunity to sell your business and I always say, it's important to have early on some opportunities to sell your business because the earlier you know what your value is from a buyer, the earlier you know, really where you can go with your



business and help You can take it and how much investment it should take. So looking at those three options at every single turn, or every single step are very, very important. And really allows you to figure out what you want. And I'm a big fan, as I said, of the first few steps, taking by yourself, and then bringing in someone and, you know, when we came, you know, when we met, as you know, I started looking at where could we invest in the business? You know, keeping a business, just in a, in a small community is is great. It would be what they consider a hobby business, but it can make, you know, a small company of you know, 25 or 30 people very wealthy by itself. But the question then is, is how big is the aspiration and if the aspiration is to better a billion brains, you have to do a lot more than that. And that's where investment comes in. And we, that's where now, you know, and this is what's been most fun as you know, Patrick working together. That you have done such a phenomenal job of building a foundation of this business, that it's been easy for me to come in and say, okay, where do we go next? What do we do? And you know, one of the biggest pushes we've had over the past two years, is making it the headset is an optional device, and really looking at headphone only, or just the app with any headphone to be a solution. It's an introductory solution. It's something that we think is a great way for someone to quickly start and learn. I cannot tell you how many times I have actually suggested someone sign up for the you know, 99 cents special or 99 cent trial or, you know, signing up for a month and and how the response from that just with a pair of headphones has been Now certainly, and you've heard me say this many times. Putting the headset on and incorporating the headset into this solution brings light into the equation and makes it much more effective. The best part about that is that, you know, it is a more engaging experience I often compare, you know, Brain Tapping with just a regular pair of headphones to Brain Tapping with a Brain Tap headset as the difference between watching a movie on an iPad and going to a, you know, a full IMAX theater and seeing it with all the surround sound and, and special things like that just a more engaging experience, same content. But certainly with the likes of surround sound, it's a better experience a bigger screen more engaging, but don't lose sight of the fact that the app works really well. In fact, some of our users and I also, some nights just put a regular pair of headphones on. I don't want the light to keep me up. Sometimes the light will be overly stimulating and you can gauge it. That's the best part. I think one of the best features you invented Patrick was the fact we could dim the lights Sometimes you want the lights really blasting like this morning, I need those lights blasting, so I could be talking to you. But other times, you know, just crank it down. And sometimes I don't use it at all. So that was one part of the big development we had. And the other one was to really think about how do we get this into the hands of a lot more people and do it on a less expensive or in a in a less expensive way. And so we started introducing bundles, below the \$30 a month pricing. And that is also I think, been a huge win for us and allowing more people to try it out and expand \$1 a day, I still think is a great price for one's mental health. But you know, some people want to start with a baby step. And so now we have that, which is been very exciting. So a bunch of things have already happened. And then as we're looking forward, we're going to make more



investment. We're looking at how do we make the app more intuitive. How do we put in a AI? How do we do a better job of recommender Doing what you should do almost become more of a coach to you than anything else. And you'll start to see some of those features and, and UI and UX, that's user interface and user experience become better because we're investing in that area. So the goal I've always had is finding an amazingly huge problem has to be solved, find a solution that solving that and then keep ahead of, you know, providing or continue to provide more and more to the marketplace by inventing or accelerating or growing or expanding the product offerings in general. And that's what's been fun. We also, as you know, done a huge push on the HRV in the past two years, um, heart rate variability is a for those of you that don't know it is is a technology that comes out of the 70s. The Russian cosmonaut program very simply, the technology was used to measure an astronaut's ability to respond to stress. This does a fabulous job of basic Measuring the state of the nervous system and the brain activity before a Brain Tap session, and then you can do another measurement afterwards. It's only three minutes to do the measurement. And you can now compare the two. And you can actually not just feel the Brain Tapping experience, but actually see it in beautiful graphs. And that has been a huge thing. In fact, we have some individuals that by the Brain Tap HRV, I use it frequently, especially if I have a big day. And I know there's some big meetings I have to do. I want to make sure that I'm in that top mode, I might feel great, maybe I want to do a check in and based on what I see I can now dial in how I'm feeling a little bit better with another 10 or 20 minutes session. So those are the three things that have been very exciting in this past year is the real push towards the app only. Some of you know that we went to the Consumer Electronics Show a year and a half ago 2019 and we got Best at CES for our technology. And you know, so the app works very well by itself, the headset continues to be improved, we continue to work on making it better. I plotted the company for not spending a lot of money on development and creating a product that would come out at \$3,000. And building something that's just darn solid works great at a price that's not too expensive. And then lastly, of course, the big push on the HRV. But this year, we really see a huge pickup and we've been measuring our sales this year. As you can imagine, with Covid. It's been a challenging time for many being home and mental health is paramount. And we've seen a huge pickup in what we're calling the flagship product for this year. And that's our headset with a one year subscription. So, you know, that is the thing that is flying off the shelves right now, even when we offer the other things that's what about 90% of our business is. And so that really is another testament to where we're going this year, is really pushing for a really complete solution, making that commitment to a year. So you really do maximize and you're not trying to measure quickly on just a week or two trial, you're really making the plunge and making a difference in your life. And so that's the that's the big push this year. And then, you know, next year we'll have some new products for you and some new offerings and enhancements on the app and enhancements on the headset. And going to be a very exciting time for us to because I I look at next year as being an extraordinarily expansive year. We are learning so much about ourselves. We're learning so



much about how we're interacting with each other. We're learning so much about each other, that I'm really positive about where this is going and very excited about it.

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Great. One other kind of investor question that the viewers might have is that a lot of times, they'll just take money from anyone. And I know you're very strategic, you don't just take money from anyone you, you know, in it first, you know, when you're looking to raise money, you know, you can't look like you're just going to pay your house payment or whatever with the money, you've got to have a plan for it. So maybe you can speak to that a little bit, because I know you put together a really good group for Brain Tap of initial investors. So maybe you can help those listening to the same.

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Yeah, you know, there's a couple things that I when I, when I think about that, first of all, remember that equity is 100%. It's a fixed pie size. I mean, I always suggest that if you're looking at your company, look at a piece of pie, and realize that every single investor is going to get a little piece. And so you can see that fairly quickly. If you're not careful. Your whole pie could be gone if you do not do it properly. But also recognize that every single person that does take a piece of your pie should be a great contribution. To the company. And so as an example, I was I was talking to an investor, potential investor this past weekend. And this is someone that's extremely well connected out there really wants to take us into their markets and partner with us, but also wants to be an investor. And, you know, those are the types of investors that are very valuable. Investors are very valuable that are in the investment banking space, because they know how to get additional capital, venture capitalists the same way we have a few of those. We have people that have founded great companies like Adobe, we have people that are doctors, like many of you. So we've really tried to create a great network of people as investors in the company. You mentioned earlier that I'm on the board of the engineering school. We actually have one of the trustees, members of Duke, that's an ambassador. So we really have a great community, people Television News, anchors, you name it, we've really looked. And so when you think about your own investment, investors recognize that if you can get some smart money, get some money that has more than just the dollars that go in the bank account. That's really important. We, for example, we have an investor from China, who wants to protect us as we go into China, and making sure that we're doing the right things over there. these are these are things that are extremely valuable to the development of a company so I take it very seriously. Who can come in and I, I have a little different philosophy, and I hope any of you that are raising capital think this way, and that is you're always doing a favor to the investor. The investor is really not or should not be doing you a favor. It should be that you're giving them such a great investment opportunity that they basically want to take advantage of it.



And more importantly, that it is something that then they are excited by and really help you grow the business.

27:05

One last question before we wrap it up with some other things that you might want to add. A lot of people see TV shows like Silicon Valley. And they see, you know, people, people there, they're having a pizza one night with their buddies with beer next minute, they're billionaires, because they sold their concept. What where did those days go? And what's the reality out there in the investment world?

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You know, I, this is what I love about, you know, the the whole world of Silicon Valley and just tech in general is that one of the things about tech is that it can scale very quickly. And what do I mean by that, for us to distribute out to a lot of people, all it takes is someone to download our app on, you know, from an app store. And that is a very easy thing to do. And so as you can imagine, we can touch A lot of people very quickly. And so there's a famous thing called the hockey stick. And I hope that went the right way. I don't know which way it goes

28:08

the right way. The first one Yeah.

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But you know, it's it's, it's truly amazing how quickly you can scale a business and because that that can create valuations that go up very, very quickly. It's very common out here to see a company grow to a billion dollar market cap in five years. This is the famous expression of a unicorn. And, you know, the technology we're using zoom. Eric, I've known for quite some time. He's an amazing CEO. And his company has just capitalized on the fact that people need this type of technology. And so this is the type of thing that does grow very quickly in the in the marketplace, and that's where you do see these these gold rushes candidly, I have done very well in my investment career looking not for the gold rushes, not looking for the big big wins the next Facebook, the next Google, but looking for the companies that you know, are basically going to be, you know, hitting a single a double a triple. That, to me is extremely valuable because they're more consistent. I'm very fortunate to have six out of my first 10 companies have great success. I don't like losing. I don't like companies that don't make it. Unfortunately, my world in the venture world, it's kind of normally one out of 10 make it or nine don't keep that in mind. Also, when you're starting a business that, you know, a lot of companies just don't make it. So it's important to understand that risk when you're going through it. And so the bottom line is is that I am always focused on making sure that Business is very focused on key deliverables to make sure they succeed. And they bring in the right people. And I started talking



earlier about the fact that it is not just the community of the company, it's the community of the company, the investors, the partners, the customers, anybody that is in the Brain Tap community is part of the brain tap organization in my books, and that should be the same for you all. So that's really how it comes together. And, and in that way, coming back to the tides rising, our goal is to help all of our partners go up in that tide increase also. And that that's kind of the thinking and the mentality behind Silicon Valley, and that's why you see it on the show. It's, it's done in a very funny way. But, you know, of course, a lot of those stories are more than true. I've seen a lot of them over the years.

30:59

That's great. Well Hopefully our listeners or viewers have learned a lot about, you know, the mind of a mentor of capitalists or venture capitalists. But before we end the summit call today, what would you like to leave with the summit participants?

31:13

You know, it's it's been a pleasure having the opportunity to have a sneak peek at some of the speakers and what they've been saying. You know, they're, there's so many I don't even want to start to mention, but they've been absolutely superb. And I think, you know, wherever I'm coming in the ranks of this summit, you probably have a few more to see and you've probably enjoyed the ones you've seen already. Lots of inspiration, lots of good information. And it's been exciting to do it this way. You know, I am I'm missing all the hugs and I'm missing all the, you know, informal chats that we have at our summit every year. But this is a this has provided an opportunity to bring more people around us. And I, you know, it's almost like, you know, as we are expanding the business, we're getting more and more people involved that go outside of the network that we started with. And in that way, we really want to make sure that everybody knows each other. And that's, that's a big goal. So this summit is one part of that, because you're starting to see all the types of people out there that are, you know, involved with Brain Tap nation. And so I've been excited about that. I also like to learn everything I you know, I'm famous for saying, you know, it's not what you learn today. My father used to ask me every night, you know, what you learn today, what you learned today, and I realized that that's important. We got to learn things every day. But what's mostly important what I think is, takes that to another level is it's not what I learned today, but it's how my tomorrow is different because of what I learned today. And you know, I look at that for all of you right now is that we're learning so So much, you know, I mean, it's, I feel the past five, six months, I have seriously looked at the world so differently, and really looked at so many things that I want to see improved. And so that does make every day is different. And it does provide me an opportunity to, to grow and to basically help everyone around me grow. And most importantly, everyone listening. You're part of Brain Tap nation, and we want to help you in that way. So, you know, very collaborative effort. I think that's the, you know, coming back to the show that



you see less of the collaborative effort that really exists out here in Silicon Valley. And it's it's very special because everyone does work hard to supporting one's dream and I have often seen in my life, an idea turned into a billion dollar company and it's been very Very exciting. And this is the road that we see ourselves going. And this is the road we want to help everybody listening, join in with us. There's a lot of opportunity with us at brain tap. And, you know, that's a, that's a key piece in my books to how we grow best. In fact, you know, if anyone has a business issue that you want to talk to me, you know how to reach me by email, and I'll be glad to respond and really help people out. Regardless of whether has specifically as specifically to do with Brain Tap, just maybe with your own business. I love helping CEOs and presidents and founders develop their business. And there's a lot of tricks I've learned over the year just through the school of hard knocks, not to repeat certain things. And it's been fun incorporating those all into this company and into the greater Brain Tap nation.

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That's great. We appreciate that. So those are You out there wondering about funding. This is the second year in a row that the alternative medicine as they call it has outspent the traditional medicine which would be our sick care. the health care industry, which is what we're all in here is actually earning more money. So you have to find those investors too, that are looking to invest in that part. Because sometimes it's not all about the money. It's about helping the planet, people have got to a place for that where that's at. So again, thank you, Nicholas, for taking time out of your day to be here. I know you have a meeting to go to and in, keep helping out braintap nation to stay healthy in the physical sense, because that's just as important for your business. Because when you're an owner, and you don't have to worry about the money issues, you can be there for your patients and clients. So, again, share this with anyone you know, that's interested in raising money or capital, maybe they can learn something here today and help them to help you know, this is the time right now people are looking for alternatives that are something they can do from their home, keeping themselves well keeping themselves safe. So again, thanks You Nicholas for being part of the summit conversation.

36:03

Great, great to be part of the summit I'll leave with one thing that I, I'll say is that I've been on a lot of these zoom calls a lot of these webinars. And for those of you that are looking for money, you should know that a lot of the angel networks and I'm plugged into quite a few of the angel networks. In the top three on the list, the most important things, the best investments you could make for 2020. In the top three has always been across the board, every single call I've been on has been wellness, self wellness, mental health. So it's an exciting time for all of us. It's

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very exciting. So if you're waiting on the summit for the next speaker, please stay tuned. We'll



be right with you. And again, thank you, Nicholas for for your time here in the summit, and we look forward to helping all of you out there. Thank you.

