



**Complete Transcript: HALO Talks with Austin Cohen (Interview #2)  
Posted February 22, 2022.**

Pete Moore:

This is Pete Moore wanted to officially announce the release of time to win again, 52 takeaways from team sports to ensure your business success. I wrote this book over the last year. I think you're going to love it. Good to great meets wears Waldo pick 'em up for your team. Time to win in 2022. Happy to come to your club, your studio, your company, and talk about ways we can optimize business and win going forward. Go halo. This is Pete Moore

Austin Cohen:

On HALO Talks NYC, I have the pleasure bringing

Pete Moore:

Back

Austin Cohen:

For his second

Pete Moore:

Halo

Austin Cohen:

Talks podcast,

Pete Moore:

Throwing

Austin Cohen:

Off in the early stages of the business, we were getting a sense of what he was trying to do, and he's come back to tell us how it's gone and how the platform has been optimized during COVID

Pete Moore:

Austin.

Austin Cohen:

Flex it. Welcome back, buddy.

Austin Cohen:

Thanks for having me back. It feels like ages ago we were under the stairs in what was it? The Roger hotel?

Austin Cohen:

That is correct. Yeah, we were on location at the time. Pre COVID if everyone remembers pre COVID and I have my flexed shirt that has lasted through COVID and it's kept on my tennis court. So I appreciate the attire and I'm looking for a little more apparel as our quid pro quo post podcast.

Austin Cohen:

We'll have to get that set up

Austin Cohen:

Anyway. So why don't you give us a little background on, you know, March 20, 20, flex it in its original state and kind of what's have since then,

Austin Cohen:

But it's been a very, very fast last year and a half. As I think it has for many others here in the industry you know, just looking towards the future with new year's the new year new you around the corner. I think that we can all pretty much say whether your studio and operator on the equipment side. It's great to see where the industry is now, given the events out the last year and a half, but March, 2020, we were flying at the end of the first week in March. We were, we were on pace to just absolutely destroy everything that we'd done in February. And obviously by the third week, end of the third week in March, 2020, the unimaginable happen, which was every gym across the country closing with, with no real end in sight for that. And I, I think at that point in time, we were in a very, very similar position to the other operators, the operators that we worked with.

Austin Cohen:

So prior to COVID you, our was predicated on the doors of gyms being open. We were a Legent tool for the clubs. We worked with the clubs to drive non-member in the facilities on a pay per use basis. It was the most seamless way it was walk in. We like to say scan show and go. And it was just that easy to pay by the minute for your time in the gym. So the clubs hit and we did two things that I think we're pretty different than what most others did. The first was we didn't know what furloughs and Noah else and the second was we made a decision to not quickly. And I, I think in doing those two things was the best decision we made because it helped set us up to be in a position to do what we ended up doing.

Austin Cohen:

So we took about mid-March to mid-April to really dig in, observe, learn, see what was happening. And we formed a thesis and that thesis was that virtual fitness, not new, but was accelerating. And it was accelerating across three primary categories, livestream, prerecorded, and hardware. And the type of content that we saw coming from hardware was livestream and prerecorded. So we felt that there were really two types of virtual fitness that were being, that was being provided to consumers again, live

stream and prerecorded. And we felt that at a time where the gyms were closed, trainers were furloughed laid off looking for work, that there was an opportunity to really dig in on personal training to create an experience that was live in two late. And we quickly accelerated the roll out of our virtual product. We were not planning to release a digital product as soon as we did.

Austin Cohen:

And, and, and we quickly turned a V1. We tested some fit out. It was really well received. And then we, we jumped in with two feet, we went wrong and what we call virtual personal training. And it's been an absolute game changer for us. We fast forward now here to December, 2021, we're running the original business, which was flexible gym access with virtual personal training. And it's been great. And I feel fortunate that over the last year and a half, we've been able to help a lot of people, but we've also been able to capitalize on a difficult situation and, and bring this new platform that I believe fits in, in real white space, in the industry to people not just across the country, but across the world.

Austin Cohen:

So when you started to relaunch this new platform, obviously you had to go back to your current client base and basically say, Hey, you know, us is this, and now we're doing this. So did you, was that welcomed at an easy transition or was that and I like the fact that you took time to think, cuz we kind of, we said that a lot on, on, on these podcasts, like don't just jump into something like take the time to think how, how did that go and, and, and how do you feel about, you know, the receptivity you got?

Austin Cohen:

Yeah, it just sounds like the, the time to think piece, last time I was on the cast, we, we talked a bit about entrepreneurship. Some of the stuff around wheels up and my experience there with the founding group. Yeah. But you know, I'm a big believer in customer discovery in you know, making informed decisions fast decisions. We run a quick pace by informed decisions and not jumping into something without the right proof of concept. So you know, the first place that we did look was our existing customer base which was a smart decision by us that it, it helped us to start to prove out what we were doing. Get quick feedback. So all that was really valuable. I would also say that anytime you're introducing something new, there's an education process, right? You could be the biggest company in the space.

Austin Cohen:

And if you're going to introduce something new, there's still communication that has to come along with whatever you're introducing. So I would say it was advantageous to have a base that was not able to a product that they were used to engaging with that was ready to receive something new because they enjoyed us and were able to get quick feedback. But of course there was still education that we had to do and the products are a bit different. And so we had to use that education process as opportunity. But you know, I, so I would say yes, on both fronts there, the education piece is something that we still believe is really important. You know, two years ago, virtual personal training was not a category. It wasn't a thing. We believe we're leading where the, the, the category where the, the number one in the space here, but we're teaching people every day that it's just as easy to work out live. And one-on-one with someone, even if you're not physically in the, the same space. And it's going to give you an experience that motivates you more and holds you better holds you accountable than just pressing plan a video. And so that education process that we went through early on with our existing base is still

something that we're going through every day here, as we look to expand and scale virtual personal training.

Austin Cohen:

Got it. So when you scale in the virtual personal training, are you doing that in coordination with the health clubs to, to optimize their personal training revenue? Are you doing it directly with personal trainers or personal training groups? And is there any conflict there or you feel like, look, my objective is flexed as get as many people healthy as possible. So I don't really need to necessarily be any kind of channel partners or channel related, you know, Mo motivations or like laws.

Austin Cohen:

Yeah. Just as we were, when we started the business and launched in 2019, you know, we're here to do everything we can to help the studios and the operators. Right. I think with this new component to our business, the virtual really see us is hub and spoke. So it's not just the clubs, the studios but we can work with equipment companies. We can work with products, companies, recovery companies. I really feel that we sit at an interesting point that most companies in the space can, that we can interact with and collaborate with all. Could just take a step back and look at an apple at right apple into fitness. Everyone's trying to get into fitness, to be able to offer an experience. We're partnering, not just with the clubs and studios on virtual personal training, but we're partnering with others. We're partnering with equipment companies, we're partnering with products companies so that all of these groups are able to offer fitness experience.

Austin Cohen:

Because if your base is someone who's inclined to be interested in accessing fitness, right, then that's going to be a good fit. So to directly answer the question, Pete, we are laser focused on helping the clubs. We are collaborating with the, on a few fronts on virtual and it's not just on virtual personal trainings. So we have two business lines on virtual that we really focus on here with clubs. One is our direct to consumer business, which is our marketplace. The other is our enterprise business. You can think fitness as a service fast, and the, the energies here are on the marketplace, driving consumers to work out with the, of trainers across modalities. So you can actually come to us. We partner with the clubs as a consumer to work out across strength, hit yoga, meditation, stretching, recovery, diet, physical therapy with a trainer one day from 24 and a trainer another day from blink and another day from golds SLT, you know, Physique 57 S spanning the gait there, got on the enterprise or the fast side, we're actually taking our tech and we're white labeling it for the brands that we work with.

Austin Cohen:

So if you go on blinks website, right master hundred plus unit gym chain, you click on personal training, virtual, personal training. It looks like it's blinks, but it's us behind it. And there's some brands where what we're providing is purely live one on one. There's some brands where we're providing access to small group and there's others where we're coupling virtual personal training with other opportunities like live stream and prerecording content.

Austin Cohen:

So when you take a look at the nuances of, of payment processing, you've obviously got clubs that have this relationship with members. You've got personal trade that are doing some things on their own

directly. Tell us how you've kind of solved for that, or kind of open source that, so you can basically do it however you want.

Austin Cohen:

It really depends on the club. Some clubs prefer for us to take on all the lift. So in the same way that we did on the legacy product, we're here to help. We want to be a creative too. And so with, with, with some clubs, we're taking that on with others, they're taking it on. It's really up to the club. Part of the beauty of our solutions is that there's a level of out of the box list to it, but that we can actually customize it to the nuances with regards to all the clubs that we're speaking with. I mean, our, our high level are short on this is the clubs are good doing what they're doing at physical fitness centers are not going anywhere. Never thought that they were over the last two years, but in the, with regards to the future, I think the big headline this week that I've been seeing is that hybrid fitness revenue is going to double the 1.2 trillion by 2025. Yep. And I think people are understanding that virtual and this is for really the core of our position means connected and not just at home. And so integrating virtual experiences with, with access to physical fitness centers is the way the future. And we're looking to play our part in that, around this concept of virtual personal training, but there's other ways. And so we'll tweak the product to fit with the goals of the clubs that we're working with.

Austin Cohen:

Yeah. You know, it's interesting. I'm, I've been preaching, you know, we, you know, David and I, you know, we kind of call ourselves during COVID, you know, like the protectors of the bricks and mortar and just trying to, you know, basically go and sniper every freelance writer that said I'm never working out a health sub I'm like, I bet you well be, and I'm going to, I'm going to get a private investigator follow you around with like a paparazzi Cameron sniper unit a couple weeks or months or days, or what have you. And that's about to happen. So I'm looking forward to that discovery. But, you know, as you think about these clubs and, and your original business plan was basically to optimize what they're doing in a, a three to five mile radius and get as many people into the clubs. You know, do you feel as if the clients that you have now finally embrace the fact that, oh, wow. One, you can take me way outside of my three to five mile radius, but actually I could compete with a product virtually that is not, you know, an ho or a Facebook live, but you know, like blank, I got it on my website now, you know, and it's, it's rock solid. So I don't have to like be intimidated by trying to provide a technology that maybe I don't have the requisite skills to provide, but I'm actually at a place that I could actually be an online authority.

Austin Cohen:

I think its multi vari. So some clubs love the fact. They don't have to be bound by geography. There's specific sets of clubs that have been interested in building up bases in markets that they're not in and then taking that data and using it to help them think through what markets they should go to in the future. Yeah. So those have been some interesting use cases. There's a couple other use cases that are, that are well received and adopted. Now there's a transferability and opportunity to take sessions that we're going to be used in the club and apply them virtually. There's a chance now to engage with people who maybe traditionally wouldn't feel comfortable doing personal training with others around, but because you're extending the reach and going into the home now they might feel comfortable staying engaged with the brand that they like that're member at, but actually having that person trained. Cause look, even if you're super fit, you may feel self-conscious working out personal training with others around you. If you're new to fitness, if you're looking to change your body, you may feel more comfortable outside of your box. If you're traveling and you want to work out with your trainer, there's

a lot of different use cases, but yeah, PE many of the brands have been excited at the fact that they can now market without having to be bound by geography.

Austin Cohen:

Yeah, that's great. So, you know, whether it's blank or with other clients, how do you, my question is who is the person or the people that are actually leading this charge? Is it the personal training group? Is it head of sales and marketing? Is it membership? I'm sure it's probably, you know, a combination of a lot of different people inside of a club, but where, where you seeing the best results or usage based on who is actually championing it internally?

Austin Cohen:

Yeah, I think like most other services and you guys know this when you're, when you're bringing them into the clubs, the path in the group that's going to adopt and help, help to endorse and spread throughout the organization and get buy in it's going to be, it's going to be varied. Every group's a little bit different. I think there's some groups where personal training really spearheads this. And then you have other groups where it's really spearheaded by marketing this dev. I would say those are the two sides when you get into white labeling and, and doing the fitness is a service stuff that we're really working on. Obviously, technology and product are getting involved, but it's really personal training to, to personal training and then marketing membership.

Austin Cohen:

Gotcha. That's great. We've been talking a lot to studios and health club operators to basically treat your personal trainers like professional athletes. You know, one is they get paid, you know, they on what they deliver and also, you know, you've got to embrace them as a personality and not as a cost of a group exercise class, cause they are responsible for potentially hundreds of people that are only going to your club because that is the person that, that they've got a relationship with. So do you have any advice related to here's an X amount of revenue that comes in, here's kind of what a standard rev share looks like? Obviously if you, you know, Apple's got an apple store and they've got X amount of percent that they keep, you know, Uber's got their percentage with drivers, you know, is there any kind of benchmarks or things that you've kind of come across and say, Hey, look, this is how you should set up the revenue model.

Austin Cohen:

Yeah. one of the things that we've seen that's worked out really well for clubs, not all clubs do this, but I, I really believe in this concept is the clubs that are compensating trainers. The same for virtual visits as they are for in person visits are clubs that are having really good adoption internally by trainers. And I think that's a model that should be replicated and built out further. You can still deliver a really good training session to somebody virtually and you can touch more people. You can help more people to get fit. It also is a really good way to leverage underutilized time downtime instead of having a trainer that's twiddling their thumbs between 11 and one, cuz they're not training clients on the floor, they're getting caught the same way they can actually fill that time. You can increase, you know, revenue per, per trainer and, and, and really, you know, grow your program. So that's one takeaway that we've seen that's been really well received. I think there is variance from H V L P to mid-tier to the upper tier. So you know, like most things it's not, it's not linear, it's not a pure science here, but that has been one of the coolest trends that we've seen, that we would hope more clubs continue to adopt.

Austin Cohen:

Yeah. And is the personal, oh, can I jump in real quick? Do you mind? Yeah. Austin,

Speaker 4:

I'm curious from a design standpoint and this is something that Pete and I have talked about in the past and sort of been Bandi about in any of the facilities that you know of. Has there been any sort of dedicated virtual training space in the facility itself that they, they purposely build out and, you know, use your platform to, to on, you know, on the back end? I, I wonder about that. Cuz people are starting to talk about that as, as the world starts to open up again.

Austin Cohen:

There's been a lot of that. There's a lot more talk there. There's a lot of stuff that we're working on with regards to that. One of the things that clubs got really excited about during closures accidents been received that I think we'll expect to see more of is simply sectioning off space. It's not just doing away with a full space, it's sectioning off space, right? Maybe take a studio space, can section off a portion of that studio space that becomes dedicated. And some of that's not new, right. I mean we've seen studio spaces, you know, fitness on demand, set up, things like that. So I do expect to see more of that. And really more of it has been leading to 20, 22 since we've started to reach more stable states and clubs go the band to start taking on more things now.

Austin Cohen:

Yeah. And is the trainer on average actually in an area where they've got a, a background and they're doing the training or is it really, you know, I'm sitting at a desk or I could be standing up like you and I are right now and basically just watching the person and coaching him. What, what are you seeing as the best delivery? And also, you know, a personal trainer typically doesn't have to do, you know, 12 workout a day, you know, like a, a group exercise instructor. So you can really, you know, as long as you drink some hot tea, like you should be able to, to do what you need to do and not optimized and skilled of business.

Austin Cohen:

Yeah. 12 a day, 12 a day is you're playing a lot of tennis. You might be there. I'm not doing 12 a day.

Austin Cohen:

Thank you.

Austin Cohen:

No, I'm you got the flex shirt. So as long as you're washing it, that's keeping you going, I guess. So we so on our marketplace, it's a little different then if a club's white labeled it, if a club's white labeled it, it's up to the club. There's best practices. We make recommendations, but some clubs are having folks delivered from the floor. Some are delivering from home. Usually they're in a branded shirt. It can be cool to have the trainer have the background of the club, right. Seeing equipment for the customer. Cause you can kind of feel like you're in the zone, you're there with them. For us there are clear guidelines for everything on our marketplace, between backgrounds specific designs in the backgrounds and things like that. Couple things with regards to doing the workouts and comparing to group X.

Austin Cohen:

So one is many of our trainers do demonstrations and they're working out with the client. But two is part of what we're doing is we built our own video tech to the extent possible. It's set up to help two people who aren't physically in the same space feel that they are. So it's very different experience from a, a meetings technologist, like to say something like a zoom is great for meetings, but flex its for training trainers can draw on the screen there's videos that can get projected onto the screen. There's many different bells and whistles. So if a trainer isn't physically able to, or if wants to focus on the client, do a dead lift, the trainer can actually project a, a video of a perfectly performed dead lift for as, as an example onto the screen and the client follow along to that, the trainer can stay locked in on making sure that the client's form is correct. So no, the trainers are not having to work out 12 times a day, but the trainers are able to bang these sessions out back to back to back, you know, 30 minute sessions are super popular, it's become very efficient for them.

Austin Cohen:

Gotcha. And then one thing you mentioned before that I wanted to get some information on and for everyone to, to be able to have Intel about when you talk about some of the hardware companies that you're working with. One of groups that we've been spending some time with a guy named Sammy who runs a company that's called carbon trainer, which is similar to a tonal type of technology, a mirror, if you will, are you seeing that the, the flexed platform potentially becoming, you know, an enterprise solution on, on some of those types of platforms,

Austin Cohen:

We've been getting a lot of interest for that type of work lately.

Austin Cohen:

Gotcha. And do you see that as, as a, as a growing segment, you know, obviously some of these groups have their own content, but I feel like hardware or in every under industry, you know, kind of becomes like, all right, whatever you want to put on here. Like I think about Roku as an example, you know, like the, the more content you want to put on here, the better. So, you know, is that what you think the future's headed?

Austin Cohen:

I do I think I, I think one step further, I think that what's really important for connected fitness is one understanding that virtual is beyond the living room. The virtual means connected. It needs really anywhere. That's really where we try to fit in is to connect with regards to that wherever, any time mentality. So yeah, really understanding the virtual isn't going to die. It's just going to move outside of the living room is how we think about the go forward and which is why we think there's been so much interest in that area of our

Austin Cohen:

Business. Gotcha. And my last question is just so people understand the materiality of what you're bringing to the table and cause some clubs at this point have said, you know what we need do virtual? You know, we got through, I got my P P P money. I'm going to focus on what I do inside the bricks and mortar. How much money on average are they leaving on the table?

Austin Cohen:

That's a tough one. Every club is, is so is so different. The way that I would think about this is, is, should be looked at as incremental out of the gates. And then you can figure out how and where it fits in with the business and how it can become, you know, a really meaningful chunk to your business and the go on the go forward. But say there's, there's a lot, there's a lot of revenue to be had in virtual. I'm asked to speak for just us, you know, for many agents who are the sole revenue stream for them during COVID and, and that became really, really meaningful for them. I think that there's an unbelievably untapped potential for the bricks and mortar in, in virtual and integrating virtual into everything that they're doing in the clubs over the next couple years.

Austin Cohen:

And just a, I know, shared a stat before about how hybrid revenue is going to double by 2025. There's an earth, a stat that I love that's come out over the last year, which is at 68% of Americans who started using digital fitness services during the pandemic plan to continue to do so on a go forward basis. And so I, I think that there's, if there, there has been, and I think for those that haven't, that it's important to embrace how virtual fits into the future of, of bricks and mortar. It's going to be a little bit different for every club. But I think that most are now aligned that it's going to be important some regard.

Austin Cohen:

That's great. So we'll put up the information here and the show notes, you know, and, and make sure we get people onboard and who should be for, for 20, 22. You, anything else you want to share here or any other takeaways or, you know, I think, you know, thinking about a business and how you're going to pivot before you actually pivot into it. You know, that's one of my takeaways here. We're believers that clubs and studios are, are the authority and they should have never let that mentality or psyche change. So thanks to you and, and the other groups that are out there that have basically empowered them with the technology tools, you know, to actually be able to stay with the straight face that I am the authority, you know, wherever you are, I'm going to be there.

Austin Cohen:

Yeah. I would just say that, you know, as we enter 20, 22, it's all about the future, you know, hopefully we can, you know, use my learnings the last two years behind us. I love the collaboration in the space. Like I said, I like to think that we're sitting in kind of a center of opportunity and, and bringing groups together and that's just in our DNA. And I hope to do more of that. I hope the industry embraces more of that and really here to just help more people get more fit. There's 80% of Americans that, that don't really move. So let's start focusing on them. That's really core to my mission here and flex it and, and you know, appreciate it, appreciate what you guys are doing. You guys are doing all. It is awesome here with the, with the, for everyone in the industry and, you know, look forward to more good stuff next year.

Austin Cohen:

Awesome. All right, man, I look forward to seeing you in person and Dave, make sure we get Austin a book so he can join our time to win again. You know directives in solving obesity, loneliness, diabetes, small three small directives that that, that you're helping chip away at. So good to see you and tell of car, car boys. We say hello as well. No talking ship.

Austin Cohen:

Cool. Thank you guys. Take care.

Austin Cohen:  
Take.