

Storage Space Marketplace



Jon Gillon
Co-founder & CEO

CEOCFO: Mr. Gillon, what is the concept at Roost?

Mr. Gillon: Roost is an Airbnb style marketplace for storage space. Basically, we let people who have any extra space in their homes, their garages, basements, attics and closets, make some super easy money by renting the space out to neighbors who want to use it instead of storage facilities.

CEOCFO: How does the whole thing work? How do you deal with issues such as theft and basement leaks?

Mr. Gillon: Fundamentally, the people who are transacting on Roost are doing so coming from a place of trust, not a place of distrust. The people who are on our site are people who are comfortable enough with strangers to not be a skeptic at every point. For some people who might not necessarily trust someone or, for instance, have extremely valuable, sentimental things to store, Roost might not be the best fit for them. It is not necessarily for everyone. However, if you are into price savings and increasing the convenience of the location over certain other aspects afforded to you by storage facilities, then it is a good option. When it comes to theft, this is not a good platform for criminals. That is because in order to transact we first collect all of your information. Should something go wrong we will work with the necessary authorities to resolve the issue. Second; we provide insurance to the renter. Currently there is a ten thousand dollar insurance policy on your belongings. We are working as fast as we can to increase that. I think the next step will be one hundred thousand dollars for both host and renter; host being the person with the space and renter being the person who is renting out the hosts space. Then ultimately we want to have the million-dollar blanket insurance policy that you see right now with Airbnb, Get Around and other sharing sites, backed by big insurance brokers. We also verify information including your social data, your driver's license, your bank account and credit card, with you need to confirm before you transact. Then we also let people message each other so that someone is not showing up to your door that you have never seen or heard of before. As the host you are never obligated to accept a booking. If something smells fishy you do not have to take the booking. As the host you are allowed to take a look at what the person is storing. It is against our rules to store anything illegal, stolen, perishable, alive, dead, flammable or explosive. However, you reserve the right to take a peek and make sure that everything is kosher before the transaction actually goes through.

CEOCFO: How long has this been available?

Mr. Gillon: We have been available for about five months now.

CEOCFO: Do you tend to have many of the same people that are using other similar types of services in different industries or are you approaching overall a different segment of the population?

Mr. Gillon: We are actually finding that a number of very different people are using the service. Many types of people need storage. Maybe you are getting married or divorced. Maybe you are graduating or maybe you had a death in the family or a birth in the family. There are many different life events where people need storage space. Maybe you might just be a collector. From the hosts side, that is a little bit less of a scatter shot; the fact is that we mostly see twenty five year old post grads who need some extra cash, or thirty five to fifty year olds who maybe have kids who are away and have a little bit of extra space. Also, we see hosts who are on Airbnb as well, who want to do something good for their community and make some easy money in addition to their Airbnb income.

CEOCFO: Do these tend to be smaller items, like a few boxes here and there?

Mr. Gillon: We have that, sure. We have a lot of gear, such as snow boarding gear and climbing gear, surfboards and active gear. However, the most common things that we have has been beds and bed frames and dressers; larger items that may or may not be too easy to sell, but you want to hold on to and would require a bit more space than one would have.

CEOCFO: It sounds like a good alternative to a storage unit that is typically harder to get to and more expensive. What is the cost factor?

Mr. Gillon: It is the hosts who set the price, although we give guidance on what to price based size and location, and a number of other factors including access, and amenities; meaning is it ground level are there tons of stairs? That could affect the difference in price. Also, is it way out on the outskirts of the city or is it smack in the center. Are you able to give someone the keys or code to the garage to get in or are you leaving for six months and they could only drop it off or pick it up. What is most common is that you give limited access and are flexible with a renter, who will give you advanced notice if they want to access their belongings.

CEOCFO: Have you started in San Francisco because that is where you are or because you sensed that it is a good market or both?

Mr. Gillon: Both. It is where we are, and it is a very good market. San Francisco is a great breeding ground and basically an incubator in the city itself for startups, especially those in the sharing economy. There is high trust here. People are used to Airbnb. Therefore, the education barrier is lower here than, say, the Midwest.

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CEOCFO: What have you learned as Roost has been available to the public that makes it different and may be a little better offering today than it was five months ago?

Mr. Gillon: We learned many things. One is that we used to be used for parking and we still can do parking. If you have a garage you can park your car in it. However, we do not try and compete as deeply in the parking market any more as we first did. That is because that arena is very crowded with startups focusing just on that. We found that if we were to do parking it would be about convincing people to use us over them. However, with storage we inspire the delight, the love, and the excitement of realizing you can make easy money off of space that you have been wasting until now. Also, I would say that one of the other big learning experiences has been how we go about the length of the booking. We used to have someone pick a start date and an end date. However, interestingly enough, ninety percent of the start date and end dates were one month apart. That is because people would say, “Alright, let me just start with a month. I do not know what I am going to be doing in a month.” Then the month comes by and then there is the whole big headache of, “I forgot to renew it! Now I have got to renew it and what do I do?” Therefore, we changed the model of how the booking lengths occur. Now its either they choose less than a month or month to month. That way you do not need to be worrying about your stuff. At the end of the month you will get a notification that says, “You are about to renew. If you do not want to, do something. Email us back or log back in. Otherwise, do not worry about it. We’ve got it.” Therefore, it is a much easier and much smoother transaction.

CEOCFO: What is your business model?

Mr. Gillon: Like traditional marketplace, we make money with a transaction fee. We take fifteen percent of the transaction, which is a bit of a smaller fee than most sharing economy companies, because we recognize that our transaction lengths are usually longer. When you create a listing we show you what you will get and what the list price will be. Therefore, there are no hidden fees or anything like that. There are no cancellation fees. It is very straightforward.

CEOCFO: How are you promoting Roost?

Mr. Gillon: We are focusing on the supply right now. The demand is easier to capture. The paid acquisition, digital marketing, search terms; SEO. We know when and where people are searching for storage and if we could interject and say, “You can save a third of the cost and half or three quarters of the distance,” it is a pretty easy sell. However, with the hosts, there is still a bit of that education. Therefore, we are doing things from direct mail to getting on blogger outreach to Facebook advertising, being in various high traffic areas, a lot of grass roots and of course door to door and working with property managers and people who have more space. There is a ton of different avenues that is tough to keep track of, but we do our best.

CEOCFO: *Are there any concerns about government regulations stepping in somehow?*

Mr. Gillon: We will deal with that fire when it comes. If it does come that means we have done something right. Right now, we are a bit of a small fish in a big pond. We are just going to operate and help people make their lives better. We collect taxes and we do the things that Airbnb did not and there ended up being a backlash. Therefore, we are being proactive in terms of our regulatory filings and our tax collecting and our income reporting, which is the big one. We do not have to. There is no one twisting our arm saying that we have to, but we thought it best to get out ahead of it so that it does not come back to bite us.

CEOCFO: *Five years down the road will you be in one hundred cities? Will you be franchising the system? What is the grand plan?*

Mr. Gillon: Yes. Big metropolitan areas with high cost of living and high cost of storage, plus a general acceptance of sharing economy companies; that is our sweet spot. We are just live in San Francisco right now. However, once we figure out the wheel and get it to spin on its own then we just have to open it up and we will see where pockets of activity start developing and we will go in and nurture them. Other than dealing with language changes, currency changes and of course, specific legal and regulatory issues in different countries, there is nothing to stop us from being a global company in two years. However, the next city we know for sure is New York City.

CEOCFO: *Are you funded for the steps you would like to take? Are you seeking investments, partnership or anything of that nature?*

Mr. Gillon: Yes. We are funded. We have raised over half a million dollars. We are currently in 500 Startups Batch 12, which is a phenomenal startup accelerator. Accredited investors can invest in us.

CEOCFO: *Why should people pay attention to Roost today?*

Mr. Gillon: We are doing something that no one is really doing well right now and we are doing it well. We have got a massive market opportunity globally. We have a brand that has a lot of virality and can harness the power of the network effect. The more people on the site the better the experience is. Therefore, as we grow, we grow exponentially. When we can say that as a company that is pretty damn awesome! We are making storage easy and affordable, and people should care about it. This is something that can really change the way people look at the space that they have and the cost of living associated with their homes. We are helping people a lot. Therefore, it is really special when you can build something that actually helps people and changes the way things are done; changes the status quo and disrupts social norms.

Interview conducted by: Lynn Fosse, Senior Editor, CEOCFO Magazine



Roost

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