

EPISODE 1567**[INTRODUCTION]**

Whitney Sewell (WS): This is your daily Real Estate Syndication Show and I'm your host, Whitney Sewell. Today we have packed a few different shows together that we call Highlights to help you to get the most bang for your time and educating you on the topics that you want to learn from. We would love to hear from you. I am grateful that you are with us today. Have a blessed day.

[INTERVIEW]

WS: Our guest is DJ Scruggs. Thanks for being on the show again DJ, or the first time.

DJ Scruggs (DS): Hi Whitney, I'm glad to be here.

WS: Yeah, what do you do for the team, your expertise, you know, let's jump in to what your specialty and what you do for the team?

DS: I mentioned tech, I'm always looking for – I'm looking either to optimize the existing process or add something to the mix that will help us stand out, right? I mentioned like the investor qualification, we also have a whole deal launch process when we have a deal that involves building a landing page, sending out follow up emails, tracking all those in ActiveCampaign and always having a running tally of how much money you've got committed and things like that.

And then also, hooking systems together. You know, Calendly's its own thing, Active Campaign's its own thing. How do you get those to integrate, well, we use Zapier, that's a very popular platform for that? I do a lot of that but also, as a CEO of the company, I sort of have to think more strategically about other things. I also handle all of our asset management and in that context too, I'm also looking at technology to improve that.

And then, strategically for the company, a CEO basically has three jobs. One is to make sure things are running okay, the other is to make sure you have the money to do what you need to do, and the third is to set the strategic direction for the company. I spent a lot of time thinking about those things and with us, because of COVID-19, we have paused – we're not making any offers right now, we think that it's going to take a while for it to really shake out. But in the meantime, we've been doing events like the raising money summit that's going to be coming up so we've been looking at how do we turn that, how do we make that the best thing it can be, most efficiently and provide the most value?

I spent a lot of time with the team on that stuff.

WS: Let's talk a little bit about the technology that you use for raising money and then we'll talk a little about the technology that you use for asset management, maybe as well or if there is something. As far as raising money. I know you mentioned like ActiveCampaign, you're going to build a landing page and some things like that, could you highlight, maybe that process a little bit in the technology you use to that happen?

DS: It is a hybrid as I said, the initial step is we have a list we've been building over time and we've been communicating with regularly. That's very important, right? If you get someone's email address and then you wait nine months till you have a deal, they're going to be like, "Who are you?" It's very important that you sort of establish that baseline that they know who you are, they know you're active, they know you're doing stuff.

We have a series of automated emails that go out. As part of that, we send out a qualification form that looks more or less like the questionnaire you'd see on a subscription agreement and we don't require people to do that. But we strongly encourage them, and the reason is, first of all, it tells us whether they're accredited or not and other stuff.

But it also gets their mailing address and we get their birthday too so we can send them birthday cards and things like that. Then, when a deal comes, we send it out and we have a landing page typically built in ClickFunnels and it sort of spills out the high-level information about it and then you have to register and that using Zapier, we push that information over into ActiveCampaign and we'll send you a series of emails about the property.

I'm not sure if there is a right way to do this, I've seen some people just put everything in one email, I've seen what we do as we break it up so one will be about financials, one would be about the property, one would be about the market and we also do what's in ActiveCampaign, what they call deals so they have this, it's kind of hard to describe unless you see it, if you ever use Trello, it looks like that but they have these pipelines. And so, you know, when someone first comes in, we know they downloaded the packet but that's it.

And then, we might do a follow-up phone call and so we'll drag it over to the next column, we'll find out if they're interested, how much and that will give us a running tally of how much potential money there is and then we just move them through that process. We also do webinars, Zoom webinars, again, that's automated, we send out an email invitation and if they attend, we make sure to flag that they have seen the webinar in our database and we'll usually do at least two, usually three webinars and we'll also send out a recording.

And then, when use Syndication Pro for the actual subscription fulfillment. We just started using that this past year and you know, that's got a very nice investor dashboard and you can upload the documents there on a signed electronically, and then after the deal closes, you can use that for whether it's messaging or distributions and things like that.

Yeah, it's a lot of moving parts and you know, like I said, I'm always looking for new stuff too. I mean, at any given moment, I've got a half dozen different technologies, I'm playing around with.

WS: Yeah, just to highlight a little bit. ActiveCampaign, and then you're using – really, for contact management I guess or email management or you know, email campaigns but then ClickFunnels, you're building landing pages through. Then Zapier or Zapier, however, you pronounce it, it's going to can really integrate those and allow them to communicate, you're going to do webinar and Zoom, and then also, you're going to use, after the deal or when does Syndication Pro come in? Is it integrated in any way?

DS: That's when you're ready to write a check basically. You're like, "I'm in, let's get this going," right? I would say, Syndication Pro is a nice platform but it's also a relatively new one. There's not a lot of integration there. I did manage to hack together a system where they'll email you when someone signs up, when they commit.

You can use Zapier or take those emails forward them to Zapier, they'll parse them out and we'll flag it the database based on that. Those are probably the main tools we use with a lot of Zapier. We have a ton of probably three dozen Zapier actions that are running, at any given moment.

Syndication Pro, like I said, it doesn't integrate with Zapier, I've pushed them very hard to offer that. I hope they'll get it soon. But one thing in general with technology, just as a very high level when it comes to software in particular is, you basically have two choices, you can have an all-in-one or you can have best of breed right?

All-in-one is, it has all of your contacts, it has all of your scheduling, it has all of your email communications, and the best of the breed is you want the best thing for your email communication. The best thing for scheduling and the best thing for signing documents and they both have their advantages and drawbacks. All in one, typically, those products they start as one thing and then the company adds things to it, and inevitably it is just not as good as if you got a best of, right?

So, it is really on you and both your own sort of comfort with technology or people you have available to you to integrate technology. ActiveCampaign is a very powerful platform. You can do a lot just with it, we always recommend it because it is a really good value for the price.

WS: Do you all use it as your CRM as well?

DS: Yeah, I mean everything goes in there. If you schedule a one-off phone call with me, we make sure it gets updated there. I also have a system, which I am not using as much these days because of COVID but I use a product called Contacts+, which is a contact synchronization system. So what it does is you take if you have like Apple contacts and Gmail and any other system you have, it rolls those all together so you have a single – So you know someone updates their email address in one system it updates there as well, right?

WS: What is that called again?

DS: Contacts+. It used to be called Full Contact and they rebranded it. I think that was a mistake because if you search for contacts on the app store there is about a zillion results. In any case, the main thing I like about it is that they have a tool where you can take a picture of a business card and they will transcribe it. And when I say transcribe, it is really someone who is physically looking at that card and typing it in. It is not some kind of AI thing.

They basically push this all to I don't know if it is India, but I am not sure where somewhere offshore and they'll have two different people look at the card and type it in and so that it verifies it. So now, you don't have to enter anything right? So, on the one hand, that is good all by itself, right? Because I know what I was like and just about everyone I know in this business, they go to a networking event, they get a handful of business cards, they come home, they put it in their desk and think, "I should follow up with an email to that guy," and then they don't. And pretty soon they got a drawer that's full of a hundred or thousands of business cards. Adam was like that.

So by setting up in this, so first of all it is electronic but with Zapier then what I do is pretty much is as soon as it is transcribed, which takes about 30 minutes, it sends an email to that person that just says, "Hey, it was nice to meet you." and it has like, "Here is my contact info in case you ever want to reach me. I have some links to our website." There is a presentation, a couple of presentations I've done I will link to those.

And then with contacts, you can have – with Contacts+ you can tag someone. So, a lot of time you'll meet someone who is a real estate agent or a contractor or something like that but very occasionally you meet someone who is a potential investor. So, I tag them as an investor and

with Zapier, if they're tagged as investors, we put them on our special investor list and then they'll start receiving emails automatically from us.

WS: So, they automatically receive an email from you because you linked that or tell me what you link there? So, you took a picture with Contacts+, it gets put into your system and I guess it gets put into contacts plus then and then what does Zapier link Contacts+ to, to make that happen?

DS: So, the initial one-off email I use I think it is called Mailjet, which is they have a free version where you can send, I don't know, 100 emails a month or something and I just built that email right inside of Zapier or inside of Mailjet and it is just really – you know I am not trying to get fancy because I want people to think that I actually just sent them an email and I want them to think, “Oh, I signed up for a bunch of marketing spam,” right?

So, the thing is like I said, people, they go to these events and they trade cards and most people don't act at them at all and so just by sending them an email, I have already stood out from everyone else they have talked to there. So, I use Mailjet to send a one-off email and in both cases, I have pushed them into ActiveCampaign but if it is an investor then it triggers automation in ActiveCampaign that sends them a welcome message as a few days later since the qualification form.

Then we got about, I don't know, 15 or 20 automated emails that go out roughly once a week and every one of those emails, you know people can reply to it and I will see it. And whenever I do the investor calls, you know at the end I said, “By the way, you're going to get emails from me. Don't hesitate to reply. If you ever have any questions.”

[INTERVIEW 2]

WS: Our guest is Badri Malynur. Thanks for being on the show, Badri.

Badri Malynur (BM): Thank you, Whitney. A pleasure to be here.

WS: Badri is the co-founder and VP at Avestor Incorporated. A real estate investment technology platform that allows investors to build custom real estate portfolios. Badri has extensive investment experience spanning a large variety of assets, including real estate, stocks, bonds, cryptocurrencies, commodities, options, and angel investing. He has co-founded two startups and has extensive management experience leading large teams at a Fortune 500 company.

Badri, thank you again for your time this morning being on the show. And I'm looking forward to getting into your experience a little bit and just this platform that you've helped create that's helping lots of investors to diversify their portfolio. But get us started a little bit just with you, your background and I think that will help us to just dive into Avestor and what that is, and what that's doing for investors also.

BM: Sounds good, Whitney, and thank you again for the opportunity. You've been doing a great job. I mean, you're a podcaster and I feel honored to be part of the show.

So, I really believe in building a diversified portfolio of different assets. Real estate is just one piece of it and as you kindly indicated that I've invested in a wide range of asset classes. I don't know why real estate is often considered an alternative investment, I think it should almost be a main investment because it has a lot less volatility than the stock market. But we'll go with the traditional terminology. And I was in the corporate world about 10 to 12 years back. I've done a couple of startups. I run a technology training company. And right now, I'm part of Avestor, which is a real estate investment platform, which does precisely what I was trying to tell you, helps investors build diversified real estate portfolios.

WS: Nice. It's just interesting. I don't know too many people who have invested in that many asset classes. So, I think it's a great level of experience and a desire to be diversified. We've talked about being diversified numerous times on the show, whether we're talking about just multifamily across syndicators, and markets and things like that, but I think it's interesting to think about even other asset classes that are completely outside of real estate as well, sometimes that can seem intimidating to somebody that's focused on real estate. I've heard people say the same thing, Badri, about, "Well, you know, I want to invest in real estate, but I feel like it's really secondary." It's this thing, "I'll do it sometime." I agree, it should be the main thing, I think we're investing in.

Let's get started about Avestor a little bit. What that does it do for investors and how it helps them to build a more diversified real estate portfolio?

BM: Okay. So, the way I want you to think of Avestor is – think of it like the Fidelity, I don't want to offend your favorite stock broker, the E-trade or Fidelity or Ameritrade or whatever, of real estate. We want to make real estate investments as simple as buying stock. So, today, estate investment is pretty complex. Yes, you could go buy real estate investment trusts, but they have a number of problems associated with it. We can talk a little more about that later. So, what Avestor does it allows – think of it like a salad bar, you go to a salad bar, I want some tomatoes, I want some green lettuce, I want some jalapenos. Now, I'm showing my penchant for spicy food. That's kind of the experience we bring to a real estate investor.

We screen hundreds of syndication deals across the country and we preselect and pre-invest in a small subset of them. And then the investors can then cut them into small slices. Then investors can come and choose the size of the slice and what type of asset classes and build a diversified portfolio. I mean, I keep coming back to building a diversified real estate portfolio but that's what we are about. We are not about selling you one day at a time, but we are about kind of minimizing your risk and maximizing your revenue.

WS: Nice. That's interesting and I look forward to looking into it myself and I'm sure many of the listeners will as well. As far as a platform like that, that investors are looking at, buying into, how do you or how does Avestor choose those syndication deals or are they also doing other asset classes as well or is it strictly real estate? And how do they choose the opportunities that they're going to invest in?

BM: So, as of now, Avestor is focusing only on real estate. We may expand into other alternative investments in the future, and we invest in a wide range of asset class types of properties within real estate. We invest in a wide range of states. We invest in self-storage, retail centers, and multifamily. We are looking at senior living. We do have several student housings. And to answer your first question, we have built a mathematical model, we have over 10 years of experience, personal experience and investing in real estate and evaluating syndication deals. I don't even think of that as real estate investments. I have had a fourplex and triplex for 20 years. It's kind of in the back of my portfolio. I don't think about it generating great cash flow, and I've invested in some syndication deals, and one of my partners has done seven figures or several million dollars worth of syndication deals.

What we have built based on our experience is a mathematical model. It's not about people, I mean, ultimately, there is some relationship involved, but it's all about the math behind it. And we take into account about 40 different variables. We look at the equity stack and I hope your viewers are familiar with a lot of this terminology. We look at the location, the target return. We even do a social adjuster assessment to make sure that the project is socially viable. And then once we put this through the funnel, and since we have data on hundreds of deals, we're able to compare to past performance, and then we pick the best deals, and then we pre-invest in them and then cut them into slices. That's kind of what we do.

WS: Okay, nice. So, the investor is really gaining that experience or that expertise from you all to know that they're investing in a deal that went through that formula or you filled out these 40 details or whatnot that you all, from your experience, have learned that's important. You mentioned like the relationship piece, and it's hard for a formula to calculate a relationship. But I would like to know, how do you all take that into account? I feel like the operator is more crucial than the deal and I feel a lot of times, how is that figured in that as well?

BM: You're absolutely right. So, it's not just the operator, right? There's the location, and then how good the location, the crime rate, the unemployment. So, all of those are factored in. The operator, there is a little bit of subjectivity there, but some of that also, we tried to reduce it to a mathematical formula. We kind of look at the number of exits the operators has had, what was the average return on the exits? The assets under management. Now, don't get me wrong, we work with several crowdfunding sites and dozens of syndicators, just because a syndicator does not have an exit, we don't rule them out. But that reduces the number of points.

So, overall, different factors contribute to different point structures and the deal itself is very good and the syndicator does not have exit before, then it still will pass, because the overall points score would be better.

WS: Yeah, there's just some human part there or components, I feel like they can't always be calculated. But no, that's interesting that there is a way to calculate a lot of that, though, depending on what their past performance is, assets under management, average rate of return, maybe across your portfolio. As a syndicator, how can syndicators use this platform for their benefit as well?

BM: That's an excellent question. So, there are three or four ways we can work with syndicators. One, often syndicators do not want to – I'll start with the obvious way. We have some syndicators who actually come to our platform and invest as passive investor, believe it or not because they want to be diversified too. I mean, they don't want to put all their money in their own deals. That practice will decrease, but you have anyone to build some diversification. That's the best way, the obvious way.

Then the second way is most syndicators, I'm sure that includes you too, don't want to deal with a lot of small investors. So, what we could do is we could combine a lot of the small investors and as far as you are concerned, when I say you, I mean, a syndicator, you're dealing with one investor which is Avestor, but then these slices can be allocated in small slices to a bunch of investors.

And then the third way is, can always offer your deals to us. And if it passes, we will pre-invest in an offer through our existing investors. And the last way is a little more complex. Avestor, because of the experience of what we have done is a unique platform for creating a fund for yourself. Now, it does not make sense if you're just doing one or two deals a year, but if you're doing multiple deals a year and you find to be in this business for a while, there are some unique advantages in using Avestor as a platform for a fund, because one of the things which we do which no other software does is we calculate the time value of money.

Typically, syndicators take into account, let's say they raise money for one deal, and then move on to the second deal. But the way you can work with us is you can put some of your money, then you finally get an exit, and the software calculates that your money was tied up for six months and gets you a pro rata version of that. To the best of our knowledge, we believe that no other software does that. Those are the four different ways.

[END OF INTERVIEW]

[OUTRO]

Whitney Sewell: Thank you for being with us again today. I hope that you have learned a lot from the show. Don't forget to like and subscribe. I hope you're telling your friends about Real Estate Syndication Show and how they can also build wealth in real estate. You can also go to LifeBridgeCapital.com and start investing today.

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