

Investing in Your Own Technology: Reimagining Dentistry and Wealth

Dr. Jeremy Krell: Ep #536



Dr. Jeremy Krell:

I'm an investor in multiple other venture capital funds have nothing to do with dentistry or reverse, and the investor experience can sometimes not be great. Even in a high returning fund, you don't know what's happening. You don't know what your money's been invested in, you don't know how it's performing. And sometimes I hear in the public media how one of those companies did before I ever heard it internally from the funder fund manager. That is an investor experience. We've turned completely on its head at Revere.

Dr. David Phelps:

Decades ago, I hustled to grow my dental practice and real estate Empire Society patted me on the back and every new deal and patient reinforced the success they said I had. Then my daughter, Jenna was diagnosed with leukemia. Nine years, several intense chemo treatments and years of epileptic seizures. My daughter was given one more miracle, a life-saving liver transplant in that hospital. I realized I wasn't successful. I had money, I had real estate assets and a business. But the only thing that mattered was time with my daughter. In that hospital room, I decided to sell my business, leave active income, and sustain my lifestyle with my real estate assets. Now, Jenna is healthy and all grown up and me. I am teaching others to do what I did and I continue to uncover the principles, strategies and lessons we can apply in business and investing to create ultimate freedom for what matters most to each of us. Welcome to the Freedom Founders podcast.

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Today's guest is a powerhouse in both clinical practice and venture capital, Dr. Jeremy Krell. Jeremy is the managing partner of Revere Partners, the first independent VC that's venture capital fund focused on oral health with a unique perspective shaped by building and exiting startups and years of clinical expertise. Jeremy is on a mission to redefine healthcare from the inside out. In this conversation, you'll learn why dentistry is one of the most recession resilient investments, the healthcare and oral innovations that are peaking investor interest, the state of healthcare and Jeremy's mission to change it, how dentists can turn their everyday tools and technologies into investment opportunities. What venture capital looks like for healthcare professionals, how AI and tech are driving down costs and expanding access in dentistry, and how recent volatility is benefiting venture capital right now. Ladies and gentlemen, Dr. Jeremy Krell. So Jeremy, you started out as many of our colleagues, I say our colleagues because we both came through

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dentistry. I know you have parents that were also in medicine and yet you've moved into the world of VC venture capital. Give us a little bit of the backdrop as to your journey and how this all evolved over a period of time.

Dr. Jeremy Krell:

Yeah, thank you so much, David. Really appreciate the opportunity. I'll tell you a little bit about my story here. So yeah, there are two parts to me as you alluded to there. I'm part dentist. I did practice general dentistry, adult cosmetics, pediatric dentistry. I helped a couple of small practices scale up to small groups, one to three locations, one to five locations, and sold them or sold my position within them. So I know a little bit about the practice world certainly and have some academic positions too. I chair the board of a dental school and have a role in a committee at the ADA and Massachusetts Dental Society. So there's one part of me that is clinical and academic and background. And to be clear, I don't practice anymore. And there's another part of me that comes from this startup operator world, and I started in technology and had a couple of exits there and I went to this luxury goods and commodity services background and exited a company after four years of scaling and ran an incubator and was really fortunate to be a part of some healthcare and dental technologies, Oscar health insurance, which iPod Quip, which became a venture backed unicorn.

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These are some names that folks know in the space and that have been successful in their respective field. So there's this startup operator energy about me, but how I got into this world of revenue and investing in dental technology, it's actually a little different, comes directly from my conversations with the dentists. So I would talk to dentists about a couple of topics, right? I'd get into it, what's most important to you? And they would tell me their walls, the walls of their practice, the roof of their practice, the patient roster, their ebitda, right? They would tell me the practice is what's valuable to me. I've been building it myself. I've been investing in myself, which makes a lot of sense. And I'd ask the question, what about that technology inside your practice? What about all the stuff you use, the software, the FinTech, the biotech, the MedTech?

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What about all that? And they'd say, well, I get a discount on it. My accountant tells me the capital equipment depreciates in value. It's cool stuff. I have to use it. It's essential to treat my patients, but I haven't thought much more about it. I kind of park it right there. And then I get into another question with them, which is, how do you build your own wealth? How do you invest? And they tell me, I invest in the stock market and mutual funds and stocks and bonds and CDs and real estate. And how do you get into those investments? Well, I have some great financial advisors, accountants, great networks that I'm a part of that educate me on them. And I ask them, do they know how those things work? And those that are educated by Dr. David Phelps probably know how real estate investments work, but most of our colleagues don't necessarily know how that works.

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So I get back to the main point with them, which is, so you're telling me that there's a lot of dental technology

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in your practice that you must use but that you don't invest in. And you're also telling me that you've made a bunch of money if you're successful in your practice and that you're pulling it out of the industry and investing in things you don't know as well because someone else told you to. And so when we loop those two concepts together, the next obvious question is, well, why aren't you investing in the dental technology in your practice that you do know and use? And that's how we come about with the story behind Revere.

Dr. David Phelps:

That's so interesting. And the conversations we've had just briefly in the last few months around this idea that where we invest our capital, our time, attention and capital ideally, is in arenas that we understand and as you said, well for a dentist it's right there, so what can we invest in there? But typically we don't think of that. Yes, we certainly invest in our business, our capital there, and that gives us very good returns, but we have to put time into it, right? And the idea of becoming an investor, which is a spectrum over time, is building capital assets outside of your primary work, your active income so that you have income, capital, wealth growth outside of your labor induced participation. And that's where it gets scary, right? That's where, as you said, we typically don't make the time, we don't have the connections. We don't know go to traditional sources, which can be a part of it, no question about it.

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But the tendency is to default completely to the public markets and it is what it is. It can be good, it can be bad diversification, the ability to hedge in different asset classes I think is what you found in your own life and your curiosity in your DNA. I'd say enjoying that is part and parcel I found in my own life is if I want to learn something about something else, I should look and find people who have already gone down that road, people that I have some commonality with, some affinity with who I think we have an understanding with each other. It's not someone who up here in the clouds that I can't even understand, but someone who understands who I am and what my issues are. And certainly you bring all that to the table with your background. So with that being said, now we're talking about how do we diversify our investment assets into areas that we have more understanding and certainly healthcare. So let's talk a little bit about what would you say is the real mission and vision of Revere Partners as it is today?

Dr. Jeremy Krell:

Yeah, thank you Dave. First of all, for the kind words, and I completely agree, we historically do better as investors when we invest in what we know. The mission behind Revere is really threefold. We want to do the following three things. We want to end the chronic state of disease that is dental today, and in doing so, redefine healthcare, redefine oral health's role in healthcare. We want to in addition to that, advance the industry through science and technology, and we want to make care affordable and accessible to all. Everybody has a mouth, it should be accessible to everybody. These are kind of the three levels of our mission at Revere.

Dr. David Phelps:

Let's just start with the first one, redefining oral health, and we've known in dentistry for I don't know how

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many years, decades now, the connection between oral and systemic health. We know it as dentists, we try to bring that education not only to our patients, but even to our collective compatriots in medicine. In doing so, what aspects of what reveres and investing in you can be specific or even in general messaging that our dental colleagues can take either in their hands technology and bring it to the forefront so their patients can better connect and not only understand the connection with oral systemic, but also begin to see and appreciate results that they're getting.

Dr. Jeremy Krell:

Let me blend the answer between market, clinical and technology as I answer that question. Okay, so agree completely. The mouth is a gateway to the rest of the body. We've known that for a long time. Two of the top 10 most chronic diseases in the United States over time have been caries and periodontal disease, no surprise to any dentists. In addition, those diseases are also in the top 10 with cardiovascular disease, Alzheimer's diabetes, among several others. Those other diseases are all either linked to or correlated with something going on in the mouth. I think we all know the red complex, orange complex, yellow complex, the bacteria, we all know the P gingivalis and the other very bad spiro, ket, fusiform bacteria. These are the ones that are getting into your blood that are crossing the blood brain barrier. In the case of GIP pains from p gingivalis and are causing these problems like precipitating plaques in Alzheimer's, those the mouth, we spend about 180 to 200 billion a year on just treating in the United States.

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The amount of money we spend on diabetes or cardiovascular disease or Alzheimer's are even larger, many, many billion dollar markets. So these are huge markets that we're investing in and a lot of the technologies that we invest in go ahead and cross into different other healthcare verticals. So the sort of healthcare professional that we look to or aspire to be, the integrated oral health clinician, those are ones that look at technologies. For example, rev Bio in our portfolio. So this is a bone regenerative, but actually it's first indications of use were in cranial flaps and in the spine. The third indication of use is actually for implant stabilization. Why does it work so well in all of them? Well, it's a bone regenerative. The mouth has four types of bone, so does the rest of the body have bone. In addition to that, you need to be able to work in a moist environment.

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The mouth is a very moist environment. Rev bio allows you to create adherence in an environment that's moist. So this is one another I'll give you is just a second example is Lura Health. They've created the first continuous monitor to be in the mouth, an intraoral wearable. This thing is smaller than an orthodontic bracket or is implemented directly into your retainer or into your removable prosthetic. Why is that important? Well, it can manage, of course, it can measure things like temperature or compliance of a device or pH, but it can also measure various salivary diagnostics, right? Very salivary biomarkers. You're able to see in there what types of bacteria are acting or acting bad. You're also able to pick up on problems like diabetes, for example, in the mouth early and not possible if you don't have an intraoral continuous monitor. So these are

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technologies that they might be implemented in the mouth or might have a role in or stemming from the mouth, but also have direct applications to other oral systemic health integrated fields.

Dr. David Phelps:

I'm hosting something I've never done before and I want to personally invite you and your spouse to join me in New York City in June. This is a hands-on minds-on immersion into what strategic investing looks like today. You'll gain frameworks to evaluate opportunities that are insulated from Wall Street volatility and built on fundamentals, not hype.

Speaker 3 ():

It was so great for us as a couple because it was the first time I think that we finally got on the same page with our finances. Before it was both of us making money, but kind of doing our own thing. And this is the first time we were able to sit down and say, okay, what are our goals and how do we get there?

Dr. David Phelps:

On Friday, you and your spouse will sit down with me for a private strategy workshop where we'll build your personalized roadmap, how to create real cash flow today, not someday. Next, you'll step into the real world of strategic investing. This is where you build real confidence, clarity, and control.

Speaker 4 ():

There's just so much that you learn from having boots on the ground and just walking the streets and seeing the property, seeing the assets firsthand.

Dr. David Phelps:

You'll enjoy two nights in luxury accommodations in the heart of New York City, share incredible meals and cap the weekend with an unforgettable private yacht tour around Manhattan and the Statue of Liberty. You'll see what's possible and you'll realize you are not alone. We're keeping this weekend intentionally small and highly curated. Once the guest seats are filled, they're gone. If this sounds like what you've been waiting for, it probably is. Let's walk this strategy together. Let's find your freedom on your terms. Go to NYC dot freedom founders.com to register today. That's NYC dot freedom founders.com. Talk about reducing cost. We know that technology advances, which are the innovation of the world we live in today, and my gosh, the changes across the board globally have been fantastic. The world we live in today, so much different than just a few generations ago and where we are today, the opportunities are massive.

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You talked about affordability. Well, we recognize that the affordability of healthcare in general, dentistry, no exception, is relatively high. The cost, we know the investment makes sense, but the cost factor to the person on the street are patients, and we have a healthcare system that many would say, well, it's great in some respects, but it's not accessible or it's being driven by the wrong incentive structures. Dive into that. I know you're very good with taking key concepts and simplifying and going to the core. So I threw a lot at you there. I'm going to let you just take that and drive it a little bit further for me.

Dr. Jeremy Krell:

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Yeah, there's a couple areas here. So some of the cost in healthcare is born by some of the biggest drivers of overhead to the healthcare profession. One of those in dentistry also in healthcare is staffing. So we've been invested in and working with solutions like cloud dentistry and with two, Theo, these companies are helping put the right staff in the office in the right role at the right time, and it thereby reduces a lot of cost, right? When you don't have the right staffing in the right place and you have the supply shrink down, then cost tends to go up. So in this case, you can actually solve for some of the cost on the cost side of the healthcare delivery system, which is staffing. That would be one example. Another example in areas like this is precision medicine. We all want healthcare that caters to our personal health needs.

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Well, that's very expensive because frankly, it's a lot less expensive to provide scaled solutions that are sort of one size fits all. But guess what? Each of us have our own mouth and it's not one size fits all necessarily. So companies like Viome, which measure your gut health, right, as well as your oral health, they take salivary, they take stool, they take blood samples, and they have found a supply chain that is able to provide a customized probiotic that you can take for your gut health as well as a customized toothpaste for your mouth based on who bacteria are, the bad actors there. That type of precision care provided with dentists in the loop, but not necessarily in the, there's a component of it that's in the practice, maybe where you get introduced to the system but is not solely reliant on the practice, makes some of these things more accessible.

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There are countless other examples. A company we've invested in perceptiva as an intraoral scanner that uses optical coherence tomography. So it's seeing in your tooth in the form factor of an intraoral scanner. So how should that matter? Well, you don't necessarily have to take both two dimensional x-rays and a pano and have A-C-B-C-T, which is driving up your costs, take multiple scans with different scanners all in one scanner. You're able to see inside the tooth with no ionizing radiation. That's transformative compared to the different modalities we have to use, which then drive up cost on the patient, right? They also have invented and is years away from market, but a robot, A robot that can cut crown. So think about the Da Vinci system in orthopedic surgery. In medicine. Did it remove orthopedic surgeons? It absolutely did not, but it provides precision care and provides efficient care in settings where it is applicable.

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So a dentist could potentially supervise this robot in the future, cutting crowns to a very precise point, and because of the scanner and the software to plan the crown, you can actually have the crown available before the tooth is ever prepped. So what does that do for the patient? The entire procedure is chairside. They've had a scan at their exam visit. They have a prep and delivery at their next visit, two visits, one and done, and the exam is kind of a base visit for multiple other procedures. So it's really 1.5 visits, one and done for a crown. The dentist now has more time and more chair availability to focus on fuller restorative cases, right? More beneficial for the provider in their business, more efficient for the patient. Healthcare costs go down. So

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these are a couple of examples, David.

Dr. David Phelps:

That's great. What about some examples in FinTech? I know that Revere has invested in air pay and uptime health.

Dr. Jeremy Krell:

Yeah, these are two other good examples. One in equipment health and one in FinTech. So air pay is doing your insurance verification. They have deep, deep, deep technology and relationships to be able to understand are you in good standing with your insurance policy? What is your rate sheet? Where are you at in your accumulator? What limitations are there? So how does that help you? That helps the patient drive costs down in a couple of different ways. Number one, they're going to know much sooner, perhaps even in real time what their insurance actually covers without out-of-pocket paying, without patient financing, without some other modality, they know more precisely what is it that insurance is going to cover. In addition, the office doesn't need to spend two, three hours on the phone with TPA portals and insurance portals and waiting on hold calls with the insurance company to find out what the benefits are.

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They've just done it instantaneously and digitally, so it actually drives down the staffing cost again on the practice. All those cost savings are then the benefit is really captured by the patient. They know what their insurance policy covers in the office didn't have to spend as much to figure it out. So that's one. Uptime health, another, the name actually is part of the value prop. An office suffers a lot of downtime when their equipment goes down. If their chair goes down, their x-ray unit goes down, their autoclave goes down, they can't treat patients. That again restricts the supply of care. It drives the cost up on the patient. If instead, uptime health is deployed and it's measuring the health of your equipment in your practice and it's telling the dentist when to either fix or replace based on the market for those products, that particular item in their practice, like an autoclave, they can avoid downtime in the practice and avoiding that kind of downtime, essential that downtime that's caused in the practice. And in fact, from a statistics perspective, even the patient missing work due to a dental related pain. To bring it back to the market perspective, I believe it's the NIH who says that we lose about 46 billion a year in the United States of productivity due to dental related loss of production, meaning the patient who's a worker is going to the dentist and having to spend time and money there or time out of work because of a dental related problem.

Dr. David Phelps:

If you're ready to break free from the conventional financial treadmill, the Path to Freedom newsletter is your roadmap. Every quarter you'll receive my free digital newsletter packed with powerful alternative investment strategies, timely economic insights and uncommon wisdom to help you create more freedom, autonomy, and impact in your business and in life. As a subscriber, you'll also get weekly blog insights from decoding market shifts to building generational wealth, to crafting a business that doesn't run you. It's not just information, it's insight that leads to action. Join a community of like-minded entrepreneurs and practitioners

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who are choosing the road less traveled. Sign up today @freedomfounders.com slash digital newsletter one and start your path to true freedom. That's freedomfounders.com/digitalnewsletterone. Let's talk about efficiencies in workforce management. We talk about staff just like the dentist. We need staff, AI efficiencies, systems, technology certainly increases efficiency. What about today in terms of retention and engagement with the right staff? Because that's been a problem, came out of covid. We had the great resignation and the labor dynamics have been tough, let's put it that way. In many respects, hygienists and many locales difficult to find today. What's technology doing to assist our doctors with those areas of concern?

Dr. Jeremy Krell:

Yeah, AI is evolving every single day, every single minute, every single second. It feels like there's a massive proliferation. I'm sure everybody in the industry has felt that there is sort of an AI gentrification sort of strategy here in dentistry and in healthcare and AI agent for billing, an AI agent for booking AI for everything. Do they need to be supervised? Yes. Remember folks, I think the two most valuable things that I can tell you is you need to vet these solutions to make sure that they really work within your practice and within your tech stack because there's just so many of them. Same reason that from an investor's perspective is very difficult to invest in these things because finding differentiation is tough. That doesn't mean it's a bad thing to use in your practice. It just means you need to heavily vet them and understand how it is that they're working and working with your ecosystem, your people.

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They need to be supervised as the other component of this AI and even generative AI, where it is at in the industry and the most plain and simple terms as it is telling you what you should already know or expect to hear, but it just has multiple CPUs, computer processing units. It thinks like a computer which goes way beyond the capability of a brain. It can handle a lot of data inputs, data outputs. It can look across large populations in a way the human brain cannot. So what it's capable of doing today is giving answers and performing mundane functions that you should already expect to hear or already know, right? So it's sort of at a mediocre level, even maybe a below mediocre level for somebody who's a trained professional, it will get better and it can today already replace some functions and make the practice more efficient.

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But you do need to think about it realistically in your practice. These are human guided, human supervised and empowered positions in terms of workforce management. A company like Cloud Dentistry or Tu Theo that I mentioned, it's really interesting to look at those company's evolutions. They're all sophisticated platforms and have their own differentiation. The way in which, for example, cloud dentistry has a unique and proprietary matching algorithm for hygienists to a practice's needs, where they're going, where some of these workforce management solutions are going are looking at retention. To your point, David, they're looking at, okay, we can help the practice find the professional. They're missing a hygienist today. I have a locum tenants need, whatever it may be to fill that position, but how am I actually going to onboard that person? Now they're going to walk into a practice that has its own way of doing things, its own technology, its own.

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How are we going to onboard and train that person, and what about retention, right? We want to incentivize this person if we like them and if they're good, we want to incentivize 'em to stay a longer time. So how are we going to do that, right? The office has different mechanisms that sometimes they use, sometimes they don't use. You can bump their salary, you can give them a bonus, you can give them equity in the practice. Maybe even you could give them tech equity. So one area that Revere has been exploring with other HR and workforce management solutions and now has developed its own model is a practice can actually underwrite or issue tech equity to a person in their practice uniquely to encourage them to stay. These people advisor, whether they're an assistant or a dentist or an associate, they're all using the technology and they can benefit and especially those people who aren't accredited. If the practice or the provider is underwriting the investment, they may be able to get access to having some upside in some of the technologies that they too are using and helping to shape and guide.

Dr. David Phelps:

Let's talk a little bit about, again, neither one of us are financial advisors and we're not giving financial advice here today just to make that clear. But from your perspective, we're talking about actually investing potentially in VC financial capital, which is what Revere does in dental technology. What do you say? Again, without being a financial advisor to your investors who are very interested, the doctors you talk to, Jeremy, I'd like to get involved with and make some investment with Revere. Maybe we should start with maybe really, let's define what is VC and where does that sit on the risk curve spectrum? How do you lay it out for people who are maybe interested but not sure how this works?

Dr. Jeremy Krell:

Yeah, so let me break down venture capital for those that don't know, just like dentistry, this industry has created a whole Rolodex of vocabulary with all kinds of acronyms and abbreviations, and again, just like somebody coming new into dentistry, you see a lot of these words, and so I'll try to break it down in the most simple form for everybody to be able to understand because we want Dennis to be able to access this too, and that's really where and how we're founded. So the way that this works, right, and we can get into the why in a moment, but to answer the questions directly, the way that this works is that an investor will put their money into Revere, which is a fund. It's a big pool or pot of money. So I mean quite literally for doctors, what that means is they tell us a total amount.

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They want to invest, let's say a hundred thousand, 200,000, 250,000. They tell us what quarter they want to start, let's say Q2 right now, and then they tell us how many quarters, usually four minimum. So I want to put it in over four quarters. A hundred thousand dollars over four quarters means \$25,000 a quarter, just like your Netflix subscription. That's quite literally how they get started. What happens is the money goes into this pooled pot. That pooled pot is then governed by our investment team, nearly two dozen people internally and 117 globally who are looking at these investments, two to three that come in a day, meaning 200 to 250 a

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quarter, over 1400 in total organically diligence. It runs through a 26 point diligence process. Our analysts crunch the numbers, our venture partners, our advisors who are from the industry, who are many of your colleagues and dentists themselves are actually analyzing this.

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It goes to an investment committee of nearly two dozen people that vote on it, and then ultimately the decisions are made right? Going from nearly 200, 250 down to about a third of them that have an actual pitch down to about a third of that that make it to secondary diligence, and down to about five to 10 of them that go to investment committee, down to one to three of them that receive an investment per quarter. You're investing in the cream of the crop. So the money goes from the pot of a pooled capital that everybody puts into these assets. We then take the portfolio success where we help these companies grow. We help them fund the funding they need, get through the regulatory hurdles that they have. We help them find channel partners to scale. We help them exit to corporates or to private equity funds.

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We're growing these companies and positioning them for exit right after that, once we've lined them up with somebody to exit and it's the right time, typically five to seven years, what happens then is the corporate or the private equity firm buys the company. So now if you have a process that just went from left to right, we're going to reverse all the arrows and go from right to left. The money goes from the buyer to the portfolio company, from the portfolio company back to the fund, from the fund back to its investors. So we've basically run the money left to right into these companies. We've grown them, grown the value of your dollar in the company and then having found a buyer for it, we reversed the flow of capital, giving you back not only the money you invested, but ideally returns multiples on top of that capital.

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So that's the literal how we do it. In terms of where this sits with risk, there's lots of types of investments. You could make a CD mutual fund be like low risk, low return, I would call traditional venture capital, high risk, high return. Those are generalist firms. They're investing in B2B or software or marketplace or ai, these oceans or planets or solar systems of opportunity where it's fairly difficult to actually help to mitigate risk and control. The outcome of the investments that you're making, I would call Revere or a focused or purpose or driven fund. I would call that to be a medium risk, high return opportunity. You are taking some risk. This is venture capital. These are what we call illiquid investments. The money goes into the startup and the money doesn't come out unless somebody buys the startup. So there are illiquid investments that automatically predicates a certain amount of risk, but they are not necessarily going to be any lower return. In fact, I'd argue they're higher return because we have a whole process from end to end that help to control the outcome and the success measures that are here.

Dr. David Phelps:

Revere, as I recall discussing with you, fund one is still in play, but you opened the fund two, give UpToDate to where you are.

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Dr. Jeremy Krell:

Yeah, here are some of the stats and how they work. As a dentist myself, I appreciate the measure twice, cut once principle, we all employ clinically, we work in the mouth. We work down to fractions of a millimeter we measure, and so I want anybody who comes into this to also understand how to measure. So here's the portfolio summary. Over the past five years, a little over five years, we've invested in 44 companies. Four of those companies have been sold already. Three additional ones are being sold. Right now we have had 20 markup events, meaning 20 of the 44 companies have received a valuation from a third party that is higher than the valuation at which we invested, and in total, that gives you these internal rate of return measurements. So let me break that down. There is another acronym and definition right there. So three different ways in the near term, we want to measure how is the best way to measure in the near term when private companies don't change their valuation like a stock does every day.

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So this is where we come up with the implied internal rate of return. This means that we are measuring all 44 companies, complete financial statements. Revere internally is basically revaluing every company quarterly based on their revenues and their financial statements, whether they're positive or they're negative, it's all taken into account. So on the last quarter's implied IRR, we are 71.3%. That means it's growing significantly. The company's values are growing significantly. In the medium term. This is where we talk about the 20 companies because it takes 12, 18, 24 months, they raise another round. So the 20 companies out of the 44 that have raised another round, they get a valuation. And so this is where we come up with a markup or actual internal rate of return. It's just based on the 20 companies and their new valuation, whether it goes up or it goes down. Again, all positives and negatives are taken into account.

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This is where Revere measures 22.6% IRR folks, if you're hearing from your financial advisors that your portfolio was 13% down and now it's 8% down and that that's a good day, think again, if you're hearing from some of your safe investments that you're getting six to 8% returns, fine, but think again, anything north of 15% or 20%. Again, not giving financial advice, but your portfolio, you might want think about the diversification to some of the higher returners, higher returner. You'd be looking above 15% revere at 22.6 in the long term. How do we measure this? That's based on exits, the four that we've had, the three that we're doing and the many more that we plan to do, and that's where we track to three x multiples on invested capital, MOIC. That's based only on the exits.

Dr. David Phelps:

So if I put a hundred thousand in, that means I would get three times that or \$300,000 out.

Dr. Jeremy Krell:

That's exactly, that's exactly right. And that above three x or north of three x would be the upper quartile of VC performance, which is where something uncorrelated like a vc, fun and dental technology tends to operate and to further hear how the fees work. There's this management fee, which is 2% taken over 10

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years. That's keep the lights on money for a fund, keeping the people diligence in these companies, keeping the people supporting these companies ongoing. That's less important than the carried interest. So this is the profit sharing, for lack of a better term. So with that three x, if you put in a hundred thousand dollars, you get \$300,000 back. The first a hundred thousand dollars goes to pay you back, no fees are taken on it. That's how we the fund managers aligned incentive with you, the investor or the dentist.

Dr. David Phelps:

I get my original investment out before you take any part of the profit.

Dr. Jeremy Krell:

That's correct. Or put another way, if you're winning, we're winning, but only that way on the \$200,000 is where the carried interest is taken. So only on the profit do we have some sort of profit share. And typically 20% is what is warranted with the Phelps network, it is actually 15%. So you take home 85% of that and the fund takes home 15% of that.

Dr. David Phelps:

I would say, again, without giving financial advice, when we talk about longer term investments that are illiquid, but there's a place in most people's portfolio for some allocation to that, let's put it that way. And people have to decide where they are on that curve and what they're anticipating, what they want certain allocations of money to do. I'll just leave it there. They can talk to their people and financial advisor, but I love the opportunity for people to invest in something that's closer to them and they have some ability to understand it, use it outside of actually investing as an accredited investor with Revere. You mentioned other colleagues are part of the advisory. Is that something that those who are interested could contact you also to see if there's a place or even collaboration with? We've got people in the industry that are also working on stuff all the time. I mean, that's where innovation comes from. So what does that look like just in a brief bit, Jeremy?

Dr. Jeremy Krell:

Yeah. Dentists are all sorts of people, and the investor experience at Revere especially is one that we take very seriously. So we like to have folks who are interested be involved in the process that we're running. So for example, dentists who become investors and want to also advise on the diligence process, they are welcome. They're invited to, they specify, they meet. Our investment team are the head of our investment team, our analysts, they specify the types of areas that they like or don't like. I like microbiome. I like oral systemic health links. I like ai. And then when those companies come through the pipeline to be evaluated, they are brought in with a venture partner and other advisors and they're given specific criteria rubric questions to be able to analyze the company's pitch materials and give us advice that we use in the investment decision. We carry them all the way through and invite them to the investment committee if they were part of diligence and companies that made it to that stage. So we really bring investors to the table.

Ladies and gentlemen, I'm an LP in multiple other venture capital funds,

Dr. David Phelps:

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Limited partner. You're participating with your own money as we would as outside investors. That's

Dr. Jeremy Krell:

Right. There's another one of those acronyms, limited partner. I'm an investor in multiple other venture capital funds have nothing to do with dentistry or reverse, and the investor experience can sometimes not be great. Even in a high returning fund, you don't know what's happening. You don't know what your money's been invested in. You don't know how it's performing. And sometimes I hear in the public media how one of those companies did before I ever heard it internally from the funder fund manager. That is an investor experience. We've turned completely on its head at Revere. This is radical transparency. You have digital dashboards that you can log in and see every company and every dollar invested, how those companies are doing. You're invited to be part of the diligence process. A lot of people benefit from the learning opportunities that there are at Revere as well as the community.

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We invite you to our events, we invite you to network, and we actually facilitate your networking with other like-minded dentist investors and with founders on the other side. David, of what you mentioned is dentists who are founders. We are naturally very innovative, right? Dentists are, we've probably all heard part doctor, part artist, part engineer, those who are founders are invited to apply. We have actually a link on our website, revere.partnersvc.com, that actually has a startup application. It's very simple to fill it out. You fill it out and submit it. You can also always reach out to me directly and we can discuss that project that you're looking to start or have already started and are looking for funding. So we facilitate this type of community building on both the investor side as well as the portfolio, the company side.

Dr. David Phelps:

This is so exciting. It's almost enough to make me want to go back into clinical dentistry just to reactivate and I can start up and have, go and have fun. What a great opportunity. I'm so glad that we could have this conversation and bring it out. What are you sensing overall with generally investor sentiment with the caliber of high net worth investors that you invest with back to prior to November 5th? A lot of uncertainty. Who's going to win the election? So people are like sitting back and no one's making any big moves. Then we get the election and we get certainly from a lot of people euphoria. So it's like, okay, deregulate, let's go, go, go, right drill, baby drill and all that. And now we're entering a season of, alright, Trump's going to make good on his promises. Well wait a minute. Wait, wait, wait, not so fast. So we have this tariffs and the world's shifting 180 degrees. My question to you is what are you sensing with your clients, investors who either been with you or have been engaging with you to make a move? Are people reluctant now or people making some decisions now or what do you see? What's your general perspective? I'm just curious.

Dr. Jeremy Krell:

Yeah, so to give you the short of it is we've benefited in current time. We have had a lot more people making decisions positively in our direction over that course of timeline. There have obviously been different sentiments as the decisions in the country are made and as the markets have changed. First of all, in an

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election year itself, no matter who wins, what party wins the election, it's always the biggest year, that first year of the four years, the biggest year of that presidential term for VC. So going into the year and fundraising a fund at the same time, it tends to be a good thing historically. So that's kind of how we headed into it. As soon as we went in and the Trump administration was elected, you're right, VC benefited in a few ways from deregulation some of these onerous regulations by the SEC and different reporting requirements and different restrictions on securities and thresholds of securities that you could buy at any one time.

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Some of these things evaporated right in thin air, and that obviously makes it easier to let the dog run wild versus on a leash, right? You have the opportunity for more explosive decisions and returns to be made. And then you get into these times, right where it's the hold up, hold up, hold up. Wait a second. What's going on with the stock market there? Tariff wars and we're in a recession and the market is plummeting. And wait just a second. Obviously those times historically are some of the most difficult times to raise money to raise capital. I won't say that differently or sugarcoat it, but what I will say is that a lot of people have looked and said, wait a second, I'm getting hit in the public markets. What about the private markets? Am I diversified enough? Because those people who are appropriately diversified have a really good shot of rebounding, not only recovering, but maybe even doing better than par and those people who are in uncorrelated investments, right?

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Something like dentistry is protected waters. We throw black, black swan a multiple sigma event like covid or something or recession at it. People still have a mouth. They still need to go to the dentist. When they do, they spend a bunch of money on that. In order for the dentist to treat them, they have to consume technology. These things are facts that remain true no matter what is going on out there. And that keeps our return profile really high and the investor sentiment changes in the positive direction of I should be putting my money into neatly focused private markets and alternative assets. Maybe I'm a little bit too over indexed in the public markets or the generalist assets, A generalist VC firm painting, a clear difference is different than aly focused or strategically focused VC fund like we are.

Dr. David Phelps:

Dr. Jeremy Krell. It's always a pleasure to talk to you and thanks for coming on today to share your knowledge, wisdom, and insight. It's been a pleasure.

Dr. Jeremy Krell:

A pleasure. It was all mine. Thank you so much for having me.

Dr. David Phelps:

Some people have asked me, David, what do you think about venture capital? And I'll tell you, as I've told other people honestly, that I have never before invested in venture capital. It's just been an area that I have never had enough understanding and have not had the access or the relationships to make what I would call a prudent investment. And that's what I'm all about in life. It's not that I wouldn't be willing to consider and

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make an appropriate allocation to venture capital because it does come with a higher risk, but just finding the right people has been something I have not made a real effort until I met Dr. Jeremy Krell. Now, spending time with Jeremy, getting to know him is one of the key aspects. Before I make an investment, I have to know who the person is. And in this case, there's other people behind Jeremy who helped vet the particular investments in AI technology and healthcare.

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And before I invest, I'd like to know more about them. So I'm telling you how I do my due diligence. I start with Jeremy, who I like a lot. He's very, very wise. I've spent enough hours of time with him to realize that he has a lot of depth and a lot of understanding and has created quite a relationship network around him. That's a key for investing in the alternative space, in this case, venture capital. So my next steps would be to go deeper and if I do invest in vc, this might be one that I might do with a certain allocation. I would start out with a relatively small percentage of an allocation just to give it a try. Again, higher risk, a higher potential reward, but also potential for loss is what we have to look at as far as venture capital. So when you're ready to take a little bit higher risk, know who you're dealing with, know what the investment is, have an understanding, and in this case, it's about healthcare and dentistry.

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So it checks a few boxes right there. But again, everything comes with risk. You have to decide what's right for you in your allocations. And this bodes right into other questions I've received in terms of, well, David, when you're pursuing or looking at considering new investment types or models, what are the two or three recommendations that you'd give as protection against any risk you may not be aware of? Well, again, this comes with one of my rules of thumb is don't invest in anything that you don't understand. In other words, is it too complicated or have you not taken the time to really dig in and understand it? That's part of the responsibility of any investor. If you don't understand what you're investing in, you probably shouldn't invest, and too many people do that and find out later what they didn't understand. Another rule I have is if the investment is too complicated, too complex.

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If someone can't explain it to me on the back of a paper napkin, then I'm probably not interested because complexity is an investor's worst enemy. It works well in the hands of those who are offering the investment because there can be a lot of, not intentional manipulations, but a lot of proformas that is prognostications can be buried in the spreadsheet data sales that can make things look good on the forefront. But inside the manipulation can happen. Even with well-intentioned people who really believe in their product, believe in their mission, things can become convoluted. So I think understanding what you're investing in and having a relationship and a trust base with people and really doing a deeper dive before you allocate and then start by allocating small portions before you go head over heels. I've seen a lot of people who have become excited over a certain model, didn't really understand it, were sold a lot of really hype, and then found out later that model didn't work out as well as they'd hoped it would. These are just part of being an investor in an

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investment space. There's always risk. It's our job as individual investors to do our due diligence and become comfortable with how we're investing and with whom we're investing.

Speaker 5 ():

European markets opened way down this morning, a 16 month low. As Trump's tariffs starts to bite, we're seeing a mass sell off of shares as fears grow about a global recession. It was the second straight day of dramatic losses on

Speaker 6 ():

Wall Street, a sea of red for the Dow, which fell more than 2000 points on Friday or five point a half percent. Remember Thursday it fell more than 1600 points. One big factor is China that announced Friday, it would impose 34% retaliatory tariffs on American goods in response to President Trump's tariffs plan. We have not seen stocks have these big losses over a two day period since the beginning of Covid.

Speaker 4 ():

While uncertainty remains elevated, it is now becoming clear that tariff increases will be significantly larger than expected, and the same is likely to be true of the economic effects, which will include higher inflation and slower growth. The size and duration of these effects remains uncertain.

Speaker 3 ():

How are you feeling about the markets right now?

Speaker 4 ():

Not

Speaker 3 ():

Great,

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Anxious,

Speaker 4 ():

Optimistic, worried,

():

Terrified.

Speaker 6 ():

It's not too clear what's going to happen in the future, in the near future, long-term future. Yeah,

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There's obviously a lot of uncertainty now. Business and politics are even more transparently aligned.

Speaker 7 ():

We have to understand that there's a lot of implications and all these implications are certainly in the short term, are not good for the economy.

Dr. David Phelps:

Trump's announcement of tariffs has heavily affected the markets. For those who are also rather strongly

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invested in Wall Street, this can be a very painful time right now. It's not a time to be reactive or disillusioned. The truth is the stock market is not under your control, nor mine. No one can guarantee when it will rise or when it will fall. You can however, control your own actions. Keep your money near your own hands, whether in your business or on higher ground. Higher ground, such as treasuries, cash, cash equivalents, precious metals. This higher ground will permit you to safeguard your investments while giving you a higher vantage point. To see the opportunities that emerge in the following quarters and years, those seeking immediate safeguarding and guiding principles to weather the financial storms ahead. I lay out more in-depth frameworks to protect your capital and financial future. In my book, building Your Financial Arc, you can get your free copy@financialarcbook.com. I'll say it again. You can get your free copy@financialarcbook.com and for those seeking a more in-depth analysis and customizable blueprint for their investments according to their needs and freedoms, you could always schedule a call with my team. We'll help you by pointing you in the right direction of whatever you need to do next. For clarity and your future freedom, you can schedule your call at freedomfounders.com/discover. That's freedomfounders.com/discover.