



CRE Tech Talks

Episode #7: Preparing for the CRE Tech Revolution



Scott Sidman, SVP of Building Engines
Logan Soya, Founder & CEO of Aquicore

Scott: Thank you again for that warm introduction. Welcome to this episode of the CRE Tech Talks Podcast. Again, I'm your host, Scott Sidman. Today's topic is something really interesting that the audience is going to enjoy, it's empowering and preparing your team for the CRE technology revolution. This is something that is obviously the focal point of our podcast. This is what we talk about all the time, but I think this particular perspective is going to be really interesting.

One of the many interesting aspects of the new technologies now available to commercial real estate firms, is that the benefits of implementing them often extend well beyond the features, functions, and specific problems, the applications are designed to address. Today we're going to have the opportunity to explore what those transformative opportunities are that are available to CRE firms, but I think in particular how they apply to larger organizations, which is really great for us to talk about.

Our guest today is someone I've had the opportunity to get to know over the past year through conversations our firms have had about how we might work together to provide some additional value to some mutual clients we have. I've also had the opportunity to meet a number of his terrific team members at a number of industry events recently, so I'm really pleased to welcome to the podcast Logan Soya. Logan is the founder and CEO of Acquicore, as well as a very accomplished, interesting guy, as I think we're going to find out during the course of our conversation, which I'm really looking forward to. Again, welcome to the podcast, Logan.

Logan: Appreciate it. Looking forward to it as well.

Scott: Good. As you know, we've had the chance to talk about, you're aware of our podcast. One of the things that is a rite of passage here on CRE Tech Talks is to ask our guests, as a way to introduce themselves to the audience, to share one unique or unusual fact about themselves or their background. So go at it.

Logan: All right. Yeah. I have a few things that might be of interest to the audience. The first is that, although I'm a technologist at heart, I love to shave with a straight razor. Something has never gotten to



me about these other types of razors that come out on the market, and there's something really satisfying about having a proper shave that way, for me.

I guess the second thing that was on my mind is that I almost decided not to get my MBA and almost decided not to do business because I thought I could be an Olympic triathlete. I was pretty close to pulling the trigger. I was training with some really interesting guys that were going to Beijing at the time, but for better or worse, here I am on the business side of things.

Scott: Both of those things are particularly interesting, because the one time I was going to get a straight razor shave I chickened out because I just couldn't bear the thought of somebody having that at my throat, so I think I'd have a better chance of trying it myself. My second question on the triathlete decision, any regrets now that you've been in the tech field and have your MBA, do you wish you had done it?

Logan: I always look back and think, at least I would probably be in way better shape than I am now, with all the hours that I would have put in. I think at the end of the day I'm pretty happy with the types of people I get to be around, with what we're doing here.

Scott: Good for you. Let's talk a little bit, then, about what you're doing now, your background, and how you started Acquicore. Then let's talk a little bit about the company and what it does, and how you help your clients.

Logan: Yeah. It sounds great. Just my personal background, I actually come from the academic side of things originally. My undergrad was physics. I then worked in the telecom industry for about seven years, before I went into doing my MBA at Georgetown and wound up in Business School with a dual degree. Then, at that point, about a year into that experience was when I founded Acquicore. I had gotten an internship; I guess you would call it a blue-chip venture capital firm in the Bay. It really opened my eyes to what was possible in terms of how businesses are started. I then took the plunge and stopped interviewing to make it my full-time gig.

So a brief background on Acquicore and what it is in the CRE tech industry. It is a real-time energy monitoring solution for a large commercial real estate, so we essentially are a full-stack solution for both the hardware, and the software, and the delivery component. Meaning that we can put in and install what we call web-enabled meters for electricity, water, and gas data. We pull that data on a real-time basis, minute-by-minute for your commercial real estate portfolio, and then use that data for a number of uses. Obviously, the most clear one is reducing the building's energy footprint.

We typically see results of 12 to 20%, but we can also use it for streamlining business operations around energy management. Very often our customers in the CRE industry are billing their tenants back. It's still a manual process, so that's a process that we can fully automate now through our services. Then, as we are seeing more and more clients come on line on our service, we're finding more and more interesting uses. Things around measurement and verification, things around budgeting and forecasting, so it's a pretty exciting plethora of data that we get to make some sense of and turn into something actionable.

Scott: Very interesting. You're a DC-based firm?



Logan: Yeah. DC-based.

Scott: Okay.

Logan: Just a brief history on the company. I started it about three years ago now. As I mentioned in my MBA. We've grown to over 500 assets or 500 buildings using our tool to date. We've grown to an employee base of just around 30 now, and we're continuing to see pretty strong growth in that direction as well, so it's pretty exciting times.

Scott: That's terrific. Tell me a little bit about your typical client. How would you identify a good prospect for you, what does your typical customer look like?

Logan: Yeah. We really specialize in two particular segments to date. The first is commercial real estate office and mixed use. That's a core function for us where we've seen a lot of success and a lot of growth. The second is in corporate real estate, so owner-occupied corporates. Major clients include Under Armour, Brookfield, and DQT. So we have a pretty good blend of experience in those particular assets. Most of the assets that we do business in are probably bigger than thirty or forty-thousand square feet, and that can range all the way to over a million. Once you're above that particular threshold, it's pretty easy to make the value proposition case.

Scott: Okay. Much like us, you're in a space with other people who are doing things like you, some of or part of what you offer, so in that crowded space, in the mind of the customer or the mind of the prospect, how do you differentiate what you offer, and how you stand out among other companies in the space?

Logan: First is that by being a full-stack service, we really kind of take on all of what it takes to deliver this real-time energy monitoring, from the metering, to the delivery aspect, to the software itself. That really helps us specifically in speed to value, meaning that we're typically pretty quick out of the gate in terms of being able to get your system up and running, installation time, so it's usually in the 30-days range, which is pretty aggressive in the commercial real estate, as you can imagine, to get something up and running and get your first customer satisfaction story out.

I think we also specialize in ... We're a bit more extendable, meaning that we can do electricity, water, and gas, and we can do just building level metering, as well as detailed sub-metering of the building, so that sort of added deeper dive into a building can add a lot of value, especially for the more sophisticated client.

The last thing that I'll say is that the platform is really built to be extendable, meaning that even if you're not the most sophisticated client in terms of energy monitoring, we can get you up and running at a very low cost, but as you mature as a client, and you mature as sort of an organization towards these higher, deeper levels of understanding with energy monitoring and what you could do with it, the platform can still sort of grow with you, so you won't have to skip to another thing, or take another vendor, or go on to another solution as your organization grows.

Scott: Sure. That's a pretty compelling offering. This is certainly not a paid endorsement in any way, but I know from what I've heard from our product folks who've had a chance to look at the application and in



the discussions they've had with you, one of the things I heard regularly from them is that they're really impressed with the usability of the application as well, from a design standpoint, which we know from being in the space it's critically important that the user experience is really, really important to make sure you get that usage as well. I've heard that you've done a terrific job there.

Logan: Thank you. I appreciate it.

Scott: Let's shift gears a bit, and talk about our topic, and get your perspective on things. I'm very interested to hear what you think are some of those unique benefits now available to commercial real estate firms, particularly the larger ones, just based on this recent influx of new technologies in the marketplace. You've been doing this for a few years now, so I'd love to hear what your thoughts are there.

Logan: I think there is a couple of themes here that are really important for larger organizations to understand, and how technology impacts it. It's something that I personally have a keen interest in, beyond just what Acquicore brings to the table, but it's generally is what the marketplace is starting to see. Also, seeing how this intersection of technology and commercial real estate is bringing in almost a cultural impact to help people make decisions.

I think the most important things are a couple of things. One is that technology brings in a capability to have real-time access to information, especially for senior-level executives, that previously were sort of monthly reports, or even quarterly reports at times, and that's a key factor that is helping to improve the velocity of an organization, meaning that that organization now can make decisions that are more quicker paced, and ultimately get to the piece of business that they can have the most value in.

That's super exciting to see, and it's even happening not just at the young corporate space, but even at the larger organization stage. I think it's going to make a huge impact on who becomes the leaders of the industry, and who end up potentially getting left behind. The second piece I find that's really fascinating to me, is that there is a lot more collaborative tools out there, so being able to share information from the front line all the way up to senior executive is a lot easier now.

There's not as many layers of communications, or bounces, if you will, from person, to person, to person, where you could potentially ... say, a little bit of telephone and then lose that message fidelity by the time it gets to the last person, because all of that is being captured in technology, so it becomes this seamless transition from one piece of the organization to another.

Scott: Sure. Two primary drivers. The accessed information in real time, and I think that's a great point, the transition from periodic, the sort of the standard thing we're all used to, where you get a monthly report or the quarterly report. Then, the layers of communication. It sounds like what you're saying there, too, is communication with context now because it's captured in the course of conducting business and the activities that it relates to.

Logan: Yeah. Just as an example that's maybe outside of the CRE industry, and then transitioning back to something that is more directly applicable. As a business owner who is very highly focused on being data-driven ourselves within our organizations, we leverage a number of business automation tools to help us with sales, to help us with marketing and finance, and product iteration, and all those tools



communicate with each other and make the collaboration from our marketing to our sales, that transition is much easier.

You find much less issues around sort of siloing effects that's between these two different departments and what their end purposes are, and then in terms of the real-time aspect, I can open up my phone and see exactly what my pipeline is at a moment's notice. All that information comes from the tools that my sales teams are using, or my marketing teams are using, and allows me to make faster decisions as an executive. Right?

Scott: Right.

Logan: I find that that's very exciting, that a tool like Building Engines, for example, or some of the other tools that we're seeing on the market around broker servicing, and monitoring, and tracking, [inaudible 00:14:56] and things like that, are all becoming much more accessible to the senior levels of an organization and making that possible, where before it was just that periodic monthly report on how your leasing is doing.

Scott: I completely agree with you. Perhaps one other point on the data piece of it and the information is the transition from the old Excel style structure of rows, and columns, and layers of information, the presentation layer changing to be much more visual in nature. You mentioned the pipeline. Any thoughts there in terms of the impact of that, in terms of the people's ability to consume the information?

Logan: Oh, yeah. I think usability is a huge asset that has become very obvious on a number of other business verticals. I think that in the commercial real estate industry you're finally starting to see a couple of these tech firms really break out with that capability. I think that's going to really signal sort of a best of breed practice that starts to appear now, in the different technology companies that focus.

Usability is going to be key, because in the end of the day, what is exciting about where technology is today is that you're transitioning from the state where technology could go 80% of the way, but then you would still need an IT department, or you'd still need some sort of an engineer or something to take it to the last mile.

Scott: Right.

Logan: Now, where technology is reaching us with ... In the age of the iPhone and things of that nature, you really are getting to the point where the value creation will reach an end user, and the end user doesn't have to know anything about the internals of the technology itself, and that speaks for its focus on usability and design, to make sure it's easily understood.

Scott: Yeah. Absolutely. I completely agree with you. It's a good place for all of us to get to. It's interesting, when you think about the concept and as you're applying it, and thinking about it in terms of larger organizations and some of the bigger firms that you work with. As a startup, and we were a startup a few years before you were, but still feel that way, nimbleness and agility have always been the weapons of choice for smaller companies competing against larger firms.



How do you feel about large organizations being able to embrace the capabilities that you just talked about and kind of make that shift and doing it in a relatively short period of time, as opposed to what we usually think about in terms of the time frames for larger companies?

Logan: I think psychologically it could be a challenging shift for a couple of organizations, just because it's not a mentality that's very widely adopted, or it's not as easily understood, for sometimes ... for larger organizations, but the reality is that it is possible now, today, that an organization the size of Apple could have this type of real-time access to information. A lot of that, I think, is contributed by these integrated solutions.

From my perspective, one way that these larger organizations can start approaching this problem and tackling it is to say, hey, look, this isn't going to be a marketplace where one shop solves all of your problems anymore. It's going to be a multi-vendor solution, where there are a number of players that are the best at what they do. They're highly focused companies, but they all play nice with each other and they all integrate with each other, and as a result you're going to have this solution that is continuing to be nimble and modular in nature. Right?

Scott: Mm-hmm (affirmative).

Logan: As a result, your organization can be nimble and modular in nature.

Scott: Right. Yeah, that makes a lot of sense. I think it's an interesting perspective, because with that sentiment, I believe if that's the position that a company would take, then obviously the requirement on the vendors is that they're building their applications in a way that allows them to meet the requirement. That they have APIs, open APIs that they can share information, and, as you said, play nicely with each other.

Logan: In this era where things are a lot more transparent these days, organizations really have to prove themselves that they're adding true value, and as a result they have to have open-data sharing. If your data is yours as a customer, and any organization or any type of vendor that doesn't follow that philosophy will get left behind over the next three or five years.

Scott: Again, I completely agree with that as well. If you look at things from the large organization perspective, and then you bring it down to the executive level, and the person who's responsible for implementing some of these changes, and as an executive yourself and someone who runs a business, you know that oftentimes it begins with winning hearts and minds of your people and changing behavior. How would you suggest a CRE exec who gets the concept and believes in it, works with his people and starts implementing it?

Logan: I think the goal here is to start small. Pick one specific topic that you want to attack and implement, and try to make it as easy to adopt as possible, and think of it ... It's really about not just sort of mandating that requirement, but understanding how can this tool almost advertise itself. A lot of these tools, if it's usable on the front line, it's going to be a lot easier for that executive to win the support of their team members. Something that we do a lot of is that we have in-application support, where you could potentially talk with a live subject matter expert, not just about how to use the tool, but also what is the value you're deriving from the tool as well.



At any given time, a user of Acquicore could start a live conversation with a subject matter expert, just about what are the energy trends that they're seeing, for example. I think that goes a long way to how CRE is sort of this relationship-built type of a network, and it's a way that technology firms could help still provide a high level of personal touch without necessarily having that heavy, kind of consultative overhead that has historically plagued the industry.

Scott: Yeah. That's a terrific approach. I think that's a really smart way to go about doing it, and it's interesting because it sort of addresses one of my questions or one of the things I was thinking about in terms of skill sets. Typically, the way software was evaluated by companies, they would look internally first and say, "Are our people capable of using this, and what kind of training are we going to require? How do we get people to become technically proficient?" From what I hear, the way you're saying and the way you guys think about it, is that it shouldn't ... that shouldn't be a requirement, because of the way the application is built and developed. Right?

Logan: Yeah. It's like this era of, how do we take the lessons that Apple and some of these other industry leaders brought about with this revolutionary thinking and design, and started implementing it in an enterprise environment. The idea is to say, if it really is a great piece of software, it should be either, A, fairly intuitive to use with very minimal training, or, B, the company or organization can use technology to help solve that problem of training and onboarding just the same as the core problems of solving with the product itself.

There are innovative and new and cool approaches of training and onboarding that are available, and I think, again, be on the lookout for vendors that are adopting those practices, to make sure that you're really getting the value out of the tools that you're purchasing.

Scott: Right. If you have a vendor who comes to you and part of their pitch is that we'll have six months of in-house training, and there's a huge associated figure with it you should run.

Logan: Yeah, that's kind of the classic enterprise software behind these type of thought thinking. Right?

Scott: Right.

Logan: I think if you're starting to see these more agile tech shops out there, they don't want to take that approach, but they realize that that's a huge burden on your side, as well as the customer, and I think it's possible now. It's definitely possible to have a widely adopted tool that takes place, that takes hold, and not require these like six months, let's shuffle everybody into an office type of mentality that it used to take.

Scott: Right. I think we've seen a lot happen in the last couple of years in the space. One of the things that's really interesting to me is the wave of venture capital investment in commercial real estate technology. What's your take on that? What do think they're seeing, the investment community sees, and what should the real estate community take away from that? How would you think they would think this impacts them?

Logan: Mm-hmm (affirmative). I think it's a great thing. I think it's a very good thing, with any of these technologies that does require a lot of upfront capital to be able to really get the wheels moving. I think



CRE executives should be, A, getting involved, because there is still an education vertical. VCs historically have invested in SaaS companies that are focused on marketing, or sales, or some other IT thing. For VCs to start to break out of that and be focusing on something as specific as commercial real estate is, A, a great thing.

However, I would suggest that a lot of VCs still have a lot of learning to go through to really feel like they understand the industry well. I would even recommend that CRE executives should get involved. They could become LPs, there are funds out there investing in CRE technologies that are looking for LPs that are highly attuned with the marketplace, and so there's a kind of a win-win opportunity there, that executives that might have some cash that they want to put to work, this could be a new opportunity for them to look into, Number One.

Then, Number Two, I think it would be super beneficial if the CRE industry got a bit more familiar with how VCs think and operate, because it will help us continue to lubricate the gears, if you will, in making these new adoptions that everybody has been waiting for, possible.

Scott: Yeah. I think that's some great advice. A great approach to it as well, and I completely agree that the greater involvement you have on both sides the better off everybody will be, certainly in the space. It's really interesting to see, and particularly for someone ... We've been in this for fourteen years or so now, so it's been particularly interesting for us to see the activity level over these past couple of years, and I think it's great for the industry as a whole, so, really excited about it. In that vein, obviously besides Acquicore and Building Engines, any particular companies or products that you've seen, that you've been impressed with, or that you think people should pay attention to?

Logan: Yeah. We're always on the lookout. We really like finding like-minded companies of the sort that we talked about. I think a couple of the names that I've sort of admired from afar include High Tower on the leasing side. There's a fairly cool technology company called Building Robotics, that helps with HVAC integration and helping end-users and tenants to be able to control their HVAC more directly through a web app. Another one actually that just recently came up that we're doing a cool stuff with, is called iOffice. They have a very modern approach.

For us, we look for signals about how the product is developed and do they have RESTful APIs, and things that maybe the CRE guys might not see on first flush, but it makes us feel better that integrating with those tools are maybe weeks away, or months away, when we start talking with them, as opposed to a quarter or two quarters away. I think those are a couple of names that I'll throw out there, that we've certainly appreciated our dialog with, as we've gotten deeper and deeper into the industry.

One other thing to mention is that, along the lines of the CRE and the venture capital side of things, there's a number of firms that are really starting to take focus on that, so I wanted to quickly make a shout up to Millennium Partners,-

Scott: Oh, sure.

Logan: ... which is a fairly new venture group back-up formed out in New York on RE ventures. It's quite active in the space. There's another group, called Navatoss Group that's quite active in the space, that's



Bay-focused. These aren't just sort of, it's coming kind of thing. There's definitely a lot of people on the ground right now, really, really a big progress in this area, which is kind of-

Scott: Absolutely. I think that going back to the point you made before about CRE people getting involved, I think the one VC firm I'm familiar with that has a commercial real estate connection as well is Thrive Ventures. I think, if you're familiar with ...

Logan: Yeah.

Scott: Yeah. I think a couple of brothers and one side of the family is in commercial real estate space, so they certainly bring that experience and knowledge to the table as well, but the firms you mentioned are all terrific. Great choices on the products that you mentioned as well. I'm familiar with all of them. I know Brandon in High Tower. Terrific CEO, terrific product. We have some mutual customers as well.

Actually, we did a podcast with Building Robotics, Lindsey Baker, and their business-development head and their product, Comfy, which I've seen. It's very impressive as well and it reminds me a lot about you guys also. Some great insights there, really good stuff. I think that the audience will have some value from listening here. In summary, thinking about our audience and commercial real estate executives, you mentioned a couple of terms that I think are interesting, because I think the more familiarity they have with things like restful APIs.

You don't have to know what it does, but maybe just some familiarity with the terms is valuable as well. What else would you recommend? What three to five things would you advise a commercial real estate exec and firm to do to begin this process of improving organizational velocity, which is another term you used which I love, and some of the capabilities of the tools and technologies available to them.

Logan: I think, just be hyper focused. Start small, and don't be afraid to try out a product or two in your building portfolio, if it has a decent track record with other portfolios out there. A lot of times look for companies and vendors that are promising weeks to onboard, or a month or two to onboard, as opposed to six months as we had discussed before. That's a really good sign in terms of being able to get your speed and velocity ramped up.

I think also just culturally, I think helping your teams realize that more iteration and more iterative sort of process use is important. Look for quick updates in a matter of months or weeks, as opposed to every quarter or something like that. I think any of those types of things would be really good starting points. Then, if your tech vendors are really great tech vendors, reach out to them. We love to have conversations with our clients, and I'm sure you guys feel the same way. It helps us learn.

We want to be as helpful as possible, beyond just the technology. Technology is about enabling, value creation is not. Technology isn't the value itself, and so your vendors very often can be a great resource to give you tips, and tricks, and other things that are out there in the marketplace, and we really like that community attitude, just sort of sharing. Very often, when a client is explaining a problem to us, if it doesn't fit in our wheelhouse ourselves, we're not afraid at all to throw a couple of other people out there. I think that helps a lot.



Scott: That's great. Great advice. We again are perfectly aligned there in that approach as well. That's something we're very passionate about, and believe all companies in the space should do as well. This has been terrific. Really great insights, Logan. I can't thank you enough for the time here today. Contact information for Logan and Acquicore are available on our podcast page, and if you are interested in learning more about a terrific data-driven energy and sustainability solution, I really encourage you to give them a call.

I can tell you first-hand from our customers that use them and use their product, that they can't say enough good things about them, so you'd do yourself well to have a conversation with Logan and his team.