**Unit 1 Homework Assignment:**

**FinTech Case Study – February 13, 2021**

**By Dave Dwarakan**

**Overview**

            Real estate is a heavily siloed industry and has many legacy issues to deal with the new customer-centric digital-economy. Many advancements in recent times seem to be in the ERP and focused on the various delivery platforms.

            However, being the largest perches an investor or a family makes in their lives, there has been almost no disruption or democratization in the industry to call revolutionary.

            Fintech innovation is a much-needed to address many legacy issues and challenging regulatory environments. There are many challenges to solve in the industry, from financing, qualifying the buyers, deal-flow management, transparency, and regulatory affairs, to name a few. This case study looks into one such area of creating a new investment vehicle and making it reachable to many more than the traditional market segments.

    The last decade has seen unprecedented growth in the real estate market, especially around urban cities across all countries. Even though the real estate boom has created wealth for many; It has kept more than a few from becoming homeowners and participating in the market. Adding real estate to an investment portfolio can be an excellent instrument for balancing and diversification.

    This case study explores one fintech companies' effort to disrupt or democratize some of the industry-segmented processes between the individual homeowners and investor class and no one in between.

            The concept of group ownership or co-ownership may not be new to real estate. However, breaking the barriers and allowing the average aspiring real estate investor a market entry is a novel approach. Especially managing all the back-end and ongoing maintenance as one solution will attract many more to the process. So far, such opportunities were limited to only a few who had the means and know-how.

            The ROI - return on investment, market crash scenarios, risk management, and tax issues needed to be in plain language. Better educational materials have to available to the potential buyers and investors since the ease of entry prevents the necessary check and balances. Not all will come with the sophistication and or expertise needed to become a successful real estate investor.

            Consumer protection-related questions arising from such fintech innovations remain to be answered, for Buyer-be-aware nor the industry should be allowed to self-regulate these new and disruptive financial instruments.

            Buyproperley is a Real estate Fintech that has been launched via Ryerson DMZ by the founders in 2020. Buyproperley, incorporated in.

**The** company incorporation

            April 24, 2019

**Who** are the founders of the company

            Ms.Khushboo Jha, is the CEO and Founder.

**How** did the idea for the company (or project) come about

            Analyzing the LinkedIn profile and experience, the founder seems to have a decent amount of exposure in real estate, AI technologies, and product-to-market solutions. Also, the advisory board shows her networking skills in the industry.

**Funding**

1. September 1, 2019 $250k Pre seed
2. May 15, 2020, $29k Grant
3. July 13, 2020, $23k Grant

Nov 1 2020

1. $24k Grant

**The Business**

    The company is to provide an investment vehicle to general investors and attract real estate investors.

Especially the ones who are getting left behind by the runaway prices in primary markets by offering a financial product that offers fractional investing through co-ownership. Unlike a MIC - Mortgage investment corporation or REIT – Real Estate investment trust. The long-term strategy is to incorporate a marketplace for buyers, sellers, and investors.

**Problem**

            Growing property prices in real estate have buyers needing higher income to qualify for financing.

            The government regulations are also barriers to real estate investment.

            Higher inflation and cost of living not allowing potential investors to save enough a large enough of adown payment to qualify for real estate financing.

            Not many options for the consumers or small investors to build a real estate portfolio.

            Buyproperly is addressing this by creating a group buying or co-ownership for investors.

**Customer** and Market size

            Buyproperly's customer base consists of potential real estate investors; who either do not have the adequate down payment or proof of income to qualify for mortgage financing or who wants to be a passive investor in the alternative asset class without having to endure all the responsibilities of owning & managing an investment property.

            This solution appeals to the general investor market, first-time home buyers, and existing homeowners. One example of a market segment in Canada will be 3000 mortgages that revenue per day.

**What** solution does this company offer that their competitors do not or cannot provide?

            Real estate investments opportunity to everyone as fractional ownership or co-ownership in a particular asset. Any smart real estate investment corporation or related industry service provider can offer this solution subject to regulatory clearance. Therefore no unique IP can be identified as proprietary.

**Which** technologies are they currently using, and how are they implementing them? (This may take a little bit of sleuthing–– you may want to search the company's engineering blog or use sites like Stack share to find this information.)

            The technology team competency is in the following areas.

1.   **Spring**

2.   **AngularJS**

3.   **Node.js**

4.   **React.js**

5.            [**Hibernate**](https://www.linkedin.com/in/rajivkr27/detail/skills/(ACoAAA_29R8BclBdPq_NkHWhZj98IFNF-4QYCow,23)/)

6.   **Amazon Web Services (AWS)**

7.   **jQuery**

8.   **Bootstrap**

9.   **Bitbucket**

10.                      **HTML5**

11.                      **CSS3**

12.                      **MongoDB**

13.                      **Oracle Database**

14.                      **Oracle SQL Developer**

15.                      **MySQL**

16.                      [**Microsoft Office**](https://www.linkedin.com/in/rajivkr27/detail/skills/(ACoAAA_29R8BclBdPq_NkHWhZj98IFNF-4QYCow,43)/)

17.                      **Docker**

18.                      **Javascript**

19.                      **Git**

**Landscape**

            The primary landscape is investments, dominated by Wealth Simple, Robinhood, and other rob advisory-based companies. The subcategory will be under alternate asset class and specifically real-estate investment. So far, there is no other fintech than Buyproperly.

**What**domain of the financial industry.

            Real estate investments.

**Significant** trends and innovations of this domain over the last 5-10 years

1. www.Properly.ca, a real-estate financial bridging service offered to fill the gap for homeowners selling an existing property and using the fund to buy a new property, the anxiety and uncertainty of waiting and hoping to close existing property sales before purchasing a new one.

            2. Information on the Multiple listing services being available almost immediately to everyone with internet access. Before the deregulation, it was only for licensed professionals. This data democratization has completely changed the way anyone can research real estate.

            3. online document signing

            4. Virtual tours – listing and open house processes have been revolutionalized and need to be local and or relying on third-party reviews have been eliminated.

            5. multi-platform access, mobile-friendly processes, and digital banking.

            6.Property management and remote monitoring IoT sensors and tools.

**Major**companies in this domain

1. [www.properly.ca](http://www.properly.ca)<https://fundmore.ai/>
2. <http://www.nexuscrowd.com/how-it-works.html>

**What** has been the business impact of this company so far?

            An early-stage company under one year of launch, no measurable

Data were available.

**What** are some of the core metrics that companies in this domain use to measure success? How is your company performing based on these metrics?

1. ROI- Return on investment
2. Management fees
3. Assets under management
4. Past performance
5. The number of active users/members on the platform.
6. Number of new users joining the platform
7. Churn rate
8. Cost of acquisition of new user.

**The**competitor landscape

            The traditional marketplace and products are still dominating the industry, heavily relying on one-on-one services. And with almost all the real estate companies offering easy-to-use and accessible tools, there is much more work that needs to be done by Buyproperlyif they are to make a difference.

            The biggest competition can be from [www.properly.ca](http://www.properly.ca), backed by a leading Canadian bank and accepted by all five prominent Canadian banks. The similarity of the domain name and ther for brand recognition can create confusion and a gap in marketing efforts.

**Recommendations**

**If** you were to advise the company, what products or services would you suggest they offer? (This could be something that a competitor offers, or use your imagination!)

            They need to create real estate niches and offer choices to the investor. The real estate investment process is driven by a location mindset and not a data-driven perspective. The back end has to be data-driven, but the front end has to be better location-based product selection.

**Why** do you think that offering this product or service would benefit the company?

            Excellent product-market match and files a large gap in the real estate investment side. Many are focussing on mortgage origination, Real estate sales, and process improvements only.

**What**technologies would this additional product or service utilize?

             AI technology is being used as the primary tool to identify opportunities.

            Analytical tools are being used to do diligent macroeconomic research.

             Buyproperlyidentifies real estate investment opportunities that provide steady cash flow and have a very high potential for capital appreciation

**Why**are these technologies appropriate for your solution?

            AI, Machine Learning, and Data analytical tools to eliminate much of the middle man process and identify and optimize the best investment opportunity by researching large data volumes. To develop a scalable and automate the tedious tasks. To keep away the emotions in investing and leaving it to data and analytics.

**Conclusion**

As of 2021, Feb Buyproperly seems to be well-positioned to capture a unique place in the market. The main shortfall is the amount of capital raised sofar to scale. If they overcome that hurdle and further fine-tune the product offering, this can be a great offer to all investors looking to diversify into real estate with the least skills and know-how.

**Addendum**

1. <https://buyproperly.ca/>

1. <https://www.cfamontreal.org/static/uploaded/Files/Presentation/19-02-07-David_Nault_Rendez-Vous-Fintech_CFA-Montreal.pdf>

1. <https://financialpost.com/sponsored/realestate-sponsored/canadian-startup-turning-traditional-home-investment-on-its-head>

1. <https://www.youtube.com/watch?v=REPAPrdavNU&feature=youtu.be>

1. <https://www.crunchbase.com/organization/buyproperly/company_financials>

1. <https://www.butlermortgage.ca/>