Juniper Square

Modern investment management for real estate

David "Mac" McWhorter, executive director of the Institute for Real Estate Operating Companies (iREOC), recently spoke with **Brandon Sedloff** of Juniper Square, a leading real estate technology company. An excerpt of their conversation follows.

For those who might not be familiar with your company, how would you describe Juniper Square?

Juniper Square is the only investment management software solution that addresses the full lifecycle of the investment for real estate investment firms that manage outside capital. Our customers are real estate operating companies, developers and investment managers who leverage our software for capital raising, investor reporting and investment accounting. Juniper Square now serves over 600 customers that use our software to report on over 300,000 investment positions and nearly $1 trillion of real estate. As investors have become more focused on reporting and data, operating companies and investment managers have been forced to move beyond spreadsheets. Moving data and reporting to the cloud results in improvements to investor satisfaction and decreases the amount of mistakes that are made.

We have received a tremendous response from the investment management community. Nearly 80 percent of our customers are referred to us by other customers and/or their investors. Since our founding, we have maintained a 98 percent customer retention rate. Nearly all of our clients log into Juniper Square every week, and 75 percent of our clients use it every day. As of January 2020, Juniper Square has approximately 160 colleagues based in offices in San Francisco and Austin.

Do you have a typical client?

About 60 percent of our customers are operating companies, developers or investment managers that raise capital deal-by-deal and the other 40 percent are institutional investment (fund) managers. Our software is built specifically for real estate. If you invest in real estate (or real assets) and have outside investors, we can help. Our customers invest up and down the capital stack and across all asset classes and geographies. We don't have a product for companies that are publicly listed since their reporting requirements are different from those of private markets investors. Within organizations, we typically support executive teams, accounting/finance, investor relations and capital raising.

CONTRIBUTOR

Brandon Sedloff is the managing director and founding vice president of sales at Juniper Square. Previously, Brandon was global head of corporate development at the Urban Land Institute (ULI) and head of Asia Pacific real estate for GLG.

Why would an investment manager need to use your software? Why not just keep records on their own server and computers like they've always done?

Investors' expectations are the primary drivers of change, and they are asking their investment managers to use software to report to them in a secure and timely manner. Mistakes and missed deadlines are no longer tolerated. The pendulum of influence has shifted from the manager to the investor and, with that shift, investors have more control than they have had before. Investors now demand that managers provide detailed reporting as a requirement of investment. The evolving nature of these requirements is such that investor reporting requires systems that can store, share and analyze data. The status quo is Microsoft Excel, which is a great tool for ad-hoc analysis but was never designed to be a system of record. Firms are moving from Excel to ensure that they have one system of truth so that they can fulfill their fiduciary obligations to report to investors. Many customers store data in dozens of spreadsheets that can get shared between individuals and across teams. Moving your data to the cloud and storing it in a relational database like Juniper Square not only improves the security of your data but also helps reduce the number of intersections the data needs to cross. Collisions happen in intersections, so reducing the surface area of risk is a major driver for moving to the cloud and out of spreadsheets.

How do investment managers use Juniper Square's technology to make their businesses better?

We are now at a scale where we are viewed as the industry standard, and investors and managers come to us to better understand best practices. Juniper Square is an easy-to-use, all-in-one investment management software that enables managers to raise more capital, improve investment operations and increase investor satisfaction. Adopting our software means that you will

not fall behind since we are evolving as the market needs change. That said, there are a few different ways that companies leverage our platform. There is a lot of administrative and time-consuming work when it comes to accounting, capital raising, reporting and communicating with investors. We allow firms to streamline and automate repeatable business processes so that their teams can do higher-value work. In addition, a lot of our clients are in expansion mode. They are doing more deals and adding more capital, which typically means they are increasing the number of investors they serve. In the past, this meant adding headcount to serve those investors. By using Juniper Square, managers can do more with the same number of people that they have. We have managers on Juniper Square managing over 10,000 investment positions with the same head count as managers managing 50 investment positions. Additionally, we provide operational flexibility. We are seeing firms go from REOCs to fund managers and fund managers to syndicators. Regardless of your capital strategy, the underlying data model required to store contact, position, account and transaction data is the same. We give our customers the ability to change capital source and strategy without needing to change software or workflows. Finally, and maybe most importantly, is data security.

Don't firms already secure their data?

As an industry, we are vulnerable since the transaction sizes are large and the technology infrastructure is minimal. Every week we hear of a new incident and, in general, our industry has been a bit more complacent than others when it comes to thinking about cyber security. For example, prior to adopting a solution like Juniper Square, many firms kept all of their company's and investors' identifiable information on an employee's laptop or shared server, oftentimes without encrypted hard drives, strong passwords or the requirement of two-factor authentication for critical applications and business systems. Juniper Square is built to securely store sensitive data, and we undergo the most rigorous testing and audits, such as SOC II, to ensure we adhere to the gold standard for data security for our customers and their investors.

Have you personally seen examples of a company's data being compromised?

Many of our clients make that first call to us after a data security incident. We have a new client who, before coming to Juniper Square, was hacked by a foreign hacking regime, and all their investor data was held for ransom. We talked to another manager who found out that they had inadvertently posted an investor's entire capital account, including social security numbers, on the public internet. One of these breaches can literally put you out of business. Data security is not a nice to have — it is a must have.

Why would a real estate manager or REOC choose Juniper Square instead of a competitor?

Firstly, we speak your language. We are purpose-built for real estate. We have over 160 people who do nothing but think about and build software to solve the problems that real estate investment managers have. And we are obsessed with our customers and client service. We have never lost a customer to a competitor, not one. We don't approach our relationships as a vendor/client relationship, we approach them as a partnership. We realize there is a lot of scar tissue from overzealous vendors overpromising and under-delivering. Reputation matters and we measure that by assessing something called Net Promoter Score or NPS. It's an indication of how likely your customers are to refer you to others. The industry average is in the 20s and our score is in the 80s.

What are the most important things a GP should look for when purchasing software?

We always encourage the three Ps (peers, performance and process). Talk to your **peers** about their experience. Learn how the software is **performing** against their expectations. Understand what the **process** was for getting onboarded. We now have more than 600 GPs as customers, and they love sharing their experiences working with Juniper Square. The No. 1 thing that you can do when making a software purchasing decision is talk to your peers who have done it. The most important thing is understanding how it works for people who are like you. When customers are successful, it's often because there is clear executive support and leadership. Giving your teams guidance, permission and authority to make the "buy" decision on behalf of your company will help streamline the process.

OVERVIEW

Founded in 2014, Juniper Square is transforming the private funds industry with easy-to-use software that streamlines fundraising, investment operations and investor reporting. Designed specifically for real estate, Juniper Square is trusted by hundreds of investment sponsors to manage nearly 10,000 real estate investments.

CONTACT

Brandon Sedloff
Managing Director and Founding Vice President of Sales
Juniper Square
info@junipersquare.com. | 415.841.2722
www.junipersquare.com