

EPISODE 1227

[INTRODUCTION]

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Ryan Barone (RB): The rent collection one is a big one for landlords, streamlining that in a way that's easy for them and their tenants is important, and there are a lot of nuances to the rent collection process, and a lot of that has come from landlords on our platform. So for example, not just letting tenants pay rent on the platform, but tracking that in real time.

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Whitney Sewell (WS): This is your Daily Real Estate Syndication Show. I'm your host Whitney Sewell. Today our guest is Ryan Barone. Ryan is the brain behind RentRedi, and that's R-E-D-I. An all-inclusive landlord-tenant app that helps landlords go mobile and manage rentals from wherever and wherever you're at. He's also the company's co-founders, CEO, CTO. Prior to RentRedi he worked at Golden Sachs and at Price Waterhouse Coopers and graduated from Pace University, New York City campus, double majored in Economics, Mathematics and a minor in computer science.

So, Ryan's the brain behind tech and he actually saw an opportunity, and he jumped into that opportunity in a massive way to solve a problem for so many people in our business, specifically landlords, but also it's easing burdens for tenants as well. But we get into not only the software that he's built, if you have tenants now that you're self-managing your rentals, I mean you should consider RentRedi, I mean, no doubt about it. Or having some kind of tech like this, but Ryan's gonna help you to think differently about having tech. He's mentioned that 80% of landlords don't use any kind of tech or app or something to help manage when they're self-managing, and that just seems, it just blows my mind.

As much as tech has changed all of our lives, it's something that you definitely should consider, but you're gonna learn a lot from Ryan, not only from potentially how you're self-managing and how you could do that better, but also just being an entrepreneur and starting a new business and how you raise some of the first money to start this business. But you're gonna learn a lot today from Ryan.

[INTERVIEW]

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WS: Ryan, welcome to the show. It's been interesting learning a little more about you and your background heavily in tech, of course, and I'll tell you what tech is. It's like so much of our lives these days. Right, from everything we're doing. It's just like everywhere, it's amazing when you really start to think about how tech is shaping everything we're doing and often times making it better, I would say a lot of the time, you know, making it better. And you're gonna share with us one of those ways today, especially in, I think multifamily but in real estate piece of tech that you are men, an expert in, that's changing a lot for a lot of landlords and tenants as well, I think. And so, looking forward to getting into that.

Give us a little more about yourself and maybe your background in tech, but what caused you to get into this specific piece of tech and RentRedi, is that how you say that? (RentRedi) RentRedi. I didn't even say it correctly. So, I'm glad you corrected that, RentRedi, but give us a little bit about your path to this product as well.

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RB: Sure, absolutely. So, it actually started back when I was in college, I was going to Pace University, double majored in Economics and Math, minored in computer science. And I had gotten my first internship right across the street from Pace at Goldman Sachs, and it made sense to go get my first apartment and move out of the dorms. It was a really exciting experience. At first, I found this great apartment that I loved and was hoping to rent and long story short, we did not get the apartment largely because of the process of actually applying for that apartment was difficult for me and my roommates, and so all of the documents we had to gather, letter employment, W-2, bank statements, tax returns, student transfers was a lot to gather in a short period of time, and so initially I was building, I decided out of that experience, if there should be a better way to apply to apartments.

And so I started creating an app really for myself as a tenant, to apply to apartments easier, for my friends to apply to apartments easier, and quickly heard landlords come back saying, hey, wait a minute, our side is just as bad, if not worse, you need to make our side better too, and so that was really the first moment of customer feedback becoming part of how we shape the company,

and it quickly shaped into both sides, and you already mentioned landlords and tenants both really becoming a product that is for both landlords and tenants, and really the entire life cycle.

Over time, more and more landlords came to us with problems about trying to collect rent or maintenance or communication and resigning and listings, and so we've really grown over time really organically with these landlords in terms of their feedback and what we've added in the product from that to creating this property management software that makes it very easy for an independent landlord that says, I wanna do it myself, but I don't want to pull all my hair out at the same time or lose all of my profit using something that basically sucks all of that out of me, so how can I do it myself, but still sleep at night, and that's really what we've been able to become for them and their tenants.

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WS: Interesting story that you were attempting to be a renter, right, and had problems through the application process, not many people at that point, especially renters will say, hey, I'm just gonna go create my own app or a piece of software that's gonna help me do that. And then you received some feedback that helps you to see an opportunity sounds like to push forward and make something, right?

So, let's move into that a little bit, like what is RentRedi? What does that do for tenants or landlords, let's dive into that a little bit, and I wanna hear, we'll get to about just your experience as far as becoming an entrepreneur and some advice on some things you've learned.

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RB: Absolutely, so in terms of what RentRedi is today it's a truly end-to-end suite for independent landlords to own some properties they want to manage themselves, to handle everything from listing the unit out once it's taken to collecting and finding tenants, getting full screenings completed, running all of their payments through the platform, handling any maintenance issues that may arise over time, signing leases with tenants and communicating with them throughout those leases, and then ultimately either re-signing the tenant or restarting the process.

And we've even along the way, have been able to build in a number of things that not just for landlords benefiting them, but also benefiting for their tenants. We're becoming ways that will make tenants want to live there more, things like by paying your rent on time. We can allow tenants

to report that rent credit bureaus and build or boost their credits for just be by paying the rent when they're supposed to, and ultimately a landlord on the other end happy that receive their rent on time more often.

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WS: Tell me who's your ideal client? Is, on the landlord side, like is there a size of property, how do you look at that as your ideal client?

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RB: So, our ideal client tends to be, I would say about 1 to 100 units is our bread and butter. We have people as full as one single-family home that they manage on the platform, up to about 100 is where we've designed it for, we certainly have some that break that mold to say I don't care, it's good experience for me, managing a good experience for my tenants, and they go into the couple of hundreds or thousand above, but really where our bread and butter is that is that 1 to 100 and really a big part of it stems from what's been readily accessible for those landlords in the past. A lot of them are individuals that got into real estate investing to either put a kid through college or retire earlier, go on a few extra vacations, and largely if they weren't very, very large property management organizations, they did, they were kind of told to use pen and paper spreadsheets, they weren't really given some sort of software that would make it easy for them or their tenants, which I happen to be one of them in the early days. And so it's designed for that group of landlords that's historically been under-represented on this light.

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WS: Tell us a little bit about how as a landlord, I mean it helps us streamline things, I know you mentioned a bunch of things earlier but break a few of those down that maybe are the biggest pain points for landlords?

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RB: The rent collection one is a big one for landlords, streamlining that in a way that's easy for them and their tenants is important, and there are a lot of nuances to the rent collection process. And a lot of that has come from landlords on our platform, so for example, not just letting tenants pay rent on the platform, but tracking that in real-time. One of the earliest piece of feedback we got was the check is in the mail excuse.

Can you eliminate that for me, and so we have basically real-time dashboards on the landlord and tenant side and even between roommates, so that everybody in real time, the second a payment is initiated, you can see that update, but even on top of that, how to build things that automate the really manual tasks for landlords and for tenants where as a landlord, they can set up auto late fees and they can structure that differently by units, so if they go acquire a new property and that's grandfathered into a different auto lease fee structure than their other units they can have those set up separately and all of that runs automatically, so for tenants five days late and they need \$50 to first day, \$10 every day after that, and hey, I'm in Massachusetts, where there's a 5% cap on my late fee, I needed to top it at 5%, all of that can be entered by them and streamlined so that they're not doing anything month to month in terms of managing that, and vice versa on the tenant side, they can set up their auto pay, they have a room mate, do it as partial, so that they can split the rent automatically and have that paid and ultimately deposit into a landlord's bank account, this appropriate.

And I know a lot of investors will create different LLCs by property to separate that liability and come with a different bank accounts, we automatically route to those separate accounts based on where they are, or even in certain states where you're now required to hold security deposits in a different place and rent deposits, those can go to separate places as well, so that you're not thinking about or managing that, it's just streamlined for you once you have it configured the way you want it.

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WS: No doubt. Having tech around landlording, it just seems like such a necessity to me. I mean like having to do all that stuff manually, I mean why, I just wanna like, why would you do that to yourself, why would you do that?

But I wanted to ask you, 'cause one thing you even mentioned before we started recording, which I thought could be very beneficial in our business to, and any business is using customer feedback, and I would love to hear how you've done that, and maybe even a couple examples of how it's helped you all improve in a big way.

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RB: So, on the topic of the rent side, one that comes to mind is a landlord on the platform that was in Texas, and at the time there, if a tenant pays even \$1 it resets an eviction clock, and he

said, hey, I'm going through, unfortunately, an actual proceeding where I do need this to first pay me in full or not pay me a single dollar and extend that time period. Can you give me a way of blocking partial payments or full payments, if I want to get a certified bank check on a tenant by tenant basis, I don't wanna disrupt any of my other tenants, but I do also wanna make sure either get my rent or get a new tenant here, and so we were able to build in basically overnight the ability for landlords to block partial or full payments on a tenant by tenant basis, so that they have control over who's paying in and came directly from landlords on the platform, telling us what they needed how it would solve their problem.

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WS: Tell us, is there a way that you are proactive about collecting feedback?

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RB: One of the things that we have is actually live chat on both the landlord and tenant side. And the funny thing is a lot of companies will look at live chat as a way to just support someone's question in terms of they have a problem, solve the problem and they go away. The way that we approach it is fundamentally different than that, although, yes, we do want to answer the problem that you're having and resolve that if you are messaging in with any questions, we also take the approach in the time since we have you there in live chat to ask how we can ultimately eliminate that in the future, and so the idea is that if Whitney of yesterday comes in and asks a certain question and we answer that question, we're not just answering that question, but we're also addressing how do we make it that tomorrow's Whitney never even thinks about that, it's just intuitive for you and you come in and say, oh wow, they've really thought about everything, but ultimately we didn't really think of everything, it was our own customers telling us if it was like this, or if you added this particular feature or this improvement here, it would make things better for me and better for other people, and then we add that and the next person that comes in, feels like it's just their chance.

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WS: You're all just on top of it, right? In a way that you are. Right? You are being proactive about how you use that information, right? People have questions, you wanna ensure, nobody else has that question or that issue or whatever, and I think in our business, I try to just push our team in that same thought process all the time, especially the few of us who are forward-facing with our investors. If an investor has a question or an issue, it's like such great feedback. I hate that maybe

there's an issue, but we didn't see that, and hey, we wanna change that moving forward so nobody else has that issue. And that, it's just great business. It's just smart business, I think, to have that mindset. And tell us maybe two about how I think it's interesting, like the live chat, you talked about having the live chat, that's a way that you collect that information, are there any ways that you're even reaching out and saying, hey, how is this going? Any suggestions, anything like that?

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RB: There are.

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WS: And what tech do you use for that?

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RB: So, we do a little bit of a mix. We've used Qualtrics for that, we'd use Intercom for it, for reaching out. There are some fun features where if it's just a quick yes or no, would this matter to you, is this important you can do to somewhat more in the bottom of your screen, in a prompt asking you if something would be helpful, if it's more of a survey we wanna collect data on we can do that.

But also we're constantly calling landlords, we actually do call our own landlords just to ask, how's it going, how are you, is there anything I can answer questions for. So, we have a whole inside team that only reaches out to actual people that are already subscribed to the platform, but just asking if there's anything we can do to help them, and so a lot of that does drive what ultimately becomes part of the product tomorrow.

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WS: That's awesome, let's talk a little bit about you starting this business, it sounds like you started this probably at a fairly young age compared to most. Right? But you saw an opportunity, you moved forward into entrepreneurship, shed some light on that and maybe some advice or looking back, what anything you would have done differently, but give us some of that roadmap there to making this happen.

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RB: I think a big one for me was just starting. I think in the very beginning, there was a lot of planning around, did I have the perfect product that had every possible bell and whistle, you could imagine, it solved every problem anybody could possibly come to me with, and I think it very much applies to anything you're doing, whether it's real estate investing or starting a business, you want it to be perfect, whatever you are creating, and you know you're going to pour, your heart and soul into this, but at the same time, one of the nice things is you have to make some guesses when you're starting out in anything, but ultimately, once you do just start and put something out there, you start getting what we were talking about, which is that feedback side of things where people start to tell you what you should do, and that then makes it much easier to provide whatever service or product you're trying to provide in a more helpful way because it came from the source of the person that's going to consume it, and so really just getting something out there into people's hands was a big one for me and not getting stuck in the cycle of analysis paralysis and just making sure that I'm executing, listening, improving and repeating that cycle.

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WS: Done is better than perfect. For sure. If you had waited to get it perfect, you'd have never launched. I love that advice. And what would you do differently? Anything else that has as an entrepreneur as you're growing this business now, if you could look back and you say, okay, I wish I had known this thing many years ago.

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RB: I think one thing I learned along the way that wasn't apparently obvious in the beginning was partnering with the right people, whether that was my co-founder, my team, integration partners, our own investors in our company, in the very early days, I think it feels like you have to do everything and know everything. And one of the amazing things as you go along, as you realize you can't do everything and you don't know everything, and there are other people there that know things you don't. That are really good at things you're not really good at. And it makes it really fun because ultimately, they make the entire company better, it's fun to interact with them, they do phenomenal things that you look at and say, oh wow, I wouldn't have done that that well if it were just me.

And so, I consider myself quite blessed in terms of having, what I feel like is a phenomenal team and investors and integration partners and co-founder in this. But it's one of those things that I

think initially starting at least I did not, I'm sure probably other people have that feeling that you have to just know and do everything and really you don't. You can partner in so many ways with so many other people that ultimately make it easier for everyone involved and more fun.

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WS: Yeah. That is a great advice. Speak to the fundraising portion of starting this business and how you did that, 'cause I think that's connected to the partnership stuff as well, right, or finding good investors. How did you do that for this startup?

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RB: That's an interesting one, so I had no prior ties to the venture capital world prior to starting RentRedi or anything like that. Our first investors were landlords on our platform actually, so I was personally going to meet ups in the very early days talking to investors about what I had what did they think of it, any feedback they have. Eventually some of them said are you raising money to build this bigger and better, and so I of course, said yes to that.

And that our very first investors for landlords on the platform are still today, but in terms of on the venture side, our first venture round actually came from (inaudible), which was an event that we went to, my co-founder and myself, and we presented there, we met someone there, (inaudible) who came to our booth after we presented on the stage and said hey I think this is great, my firm doesn't really invest in this stage of funding a much later stage, but I'd love to keep in touch. And we basically said, if there's anyone you know that does invest in this stage, would love to talk to them, he ended up introducing us to TI Adventures who became our first institutional investor in the round, and the rest is history.

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WS: Wow. It's incredible to, you never know where one connection is gonna lead to another, right? (Really don't.) But you all presented, you're all presenting on the stage and he loved what you were doing, you made connections that led to other things that, yeah, that's incredible. You're putting yourself out there, too. What about a way that you are working to improve your business, just as a whole that we could apply to our business?

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RB: I think the customer feedback, one is if they want, and I think doing it in a structured way as

well as big as well. So, I mean, one way that we break it down is the quantity of customers that it would impact whoever those may be, and then also the severity of which it impacts them. When people talk to you, they will share the difference between, this would be nice to have if you had it, but it's just an idea, or, I absolutely need this. This is disrupting my life in some respect. And then there's everything in the middle on that spectrum.

So, in terms of quantifying the issue and then identifying how severe the issue is, in a landlord's perspective, one of the things we added to the platform was a video maintenance request, and it was for actually diagnosing how severe the issue was the landlord saying water is not water, if you have a leaking sink, that can be something that's destroying my kitchen floor, and I need to get out of bed at two in the morning and go, help preserve my property, or it could be a little drip into the sink that you can put a bowl under and it'll be totally fine for a day or two, and so that was one way that landlords were looking at addressing the severity of the issue or identifying the severity of the issue. I think the same applies to any business, for any entrepreneur ourselves included, in terms of understanding how can we release things that are most impactful or most helpful for people, and help the widest range of audience.

Our goal is to help as many landlords as possible in our particular case, we have almost 20 million landlords in our segment that we're trying to address, so trying to help as many of them as possible is a focus for us as well as the importance of what we're addressing for them.

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WS: The video of the maintenance issue, that would save so much time alone, like that one feature, you're not having to get out of bed in the middle of the night, but just being able to say yes, put a bowl under that and I'll be there in the morning. Right, man, that's incredible. 'cause it could be a massive issue, things like that, the tech and even cell phones, you know have just allowed for, it's just incredible, Ryan, what are some daily habits that you are disciplined about that have helped you achieve this level of success?

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RB: It's a good question. For me, I don't know that I have a set routine, to be honest. I mean, for me, I feel like we talked about it a lot, but it goes back to the point of what's important for the business and what's important for our customers and the team, so for my own success, it does a lot go back to what's the problem that anyone is dealing with, how can I help with that issue? Is it

something that I directly have to solve, or is it something that I can work with someone and help them along the way in solving that and ultimately put them in a position to be able to solve that on their own in the future?

And I think that helps us scale, whether it's an individual customer that we're working with or someone on the team, but I think in all of that respect, it just goes back to whatever issues that we're trying to solve for people that they're dealing with in some respect, and then how do we fix that?

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WS: Awesome, I thought of one other question I wanted to ask you though, 'cause I think you had mentioned and some stuff I read about you and correct me if I'm wrong, I think you mentioned like 80% of landlords in the country don't use any kind of software. Is that right? Why is that?

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RB: I think it's a combination of things. One, in the past, the softwares that were released in a lot of cases were targeted towards much larger property management organizations than these independent landlords that were managing on their own, there are still services out there that if you're under 50 units, they won't even pick up the phone and speak to you. So, for a lot of landlords, they're just priced out of that, and then there is the pricing factor of it in general, in terms of a lot of these landlords are struggling between often choices of do a higher property manager for 8-10% or do I handle it with pen and paper spreadsheets where I keep all of the profit, but I have to spend a ton more time. Where we've really tried hard to position ourselves is allow landlords to keep as much of the profit as possible, and we don't even increase their cost for the platform as they add more units, they can have as many units as they want, but at the same time, streamline as much of that, while still giving them control, and I think streamline with control is something that we found has been important for our landlords as well, there is difference that we found in terms of the mentality of what you want, of just saying you handle it, and I don't wanna see it versus I want to understand and control and have the ultimate decision over everything that's happening with my investments.

I just don't want to have to do the very manual tasks that if I could just explain it to even a human and they would do that for me, that would be ideal, and so it's, for us, trying to build a product that gets us close to you being able to say, hey, Ryan, I want you to do this, this, this when

someone's late or when there's a maintenance issue, or when we have to sign a new lease or Fed a tenant. That's just RentRedi. Doing it, but ultimately feels as close as possible to just explaining to someone what you want them to do and them doing exactly what you want.

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WS: Yeah, that's awesome. Just the mindset by and all that I think we can apply to any of our businesses and are going to improve, and so Ryan, how do you like to give back?

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RB: I mean, I do some donation type things, I actually did a (inaudible) a little while back, that was with a friend of mine who's in active military, and so we chose a fund that was a four-building homes for injured veterans, so it was a little bit of a combination of both the real estate side, and that's also the military side of things, but also I mean, in terms of just day-to-day, it comes down to what I feel like I dedicate my life to, which is the RentRedi side of things, trying to make something that ultimately for everybody involved, makes them happier where you live, or what you're renting and in terms of how you're building an easier life for yourself, a more financially free life yourself.

Both of that are incredibly important things. So, for me, it's just about, what can I do to try to make sense here for everyone that hopefully five years from now, everyone looking back says, we can't believe anybody ever stressed about any of those things, it's so simple, it certainly it takes a lot of work to get into that place. That's really the focus for me.

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WS: Ryan, it's been a pleasure to meet you and have you on the show and really hear about RentRedi and your path to building that business and building the software. But I love your focus on feedback, and I just think it's a great lesson for any of us especially in our business to where we're dealing with investors, they're the lifeblood of our business, and it's like always our goal, and I'm stressing to our team like, hey, if there's an issue with investors, I mean, that's why we're doing all of this right, is to build those relationships and take the best care of them we possibly can, and I think in your case, it's landlords, right, and tenants.

But easing all those processes and headaches that any landlord has to deal with at one time or another, it's interesting that 80% of landlords don't use any tech or an app or something like that,

and so there's sounds like a lot of room there for RentRedi to grow, but grateful to have you on and really to encourage the listeners that, hey, you can make your life so much easier by using some tech like this in your business. And tell them how they can get in touch with you and learn more about you.

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RB: So rentredi.com is how they can find us, it's R-E-N-T-R-E-D-I because we're a start-up, we have to spell something wrong, but they can contact us there, we have live chat, like I mentioned, we also have phone numbers there, we'd love to talk to landlords and tenants both, it's just fun for us, it's how we build everything we do, so if you wanna just drop by and say hello or if you wanna check it out, definitely do, it'd be fun to challenge anyone.

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Whitney Sewell: Thank you for being a loyal listener of the Real Estate Syndication Show, please subscribe and like the show, share it with your friends so we can help them as well. Don't forget to go to LifeBridgeCapital.com, where you can sign up and start investing in real estate today. Have a blessed day.

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