Alex Robinson:

Why is it the case that in the largest asset class in the US, which is public equities, there had been this 30 year complete transformation driven by technology to the point where you wouldn't even recognize how the market functions in 2010 as compared to 1980. And why was it that private equity was totally untouched? And what would it take to bring the same efficiency and low cost and accessibility that were present in the public markets to the private markets?

Matt Slepin:

Hi, this is Matt Slepin, and welcome to Leading Voices in Real Estate. Today's episode is a conversation with Alex Robinson, the CEO and co-founder of Juniper Square, a real estate technology company that's providing major backbone infrastructure for real estate investment managers and how they interface with their LPs. Juniper Square has gained tremendous market share really over a short half dozen years in the business. And now that it has significant scale, has the opportunity to play a major role in helping create a more transparent and low friction marketplace for GPs and LPRs to bring capital investment opportunities together in the real estate investment business. Juniper Square's next level of work and its capital marketplace could be truly transformative for the industry. You've heard me talk on the podcast many times before about the power of business platform and the institutionalization of an industry that when I started, was still the domain of the moms and pops and the deal cowboys.

And my career has really been in the ecosystem as the business has evolved light years from that time. I've not before shared the story of a job I had as Executive Director of the Multi-Family Housing Institute many years ago where the apartment industry was getting together to share property and loan level data to create an Industry-wide database to help prove the case to move multi-family from a secondary asset class for real estate equities into a primary asset class. Few will remember that multifamily was then seen as a poor cousin to the Wait For It trophy office buildings and regional malls that really then defined investment grade real estate. How the mighty have fallen since apartments in dirty industrial have been the stable and darling asset classes amongst the real estate food groups ever since. So Alex's audacious goal and their success to date and starting Jupiter Square resonates deeply with me in that data project I led.

That was really 22 years too early. Also, a warning for those with short attention spans, I kind of geeked out with Alex and drilling down into a lot of weeds to understand their business, their clients, and how this next step on capital markets is actually a baby step. Now that Juniper Square is at scale versus the enormous leap it would've been if they started the firm asking GPs to buy into this goal initially. Never would've happened up front, but I bet it can happen now. It's funny in the search business since through different periods of time in my search practice at Tara and now ZRG. I've gone through phases and it's the moment we've been doing a lot of work on the finance side for CFO roles, both for capital markets type focus people, and for accounting and reporting kind of requirements.

So this conversation, drilling down to accounting reporting transparency in capital markets with Alex is timely given the work I've been doing as well as work for and with CEOs because capital markets are the core driver behind everything we do in the capital intensive real estate business.

This has been a part of most discussions on Leading Voices and I'm really happy to have the chance to focus on this side of it in this interview with Alex. If you are a new listener to Leading Voices, welcome, and please subscribe or follow the show on your favorite podcast app. I invite you all to visit the archives. We're now at episode 128, so we have a deep library and all are available on your podcast app or on our podcast website at terrasearchpartners.com/voices. In the show notes, we provide links to related episodes from the archives. And feel free to contact me with your feedback, comments, guest ideas or opportunities to work together to me at mslepin@zrgpartners.com. I hope you enjoy the episode.

Alex Robinson, welcome to Leading Voices in Real Estate. This is going to be a very interesting conversation that's going to jump back and forth between topics in real estate investment management, including transparency, the geeky background of investor reporting, access to the capital markets, the BREET prop tech and what scale can be to the real estate investment business. And we'll talk a lot about Juniper Square, both what you've accomplished and then some surprises in the conversation about what is not yet accomplished in your planning to do. So, really looking forward to this conversation and I have a little bit of a spiel at the beginning of this to talk about some common elements we have, but maybe you should talk first and have our listeners hear your voice and just a quick introduction to you and Juniper Square.

Alex Robinson:

Sure. Well, thanks for having me, Matt. I am very happy to be here. So I'm Alex Robinson, I'm the CEO and one of the three co-founders of Juniper Square. And for those who don't know, Juniper Square is a company that provides software and services to GPs in real estate who raise money from outside LPs to go invest in real estate, whether that's in funds that hold multiple assets or special purpose vehicles, SPVs to buy a single asset. We provide software, we provide fund administration services and soon capital market services to GPs and we serve about 2000 of them, just about 2000 across the sector. And we've been around for eight years, so happy to be here.

Matt Slepin:

Cool, thank you. And in those eight years, first of all, we see your advertising in virtually every real estate publication, any e-mail blast you're sponsoring. And you've had, and we're going to get into this in some detail, but you've had incredible market penetration. I don't know what 2000 is of the universe. Any comments on that?

Alex Robinson:

Well, a lot of it depends on how you define the universe. What we are most interested in is, the way we think about it is where is the AUM in the real estate sector? And I think probably your listeners will be familiar with this general idea that there's a lot of concentration of the AUM and the largest players. Blackstone as an example, is much bigger than your typical real estate GPs. So the very biggest, there's about 500 truly institutional GPs. There's about another five to 10,000 that are here in the US that are quite well scaled and you would be very happy and fortunate to invest with them great track records. And then there's a very long tail, many tens of thousands of GPs who might range from having done a couple of deals to just raising maybe their first apartment syndication or something like this.

And so it really depends on where you draw the line. But we're interested in, we serve really say the top 10,000 GPs here in the US. Okay. So we're at about 20% of the total market, but we have a lot of the market concentration by AUM higher than 20%.

Matt Slepin:

Cool. So it's a larger players. And just to get this one out of the way, is Blackstone a client in all or any of their business lines?

Alex Robinson:

No, we don't serve Blackstone today. We serve a lot of their peers, but we don't serve Blackstone. Hopefully, one day.

Matt Slepin:

So let me just frame the conversation from my own experience because it's interesting. From the SNL crisis, I was actually working at the resolution trust corporation, a victim of this kind of issue or as an outcome of this kind of situation with lack of transparency in the olden days. And an industry group in the apartment sector came together and they wrote a paper called From the Neighborhoods to the Capital Markets calling for the creation of a group called the Multifamily Housing Institute to address illiquidity in the apartment business. And I became the CEO of one of that organization back in 1992. I was the executive director. And the board wanted me to focus both on regulatory reform as well as the creation of an industry-wide database. A word database didn't really exist in 1992, we didn't know that word very well. That would bring both standardization to the industry, because if we're going to be in a database, it has to be standardized.

And then transparency to the industry by being able to put information out there about performance. And it was a totally opaque market. This was before the REITs first came out in the mid nineties. And I didn't know what I was getting myself into, but I found the concept of that database information warehouse, whatever the right word is, there was a business there. It was a business not yet ready to be created. So the organization ultimately failed. We never got there and the market superseded it. But there's some themes about what we were trying to do then that I think we're going to talk about in terms of your vision and what you've already done and where this organization is going.

So I want to think about Juniper Square a little bit with that backdrop. So just a quick one, how did you get into real estate? How did you find you were at Microsoft, you're a generalist technology guy. What kind of brought you into this world to address these issues?

Alex Robinson:

So I was exposed to the real estate industry growing up. I grew up in a small town about two hours outside of Seattle, Washington up in the Pacific Northwest. And my father was a dentist by day, but he was a real estate landlord by night and weekend and started out buying single family homes and then started buying apartment buildings and some mixed use. So growing up in high school, my job was to help with the real estate, help police things up, deal with tenants, evict tenants, to help clean up after evicted tenants. And so I was very exposed to the business end of a smaller scale, but very meaningful for our family real estate operation. So I had a connection to real estate as an asset class. I liked it. I really enjoyed thinking about where people wanted to live and why and where they wanted to work and why and places and how those trends changed over time.

And I could just get interested in thinking about a real estate investment and whether I thought it was a place I wanted to put my money in a way that I could not find similar interest in assessing whether general electric is fairly priced at $33 a share or something like this. And so I always had this interest and passion in real estate. I grew up in the backyard of Microsoft and so I also had this, I guess, black hole drawing me into the tech industry. And I decided to pursue a career in technology starting at Microsoft. And I spent a number of years there. I came down to the San Francisco Bay area to get my MBA, my business degree, graduate degree. And then I started a couple of companies. Juniper Square is actually the third company that I've started.

The first two companies were in Clean Tech. This was in '09 to 2012, period of 2013 period of time. And a lot of money and a lot of the venture capital ecosystem was focused on funding clean technology bets.

That was the big focus in entrepreneur. I went to Stanford for my business degree. A lot of the entrepreneurial energy at that time at Stanford was focused on clean tech.

Matt Slepin:

And I know this isn't our story, but what was Clean Tech? Just quickly, what were those companies and what's difference in clean tech and climate tech now?

Alex Robinson:

Yeah, so the first two companies, the first one was called Green Door, the second one was called New Energy Risk. Neither worked out terribly well. My first one, was really quite a great story and failure and all the things you learn, all the things you learn from it. And that company was folded into New Energy Risk. And we did actually okay at New Energy Risk. But the common thread with both of these startups was I was very interested as an entrepreneur in how does capital find productive projects? How do you get a solar project funded? How do you get the capital necessary for a homeowner to retrofit their home? And so both of the prior two startups to Juniper Square had a thread in common with Juniper Square, which is just, how do you build the plumbing and the infrastructure necessary to move money and information so you can get capital from its source wherever that may be? Pension fund or a sovereign wealth fund or a retail investor. And funnel it efficiently to its ultimate use.

And those first two startups were already focused on solar and wind and clean technology applications. At Juniper Square, we do the same thing, but the use case here is GPs. How do we help ultimately get more capital more effectively to productive uses in real estate by getting it to GPs more effectively? So it had those common threads of financial plumbing across all three companies, even though the first two were Clean Tech and Juniper Square's real estate.

Matt Slepin:

The other thing is when you come to real estate, you come to a relatively mature industry with a lot of investors and a lot of money flowing. So better target.

Alex Robinson:

Yeah, I think one of my big lessons from the first two companies is it's so hard to start company from scratch. I'm one for three here. So if you're going to take on all that effort and all the risk of getting something off the ground, then you might as well try to do it in a market that's already established where there's big established use cases and people are spending money and real estate, as your listeners know, as one of the biggest markets in the world. It's the second largest asset class in the US behind public equities. By some measures, it's the largest asset class globally. And so it's just a very large market. And that was different from Cleantech. Cleantech, You really had to both jumpstart the business and then jumpstart catalyze the market. And that's just a lot to do. So that did inform of how we ultimately came to start Juniper Square was that experience of just how tough it is to build in Cleantech in those days.

Matt Slepin:

Great. Okay. So then what was the light bulb and how did the connection happen to start this business?

Alex Robinson:

Yeah, so the origin story of a Juniper Square is we'd sold my second company and I had some time and I was chronically unemployable at that point. I knew I wanted to start a third company. I took some time. I went on a big trip with my wife and this was before we had kids. And I came back and I spent my time instinctually on real estate just as an LP, interested in meeting new GPs, interested in looking at projects and investment opportunities. And one of these GPs, I said, "Oh, sounds great. Count me in for X as an LP." And they said, "Great, we'll get you in touch with our lawyers." Lawyers e-mail me and they say, "Well, I need your physical address for the paperwork." And I said, Well no, please don't send anything. Here's my e-mail address, I'll just fill it out online."

They said, "No, no, we need to actually send you a physical stack of documents to complete." And this is early 2013, 10 years ago. That was this moment for me where I couldn't believe it. Literally, a FedEx truck shows up to my house, FedEx package of paperwork must have been two inches thick. I fill it out by hand, call a FedEx to pick it up, send it to their lawyers, their lawyers red line that I had some areas where I didn't fill it in perfectly. FedEx truck comes back out to my house here. We got two FedEx trips to fill out some paperwork. And I just thought, this is 2013, it's not 2003. Yes, I could buy a pair of shoes online and that's a really simple transaction, but I can buy stocks online, I can sell stocks. And so it is possible that these really complex financial transactions should be able to be consummated online.

And why is that the case in real estate and private equity really broadly? It's really a story of private funds that just know the public markets have gone through this tremendous technology driven transformation over 30 years, from 1980 to 2010. In 1980, you're calling up your stock broker, you're probably paying 5% of the trade. You're holding a mutual fund where you're paying 5% a year. You're waiting for the print of the Wall Street Journal the next day to get the price at which you sold your stock at. And now 2010, you're doing everything with a few clicks of the button. And today we've got fractional shares. So in the public markets there have been this tremendous transformation all driven by technology. And in private markets like real estate, completely untouched. So if there was a catalyzing moment, it was this sort of thread, I started tugging on it, like, "How can this be the case that FedEx is coming to my house and I want to invest in a private real estate transaction?

I should be able to do that online. I should have an experience like Charles Schwab or any other brokerage investing in private equity in the same way I do in the public markets and what is it going to take to make that a reality?" And that started a journey for us. I met my two co-founders, Adam Ginsburg and Jonas [inaudible 00:16:56], who are really the technical brains of our operation and they lead product and engineering respectively for us around this time. And we shared a lot of the same values. We shared a real interest in big established but not necessarily super sexy from the perspective of a technologist markets and bringing about rural transformation.

And that started a journey. We talked to 150 GPs and LPs before we wrote a line of code because at that time we weren't outsiders to the industry. I was an LP in a bunch of real estate deals, I grew up in real estate family. But I was a technologist. I wasn't a real estate investor. And we had a lot to learn. And so we've always been very customer driven as an organization and it really started from these early days, which is not hard to believe. But 10 years ago now.

Matt Slepin:

And first of all, I was deeply offended by the non-sexy comment.

Alex Robinson:

I had to introduce the qualifier for technologist. It's not AI, it's not computer vision. A lot of the work that we do is about dealing with the inherent complexity of the industry and getting technology to wrap around that complexity. Because the industry's not going to change. The industry's not going to change its behavior to adopt a new tool, the tool needs to adapt to the way the industry works. And so a lot of the focus is on taking these really complex situations like investing in a private equity fund and making them simple.

Matt Slepin:

It's interesting cause I bet there are technologists. I bet there's in equal amount of money and opportunity for technology people to be in the boring industries, not AI, and bringing those skills into other industries so that this can go throughout the economy.

Alex Robinson:

Well, there's a way that I think about this sometimes because I worked as a product manager at Microsoft early in my career within their Microsoft office product family. Excel is one of the applications in that product family. And a lot of what we're doing at Juniper Square now is replacing all of these poor use cases of Excel where businesses were built around Excel as a database or as a workflow solution, as a collaboration solution. And because that was the tool that was available at the time. And now a lot of these industries, there's tremendous opportunities for companies like ours that are technology companies to get the improper use of Excel out and build the proper solutions. But there's got to be a trillion dollars in market cap to be created just by replacing all the poor use cases of Excel across all these big industries like real estate. And I think about that sometimes and think about the scale of the opportunity.

Matt Slepin:

Well, you're doing it here and maybe you'll take this elsewhere, but that's also not on our subject. Okay, so you and these two other guys go talk to 150 GPs and your goal is that you want someone to be able to invest with a click. So that's an ultimate goal. What did you hear from those GPs and then how did that get you to wire the plumbing in the way that you came out with this concept in this product that now you have 2000 investors, whatever?

Alex Robinson:

Yeah, so that initial catalyst was, for me as an LP, why can't I invest with a click? What is it? And that was what started the inquiry. And we were really interested in why is it the case that in the largest asset class in the US which is public equities, there had been this 30 year complete transformation driven by technology to the point where you wouldn't even recognize how the market functions in 2010 as compared to 1980. And why was it that private equity was totally untouched and what would it take to bring the same efficiency and low cost and accessibility that were present in the public markets to the private markets? That is what we were interested in. How could we transform the markets for the better? And ultimately, a lot of what drives us as a company is we're very interested in broadening the access and broadening the ownership participation in private equity so that more people, more individual investors can benefit economically from the participation in ownership private equity.

Because most of them can't today, it's really limited to large institutional investors or folks that had networks like me. And so in those early days we were talking to both GPs and LPs, we were talking to GPs that have funds. We were talking to GPs that do deal by deal syndication. We were talking to large sovereign wealth funds and LPs, we were talking to family offices. And what we were really trying to build for ourselves was a market map, an understanding of who are all these different players? What is the source of capital? Where's the use of capital? What are all the barriers along the way? And we were always very focused on capital markets. Our customer is a GP who raises money in a vehicle to go do something. Usually in real estate, we do have GPs in other asset classes too, but it's predominantly real estate.

And so our lens was always about asking questions like how do you go find new investors? What's that process? What's hard about it? How do you build trust once you found new investors? What's that process like? What's hard about it? Once you close the investors and you got your fund going, what's hard there? What's keeping you from growing twice as fast? And what it led to for us was a realization that one of the primary challenges in private markets of which real estate is a part but so is private equity and venture capital and energy and other asset classes is this opacity problem that you mentioned at the beginning here, right? The industry's very, very large but it's fragmented across lots of players on both GPs and LPs and nobody has any information on each other. There's no Morningstar report, there's no FICO score.

And so every single relationship, capital relationship has to be built from scratch. And so because of that, each transaction has to be really big. There's a reason to pick on Blackstone, they go out and they target raising very large checks from institutional investors and it's because there's so much trust and there's so much underwriting and there's so much work that has to happen to get to the point of being ready to write a check as an LP to a GP, that the check needs to be big enough to support the lawyers and to support the diligence and to support all of the transaction costs. And what we were interested in is how do we build a platform where all that data and all that information and all that diligence that's required to build trust could be embedded in the platform and it could be reused many, many times over.

And if you could do that, then you could really radically change the idea of who a GP could raise money from. Because you could get to a point where they might raise money from a hundred-thousand individual LPs. And if the workflow were automated to the point where they were indifferent, then you'd really sort of radically change things. And so we approached the problem with those types of questions and then we landed on focusing initially on fundraising and investor relations software. We added in fund administration, we're now a very rapidly growing and pretty well-established fund administrator. And then now the most recent innovation will be launching capital market services to help our GPs find and connect with new capital sources.

Matt Slepin:

Let me ask you some questions about that because I want to make some more sense of this. So one, is you're talking about the old days before the BREET. We'll keep focusing on target disorder with Blackstone. But with large investors, and at the same time that you say that, I'm thinking of your dad, the dentist, what we call moms and pop investors who are investing deal by deal in a bespoke kind of vehicle. And I'm thinking at both end of that spectrum are audiences to be captured and that the non-traded reach being Blackstone. The BREET in the news generation have been going after that demographic for a long time. And so are you thinking about both ends of that barbell in your audience or is it more institutional in the initial barbell?

Alex Robinson:

No, we think about both. A GP in real estate is you know go out and you start doing deals, you're raising money from the people. And eventually at some point you tap out the friends and family and unless you're really lucky and you happen to know Michael Dell or something like that. So then you start working with what feels to you at the time like, you might call this institutional capital. And what they mean is, they're working with a private equity for typically and that institutional partner itself is going and raising funds from institutional LPs like pension funds and university endowments and allocators and so forth. And then at some point they realize, "Wait, I'm just going to go directly and raise money and funds from those same LPs and bypass the private equity firm in the middle."

And so we serve GPs along the entirety of that spectrum from super big established players like Tishman, Spier, all the way down to a GP who might have two or three deals under their belt and they're going along that friends and family journey. There is a very big distinction between GPs who raise money from institutional capital and GPs who raise money primarily from friends and family or what are often called high net worth investors. But at the end of the day, money is money whether it comes from a mom and pap source or whether it comes from an institutional source. Both are equally relevant to us in terms of how we think about serving our customer, the GP.

Matt Slepin:

And the pain point that you're describing, because you started this with the, "Hey, I had to get FedEx packages." I want you to dis-intermediate FedEx in this trend. We did a search some years ago, I won't name the company but I think that one's a client of yours. And the search was to find someone to deal with investor relations with what wound up being about 2000 investors. And once a month they had to lick envelopes and lick stamps and get reports out in the mail and pull in checks. So they had a whole cadre of people like handling checks and sending checks. That was crazy. And that I guess then became one of the places that you could automate those pieces of that work.

Alex Robinson:

Yeah, exactly right. And I think real estate in particular is attractive as an investment opportunity, especially in this macroeconomic environment that we're in precisely because it does yield. It's great to own an apartment building that spins off cash flow and to take a quarterly distribution from that or a monthly distribution from that. That's what makes it appealing as an investor to own. But it does create a lot of operational burden for the GP of cutting those checks as you describe and sending them out via the mail. And so customers who are adopting our software, that's a big part of what they are getting from it is automating that part of their business of where you're ready to make a distribution to your LPs and we can sort of take it from there, provide the LPs a great experience and make it very automated for the GP.

Matt Slepin:

So we're going to come to your capital market solution in a few minutes. So let's get there. And it's just interesting as you're saying this, "When I get these checks." We have a couple of these things ourselves and you get the check, I don't want the checks, I want them to be reinvested but the structure doesn't allow it to be reinvested. So I have a feeling that might be one of our punchlines coming up here, it's like, "Keep the check, keep the check and let me go deeper." But anyhow, talk about the growth of this business in that space and how you got to market penetration of what was 20% or whatever of what your approachable universe is. And to do that so quickly and just talk about building the company and the brand to do that. And then we're going to talk about what's next.

Alex Robinson:

Sure. Building any business from the ground up, you always have this chicken and the egg problem and that you need a product for customers to buy and you need customers to build that product. And it's especially a challenging chicken and the egg problem when your category of software is financial software because who wants to be the first person to trust their operation to some unproven brand new provider of financial software. And so it's a really hard category to break in and build from scratch. And the way that we got around that was, we asked about a dozen customers, and we call them our founding customers. We asked about a dozen customers to really join us in the journey of creating a software product together. We founded the company in February 24th, 2014 and we signed up those dozen customers on right around March 1st, 2014. So the week after we founded the company.

And it was no coincidence because we said to these customers who were all folks that we've been talking to in our research process, I'd mentioned talking to 150 GPs and LPs, these were among them. And they said, "Well, we would love to buy this software from you as you're describing it if you build it." And we say, "Okay, well, if you build it, they will come. It's a little too risky for us. So what we're going to do is we're going to ask you to pre-purchase the software from us as we're describing it and not a lot of money, but enough that it's a meaningful check to write and enough that it makes you committed as a development partner to working with us on building it." And we spent about 18 months. It was just the three co-founders at this time really embedded with these dozen customers. We're at their offices constantly. We were looking over the shoulder of the people that did their fund accounting and their investor relations and raised the money and learning about what their requirements were.

So once the product was ready we had a dozen customers who were ready to be our first adopters.

Matt Slepin:

And can you give any sense of the dozen customers or the range of size scale on that continuum you described before of those groups?

Alex Robinson:

Yeah, we tried to have a mix of customers who were pursuing all types of product strategies. So some investors, some office investors in there, some industrial. We tried to have folks that were pursuing a different range of capital strategies. So we had folks that raised deal by deal from mom and pap investors. We had folks that would partner primarily with one big LP on a project. And then we had some folks that had discretionary funds and truly institutional capital sources. And so we tried to get the full range in that set of all the different ways you might organize your real estate investment shop so that the software could flex to accommodate at that full range.

Matt Slepin:

And then second question on the same line, did they all use the same accounting software because Yardi or RentGrow, whatever, these companies are big in the space, real page rather. What was that dynamic and the difference of the data that was becoming in when you conceived of this?

Alex Robinson:

They all had different accounting software. We see all of the different providers you would expect at the property level. And then the other distinction is if and I are going to go set up a real estate investment firm depending on the product type that we're in and depending on our strategy, we might do all third party property and asset management, we might do all first party and have that a captive property management business that we own. We might do a mix of. In some markets we might self-manage in other markets we might rely on third parties. So you have this other variable that sometimes the actual accounting work on the property is being done by another company. So it doesn't really matter what software the investment firm is using, if that makes sense.

Matt Slepin:

And then also in those software providers, because that's a relatively small group, they didn't have a product that eased the pain of this issue? Or did they?

Alex Robinson:

Had, I would say some early efforts at products in this area. So Yardi had an investor portal, for example, when we launched Juniper Square, there were some other accounting software providers that also had portals, but they were really an afterthought and they were completely disconnected from the rest of the software infrastructure. In a lot of cases they were acquired. And so we were the first to look at this and say, "Well, the use case here is not that you need to have a Dropbox, a shared folder for documents." The use case, if you think of the public markets comparable, what does the investor want? They want Charles Schwab, they want data, they want to be able to do stuff in there, they want to be able to change their bank account, they want to be able to add their spouse or their accountant. So you really got to think about building for that use case in mind.

And it's about the data and it's about the actions that you can take on the data. It's not about sharing documents. And when we started the company in 2014, the paradigm at that time was you share documents and that's what you do for reporting. And the world is totally changed now. And most institutional LPs will demand of their GPs a feed of data. They want data on the properties. The documents that goes to the back office, nobody's really paying attention to that. What they want to know is how their portfolio performing. And so as we thought it would, the parallel of the public markets and what people demand is very quickly coming into private equity. And we were, I think, the first in this area at least to be that coming and put the product that way. So we had these dozen customers, one of these days, we called them up and we're like, "Today's the day, we need you to deploy the software."

And you could imagine everyone's like, "Well, I'm happy to be number two. Go find number one and I'll be number two." But we did get them all deployed on the software and they all were happy. And during this time we didn't have a website, didn't bother with the website, we had named the company, but we were extremely focused on just building for the customer because we knew that if we didn't deliver something that was really a step change of value for them, then we weren't going to have a company. It wouldn't matter what the website looked like. So during this period of time, we were intensely focused on partnering with our customers and building. And some of these customers would say, "Hey, my friend has got a firm and they'd be interested in joining the beta program, can you let them in?"

And so over time that group of a dozen grew to about 30. And by the time we launched the product publicly, which was January, 2017, so about five and a half years ago, we'd already had 30 plus customers. And some of these included big well-established firms like Beacon Capital Partners, big office, GP out of Boston area, really well established firms, not fly by night operations. And when we launched, these customers were able to say, "We have been using this thing and we can vouch for it. And we like it and our LPs like it and it's changed the game for us." And so that base of highly referencable customers that we're excited about using the product is what enabled us to then land as we started to sell.

And really, a lot of the way that we grew was informally by word of mouth. The early days it was a lot of references that were coming into us and the selling had already been done because one GP talks to their friend at the other firm and makes a purchase decision and they give us a call. And so that's how we got over this chicken and the egg problem. And from there, now we're at around 2000, I think we have almost a hundred-thousand funds and entities. We got trillions of dollars of underlying real assets by value on the system and pretty significant scale today. But it all started from that group of 11 customers and 30 referenceable customers when we launched.

Matt Slepin:

Amazing. And it still goes the gamut from a beacon or a Tishman Spier or Gray Star who's on your website, so I can mention them, to the group who serves the mom and pap piece.

Alex Robinson:

That's right. Yeah, that really does. I would say that there is a minimum scale. You probably don't need to come buy our software and buy our administration services for your very first deal. Your very, very first deal if you're going to go out and raise two million bucks to buy just quickly a building. You're focused on making sure that first deal goes well. And that's probably maybe the case of the second deal too. But at some point along the way you realize, "Wait, I've got a real business here. I've got a base of LPs that I can cultivate. They all know each other, I need to of professionalize my operation." And it's right at that sweet spot and up that GPs give us a call.

Matt Slepin:

Cool. So I have a bunch of questions about this of course. So one of them is, I want to talk about market penetration before we get to capital markets. But first, think about the data. Who owns the data? Two questions about this, who owns the data? And then do you normalize in some way the data? Do you force them to put anything on a common PNL or common income statement that then gets normalized? So talk about each of those subjects.

Alex Robinson:

So without questions, the GPs own their own data. And I absolutely ironclad about that in our contracts with the GPs, and we wouldn't be trusted by them if we had some secret backdoor to use their data against their will or at cross purposes.

Matt Slepin:

And no secret backdoor to anonymize and generalize that data. You can't do that?

Alex Robinson:

We don't even open up those back doors for ourselves. It's not to say that we won't get into the benchmarking business. We've got a larger data set on real assets' performance that's normalized than I think any other provider in the world, and I'm including Yardi in that. So it's not to say that we'll never build a benchmarking product, but we'll always build these types of products with the idea in mind that GPs opt in to participate. And so GPs can always stay in the wild garden of controlling their data and being on an island if they want, or they can participate in these anonymized aggregated data services. So we were always very clear about that from the beginning with our GPs. And I think that's been important to us building trust and being clear that we're an advocate for the GP.

Because I think a lot of people don't realize this, but when GPs are out fundraising and they're working with consultants or they're working with LPs or advisors to those LPs, they're being asked to provide a very significant amount of data on their portfolio, on their performance, on their investment strategies. And they don't own that data once it leaves their e-mail inbox. And a big part of what we're trying to work toward is a more controlled ecosystem where the data does remain in the control of the GP. And that's foundational to how we approach this problem with our GPs.

Matt Slepin:

Cool. And when it gets to the work that you do, you started the conversation with, "Hey, it could be similar to people FedExing data to their clients," but you're taking the FedEx out of the way versus normalized data. So are all of your participants putting this on in their own PNL or do you find some way to make the PNL more standard? And I'm also thinking of the NCREIF world because we do have standardized worlds and globes here in this business and for debt providers and everything else.

Alex Robinson:

Yeah. So our lives would be a lot easier as the technology company if the industry had gotten together and previously agreed on standards that were widely adopted and everybody used. And there certainly are standards bodies and we have great relationships with all of them and we work closely with them. Whether it's PRYA and reporting standards and NCREIF or INREV or ENREV. With ILPA, there are a lot of groups that are focused on trying to drive adoption of standards and we're very supportive of that. The challenges in the real life of satisfying the needs of GPs and LPs, what we find is that there really isn't a standard. Every GP does it their way and it might be the way they've been doing it for the last 20 years. So guess what? They aren't going to change it anytime soon. And so a lot of, I guess, the craft of what we've had to do in our innovation is to figure out this way for the software to be flexible to support the GPs business operation and the way they've done things.

Because again, they don't want to have to change the way they report on their investments just because they buy a new piece of software. They don't have to establish totally new methodologies or calculations for your LPs. But at the same time, for us to achieve our goals and what we're trying to do for the industry, we have to have a normalized data set. It must be the case that way we think about asset performance, the way that we think about fund performance is standardized across our GPs. And so the way to think of it is there is this substrate that is common across every GP on Juniper Square. All 100,000 of the investments, it all ties back to a common substrate, a common framework for how you think about an investment in its performance. But then above that layer is this customizable layer for the GP where they can configure it to their needs, to their conventions, to their methodologies. But it's supporting customization at that level and tying back to a substrate that's common.

Matt Slepin:

So they're agreeing, they're willing to go to your substrate. Or you're translating, they don't even know about your substrate?

Alex Robinson:

They don't have to know about the substrate. Exactly. It's our job to make sure the substrate works and supports how they do business.

Matt Slepin:

Okay, we're going to get to the substrate in a minute because the punchline is about to happen. But before that, because I'm imagining you take your entire substrate of everybody's information and if everyone flip the switch to give you the ability to look across the substrate, you would know this is a technical podcast where you would know a (beep) ton about this business. So I want to, first of all, just figure out if we take your current universe, and we started the conversation here, but I want to come back to it for a minute. Is this 20% of GPs? Is it higher in multifamily than it is in industrial? Just give a sense, if you did take that whole substrate, reported on tomorrow and said state of the industry, how good a picture of the industry is that?

Alex Robinson:

It's going to be about 40 to 50% of the industry.

Matt Slepin:

Wow.

Alex Robinson:

Yeah, it's big. It's much bigger than I think most people realize it is.

Matt Slepin:

Right. And if you say 40, 50% of the industry, you're excluding, you're not excluding the Blackstones of the world, but you are excluding the REITs of the world in your universe, I think?

Alex Robinson:

Yeah. REITs are really not in our target.

Matt Slepin:

But the properties exist out there.

Alex Robinson:

And they own about 15% of commercial real estate by our estimates. And they really have very different needs as public companies and they operate differently. They have public shareholders and so forth. So we're interested in the 85% of the market that's not public, that's privately owned.

Matt Slepin:

Right. But you could look at their substrate. Once you have your substrate available to look at, you could bring them in because it's public information, you can normalize it. Now all of a sudden, you double your universe or half again your universe for information purposes.

Alex Robinson:

There are big owners of real estate obviously, but their vehicles are already public, they're already listed. A retail investor can already go buy a share in them. And there are some REITs that have private sleeves, they'll have a variety of capital sources. And so it's not to say that we'd never serve a REIT. It's a big difference between publicly listed vehicles that are registered with the SEC and then those that rely on exemptions and don't register with the SEC, which is the lion share of real estate investments. And we're interested in that non-registered set of investments and bringing those online.

Matt Slepin:

And I may push this point again in a little bit, but let's do the drum roll and talk about what the vision of capital markets is for your company and for the industry now that you have this level of participation. What does that bring up as opportunity?

Alex Robinson:

Well, I think if you zoom way out and you look across time and you go back to, I had this frame of 1980 when we were talking about the public markets. But let's think about 1980 in the context of the real estate industry, most large institutional investors at that point in time did not hold real estate in their portfolio as an asset class they allocated to. And a big part of the growth of the private equity industry generally, and real estate being a part of it, big beneficiary of it over the last 30 years has been a story of these large institutional portfolios increasing their allocation to real estate to the point now where a typical allocation might be 10, 12% of a big sovereign wealth funds portfolio, a big pension funds portfolio. And that has meant trillions of inflow, trillions of dollars of inflow into real estate.

And GPs have obviously been a huge beneficiary of that. But you're now at a point where a lot of institutional investors are, you know how it is, everybody's always adjusting relative to their target. But you're not going from zero to 10 or 12. You might be going from 10.5 to 10.7 or something. And the big frontier for a lot of our GPs is not trying to capture the movement from 10.5 to 10.7% of a portfolio of an institution. It's looking at who's sitting on the sidelines today where there's big pools of capital that are not able to access private funds and private equity. And the story there is family offices, there's about 10,000 of them. And the very, very big ones have good access to private equity. The smaller and mid-size ones do not. It's the RAAs and the broker dealers and all the wealth advisors out there that have millions of relationships with accredited investors.

And ultimately, it's the retail investor. And there's literally trillions of dollars of capital sitting on the sidelines that wants to flow into private equity. It wants to reach these great real estate deals that your listeners are putting together. But there's a bunch of structural barriers that prevent it from reaching that real estate fund. So a big part of, I think, what will happen in private equity over the next 10 to 20 years, will be this story of those barriers getting broken down that everyday investors, retail investors, especially accredited investors and qualified purchasers getting the same and ready access to private equity investment opportunities that they have to buy at Microsoft or Alphabet or whatever in their portfolio.

And that's what we're focused on enabling for our GPs is to provide that ready access. And you see this with the... Blackstone has its BREET, KKR has CREST. Starwood has one, Apollo has one. And these are all essentially vehicles where big established private equity players with great brands, great track records are going direct to the retail investor and raising ungodly sums of money at very high feet load by the way. And this is the initial proof points of just how big this opportunity is. And seeing some of these really big players do this, has all of our 2000 GPs very excited about figuring out how they can tap into this same big pool of untapped wealth. And that's what we're very focused on their behalf.

Matt Slepin:

And how do you help them to do that with a couple of questions and observations. So one, you mentioned the big firms that do have this huge inflow of capital and everyone wants a piece of it and they're affecting the market in a big way with their outsize fire power right now. So if everyone accesses that, do they access it at a lower fee load? And to the degree that it is a retail investor that maybe has to have a lower fee load than CalPERS gets, or higher fee load but doesn't have to be that much higher. So how do you solve that and then what's your role in making that happen?

Alex Robinson:

Sure. Well, I guess just on the question of fees and where we see that going, generally, not to bury the lead, I think it's very good news for GPs, for high quality GPs because what you have is essentially a supply demand imbalance in the market where the supply of capital is constrained below the point of true market equilibrium, which is to say there wants to be more capital in private equity when you account for the under allocation of these types of investors I talked about, than is today. And so as more of that capital floods in, those managers that perform well ought to be able to essentially raise their prices in one of two ways. Either charge higher fees than they charge today, or do more deals at lower return thresholds than they do today. Or some combination of both of those things. So this general storyline is one that's actually really good for GPs, I believe over the course of the next 10 to 20 years. For the GPs that can figure out how to be relevant to these new types of capital, that's a key qualifier.

Matt Slepin:

I think you have a Lake Wobegon issue, which is every GP is better than average. Every single one. So I don't know how you solve that problem because half of your guys probably are not as good as the other half of your guys. Okay.

Alex Robinson:

Yeah. Yeah. A hundred percent of the market is top quartile.

Matt Slepin:

Exactly. And you're going to prove that, which is the good thing. That is the secret of your substrate. So we understand that that's the requirement. You're in there with this relationship with your GPs. Then what do you do for them? How does this plumbing that you've created open up that market?

Alex Robinson:

Yeah, so if you look at what Blackstone is doing, they've got a very big Salesforce that's out there distributing very big and very expensive Salesforce to the tune of spending many tens of millions of dollars a year on this Salesforce. Now Blackstone can do that and KKR can do that. And the five or 10 giant conglomerate diversified private equity firms at the top can do that. Most of the GPs out there cannot. Even a lot of the top 10 GPs in real estate cannot afford to spend 30 million a year on a Salesforce to go distribute their product into retail. It just doesn't work. And so the first thing that we're doing for our GPs is saying, "Okay, well doesn't make sense for any one of you, 2000 GPs on Juniper Square, to have your own 30 million sales force that will go distribute your products into retail and RAA and family office. But we can have a 30 million Salesforce and we can amortize our 30 million Salesforce across all 2000 of you."

So we can build a distribution engine on behalf of all of our GPs that takes all of their products into these hard to reach markets for them. And that's all goodness for these GPs because they're not touching them today. And they're happy to essentially leverage our point of scale and point of aggregation that gives us a special way of distributing. And then we're also in a better position with a lot of these capital sources because we can go knock on the door of a big RAA and we can say, "Hey, we're here on behalf of 2000 GPs that own two and a half trillion dollars of real estate and on any given month are raising many tens of billions of dollars on Juniper Square. What are you interested in? How do you want to get exposure? How do your clients want to get exposure to private real estate?"

And we can make those connections happen in a way that's hard for any one of our GPs to do. And so that's just basically primary placement, but doing it in a software driven way where that's taken advantage of our scale. Where ultimately we need to go on behalf of our GPs is if there's a mismatch between just the core concept of a liquid private equity fund that owns an illiquid asset and then the needs of a lot of the retail investors which require liquidity and require more transparency. And so where we're going is to essentially create products that help bridge that gap between the underlying, inherently a liquid nature of private real estate investments and then the open ended liquid and transparent requirements that retail investors and their wealth managers and so forth have.

And so in a future state, hopefully, as a retail investor, you should be able to buy something like an iShares that gives you diversified efficient, tax efficient, low cost exposure to private equity, and you should be able to buy ETFs that give you more concentrated exposure and pretty certain that world will happen.

And that's what we're working on. That's what we're working on enabling on one side. And then for the GPs and their direct LPs, we're working on essentially how do we take... This year, we'll cross more than a million positions on Juniper Square. So position is, "Man, if you invest with one of our GPs, that's one position." And so we have almost a million positions on Juniper Square where that position is tied to an investor. They have an account they log into. Juniper Square is tied to a GP. And so we're very interested and we've got a team working on how do we bring liquidity? How do we create a secondary's opportunity around those positions so that GPs who want to can offer liquidity to their LPs and make the market system work better. It ought to be the case that if real estate becomes more liquid, the cost of capital will come down. There's a big illiquidity premium.

And so that give you some sort of sense or some flavor of where we're going in capital markets. There's a big thrust and a big focus around primary placement that's about getting our GPs into retail, RAA, family office channels that are hard for them to reach. And then building the products that are necessary to distribute into those sources. And then focusing on secondaries for the installed base of the two and a half trillion dollars of investments around Juniper Square today.

Matt Slepin:

Sure. So it is fascinating. So we're going to keep drilling here and thinking about this. With the first fantasy I have, which you of course have is if everyone pushes that button that says, "Okay, you can use this information to accomplish these goals. If all of your 2000 users push that button tomorrow, then your substrate becomes really live and there's stuff you can do, really cool stuff you could do." You still have the issues, I'll just raise several of them. One is everyone's bespoke. Everyone's better than average. Everyone's unique, everyone holds hands. Everyone reports differently and everyone has a different waterfall. And everyone has different docks. And so secondaries make sense because I'm going to buy one-to-one versus I'm going to buy into a fund of these things. Or how do I buy into a fund of investments if I go across your whole substrate? So I want to fund that has 20% multifamily, 30% industrial with only the top quartile of your people. You're still buying mismatch stuff because they're through different investment GPs with different terms and different deals.

So does that start to get normalized and is the normalization of that required for you to accomplish this? That's a lot of questions at once, but.

Alex Robinson:

There's a lot in there. So let me try and wade through it.

Matt Slepin:

Thank you.

Alex Robinson:

So yes, it is the case that every investment has its own waterfall. It has its own set of docks. Those docks may allow for secondary sales or they may not. So there's an actual real legal constraint here that has to be accounted for. A lot of our job is to try to handle that complexity with the minimal friction required. But it's not to say that you can't just take an investment that has no concept of a secondary sale or a liquidity clause and just create one without some form of supplemental or new agreement that amends the original. There's also the case that, like one of our jobs is to be thinking about frontiers like crypto and blockchain on behalf of our GPs to say, "Okay, well to a certain degree the past is kind of baked in. There's a way of handling the past." And I can get more into this, but it might be the case that the market is less about the secondary market is less about an individual LP wanting to sell a position and finding another LP who wants to buy it and settling that trade.

I think there'll be some of that. But that would be a brokered transaction much. It might be much more about dealing in the sense that you've got participants that are willing to go out and buy these secondary positions just like you do in the market today and assemble new types of vehicles around those secondary positions and then raise money for those vehicles. And we think that's probably the more likely first path to scale is dealing more than brokering. The story of secondaries for the hundred-thousand investments that are already on Juniper Square is probably one of enabling buyers.

But then there's how do you instantiate new investments going forward that have concepts of liquidity baked into how the investment is thought of and structured. And in this comes back to the idea of blockchain, which is really just like how do you create a relatively friction free distributed immutable record? And that's the core insight here is if you really want to enable fundamental change in secondaries, you probably got to think about changing how the private equity funds are structured to... Most of these LPA docs were not written with any of these concepts in mind. People have been using the same forms for 20 years or whatever. And so that's another way that we think about this is how do we create say a form of investment, a standard right investment on Juniper Square that has some of these mechanisms embedded.

Matt Slepin:

The 30 page legal doc now has 35 pages because those extra five pages that they've already checked the box on enables you to do this pre going forward.

Alex Robinson:

That's right.

Matt Slepin:

Fascinating. I still come back to the fear of bespoke because so much of country club sales is about, "I know you, we're good. You trust me, I trust you." And it's eyeball to eyeball. And if you dis-intermediate that too, "I just want to be in the best funds. I don't need to do it at the country club," I think that's a blessing at the end of the day. Although I represent a lot of companies that do that in terms of their primary business model.

Alex Robinson:

Well, I don't think that's going away by the way. I think there's something. What are you getting when you're that country club golfer who feels like they have an edge on this local real estate GP that they invest with? Of course, you're getting the returns but you're getting something else as well. You get some non-tangible feeling of you've got an edge, you've got you unique window in the market, you may be really like this person. So that's not going away, I don't think ever. There's that human to human right action. The point is just that you will reach a limit to scale of that strategy. If you're a GP and your only strategy is to raise money through your country club, you will reach a limit to that scale with 100% certainty.

Matt Slepin:

They go up the curve that you described before.

Alex Robinson:

Exactly. And so the point is, at some point you tap that out. It's not to say that you shouldn't start there or that's not a great source of capital. At some point you tap that out. And if you really want to scale, if you think about, I think there's about 8,000 family offices that we know about anyway in our database. And there's many thousands of RAAs out there, all of whom have wealth managers that have relationships with many thousands of clients. So when you start thinking at that scale, it's obviously not possible that you're going to go meet every one of these people and shake hands. So something is going to have to bridge that gap and create a layer of trust between the ultimate provider of capital and the ultimate user of capital in the GP. And we think we can help do that on behalf of our customers.

Matt Slepin:

And from an investor standpoint, being a, mom and pap myself, not high net worth or the rest or institutional, don't they have the ability to access today through the REIT market or through the BREET or through Crowd Street or Fund Rise. And I don't know all the companies that do this, but when I get my New York Times podcast, for some reason they know I'm in real estate. And so I get this advertisement on the podcast telling me, "Hey, invest with us because we have the best deals." So isn't that already there?

Alex Robinson:

Yeah, so if you're a retail investor and you want to put some money to work in real estate, you can go buy a REIT. And many do today, and REITs are a great product. REITs tend to behave more like stocks than actual real estate. And they're very big scaled, pooled baskets of assets. Now if you want to do something more targeted, then buy a big scaled, I don't know, Simon Properties or get some retail exposure or Prologist to get some industrial exposure or whatever. Then you're in the world of essentially picking deals or picking managers and now you're at the country club getting to know that real estate investor who's got really great ideas on a good edge. Or you can go to these crowdfunding sites like Fundrise and Crowd Street. Crowd Street's a partner of ours, they're great partner. But still you're essentially picking individual deals and individual transactions.

Our view of this is that we will never compete with our customers. We're never going to become a GP that's out buying real estate. Not to say we'd never put together funds, but that would be for the purpose of helping funnel capital to our customers. But we would never consider ourselves to be a good picker of real estate. So whatever we do, it's never going to be about picking individual real estate deals. How are we going to be good at that? Think much more about an ETF and the way an ETF works. We're much more interested in providing beta and access to beta than we are providing access to individual deals. And that guides our product development in this dimension.

Matt Slepin:

Fair deal. And how far have you thrown the switch on this yet? And has this started? What's the status of this at this point?

Alex Robinson:

We're pretty close to throwing the switch. This whole world is very regulated. And so before we can officially throw on the switch, we have to get our final broker dealer registration done, which we're on the fast track with FINRA and we're hoping will be as soon as about a quarter from now. We've got a big wait list of our GPs who are chomping at the bit for this as we are. We do have to wait until we get the regulatory approval to actually start transacting. And that's both on the broker dealer side and the registered investment advisor side.

Matt Slepin:

It's interesting as we go back to the beginning of the conversation and what I tried to do with the Multifamily Housing Institute 20 some, 25 years ago, there's something there, and once you have all this information in one place, then actually a market could be perfected if you're running the institution that enables that. And if you run, it's an interesting question, you have to run it on behalf of your participants as much as... It's like a co-op rather than it's got to be like, "We're going to make a ton of money doing this," which you will because you need a little teeny-teeny slice.

Alex Robinson:

Yeah, the dollar are very big. The dollar's very big. Well, I think that's right. When we looked at this in the very early days, back to 2013, 2014, starting the company, around that time, the Jobs act was passed. The Jobs Act changed for the first time in a long time. A lot of the securities regulations. And it was very popular at this point in time to be starting real estate crowdfunding companies. There must have been a dozen that were started around the time that we started Juniper Square. And we looked at that and we decided very explicitly to not do that. And the reason is in private equity, just like in restaurants, there's a very strong adverse selection principle at play. Okay? So what I mean by this is if you're an investor, you're an LP. Your GPs you most want to invest with are the ones that have the best track record and the most experience and are the most trustworthy.

And guess what? Everybody else wants to invest with those GPs too. So get in line. And if you're a GP, the money you most want is Yale Endowments or some really a flagship LP that will help give you a lot of credibility. Well, guess what? They already have access to the very best GPs. And so if you go straight to trying to build a marketplace from scratch, you have this adverse selection problem, which is to say, definitionally, you're going to get kind of the LPs who don't really have any other ready access and you're going to get the GPs who don't have any other ready access to raising capital. You're going to end up with the worst sides of the market. And this is a real problem. And we took a lot of inspiration in our early days by looking at Open Table, which if you'll permit me, I'll go on a quick tangent here.

So Open Table is a restaurant dining reservation service. Go to opentable.com, you can say, I want to dine, two people, Sushi, San Francisco tonight at 7:00 PM Show me what tables are available. And boom, like magic, it can somehow tell you what tables are available. How does it do that? Well, Open Table has the same problem in that when they got started, if they went out and they said, "We're building this website and we want all the restaurants to come post their table inventory like 20 times a day, and then we're going to go get a bunch of consumers to come to this site and then we're going to funnel you reservations." Guess what? Restaurants come to open table and do that. It's like the crappiest restaurants who can't get diners and you have the same problem.

So OpenTable said, Well, actually what we're going to provide these restaurants is software for them to manage their table inventory so that in fact you turn that adverse selection problem into a positive selection problem in that, the restaurants that are most interested in software to help them manage tables, so the restaurants that are busy and they have a lot of diners and they need to efficiently manage their tables, if you do that for enough restaurants, you get enough density, all of a sudden you have this transformative new product for the consumer, which is this magic thing.

Come to the website, I can tell you what table is available. This is the same idea here. It just swap out GPs for restaurants and swap out table software for fun software. But the same properties apply, which is if you get to enough scale pursuing that strategy, all of a sudden you can have some very interesting, tremendously new product for the consumer that wasn't possible before. And that was a big inspiration for us in the early days in terms of how we thought about designing and constructing our approach. And so you'll see us leverage that table and then to speak more in the years ahead.

Matt Slepin:

So we're going to wrap up minute it. But something's been bothering me and you just gave me the way to describe this. So the thing that's been bothering me, and you'll laugh at this, but I have a relationship with the person who runs Insalata's, which is the restaurant probably closest to your house right now.

Alex Robinson:

It is. Yeah.

Matt Slepin:

So we're on the board together of Extra Food Marin, which you need to support. But anyhow, she hates Open Table and she told me, "Matt, don't ever reserve the OpenTable, just call my folks because I'm going to make another 20%." Same thing happened with Uber. Once Uber got us hooked, Uber could then price the business out to hurt the cab drivers or their drivers. So the thing that will be important, and I used the word co-op about five minutes ago, maybe purposefully to this point, is that you have to remain a good player if you're going to be in the middle of that whole thing, and your pricing power has to be constrained or else you're going to become Resy instead of OpenTable.

Alex Robinson:

Yeah, I think that's a very astute point. And we take that responsibility very, very seriously. It's why we're so far on the end of an extreme of letting GPs control their data because we just have to be so clearly in the camp of advocates for our customers versus any risk of intermediation. So I totally agree with you on OpenTable and cabs. And I do think the analogy is stretched somewhat though when it comes to private equity industry for a couple of reasons. One is, the nature of a relationship between a cab and the rider is very transactional. You call that cabin, you don't care who shows up and you're never going to see him again. And a restaurant is a little bit less transactional. You frequent restaurants regularly, but nevertheless, it's the dynamic and the relationship between the restaurant and the diner is a fundamentally different dynamic than between the GP and the LP.

The GPs have tremendous market power and influence and control. The relationships are very long dated and they're really deep partnerships. And so because of this, I think it will evolve differently than some of these more consumer examples because of just the fundamental nature to being in a private partnership together and the power that GPs have. And we view our job as really, how do we take these incredible investment opportunities that our customers are generating for the world and make them much more broadly accessible in a way that is going to be great for our customers business. So it's not even like we're going to sit at this DMZ between the two points. We are squarely in our customers camp.

We're their advocate and we're taking their products to market and helping them reach new scale. And that's our job as their partner.

Matt Slepin:

Last question always on leading Voices is your advice to a young person getting into the real estate business?

Alex Robinson:

I would say, I might just kind of pivot the question a little bit to the advice I feel a little more comfortable giving because I wouldn't know how to tell someone how to have a great career as a real estate investor. But I am a tech entrepreneur and this is the third company that I've started. And so I think I might say, somebody who wants to start a business in real estate, and the advice that I would give there is figure out who your customer is for whatever it is that you want to start. And then you need to focus on them so intensely, at the conclusion of all else to figure out what is the problem that they have that you can uniquely solve. And in the early stages of starting a business, that's the only thing that matters. It doesn't matter what your company is called or what your business card says or how cool your office is or anything.

And I think a lot of people that are starting businesses lose sight of that. Or even when I talk to big owners of office to bring it back to the prior discussion, it's like, "Well, how much time are you spending with your users to try to figure out what they want?" They'll be in your office, talking with all your other peer real estate investors, but are you out with your customer on the ground talking to users of space like Juniper Square and figuring out how things are going to be different? And what you find is that people are really, I think, under indexed to getting that primary answers from the front lines of their customers, whether it's this office point that we were on or whether it's starting a business. So I guess that would be my advice.

Matt Slepin:

Let me drill down with a second one on this, It's like the beginning conversation that we had about sexy, non-sexy, and tech and entrepreneurial people coming into an industry. And one thing I want to do with the podcast that we've been working on this the last couple episodes we're on climate tech, which is, "Hey, I'm a climate change person. I never heard of real estate. Oh my god, here's an opportunity." And I think in institutional real estate as well for technology oriented entrepreneurial people who may not be people who want to build a building or buy a building, there is a lot of industry there where they can make opportunities if they do figure it out, listen carefully and they go build a business in our space.

Alex Robinson:

Yeah, no, the markets are hard to overstate how big they are and how important they are. So it's a great place for entrepreneurship and innovation.

Matt Slepin:

Cool. Well, thank you very much, Alex. The story you've told to date and the story on where you're going is really extraordinary. So I wish you guys all the luck and also for the industry because we need that capital.

Alex Robinson:

That's right. Yeah. Well, we'll go to work and thanks for having me on, Matt. It was a lot of fun.

Matt Slepin:

Thank you for listening into Leading Voices, and I hope that you enjoyed today's episode. I have a request, if you enjoyed the episode and found it to be valuable, please share it with a friend or two. If they're podcast wary, take their smartphone in your hand and subscribe for them and teach them to listen. You'll change their life. Seriously, thanks for listening and keep in touch. You know can reach me at Matt@tarrasearchpartners.com. See you next time.