

John Oamen of CutStruct Technology Limited

Speaker1: [00:00:04] This is the Investor Connect podcast program. I'm Hall Martin and the host of the show in which we interview Angel Investors, venture capital, family offices, private equity, many other investors for early stage and growth companies. I hope you enjoy this episode. Interested in learning more about investing in startups, launching a new startup need to raise funding to start funding espresso as a daily podcast and a short, concise format delivered to your inbox every day Monday through Friday, the time it takes to drink an espresso and to learn about startup funding. To subscribe, go to Invest, Connect Dog and put your email into the Pop-Up Box. Hello. This is Hall Martin with Investor Connect Daham here with John Oamen, co-founder and CEO at Cut-throat Technology Limited Kustra Technologies, a project company aimed at unlocking the next one million homes in Africa by improving the construction business environment, leveraging technology as an enabler into the specific areas of the house stakeholders by hire for manage their projects. John, thank you for joining us.

Speaker2: [00:01:06] Thank you all. It's my pleasure to be here.

Speaker1: [00:01:09] So what was your background before cofounding construct technology? What did you do before this?

Speaker2: [00:01:14] Fantastic. I actually started my my career in the real estate sector as a salesperson, I sold real estate and I found that I enjoyed it, rather I did it well. And, you know, one of the years I try to do kind of like a debrief myself to see why I sold well. And, you know, to me that it was because I was able to show people how to use their spaces. Typically, I came in contact with a lot of buyers, you know, who would typically have a two dollar budget bill needed ten dollars apiece. And so I kind of had to be able to show them how to fit their ten dollars worth of stuff into that two dollar budget, if you know what I mean. I'm open to a whole new business because at some point I've got people saying, you know what, could you just do it for me, you know? And so I took a quick interior design course and I started my interior design journey from the after I realized I was making a lot more money doing that than actually selling the properties. I mean, I found that I had a knack for it. And so I built a team around it and I started a business called for this finish. And I basically was a construction finishing business. Now, over time, I, I grew around this space because I now started finishing and then I got into

construction as well. Always managing a team. I think I've just always had entrepreneurship in my in my bloodline. So I did this for about about eight years before founding construct.

Speaker1: [00:02:40] That's great. And so you started construction is now growing very well. It sounds like you're getting a lot of traction there.

Speaker2: [00:02:47] Yeah, yeah. I mean, we we encountered some of the challenges in the space. Right. While while I was doing construction, one of the things I realized is that back home we have a lot of data. And so we kind of run blind on things. You know, you you see big construction projects where all the data is captured via pen and paper, very traditional means. You know, you don't even want to look through this data because it's it's not properly captured. Sometimes it's things you but spelling, you know, people are not properly putting things down on. One of the times, you know, there was an incident where something was a lot of money, what would be approximately six thousand dollars for you got me right. And there was no way of tracking how this had gone from hand to hand. Or the client walks in one day and says, oh, one, two, three, four of you were here to pay for it equal. And so you have people getting to pay for stuff that they probably don't even know anything about just because they were present on your call to me that this was a gap, you know, that needed to be filled. We needed to be able to capture construction type better. We are opinion on stakeholders can find more useful. Also, more importantly, that could be cloud based. Why or something here when you can store it in the cloud, aren't you from anywhere in the world?

Speaker1: [00:04:13] What's great? So what's your advice for people investing in this construction space in Africa? What do you tell them to do before they write that check?

Speaker2: [00:04:21] Oh, that's a great question. I think one of the most important things to know is that we we we run a very, very different terrain. Typically, the rules of engagement here will probably not be the same rules of engagement from wherever you're coming. So one of the first things you need to do is talk to industry professionals and get a lot of perspectives before you write any checks. The most tedious job you know you need to do is to try to understand the space and the dynamics of the space that you're trying to get into. We have we have very, very, very, very different terrain or culture. And the way that, you know, construction and construction related projects happen here and a successful, you know, are not very typical. And

so consulting with a professional is very important. The other thing is making sure you understand the purpose for which you're trying to invest. Are you trying to invest for legacy? You know, the dynamics would be different. Are you trying to invest for four 10x to fix? The dynamics would be different. And you need to be willing to go all the way in line with the dynamics you're trying to work with.

Speaker2: [00:05:33] One of the things we're trying to do is get to a point where we are able to walk people through the process of starting a project up to handing over. And what that means is that we help you. We help you hire the right professionals after which ticket in your brief. And we understand what you're trying to do. We help you have the right professionals, show you where to get your materials from. And then we provide the monitoring tool that helps you monitor your projects to make sure that, you know, your objectives are set. And even when you're not, you understand it in good time to be able to make adjustments where necessary and you can become delivery of projects for you. Like I said, it's very important. Two things for you to understand the purpose for which are investing and very importantly, to get a lot of perspectives about that tedious work, because you have to listen to a lot of people. But it's definitely worth it before you called that check.

Speaker1: [00:06:23] All right. Well, let's talk about the state of investing in the construction industry in Africa. How do you see the industry evolving? Where is it going at this point?

Speaker2: [00:06:32] So I think we have a very huge housing deficit, so it's very, very buoyant industry. The industry is thriving and is growing importantly in certain parts of Africa. Other forms of investment, including the portfolio investments, have more or less taken it deep over the last few years. And so what is happening is that, you know, the funds in Africa have had to move more towards construction. Also, there's a huge and a growing market of people who are making a lot more money and looking to have a piece of home, either us as an investment or a place where they want to leave. And so there's a lot of activity going on in the construction space. covid has recently, you know, altered the dynamics of things a little bit, a little bit sea because, you know, now, you know, people are moving more towards having homes where they can have, you know, offices, workspaces, play spaces and trying to have a lot more things around their home than building offices. But the construction industry is definitely still thriving.

Statistics show us that is basically growing at five points, roughly five point six percent year on year in Nigeria particularly.

Speaker2: [00:07:52] It has grown in the last, say, roughly this year. In the first half of this year, we've we've shown a significant surge, a lot of activities going on. The the the advent of Protec as well has also helped in the construction industry be a lot more buoyant because people are now able to do things like, you know, virtual inspection's able to close transactions from anywhere in the world. So it's generally growing. I think one of the things that has happened is that some of the tech companies that have been set up in the past three to five years have shown a lot of you know, they've grown a lot. And that has brought a lot of attraction, you know, to the industry. People now recognize that we have a buoyant industry and an industry that is interesting, you know, so I think it's definitely somewhere to look at, you know, over the next five to 10 years or 10 to 15 years, actually. And there's there's significant room for growth in that space.

Speaker1: [00:08:55] Right. How many companies are engaged in this sector right now?

Speaker2: [00:08:59] Wow, that's a that's a tough question to answer in the sense that they're quite a lot and growing in Nigeria alone. We have we have upwards of, you know, 500 companies in the space. And those are those those are the ones that are registered. We have a lot of, you know, companies doing business that are not necessarily, you know, statutory or legal entities, but are being used or more like not captured as construction companies. You know, for a variety of reasons, people can capture, you know, companies as more or less like general contractors. So they're not captured as construction companies, but they're engaged, you know, in construction. A few of them have been quite successful in the prototype space. You know, we have companies like Split's who are currently, you know, doing a lot, Sedran, on other companies. I mean, one of my my colleagues just raised about half a million dollars. You know, it's a growing space where we're looking to see how that number can increase, as we basically do. You know what we do. One of the things that we do, of course, talk is that we are trying to help people see me when trying to make the industry a bit more accessible and transparent. Right. And we believe that people would definitely, you know, double into things that he understands. If we bring about more understanding and you have more planes coming into the industry, as long as the industry continues to stay opaque or stay for the you know, there's less

participation. But we believe that over the next five to 10 years, there'll be a lot more participation. And these numbers will, you know, possibly triple over time that will have with, you know, the industry dynamics. It's also help with things like GDP or importantly, it will help with making sure that we're reducing the number of homeless people, you know, on the streets that don't have homes, especially as we force prices of construction down by putting away a lot of inefficiencies.

Speaker1: [00:10:58] Great. Where you talked about some of the challenges in the space moment ago about tracking expenses and so forth. But aside from that, where are the other challenges you see coming up for this area?

Speaker2: [00:11:09] Well, I think importantly, the fact that there are there are a lot of what you call institutional voids, basically, that, you know, I've held Africa back a bit and explain. So, for example, even after you buy products rights, the logistics around fulfillment of projects, you know, of products can be an issue. So those are some of the challenges that, you know, we're looking into. And I'm hoping that a lot more people are looking to see if we can have in a better out of infrastructure that will help things like logistics. There's no construction, the logistics you need to move materials, society need to move people to side. So things like logistics of the challenges that we still face, access to basic things like Internet, which is growing, which is growing. But still, we need to do a little bit better because for people to be able to apply best practices, best methods, they need to have access to, you know, the basic things like Internet. Looks like you want to say something good. Oh, yeah. OK, great. So so. So logistics is a major thing that you need to look at as an issue affecting, you know, also documentation. A lot of our statutory documentation agencies are still very analog. Right. And what that means is that you can't tell how long it would take for you to get documentation of the title of your property when you purchased. It typically takes too long. It goes through too many processes that are not necessarily, you know, important or efficient. Also, there's still a lot of fraud in that area. So you have people saying getting money to pay for stuff that you typically shouldn't pay for. So these are some of the things that, you know, we're currently working on to see how we can go.

Speaker1: [00:12:56] Cool. Well, tell us more about the technology itself. Exactly how do you work and how does it what's the business model and where are you going with it?

Speaker2: [00:13:07] Fantastic construct was formed from two words cutting costs in construction. So cost structure. And that's how we came about. The name technology. So construct cutting costs and construction with the use of technology. And what do we do? Basically, we're building a platform that has, you know, a variety of suite of products, you know, that basically help people around how they buy, like I said, how they hire and how, of course, they manage their projects. We have a kind of like a hybrid business model where we have the marketplace for individual buyers who want to buy, you know, products in limited quantity. What we're trying to do is we're trying to have an ecosystem that helps them, protects the buyer where you pay money to the system. Right. And then the money is released to the vendor after you've confirmed receipt. Right. So we're setting up an escrow system. And over time, one of the things once we do, you know, creates a form of debt financing as well for people to be able to buy products that when they need and be able to finance it over time through their paychecks. The other thing we're doing is the integrating with a company that deals with handymen. And what they do is they basically vet vendors, people who are painters, you know, who are plumbers and people who provide these services. And we want you to be able to pick vetted vendors from our platform, pay for them before they engage. But also, like I said, we have we run an escrow system to make sure that you are satisfied with the work that you've done before. The payments move or we're basically doing is we're trying to build trust.

Speaker2: [00:14:49] One is issues in our industry. The fact that, you know, there's the lack of trust based on a lot of bad experiences that people have had. So for us, we want to make it easier for people to access good label. And we also are coming up with training programs to be able to train these artisans on best practices, ethics. And of course, they are skilled. What we've noticed that it's beyond just skill. A lot of people, people who already have the technical skill or some of the other behavioral problems that we have, you know, including poor work ethics, not showing up in time. You hear things like African time, you know, it becomes a thing. I mean, shouldn't be you know, you want to show up two minutes or five minutes before you said you will as against that, ten minutes after. So we're setting up training programs for these guys to make sure that people can come in and they can get reliable hands, you know, to execute their projects. And then the third part of it is the project monitoring part of it, where we're building it to where remotely you can see your project evaluation real time. The idea is that you start a project that you set out to spend X, and we want you to see how you're doing that time. Want you to be able to track your costs, track your time and track, you know, the quality of the work

that you are doing that we are able to make informed decisions. And even where things go wrong, you're able to question and drill down and to see why.

Speaker2: [00:16:09] And hopefully do better on your next project. We also want you to be able to know where your expenses are going, right? We worked with a company, you know, in our first more or less like prototype testing. Right. And one of the things we discovered was that they were spending so much on bricks, you know, they needed to be able to set up a brick molding factory. You know, now seeing this data was able to make you know, they were able to make a decision to start moving their own bricks. And even where they have excess capacity, they now make an extra income from beeks bricks. What that means is that they were able to save on their cost of bricks and importantly, to able to begin to make more money, you know, from their excess capacity. And that generally helps the business. It means they're going to turn over more homes. It means they're going to be able to get more discounts and make, you know, the and the buyers entrance a little less steep than it used to be. You believe all these things will have a ripple effect in the sense that it will begin to affect the business environment positively. More people will have access to homes and even the businesses will be healthier. So these are the areas we're trying to help. We understand that the industry is a giant one. It's one of those things that you can't totally you know, you can solve all the problems yourself. But we believe in focusing in that aspect and making sure that we're making consistent progress that.

Speaker1: [00:17:34] Well, great will sound like you're making good progress with it and having good success in the last few minutes that we have here. What else should we cover that we have in?

Speaker2: [00:17:43] I think, importantly, we've covered most of it. One of the things that we can talk about are the challenges, you know, of of doing business in this piece, like I said. Well, I think I talked about that mostly. Yeah. So I think that's about it. If you want to ask me any more questions, I'm happy to answer.

Speaker1: [00:18:04] Well, my last question is how best for listeners get back in touch with you.

Speaker2: [00:18:08] Fantastic. So you can reach me on all my social media platforms and try to use my name for most of them. I'm very active on on Instagram and on LinkedIn. So if you

search my name on, all the links will be up there for you to see. What if you search with my name, John, or I mean, you definitely find me on Instagram, on LinkedIn. And of course, the conversations will follow, probably give you access to a personal number as well. I'm happy to take any calls when necessary. I'm always happy to talk about our free pilot. Thank you so much. All right.

Speaker1: [00:18:41] Thanks for joining us. Today will include us in the show notes and headed back for a follow up to.

Speaker2: [00:18:47] We look forward to it as well. We have a we have a couple of very interesting sprints and I think at the end of the year, this year will be a good time to have more conversation, to see how far we've come.

Speaker1: [00:18:59] Very good. Investor Connect helps investors interested in startup funding. In this podcast series Experience, investors share their experience and advice. You can learn more at Investor Connect. Doug Alti Martin is the director of Investor Connect, which is a 523 nonprofit dedicated to the education of investors for early stage funding. All opinions expressed by Hall and podcast guests are solely their own opinions and do not reflect the opinion of Investor Connect. This podcast is for informational purposes only and should not be relied upon as a basis for investment decisions.