

Ivey Entrepreneur

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Umar ElBably, HBA '19

Making men's make-up mainstream

There's a fine line between success and failure. Umar ElBably, HBA '19 calls them next door neighbours.



"IT'S COMPELLING ENOUGH DATA THAT SOMEONE HAS TO GO OUT THERE AND DO THIS, AND I WANTED THAT TO BE ME."

UMAR ELBABLY

During the past five months, ElBably had travelled across Canada and the United States, pitching his new line of cosmetics for men, Huemen.

"I was digging myself into a hole, but I kept trucking forward saying 'as long as I can keep going, someone is going to believe in me,'" said ElBably.

He shrugged off every valley as the worst part of his entrepreneurship journey, only for it to get worst.

"That's when you really need to pull through and give it that 110 percent, and things may happen, not always," said ElBably.

With his credit card maxed and \$5 in his checking account, ElBably was invited to pitch once more to Bolt, a San Francisco-based venture capital firm.

Months of pitches, meetings, and phone calls, all led up to this moment for ElBably and his idea.

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InstituteBuzz



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By **Eric A. Morse**

Ron and Nancy Clark Chair in Entrepreneurship

Special Advisor to the President and Director of Entrepreneurship

Executive Director, Pierre L. Morissette Institute for Entrepreneurship

New Beginnings

With the summer coming to a close, we are all stations go at the Pierre L. Morissette Institute for Entrepreneurship.

This fall marks a new beginning for Ivey and Western University, with newly appointed Dean Sharon Hodgson, and President, Alan Shepard taking the reins. Having met both of them during the summer, I am delighted to say that they are both excited to fully discover the potential of entrepreneurship at Ivey and Western; and the impact we can make for experienced, and aspiring entrepreneurs across Canada. We are looking forward to working with both of them as we look to expand our programs and expertise to students, alums and the entrepreneurial community.

I would also like to welcome Janice Byrne, to the Ivey Entrepreneurship Faculty team. Professor Byrne comes to us from Emlyon Business School in Lyon, France. Prof. Byrne's inclusion further strengthens Ivey's leadership in entrepreneurship teaching and research, making us one of the largest faculty groups anywhere in the world. Her research interests include women's entrepreneurship, and entrepreneurship education and training. You can look forward to reading more about Prof. Byrne with the Winter edition of the Ivey Entrepreneur Newsletter.

We are also making great progress on the white paper for the disruption Initiative, we've partnered on for the past two years. I look forward to sharing our findings as soon as they are available. Lastly, do make sure that you stay connected with many of our new initiatives, including the Ivey Entrepreneur Podcast. I had the opportunity to talk to some very interesting entrepreneurs from our QuantumShift™ program, and those episodes will be live this fall.

A few handshakes later, EIBably had broken through, and Huemen, had received a new lease on life.

“It was a crazy moment and in hindsight, it’s almost beautiful to think of it,” he reminisced.

Make-up for Men

The world over, the cosmetic industry is estimated to be worth more than \$500 billion. Walk past a make-up aisle, and one will glimpse recognizable faces, bold branding, and a variety of products.

Still, the industry is primarily, if not entirely, targeted towards women.

That is a trend EIBably is hoping to change with Huemen, by making a product, and a brand that is approachable for men.

“The data supports that there is a market, and that market is actually waiting for these products. But they have to be communicated in a certain way.”

Part of the process is changing the language around the product category. EIBably and Huemen have settled on the term, aesthetics.

During his initial research, men frequently confessed to using make-up products, but clarified that they were not make-up products.

“They were looking for the functions, and some of them have gone out and paid for the functions of a make-up product. But as long as it’s not called a ‘make-up’ product, they are okay with it,” said EIBably.

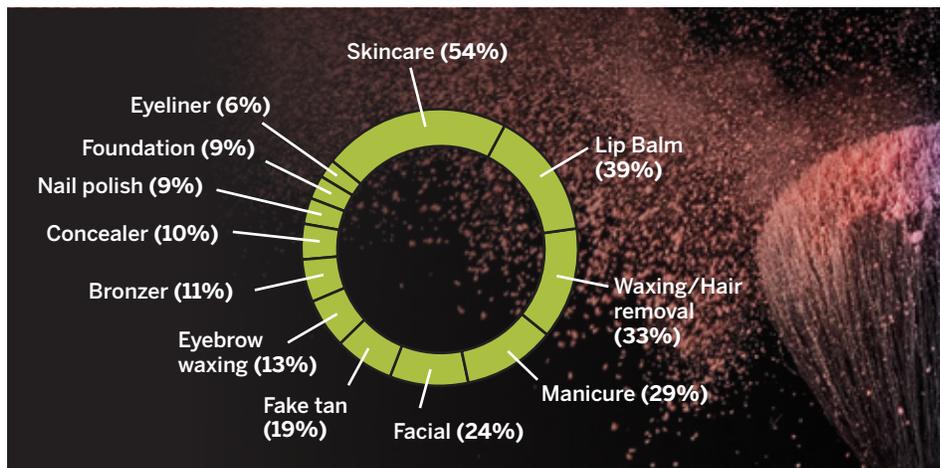
But is there really a sizeable market for men’s cosmetics? EIBably is convinced that the data points in one direction.

“It’s super compelling to walk into a pitch and say, ‘look, maybe only a couple of percent of the world’s male population has ever worn these products, but the data says that fifty percent may eventually (use make-up) in their lifetime.’”

Furthermore, larger brands such as Chanel, and Tom Ford, are also making strides into the men’s market.

Men and make-up aren’t a new phenomenon. Some of the most popular cultural icons of the last 40-years, have

Percentage of men who say each of the following is acceptable:



Source: JWT / www.marketwatch.com/story/mens-makeup-one-guys-quest-not-to-shine-2013-12-04

made make-up a stand-out feature of their image; think Prince or David Bowie. But while established brands are targeting men with glamour and gloss, EIBably sees a humbler need to fill in this developing market.

For most men, it’s about looking polished. Whether that means covering dark circles, acne or scars. That’s what EIBably discovered early on, with many men even confessing to stealing their mother’s, sister’s or girlfriend’s make-up to cover up some imperfections.

EIBably sees the grooming revolution in waves or phases. From hair products in the 80s, and high-end fashion in the 90s, to grooming products of the 2000s, and skincare a decade later.

“This is the next wave of men taking care of their appearance. It’s not a niche,” said EIBably.

Another factor playing for Huemen is the current discussion on gender. With the blurring of lines between gender norms, there’s every opportunity for make-up to breakout of its traditional gender constraints.

“It’s compelling enough data that someone has to go out there and do this, and I wanted that to be me.”

Next Steps for Huemen

The next few months will be another discovery process for EIBably, as he launches Huemen’s branding and first go-to-market product.

It is an expensive process, particularly due to the integral role branding plays in marketing cosmetics.

“It’s a lot easier to bootstrap a beauty start-up if you are marketing towards women. Those consumers are already buying the products, and they are very likely to continue doing so. But when you are selling to men, a segment that has never used these products before, that means they don’t know where to start, or what products to use. They’ve never been approached by a brand before. The goal is that you have to make it approachable for them, and one of the ways we can do that is through phenomenal branding and design.”

As they collect a swathe of new data from the product launch, EIBably will continue to iterate on the concept.

“If we find product-market fit, that is we start running out of inventory, we can take those data points and go to an investor for the next round of funding,” said EIBably.

With that next capital raise, EIBably is hoping to expand the Huemen team and product portfolio.

“This is more than just a product. This is a brand. This is a vision. I don’t know where this is going to go in the future, but Huemen’s commitment is to make the best products that help men look and feel their best.”



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ANTHONY XIE, HBA '15 DECRYPTING & DE-RISKING CRYPTOCURRENCY

In 2017, words like bitcoin, cryptocurrency and blockchain flooded the mainstream lexicon. Few understood what they meant, but like a modern day gold rush, investors of all stripes flocked to prospect these digital mines.

Prior to this, cryptocurrency was only discussed in the dark alleys of the internet. Its initial function was to be an untraceable asset to pay for a plethora of illegal products and activities. Anthony Xie, HBA '15, remembers hearing the rumours in high school. "Oh this is like used for drugs?" he recalls thinking.

His second exposure was far more nuanced. During the Ivey HBA course, 'The dark side of capitalism,' Associate Professor Jean-Philippe Vergne went in depth on cryptocurrency, and how it could change society.

The phenomenon struck a chord with Xie, and it changed his career trajectory.

Today, Xie is a co-founder at HodlBot, an online platform that allows users to bet on the cryptocurrency market as a whole. The platform employs a strategy of "indexing," which creates a diversified portfolio that aims to track the risk and performance of the entire cryptocurrency market.

Xie describes HodlBot as the "WealthSimple for cryptocurrency, with a little more customization" after the successful investment management service created by Michael Katchen, HBA '11.

With HodlBot's diversified approach, Xie hopes to reduce the inherent risks in investing in a new, and volatile market; therefore, encouraging and inviting new investors, who lack the historical background or connection to cryptocurrency.

Since their launch in 2018, HodlBot has scaled up to almost 8000 users in 80 countries. Even more impressive is that the platform has overseen more than \$60 million in trades with \$0 in marketing.

Betting on the market

HodlBot provides passive investors four indices that include portfolios that contain the top 10, 20, 30 weighted by market cap.

"I knew from my finance background, how hard it was to beat the market," said Xie. He points to the recent S&P Indices versus Active (SPIVA) report, which notes that over 90% of professional money managers fail to beat the index over a 15-year period.

The indices themselves are rebalanced every month, although it is possible to customize this timeline.

Due to the volatile nature of the market, coin types can fall out of favour or lose relevance very quickly. To protect users, HodlBot tries

to offer starter portfolios with sufficient diversification. "If you don't know what coin will win, it may be better to just bet on the entire asset class".

The entire trading process is automated through HodlBot's trading algorithm. Rather than depositing fiat currency, users can simply plug their exchange accounts into HodlBot's platform to execute the trades required.

The application also allows users to create their own personalized portfolios. "Basically, we allow users to create their own exchange-traded fund (ETF) but with cryptocurrency," said Xie.

"We are trying to own that customer relationship, commoditize exchanges, and become the platform through which people can invest in cryptocurrency."

In the next two years, Xie is hoping to hit a \$1 billion in transaction volume annually.

"The cryptocurrency investor market is growing. We are integrating with basically every single exchange out there. So, we are able to pool the liquidity, get the best order, and execution, while making it easier for users to make any portfolio they want."

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A new world of ideas

With both of his parents being entrepreneurs, Xie saw the impact, and the hard work that went into forging one's own career.

"Going to Ivey made me want to do entrepreneurship even more, because I didn't want to follow the traditional path of consulting and investment banking," recalled Xie.

His interests gathered around technology, startups and finance, but he didn't have the know-how to crack a career in tech. For Xie, it felt like a missed opportunity.

"I was angry at myself for not knowing how to code. I had classmates that either came from software engineering backgrounds, or were self-taught, and I thought I was light-years behind. It held me back."

But Xie was able to wrestle with that feeling of regret, and gave himself a 5-year plan to learn coding.

While Xie always had a penchant for the creative, the ability to code opened up new opportunities and a new subset of ideas.

"If you don't have any industry experience or technical expertise, you are always thinking of consumer facing businesses. But with the technical knowledge, you can think of building infrastructure businesses, API layers, and, developer tools," said Xie.

Three years into his post-HBA journey, Xie, together with co-founders, Calvin Leyon and Lucas Simpson, have built an online platform that allows thousands of users around the world to invest in the cryptocurrency market.

Not bad for a late starter.

Volatility and the future

Since the Bitcoin boom of 2017, the cryptocurrency market has had its share of ups and downs.

"I went into it knowing that it was extremely volatile. And just because it's going up, doesn't mean it's not volatile," said Xie, who is invested in the long-run usability and adoption of cryptocurrency. He fully expects the value to swing up and down over the next few years, but notes that the 15-year trend should point upwards.

He is also encouraged to see large financial institutions getting into the game. From the new tech giants like Facebook, to the established financial institutions like JP Morgan Chase.

Furthermore, established cryptocurrency firms are doing their part in educate the public.

"I like the fact that companies like Coinbase they are spending money on marketing, building awareness of cryptocurrency as an alternative investment class. It's good news for HodlBot," said Xie.

As the trend takes shape, Xie is convinced that HodlBot's ability to be nimble, is what will give them an advantage to adapt to the future of cryptocurrency.

"If you want your business to be sustainable, being the first mover is not enough. If you look at robo-advisors in the U.S., large financial institutions are stealing market share even if they are late to the party. You need to figure out a way to be defensible, and create a profit moat, even as a start-up."

ULTRABRAND BECOMING A GO-TO FOR BEAUTY BRANDS

Ryan Ward-Williams, HBA '15 and his digital branding company, Ultrabrand, is quickly becoming the go-to for breakout beauty products.



Ward-Williams will be working with YouTube make-up artist James Charles, to manage all aspects of the branding of his beauty and apparel empire under the Sisters brand.

With 16 million followers on both YouTube and Instagram, Charles is a major online influencer with his popular tutorials and product reviews. In fact, the rise of influencers has dramatically disrupted the cosmetic industry.

Having founded Ultrabrand in 2010, Ward-Williams worked with Kylie Jenner on the announcement of her lip kit in 2016. The product sold out in 10 minutes, gathering over half-a-million unique visitors in the first hour.

Since then, Ward-Williams has worked with American producer, DJ Khaled, former NBA player Shaquille O'Neal, and German footballer Mesut Ozil.

Ward-Williams is a recipient of the 2015 Paul Sabourin Award in Entrepreneurship.

Read more about Ryan Ward-Williams and Ultrabrand from the Spring 2016 edition of the Ivey Entrepreneurship Newsletter at go.ivey.ca/kardashians