

00;00;19;26 - 00;00;39;17

Stephen Gutowski

All right. Welcome, ladies and gentlemen, to another episode of the Weekly Reload Podcast. I'm your host, Stephen Gutowski. I'm also a CNN contributor and the founder of theReload.com where you can head over today if you want to sign up for our free weekly newsletter, keep up to date with what's going on with guns in America from a sober, serious perspective that focuses on hard news reporting and analysis.

00;00;39;19 - 00;01;09;04

Stephen Gutowski

This week we are talking about a really interesting new venture in the gun business space, from a group called Open Source Defense, and their new, venture capital fund for, firearms and firearms related technologies. And to do that, we have the co-founders of Open Source Defense with us. Kareem, Shaya and Chuck are, welcome to the show, guys.

00;01;09;04 - 00;01;11;24

Stephen Gutowski

Thank you so much for for joining us.

00;01;11;27 - 00;01;13;27

Chuck

Thanks for having me, Stephen.

00;01;14;00 - 00;01;31;06

Stephen Gutowski

Yeah. Well, let's start off with just a little bit of background about the two of you, where, you know, where you came out of and what exactly? Open source defense the overall project is. And then we'll get into the the venture capital aspect a little bit after that.

00;01;31;08 - 00;02;10;00

Kareem

Yeah. Well, we both came from long careers in tech. Still still work in tech and had the experience of being the gun guy in the office and finding over time that there was just this underground community of people who are gun curious or want to buy a gun, or even think gun rights are important, believe it or not, and didn't feel comfortable saying that, or even comfortable thinking that because they didn't have a place kind of culturally to hang their hat, that like this is kind of okay, and it doesn't come with other political baggage that I'm not interested in.

00;02;10;00 - 00;02;31;17

Kareem

So we started OSD as like a Twitter, Instagram. We bought weekly Substack, to just build kind of cultural momentum around this idea that you can think gun rights are important and think guns are cool technology without signing up for a bunch of other political stuff that you might not be interested in.

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Stephen Gutowski

And, and Chuck, can you just tell us a little bit about how that project grew, out of this? Yeah. More like a publication media space that that's very infused as sort of internet, born in the internet age, infused with the sort of tech culture, and now into a venture capital fund. Like, how did that happen?

00;02;56;26 - 00;03;19;29

Chuck

Yeah. So it's kind of a natural progression. Like Kareem said, we had been in the tech world for so long. I've been through six very successful startups. And I just recently you went back to one of them. So I was an early employee at, Facebook in 2003, 2007, 2008, when there was like, you know, 300 employees and maybe less than 50 million people on the platform.

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Chuck

And, before that, I was play at Google, at VMware. Net gravity, double click, Silicon Graphics, all these companies had pretty major effects on the trajectory of tech. And, we saw, you know, I also do angel investing on the side. And my wife is with a, an angel investing group. She was with one in Northern California and Silicon Valley, and then she was one she's currently with one in Southern California.

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Chuck

And so we, you know, get a lot of education in how, good companies come to be, right. And how that capital gets deployed and who the good people are and what to look for. And so we have this kind of backing. And in the gun space, we were mainly worried about, you know, culture and advancing two way rights.

00;04;11;07 - 00;04;38;11

Chuck

And we'd been to show, you know, a bunch of times and we you know, we want to we found some synergies if we're going to use a funny word between like what we need in the in the gun world and what we saw in the tech world. And it's as and you've talked about this, you just recently talked about it with, the your analysis of the NRA with one of your guests and kind of like this gun culture guns 2.0, we're into like gun culture 3.0.

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Chuck

Right. And I think David Yamani, who was kind of, you know, set that up and there's a new bunch of people like social media aware, like tech aware younger like the FUD generation is finally gone. Pretty much. Right. Instagram, YouTube has killed the world completely. So no one's going to laugh at a plastic pistol. That's very ugly.

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Chuck

And uses a striker like they did in 1980. Right. When guest on Glock had a great idea that was ridiculed, mocked universally across the gun world at the time, right. Nine millimeter was a joke. Like, you know, a wonder nines and those wimpy little nine, you know, cartridges, they're not. Can't hold up to my 45 ACP.

00;05;24;20 - 00;05;44;04

Chuck

So we're in, like, the third iteration of that, or that's all gone. And we have innovative people who want to do don't have any of that baggage and want to do cool things in the space. So we were frustrated in that these people didn't have the infrastructure that people coming out of Y Combinator did like, which is an incubator for software.

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Chuck

Right? So they don't have access to capital, mentorship, all sorts of tools that they would use to help bootstrap their minimal minimal viable product. So you get there thing to market to crowdsource to do all these things. A lot of that, either because of ignorance on the part of the third party tools they lack gun companies or gun related things.

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Chuck

Out of that, and a lot of VCs, an angel groups are not going to touch an innovative new gun object or something that attaches to the gun that you about guns themselves, just about accessories, widgets, software platforms, any of that stuff is verboten. Just because of ignorance and, just not wanting to deal with the hassle of going into that space.

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Chuck

So that's why we started OSD capital. And OSD capital wants to deploy funds to innovative companies in the civilian

defense industry. And that's I mean, to be clear, we're very early in this process. We're still establishing, like, are there enough companies to do this? Are there enough innovative people to drive these new things? But it's exciting because we see the beginnings of it and clearly it's going to happen.

00;06;52;10 - 00;06;53;14

Chuck
Right.

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Stephen Gutowski

Interesting. Yeah. I mean, I, I just find the whole project to be pretty fascinating, especially in this industry, because it is kind of a, a bit of a dinosaur industry, like, it's its manufacturing. It's its, you know, the gun behind me here. And AR 15 is considered by most folks to be a very modern firearm, but it's really not.

00;07;15;24 - 00;07;42;13

Stephen Gutowski

It's from the 1950s. Right. And as you describe, the Stryker fire Glockes are still kind of just, considered to be the new wave thing by a lot of, older generations. And that's from the 1980s, as you just described. There's a very conservative industry, not just politically, which is, to be frank, but also just, in, in culturally, it's very conservative.

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Stephen Gutowski

It moves slowly that people value, rely ability over the latest technology in a lot of cases. But that has been changing. I think, you know, the last ten, 20 years for many of the reasons you're, you're talking about the internet has changed a lot, just as it has with everything in our lives. And, you know, now, I think if you shop to arrange to do training and you don't have, red dot optic on your site, not that that's a wildly advanced piece of technology, but, you know, there's something where you may be ridiculed as gun Amish is what, my friend, John Kerry at, actually, self-protection calls,

00;08;21;19 - 00;08;41;21

Stephen Gutowski

folks who are, adverse to putting optics on their firearms. But, you know, it is interesting to see something like this because I don't think we've seen anything quite like it before. I'm not that there is an innovation going on in the space all the time, but it's certainly not in the same level and same approach that you see in the tech industry.

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Stephen Gutowski

Right. And that's that's what you're hoping to bridge here.

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Kareem

Well, I think it's kind of funny. We have seen it before, but it was about 160 years ago. Right. So like when I don't know if you'd call it the modern gun industry, but kind of the beginnings of modern gun technology started. So like Samuel Colt, John Browning, Hiram Maxim, Hiram Percy Maxim, like, these people were the tech entrepreneurs of their day.

00;09;13;18 - 00;09;42;08

Kareem

And then, you know, I think the Nffa had something to do with it. I don't think that was the only thing I, I don't it would be interesting. So someone should write a book about why this happened. But, the industry basically fell asleep for 70 or 80 years. And from around the time of the passage of the NFA in 1934 until kind of the dawn of social media, that's the flood era we're talking about, right?

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Kareem

Like the to your point, they are 15, was invented in the 50s and became accepted as kind of a good modern gun. That is

the default rifle people buy in the 20 tens, right? Six years later. But in the 20 tens, with the rise of social media, we've seen the industry wake up and there's been more innovation in the past 10 or 15 years than in the 50 or 60 years before it.

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Kareem

We often say, like the most important gun rights innovation, certainly of the 21st century. And probably going back further than that is not any gun. It's YouTube and Instagram. And those probably did more for gun rights than, any like kind of widget you could think of, at least in, in recent history.

00;10;38;03 - 00;10;40;13

Stephen Gutowski

And video games as well. Right. You put them.

00;10;40;13 - 00;11;08;03

Kareem

Together big time. So I mean, I think we're seeing now like the industry change form again from kind of like a lumbering old, just kind of like commodity manufacturing industry back into like tech innovation. I think a lot some of that is in the guns themselves, and a lot of it is in stuff around guns and and gun culture generally.

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Kareem

So I'm sure I'm sure we can get into this. But when you think about stuff like drones comes first aid, night vision like these are not guns. But they help people exercise their right to self-defense and their ability to be self-reliant. And that's just as important.

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Stephen Gutowski

Yeah. And so what? Why don't you give us, maybe some examples of the things you see right now in the gun market or in the self-defense space? You know, medical emergency, medical space, which are all fairly related. That makes you feel that way. Like, what are some of the the innovations you've seen that, one make you, I guess, excited about the opportunity to try and find more breakthroughs, with this venture capital initiative?

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Stephen Gutowski

And that signal to you that there these there are real opportunities there.

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Chuck

So it's a it's a good question and it's it takes some work. And that's why it's the value that we add to the equation is that, you know, I'm, we're, we're, we're very well connected to the industry. And we get to see things and hear what people are doing. One of the first things we invested in, is a company called Armor Net.

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Chuck

So armor Natco. And this is a software company. And so it was natural for us, meaning software guys. And naturally, this is a great first investment. And what they're doing is a, a programmatic ad platform, which is about as exciting as paint, but it's the backbone of the internet commerce world. Right? So internet advertising, which is the first the first startup I did in 1994 was a company called Net Gravity was the first internet advertising system available online is the first banner ads were served by net gravity on a pearl.

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Chuck

A Pearl server that I wrote was serving ads to on site from Yahoo, CNN, and Time Warner Properties. You know that

that's how the internet started the in the mid 90s, right? It was on the backbone of those banner ads to this day. Nobody had shot very few percentage of people who, have Booth that shot can advertise on any social platform.

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Chuck

Even you do reload cannot advertise on most of the social platforms. You know sell any guns. You just talk about it. It's insane. So our minute, people have tried to crack this nut, but it, is a really good bunch of software centric people who also work on nuts and but being their good software people, they wrote this platform that is an excellent, platform for publishers and advertisers to get their ecosystem up and running.

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Chuck

So there's millions of dollars that are that have been pent up in digital advertising from all the companies across the floor at shot. You, now have an outlet where they don't have to censor themselves. They know they can show their products the way they want with the lifestyle, imaging that they want, the hunting, imaging they want, whatever it is.

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Chuck

And they have very, you know, very happy publishers, and publishers have very happy advertisers to go and get that, ecosystem up and running. So that's an easy home run. There's a lot of we're looking for other kind of greenfield and, you know, things here, things that have been shut out because of this artificial barrier that's put in front of all gun things.

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Stephen Gutowski

Yeah, I mean, the digital world certainly there's, some seems like an obvious, market there because, as you mentioned, gun companies are shut out of the preexisting, online ecosystem in a lot of ways, whether it's, through advertising bans or, or, you know, social media platforms not allowing there certain kinds of content. So, yeah, there's there's sort of very clear, opportunities there, I would imagine, though obviously, not a not brand, not a new idea.

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Stephen Gutowski

Right. The online advertising, just picking an opportunity where, gun companies have been shut out. What are some of the, maybe the technological advancement that you've seen recently of firearms? I mean, would it be like red dots or an impulse had some systems for, like counting electronically, how many rounds are left in, you know, sort of video game movie stuff in real life?

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Stephen Gutowski

There's been advancements in thermal technology. Is that the sort of thing that you're looking at? Of the recent technological advancements in the space that make you think there's room for more of those sorts of things? I know, and then we'll get into maybe some of the where you want to see things go. But I'm just interested in what are the right now when you look around in the space, what I guess, new developments.

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Stephen Gutowski

Are you seeing that that get you, interested and excited?

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Kareem

Let me tell you kind of the framework and then answer the question, because it helps to kind of think through, what we see.

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Stephen Gutowski

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Kareem

Like the reason tech investing works is because every so often, a company ends up being worth \$100 billion. The way Jeff Bezos put it is like, imagine if every time you went up to a bat, like in baseball, when after that, there was a chance you wouldn't hit one run or four runs? There's just a chance you'd hit a thousand runs in one at bat.

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Kareem

That would completely change the game of baseball, right? If you go to a shot show, I don't think the entire building put together is worth \$100 billion. And that's been kind of a fundamental structural challenge in investing in the space and just finding, hypergrowth in the space. Most companies in the space, even if they're super successful, this does not mean they're bad companies.

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Kareem

They can be awesome companies that are like, great for the founders, great for the employees, great for customers, but just not investable. Because if you're investing at an early stage, there's a high risk the company will not be a great investment. And the way you pay for that risk is that the ones that are great investments pay like 50 x or 100 X.

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Stephen Gutowski

Right. And then, I imagine is one of the major challenges with the gun industry in particular, because it's it's much smaller than people imagine it is. Because it has so much cultural impact and gets discussed a lot. There's only two publicly traded gun companies in America, Ruger and and Smith and Wesson and Smith. The muscle is the only company in the gun.

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Stephen Gutowski

Only gun manufacturer who's ever posted \$1 billion a year. I mean, you compare that to the tech companies. You're, you know, you're mentioning earlier that's a rounding error for most of them. Yeah.

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Kareem

I mean, they do billion dollar weeks.

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Stephen Gutowski

Yeah.

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Kareem

So yeah, that's exactly it. So basically what we try to look for in is companies that are going to go beyond some very niche market and, ultimately have a big impact. That doesn't mean they shouldn't start in a niche. That's actually a great way to start is some like really specific use case and solving a problem for a set of customers who love your product.

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Kareem

But then there needs to be some path to going beyond that, to a broader market. So generally like things we're seeing we wrote about this in the newsletter a few weeks ago. Fire by Wire is super exciting. Mainly because that is just a fundamental change to the way guns work, that we have this principle of like when, when you start making things controlled by software, they start taking on the properties of software, of being, like, extremely valuable, extremely, hard to stop, extremely friendly to innovation.

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Kareem

And so fire by wire, what that does is it kind of turns part of the gun into software. Right? Like it turns the decision of how and when to fire into a software controllable question.

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Stephen Gutowski

Right. Which is super powerful is fired by wire. Just for quick explain for people who don't know is, it's like what you would see in jets and military jets or things like that, like fly by wire, where you're not the controller, are not actually physically connected to the, you know, the control surfaces on your jet, they're connected by, computer that you're sending computer signals to move things.

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Stephen Gutowski

Some the Cybertruck, I believe, is drive by wire. There's a I think Mercedes has started doing, cars with that as well. And so this is the idea of you pull the trigger on a regular gun. That's a mechanical action that, releases the striker or the hammer or what have you, and fires the gun mechanically. But there is the potential for, a system where you pull the trigger and instead of a mechanical reaction, it's it's electronic.

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Stephen Gutowski

Right. That's the idea.

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Kareem

Exactly. And, you know, imagine combining that with like, cameras. I there's all sorts of cool targeting systems. There's all sorts of cool stuff you can do. I think Bio fire is the only company I'm aware of, that is doing that right now. Right. But like, I think it's a super cool start and let's see where other people take it as well as where they take it.

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Stephen Gutowski

Yeah, yeah. I mean, we interviewed the CEO a while back. Now, I don't know what's going on, and I was hired, to be honest, the day we're supposed to have, launched their their firearm, which, as you mentioned, does have a fire by wire system. It is, it's a smart gun. It's it's built around, the idea of, biosecurity.

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Stephen Gutowski

So that's why it's fired by wire? Because it needs to verify that you're the actual user before it will fire a shot. And so the only way they could, at least in their explanation, the only way they could do that was with the fire by wire system. But you're right that that presumably would open up all kinds of interesting possibilities that just don't exist with the firearms we have today.

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Stephen Gutowski

Now, that gun has not and I think has come out to market yet. So there may be some development delays there. I don't I haven't heard anything lately from them, but but yeah, I mean, so that's the kind of thing you're looking at that is like fired by wire, platform. I think you guys talked about firearms as a platform.

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Stephen Gutowski

What did you mean by that?

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Kareem

Yeah. I mean, I think if you look at the promise of the sig 320, it's like you have like a fire control unit that people could build on. That's the promise. I don't think that has happened with the P 320 yet. Maybe it will, I don't know. But like, what is kind of an open source platform for a handgun or a rifle that lots of companies could build on top of.

00:22:07;24 - 00:22:36;09

Kareem

And then I'm curious what Chuck thinks, but we're seeing, a lot swirling and kind of adjacent to guns in the intersection of, like, drones, AI comms. We don't know what's happening there yet, exactly, but there's just so much activity, and we see a bunch of cool companies experimenting with kind of different angles on, that combination of things.

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Kareem

I'd be very surprised if, some really cool stuff doesn't come out of that area in the next few years.

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Stephen Gutowski

Yeah. So, Chuck, what? Yeah. Give us, a little more on that. That sounds like you're. You guys are, Expecting you talked about this 100 years ago. There was a lot of innovation, firearms in space. People can. You know, if you watch Forgotten Weapons, right. With McCollum, he talks a lot about a lot of these wildly different designs.

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Stephen Gutowski

And what we ended up becoming the industry standards, in a lot of ways. And sounds like you guys think we're maybe at the cusp of another era like that. And that's why you're, you know, you believe in this, this concept of doing a venture capital firm for these sorts of developments.

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Chuck

Right? I mean, to Kareem's point and to kind of burst your bubble. Steven, it's what we're seeing so far is not a real anything significant in the fundamental, like the gun itself by far is interesting. The 320 chassis is interesting. The 320, actually, the 320 module has the best potential to be, like, really groundbreaking. If a bunch of s like STL files.

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Chuck

I mean, there are a bunch, but a lot of 3D printed things you could do around the fire control unit become interesting, but it's still pretty niche. It's going to be enthusiasts.

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Stephen Gutowski

They're kind of the, those are out there. The PSA dagger will be maybe another example of something.

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Chuck

Yes. And there's a great.

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Stephen Gutowski

Proprietary at this point, but.

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Chuck

Those are at the stage where they're like, they're probably ten years away from really turning into something that, is going to be completely modular and consumer ready. So like Kareem says, the exciting thing I'll give you two

examples. One is more physical. You maybe it'll be pacified by that. But the what we're seeing like screams point.

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Chuck

Like a lot of these don't have that ten x or that 100 x, you know, potential drones. We get a ton of people coming in with drone solutions. So, like, you are absolutely going to see like, personal drones, personal defense drones. You can't really arm them as a civilian. You can put other non-lethal things on them. But like the idea of two to charging UAV on the corners of your house with an AI powered security system with cameras that figures out, like, I don't want this person here and they launch a track, or maybe harass them with pepper balls or whatever it is, paintballs or whatever.

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Chuck

So you can do harassing fire, non-lethal harassing fire for your perimeter, for animals and people, or even just recon or for your neighborhood if you band together like the, the Isaac Botkin model of, like, neighborhoods banding together and kind of patrolling their own areas. So there's potential there. There's a ton of people doing really cool things with, UVs.

00;25;26;23 - 00;25;44;08

Chuck

And, we've had a couple on our podcast, the OSD podcast, which are people are free to go, Google for that and listen to those. But the one that's going to be the next thing is, and this is so ripe, I'm giving you a very hot tip right here. Okay? So go out and invest. This is not investment advice.

00;25;44;08 - 00;26;09;07

Chuck

And this is completely opinions. Completely these. So don't do what I just said. But, the area of, like, nightvision thermal that has been so stagnant, it's like the gun culture. 1.0, they're in the 45 ACP era, right. With the PBS models and the L3, L3 and flare. Just like bottling up in a, just start just just bottling up innovation.

00;26;09;22 - 00;26;31;09

Chuck

And distribution, and just have this, this golden goose that they don't want to let loose. People are tired of that. And we've already seen that. We saw just recently an amazing. I know people have a very poo poo on digital night vision, mainly because it uses it to some wonky upsampling and has latency issues and, resolution issues.

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Chuck

But we are starting to see some solutions based on very cutting edge AI that can do effectively. Let's let's call it upsampling. That is phenomenal. So you could take a grainy CCD image, you know, a night not even a very good night vision camera or night vision device. Completely pixelated. But there is you know, we don't see this.

00;26;51;23 - 00;27;20;27

Chuck

Humans because we just see noise. But you can train models that look at that noise and extract relatively detailed information. That is pretty phenomenal, and do it with latencies that don't make you want to throw up if you're if you're using it. So that's a big one. That's a ten x 100 x thing. Because the applications in consumer maritime, military, law enforcement, automotive, like all these things are wide open for this technology.

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Stephen Gutowski

Yeah. No, I mean that's that's interesting. It's sort of I guess, even going back to the ad tech platform that you mentioned earlier that you guys are invested in, you know, that's another one where, you know, if it does well enough, or innovates well enough, perhaps it can compete against, even Google down the line and especially if,

00;27;39;14 - 00;28;11;11

Chuck

Yeah, because it brings the numbers. Right. The things that are denied advertising it, it's not just to a right. There's a whole this whole idea of this new freedom economy where anything or anybody who wants to advertise in a more, free speech or more, non-conventional way, that they can't get access to normal advertising, or have just even philosophical issues with advertising with, with platforms that don't want them and basically are, against their ideology.

00;28;11;11 - 00;28;19;04

Chuck

They have a way to go where so that that's kind of unbounded on that side. It's not just gun stuff, it's interesting, this whole freedom economy stuff.

00;28;19;07 - 00;28;42;12

Stephen Gutowski

Yeah. So you kind of, going into an area where that's been fairly neglected in this regard as far as the kind of infrastructure investment that you're talking about. And trying to find people who are innovating in directly in the space, but also what they're doing has the potential to, have an impact well beyond that down the line.

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Stephen Gutowski

Like, that's sounds like the hope because, you know, they get like, as we mentioned, the gun industry itself pretty small. Not that there's no not that there aren't good businesses in it, but, it's fairly small in scope. And, you know, right now is a particularly down time or at least people are expecting, this the next couple of years here to be a down period for the industry.

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Stephen Gutowski

And tariffs are coming in, which may harm, you know, manufacturing heavy industry, like guns. But, you know, it's sort of about it sounds like, you know, you're taking people who've been cut off from the traditional, methods of venture funding, trying to find the most innovative people in that space, work with them on what they're directly doing.

00;29;29;04 - 00;29;43;07

Stephen Gutowski

And maybe, if you're lucky, find something that grows beyond the scope of of just, you know, guns or self-defense, in particular, that is, my summing it up. Right? Or is that what do you think?

00;29;43;10 - 00;30;06;13

Kareem

You know that? Yeah, I think there's there's also hopefully, if we succeed at that, kind of a flywheel effect, we can build it like one success breeds another, attracts more people to the space and grows the space because we. This is why we say we look at civilian defense and not the gun industry specifically. Because. Right, guns are a technology.

00;30;06;25 - 00;30;28;00

Kareem

But civilian defense broadly means, you know, the ability to defend yourself and, preserve your freedom and rely on yourself when you need to. And that goes way beyond guns. It includes guns, of course, but, guns are, you know, the very center of a bunch of concentric circles there.

00;30;28;02 - 00;30;30;00

Stephen Gutowski

And. Yeah. Yeah.

00;30;30;02 - 00;30;47;08

Chuck

I mean, I oh, you I said I would give you two examples, I feel bad, I want to give you something tangible or something you can hold because I'm sure like, people like the idea of, like this, you know, software and but there's as far as, like, like we talked to one company, called Unit Solutions that I think is pretty cool.

00;30;48;04 - 00;30;57;28

Chuck

And they came up with a solution for doing force, force training that's not, simulations or, that UTF or what's the other.

00;30;57;28 - 00;30;59;00

Kareem

One, UTM.

00;30;59;03 - 00;31;29;13

Chuck

UTM. Yeah. Which is really hard to use and have all sorts of issues, even import issues. They instead built a non firearm that is exactly an M4. With a pistol coming down the works that operates completely like your normal M4. You can configure it as your, as your proper M4 that uses effectively, airsoft style but super reliable, super, accurate, airsoft stuff.

00;31;29;15 - 00;31;59;07

Chuck

So you can do training in your house, in your garage, you can do force on force training with your, with your bods or at a class with not the, the danger of using like Utmb or simulations. There. So I don't want to give you at least one very like that has like their numbers are good selling into law, military and even civilian, because it's very accessible thing has a good recurring revenue model in terms of like the cartridges and, the ammunition, the pellets, or they call it ammunition.

00;31;59;09 - 00;32;11;25

Chuck

Right. So that's an example of there are physical things that are attractive, that have good slope. You know, maybe not to \$1 billion, but like possibly. So yeah. Just want to give you that example.

00;32;11;29 - 00;32;30;22

Stephen Gutowski

Right. It's not all about trying to find the next Googles in the gun space somewhere. It's it's also just trying to find and scale, solid businesses, solid business ideas, in a way that is neglected largely because of the space that you're in. Right? That's what sounds like.

00;32;30;24 - 00;32;32;04

Kareem

Yeah, exactly.

00;32;32;06 - 00;32;57;01

Stephen Gutowski

And so and, you know, there were some other interesting ideas in the newsletter that you guys put out about, you know, the sort of areas that you're looking at. One was silencers and suppressors, which is, I think really has been kind of under-covered and in some ways the how best that, that part of the industry is growing, especially in recent years when the ATF has actually, made it a bit easier.

00;32;57;03 - 00;33;22;13

Stephen Gutowski

Not even not a bit easier, a lot easier to actually legally obtain, suppressors, you still have to pay the tax stamp, which is a burden, and you still have to do all the paperwork, but the paperwork gets processed much faster than it used to. There's been some innovation on that front from the private sector and, you know, going through the registration process

and things like, it was it sounds or, sounds it sounds or shop.

00:33:22;13 - 00:33:44;08

Stephen Gutowski

Yeah. Sounds or shop has this kiosks that you can do the fingerprinting and it makes the whole process a lot better. There's also been innovation in the actual device, maybe for the first time in, you know, significant innovation for the first time in 100 years, right, since those were invented, so just a little bit more about what you're hoping to see.

00:33:44;16 - 00:33:51;23

Stephen Gutowski

Is with suppressors in particular, because that those interests I think that's a fascinating area that a lot of people understand that there has been a lot of change.

00:33:51;23 - 00:34:13;02

Kareem

Their recent. Yeah, I think these are silencer is are on the cusp when you talk about like, you know, we've been talking about things outside of guns themselves, but something very close to a gun. I guess legally it is a gun. That is on the cusp of, I think, being way, way bigger than it is. Silencers are a great example.

00:34:13;02 - 00:34:41;13

Kareem

So here's why. Like in a sane world, in in a world where the NFA had never been passed, I think pretty much all guns would be integrally suppressed. There's a lot of problems with that. I think, you know, the integral suppressors we are used to today, we have like have some quirks, are not perfect, but I don't think there's any problem there that would not have been solved by like 90 years of manufacturing innovation.

00:34:42;00 - 00:34:42;08

Kareem

Kind.

00:34:42;08 - 00:34:44;11

Stephen Gutowski

Of like cars basically. Yeah. It's the same.

00:34:44;16 - 00:35:21;16

Kareem

Exactly. All cars are legally required to be integrally suppressed. And so, you know, we have 4,000,400 million guns in the country, while 400 million plus and I think 1/100, that number of silencers, maybe like 150 or something like that. And then when you look at the pent up demand, it's just insane. So to your point, the ETFs, turn the form for, for the, IT form for turnaround time approval times from, you know, on the order of like 4 to 6 months to a couple weeks.

00:35:21;19 - 00:35:28;12

Stephen Gutowski

Yes. Or it's even down to, I think, days or even hours in some cases, from what I've heard, that's insane.

00:35:28;16 - 00:35:50;23

Kareem

Okay. So like just that the process itself is the same, the tax stamp is the same. And all they said is okay. Now, instead of having to wait a few months, now you wait, you know, hours, days just that pretty much doubled silencer sales last year was they were up 80% year over year. So like data point number one, data point number two, silencer shop.

00:35:50;23 - 00:36:11;04

Kareem

You mentioned, they invented this kiosk system that they, that they put in films around the country, that just like,

abstracts away the form for you go in and take your picture on the kiosk, putting your fingerprints on their scanner, and you don't have to fill out the paper forms or like, figure out how to, you know, roll your own fingerprints.

00:36:11:06 - 00:36:34:23

Kareem

And doing that, I don't I do not have inside info on them. But just if you back out kind of the ATF publishes how many silencers are sold each year. You can find kind of public estimates of what percentage of those are sold by silencer shop and multiply that by like a kind of reasonable average selling price and conservative estimate.

00:36:34:26 - 00:37:01:10

Kareem

Silencer shop is doing \$70 million a year in revenue. Having taken no investment, as far as I can tell. So they bootstrapped their way to 70 million in revenue, selling literally the most highly regulated consumer good in the country. Right. Like, is there any other thing you can buy at a store where if you buy it wrong, you go to prison for ten years?

00:37:01:10 - 00:37:30:07

Kareem

Like, I'm not aware of any other. There's nothing at Walmart that fits that description. So like that's insane. People really, really want these and they're like several hundred million guns that should have silencers on them. And they will, by God, by the time we get done or like we want to see that happen. And I think, I don't want to say it's inevitable, but like, the universe seems to be pushing that way.

00:37:30:14 - 00:38:00:26

Stephen Gutowski

It says so silencer shop would be maybe an example of a company you're not currently invested in, but that's sort of a, an example of a company that you're trying to find somebody who used, technological innovation to, you know, improve the process in that space. And was very successful at it. And, I don't know what their initial and no, we don't know their we don't know their company numbers, but presumably they've, they've, you know, done well off of whatever their initial, investment was.

00:38:00:26 - 00:38:06:16

Stephen Gutowski

And so that those are this that's sort of maybe an example of the kind of company that you're, you're trying to find.

00:38:06:18 - 00:38:07:14

Kareem

Exactly.

00:38:07:17 - 00:38:07:27

Stephen Gutowski

Okay.

00:38:08:03 - 00:38:26:06

Chuck

The the silencer shop of today or even the mag pool of today. Right. Like, what's the next mag pull? Where they just, or, you know, like a, like a vista, that, that has the, the mass to really drive things to, to a tennis level.

00:38:27:08 - 00:39:00:20

Stephen Gutowski

Okay. And, and then even as you mentioned, it's sort of not just specifically gun related, but even things like emergency medical, products, especially on a sort of an individual or community basis, like, I think you guys mentioned an example of what ads that things you use if someone's having a heart attack, you know, there's there's a lot of potential for innovation in the, medical space that's sort of connected to or ancillary to the self-defense space, right?

00:39:00:20 - 00:39:03:25

Stephen Gutowski

Of that. That's another area you're looking at.

00:39:03:27 - 00:39:29:19

Chuck

A little bit. I mean, I see that a lot in, actually, looking over my wife's shoulder. Who does more open general investing in software and consumer? The big ones that she sees and she's, we've actually referenced some of these companies in through OSD to, one of our co-founders, Tom Raider is has a company that does medical, training.

00:39:29:19 - 00:39:31:00

Chuck

What's the name of that?

00:39:31:03 - 00:39:31:28

Kareem

Medical points.

00:39:32:00 - 00:40:00:07

Chuck

Broad medical points abroad. Really good stuff. They do big packs, small packs, bespoke packs for particular groups, military and not, you know, he's, call him one of our investments because he's on the team. But she has seen, really good pitch pitch decks for, all sorts of new blood through ways. New field tourniquet.

00:40:00:07 - 00:40:17:13

Chuck

It's a core body tourniquet, if you will. So basically a positive pressure, kind of middle of the body tourniquet where you can, stop, hemorrhaging, in the field.

00:40:17:16 - 00:40:20:13

Stephen Gutowski

So there are alternative to packing the wound.

00:40:20:15 - 00:40:38:01

Chuck

Yeah, exactly. I mean, there are some packing innovations, but there is, even, like, the most simple thing, there was a company, you know, you're not. You know, it's a very specific thing. But for the thoracic cavity, when you're doing that equalization with a needle, that you're supposed to do, I don't know whether not. It's just the medical situation.

00:40:38:04 - 00:40:59:16

Chuck

Yeah, yeah. If somebody loses pressurization in their core, you can equalize it with this. Pin. And then you open this valve and that it equalizes the, the buildup. Well, in the field, when you're using that as chaos, and you can't, they pull the standard of care as you put it in there, and you sort of listen for this, you can tell what's going on by the airflow.

00:40:59:19 - 00:41:17:10

Chuck

So they just invented a device that when you stick it in it does that. But it also shows you a color of like red or green depending on what the airflow is doing. Because you can't hear because there's sirens and, you know, gunshots and you're in a war zone or a traffic accident or whatever, right? So those innovations are outside of the gun space.

00:41:17:12 - 00:41:19:17

Chuck

It's interesting. Interesting to see like.

00:41;19;17 - 00:41;20;18

Stephen Gutowski

But they're connected.

00:41;20;20 - 00:41;36;13

Chuck

The expected spreading just besides us. So just not gun nuts or worried about kind of self reliance or self agency. It's in the normie world. More and more. So that was interesting. Data points from, from her, venture for her Dr. Angel group.

00:41;36;16 - 00:42;09;07

Stephen Gutowski

Yeah. I mean, it sounds like there's a lot of, a lot of different areas that you're, you're examining. It's not just. Oh, we we want to find the next sig or Glock. It's it's all kinds of different stuff. And it's, you know, based on this idea that perhaps this space has been neglected by the rest of the investing community because of sort of a stigma that exists, both legally and culturally around, you know, putting venture money into gun related companies.

00:42;09;07 - 00:42;13;29

Stephen Gutowski

Is that basic problem you're trying to solve for here?

00:42;14;02 - 00:42;42;11

Kareem

Exactly. I think part of it is stigma, and part of it is just blind spot, like, it's it's not, a space people are even necessarily familiar with. And to your point earlier, it has historically been a relatively small space and just easy to miss. So whether it's through kind of active or knowing stigma or just ignorance, yeah, I think it's it's something people have missed.

00:42;42;13 - 00:43;05;11

Stephen Gutowski

Okay, great. Well, hey, look, I appreciate you guys coming on and explaining, what I think is a very interesting, new venture that you guys are doing that I haven't heard of anything quite like this in the gun space before, or the the civilian defense space, as you, as you described. And, and, you know, I look forward to covering it and following how you guys, pull this off and how it goes.

00:43;05;23 - 00:43;16;28

Stephen Gutowski

But if people want to also follow it themselves, they just want to keep up to date with the open source defense, and then they want to know more about it. OSD capital, how can they do that?

00:43;17;01 - 00:43;39;01

Chuck

So the the point I want to make and make sure that your listeners get this, if you're an entrepreneur, and you have these ideas or you're going down this road or, you just want some mentors or someone to talk to or maybe share your pitch deck to to friendly faces. That's us. So fund at open source defense.com.

00:43;39;14 - 00:43;54;03

Chuck

So you can reach out. So I want to make sure anyone does that. And also if you're on the other side of the equation, you're someone who can deploy capital. You're what's called an accredited investor. Which is a relatively, you know, it's just a bar. You need to be past 200 to do these kinds of investments.

00:43;54;27 - 00:44;14;28

Chuck

But we would love to talk to you. If you have capital you want to put out there, I think we're the best, we're the best organization right now to have avenues into this space to get into these investments. So again, fund at open source defense.com would be a great way to contact us and, get the conversation going.

00:44;15;00 - 00:44;24;16

Stephen Gutowski

And, and, Kareem, if you, if people just want to follow your writing because I do think the writing itself is valuable as well. Where can they do that.

00:44;24;19 - 00:44;37;00

Kareem

Go to open source defense.com. And there you can find, all our writing and our podcast. So, Twitter, Instagram weekly, Substack and podcast all linked from open source defense.com.

00:44;37;03 - 00:45;17;10

Stephen Gutowski

All right. Wonderful. Appreciate again guys. And that's all we've got for this week. So if you, want to keep up to date with what we're doing at the Reload, of course you guys can head over to thereload.com and sign up for our free weekly newsletter. Or you can buy a membership to help fund the operations we do here at The Reload, which, which are bootstrapped and and primarily, it's almost really entirely helped along by our membership dues, so you can buy a membership over there, you'll get exclusive access to, this podcast day early and hundreds of pieces of analysis and reporting you

00:45;17;10 - 00:45;21;12

Stephen Gutowski

won't find anywhere else. That's all we got for you guys this week. We will see you again real soon.