Eric Stegemann of TRIBUS Capital

Speaker1: [00:00:04] This is the Investor Connect podcast program. I'm Hall T. Martin. I'm the host of the show in which we interview angel investors, venture capital, family offices, private equity and many other investors for early stage and growth companies. I hope you enjoy this episode. The. Investor Connect is a 501 C three non-profit dedicated to the education of investors and startups for fundraising. Please consider donating $100 to the program to help others in their investor and entrepreneur journey. You can find the Donate button on the Investor Connect org website. Well, hello, this is Hall Martin with Investor Connect. They were here with Eric Stegemann , managing partner at TRIBUS Capital. TRIBUS Capitalprovides advisory services and investment in early stage prop tech companies. The fund looks to leverage the network effect from the Travis portfolio, which has relationships with nearly 100000 realtors across the USA and Canada. Eric, thank you for joining us.

Speaker2: [00:00:59] Thanks for having me. I'm excited to be here.

Speaker1: [00:01:02] Great. So tell us more about your background. What did you do before you started investing?

Speaker2: [00:01:07] So I actually started selling real estate to pay, to go to college, I don't imagine I would be doing this till 20 something years later and kind of got stuck in this industry. I figured, OK, well, what's a job I can do in college? I went to Northwestern University in Chicago and back 20 something years ago, it was even then forty five thousand dollars a year to go there. Mom and dad didn't have forty five thousand dollars to pay, and I didn't want to leave college with a whole bunch of student debt. So I said, Hey, what's something I can do in my off hours on weekends, things like that when I'm not studying or writing papers or things like along those lines? And I found real estate buddy of mine said, Hey, I found this real estate thing. Do you want to try to do this? I said, Sure, why not? If nothing else, I'll learn something. And got into it, started selling real estate after hours and made about four times in my first year of what I was going to make in with an engineering degree 20 something years ago. So got into the business and fell in love with it. Fell in love with the fact that it rewards people who hustle and work hard and did did pretty well with that, then started my own brokerage. We grew it to be the largest independent real estate brokerage in St. Louis, Missouri, which is where I'm

originally from and sold that but kept the tech. And then we started 12 years ago. Tribes, which is a software company focused on medium and large sized real estate brokerages, and then spun out from that we started making investments in early stage other prop tech companies, real estate technology companies and have had some high profile exits, including one company we sold to Zillow after only about seven months in existence. So, you know, that's gone really well. So my day to day is, you know, half running the the real estate brokerage software division and then half doing investments and advising our entrepreneurs and our portfolio companies.

Speaker1: [00:03:11] Great. So what excites you right now?

Speaker2: [00:03:14] Well, the real estate technology space is just absolutely on fire. I actually gave a presentation to 72 of the largest brokerages in the country two days ago. And in that presentation, I happened to pull up some figures on investment in the space. And so in twenty sixteen in all of prop tech companies, there was only about $7 billion invested. And in 2019, it was over $30 billion. So just in the course of about three years, you're talking a multi x increase in the amount of investment in the space. You had companies like Compass on the brokerage side, tech enabled brokerages that have come out, you've had companies like Opendoor raise billions of dollars that are focused on AI buying, which I'm sure we'll probably talk a little bit more about later on. And then just general real estate technology companies that are out there, it seems like the investment world kind of forgot about the space for for a long time or certainly had blinders on to the space for a long time. And then suddenly between probably in about twenty seventeen twenty eighteen, it was oh, wait a minute, this is the the largest capital in the country is actually in people's homes, and maybe we should take a look at this space. And so everything inside of the space right now is really exciting. There's been more change in the space in the past three years and then probably in the previous 30 years combined. And so everything in the space is pretty, pretty exciting these days.

Speaker1: [00:04:45] Right? Well, you see a lot of startups in the prop tech sector and a lot of investors. What's your advice for people investing in startups in this space? What do you tell them to do before they write that check?

Speaker2: [00:04:56] Well, you know, I have a saying. So we get calls all the time to us to invest for us to invest that tribe as capital, to invest in companies. And I always tell the entrepreneurs

the first calls free and happy to chat with them and give them some advice. And so any other investor that's out there, I would say, to really learn this space. And if you're not, if you don't have a competency in the real estate space at all and you think you know enough just because you've bought and sold some homes before, I would say step back for a minute. There's been a number of private equity firms that have lost their rears over the past few years investing in this space thinking, Oh, we're going to change this or we're going to change that or MLS aren't needed anymore, or, hey, we can just go get all the real estate data and do some new big thing with it. Or, Oh, we're going to disintermediate real realtors overnight and nobody's going to need them anymore if they just follow, you know, this new tech thing that we're going to roll out. And then every one of those circumstances, you've seen them just lose millions of dollars. In fact, a very well-funded company resorted last year to just suing everybody. And I think I think most most investors would agree. If your business philosophy is sue everybody, you're probably probably not in in a good spot and that company actually had to lay off. I think it was like half the staff late last week, some time because of the problems that were going through. So my my advice to an investor in the space is simply just, you know, just do your homework. And if you don't, if you haven't spoken with realtor. Spoken with MLS software. People spoken with owners of brokerages. Spoken with people that have gone through the space and had, you know, good and bad exits, then you probably don't know the space. Then I'd highly advise you to to to not invest in the space because it is fraught with landmines

Speaker1: [00:07:03] Right on the other side of that table. What's your advice for people running startups in this sector? What do you tell the founder to do before they go out to raise funding?

Speaker2: [00:07:12] It's not as make sure you're your game plan is solid. It's not nearly as easy of a space to enter as you think it is. You know, I said the thing about the first call free. And so I probably take on average, maybe five to five to eight calls a month from entrepreneurs that say, Oh, you've had exits, you've done this, you've done that. Would you invest in our company? And I say, let's get on a call and learn a little bit more first on that phone call of what your experience is. And and I think the number one mistake that I see entrepreneurs that are starting up inside of real estate or real estate technology companies is their assumption is that the data is free because in a lot of other industries, you know, data is more or less free or you can legally scrape data. And and a big thing that we see with with prop tech companies is their assumption is, oh,

well, we can just get the data from Zillow or we can get the data from Realtor.com or something like that. It's just not how how it works in the industry.

Speaker2: [00:08:10] There's copyright problems. There are six hundred and twenty five plus MLS in the United States alone. That's not even counting Canada. Six hundred twenty five MLS is in the United States. You have to go to each one of them independently of each other and get approval. They can. They can unilaterally decide, Hey, we don't like you, Eric, and we're going to not give you access to the data. And there's pretty much nothing you can do about that. So just make sure your i's are dotted, t's are crossed and that you've budgeted in the multi-million dollars a year that it takes to go out and get the real estate data before you go to the next step of whatever, whatever your business model is. So that's if I could tell everybody listening. If I could just have them check into that before I take the first call, I would save eight hours a month of talking to entrepreneurs and and probably nine out of ten of them realizing that their model isn't going to work if they can't get the data for free.

Speaker1: [00:09:06] Right? Well, that's good advice. So you talked a little bit about the current landscape there, but can you dive into a little bit further about the state of investing in this industry? Is and how do you think the industry is evolving?

Speaker2: [00:09:19] Uh, you know, investment, I think what what's happened over the past few years is is a lot of private equity firms, venture firms have used the shotgun approach, which in a lot of places and investing in, particularly in a B to C businesses in a lot of what happened in Silicon Valley. Shotgun approach is a fairly effective model if you have the capital to do it because you invest a few million dollars here, a few million dollars, there are a few million dollars here, a few million dollars there. And one of them hits big. And out of the twenty five million that you invested in five companies, one of them hits and your payback is a twenty five million. It's two hundred and fifty million or more. Right? The problem in the real estate space is that there's not there's there's lots of room for five and 10 million dollar companies, which isn't exciting for for the majority of venture investors that are out there or private equity firms that are out there. There's very small space in real estate and real estate technology for the multi hundred million dollar companies. And so from that perspective, I think what you're seeing now is some folks that got in in that in that what they thought was a gold rush in 2019 are finding

out that it may not have been as exciting or as quick money as what they were expecting it to be.

Speaker2: [00:10:41] And you're starting to see dispositions where a private equity company is selling off their stake for pennies on the dollar to a different private equity company that's going to go in and take over that organization and more or less just collect on the revenues and the contracts that are that are there. There's a number of firms in real estate technology that that's their focus is, you know, we we have a joke about a couple of them. It's like we're companies go to die, meaning that the the founder, you know, realizes that the upside potential is isn't as big as what they expected the TAM is and as big as of what they expected. The private equity or the venture investors realize that it's it's not as a quick win as what they were expecting. And so they're willing to just cut their losses and move on. And there are companies out there that are in this space that that absolutely just specialize in this and and will go out and buy any of these companies for essentially two or three times revenue and just collect on it for a couple of years and rake their money back. And then anything, anybody that sticks around after that great, they're making profits on it.

Speaker2: [00:11:47] But you know, it's it's not going to be a a company that receives a lot of investment or a push on their technology going forward. So we're starting to see those come around that that some firms are realizing the mistakes. And any time there's a down, you know, a disposition or a down round or something like that, I think it's made a lot of other investors in the space wake up and say, Hey, it's not as easy money as what it happens to be on the converse side of that from the actual real estate side. I think what you're seeing is the average brokerage is waking up to alternative modeling, not necessarily in terms of commissions per say, but in terms of companies like Opendoor do have some value. I think a lot of brokerages 10 years ago or six years ago when Opendoor really started to have their rise, they would say, Oh, well, yeah, you could sell it, Opendoor. But it's no different than selling to Paul. Do you remember how investors and OG buys ugly houses? Yes, those guys. Yeah, so so I mean, they're still around. They were essentially the very first eye buyer that existed in any kind of large capacity, but they would offer 60 cents on the dollar, more or less for properties. And I think Opendoor, when it first started, when when you actually got down to it at the end of the day, that's kind of the the ballpark that they were in six, seven, eight years ago.

Speaker2: [00:13:13] But today we're in a totally different ballpark. Opendoor and Zillow and Zillow Offers, which is their occupier program they're offering at or above competitive market rates for properties just to get inventory and to have deal flow come through them. And in fact, you know, there's there's some talk in the space about Zillow and their stock price is now trading based upon those properties. Even though they may lose money on each individual property, it may not be profitable. The sheer fact of revenue growth is is increasing or was increasing, at least for a while. Zillow stock price So it made sense for them to take it more or less any deal that came along as long as they were losing within a certain certain range. But I think brokers are starting to see that and recognize, OK, well, it's no longer the home investors of buying ugly houses. It's, you know, this is a real opportunity to help our sellers and get them top dollar for their pricing. And then then the agent can help them on the buying side of the transaction. So that's kind of the two big things that I'm seeing.

Speaker1: [00:14:18] Right. And so let's talk about your investment thesis, you talked about investing in prop tech deals and you have a certain thesis and criteria. Tell us more about that.

Speaker2: [00:14:28] We really focus on the very, very early stage. In some cases, even just an idea stage company is where we look at. And the reason why is if you go back to what I said just a couple of seconds ago there about, there's lots of room for the five and $10 million companies. There's not a lot of room for the hundred plus million dollar companies. We're really looking for the entrepreneurs and to advise them early on to get in to give them seed stage capital, to get the idea off the ground to to do a run to to actually try to sell it to agents, sell it to brokers for us to put it through and follow our network effects inside of tribes with working with about one out of 10 realtors in the United States, use one product or another of ours. And so in in in that we want to connect with them very early on. We want to be their primary and in most cases, their only investor and we're looking for them to to. We want that. We want the single or the, you know, team of entrepreneurs, the founders of the company. We want them to retain a 50 plus or more percent ownership because then growing it to a $10 million company, if they can do that in two or three years, they're walking away with five million bucks, perhaps, and it's a quick win.

They're getting quick wins. And I think, you know, outside of venture capital and Silicon Valley, venture capital and everything like that, if you ask an average person on the street, if you had a

really good idea and if in two years from now you could execute on that idea, turn it into a five or $10 million company where you're walking away with with five, you know, half of that. Would you take that opportunity? And I think most people would would say yes all day, every day to that, that they could make essentially two and a half million dollars a year with coming up with these ideas and executing on the ideas. And that's what I say. There's lots of room in the space for the five and 10 million dollar company. There's just not a lot of room for the one hundred million dollar company. So by finding them early, by talking to them in that idea stage or very early stage, we can be their primary investor and kind of guide them to this position of, you know, don't think of it as I'm going to build one hundred million dollar company and it's going to take me 10 years to build it.

Think of it is I'm going to build a two year company and I'm going to get it to five million dollars and be able to sell it off as a as a feature into some other larger organization that can write me a check for $10 million. No problem. So that's really what we look for. We have some other companies that we have invested in that has have grown larger than that. But those types of companies we found we can't provide nearly as much value for advisory and for the network effect of being able to present them and say, Hey, look, what if I could grow your earn an idea stage? What if we go and present this to our clients and we we take you from zero Emrah to fifty thousand Emrah in your first 60 days, right? A lot of entrepreneurs would love that because then obviously they can take those cash that cash and just start investing it and bring it on more team members and growing faster. And that's that's what we focus on is where we provide that extra value beyond just writing a check.

Speaker1: [00:17:35] Great. Can you talk about one of the two startups that fit that thesis and maybe portfolio companies?

Speaker2: [00:17:40] Sure. So a company that we invested in back in twenty thirteen, it's actually what started private capital is we had somebody come up to us, come up to me personally at an event and said, Hey, look, we've got this really good idea and we want to execute on it. And we've we have this idea because we've been working on MLS data for the past couple of years, and we think we have a pretty good idea. Can we talk through it with you? And I said, Sure, you know, let's sit down and chat it through everything. And in the process of going through that, what we realized is that their idea was was a was a diamond that needed

some slight refinement and we refined it. And and everything like that brought it out with an idea to the market, had a working demo, but still needed some more work on it. And within seven months, Zillow like the idea of so much of where we were going and in trying, and the concept was to normalize all MLS data through a single feed where any other prop tech company could go to a single feed and get all of the MLS data from that single fee, all the data normalized. We have six hundred and twenty five feeds that have to be normalized these days, but that company was called Red and Travis. This was the primary investor early on, and the company was in existence from the date that the the first kind of demo product work till the date of acquisition was just under eight months, seven and a half months or so.
And I'm not allowed to disclose how much it sold for, but it was a good chunk of change. The founders were incredibly happy with with with what happened in seven months. It's a perfect example of my investment thesis of, you know, it doesn't have to be 100 million dollar company. I think any entrepreneur that would be out there would have been happy with what they walked away with in seven months worth of work. And that was a good one. So readily was was one of our great exits where we can talk about the exit, not necessarily how much it's sold for. We have another company that we have a portfolio company right now called Map Track Map Track is a is a really interesting company. It it actually uses data from your browser, uses data from your computer, your IP address, and there's other companies that do something similar, but not to the extent of what these folks do. There was a company called I think it's Toro or e Toro based out of Nashville, and they have IP addresses to tell you who they think the person on your website is. But what map track does is it maybe has a lower match rate than what the IP based matching is. But it's it's right over ninety nine percent of the time, whereas those IP based matching services have a higher match rate.

Speaker2: [00:20:32] But they're they're inaccurate pretty often because obviously your home IP address changes. Most people don't even know when it happens, but but usually it's once a month, if not more often than that. So it tells you that. So imagine for a realtor that's out there to be able to know who's on their website or what, what the addresses of folks on their website happen to be, or a mortgage company that says, Hey, look, you know who filled out to get mortgage rates on our website without them filling out a form? We know who that person happens to be, and about 30 percent of the time that this company can tell you that information, they work with magazines, car dealers now as well, where it's you go to a car dealership website. If if you've ever gotten one of those postcards that says, Hey Hall, we're

looking to buy your twenty seventeen Lexus, a car, you know a twenty sixteen two thousand seventeen twenty eighteen Lexus, whatever model it happens to be, if you have one of these vehicles, call us. Well, there is a good chance that that might be Mount Track software because we inputting that data in that 30 percent not only we know the address, but we know all the makes and models of the cars registered at that house so a dealer can go and do that and pull that data. So that's a that's a really slick company and a couple of good examples there for you.

Speaker1: [00:21:48] Right? Well, we heard about the challenges in the space during the advice portion. Can you dive into that a little bit further and tell us what is the challenge the startup faces in launching a business in the tech sector?

Speaker2: [00:22:01] So data is not free. That's probably the biggest thing is everybody thinks they can just go get the data for free and all the MLS data and all the social data. But there are six hundred and twenty five MLS in the United States. Each one of them owns the copyright to that data. So you have to go and make arrangements with each individual MLS. So you can't just go say, I'm going to turn my product on nationally. Overnight, you have to go to each MLS where they work and to go and get that data independently from each one. And there may be illegal scrapers that are out there that are stealing the data that you might find in the short term to get some data up and running that are out there. But in most cases, those are found pretty quickly and you never want to build your entire foundation of your business on stolen anything stolen, right? So that's that's certainly a big one also. The other big thing that I see as challenges in the space, too is, you know, there's that old saying the riches are in the niches. And a lot of people say, Oh, well, there's, you know, a niche here of real estate, and there's one point five million realtors with another million people on top of that that just have a real estate license, but aren't necessarily realtors.

Speaker2: [00:23:14] And so you get to this world where one in every hundred and fifty people in the United States or one in every hundred people in the United States has a real estate license. And you say, OK, well, one in every hundred people is essentially in my addressable market. The problem is is connecting with those people and the churn rates that companies tend to find in connecting with those individual agents. Often, you know, like, for example, CRM, CRM, I've seen tons of companies come out and offer CRM for realtors and say, Oh, we're going to make a the next CRM. And what's happened is it's been a race to zero in terms of what these

companies can charge for their CRM product because so many of them have come out to try to connect with this niche that's out there. And so it's a race to race to zero. More importantly than that is agents can be fickle with their technology decision making purposes, so they could sign up for your CRM this month during your free trial. They could turn on for a couple of months and your data shows, well, if I keep them for three months, then they'll probably stick around. The problem is that modeling doesn't always work that great because there's so many outside factors that you can't control in terms of getting them to sign up. You know, people tech companies often think of them more like a b to C because there's so many of them and they have the direct relationship with the realtor.

Speaker2: [00:24:34] But the truth is is it's not really a b to C, and it's not even a B to B because the other thing that can happen is their broker comes out and says, Hey, look, I've purchased you a great CRM and everybody's going to get it free. Well, now all the people that use that, that CRM, they were paying for it directly say, I don't need you anymore, right? And you could lose a thousand clients. Two thousand five thousand clients are paying customers. You could lose them essentially overnight. So there are a lot of landmines in the space, you know? And that goes back to my advice. If you're a founder, which is, find it, find an advisor or find investors that know the space really well, whether that's, you know, calling us or whether that's any of the other investors that are in this space, just find those because they'll be able to present you and look at your your modeling and say, wait a minute, you know, you've got a three percent churn rate for selling something direct to agents. Your churn rate might be 30 percent, you know, 10 times churn rate because of what can happen in in this space.

Speaker1: [00:25:34] We're at a top of the stock market right now. Very frothy, lots of money available, but what are the challenges in this space for the investor?

Speaker2: [00:25:43] Of course, we've had a run up in in real estate prices, and, you know, nobody really knows what's going to happen over the next year or two with those real estate prices. My my take is that we're going to see a plateau, not necessarily a bubble. I don't think that we're in a bubble, particularly because during 08, you know, so many percent, so much percentage of the homeownership that was out there, nobody had any money down. So it was easy to walk away from everything. Now, you know, almost 30 percent of transactions in the United States are cash transactions number one. Number two is the ones that aren't cash

transactions. The average down payment amount is through the roof because of lending requirements lately. So I don't think we're going to see a huge foreclosure crisis, but it certainly could be that less homes transact or that they transact and don't have as much of a run up, you know, certainly as being an eye buyer investor like Opendoor, Zillow, I would be very, very watching my P's and Q's here because you don't want to be stuck with a whole bunch of inventory that's stagnant in terms of pricing when you've been paying top the market pricing for all of that inventory. So as a as an investor, both just from a tech standpoint or an eye buyer standpoint or even just a general real estate investor that might be out there listening to your your podcast here, just just invest with a longer term thesis here so that if there is a stagnation period that we end up with or a plateau period that we end up with that you're not relying on the fact the home is going to appreciate 30 percent next year like it did maybe last year.

Speaker2: [00:27:18] So that's that's kind of that side of it. The other side of it is, you know, for for for the investors. I kind of mentioned this a little bit already. If you don't know the space and you're trying to invest in the real estate, particularly in the real estate technology space or the real estate brokerage space, you know, just have to get somebody who's been in the world for 10+ years, ask them all sorts of questions. Let them try to find holes in your investment thesis because there are so many landmines in the space that you may not know of that. You know, every I you think is dotted and t's crossing, get everything lined up and you invest in a company and they're doing great things and they think they know everything about the space and then they get something out there and realize that the whole model falls apart. I've seen that happen to multiple companies, right?

Speaker1: [00:28:06] And so you see a lot of different sectors and applications inside the project space. If you had to pick one or two that are good opportunities for investors to pursue today, what would you call out?

Speaker2: [00:28:16] I think anything in the in the particularly in the tech space, I would have been an investor in the entire space two years ago. In fact, we actually did try to set up an AI buyer program that would go inside of the brokerage and work inside of brokerages. We had a couple folks working on it with trying to go get outside investment. But the problem is you need literally billions of dollars of outside investment to be able to do one of those correctly. And the money seemed to to already been flowing that was out there from BlackRock and those other

companies that were interested in owning the properties or certainly investing in real estate. The money was all flowing into Zillow Offers or going into particularly into Opendoor. So a couple of years ago, I would have been I was we were attempting to be an investor inside of that space. Today, I think the safe space is in mortgage, mortgage technology, mortgage, real estate technology. I think, you know, when it comes down to it and the folks that are listening in right now that are mortgage brokers and mortgage bankers, sorry, but you know, everybody wants has wanted to talk about the disintermediation of the realtor. And I just don't see that as inevitable at all because I think you need somebody that's a trusted advisor to go to to ask questions about, Hey, what does this mean on the inspection report or what does this mean about the county rule or the AAA rule or whatever? You need that person with that local domain experience in that market or in that neighborhood, even? And it's just hard to replace.

Speaker2: [00:29:54] And on the flip side of the coin is mortgage, and I just don't think there is enough to to prevent the same thing or prevent a prevent disintermediation from the mortgage side. It is the same product, you know, essentially mortgage, the mortgage, the mortgage, it's just which product do you go with? And there are companies out there that are working on these sorts of problems. I mean, Rocket Mortgage is focused on on this kind of an idea, but I think there's plenty of room still left in the space. Better, better mortgage. A number of people I know had invested early on and better mortgages just tried to digitize the entire space where you don't have to talk to a mortgage broker and everything like that. And there is still room, I think, in that space to make the average person be able to completely obtain a mortgage, do everything needed to obtain a mortgage completely digitally. Oh, I'm sure you've heard of plaid before, right? Ok, great company.

Speaker2: [00:30:52] I think Visa tried to buy it, and there was some question of of of the antitrust side of things. And that got called off. But phenomenal company. And I think there's so much area there for for Plaid to for a mortgage technology company to come in and just connect up to Platt and think about it. I just put in my my, my, my banking information. I put in my stock account information. I put in all of that. And you can pretty easily these days pull that information, come up with aggregate data based upon it. You can also use that same aggregate data to come up with credit rating for a person that maybe doesn't even need to use FICO. But, you know, certainly takes into account ability to pay and likelihood to pay just from from connecting up a plaid to a system and say, Yep, Paul, you know what? Great, you're approved for

up to this much money and you can go out there and here's your approval. And then by the way, whenever you're ready, just, you know, go to this portal, put in your contract or OCR system will grab the data from the contract and we can process your mortgage essentially entirely digitally. I think there still is room in that space.

Speaker2: [00:32:06] And I don't think there's a clear winner. I think rockets tried to pretend like they're a clear winner, but I think if you go through the experience with them, there's been plenty of issues and you still have to have a human regularly involved. And I think there's room in the space to to to get all of that out of there. And the little known secret or the prop tech space is the money's all in the mortgage. So the average real estate brokerage makes three percent profit, so very low profit margin. And that's in a good year. They're making three percent profit. The money's all in the mortgage side of the business anyways. And so even if you could, if you could offer great rates and completely digitize the process, I think there's there's a lot of money to be made there. Same thing in insurance, by the way, for that matter, is, you know, it's great to have somebody to call if something goes wrong with your insurance. And I think that will always be important. But signing somebody up for insurance or binding the coverage when they buy a new home, particularly or buy a new car. I think there's a lot of opportunity in that space to right.

Speaker1: [00:33:05] When the last minutes that we have here, what else should we cover that we haven't?

Speaker2: [00:33:09] You know, the real estate industry is a is an interesting animal. And I know I've mentioned this a couple of times, but there's so much and you know, realtors are, I would just say, are hardworking people there. They're not this for investors out there that may have read Freakonomics or any of these books that are out there. If you're not familiar with the space, realtors are very hard working people. They know they have this extra bit of knowledge that that, you know, the average. First of all, the computer probably can't ever have to the level of knowing about who rules and knowing what will and what won't fly when things are subjective, particularly. They also know, hey, for example, in a particular market there, when I sold homes in St. Louis, if you had a home built between a few different years, there was a good chance that had a a a circuit breaker box made by a company called Federal Pacific. And if you had a federal specific box, they're known for fire. So the realtor walks in and the first thing they

see in there is a specific box and they say, Hey, look, if you do buy this house great, but just make sure you get the the circuit breaker box changed out before you, you take ownership of it. Those are things that become very difficult for a computer system to be able to to take out of the process. But you have to remember it's people's biggest, biggest investments, probably of their lives for the average human that's out there. You know, their stock portfolio isn't their number one investment, it's it's their it's their home and people want that hand-holding process and somebody to feel good about and somebody to call if something's not right or if there's a question, just like if you if you talk going up.

Speaker2: [00:34:50] My best friend, her dad was the CEO of Edward Jones and, you know, early punk kid me said, Wait a minute, why do we need these investment advisers? Why do we need all of these people? We can do this all online, you know? And I said, talk to him and said, Well, why? You know, why don't you have an online portal to go in and buy stock at? And, you know, Norm being the very, very smart man that he was pretty much said, Hey, look, we're selling a service. We're selling the fact that they have somebody to go to in good times to advise them on, Hey, you can take a little more risk and or maybe, hey, look, you know, risk, it's getting frothy, maybe take some risk off the table. And then in bad times, when there's been losses, there's somebody you go to and say, Well, what do we do? How do we do this? Or, you know, we were getting ready to retire next year? What's what's our plan? And having that person to bounce those ideas off with years and years and years of experience, there's value there. That's it's hard for people that typically invest in in technology companies. It's hard for them to quantify that, but it's vital. And look how many people pay and Edward Jones advisor or pay a Merrill advisor or a Morgan Stanley advisor, you know, one percent a year for having that person to be able to just bounce ideas off of. And I think the same thing will continue in the real estate space.

Speaker1: [00:36:06] Well, that's great. Well, so how best for listeners to get back in touch with you?

Speaker2: [00:36:10] Sure. So, you know, we we're accessible at Tribeca. You can you can. You know, if you're if you're in the brokerage business, you want to learn more about the tech side. There's there, but it's also Trevis dot com. If you go to the bottom of the page, you'll see a VC button and you can click that. If you're thinking about starting a prop tech company, click that

button and you can learn more about our tribal capital division, where we we would be interested in potentially advising and then investing in your in your company. So definitely feel free to to reach out via that channel or people can email me. I like I said earlier, the first call is always free, so if you've got a great idea and you want to bounce it off, somebody who's been in the space for 20 plus years and it's pretty much done every job in the space that's that's there, including owning a mortgage operation previously. You can feel free to email me, you can get me to it's and you know, how can we put the because my name is kind of long put it in the notes or something like that. It's Eric Stegman at Tribeca. You can, you can catch me there. Eric Steig e m a and at tribes try b you sue me in email. And if you've got a great idea, I will always take the time to jump on a call with you and chat through, and I'll help you try to find any holes. And who knows, maybe it's a fit for us to make an investment in your company.

Speaker1: [00:37:38] Right? We'll put that in the show notes. We want to thank you for joining us today and hope to have you back for a follow up soon. Sounds good. Thanks so much. Awesome. Investor Connect helps investors interested in startup funding. In this podcast series, experienced investors share their experience and advice. You can learn more at Investor Connect. Paul T. Martin is the director of Investor Connect, which is a 501c3 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.