



**Complete Transcript: HALO Talks with Kevin MacCauley
Posted Oct 11, 2021**

Pete Moore:

This is your host, Pete Moore. And I am pleased and humbled to announce the launch of my one and only book titled *Time to Win Again*, 50 takeaways from playing and watching team sports to guarantee your business success. Those of you who know me personally, and then when you listen to halo talks or any length of time, know that I am an avid sports fan and a big believer in the value of team sports. What I've seen over the past 25 years, helping businesses grow raising capital, being an entrepreneur myself in coaching and mentoring executives in the sector. It's the lessons learned on the field perfectly apply to business entrepreneurs, executives, managers, you name it. Every company that's a strong company has got a good team. So quick read. There's also illustrations in there from our good friend market cruelty free cartoons. We go to integrity.q.com. Enter your email address, and we will send you information on the book and the entrepreneur wars survival kit as well. Be great. Take names go halo.

Pete Moore:

This is Pete Moore on HALO Talks, NYC broadcasting live from Nicki Blaine's downtown Indianapolis with my good friend, Kevin McCauley, I'm in from upper and software. Kevin, welcome to the show.

Kevin MacCauley:

Pleasure to be here. Thanks for having me Pete.

Pete Moore:

Awesome. Well, we were able to meet in person, which is nice to do post pandemic. As I want to refer to this chapter of our lives, not during the pandemic. We are officially post pandemic, and I want to talk about your background and how you are attacking the halo sector. So you want to start off with your sports background and an entrepreneurial background and we'll kind of riff from there.

Kevin MacCauley:

Yeah, that'd be awesome. You know, keep it simple. And, and we'll jump went to Indiana university Kelley school of business in startup world business life for pretty much my entire career come from a big baseball family. Sports family, rather brother played pro ball. I got a nephew at Butler right now. But really the, the thing that excites me about the space we're in is as a coach myself in Washington, DC, I was, I was coaching a youth baseball started having parents come to me say, Hey, my kid would love to learn more about pitching or hitting or whatever it might be. And, you know, knowing some of the coaches you run across in youth sports. I said, man, absolutely, I'd love to do that. Right. growing up as a

kid myself, to get better, you just throw a ball against the wall, you know whereas now it's, you know, specialized training and getting, starting to get more and more into fitness.

Kevin MacCauley:

Don't share. We'll talk about that more later. But so I started doing lessons and in that experience, you know, after an hour lesson with a kid you'd, you know, check from a parent with, you know, putting your sweaty pocket just a terrible way to do business and super awkward by the way. And it was in that experience that I started to recognize an opportunity to really do better business in sports and fitness. And so we started actually as a marketplace helping connect parents and coaches and trainers you know, with qualified coaches. And through that experience we recognize one of the key aspects of what we do today is just the experience, you know, connecting people you don't know, and on two sides of marketplace to transact online and an e-commerce transaction something that is, you know, for our industry, fairly new relative to how long e-comm has been around and other industries.

Kevin MacCauley:

And so we recognize that we figured out the marketplace side, you have the business piece, we started to learn, man marketplaces are tough. You know, it's like a match.com. You meet somebody. Why the hell would you keep going back through it? It's a fee-based thing. But we saw other people's continuing to go through it. And I went and met with them in person, you know, we go down to base offices, like, why do you guys keep sending your parents through marketplace? And you know, the response I get, man, there's nothing to run this business today. You know, we've got no way to schedule, you know, our lessons. We got no way to get them paid for them, communicate, et cetera. And so that's where we really started to focus on building software in our space.

Pete Moore:

Gotcha. Cool. And then from a standpoint of kind of, you know, pivoting from a marketplace into, you know, powering the mission, critical software and billing on behalf of large multi-sport facilities or franchise ores or enterprise, you know, what kind of gave you the inroads to say, yeah, I know that there's some software companies out there, but look, I'm coming from a different perspective. I'm coming from, you know, the member perspective. I'm not coming from, you know, I have a frustration. I used to run my own facility, but let me tell you how I think your facility should run. And like maybe redefining like that. If, if a sports facility is the authority in their community, then what should they be able to do with their software? How do they think about their software differently?

Kevin MacCauley:

No, that's a great question. You know, and, and people would say our space is crowded, but I'd say our space is fairly new. You know, when we started out and I'd go to those facilities, I mean, that was what 6, 7, 8 years ago. Most of the people we compete with are older than that. You know, so it's not that they're not options on the market, but there's, there's nothing that runs that, that sports or fitness business. And when I talk about running the business, we're talking about it in terms of, you know, just like any other industry, you try to run a business, right? It's all about the consumer. It's all about the experience that that member or buyer has. And it's not just processing a payment, right? It's not just putting somebody on a schedule or roster, or even getting access to that data, which some you can't really do in majority of platforms today.

Kevin MacCauley:

It's how do you now start thinking about, you know, with the rise of Peloton and digital, you know, digital disruption in our space, athlete progression, you know, how has software helping that business owner who is an expert in fitness or an expert in baseball or football, whatever it is, help them deliver the value of what they're doing to help a consumer know they're getting better. I mean, you pay thousands and thousands of dollars, something like you have 20% of us income parents have spent on youth sports and fitness, and it's the one industry where you actually have no idea if you're getting any better, you know, until apple health came along and get your apple watch, right? You got whoop. You named you named the, the accessory. And so there's this massive rise of, you know, knowledge and information for consumers, which is really exciting, but who's the platform that's going to help solve that. Right. And I, I believe upper hand is best positioned to do that.

Pete Moore:

So when you talk about athlete progression, which isn't a term that is widely used in our industry yet, you know, define what that means and, and the technology that you've built and then how that information gets back to either the trainer or the club owner and how that kind of keeps somebody, you know, I usually say, you know, results is what keeps a metaphor, right? It's not a death, you know, just their routine. It's like, Hey, I see physical, mental, and social results.

Kevin MacCauley:

Yeah. Yeah. That's a great question because really to get there, there's step one, step one is you have to be able to have visibility into the data for the business first, right? So if I've got a family with three kids, you need to be able to find that from a data perspective inside that software, otherwise there's, we're never going to get to progression tracking. So building a platform that is architected in a way that today I can plug into our production database, we can start querying and pulling any report we want on the business. Right. and we're continuing to improve and refine that with that in place. Now we can focus on progression of an athlete, which is really very similar, like Fitbits the app, right? Apple fitness, like you look at all these apps and they, they create these workouts for you.

Kevin MacCauley:

Right. You just sort of pick, Hey, I like want to be this lane or I want to be this big. And they produce those athletes sort of workouts, right. Or fitness workouts with programs. And so that's part, one part two is then the data assessment data that, that what's happening behind that, that workout, or after that workout that is tracking the success. Right? So maybe it's velocity, maybe it's a gate cadence on a treadmill. But then you combine all that into the business side data. Now we're really going to be able to empower that business owner to not just make decisions about how many free trials should we give our membership, but how many free trials should we give to the highest lifetime value, you know, athlete or fitness, you know, member within our business to run with. And that's, that's where we're most excited about the industry and all the things we're learning from Peloton to pre-court, you know, to, to every accessory and hardware that's out there. And it's, it's great for the industry.

Pete Moore:

You know, when you take a look at you know, the average multi-sport facility operator there already got a hundred things to do, right? I mean, it's almost like a, you might as well like sign up to be a firefighter. If you're going to go run like a multi-sport facility, cause there's always something going on. So do you think internally executive management teams are going to start to say, Hey, look, I actually want you focused on athlete progression. Like here's this data set that I want you to actually spend time on in

mind, because it's not, there's going to be some predictive analytics and there's going to be some, Hey, if this, then do that, but do you kind of see more, you know, data scientists or marketing people, or, you know, we talk about, spend more time on intelligence and then that intelligence will manage your business and it'll grow your business without you having to come up with other ideas.

Kevin MacCauley:

Yeah. I think that's an excellent, excellent point that without a doubt, the data scientist world, and in some ways we're a good example of where, you know, you could get value, right? So w I would compare us, it's like the David and Goliath story, right. We know who we are. We're not, you know, a thousand employee organization today. But with data, the ability to pull data out and use it immediately makes a company extremely valuable and lethal, I think in terms of just being able to scale and deliver value to a business owner, because today you could, again, you could plug in to the production database which is not how you do it, you know, for all the data engineers and scientists out there, you would definitely separate your production data from your reporting data. But point being the way it's already architected, you understand it to a point where man, you could connect it to some, with data, right?

Kevin MacCauley:

You can connect it to other data that's out there do then start blending the data, look at it, you know, are we lighting athletes or, you know, fitness members get too good, too fast, right. Is there a level of like, alright, maybe they're working out too much in terms of their lifetime value. So let's stretch out the programming that we do. Maybe they're, they're not seeing enough different types of instructors, right? You can run some k-means analysis to pick, you know, seven different attributes. One of them could be which instructors are they seeing and identify me. And there's this one instructor when everybody sees them and that cluster, they have a higher lifetime value by like three X. So what would we do next? Well, we'd make sure that instructor hits every one of the other clusters to pull up a higher lifetime value for the business. So that's where, to your point on the data, scientists, engineers, business analysts, et cetera, that that is, that is the future. You know, Gardner saying by end of next year, there'll be a shortage of half a million, you know, employees to fill the roles that are out there. So it's gonna be difficult for folks in our space because it's not cheap. Hiring a data team is expensive.

Pete Moore:

All right. So how much does your software do in order to accomplish that? Or like, here's like some, some templated reports, not these template in a bad word as a bad word. But here's like reports and here's directing you on things that you should look at or predictability, or here's certain trips that go out or here's like some alerts that come up that say, Hey, we got some issues with this cohort.

Kevin MacCauley:

Yeah. Yeah. So today we we've launched something called membership analytics. It's a very similar for folks that are familiar with sort of SAS tools and products out there. Chartmogul it's a tool we've used years ago and it sort of helped software companies measure the effectiveness of their SAS metrics, things like how many new members you did, how many churn within our software now native natively, we designed membership analytics so that a business owner can go back and, you know, best far back in history of the business, as they want to looking through the end of this year to see how many new members they have, the cost of cancellations the cost of you know, people downgrading their membership they can look at reactivations. And then we're able to forecast what that membership recurring revenue looks like on each month through the end of the year.

Kevin MacCauley:

So now you're starting to get visibility into, you know, spend and budget. And then you can focus on, you know, people that are, that have scheduled cancellation dates on their membership. And we can start targeting those people. That's the blood to reach out to them. They understand why they're leaving and what would it take to bring you back, you know, after you do leave, et cetera. So that would be one example of a an analytics platform that we just launched this native to the platform without doing any data science work at all.

Pete Moore:

Got it. So, you know, define, I know you've got kind of two categories, so you got your SMB, you know, your small, medium sized businesses, and you've got your enterprise accounts. So, you know, maybe, maybe role play with us for a couple of minutes here. What's the sales pitch. If I'm on another software platform or maybe I'm on like an industry, generic platform and I'm using you know, just business tools. And I want to now, you know, take my business to the next level. What are some of like four or five of the top, you know, selling points of, of your software or where you say, Hey, upper hand, you know, wherever you got, you know, we're best in class in these categories.

Kevin MacCauley:

Yeah. Well, I mean, first and foremost, nobody's going to develop me a functionality as fast as we are, you know, on a weekly, monthly basis. So, first thing I tell people, it's like, if I'm going to decide what software to switch as to small business or franchise, how often is that business you're currently using pushing new code and you may be a little, how do I answer that question? What anybody can go to get out of.com and look for the company's most recent, you know, history you don't, you don't have to be a member of that code base to know how often it gets updated. But it's a, it's a fair question. If I own a business and I'm going to commit to a software for, you know, 12, 24, 36 months, how often does it get updated? Right. does Alec, how stale does it become?

Kevin MacCauley:

How quick does that happen? And so that's number one, you know, you're sort of picking that that platform that is building for the future, right? And it's not to say that we have everything in the world, but we're, we're building for that. That's number one. Number two is the experience that comes with it because we are building on a regular basis. We're only in sports and fitness, and we're not, you know, in adjacent categories wellness and other places. And there's nothing wrong with that. But we just happen to serve, again, going back to athlete progressions and things of that nature that doesn't matter to people outside of our space, or over the last years, you've seen this blend of athlete performance, fitness, speed, agility, really merging between sports and fitness, right. And Peloton is helping with that and making, you know, fitness people feel like they're athletes again. And so there's, there's that piece. And then for the enterprise and it also trickles down to an SMB, but our ability to report in the data capabilities for an enterprise taking our code base and essentially branching off our core API to create an API that has your own dataset and database for that franchise that we haven't seen anything else like it on the market.

Pete Moore:

Sure. So when you kind of go up against some of the more incumbent players you know, you, you've got those points as well, but, you know, tell you, you got the scheduling component you know, what, what functionality, you know, if I got kids care, if I got leads and tournament, you know, some of these things

you obviously can do and you continue to develop, but, you know, give us the, the, the breadth of the types of you know, activities that the software covers.

Kevin MacCauley:

Yeah, absolutely. Well, I'll just sort of start with what we're known for versus resource facility management. So our ability to manage in a single use facility or multiplex facility or multi-use facility rather. So if you're running just one sport or fitness type event versus some of these massive complexes that you really have businesses within a business, right? Our ability to manage the resources, you know, cages fields you know, classrooms, et cetera, is, is next level. But with our resource management membership analytics and membership management, I've already mentioned to you before, but our ability to sell a membership through a phone for multiple people within the family, and then letting those people buy anything else they want throughout that transaction. It helps tremendously on the, on the franchise side of your pre-opening a store.

Kevin MacCauley:

I mean, what a great way to sell you make, you know, 15, 20% more on upper hand, just because of the capability to sell the memberships through an app without ever walking in the store. Then you've got, you know, integrated payments. You know, some of the stuff that does matter is a little more boring to talk about, but at the end of the day, you gotta be able to move money wherever you need to. You gotta be able to have the point of sale system and terminal that matters in is, again, going back to the experience, not every terminal is going to be great and every, you know, front desk or for those types of customers. And so our ability to, and the last 18 months, we've built into two different terminals for our franchise customers, staff, payroll capabilities and then marketing.

Kevin MacCauley:

And then the last piece would be video analysis. You know, we, we've learned a lot over the years because of sports, we call an app we've built apex because it's the apex of development of an athlete and in really fitness development you, you not only, you know, see as a coach, it's important to show somebody how to, how to move their hands and, and grab their hands and move them or say, Hey, maybe you need to, you know, your gate should be this, this distance, but it's also important for people see themselves, right? And it's sort of 50 50. And when you get those together, you really do have the apex of that development. So we've got the ability to help franchises, where that's important or small businesses.

Pete Moore:

I want to take a minute and tell our audience about two awesome workout recovery products I've been using for the last 18 months from higher dose.com leader in infrared technology for athletes. Like all of us are, we're an investor in the company. That's not why I'm telling you this. I'm telling you this because it works. You got an infrared sauna blanket. I hop in there, Alyssa, some podcasts burn, 800 calories, get a med detox and a PEMF, which is a pulsed electromagnetic field crystal mat that I lay on. And I recalibrate my cells to denormalize level the earth. If you got somebody, you like a, are you looking for a pretty awesome gift? They will love it. You could use this code halo seven five, get \$75 off, and you will not be disappointed higher dose.com promo code halo 75, and now let's get back to our regularly scheduled program.

Pete Moore:

So one of the things that I was impressed by when we met earlier was you're very focused on here's what we do. And I'm actually going to go out speaking as you. And I'm going to go find software platforms that are going to support my business. Obviously, you got developers, you can go build your own salesforce.com, you know, CRM and lead capture. You can use your own customer support, but you decide to use, you know, gong. You got, obviously, you know, you're outsourcing a number of different functions that aren't core to the business. So talking about from an entrepreneur standpoint, maybe it's from your Techstars. Maybe it's just, you know, this is the way you do things, but how do you kind of balance between, Hey guys, this is what we do. And this is like our core asset and intellectual property, and we're going to optimize that. And we're going to use other people that view whatever they're doing is their core competency. And we're going to onboard a pace for that.

Kevin MacCauley:

Yeah, well, no, I think it's the, it's the battle, every company in our space or any space, really your billing software has between sales, marketing, and product and engineering, right? It's like, you can't be everything to everyone. But at the same time, some things do matter, right? So we use an example of CRM in our space. You know, everybody wants to be able to cold call and, and track the lead status, you know, and then the conversion rate of those leads to members, et cetera, all of which is important. But, you know, do we, as a brand, want to be focusing on building, you know, what HubSpot is going to do a lot or what, you know, Send Grid's going to do a lot of faster. And, and the answer is no. What we want is to be able to get enough of the data that is needed in order to then connect and let the business use what what's going to help them Excel in those areas where they need help.

Kevin MacCauley:

Right. So we don't want to make the decision on what you use as a business, because, you know, business owners know their business better than we do. Right. And I think it is a, it's a, it's a challenge. You just have those, honestly, sometimes their arguments, you know internally about what do we want to build this? Or, you know, all the way, or is this like, you know, the intro feature to get connected to other platforms for people. And we think about a lot, you know, resource management is a good example. There's nothing out there to manage resources. Top-Down from, you know, the, the time and availability of resources, staff time and availability schedule to the events schedule. And when those resources and all those different things are booked and used up. So we did that. We built that ourselves, right. As opposed to alright, SNS and some other things let's plug into Send Grid and Twilio, right. They've been around forever. They're not going anywhere or precedent, integrate and build on top of that over time.

Pete Moore:

Yeah. Gotcha. So if you could talk a little bit about some of the clients you have, obviously when you're running a SAS business and it's a multiunit platform, you know, you get the benefit of, of piggybacking off the growth of your, your top clients. So, you know, if you can name a couple of clients, if you're comfortable or if you're not comfortable naming them anyway, and we'll talk about it later. I'm just kidding, bro. You know, give us a couple of like examples of like, Hey, I started with this business, here's where they've got to, I've kind of scaled with them and you know, how fun of that data right. Is.

Kevin MacCauley:

Yeah, absolutely. Well, so a couple that come to mind [inaudible] which is the 73rd, 78th largest franchise in the country and their baseball, softball, most major leaguers who trained, trained out of D

bat location D-BAT is an acronym for Dallas bat and baseball and just a great Casper, you know, we started out, you know, they struggle with resource management. we help build and customize that capability. We've built into two different terminals for them. You know, they're about a hundred location franchise system across the country, but athletic Republic, which would really be the segue into more of the fitness aspect where they're training, you know, elite athletes on the Olympic sort of level of competitiveness, very data-driven company and franchise, where we're helping them kind of unlock, you know, the access to that data and kind of what it might mean for their athletes.

Kevin MacCauley:

But other customers, honestly, some of my favorite ones were the, the little guys one of our earliest customers, John Blodgett Meyer and goalkeeper, you know, start out with us been using us for six years. We've helped grow his business well into the six figures above. I think he was making the 70, 80,000 a year before using us. And he was doing it all by, in a paper check and cash. And most of those businesses, you know, you got somebody up until midnight, you know, working on it and it's crazy. And he's an excellent coach. And so for me, that's what gets me the most excited is because a guy like that is now coaching more people on a more regular basis. Which is, which is good for society.

Pete Moore:

Yeah. So how do you obviously give people references when you're when they're deciding on your software, but how do you get across directly that, Hey, look, I actually really am your partner. Like don't ever call me a vendor because I'm not your vendor. Like I'm really lockstep, you know, 24 7. But talk about that and talk a little bit about the team that you built, because I think that's a real important asset and understanding, you know, who the clients are and feeling the caring.

Kevin MacCauley:

No. Yeah, well, it's, it's incredibly difficult in our space for new companies to come in and, you know, a lot of times, you know sort of business school, right? It's like, is it a switching, you know, sale? Or is it a new sale? Well, in our space, you know, when people hear scheduling or event management or membership management, it's just like, man, how boring. So to carve out the differentiation, it's difficult because you also want to use those terms because, you know, that's how you know who to target right. From a marketing perspective. So I think, I think it can be very challenging as a business and we're starting to really get a name for yourself as upper hand. I'm starting to see some, some really exciting opportunities come our way. As far as, and then you had asked about the team you know, we, we've learned this, you know, from others that have done a great job at, in our space, but you know, we, we try to hire people first and foremost off of core values.

Kevin MacCauley:

The first one being, are you passionate about technology and sports and fitness, right? We've got people here that are, you know, shred 4, 1, 5 instructors, orange theory instructors F 45 instructors you know, using lots of different software, but at the end of the day, they just love being in the space. Right. They know the consumer. But you also have to be passionate about technology. I mean, coming in here and talking about, you know, the next version of Send Grid or HubSpot or what people are using, you know, if you're kind of an old school back, the napkin person that's going to bore you, you know and you're not going to relate to our customers at the end of the day, we're having empathy with what they're going through, you know, with COVID and needing video on demand, et cetera. So that we've built a company around hiring on those core values. And you know, that's far it's working out for us.

Pete Moore:

Yeah. So, so the last point here, before we close up, you know, I've been a big advocate and an evangelist since COVID hit that, the large boxes that have big indoor outdoor facilities cater towards families you know, is a safe place in their community are going to get a windfall of traffic and revenue because people aren't going to be going on as many trips, whether that's international or whether that's, you know, to places that they don't know what the COVID or Delta or whatever, you know, the flavor of the month is of, of, of the strain of COVID. So, you know, how do you, how are you kind of calibrating what the next couple of years look like for you? You know, are you kind of looking to go broader with the types of facilities? Are you saying, Hey, look, I want to replicate what I do really well for the current types of businesses, and I'm going to target those businesses and, and, and kind of grow with that thesis.

Kevin MacCauley:

Yeah. Let me tell a story of a company that started prior to this called class watch, because our industry is very akin to the education space and that you've got parents a lot of times paying for, you know, the, the sports their, their kid, right. You know, or even fitness, right? I mean, the other day health is priority. Number one in the face of COVID, but that class flash, we, we launched that in the middle of the housing crisis of 2008 selling luxury watches that were custom branded with the university. So we went out to compete with, you know, the big, big boys, but Balfour Justin's Herff Jones, et cetera, billion dollar companies. And we partnered with 18 of the world's largest you know, luxury watch brands from, to soda Movado group Oakley bomber CA. And we took the watch apart and we put, you know, university, North Carolina, honors, or Emory university on the, you put your initials on sort of stuff.

Kevin MacCauley:

You know, the housing crisis happens. Right. Well, who would you think is ever going to spend two grand on a watch? Right? I mean, nobody's got money, they'd go, it's a down, down economy. We sold more watches than, than, than you ever could have imagined because that's actually at the point where parents care more about recognizing, you know, the commemorative aspects of what they've done, what their kids had done. Right. And that's the same thing with sports because the kids only getting older, right. They want that development. There's so many values and things we could talk about with respect to the sports. But with respect to that, I think you're a hundred percent right. U us is going to be, there's going to be less international travel, which is gonna benefit US-based businesses. But I think regardless, you know, in the down economy this is a safe, safe industry to be in. And we're fortunate in that regard because I know it's, it's, it's been painful for everybody. But I can only imagine you know, some of the wellness spaces, you know that's the first thing that goes as a discretionary spending.

Pete Moore:

Yeah, I agree. So, so in closing here yeah, I'm psyched that we're working together look forward to spending more time. You got any good sports quotes or any business quotes that you have to say like Keds or Kevin is,

Kevin MacCauley:

Well, I wish I could take claim to my own quotes, but the best ones right here the harder it is to surrender the harder you work, the harder it is to surrender, you know, Vince Lombardi and for people in our space. I think there's nothing, nothing more relevant than that today. The harder you work, the harder it is to surrender.

Pete Moore:

I like it. All right. Well, we've all persevered. If you still listen to this podcast, you're probably still in business. So we will keep fighting and making things happen and make sure people know that it's safe to come in and to be healthy again, and your couch and isolation is not the way to live a healthy, active halo lifestyle. So you're tapping on the show, man, look forward to seeing you at IHRSA and we will be in touch.