

# CHANGING THE GAME

*A former NFL player and a software engineer are teaming up to alter the property management industry for the long haul.*



Maybe it sounds like the beginning of a joke: A retired NFL pro and a software engineer start a company together. Wait, two companies, one after the other! But nope, that's just reality. Former football placekicker Doug Brien and engineering consultant Colin Wiel first joined forces to create Waypoint

Homes (now part of Colony Starwood), partially in response to the 2008 financial crisis. Home prices were crashing, and the catastrophic low seemed like the right time to ramp up their real estate investments. The pair started with their own money, then went to banks and private equity firms for more.

Wiel said he and Brien “were both talking about this same idea, of buying single-family homes as a long-term real estate investment, as a rental property. That hadn't really ever been done at scale before we did it with Waypoint.”

The company grew to hundreds of employees and billions of dollars' worth of properties under their management. Eventually, Waypoint merged with

Starwood Property Trust and went public. But after a year on the NYSE, Wiel departed, followed by Brien in early 2016. Both men longed for the exhilarating challenge of building an early-stage company.

#### **STARTING OVER**

Last year Brien and Wiel launched Mynd as co-CEOs. Their new venture is a





COVER STORY

INDUSTRY INSIGHT

INDUSTRY INSIGHT

INDUSTRY INSIGHT

The Mynd office is located downtown in Oakland, California. It has the vibe of a typical Silicon Valley startup—twentysomethings in jeans and hoodies bent over their computers, hard at work.



tech startup with grand ambitions to transform property management and, ultimately, the whole single-family rental industry. In October 2016, Mynd closed a Series A round with Canaan Partners, raising \$5.5 million. The company is funded through 2017, but the founders plan to raise their next round before the end of the year.

The Mynd office is located downtown in Oakland, California. It has the vibe of a typical Silicon Valley startup—twentysomethings in jeans and hoodies bent over their computers, hard at work, but there's a ping-pong table near the entrance. Neither of the co-CEOs dresses formally for work.

"We're trying to create a culture that's more akin to a technology company," Brien explained. "We're also trying to bring in lots of different people, not just people who have real estate and property-management experience. [...] We're trying to create a culture where people speak up and share their ideas," because the status quo is not always the best way of doing things, he said.

Wiel said Mynd is "an opportunity to really make a dent in the universe," and the founders see themselves expanding far beyond their current 30 or so employees. Wiel's five-year prediction is bold: "We'll be in many markets across the country. We will be, at that point, having a dramatically different offering than owners of residential properties can get anywhere else. And we'll be a very large and very successful company, known as the company in residential property management."

Currently Mynd's core product is in private beta, meaning their software is still being developed and is not yet available to the public at

large. Twelve customers, with roughly 150 rental units under management, are participating in the private beta. Mynd's official launch is pegged for March 1, 2017.

### FROM KICKER TO CEO

Neither the average startup founder nor the average real estate investor is a retired pro football player. Doug Brien is both, and he seems unfazed by it.

Brien grew up in the Bay Area, where Mynd is now based. Originally, his sport of choice was soccer, but in high school, Brien said, "[I] got talked into being the kicker for the football team my senior year and ended up being pretty good at it." The blasé phrasing is typical of how Brien recounts his achievements, which exceed the norm—even in high-powered Silicon Valley.

Joining the high-school team "was a pretty big turning point," Brien said, because it secured a scholarship to the University of California at Berkeley. "I figured the opportunity to attend Cal, whether I ended up playing football or not, was too good to turn down." He majored in political economics, with a minor in conservation resource studies.

Brien was the lucky college walk-on—or talented walk-on, others might say—who made it onto the field.

"I sat on the bench for two years, and basically learned," he explained. Once Brien made the starting position, he said, "I worked really hard at it, and kind of turned it into a craft that I studied. [I] worked on both the physical game, learning techniques and how to be better, but also the mental side of the game."

Brien said business seems like a breeze after the stress of winning or losing in the stadium. "The stakes aren't as high, the pressure isn't as high, in business," Brien told *DS News*. First in college and then in the NFL, Brien put a lot of effort into coping with the pressure. "I learned to meditate, I found mental coaches," like the ones professional golfers have. Brien reflected, "It's one thing to tell someone, 'Focus, don't get distracted by all the externalities.' Well, actually doing that is a very different thing. [So] you practice. There are actually drills and different types of exercises you can do. Every single day, I had an hour a day set aside that I did mental training."

The CEO of a public company, which Brien was at Starwood Waypoint, faces high-pressure situations as well—earnings calls, important speeches, and board meetings among them. But, Brien pointed out, "It's not so binary. As a kicker, it's like, it's either good or it's not. It's three points, or it's zero. There's no two or one. Whereas in [business situations] you can kind of do okay and wish you did better. It's rarely do or die."

Brien's real estate investment career overlapped with his tenure as a pro placekicker. "It's a pretty tumultuous existence, being an NFL placekicker. I mean, you're only as good as your last kick. I never knew how long it was going to last. I was making good money, and I wanted to look at making investments that would produce cash flow for me later in life, and real estate is a good way to do that." A family friend helped him get into the business.

"As I invested more, I wanted to educate



myself more and understand more about it,” Brien said. “And so I ended up getting involved with doing due diligence on new properties and spending some time in the office with them, managing some of the properties.”

By the time Brien retired from football in 2005, he had been investing for almost a decade. While playing for the New Orleans Saints, he got an MBA in real estate finance. Brien said he has carried many insights from the world of sports over into business.

“Just by being around all those different coaches, I picked up a lot about how they treat people, how to build camaraderie, how to build a team, show people you trust them, show people you believe in them,” he said.

For Mynd to tackle the market they’re targeting, a solid team will certainly be necessary.

## THE PLAYING FIELD

The property-management industry is larger than a layperson might expect, according to co-CEO Wiel.

“In our sector, which is buildings that are 50 units and smaller—so, apartment buildings up to 50 units in size plus all single-family homes—we think it’s about a \$27 billion-a-year industry in the U.S.,” he said. “Just the fees collected by third-party property management companies.”

This isn’t implausible, since IBISWorld’s industry research pegs the entire industry’s revenue at \$73 billion.

“It’s a big industry,” Wiel continued, “but there are no large companies in the space. Which is fine, but there are also no companies

in the space that have really embraced technology.”

Mynd and its investors are betting that technology will have the same transformative effect on property management that it’s had on other industries. They’re drawing on their experience with Waypoint to support their thesis.

“The conventional wisdom was, you have to be really hands-on with single-family rental, and that’s why people had done it with 50 units or 100 units, but nobody had done it with 5,000 units,” Wiel said. “[At Waypoint] we sort of respectfully disagreed with the people that were telling us that, and said, ‘We think with technology, if we create an end-to-end cloud computing, mobile computing infrastructure, we can systematize and automate a lot of the business, and really empower our property managers to be much more efficient and much more diligent about the follow-through.’ Because things are automatically happening and there are lots of systems in place to make sure everything’s being done really well.”

It took some time to nail down a solid strategy, but eventually it paid off.

“It was over the course of seven years that we did this,” Wiel continued, “with a lot of trial-and-error and figuring out what works. But once we really got it figured out, we realized, ‘Wow, this is a total game-changer. We’re able to do this much, much better, and we’re able to bring the costs way down, and do it all with fewer people, and our people are much more effective.’”

After leaving Waypoint, Wiel and Brien saw

how they could leverage their experience.

“We looked around at the overall residential landscape in America,” Wiel said. “There are over 30 million units that are in buildings 50 units and smaller, plus single-family, that are owned almost all by individual investors, who are either hiring a third-party property manager or self-managing, most likely because they can’t find one they can trust.”

The fees for managing a fraction of those units could rise into the billions, and Mynd’s founders aren’t the only ones who’ve noticed the tempting breadth of this market. Wiel named startups OneRent and Castle as competitors, along with the traditional property-management firms Renter’s Warehouse and HomeRiver. OneRent in particular seems to be offering the exact same services that Mynd’s initial product will offer.

Brien and Wiel said their competitive selling point will be their years in the industry and their takeaways from having built Waypoint’s internal property-management systems.

“That’s a big moat,” Wiel said, “to have the combination of deep property-management expertise and deep technology experience, which is the core of the partnership between Doug and me.”

And the potential of that combo seems to be huge, according to Brien.

“We’re saying that we’re going to manage hundreds of thousands of units,” he said. “It’s really our experience at Waypoint that gives that goal credibility.” He also cited “synergies” between the co-CEOs, and both men noted that they have complementary strengths. Brien

“It’s a big industry, but there are no large companies in the space. Which is fine, but there are also no companies in the space that have really embraced technology.”

—Colin Wiel, Co-Founder and Co-CEO, Mynd

specializes in operations and human logistics, whereas Wiel gravitates toward technology. They share a focus on Mynd’s strategy going forward.

### UPPING THE GAME

“Historically, property management has been done in a very ad hoc, manual, paper-based way,” Brien told *DS News*. “To create the paradigm shift and do something different in real estate, which is needed, you have to come at it from more of a technology perspective. Having said that, you could definitely err on being too technology-centric and build technology for technology’s sake. You can sit in a room and think, ‘Oh, these tools will be so cool,’ but then you take them out to the market and nobody cares about them. It has to be both, and having that balance is important.”

In keeping with Brien’s comments, Mynd is trying to strike the perfect balance. The company is a continuation of the co-CEOs’ work at Waypoint. Underlying both companies is the fundamental bet that software can reduce—or even eliminate—the time-intensive logistical headache of managing a rental property, thus increasing the effective ROI of the investment, and allowing the management system to scale to a very large number of units.

At Waypoint, they got up to 17,000.

However, Mynd is not trying to do away with humans altogether. The company’s operations and sales will require manpower to support the digital component.

“Our whole philosophy—that I think was a big part of our success at Waypoint—was marrying the benefits of scale [and] the technology platform [...] with local experts that are boots on the ground,” Brien said. “Real estate is and always will be a very, very local business. No matter how great of an operating platform we build, if we didn’t have the right people on the ground, it wouldn’t work. I would say that our philosophy is very much about making people more efficient.”

Some of those people on the ground may be independent contractors or part-time employees, potentially reducing Mynd’s costs.

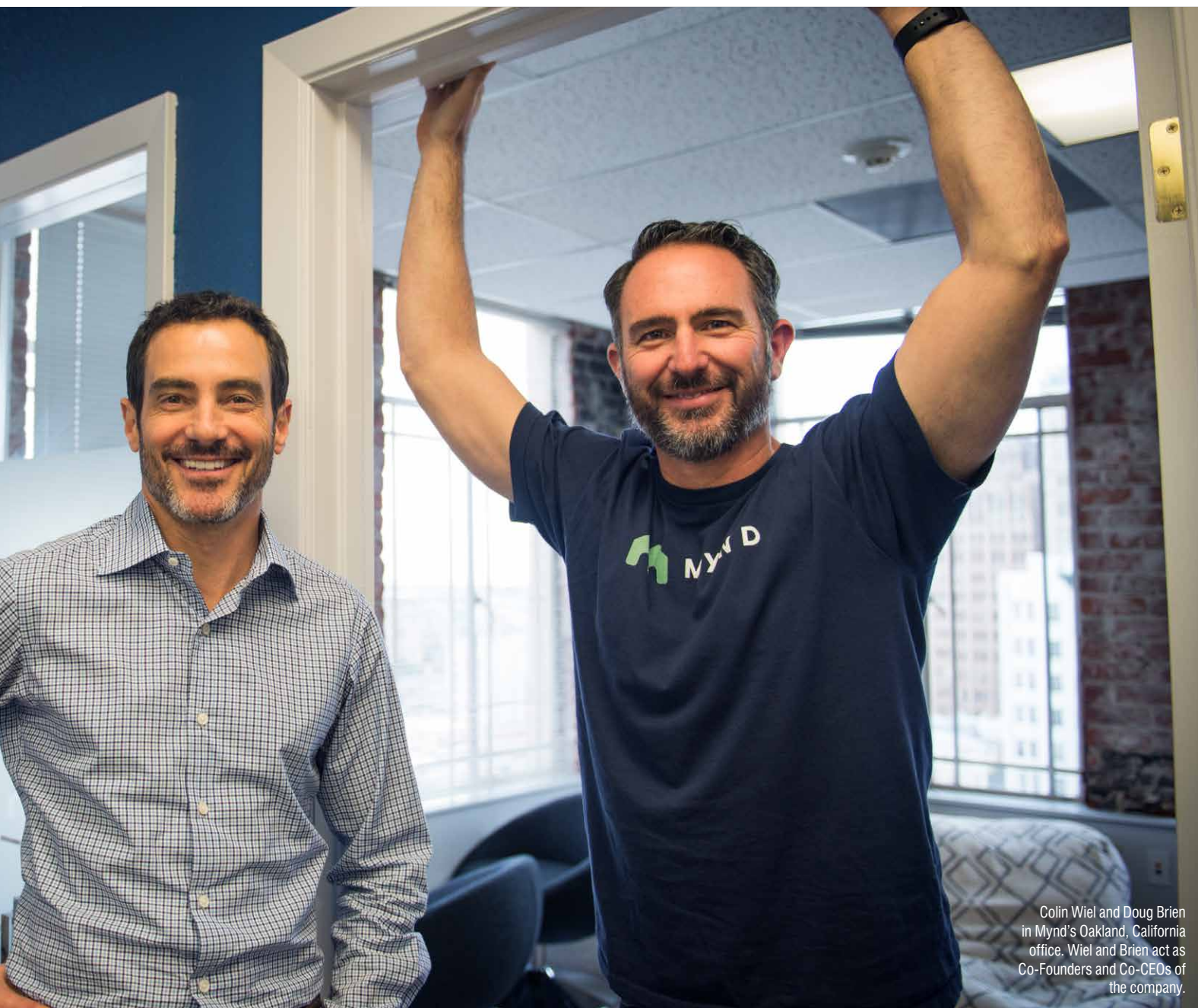
When the product opens up to the public in March, Mynd’s co-CEOs intend to acquire customers through a mix of digital and traditional avenues. Brien and Wiel expect to ramp up content marketing in 2017, using articles, webinars, and similar means to build name recognition and generate inbound leads. Still, Mynd will have a standard sales department.

“It’s always going to be a fairly high-touch

sales process,” Brien explained. “For most people, a majority of their net worth is tied up in this real estate. We met with someone today; he’s probably got a million dollars of equity in his building. I don’t know of any asset class when people are talking about million-dollar investments where they just kind of haphazardly decide to try something.”

Mynd’s CEOs hope to charge lower fees than the current crop of non-digital property managers, while offering a more convenient, more transparent experience for owners. Their platform will coordinate things like dispatching a plumber to fix a leaky faucet without having to align three different people’s schedules. Data about what’s happening at each property will be





Colin Wiel and Doug Brien in Mynd's Oakland, California office. Wiel and Brien act as Co-Founders and Co-CEOs of the company.

easily accessible to users. Brien emphasized the mobile app, calling Mynd's approach "real-time property management".

"Once we build our system and we have all the data in our system," he said, "we can start to provide owners with lots of interesting information. I think in the future, we'll transform ourselves from more of a quote-unquote 'property manager' to an investment manager."

"Transforming the asset class" is a focus of Brien's.

"There's a lot of people on the sidelines who just don't know how to manage the properties themselves and aren't impressed enough with existing property-management companies to allow

them to manage for them," Brien said. "I think those people will come off the sidelines, and I think people who own property today will be more willing to invest more capital into the asset class if we can make it more like other asset classes."

Already, Brien is sure.

"There's a belief out there that property management is going to change," he said. "I mean, it doesn't take much to look at how property management is done, to have some understanding of new technologies that are used in other industries, and to ask yourself the question, 'Why is property management still done this way?' I don't think that's too big of a leap of faith."

Taking away the headache for owners who

manage their own rental properties and offering a better service than the traditional property managers, is what Brien and Wiel see as the key to unlocking this potential.

"The ability to allow an owner to have complete transparency into the operations of their real estate," Brien said, "to make investing in single-family homes and small apartment buildings more like owning a stock or a bond, where you can go online any time and find out how your investment is performing—I mean, why can't you do that with investment real estate?"

If Mynd can make good on its potential, the answer will be, "You can do that with investment real estate."