



# Funding the Future: AI and Fundraising Strategies

February 2025

**Erika Whitmore:**

Well, I am super excited about today's podcast and Robert, I'm really excited to have you and Kevin here with me today. Robert is the CFO of Miso robotics. And Kevin, hopefully, I don't get your title wrong. It sounds like you're the VP of FP&A, and have all the numbers. So really glad to have you both with me today.

**Robert Lunny:**

Thank you. We're happy to be here.

**Kevin Patel:**

Happy to be here as well

**Erika Whitmore:**

Alright great! Well, Robert, if you'd like, can you give us a little bit of your background?

**Robert Lunny:**

Sure. It all started doing an accounting degree, I'm from Montreal, Quebec. I did my bachelor's in accounting in Montreal, Quebec, and then shortly after, I moved to down to Phoenix, and my plan was to get my CPA license and move back to Toronto. I ended up at PricewaterhouseCoopers in their FAS group, financial advisory services, doing valuation which I think is an absolutely amazing place to start a career because it teaches you so much about business and how to research industries, how to understand value drivers. It's a very different background than, let's say, starting an audit. So what? So now I just always make sure I have a controller who's a much better debit credit person than myself. Yeah, cause I only had one controller position for a couple of years. And so I don't think I would have excelled in it if I stayed in the debit-credit world. I spent most of my time on forward looking stuff. But after PwC, I got hired by some ex big 4 guys who had started like a boutique consulting firm. This was right when the dot com days were taking off and they were basically helping companies raise money, put business plans together and forecast. One of the companies we raised money for was a company that was an application service provider. So that's the 1st generation of SaaS and or tech enabled services. And they had raised a bunch of money, and they ended up offering me a job. So I left the world of consulting, and you know, Big 4 people, to go to industry. And that was a portfolio company of a large venture group in Arizona. So I ended up over the next 10 years, working for 3 or 4 other different portfolio companies. And then I got the itch to go back to the world of really smart people consulting, and I went and worked at Alvarez Marcel, in their Private

Equity Performance Improvement Group. And it was a hundred percent travel. And I had young kids. And one of my mentors had told me, that's a job you take when you're just out of college, or your kids are in college. And after a long project, and you know, over a year on the road, I decided to go back to the world of venture capital. And so most of the companies I've worked at have been technology, professional service or tech enabled services. Never robotics, like I'm doing right now. But I've also always been interested in working industries I didn't have experience in. Sometimes that's hard because people don't want to hire you because you don't have industry experience. But also people like my background that have done a bunch of different things. Company I was at most recently was a B to C brand called Dypr, and it was a, certified B corp, sustainable company you know, operating the whole ESG world. So that was all new to me. But I got a very good lesson on building brands, building direct to consumer brands, digital marketing, a lot of stuff I'd been exposed to before, but not to the extent I was there, and we took Dypr from about 0 to 60 million in about 4 years. Got into Walmart. And that's actually how I ended up at Miso Robotics, is the CEO of Miso robotics is a former business partner of the former CEO of Dypr, and they used to work together, and when Rich Hall told Sergio, who's the former CEO of Dypr, that he's looking for a growth CFO, he introduced me to Rich, and Rich, and I hit it off and it's been great. I've been there for about 6, well, since July, so it's been, it feels like 6 months, but it's probably been 3 or 4. Yeah, there's a lot going on. So we're pretty busy.

**Erika Whitmore:**

Absolutely. Well, that's awesome, Robert. Thank you for going through that background. And I think you did put a nice plug in there for me, and wasn't even planted for the Big 4 and starting at the Big 4. So I do appreciate that. And I'm also a big fan of deals. Even though I'm an audit partner. I'm kind of a deal junkie at heart, so I can appreciate that. And I'm trying to push my kids in that that direction right now. Well, we want to talk a little bit about Miso, and especially as it relates to the fundraising right. And again, I'm not going to steal your thunder, because I think it's pretty cool. But maybe you can kind of start with the big stat as it relates to Miso. And then we can talk about, you know, the different platforms for raising money outside of just your traditional venture capital and private equity.

**Robert Lunny:**

Yeah. Well, so Miso was originally started with some small venture investors, local to LA, Rich Hull was actually one of those, the current CEO. He had a small venture fund and some other well known like local sort of smaller venture firms. But then they quickly transition to crowdfunding. So this is back in like the 2017-18 era. And since then they've become the most successful fundraising story in the United States. To date, we've raised about 150 million dollars through fundraising, or I'm sorry through crowdfunding. And it was something I hadn't been exposed to. Obviously I knew about it, but I had never come across a company that had that much success, raising that much money through crowdfunding platform, or that it was even possible, you know.

**Erika Whitmore:**

I didn't know that either.

**Robert Lunny:**

Yeah, I thought, you know, crowdfunding is, you know, early stage. You're trying to get 5, 10, maybe 15 million dollars. And sure I'd heard stories of some other companies raising over 50 million, but I had not heard or seen anything close to what Miso had done, so Miso had done multiple rounds or campaigns over several years, and all of them being very successful, and they have a loyal investor base. So a lot of the investors we have are repeat investors right now.

**Erika Whitmore:**

So like from the beginning, Robert, like continuing to invest?

**Robert Lunny:**

There's those investors who've invested in multiple rounds. Right now we have close to 40,000 retail investors that came to us through crowdfunding. And at first that sounds, you know, a little daunting as far as the management. How do you manage your cap table? But there are some things in place that make it manageable. They're all held in one entity. And then one of our board members has a proxy vote that represents them and votes for them. So it's much easier to manage than it sounds. But there's still a lot of work that goes into, let's say, for an early stage company, you're having like an investor relations function that you would normally never have at a company that size. There's a lot of good things about crowdfunding, and then there's some that are a little more challenging. We've had all our success with, I'll mention our partner Deal Maker who's been a great partner to me over the past 6 years or so. Deal Maker is the type of platform where a lot of your investors are being marketed to. It's similar to almost like an e-commerce company where you have digital marketing campaigns trying to acquire customers, get them into your top of funnel and then get them to convert at the end. And all the metrics you're using are similar to any type of performance, marketing or growth marketing. So I thought that was really interesting. So you know what I had learned at the e-commerce companies I've been at over the years was very relevant to the crowdfunding campaigns—all the same type of metrics, all the same type of spend. It made me realize, if you're choosing to go with a platform like Deal Maker, you definitely want to have someone who understands performance marketing and digital marketing. Because that's gonna make or break your campaigns. And also, if you don't know how to manage it, your cost of capital can get higher than you'd like it to, pretty quickly. I've heard of some companies, the cost of capital being as high as 60%, and that's almost always because the marketing expenses just got out of control. And you know the money wasn't being deployed efficiently. And it was being deployed in ways that they weren't getting a return. And fortunately, I'm not sure about the campaigns before Rich was there, but Rich had a lot of history with digital marketing, and then I did as well, and I think the most recent year's campaign was the lowest cost of capital in the company's history. And I think that was largely due to the management team having experience with performance marketing and digital marketing metrics. So the last month or two Rich was on calls 2 to 3, 4 times a week with the Deal Maker team. I was on a call once or twice a week. So even though you have a bunch of partners in place that is doing a lot of the heavy lifting on these crowdfunding platforms, it is still something that you have to be very hands on, and you can't just sign off and hope for the best that your partner is going to deliver the results. I think, to have the success Miso has, you have to be involved in the campaigns. And I'm saying success as in the amount of money raised at the low cost of capital. Because you could, certainly, if you're willing to throw a whole bunch of money and it, raise a lot of money, but you're, you know, half of your dollars you raise could go to the marketing cost to acquire those customers. And that's not something that Rich and I would have been comfortable with.

**Erika Whitmore:**

No, I understand that. I have a couple of questions, and you may or may not know this, I know you haven't been with the company the whole time. But what was the motivation to go that route versus a traditional fundraising?

**Robert Lunny:**

I think, at that time, there was a lot of hype about crowdfunding and the founding team, you know, they're ex Cal Poly graduates. So it was truly like almost stereotypical founding team, even though you know, the average age of founders is, I think, something in the mid forties, or something like that. This was like a bunch of college graduates, very smart guys out of Cal Poly engineers, and that's what was sexy back then, and it was something that you could do where you didn't have to have the inside path to venture capital. Like anyone who's raised money through venture capital, if you don't know anyone and can't get anyone to open doors or make introductions, it is very hard.

**Erika Whitmore:**

It's hard. Yeah, yeah.

**Robert Lunny:**

And where is that with the crowdfunding, you didn't necessarily need to have that. You didn't need to have sort of any well established relationships or connections. Used to have to have a good story, and at that time they did, robotics was also being the solution to problems that it hadn't fixed before. So it was getting beyond, you know, warehouses and car manufacturing plants. So robotics was being applied to all these new problems. So there was a ton of interest in robotics, a lot of money being raised in robotics. And then it was also the launch of crowdfunding. Like it was crowdfunding, was just finding its feet, so there was a ton of interest in it. And then those two the combination of robotics and crowdfunding being like the sexy way to raise money at the time for early stage companies, really took off, and they had so much success there was no reason for them to change that.

**Erika Whitmore:**

That makes a lot of sense. Switching gears just a little bit, Robert, because I do think that there's still a lot of interest right in retail investors, and how does that work. And you know you talked a little bit about the cap table. But what is that like? Is there a different expectation? Is there a different vibe? You hear a lot. There's been movies. There's a lot, probably, to unpack there, but just for what it's worth. What's your view in terms of what's the retail investor like to work with as an investor?

**Robert Lunny:**

It's all different colors. So you get these people that are so passionate and such big supporters. It's just awesome to see. And like some of the emails that come in that we'll share. And then there's been a couple of times where you know I've needed to help investors with their accounts, and they've been so grateful to be part of the story and part of the journey. And then there's also the stories of now you're dealing with some of our campaigns have been available to unaccredited investors. So then you have to deal with some people not really understanding how investments work. So you'll have people who make an investment, and then, 6 months later, say, hey, I'm getting married, I wanna buy an engagement ring, I need my money back. Like you can't do that, and you feel awful because you know they really want their money. But like we have a subscription agreement that you signed, and you know we can't be refunding money 6 months later, and you know you have to wait until there's a liquidating event. So there's some people who, let's say, knew what they were investing in as far as a robotics company, but they didn't understand the nature of the security they were buying so that there was all these restrictions on it before like a company has a public offering, and they didn't realize that. And so yeah, usually any of the pain comes from investors not understanding what they've bought, and then trying to do something they can't do, because there's no legal path to do it, and they end up, you know, upset. So you know, you obviously you feel sorry for the people, and you wish you could help them. But sometimes there, it's black and white. There's just no way to do that. But I'd say those cases are few and far between. And like anything, you're always gonna have the people that say, hey, you're taking too long, you know. Not enough progress. I think, with any type of you know, any company that has retail investors, there's going to be blogs and forums where people are sharing what they don't like. But overall, I think Miso is very, very lucky to have a really supportive investor pool, and, like I said, many of the investors every investor I've talked to has had multiple and participate in multiple rounds, not every round but multiple rounds. And they've gone through some tough times in the past where you know we had to drop the valuation for a strategic investor to come in, and that was Eco Labs, who invested about a year and a half ago, and that was at a lower valuation than some of the rounds, so now you have an issue of trying to manage people's expectations of valuation with a private company where there is no open market where the company's value is being established every day. You know, explaining to them how things fluctuate, you know what I mean. There was some really great demand in, you know, 17, 18, 19, 20, and then when Eco Labs came in, they're getting a preferred security. They're having a bunch of rights that the common shareholders don't have. And so you have sort of complexities to the, you know, the legal side of the securities where a lot of like the average retail investors won't understand. Even through that the people who are really paying attention understand this significance of having an Eco Labs. Like Eco Labs, I think their sales force is 6,000 people, they're in every restaurant in the country, you know. Their products are everywhere. So that is like

a sales organization that we can leverage. And we already have several of the companies we're working with now that are waiting to have our Flippy robotic arm installed have come to us through our relationship with Eco Labs. And even some of our earliest, we have what we call the "core four," like the four customers that we're working with that are getting this new generation of Flippy, installed like some have been installed the past month and a couple more in the next few months. They came to us through Eco Labs, so meaning there's tremendous value there. And then, equal also, you know, a large mature organization, I think it's a 60 billion dollar public company. Those are the companies that aren't as innovative as the younger, more agile companies that you know can be changing their strategy, you know, changing the technology they're investing as they figure things out, and they're iterating, trying to come up with, you know, the best product to come to market with. So you know, Eco Labs is an innovation lab which we're featured in. They're making investments in companies to give them that growth engine through innovation, that they feel they weren't doing themselves.

**Erika Whitmore:**

And real quick, just back to the crowdfunding, and then I do want to switch gears to AI. I want to make sure that we get to that, because I think that's super important. It does seem like the what you all are doing in and of itself, people are passionate about and that's one of the reasons you've been so successful. The story itself, right with the retail investors and with the crowdfunding. What kind of diligence did you have to do in order to be on Deal Makers? If I'm thinking about the listeners right, who might be listening to this and potentially considering this, that might be a question that they have right. You know your traditional route, you may or may not need to have audited financials. You may or may not need to have certain things in order right? What does that look like on crowdfunding.

**Robert Lunny:**

So it's like I'd say, going public light.

**Erika Whitmore:**

That's a good way to put it!

**Robert Lunny:**

You know, you're reporting to the SEC. Everything's being approved by the SEC. And you're gonna have to have an audit is an absolute must, you absolutely have to have an audit. And so you end up with significantly more advisors and specialists that you would not have for a company that was just raising traditional fund raising. So you know, we have attorneys who are specialized in crowdfunding. We have an investor relations function internal to the company and also external to the company to help with the volume of inquiries we get. Obviously if you're a smaller company this was your first raise, you could probably all manage it internally. But you're gonna need to have the capability to receive hundreds, potentially thousands of emails from investors asking questions. And then you have to know how to respond to them in the right legal context, and without giving legal advice, you know. So, you know, over the years Miso has come up with a very extensive, frequently asked question that really came to life through questions coming in through our customer service and saying, Okay, how do we answer this? Let's document it. We're probably going to get this question again, and sometimes having to go to our attorneys. But now, we have a really robust investor relations function within the organization that can answer 99% of the questions. So only 1% of the questions will make it to my desk. Because we've developed that muscle over the past 6, 7 years. And then also your audit, you're gonna want to have auditors that have specialization not only SEC reporting, but crowdfunding. Even your internal accounting function, because you're filing a 1a and it's semi-annual reporting, not quarterly reporting. It's similar to like a 10 K. It's a little less rigorous. But it's something that takes a lot of resources to get right. So the first one we filed while I was there was this 1a I think, with the deadline was the end of September, but when we were doing that we were working on nothing else. You know what I mean.

**Erika Whitmore:**

Which is like, it's just like it is with an IPO, right.

**Robert Lunny:**

Yeah. And it's also like, smaller companies tend to have smaller finance teams. So you don't necessarily like larger companies that are going public or, you know, they have the resources to meet all these reporting requirements, but smaller companies the way Miso has managed it, and they they've managed it very well is through having the right partners. So we have everything, you know, from a specialty audit firm to a CPA, who assist in reviewing our books monthly and quarterly to make sure what we give the auditors already had, like a higher level review like a technical accountant like the type of skills you wouldn't normally have on an operating private company team because you don't have the need for it. So I think for the companies that are thinking about doing it is really understanding the partnerships they're gonna have in place. And maybe some of the skills they're gonna wanna have internally. And then there's also the digital marketing piece of it. You have to, you know, be able to have a really strong marketing function because you're gonna have to give. You know, I wouldn't say give because you really collaborate with your crowdfunding partner on creating all the content that's going to be distributed, and a lot of it goes in the form of investor newsletters. But there has to be a story there. They have to be promoting something, and then for the more traditional digital marketing, let's say through Facebook or Instagram, you have to have all the digital assets that are created and you're not gonna want to outsource that all to your partner. You're gonna want some of that coming internally because you should know how to tell the story better than your partner. They're gonna really be looking for you to do it, and if you're not prepared to do it, they'll end up doing it. But I don't know if that's gonna give you the best outcome. And then and then there's a whole other set of advisors that handle investors who are in our funnel. So if they have questions where they're, you know, they might have filled out a few things, saying they're interested, but haven't completed the paperwork. We have like outbound sales calls going to those people, helping them along, answering any questions they have, finding out, hey, why haven't you completed your subscription agreement. Often it's because they had questions. Sometimes it, you know, it's just they're busy. So that's a whole other group of firms that we're using to solve that problem. So it's very unlikely that you'll be able to do everything yourself. And obviously, we've raised a lot more money. We have a lot more investors. So the volume of the transactions just requires a bigger team and more partners. Whereas if you were trying to raise, you know, 5 million dollars you could probably get by with maybe one or two advisors. But you're definitely gonna have to have some skills on your team that you traditionally would not have on an early stage company.

**Erika Whitmore:**

That's super helpful. I think everyone's going to really appreciate that advice. And, Robert, I can't even believe it. But we are coming down to the last few minutes. But I do want to make sure that we get to AI, because I think it's super important to talk about that from Miso's perspective.

**Robert Lunny:**

AI is part of Miso's story. Because you know, to have robotics without AI these days, there wouldn't be a lot of value to it. We were lucky to have a partnership with Nvidia, and that gives us access to resources that other companies wouldn't have if they weren't a partner to them. So with Flippy, for people who haven't seen it, it's a robotic arm that takes over the fry station at a quick service restaurant. So it can replace a full time employee that would be working at the fry station. The fry station is the most unpopular place to work. It's hot, it's stinky, you know. You can get burned. And if anyone who's paying attention quick service restaurants are really struggling for labor, you know. Not only is labor getting more expensive, \$20, minimum wage for quick service restaurants in California, but they just can't find people to fill the jobs. So it's not. It's not only a cost issue, it's they can't even have their operations staffed properly. And so there's huge demand for back of the house automation in food service. So Flippys, you know, is fixing one of those needs. And one of the key things that we did was we made our, we call it, "fryer agnostic," where our system can fit into most existing fry stations. So you don't have to buy a fry station in addition to a robotic arm. And one of the ways it's able to work with these other fry stations is, it

has vision capabilities so it can identify different types of food that are in the basket, which will give a different protocol for how it should be cooked and you know, temperature length, all that, and then if something is loaded incorrectly, it will be able to identify, hey, these aren't chicken wings, they're french fries, like that. And then also it has, like what we call internally like self healing capabilities, where the first generation of Flippys that was out in service were almost more like a prototype, you know. There was 20 of them out in the field. They're all a little bit different. We struggled with reliability. It cost us a lot of money and took a lot of resources to maintain these, whereas the new generation of Flippy is really the focus has been on reliability and ease of support. So now the Flippy unit is constantly analyzing its own movements and everything that's happening throughout the day to predict anything that could go wrong. So it almost has, like a self healing capability. And then, and what it will do, it will generate tickets and send them to our internal support team before a customer even knows that there could be something potentially that would go wrong in the next couple of weeks, and then we can address it before that. Really where we're trying to go with it is in the back of the house, you know what they call like, where you're cooking the food prep. There's no operating system. You know what I mean. No one managing any of the data. People don't know how long workers do things unless they do a labor study, they really don't. So we're now being sort of like the first version of an operating system for the back of the house where we're gonna study all the data, all the orders coming through. So other than a POS at a restaurant, there's no technology in a restaurant. And the POSs really haven't changed much in the past 20 years. Sure, they have automated kiosk, but as far as applying like AI and analyzing your operations of the restaurant to limit, let's say, food waste and to improve safety and make orders quicker and optimize how orders are made. There's really nothing like that out there, and Flippy can do those things. Most restaurants, they're not preparing fries to order, they're just making them all day long, you know, to have them available. So there is constantly stuff being thrown out. So we're trying to limit the amount of food waste when you know several orders come in at once, it can optimize how to do the cooking, depending on the number of baskets a fry station has.

**Erika Whitmore:**

That is so cool. This has been a lot of fun, Robert. I wish we had more time, and I'm sure we could go down a lot of different roads. But I honestly think, to summarize right, just all the valuable information you shared on crowdfunding, and I'm really glad you shared what it's like to actually manage that function right and get ready to do the crowdfunding. I liked your term, IPO light. It sounds like it's not very light.

**Robert Lunny:**

Yeah, yeah.

**Erika Whitmore:**

A little light, maybe, and then just the use of AI, and what you all are doing is pretty exciting. So I really really appreciate your time today, and coming to speak with us.

**Robert Lunny:**

Yeah, yeah. It was fun.

**Erika Whitmore:**

Awesome. Well, thank you. And I know, Kevin, you've been in the background, but I know you were here supporting the entire time. So thank you for being part of this as well.

**Kevin Patel:**

Thank you for hosting. Great job guys.

**Robert Lunny:**

Thanks, very much.

**Erika Whitmore:**

Well, thanks again, really appreciate you being part of this. And yeah, hopefully, we'll have you on again in a couple of years, and you'll have even more to share.

**Robert Lunny:**

Be happy to, awesome.

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