

A New VC Fund Rides the Silver Tsunami

Abby Levy
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PrimeTime Partners

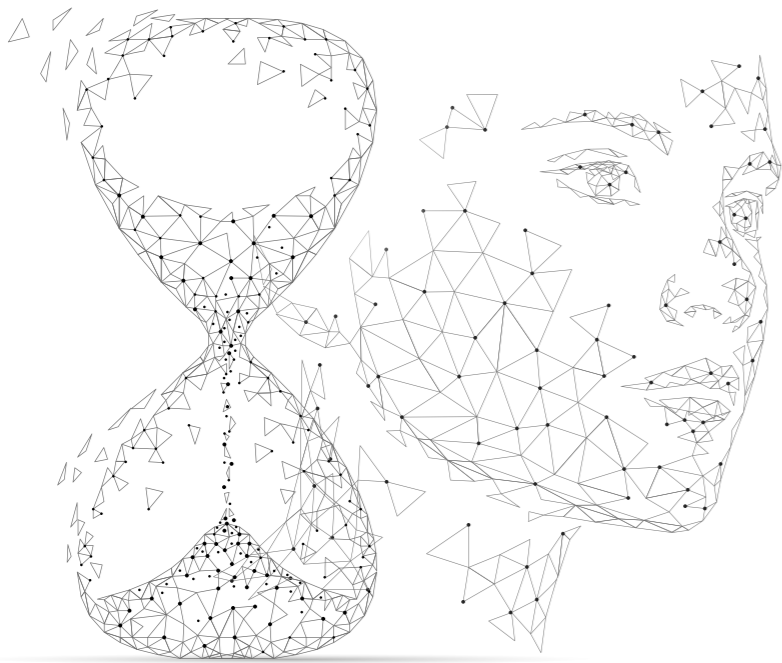
The aging of the world’s population is among the most significant transformations of this century. For Abby Miller Levy, managing partner and co-founder of New York City’s Primetime Partners, this offers an opportunity to build a network of startups that serve the needs of the elderly. Levy’s co-founder at Primetime Partners is Alan Patricof, aged 85, who serves as the fund’s chairman and is a pioneer in the world of venture capital.

The world’s population is getting older. This is a transformation that the United Nations describes as “one of the most significant...of the 21st century.” The cohort aged more than 65 is growing faster worldwide than any other group, and this trend will continue for decades. “By 2050, one in six people in the world will be over age 65 (16%) up from one in 11 in 2019 (9%),” according to data from *World Population Prospects 2019*. One expression, among several used to describe this phenomenon, is “the silver tsunami.”

For Primetime Partners, this tsunami appears to be less of a destructive force than an energizing opportunity. A \$32 million “early-stage venture capital fund that invests in companies...

that can transform the quality of living for older adults,” the fund was launched in New York City last year at the height of the COVID-19 pandemic. In the past six months, Primetime Partners has invested in nine portfolio firms that serve seniors or are startups that older entrepreneurs have launched. The founders are looking for more deals. “If you have an idea, reach out to us,” says Abby Miller Levy, Managing Partner and Co-Founder. “We are in the early days of building a lot of businesses in this space. No idea is too rough to get started.”





How does Primetime Partners view the opportunities it offers? In this interview with the Collier Venture Review, Levy discusses these questions and more.

An edited version of the conversation appears below:

Collier Venture Review —

What inspired you to focus on startups that serve the needs of the elderly? Was there an event or incident that sparked your interest in this underserved market, which other VCs tend to overlook?

Levy —

For many people, the catalyst is that they experience either their parents' or grandparents' failing health and they get a window into the health system and how older adults are treated. That was not my experience. It was the opposite, and it had to do with the personal growth story for my parents. As I looked at my father, who retired early, and my mother as well, I wondered how they could spend their time and what meaningful experiences they could have. As I began thinking about this, I saw that other than healthcare and housing, there are not a lot of private sector alternatives for

older adults. The reason for that is because everything is changing. When life expectancy was 65 and you retired at 55, there did not need to be all these products, services, and experiences for a market that people thought was going away. Either because of mortality or because fixed incomes are declining incomes, catering to the elderly was not an attractive opportunity. But today, half the population born after 2007 is expected to live to be more than 100. As a result, we now have a 30- or 40-year life span that did not exist before.

We can call it “retirement” or “the golden years,” or whatever euphemism you want to use; I personally call it “the Third Act.” We have a meaningful chunk of time in which to provide older adults with great experiences. That was the impetus. I am an entrepreneur myself, and I started to write business plans of possible businesses that could fill this space. As I came up with more and more ideas, I realized that my role was not best served in creating a single business but in building an investment platform to seed multiple businesses.

The venture community has not overlooked this issue; there just has not been a robust supply of startups. It is a supply issue rather than one of demand. That has limited the venture community. The other reason is that the venture community has become highly sector focused. We have health-tech funds, fintech funds, consumer-tech funds and blockchain funds. At Primetime, the fact that we go horizontal across a consumer demographic allows us to cross-pollinate several concepts [across these sectors].

For example, consider direct-to-consumer marketing. This is an area from which many founders have shied away. They do not yet know how to apply the playbook for millennials—customer acquisition cost, life-time value and such concepts—to older adults. We have found that we can take one of our investments in a fintech business that is making great strides in Facebook paid marketing and share that with an e-commerce company in our portfolio and vice-versa.

The opportunity in being horizontally specialized is that we can build our own expertise in marketing and distribution. There does not need to be a brand-new technology that didn't exist before to dramatically improve the quality of living for older adults. We need to take existing technologies and better apply them, engage older adults, and serve them in different ways. That is much more of a marketing and distribution challenge than a technology challenge.

Collier Venture Review —

If you look at the global market of products and services for the senior cohorts, how fast is it growing?

Based on what you described as your horizontal approach, how do you think about its various segments and components?

Levy —

There's data to show how fast the population is growing, but because businesses aren't classified by age group—nor do I think they should be—there isn't really a sense of, in aggregate, how big the industry is. There are pockets of specialized industries, like senior living, like Medicare Advantage, like some of the government services that serve this population. There are pockets of data on how fast it is growing, but that is tempered by how fast the population is growing. The population is projected to be 25% of the global population, up from 15% just a couple of decades ago. In the U.S., this population controls more than 60% of the country's net worth.

In terms of the segments, these are what you would imagine them to be. It aligns with what older adults care about, and plenty of studies have been done to show they care about three things: their health, their financial security, and having meaningful experiences. To be clear, health is a wide sector ranging from pharma and biotech, which we do not touch. We also do not invest in businesses with regulatory hurdles. We do look at health IT, aging in place, in-home care, home health aides, et cetera. There is a whole industry there.

In terms of fintech, this has usually been bifurcated into two segments. You have financial services: A key question is How do we advise the retirees? To date, that has been limited to the very wealthy because financial services just have not penetrated mass market older adults. Some 50 million Americans do not have a financial plan for retirement.

Then there are novel financial products. Other than the 401(k)—the 401(k) was a major innovation from the defined benefits and pension plans—long-term care insurance has been around for a long time. Both those markets need to be disrupted. That is because 50% of Americans are going to run out of money. The math does not add up. People are living longer but their financial outlook is not changing; in fact, it has gotten worse. We see a tremendous need for financial product innovation as well.

In terms of experiences, this is where any of the successful startups that have been targeting people in their 20s and 30s have a corollary. Take fitness, for example. 🎯

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It is a market I know well because I used to work at SoulCycle in the fitness area. The fitness needs of older adults are different from those of a 20-year-old. And yet, why aren't there more robust offerings? We are seeing that. In fact, we just made an investment in a business in that space.

Mental health is another important area. The way older adults or people of different generations view mental health is different from how the 20-year-old views it. Taking existing products and trying to remarket them isn't as compelling as creating new versions that are designed for older generations.

The travel segment looks at how and where you want to live. If you look at Airbnb, more than two-thirds of their hosts are aged 45-plus. There is a whole new way of how people are thinking about experiences.

I think we are going to continue to see a big change in the way older adults consume media, commerce, and other aspects of what is often called the experience economy, which I am sure you've read or written about. But if you think about it, it has not really translated to people in their 60s.

Coller Venture Review —

As you think about people who are aged more than 60, have you found that this group consumes products and services differently than millennials and younger consumers? Are they more frugal or are they more willing to spend because they have greater purchasing power?

Levy —

That's a great question. Just to overlay this—and there is some data to support this—as we age, we get more heterogeneous. If you think about it, it makes sense, right? You get more set in your ways, you are who you are, you are less pressured to conform. So, when people ask, "What are the purchasing habits of this audience?" I always pause and say, "There are so many segments that to have one point of view would really, I think, be ageist, if anything."

One of the things that I am continuously reminded of is how heterogeneous this group is. That said, I think a couple of findings are relevant. First, in terms of purchasing power, this audience does a tremendous amount of research. Whereas when you start a digital business, targeting a younger audience, it's always, "How do you have as little information as possible, as little friction, to get them to do something?" With older adults, it's "How do we give them enough information, enough trust authority?" Let them go deep if they want to go deep. Let them pick up the phone and call someone if they want more information so that they can make a more informed decision. That is something we have learned from a lot of our portfolio companies. That desire for research, for information, and for real

authority is a difference in the go-to-market.

Second, when you talk about being frugal, it's not about frugality as much as just the reality and the psychology of when you're on a fixed or declining income. You have a different psychology of purchase than when you know you are getting your next paycheck. You may have people in your life who have experienced it. It has a tremendous impact on purchasing decisions.

There are ways to get this audience in those situations to become more comfortable with purchasing. That can range from installment plans and parsing things out to performance-based payments, or all of those pieces. Another way to deal with the psychological issues is to spread the burden. We are seeing—especially post-COVID—this surge of adult children who say, "I want to help Mom and Dad, and I don't know how to do that because how can I financially support them in different ways? It is not tax efficient for me to write them a check. They don't want a check from me." We are going to see more of this kind of crowd funding.

Coller Venture Review —

As you continue to research this market, what has been your most unexpected finding? Has there been anything that was truly a surprise to you?

Levy —

I was surprised at how few founders are aged 60-plus. I think there are people who become consultants or work for themselves or in the gig economy, but there are tremendous barriers as an older adult to start a business, in terms of network, access to capital, and just the peer

group. I was surprised that there were not more older adults designing for themselves—the way that every other age cohort seems to design for itself. We have "mommy businesses" being designed by new moms, and college kids creating businesses for college kids, so why aren't there more 60- and 70-year-olds saying, "Hey, this is a pain point in my life. Let me solve this."

Coller Venture Review —

Have you found any exceptions?

Levy —

Yes, absolutely. That is a secondary part of our mission, to elevate the role of older adults in the startup ecosystem. We have two portfolio companies that are founded by entrepreneurs aged 50-plus. In both cases, they took the learnings from their careers and are applying it to the older adult market. In general, it is something I'm very focused on for 2021.

Coller Venture Review —

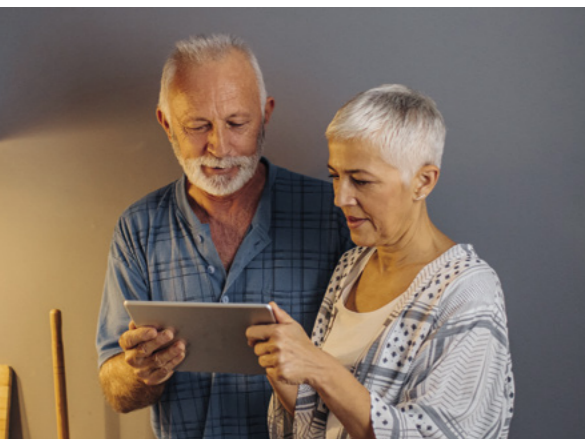
Inequality and debt are growing rapidly among the elderly. What opportunities for innovation does this create? What can entrepreneurs do to enhance the financial well-being of older people?

Levy —

There are products that are around—savings products that kick in earlier on. I have been talking a lot about crowd funding. So, what is the 529 for older adults, for longevity? How do we flip it around? We save, and we have tax advantages to save for our college kids' education. How come we are not doing that for older adults?

The biggest cost that older adults are going to face is healthcare. What most older adults fail to appreciate is that unless you are on Medicaid and below the poverty

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line, your home health costs aren't covered, and there's so much out-of-pocket expenditure. So how can we create new supplemental insurance products that prepare us for the burden that is to come?

One other aspect involves real estate – and we just invested in a business that relates to this. For most adults, their largest piece of their net worth is their home. One of the companies we have invested in, Fraction, has a new type of mortgage product—a fraction appreciation mortgage—because we must find more ways to unlock the value that these older adults have created.

The last area that I hope helps with the financial issue is employment. How do we find alternative income sources for older adults? When I think about some of the biggest opportunities, most of these questions we have raised have been the focus of the nonprofit and government sector. This is because to date, they have been focused on and, frankly, bearing the financial burden of our aging population. Now I am excited to see more private-sector founders saying, “How can I help the nonprofit and government sectors? How can we work together?”

Coller Venture Review —
 When older people move from careers into retirement, in theory they have more time than younger generations. What opportunities for leisure products and services does this create for entrepreneurs? Have you found entrepreneurs who are willing to help create second and third careers for retirees?

Levy —
 This is something that I feel passionate about. Alan Patricof and I started [Primetime Partners] when I was 45, and he was 85. People ask all the time, “What’s it like working with Alan?” And I say, “We talk every morning at 7:30, after he has done his 10-mile bike ride. We work a full day.” I think we need to recognize that every person has strengths and weaknesses, and it is irrespective of age. The sooner we do that, we can start to recognize, “Here’s what this individual has to contribute,” rather than judging them by characteristics such as age.

I think we have not even begun to start that process as a society. I hope through our work to continue to show role models who are ageless and contributing. We also hope we can hire folks on our team that

represent that perspective. We are at ground zero on this topic.

Coller Venture Review —
 I am glad you brought up Alan Patricof. How did the collaboration with him come about? How do you work together?

Levy —
 I have known Alan for a little more than four years. I was the founding president of a business called Thrive Global with Arianna Huffington. Alan Patricof was an investor in Thrive, so we met in that context. Just over a year ago, I was having brunch with one of his sons, who I went to business school with, and I told him that I was starting a venture fund focused on older adults. He put down his fork and



said, “That’s what my dad wants to do.” It was quite a timely, I would say, fateful moment. Alan and I had lunch the following week, and that was that.

Within a few months we formalized, we secured a partnership with Welltower Senior Living Real Estate Investment Trust, and we were about to launch in March when COVID hit. We delayed fundraising for just a couple of months but started investing, and

now we are up to nine portfolio companies in the past six months alone. It has been truly wonderful.

Alan’s ability to leverage his experience and his pattern recognition with founders is fantastic, as is his energy for always providing new ideas: “Have you thought of this; have you thought of that?” Alan also likes to go into the details. If we need to do due diligence on a company, he’ll make the customer calls. Alan likes to play the role from analyst to managing partner; he spans the range. I have thoroughly enjoyed working with him. We have a few other team members that have subsequently joined the team, and I would say—and he would say—he is having the most fun he has ever had in his career, and this is where he wants to have tremendous impact.

Coller Venture Review —
 You mentioned the pandemic. What impact did that have on your plan beyond the timing factor that you mentioned? Did you have to revise your strategy in any way?

Levy —
 That’s a great question. I say almost sheepishly that the pandemic sped up our ability to go to market and accelerated everything we were doing. When we went to investors saying we were raising this fund, it was while a light was being shone on the issues facing older adults in senior living and nursing homes. How do we take care? How do you age in place? All those issues were front and center in a way that I would just say everyone nodded their heads. Let us put it this way: There’s not a single person that we spoke to who did not get it. I think that was certainly helpful.

And then, some of our businesses were accelerated by COVID. We are invested in Tembo Health, which is a specialty telemedicine business focused on senior living facilities. We are invested in GetSetUp,

which is a Zoom enrichment platform for older adults. A bunch of things were accelerated because older adults were online. They were FaceTiming or Zooming online, and that also accelerated some of the businesses we were looking at. So, net/net, I would say COVID was an accelerant—it was a tragic accelerant, if you will—to our launch.

Coller Venture Review —
 You mentioned nine portfolio companies so far. What did you look for before choosing to invest in these ventures?

Levy —
 We look for what every other venture capital firm looks for—a compelling product with evangelical users and a great founding team. There is nothing different about our method of investing. As a first-time fund, almost creating a new sector, we plan to be the biggest and most significant. For us, the strategy was to make sure across our three areas of health-tech, fintech, and consumer-tech, that we were placing some bets on platforms that have the potential over the next decade to have tremendous impact.

Sometimes that would mean smaller check sizes than we would have liked. Sometimes it might have been at around a little later stage than we would have liked. But the key point was that we need to start to build this ecosystem of founders that we can work with across the portfolio. That was really what the strategy was, honestly, to get going.

Coller Venture Review —
 How do you set yourself apart from other funds that are also focused on the senior market?

Levy —
 We do that in three ways. One is my background as a marketer and as an entrepreneur myself. I think this is mainly about distribution and marketing. I am very hands-on with the founders and the teams ☺

on product messaging, marketing, and growth partnerships.

The second piece is building this next gen group of founders with whom we can work across the portfolio with synergies, such as referrals and sharing learnings.

The third piece is thought leadership. We did some press when we launched. You will see a lot of other PR-worthy activities from Primetime in 2021. We want to be a beacon in the space, and so I view our job as two-thirds investing and one-third leadership. I think that is a little different. The founders we speak with recognize that we are going to be bold in trying to build this category. There have been other funds there that are wonderful partners to us but have been much more focused just on the investing activities.

Coller Venture Review —

As you think about your investment philosophy, would you say you are more motivated by social impact or financial potential or both?

Levy —

We are a for-profit fund. We work on behalf of our investors, and financial impact is our priority. However, if our portfolio companies do not have social impact, they are not doing their jobs right. You will not see us investing in businesses that just serve an exceedingly small, affluent portion of our society. Almost all our businesses serve the mass market of older adults. That is both because that's where the financial opportunity is, and secondly, it's where I think our values are most aligned with our founders. There is no reason you can't do both, but we lead with what is a good financial opportunity.

Coller Venture Review —

How much of your fund will be invested in ventures launched by older entrepreneurs, and how much will be services for the elderly?

Levy —

All our businesses need to serve older adults. Within that, what

portion will be started by older adult founders? As many as we can find is the answer. Right now, we have two out of nine. We do not have any quotas or thresholds, but that's what we've identified as being great investments. It is something we track—the diversity of all of our founders. Being a female-run fund, identifying female entrepreneurs is important to me. Female entrepreneurs are attracted to female GPs. There are a lot of elements of diversity in addition to age... gender, ethnic, religious, you can go on and on. We are looking at all those factors.

Coller Venture Review —

As you were speaking with investors about participating in your fund, how difficult was it to convince them not to fall prey to ageism and be biased in favor of younger entrepreneurs and founders? Why does this bias against ageism persist? What can be done to combat it?

Levy —

To answer your first question, our investor group believes wholeheartedly in our mission. If you look at the demographic trends, it is a no-brainer. All the VCs I have spoken to have had a bullet point on their list for a few years called “the silver tsunami,” or “longevity,” or “the silver market.” We did not come up with this brand-new idea. We are just executing against it, and our investors completely believe in it.

In terms of ageism, that is one of the -isms that is not really talked about yet. There are several reasons for that. It just has not had visibility in the same way. It is interesting, because we just went through a presidential election where both the candidates were aged more than 75. There has not been really a tremendous visibility to this issue. Why? There are all sorts of reasons, everything from our own fear of our mortality to the concerns around the entitlement economy. My perspective on how to get started

with these issues is to demonstrate through role models and action and results that this is a market worth designing for. I love that we are talking with government agencies. My point of view is, “Let's prove it through showing success.”

Coller Venture Review —

As you explore these opportunities, what do you think are the biggest risks in targeting the senior market? What are you doing to mitigate those risks?

Levy —

It is so specific to each business. We are still at the point when people talk about aspirational marketing. People still think about the silver-haired man and woman walking down the beach, swinging their arms together. This notion of the realism of aging is a risk because it is not as beautiful as it has been depicted. There is a marketing challenge around aspirational versus real. I do not usually think about it in terms of risks. Part of the reason is that there is so little built, and it is such a big space. For startups, just pick a piece of the puzzle that you want to solve. Solve it well, and you will have a big business. The only risks I would see are people stumbling in terms of how to connect with this audience, but not anything structural, not anything competitive. It is a blank canvas for startups.

Coller Venture Review —

Where do you expect Primetime Partners to be in the next three to five years? How will you define your success?

Levy —

Our success comes when we have from our first fund a cohort of companies that are big businesses, household names that are viewed as founders who transformed this sector. That is one element of success. The second is that any founder in the space who wants to start a business that serves older adults comes through our doors because they want to work with us,

and they know we can help them grow. The third element is more personal. It is to build a firm that stands by the values of our founders. Starting a firm is an entrepreneurial task in and of itself. We are a startup. When I look at our success, it is not just the success of our portfolio and our brand but also of our team. That means working with great people and helping them fulfill their goals, whether you are a 25-year-old associate or an 85-year-old managing partner, that we are all having enriching and rewarding careers. Those would be three elements of success for the fund.

My message to anyone who is reading this is, if you have an idea, reach out to us. We are in the early days of building a lot of businesses in this space. No idea is too rough to get started. ■



About

Abby Levy, Managing Partner & Co-Founder at PrimeTime Partners has spent her career helping businesses and consumer brands grow as an operator, entrepreneur and advisor, most notably in the wellness sector. Prior to Primetime Partners, Abby Levy was an executive at SoulCycle, where she oversaw business development and revenue growth outside the consumer studio business, with an emphasis on building new digital products as the Senior Vice President of Strategy & Growth.

Abby Levy has also been a founder, teaming with Arianna Huffington to launch Thrive Global, a behavior change technology company focused on employee productivity and wellness. Abby Levy served as President of Thrive Global and remains on the Thrive Board.

Abby Levy began her career at McKinsey & Company then led product development at OXO International. She is a graduate of Princeton University and Harvard Business School.

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