



**Complete Transcript: HALO Talks with Paul O'Reilly-Hyland
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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 Where's 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!

Pete Moore:

This is Pete Moore on HALO Talks, NYC, I have the pleasure of bringing Paul from Zeamo who's going to tell us about what the future looks like for employees, people that want to be fitness, enthusiasts, and anybody that wants to change their life. So, Paul, welcome to the show.

Paul O'Reilly-Hyland:

Thanks Pete. Very much. And it's great to be with you today and great to be talking about employees getting healthy and being fit up.

Pete Moore:

That's great. So you want to give your personal background here, your I would say your, your certifiable entrepreneur, like ourselves here, so you could, you know, tell us how you got into this and you know, what really got you excited about being a or the halo sector?

Paul O'Reilly-Hyland:

Sure. so I, I was actually, I was in the finance sector and worked for a number of investment banks. And then I set up a hedge fund, but, you know, doing all of that, I was always on the move. And so you're on constant road shows. And, you know, when I first came to the states in the nineties, you know, I would, the bank I was with offered me a, a gym membership, corporate gym membership, and then flash forward, you know, a few years ago, I, I realized it's the same offering yet. There are so many different types of gyms, you know, in studios. And now with the advent of COVID the acceleration of digital, that it's really hard for a company to offer all their employees. So a lot of companies are basically saying, well, we're not, we know not doing it, or we just give one gym offering. So how did you make it inclusive? So I, I set off really to, to solve a problem for a company to actually say, we can actually offer it to all our employees and give them choice, but we can measure it. And then we, so we can motivate them and reward them.

Pete Moore:

That's great. So, how'd you go about starting this off, cuz obviously there, there's a lot of way to tackle this. You can go and raise a significant amount of money on a PowerPoint. You can say, Hey, I'm going to go in, I'm going to go and test my thesis. You're a banker probably got really good Excel skills. Tell us how you kind of started and formulated this and then what you thought were the right steps. Cause I feel like some groups get into business and forgot what the sequence is of, of actually building a business.

Paul O'Reilly-Hyland:

So for about almost a year had a couple of interns analysts at a college just trying to get the data in the industry, cuz the data in the industry, it's a highly fragmented industry as you know, well is 30, 30, 6,000 clubs at the time in the states with not a lot of data. And so I then also started looking into the insurance angle for employers mean the second largest cost off to salaries to an employer is insurance. And so I looked at all these angles really to see how actually we could, you know, solve the solution, how we could aggregate it. Then a friend of mine the time was running 24 hour fitness Mark Smith. So rang him up and knew him for 20 years. So used quite a lot of people from the industry was introduced to Rick Caro, as you probably know, sure.

Paul O'Reilly-Hyland:

Looked at the industry itself and thought, is there room for us and how can we actually solve this? So the first sort of year was really trying to actually look at it. I didn't go out and do a big PowerPoint and raise a lot of money. I did it more of an out then actually, how can we actually build a platform and sort of test it now you can't go to a company and say, I've got a hundred gyms or 50 gyms. I wanted to actually get to a number. And I wanted to go to a company which actually had employees scattered around the country. So once we got to a thousand clubs on our platform actually started to test the thesis out. So went to somebody like Morgan to McKinsey, they thought this is a great idea. And then basically put a program in place in the end of 2018, early 19 and then started to build it up.

Paul O'Reilly-Hyland:

Again, not by raising a lot of capital initially and got to the stage where we at 2000 clubs. It was kind of interesting because platforms like us weren't necessarily popular because people were always worried, particularly coming from the studio side of things pictured very much as are you a discounter and we're not a discounter. We're actually out there to solve a problem for an employer. And we're out there to actually try and get clubs to get more usage by ENCO by employees. So the initial pushback by the club industry was you guys are discounters. You're going to get; you're going to cut us out of this. So it wasn't that easy to do. And then COVID came along and we then saw the same with that. Again, a tremendous amount of fragmentation with all the digital coming out, didn't want to go and build our own capabilities.

Paul O'Reilly-Hyland:

Just thought what actually what we'll do is we'll keep this in our platform where we can give people choice. So we've got about 75 brands on at home on demand about 3000 workouts. You know, everything from bla mills to Excel, to you, name it, a lot of them coming through. And again, if you, if you went to an airport 20 years ago and you went in there, you get airport food today, people want brands and they want choice. And it, and it's no, no, no, not dissimilar with an employee. You got to give them choice.

Pete Moore:

Yeah. How do you respond to some of the health club operators or boutique operators that say look, I don't want anybody else selling my, you know, I I've got a relationship directly with a member. If, if that person is an employee at JP Morgan or Goldman Sachs or pick a company or Salesforce, I'm going to get them anyway. You know? And, and how have you convinced that that is shortsighted and that, you know, this is additive to your business as well as this is coming and, and, and you better get on board with it.

Paul O'Reilly-Hyland:

It's a great, the pre COVID, the corporate wellness was, was growing at 7% estimated to reach a hundred billion by 2028. So the numbers were really beginning COVID came along and it's just, if anything, you know, the numbers, 78% of people who were hospitalized at COVID were obese. So as your employer, you're thinking, well, we're going to have to allocate more money subsidize. How do you subsidize all your employees? When some of them are actually members of one club, somebody who's doing a Peloton, somebody who's doing it, how do you do it? It's almost impossible. Right? So that's, first of all, we do, we make it easy for a sub for a company to subsidize. So if you're a club for instance, and you are saying, well, I'm going to hold out and I just have that relationship. We're, we're basically saying we're just going to make it easier for you even to process it, see us more as a processor to, to get your members in.

Paul O'Reilly-Hyland:

So unlike some other platforms, we, we pay the clubs, not only just on usage, but we're actually going to we're, we're actually allow we're employees to actually join that club. The only thing we ask for is the data. And unlike other platforms, we reward employees. Every time they go to the gym we, we have challenges. So again, it's getting the, the employees to, you know, to be active, we've integrated with Fitbit garment, apple watch. So, so right across the board, we can run challenges and reward employees, no matter what they do, whether they go to the gym, whether they do an out home video class, whether they go for running the park, that's very helpful for an employer.

Pete Moore:

That's great. So let, let's talk about the employer for a minute, because when I was tinkering around with corporate wellness and these types of benefit programs, you know, 20 years ago, you know, they would say, oh, talk to the CFO. Like the CFO is the one who's like cutting the checks. And it's like, Hey, talk to the head of HR because they're the one like responsible for the benefits or like talk to this person. Who's like the chief people officer or something, what's the channel right now. Who's making the decisions. And what kind of data do you need to provide for them to understand that there's a good return on investment?

Paul O'Reilly-Hyland:

You know, it's not easy. Pete, and, you know, for your truth, it is and it's, it's, it's easier than it was, but it's still a challenge. And so, you know, your, your comments on saying that, you know with COVID people are actually putting more money in, if you think of our channel is still HR. And if you think what HR has been going through over the last 18 months, right. You know, first of all, they have to furlough, then they have to lay off. Then they have to bring the back. Then they, then they have to decide whether they're a mask, who's going to be back. If who's going to be back a nightmare. What each one

though has been saying, and each company is, are saying, they're going to have to allocate more money. So as we, as, as COVID dissipates, we're going to see more money coming in.

Paul O'Reilly-Hyland:

If you look at if you look at the allocation by VCs to startups, they have allocated over 9 billion to HR technology startups. It just in the nine months, according to pitch book. So what, what I'd say to, to, to clubs, to gyms and studios is actually it's, it's integrating and which we do. We're integrating with payroll prices, we're integrating with consulting firms we're integrating. So that actually, it makes it easier for, for a company to be able to access fitness for their employees. So the technology side of think that's where our money's going, not really on sales on the corporate sales so much during COVID, it has really been on building the platform. And then now we're big emphasis is working with our club and our studio pars.

Pete Moore:

Gotcha. So, you know, a, as you got into this and we talk about this on almost every podcast, you know, the best businesses are solved out of a frustration that someone is able to solve more efficiently than somebody else has, or haven't thought about the right way, you know, as you've kind of crept further and further into this category, do you view yourself now as originally, I want to just get more people to live a healthier lifestyle, right. So I'm going to try and connect, you know, a, an employer universe with a bricks and mortar health club. And now with, with virtual, how much have you kind of crept into, like, are you a software company now? Are you a marketplace? Are you a provider? And how does it, how do you think about, you know, valuation and like a lot of the noise that's around software companies and, and around employer and, and how do you kind of cut through that to say to your employees, to your fan base, you know, Hey, this is what I do. I'm trying to do what I started to do, but I might be doing some other things.

Paul O'Reilly-Hyland:

Yeah, no, I mean, we're not, we're, you know, we're a marketplace and so anything we're creating and we're just doing APIs almost, you know you know, we're doing integrations constantly, whether it be to reservation systems and gyms and studio sites, whether it's actually on the other side towards HR type technology companies, we are a marketplace, basically allowing companies to offer their employees, everything which comes onto towards fitness. Now data, you know, a lot of people say data is in the new oil, but it is because if you can give companies data, they can use that for their insurance purposes. And so, you know, we, you know, we all know the stats. When I first looked at the industry, I thought, wow, you know, the ACA sort of the affordable care act, put this whole thing in, you know, if you go to the gym twice a week, every six months, you get money back.

Paul O'Reilly-Hyland:

And behold, I looked at a lot of insurance companies, even Oscar and new company had downloaded your PDF. It was kind of like, sort of again, in the dark ages about towards it. And we know now within the actual gym industry, we've got a great press and now who's come to run Arissa who actually might push towards getting the government at last to actually do something about making it actually more incentives for employers. Maybe there's some tax issues, maybe there's some things so that actually people can really make fitness a priority for really everybody. And that really is towards employers. And then, you know, obviously insurance them, not only just health but life. So there's a lot of touches, but

we are a marketplace bring a very fragmented industry and make it easy for people to access and measure.

Pete Moore:

That's great. So, you know, what have you seen, what's the change in attitude? How many more accounts are you able to, to, to open doors to that? You know, my have been a 12 to 24 month sales cycle or get in front of the right people. Have you seen a, a significant acceleration in people taking your call wanting to plug this in and then do you think this will continue or do you think they'll be like a leveling off at some point?

Paul O'Reilly-Hyland:

So, well, first of all, that the frustration to, to be honest with you, Pete was actually more on the club side. Because you know, you're, you, you want to aggregate and you want to bring that because look, we're solving a problem and you can't just offer one set of clubs. You've got to offer them all. And that has actually been a real change over the last few months. And what's happened there in the club industry is, you know, you know, there's a tremendous amount of love. The industry toes that corporate sales I think is actually, if you're a large chain, you're not going to have 20 or 30 corporate salespeople because they're, they're facing this, the challenge of trying to get hold of the HR person. So keep your one corporate salesperson, but use platforms like us to get those employees end. And I think that's the big change in the industry. So what we're going to face is we're going to find out that actually we're going to have a lot more brands and a lot more in the marketplace that is itself bringing more employers and more one stock. The corporate wellness industry is growing. And I think it's going to grow a lot, but as, as we see, COVID more in the rear view mirror. Because as, as I mentioned earlier, there's still these HR companies roles. They're still in turmoil. They're still, there's a lot of stuff they're trying to work out. Yeah.

Pete Moore:

Yeah. So just, just explain to our audience and to Dave and I, you know, when you're running a marketplace, you know, the marketplace is set up in order for buyers and sellers or suppliers and, and buyers effectively to kind of congregate on their own. And I'm going to give you the, the virtual forum to do that and the technology to make it seamless. How much do you feel responsible for, you know, driving traffic to the health clubs, to be able to go back to the HR person and say, Hey look, 40% of your employees logged into the marketplace last month. Or, and if you actually, who allowed me to communicate with them, I'd probably get 80%. Like, what's the, how do you feel about a marketplace and what your responsibility is to drive traffic?

Paul O'Reilly-Hyland:

A absolutely look at the end of the day, you want the HR feel like heroes to their employees, right? And so you want to power them. So you give them things like challenges, and you actually say that it's not going to cost. You will reward your employees if they do something that actually, that actually that's that engagement. If you just keep saying to somebody, can you just hound your employees to do something? Can you just do it? It's not going to happen, but if you actually give them something where the employees actually really want it and enjoy it and make it fun, then you're actually beginning to get something. So that's the way we make it easier for them, but also make them look like heroes. And that's, that's our goal.

Pete Moore:

That's great. So give us an update on your team. Some of the more recent hires and, and what you've got on tap for the next, you know, three to six months.

Paul O'Reilly-Hyland:

So hired some more technology on the, on the technology side. So we added the project management product side, added another salesperson. We've got a very small sales team. So we only got a few people on the sales side. We are going to be adding as we go through the next three months, we just completed one round of, of financing, but we will be continuing to as you'd imagine, continuing to be adding capital. So what's only on the horizon. We're going to be building out the platform more, we've launched a marketplace. So for instance, going into January, employees can buy equipment from our partners. So echelon is one of our partners. That mill is one of our partners. Make it again easier. That's going to be cheaper than retail. As I mentioned earlier on that, we've also aggregated all the wearables again.

Paul O'Reilly-Hyland:

So whatever you do, you're getting, you're getting, you're getting rewards assessments, obviously, you know, the ability to actually go in and optionally, you could put down what type of training are you, look, look, what type, what, what are you looking for? Promise? Do you want to use weight loss? What do you want to do? Do you want, is it strengthening all of those things help? So again, that data and the ability to actually help that employee is really key for us. So it is a marketplace. It's not just, you know, gyms and studios, it's digital, it's equipment. All of those things brought into, into a, into a, into a fitness platform

Pete Moore:

That, that that's great. So you know, in, in summary here, just, you know, for either potential investors or, or potential clients here, just give us magnitude of how many employers or employees do you have under, you know, access to the marketplace, you know number of health clubs and, and studios on the platform. Just so when we do the sequel, I could actually, I'll listen to this again and I'll know where we were.

Paul O'Reilly-Hyland:

Sure. So we have got, you know, currently about a hundred and employers, which is, you know, it doesn't sound like a lot in the us, but you know, some big names in that. So some of those employers have got 40 to 50,000 employees. We've also integrated with people like Virgin pulse, which you know, it has been very successful, but, and that's a tech integration. So anybody who's in the Virgin pulse gets reward their awards, but the, every time they check into a gym through us or any time they, they do an at home video through us, those capabilities will really drive through on the gyms and studio side. Currently just over a thousand doesn't seem like a lot. And it isn't. But right now we've got a couple of chains who I think are going to join us. My goal is to actually build that up to you know, five thousands by the spring. But again, I think we can do that because we are actually going to be giving them the monthly recurring membership, which they want without discounting, because our goal is for employers to actually bring money into it. So we don't see our is a discount. We're basically meeting a need by the employer and we're meeting a need by the gems and the studios.

Pete Moore:

That's great. So I got two more questions for you before, before we cut. One is I was a banker. I used to run models in Excel and I was going to put a 30% growth rate and I'm going to cut the expenses by this amount comes up with a really nice financial model. So are what are some of the things that you fully appreciate now about running a business after having all that financial background and doing transactions and now understanding, Hey, I'm actually, I got to drive revenue. I got to drive it every month. I also got to bring on new employees, train them. I got clients that I want to keep happy. You know, what are some of the things that, that takeaways for you, you know, with your banker hat on, and now your entrepreneur hat on?

Paul O'Reilly-Hyland:

Well, I mean, people obviously are the key, getting the right people is really key. So it, it starts really with that. Secondly, it is, this is a marathon. This is not a sprint you do go in. I mean, most, most people come in and think, oh, great, we're going to do a startup and it'll be all done by Uchi. This is going to be a long stretch. This is a marathon I,

Pete Moore:

You 11 right now. So I'm with

Paul O'Reilly-Hyland:

You. So, So, and so, you know, if you look at the size of the market, it's very big, but it's, as I mentioned, it is not, you know, there are easier ways of making money than what, what I'm doing exactly. There really are. But so this

Pete Moore:

Did O here, by the way, we'll do a therapy session right after this, on tape. Doesn't it entrepreneurial therapy.

Paul O'Reilly-Hyland:

Exactly. But everybody who's on the team believes in what we're doing and you know, so I've got, you know, people who've been in the fitness industry long time people who've been the finance industry and we're pretty passionate about it. So it's, you got to do something which you really believe in. So that's it. There is a lot of patience and that's also always expect the unexpected. I mean, COVID, I mean, crikey, you don't get much worse than that. Yeah,

Pete Moore:

Clearly. Yeah. That wasn't in the Excel model in the projection period. I don't know what right.

Paul O'Reilly-Hyland:

Well, you know, models

Pete Moore:

Forecast that,

Paul O'Reilly-Hyland:

But models are models, you know, you know, Pete, you can come out with all the models you want and then you can talk about valuation, but you know, what's out there. People are coming up with crazy valuations. Yeah. Don't get carried away with that, but your head down don't even think about it and just think about what's going to happen over the next couple years, at least.

Pete Moore:

So, so leave us with a either a business quote or some kind of motivational quote that that resonates with you. If you got one or something that comes out, that's like, ah, Paul definitely was talking about this in every single meeting.

Paul O'Reilly-Hyland:

Well, I, I, I literally mine is always expected the unexpected. It literally, and so, you know, don't rely on luck, just we're of reliant hard work. You know, there's a lot of companies who made it on, on luck and I think it's just head down hard work and also treat, we have three sets of clients, our clubs, our studios, and our, and our, and our, and our, and our corporates. Everybody's a client. Yeah. so it is our partners. And so to my mind, it's really all about the people.

Pete Moore:

Yeah. That's great. Yeah. You'll we'll when we see in person, I'll, I'll show you the, our book time to win again. And we got a chapter in the book, we got a chapter to book that's treat every one of your clients as if they own a PSL, you know, personal seat license to a, you know, premier league game or to a, you know, an NFL football game. And they're paying, they're paying you to deliver, you know, and I, and they want to win. And, and, and if you got to sign up as my client, you know, I got to make sure I perform so, so you can get the benefits of that. And so can I, so I love it. And good to see you. Great progress. I love the marathon. We're happy to hand out water to you along the way and do some podcast.

Paul O'Reilly-Hyland:

So we'll need us. We'll need us good to see

Pete Moore:

You.