

# Redfin Relocation

## Executive Summary

### Immediate recommendations

We seek approval on new policies, a new event, a new Relocation Coordinator position, and \$260,000 to pursue the following strategies.

In order to increase conversion rates among relocating buyers and sellers, we recommend the following:

- Improve identification of relocating customers in Agent Tools
- Implement a standard referral fee for third-party referrals
- Begin offering “neighborhood consultations”
- Add a “relocation coordinator” role
- Add relocation content and features to the Redfin website

In order to generate more leads among relocating buyers and sellers, we recommend the following:

- Partner with MOVE Guides, a relocation management company
- Begin targeted consumer marketing of relocating customers
- Partner with corporate talent recruiters
- Begin a Redfin Business Ambassador program

### A future recommendation

After we have rolled out the strategies above and have greater internal expertise on relocation, we recommend that Redfin become a corporate relocation management company (RMC). The magnitude of the investment and revenue generation potential is akin to our investment in a mortgage product.

### Financial projections

The investment required to execute these immediate strategies totals \$260,000. We project that these strategies will increase 2017 revenue by \$6M. (New projected revenue from each recommendation considered separately totals \$8M, but assuming 25% duplication of incremental gains, we anticipate closer to \$6M.)

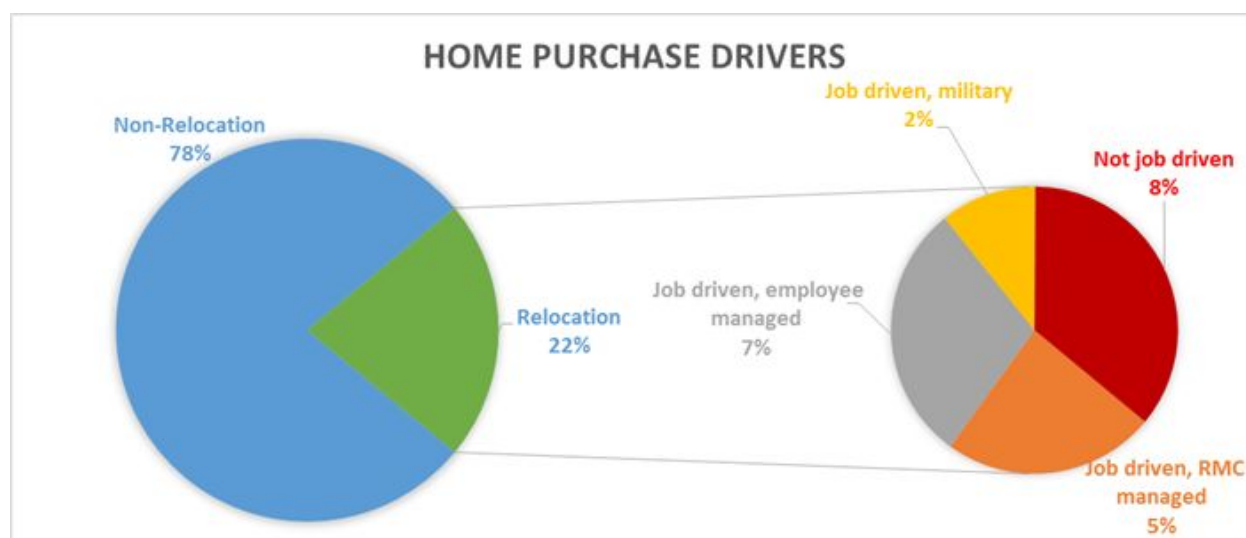
Recommendation	Investment	2017 Rev. Projection
Increase conversion rate of relocating buyers and sellers		
Improve identification of relocatees in systems	~\$0	\$0
Implement a standard referral fee for third-party referrals	~\$0	\$500K-\$1M
Offer "Neighborhood Consultations" and add a Relocation Coordinator role	~\$0	\$2-\$3M
Add relocation content and features to the Redfin website	\$50K	\$1-\$3M

Contact generation		
Partner with with a Relocation Management Company *Most Strongly Recommended*	\$50K+	\$1-\$4M
Begin targeted consumer marketing of relocating customers	\$20K	\$1.5M
Begin a Redfin Business Ambassador Program	\$140K	\$240-\$720K

## Relocating customers are a significant missed opportunity for Redfin

### Relocating customers are a large segment of good contacts

A “relocatee” is to anyone moving from one housing market to another. Relocating customers fall into Redfin’s demographic sweet spot: the average relocatee is highly educated, has an average income of \$90,000-130,000, and is 36-40 years old (2013 Employee Relocation Council report).



*\*"Job driven, employee managed" includes moves where employee is receiving a lump-sum payment from a corporate entity*

Relocatees make up an estimated 22% of home buyers nationally. This includes both job-driven relocatees (14%) and other types (8%).

### Relocating buyers and sellers are good customers for Redfin

Relocating buyers have a 7.3% higher price point than the average Redfin buyer (\$557,768 vs. \$519,855). They also convert faster and better. Relocating customers have an estimated tour-to-close rate of 30%—40% higher than our average—and for each deal, Redfin makes an estimated \$970 more gross profit, a 7.3% gross margin bump. Contact-to-close rates are also 40% higher for both relocating buyers and sellers. Anecdotally, we also see that relocatees move more frequently.

## **Redfin fails to capture leads among relocating home buyers**

Our 2015 Brand Survey shows that only 16% of Redfin buyers are relocating, compared to 22% of home buyers nationwide. Redfin's failure to capture these leads may be because we have no affiliation with RMCs, but we also fail to target relocating customers directly.

## **Redfin fails to convert relocating customers**

Despite our national network of employee agents and end-to-end technology, we are also not converting as many relocating leads as we could because we lack relocation-focused agent events, website features, referral fee policies, and partnerships.

## **Redfin is uniquely positioned to win relocating customers**

Redfin is uniquely positioned to win relocating customers because we have a national network of employee agents and end-to-end technology. If Redfin grew its relocation business to reflect the national market, we would generate an additional \$12.1M in revenue, \$4.5M in gross profit and gain 0.55% in gross margins.

## **Objective #1: Increase conversion of relocating buyers and sellers**

We can increase the conversion rate of relocating home buyers and sellers who contact Redfin by doing the following:

- Improve identification of relocating customers in Agent Tools
- Implement a standard referral fee for third-party referrals
- Begin offering "neighborhood consultations"
- Add a "Relocation Coordinator" role
- Add relocation content and features to the Redfin website

### **Improve identification of relocating customers in Agent Tools**

Currently, Redfin does not meaningfully identify relocatees. We want to find and measure them to better ensure they get the right service and to inform future relocation-focused strategies. There is a change currently on the engineering roadmap to prompt Agents to complete a mandatory close-out box after a first tour or listing consultation. This box is intended to better capture key information about our customer's needs once an Agent has a meaningful interaction. We recommend adding a "Relocation Status" checkbox to this close-out. Agent education on the tool should be rolled out with the upcoming Key Moments training.

### **Implement a standard referral fee for third-party referrals**

Redfin lacks a consistent policy on referral fees. Referral fees are requested by non-Redfin agents or RMCs who wish to refer relocating customers to Redfin in exchange for compensation. REOPs Managers and Agents typically handle these inquiries inconsistently or avoid them altogether. This results in lost opportunity, confusion among Agents in the field, and inconsistency across the brand. We receive an estimated 500-1,000 referral fee inquiries each year. We recommend establishing the following written policy on Fishnet, which allows only deals with gross margins higher than 15%:

*In the event that an outside agent or firm (such as a relocation management company) wishes to introduce a customer to a Redfin agent in exchange for a referral fee, Redfin can accept the client if the referring agent or firm agrees to a maximum fee per the table below. In addition to the referral fee, Redfin will still offer a \$500 Redfin Refund to the customer. If an agreement is made, the customer's "Relocation Status" should be updated, written Market Manager approval obtained, and a custom commission split should be documented in Agent Tools for Accounting's reference.*

Home Price Range	Maximum Referral Fee
\$450,000-\$549,999	25%
\$550,000-\$649,999	35%
\$650,000-\$749,999	45%
\$750,000+	49%

Engineering should automate changes to the customer refund/commission to record the referral fee. REOPs should be informed of the new policy via a Market Manager and direct email to Agents. An estimated \$500K-\$1M in revenue will be gained in the first year of implementation and should grow with overall revenue thereafter. To start, we recommend doing referral fee deals on the buy side only, due to complications around sales for RMC customers; we also currently have almost no listing referral fee inquiries.

## **Begin offering "Neighborhood Consultations"**

One thing that makes relocating customers different from other customers is that they don't know what neighborhood to move to in their new city. Indeed, agents report that relocatees tour homes inefficiently at the start of their search because they have not yet narrowed their neighborhood focus.

We recommend creating a new event called a "Neighborhood Consultation," which would delight customers, reduce customer search time, and increase tour-to-close conversion. We think the event will, at minimum increase conversion from an estimated 30% to 32%, generating ~200 more closes per year and increasing revenue by \$2M.

This event would default to a three-hour appointment and pay \$150. Eliminating event pay for unproductive tours will offset most of the new expense incurred from offering a Neighborhood Consultation. The purpose of the event is to book time with a local Agent so that customers can hear about the character and features of a neighborhood before they actually begin touring homes.

Agents should be trained to identify relocating customers at pre-tour phone calls to determine whether a Neighborhood Consultation is appropriate for the first meeting. Agents would also have to check the mandatory Relocation Status close-out box in order to receive the event pay. This would trigger a notification for follow-up in the support or Relocation Coordinator queue, and the inquiry would be flagged with a unique icon to indicate that the customer is relocating.

The new event should be rolled out in test markets with a high volume of relocatees. If, as we predict, we find that the decrease in house tours and the increase in conversion rates justifies the cost of offering Neighborhood Consultations, we will make this change nationally.

We should also communicate via a Redfin Academy course our findings that relocation clients have different needs, higher close rates, and higher average sale prices than our typical customer.

## **Add a “Relocation Coordinator” role**

Support Agents rarely book both a tour and listing consult for the same customer. This is an incentive-related problem that applies broadly, but it is a particularly acute issue with relocating customers. This is both because relocatees are unfamiliar with their destination city and because Support Agents don’t know DWAs or booking protocols outside their market.

We recommend creating a HUB-based Relocation Coordinator role. The Relocation Coordinator will be an expert in booking all event types for any Redfin market and will be familiar with our relocation-specific resources, such as Opportunity Score and neighborhood pages. Support Agents and Tour Coordinators will route relocation calls to the Relocation Coordinator, who will then set up the appropriate events in both regions.

At first, this might be a part time position for 3-4 Support Agents. Alternatively, if the proposed Redfin VIP program is implemented, the role could be handled by a VIP Agent. The VIP program has also specified an algorithm-based tool which would allow a VIP Agent or Relocation Coordinator to find and schedule the right agent in any market. We strongly support the development of this tool.

## **Add relocation content and features to the Redfin website**

### **Enable relocating customers to contact agents in their destination city**

We don’t provide an easy way for clients who have worked with Redfin in one market and to buy in another. These customers are surprisingly common. 5% of all tour requests come from customers who have an assigned agent in a different market. We also receive 1,500 change agent requests per year indicating that a customer is looking in a different area.

Enabling relocating customers to easily contact agents in their destination city could increase the number of successful contacts. We project our proposed changes would increase tour and agent requests by up to 10% and generate another 290 deals and \$3M in revenue. Implementation would cost ~\$30,000.

We need to reduce friction for customers trying to contact agents in a new market. Users are confused when an agent from the old market shows up on the Listing Detail Page in a new market. We should remove this agent from the view.

Currently, customers can’t be assigned to more than one buy-side agent and can only submit Agent Requests to one agent at a time. For example, if a customer has a Buy-side Agent in Market A, they can’t submit a contact request for a Listing Agent in Market B. The only way for a customer to contact an agent in another market is to submit a change agent request—a step that is not intuitive, as evidenced by the fact that 80% of the VIP pilot program inquiries were requests for agents in new markets.

We should allow customers to easily submit inquiries to agents in other markets, and we should route such requests to the Relocation Coordinator. These changes will take a few weeks of engineering time and are now prioritized under Q4 Teams and Projects.

## **Add website content for relocating customers**

There's no mention of "Relocation" on the site and we don't highlight relocation-focused content. Changing this may convert more relocating customers already on our site, and may also draw new relocatees to the website.

### Need-to-haves

Necessary and easy steps we can take today. Implementation would cost ~\$20,000.

- A Relocation Landing Page, with content highlighting our national presence and our ability to coordinate buying and selling in different cities. The page will also be accessible on the site under the Tools drop-down. To support the marketing strategies below, we could make a series of landing pages but with different market names associated.
- Add relocation service providers, such as additional moving companies and temporary housing, to Marketplace, which we are planning to open to all contacts. This will improve conversion for relocatees who have already contacted us by giving DWAs and RCs something to which we can refer customers. Offering information about these service providers will benefit all Redfin customers, not just relocating ones.

### Nice-to-haves

These are features that relocating customers asked for in interviews, but which are hard to justify in the context of relocation alone. However, they tie into other Redfin efforts that could support their case. We would also be building blocks for a future Redfin RMC platform.

- Provide meatier neighborhood guides, similar to what we did for [San Diego](#) or what [Briggs-Freeman Sotheby's](#) did. The pages would provide a referral point for support agents and DWAs and improve the user experience for non-relocating visitors as well.
- Add relocation milestones, like movers and car shipment, into deal room and home dashboard

## **Objective #2: Generate new leads among relocating buyers and sellers**

We should increase our volume of relocating customer contacts by doing the following:

- Partner with MOVE Guides
- Begin targeted consumer marketing of relocating customers
- Partner with corporate talent recruiters
- Begin a Redfin Business Ambassador program

We are most excited about partnering with MOVE Guides, but this is also the solution that we have the least control over implementing.

### **Partner with MOVE Guides**

About 40% of job-driven relocations are managed by Relocation Management Companies (RMCs). RMCs, such as Cartus, coordinate services like temporary housing, movement of household goods, and brokerage. They make money both by charging a fee to employers and charging 25-50% referral fees to vendors. See [Appendix 1](#) for more on RMCs.

Redfin should become a brokerage partner to MOVE Guides, a [modern, customer focused RMC](#). MOVE Guides would provide relocating home-buyer and seller contacts to Redfin for free, and the relocating customer (or possibly their company) would pay Redfin's commission directly, like any other customer. We believe that Redfin can win access to MOVE Guide's customers by (1) providing value to their customers with our high NPS and refund, and our great tech interface which is consistent with MOVE Guides' brand, and (2) acting as a national vendor to MOVE Guides, thereby reducing their vendor management burden.

We believe a MOVE Guides partnership would generate \$1M to \$4M in revenue in 2017 and grow with Move Guides. A partnership would also both be a great conduit for expansion into international markets and enable us to gain the expertise needed to ultimately become our own RMC.

MOVE Guides shared that last year they only had five home purchases out of 12,000 moves, but we think in reality they just have homeowners transacting outside their system since they do not yet have a brokerage partner. MOVE Guides has something in the pipeline with another broker, but did not give us details.

Costs and effort to Redfin would be minimal compared to the revenue generation potential. Becoming MOVE Guide's partner brokerage could require ~\$50,000 in Year 1 to create a partnership and handoff system and <\$10,000/year after in relationship maintenance. At first we would rely on a manual handoff process, but if volume exceeds expectations, we would likely automate that.

These costs exclude the expense of a [Relocation Coordinator](#), a position that will be analogous to a Support Agent, and whose costs are baked into the gross margins. If we pursue the Business Ambassador strategy below, that person could be a relationship management resource. Finally, we would need to train Listing Agents to do relocation transaction-specific paperwork. Based on recent interaction with MOVE Guides, there are also opportunities to bring value to a partnership with other Redfin technology, including Crime Grade and map-based home and school search. Any such integrations would require additional engineering time.

If our inherent benefits are not compelling enough to convince MOVE Guides to partner with us, we should offer to become a MOVE Guides customer ourselves and pay for access to their platform for our highest-value relocating home buyers (top 25% or 723 people). We could justify this cost if MOVE Guides was generating ~240 Redfin buy-side closes per year, which is easily attainable if they actively promote us and integrate us into their map, but a stretch if they only passively add us to the platform as a vendor. Redfin should also consider using MOVE Guides' service for our own new hires to allow us to see their service through the customer's eyes.

#### **Future options for RMC partnerships**

We should also keep Urbanbound and PLUS on our radar. These two are a reasonable fit because they market themselves as having better technology, lower fees and better customer value. However, we cannot partner with them today because of their 35% referral fees and their requirement that a relocation partner of a relocation department and extensive relocation experience.

## Begin targeted consumer marketing of relocating customers

The best opportunities to target relocatees are:

- Facebook campaigns based on a lookalike audience of closed relocating customers
- Marketing emails to people who live in one area and searching for a home in another
- Use the merchandising framework to target relocating customers with relocation-focused messaging and content
- Targeted military mailers to buyers and sellers based on VA loan addresses, VA home buying classes, and a VA-specific landing page to direct contacts from classes and mailers

With a \$20,000 investment, we could drive 500+ high-yield relocation leads through email campaigns and digital advertising, generating \$1.5M in revenue. We have already performed one email marketing experiment and that team is excited to try more. Leads from these campaigns would be routed to our [Relocation Coordinator](#).

Mike Demello in Hawaii is testing mailers and home buying classes. We should support his effort by creating a landing page for the leads he generates. If after a year Hawaii shows strong results, we should roll out the campaign in other markets with large VA populations. Across these markets, there is a potential to reach 40,000 moving home buyers each year.

## Partner with corporate talent recruiters

Recruiters often help new hires start their the process of house-hunting in their destination city. We should create a program to become their recommended agent, similar to Cartus' free "Affinity Realty" service, a strategy that has won them 603,000 home purchases and sales over 27 years.

Redfin should offer a landing page and discount for relocating employees referred to us through recruiters, and perhaps offer light relocation support through our Relocation Coordinator. This would motivate companies to email the landing page to new hires, include a Redfin brochure in welcome packets, and include the discount on their perks page, which are surprisingly well-frequented (Redfin's page gets 1,378 unique visitors per month).

Our target customers are HR officers and recruiting directors at 500-4,000 person companies that are tech-forward, in cities with a high home-owner rate, who are not already working with an RMC. We could beat other "relocation-light" offerings by having a better technology product, refund promise, and inroads to corporate partnerships through the Workplace HBC program.

## Begin a Redfin Business Ambassador program

We project that over two years, one [Redfin Business Ambassador](#) could earn 40 partnerships and \$240K-\$720K in revenue. We should track success by adding an "employer" tag to the Agent Tools customer profile. Annual expenses for a Redfin Business Ambassador and minimal engineering time would be ~\$115,000. We have pitched an [MVP](#) to four companies and earned one soft win.

## Appendix 1: Strategy to become our own RMC

After we have rolled out the strategies above and have greater internal expertise on relocation, we recommend that Redfin become a corporate relocation management company (RMC). We believe we



could build an RMC for \$17.5M or buy one for \$40-\$100M+, making the effort akin to starting our mortgage business. If we built one, we could achieve \$12M revenue in Year 5 and \$80M in Year 10; if we bought one we could achieve \$66-\$118M revenue in Year 5 and \$128-\$247M in Year 10. While owning an RMC platform will be a good, high-margin business for Redfin, we think it makes sense to first get more familiar with the industry and to ensure that we have the institutional energy to excel. Becoming an RMC is a substantial growth opportunity, but it isn't fundamental to our business.

## A primer on Relocation Management Companies

RMCs manage corporate transferee and new hire moves. The RMCs act like general contractors for services like movement of household goods, temporary housing, and brokerage services. They subcontract all the actual work to vendors. Most also offer white-glove upgrades like guaranteed home sale and private school placement. Though they serve the relocatee, RMCs' real customers are corporate HR and recruiting teams, primarily at large corporations.

Every year, American corporations spend \$15.2B paying RMCs to do an estimated 1.5M global relocations. RMCs charge corporations a ~\$800-\$2,000 fee per move. A full service move averages \$25,000 for a renter and \$90,000 for a homeowner. Lump sum moves vary widely, but are generally much less. An estimated ~55% of RMC relocatees are renters. 60% of RMC relocations are domestic and 40% are international. The bulk of domestic business comes from the >1,800 U.S. companies that have more than 10,000 employees. A small portion of RMC business comes directly from non-corporate consumers; at one large RMC, ~35% of business is consumer, but at others it's under 5%.

The five largest incumbent RMCs are Cartus, Brookfield, Unigroup, Sirva, and Graebel, who each do between 40,000 and 170,000 moves/year, and together cover 25% of moves in the industry. The incumbent RMC model is low-tech, inefficient, and not customer-centric. These RMCs make most of their revenue from mandatory vendor referral fees, which range from 25-50% of vendor revenue. An estimated 40% of RMC revenue is from referral fees from real estate brokerages. Incumbents are, to varying extents, trying to integrate technology; the most impressive is PLUS Relocation, which created a platform with Salesforce.

There are two notable VC-backed "modern" RMCs. Modern RMCs are software-based, transparent, less reliant on referral fees, and promise better Redfin cultural alignment. It's likely that their gross margins look more like a SAAS business (40-50%) than an operating business. We believe that the modern RMC model will win, primarily because it is a better value but also because there has been a rise in the use of lump-sum benefit packages, which can still be profitably serviced by a tech-first RMC.

	MOVE Guides	Urbanbound
# Corp Clients	60+	150+
# Moves (2016)	12,000+	6,000+
Founded	2011	2011

<b>Capital Raised</b>	\$26.5M	\$14M
<b>Business Model</b>	Charge \$1000/move using highly automated platform. No referral fees from vendors. One employee can serve 150 customers vs ~1:10 industry-wide.	Charge \$800-1,000/move. Requires 35% referrals fees from agents. Historically focused on rental relocatees but are moving away from this. Platform and branding is tech-first.

## Why should Redfin build an RMC?

By investing \$17.5M into building our own RMC, or \$45-100M+ buying one, we could grow revenue, market share and margins beyond what is achievable through the strategies outlined above. In addition, it would diversify our revenue stream, enhance our core product for relocatees, and provide a path to international expansion.

A Redfin RMC platform would win by being the first to combine the modern and traditional RMC models. Traditional RMCs leveraged brokerage revenues (via referral fees or direct ownership) to subsidize their operations. Now, modern RMCs use technology to operate more efficiently and can be less expensive and more transparent. No one has yet combined the two. Urbanbound is closest since they both take a referral fee and are highly efficient, but because they are bullying their customers into using certain vendors, they are not providing the best value to the customer.

Redfin has other competitive advantages as an RMC. We could achieve better economies of scale by driving non-corporate Redfin consumers to the platform; we think Reology does this, but are not sure to what extent. We have local knowledge and “home bases” in every city. We know how to run a hybrid operating and technology business. Finally, we have relevant software architecture from tools like Walkscore and Deal Room that we could likely repurpose, allowing us to build better products faster.

## RMC Option 1: Build it

A Redfin RMC would provide full relocation services, including brokerage, to both corporate customers and directly to consumers. We would create a technology-first platform, through which all relocating processes could be scheduled by the user, similar to what MOVE Guides and Urbanbound offer. We would still have a human available to help fill in any gaps. We would earn half of our revenue by charging a flat fee (\$1,000/relocatee) and the other half through voluntary home buyer and seller conversion to our brokerage. We could be more profitable if we force conversion, but it is inconsistent with our brand.

The investment would be \$17.5M+ with a long payback period: it is of similar magnitude and payback to the investment for mortgage. By Year 5, we would achieve significant revenue from RMC fees and brokerage deals (\$13.2M/year) and blended 38% gross margins (excluding listings). By Year 10 combined revenue reaches \$89M, adding almost 7% to Redfin’s projected revenue. See the [full financial model](#) for more information.

## DCF Project Valuation- Build it

	Year 1	Year 2	Year 3	Year 5	Year 10
Revenue		\$1,487,550	\$3,646,763	\$13,217,494	\$89,232,685
Revenue - RMC platform		\$1,119,000	\$2,264,700	\$6,583,594	\$38,949,796
Revenue- brokerage		\$368,550	\$1,382,063	\$6,633,900	\$50,282,889
COGS		(\$1,113,336)	(\$2,698,637)	(\$9,153,381)	(\$61,637,801)
Gross Profit		\$374,214	\$948,126	\$4,064,113	\$27,594,884
Gross Profit Margins- Blend Buy/List		25.2%	26.0%	30.7%	30.9%
Gross Profit Margins- Buy only		27.8%	30.4%	38.3%	39.8%
Gross Margins- RMC platform		27.3%	30.4%	42.9%	46.7%
Gross Margins- Brokerage- blend		18.7%	18.7%	18.7%	18.7%
Total Op Ex	(\$2,999,000)	(\$3,541,000)	(\$5,046,700)	(\$5,868,516)	(\$16,373,411)
EBITDA	(\$2,999,000)	(\$3,166,786)	(\$4,098,574)	(\$1,804,403)	\$11,221,473
Terminal Value					\$66,008,663
NPV @ 20% cost of capital					\$5,344,043

We will complete more due diligence by partnering, soliciting further feedback from modern RMC customers, or becoming a customer ourselves. Once we press go, we need to raise capital and create a new business unit with their own P+L. We would start with a lighter offering of “core” services for smaller customers but, since talent teams want a full-service solution, as we grow we would need to expand our offerings.

### Potential issues

It’s difficult to experiment without major investment. The sales cycle for companies is ~2-3 years, so it would take several years to create a record and gain momentum. We may need to become comfortable with Buyer Value Option (BVO) transactions and holding homes on our books. BVOs are two-step home sale transaction that avoid employee taxation, but they would require a Redfin RMC to hold homes on our books for up to about a week. There are also legal concerns: RESPA contains strict prohibitions against the payment of unearned brokerage kick-backs.

Additionally, affiliated business arrangements are highly regulated and subject to penalties if not in full compliance with RESPA. Several large RMC’s have chosen to modify key business relationships to avoid legal action. Finally there are brand concerns: as an RMC, we would have sway, but not total control, over vendors.

### RMC Option 2: Buy it

While building an RMC requires less initial capital and boasts better MOIC, buying one is better from a speed-to-market, NPV valuation, and institutional “energy” perspective. The two most likely acquisition targets are Urbanbound or MOVE Guides. The gross margins for both acquisitions are similar to the “build it” model of 38%, but the scale of revenue at each year is different for each company based upon their 2017 starting point. See the [full financial model](#).

Company	2017 Acquisition price	2020 Revenue*	NPV	(+)	(-)
Urbanbound	\$40-50	\$73	\$17	Domestic, digestible	Uncertain about efficiency
MOVE guides	\$100-110	\$131	\$29	Cultural fit and strong traction	Big ambitions/ difficult acquisition

*All values in millions*

*\*Includes Brokerage Revenue (listings and buy-side, each at 50% of deals)*

## Appendix 2: New role descriptions

### Relocation Coordinator

This would be a salaried position, located in Seattle or in the HUB. The Relocation Coordinator will be competent in booking tours, phone calls, neighborhood consultations or listing consultations for any Redfin market. They will also be familiar with our relocation-specific resources, such as deals for movement of household goods on Marketplace, Opportunity Score, and how to direct customers to our neighborhood pages.

The Relocation Coordinator will handle relocating customers that Support Agents first touch as well as relocating contacts that submit agent requests for their secondary market. The Relocation Coordinator will intake inquiries from Facebook, mailer, and email marketing campaigns and convert the contacts to appointments. Relocation Coordinators will also be a point of contact for a MOVE Guides (or other RMC) partnerships, and will manage client assignments sourced from the Business Ambassador Program.

The proposed salary is \$50k, but the cost isn't included in our plan because it's a role similar to Support Agent and is already baked into gross margin assumptions in cost per deal. In the near-term, RCs would likely be part-time Support Agents who have been trained for some of these functions. Finally, if the Redfin VIP program gets implemented, these coordinators would be the same as, or part of, that team.

### Redfin Business Ambassador

Will seek out new business by targeting decision makers in HR and recruiting groups nationwide. The salary would include a larger commission-based component. This person might also be involved in creating and maintaining a partnership with an RMC.

## Appendix 3: Exhibits from experiments and additional context

**Sample Business Ambassador Program MVP:** [Can be found here.](#) The Walkscore-powered map would allow new employees search for areas within their chosen commute threshold, given their preferred mode of transport.

**Sample Email Marketing Campaign:** [Can be found here.](#)

**Landing Page Mock-Up:** [Can be found here.](#)

**Related Efforts:** There are efforts at the company that are not focused on relocation, but involve changes that would support relocation customer growth. See [Related Efforts at Redfin.](#)

**Customer Interviews and Insights:** We interviewed over 60 corporate customers, consumers, industry experts and internal stakeholders. We have compiled these here: [Key Stakeholder Insights](#) (short summary) and [Stakeholder Insights: Interview Highlight Summary](#) (full length).

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Original version:

## Redfin Relocation

### Executive Summary

Relocating buyers and sellers are good customers for Redfin. Relocating buyers have a 7.3% higher price point than the average Redfin buyer (\$557,768 vs. \$519,855). With an estimated 30%+ tour-to-close rate, 40% higher than the average, Redfin makes an estimated \$970 more gross profit per deal- a 7.3% gross margin bump- with a relocation client. Contact-to-close rates are also 40%+ higher for both relocating buyers and sellers.

Redfin is uniquely positioned to win relocating customers because we have a national network of employee agents and end-to-end technology. Despite this, we are not converting as many relocating customers as we could because we lack relocation-focused agent events, website features, referral fee policies, and partnerships.

**Our Immediate Recommendations:** We seek approval on new policies and a new event, a Relocation Coordinator position, and \$260,000 to pursue the following strategies in tandem. The sum of our individual recommendations equates to an additional \$8M+ in 2017 revenue, but we assume 25% duplication of incremental gains and we anticipate closer to \$6M+.

Recommendation	Investment	2017 Rev. Projection
Contact conversion and improved customer experience		
Improve Identification of Relocates in Systems	~\$0	\$0
Implement Redfin Referral Fee Policy	~\$0	\$500K-\$1M
Adjust Agent Events, Roles, and Education	~\$0	\$2-\$3M
Improve Website UX for Relocates	\$50K	\$1-\$3M
Contact generation		

Relocation Management Company Partnership *Most Strongly Recommended*	\$50K+	\$1-\$4M
Consumer Marketing	\$20K	\$1.5M
Business Ambassador Program	\$140K	\$240-\$720K

**Future Recommendation:** After we have rolled out the strategies above and have greater internal expertise on relocation, we recommend that Redfin revisits becoming a corporate relocation management company (RMC). The magnitude of the investment and revenue generation potential is akin to our investment in a mortgage product.

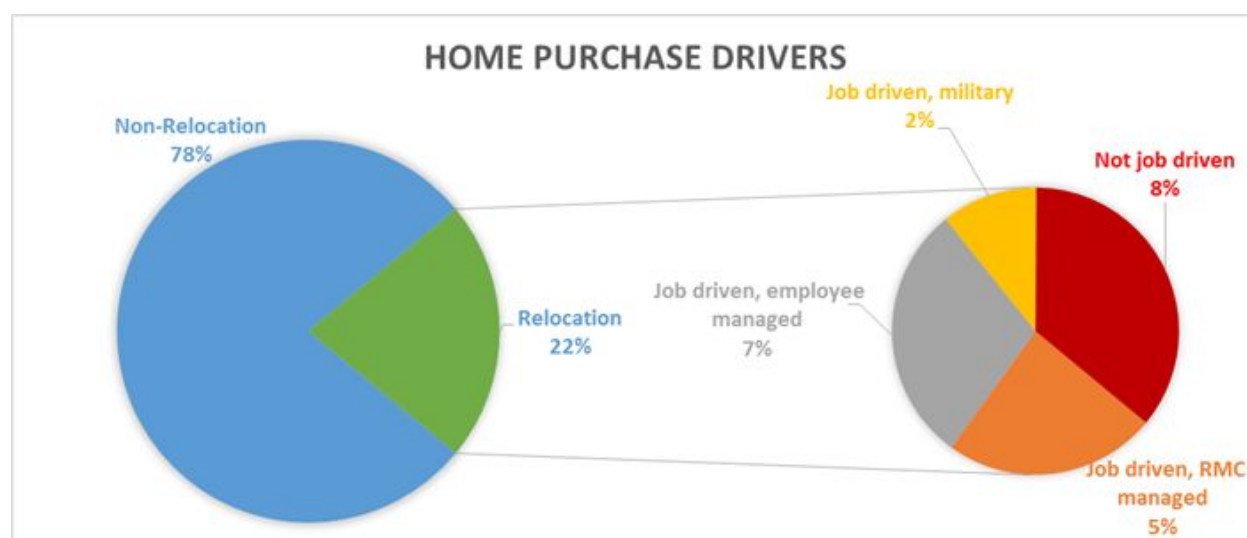
## About the Relocation Customer

### Relocating customers are a large segment of good contacts with different needs

“Relocatee” refers to anyone moving from one market to another. In addition to converting faster and better, we see anecdotally that relocatees move more frequently. They fall into Redfin’s demographic sweet spot: the average relocatee is highly educated, has an average income of \$90,000-130,000 and is 36-40 years old (2013 Employee Relocation Council report).

Relocatees have three traits that make them different from people moving within the same city:

1. They don’t know where to move in their new city.
2. Their actual move is more expensive and stressful.
3. They are less likely to have an agent or referral to an agent in their new city.



*\*\*Job driven, employee managed\*\*includes moves where employee is receiving a lump-sum payment from a corporate entity*

Relocatees make up an estimated 22% of home buyers nationally. This includes both job-driven (14%) and other relocation types (8%), and 40% of job-driven relocations are managed by Relocation

Management Companies (RMCs). RMCs, such as Cartus, coordinate services like temporary housing, movement of household goods, and brokerage. They make money both by charging a fee to employers and charging 25-50% referral fees to vendors. See [Appendix 1](#) for more on RMCs.

## **Relocating Home Buyers are Under-Represented at Redfin**

Our 2015 Brand Survey shows that only 16% of Redfin buyers are relocating versus 22% of home buyers nationwide. This may be largely related to Redfin having no affiliation with RMCs, but we also fail to target other potential relocating contacts and convert them as well as we could. If Redfin grew its relocation business to reflect the national market, we would generate an additional \$12.1M in revenue, \$4.5M in gross profit and gain 0.55% in gross margins.

## **Contact Conversion and Improved Customer Experience**

We can increase the conversion rate and improve the customer experience of relocating home buyers and sellers who contact Redfin by:

- Identifying them in Agent Tools
- Creating a policy for 3rd party relocation referrals
- Creating relocation-specific pay for DWAs and creating a new Relocation Coordinator role
- Adding relocation-focused content and features to the Redfin website

## **Improve Identification of Relocates in Agent Tools**

Currently, Redfin does not meaningfully identify relocatees. We want to find and measure them to better ensure they get the right service and to inform future relocation-focused strategies. There is a change currently on the engineering roadmap to prompt Agents to complete a mandatory close-out box after a first tour or listing consultation. This box is intended to better capture key information about our customer's needs once an Agent has a meaningful interaction. We recommend that there is a "Relocation Status" checkbox added to this close-out. Agent education on the tool should be rolled out with the upcoming Key Moments training.

## **Create 3rd Party Referral Fee Policy**

Redfin lacks a clear policy on referral fees. Referral fees are requested by non-Redfin agents or RMCs who wish to refer relocating customers to Redfin in exchange for compensation. REOPs Managers and Agents typically handle these inquiries inconsistently or avoid them altogether. This results in lost opportunity, confusion in the field, and inconsistency across the brand. We receive an estimated 500-1,000 referral fee inquiries each year. We recommend establishing the following written policy on Fishnet, which only allows for deals with 15%+ gross margins:

*In the event that an outside agent or firm (such as a relocation company) wishes to introduce a customer to a Redfin agent in exchange for a referral fee, Redfin can accept the client if the referring agent or firm agrees to a maximum fee per the table below. In addition to the referral fee, Redfin will still offer a \$500 Redfin Refund to the customer. If an agreement is made, the customer's corresponding "Relocation Status" should be updated, written Market Manager approval obtained, and a custom commission split should be documented in Agent Tools for Accounting's reference.*



Home Price Range	Maximum Referral Fee
\$450,000-\$549,999	25%
\$550,000-\$649,999	35%
\$650,000-\$749,999	45%
\$750,000+	49%

Engineering should automate changes to the customer refund/commission to record the referral fee. REOPs should be informed of the new policy via a Market Manager and direct email to Agents. An estimated \$500K-\$1M in revenue will be gained in the first year of implementation and should grow with overall revenue thereafter. To start, we recommend doing referral fee deals on the buy side only, due to complications around sales for RMC customers; we also currently have almost no listing referral fee inquiries.

## Adjust Agent Events, Roles, and Education

**Deal Writing Agents:** Agents report that relocatees tour homes inefficiently at the start of their search because they have not yet narrowed their neighborhood focus. We recommend creating a new event called a “Neighborhood Consultation” that would delight customers, reduce customer search time and increase tour-to-close conversion. We think the event will, at minimum increase conversion from an estimated 30% to 32%, generating ~200 more closes per year and increasing revenue by \$2M.

This event would default to a three-hour appointment and pay \$150. Eliminating event pay for otherwise unproductive tours will offset most of the new expense attributed to a Neighborhood Consultation. The purpose of the event is to book time with a local Agent to tour the features of a local market as opposed to tour homes for purchase. Agents should be trained to identify relocation customers at pre-tour phone calls to determine whether a Neighborhood Consultation or tour is more appropriate for their first meeting. Agents would also have to check the mandatory Relocation Status close-out box in order to receive the event pay. This would trigger a notification for follow-up in the support or Relocation Coordinator queue and the inquiry marked with a unique icon to highlight the customer as relocating.

The new event should be rolled out in test markets with a high volume of relocatees. If we find a decrease in tours and/or conversion increase justifies new event pay as we predict, we would make this change nationally. We should communicate via a Redfin Academy course our findings that relocation clients have different needs, higher close rates and higher average sale prices than our typical customer.

**Support Agents and Relocation Coordinators:** Support Agents rarely book both a tour and listing consult for the same customer. This is an incentive-related problem that applies broadly, but it is a particularly acute issue with relocating customers. This is both because relocatees are unfamiliar with their destination city and because Support Agents don’t know DWAs or booking protocols outside their market.

We recommend creating a HUB-based Relocation Coordinator (RC) role. The RC will be an expert in booking all event types for any Redfin market and will be familiar with our relocation-specific resources, such as Opportunity Score and neighborhood pages. Support Agents and Tour Coordinators



will route relocation calls to the RC who could set up the appropriate events in both regions. At first, this might be a part time position for 3-4 Support Agents. Alternatively, if the proposed Redfin VIP program is implemented, the role could be handled by a VIP Agent. The VIP program has also specified an algorithm-based tool which would allow a VIP Agent or RC to find and schedule the right agent in any market. We strongly support the development of this tool.

## **Improve Website UX for Relocates**

### **Reduce Friction for Customers to Contact Agents in Another Market**

We don't cleanly service a client who has worked with Redfin in one market and wants to buy in another. This customer is surprisingly common. 5% of all tour requests come from customers who have an assigned agent in a different market. We also receive 1,500 change agent requests per year indicating that a customer is looking in a different area. Simplifying the process for these customers could increase the number of successful contacts. We project our proposed changes would increase tour and agent requests by up to 10% and generate another 290 deals and \$3M in revenue. Implementation would cost ~\$30,000.

We need to reduce friction for customers trying to contact agents in a new market. Users are confused when an agent from the old market shows up on the Listing Detail Page in a new market. We should remove this agent from the view. Also, clients can't be assigned to more than one buy-side agent and can only submit Agent Requests to one agent at a time. For example, if a customer has a Buy-side Agent in Market A, they can't submit a contact request for a Listing Agent in Market B. The only way to contact an agent in another market is to submit a change agent request, which is not intuitive, as evidenced by the fact that 80% of the VIP pilot program inquiries were requests for agents in new markets. We should allow a client to easily submit an inquiry to an agent in another market and we should route the request to a Relocation Coordinator. These changes will take a few weeks of engineering time and are now prioritized under Q4 Teams and Projects.

### **Relocation Pages and Tools**

There's no mention of "Relocation" on the site and we don't highlight relocatee-specific content. Changing this may convert more relocates already on our site, and it will also serve as a building block for our contact-generation strategies.

**Need-to-haves:** Necessary and easy steps we can take today. Implementation would cost ~\$20,000.

- A Relocation Landing Page with content highlighting our national presence and our ability to coordinate buying and selling in different cities. The page will also be accessible on the site under the tools drop down. To support marketing strategies below, we might make a series of landing pages but with different market names associated.
- Add relocation service providers, such as additional moving companies and temporary housing, to Marketplace, which we are planning to open to all contacts. This will improve conversion for those who have already contacted us: it will give DWAs and RCs something to which we can refer customers. It will also benefit all Redfin customers, not just those relocating.

**Nice-to-haves:** Relocation customers asked for these features in interviews, but it's hard to justify developing them in the context of relocation alone. However, they tie into other Redfin efforts and could support their case. We would also be building blocks for a future Redfin RMC platform.

- Provide meatier neighborhood guides, similar to what we did for [San Diego](#) or what [Briggs-Freeman Sotheby's](#) did. The pages would provide a referral point for support agents and DWAs and improve the user experience for non-relocating visitors as well.
- Add relocation milestones, like movers and car shipment, into deal room and home dashboard

## Contact Generation

We should increase our volume of relocating customer contacts by:

- Becoming a real estate brokerage partner for MOVE Guides, a tech-forward RMC
- Targeted Consumer Marketing
- A Business Ambassador Program: partnering with corporate talent teams to reach employees

We are most excited about partnering with MOVE Guides, but this is also the solution that we have least control over implementing.

### Partner with MOVE Guides

Redfin should become a brokerage partner to MOVE Guides, a [modern, customer focused RMC](#). MOVE Guides would provide relocating home-buyer and seller contacts to Redfin for free, and the relocating customer (or possibly their company) would pay Redfin's commission directly, like any other customer. We believe that Redfin can win access to MOVE Guide's contacts by (1) providing value to their customers with our high NPS and refund, and our great tech interface which is consistent with MOVE Guides' brand, and (2) acting as a national vendor to MOVE Guides, thereby reducing their vendor management burden.

We believe a MOVE Guides partnership would generate \$1-4M in revenue in 2017 and grow with Move Guides. A partnership would also both be a great conduit for expansion into international markets and let us get smarter about becoming our own RMC. MOVE Guides shared that last year they only had five home purchases out of 12,000 moves, but we think in reality they just have homeowners transacting outside their system since they do not yet have a brokerage partner. MOVE Guides has something in the pipeline with another broker but did not give us details.

Costs and effort to Redfin would be minimal compared to the revenue generation potential. Becoming MOVE Guide's partner brokerage could require ~\$50,000 in Year 1 to create a partnership and handoff system and <\$10,000/year after in relationship maintenance. At first we would rely on a manual handoff process, but if volume exceeds expectations, we would likely automate that. These costs exclude the expense of a [Relocation Coordinator](#), a position that will be analogous to a Support Agent, and whose costs are baked into the gross margins. If we pursue the Business Ambassador strategy below, that person could be a relationship management resource. Finally, we would need to train Listing Agents to do relocation transaction-specific paperwork. Based on recent interaction with MOVE Guides, there are also opportunities to bring value to a partnership with other Redfin technology including Crime Grade and map-based home and school search. Any such integrations would require additional engineering time.

If our inherent benefits are not compelling enough to convince MOVE Guides to partner with us, we should offer to become a MOVE Guides customer ourselves and pay for access to their platform for our highest-value relocating home buyers (top 25% or 723 people). We could justify this cost if MOVE Guides was generating ~240 Redfin buy-side closes per year, which is easily attainable if they actively promote us and integrate us into their map, but a stretch if they only passively add us to the platform as a vendor. Redfin should also consider using MOVE Guides' service for our own new hires to allow us to see their service through the customer's eyes.

Other RMC Partnerships to consider: We should also keep Urbanbound and PLUS on our radar. These two are a reasonable fit because they market themselves as having better technology, lower fees and better customer value. However, we cannot partner today because of their 35% referral fees and requirements of a relocation department and very extensive relocation experience.

## **Targeted Consumer Marketing**

The best opportunities to target relocatees are:

- Facebook campaigns based on a lookalike audience of closed relocation customers.
- Marketing emails to people who live in one area and are searching for home in another.
- Use the merchandising framework to target relocating customers with relocation-focused messaging and content.
- Targeted military mailers to buyers and sellers based on VA loan addresses, VA home buying classes and a VA-specific landing page to direct contacts from classes and mailers.

With a \$20,000 investment, we could drive 500+ high-yield relocation contacts through email campaigns and digital advertising, generating \$1.5M in revenue. We have already performed one email marketing experiment and that team is excited to try more. Contacts from these campaigns would be routed to our [Relocation Coordinator](#).

Mike Demello in Hawaii is testing mailers and home buying classes. We should support his effort by creating a landing page for the contacts he generates. If after a year Hawaii shows strong results, we should roll out the campaign in other markets with large VA populations. Across these markets, there is a potential to reach 40,000 moving home buyers each year.

## **Partnering With Corporate Talent Teams to Reach Employees**

Recruiters often help relocating new hires start their house-hunting process. We should create a program to become their recommended agent, similar to Cartus' free "Affinity Realty" service, a that strategy has won them 603,000 home purchases and sales over 27 years. Redfin should offer a landing page and discount, and perhaps light relocation support through our Relocation Coordinator. This would motivate companies to email the landing page to new hires, include a Redfin brochure in welcome packets, and include the discount on their perks page, which are surprisingly well-frequented (Redfin's page gets 1,378 unique visitors per month). Our target customers are HR and recruiting directors at 500-4,000 person companies that are tech-forward, in a city with a high home-owner rate, and not already working with an RMC. We could beat other "relocation-light" offerings by having a better technology product, refund promise, and inroads to corporate partnerships through the Workplace HBC program.

We project that over two years, one [Redfin Business Ambassador](#) could earn 40 partnerships and \$240K-\$720K in revenue. We should track success with by adding an “employer” tag to the Agent Tools customer profile. Annual expenses for a Redfin Business Ambassador and minimal engineering time would be ~\$115,000. We have pitched an [MVP](#) to four companies and earned one soft win.

## Appendix 1: Strategy to become our own RMC

After we have rolled out the strategies above and have greater internal expertise on relocation, we recommend that Redfin revisit becoming a corporate relocation management company (RMC). We believe we could build an RMC for \$17.5M or buy one for \$40-\$100M+, making the effort akin to starting our mortgage business. If we built one, we could achieve \$12M revenue in Year 5 and \$80M in Year 10; if we bought one we could achieve \$66-\$118M revenue in Year 5 and \$128-\$247M in Year 10. While owning an RMC platform will be a good, high-margin business for Redfin, we think it makes sense to first get more familiar with the industry and to ensure that we have the institutional energy to excel. Becoming an RMC is a substantial growth opportunity, but it isn’t fundamental to our business.

### A Relocation Management Company Primer

RMCs manage corporate transferee and new hire moves. The RMCs act like general contractors for services like movement of household goods, temporary housing, and brokerage services. They subcontract all of the actual work to vendors. Most also offer white-glove upgrades like guaranteed home sale and private school placement.

Though they serve the relocatee, RMCs’ real customers are corporate HR and recruiting teams, primarily at large corporations. In total, American corporations spend \$15.2B paying RMCs to do an estimated 1.5M global relocations every year. RMCs charge corporations a ~\$800-\$2,000 fee per move. A full service move averages \$25,000 for a renter and \$90,000 for a homeowner. Lump sum moves vary widely, but are generally much less. An estimated ~55% of RMC relocatees are renters. 60% of RMC relocations are domestic and 40% are international. The bulk of domestic business comes from the >1,800 US companies over 10,000 people. A small portion of RMC business comes directly from non-corporate consumers; at one large RMC, ~35% of business is consumer but at others it’s under 5%.

The five largest incumbent RMCs are Cartus, Brookfield, Unigroup, Sirva, and Graebel who each do between 40,000 and 170,000 moves/year, and together cover 25% of moves in the industry. The incumbent RMC model is low-tech, inefficient, and not customer-centric. These RMCs make most of their revenue from mandatory vendor “referral fees”, which range from 25-50% of vendor revenue. An estimated 40% of RMC revenue is from referral fees from real estate brokerages. Incumbents are to varying extents trying to integrate technology; the most impressive is PLUS Relocation who created a platform with Salesforce.

There are two notable VC-backed “modern” RMCs. Modern RMCs are software-based, transparent, less reliant on referral fees, and promise better Redfin cultural alignment. It’s likely that their gross margins look more like a SAAS business (40-50%) than an operating business. We believe that the modern RMC model will win primarily because it is a better value but also because there has been a rise in the use of lump-sum benefit packages, which can still be profitably serviced by a tech-first RMC.

	MOVE Guides	Urbanbound
# Corp Clients	60+	150+
# Moves (2016)	12,000+	6,000+
Founded	2011	2011
Capital Raised	\$26.5M	\$14M
Business Model	Charge \$1000/move using highly automated platform. No referral fees from vendors. One employee can serve 150 customers vs ~1:10 industry-wide.	Charge \$800-1,000/move. Requires 35% referrals fees from agents. Historically focused on rental relocatees but are moving away from this. Platform and branding is tech-first.

## Why should Redfin build an RMC?

By investing \$17.5M into building our own RMC, or \$45-100M+ buying one, we could grow revenue, market share and margins beyond what is achievable through the strategies outlined above. In addition, it would diversify our revenue stream, enhance our core product for relocatees, and provide a path to international expansion.

A Redfin RMC platform would win by being the first to combine the modern and traditional RMC models. Traditional RMCs leveraged brokerage revenues (via referral fees or direct ownership) to subsidize their operations. Now, modern RMCs use technology to operate more efficiently and can be less expensive and more transparent. No one has yet combined the two. Urbanbound is closest since they both take a referral fee and are highly efficient, but because they are bullying their customers into using certain vendors, they are not providing the best value to the customer.

Redfin has other competitive advantages as an RMC. We could achieve better economies of scale by driving non-corporate Redfin consumers to the platform; we think Reology does this, but are not sure to what extent. We have local knowledge and “home bases” in every city. We know how to run a hybrid operating and technology business. Finally, we have relevant software architecture from tools

like Walkscore and Deal Room that we could likely repurpose, allowing us to build better products faster.

## RMC Option 1: Build it

A Redfin RMC would provide full relocation services, including brokerage, to both corporate customers and directly to consumers. We would create a technology-first platform, through which all relocating processes could be scheduled by the user, similar to what MOVE Guides and Urbanbound offer. We would still have a human available to help fill in any gaps. We would earn half of our revenue by charging a flat fee (\$1,000/relocatee) and the other half through voluntary home buyer and seller conversion to our brokerage. We could be more profitable if we force conversion, but it is inconsistent with our brand.

The investment would be \$17.5M+ with a long payback period: it is of similar magnitude and payback to the investment for mortgage. By Year 5, we would achieve significant revenue from RMC fees and brokerage deals (\$13.2M/year) and blended 38% gross margins (excluding listings). By Year 10 combined revenue reaches \$89M, adding almost 7% to Redfin's projected revenue. See the [full financial model](#) for more information.

DCF Project Valuation- Build it					
	Year 1	Year 2	Year 3	Year 5	Year 10
Revenue		\$1,487,550	\$3,646,763	\$13,217,494	\$89,232,685
Revenue - RMC platform		\$1,119,000	\$2,264,700	\$6,583,594	\$38,949,796
Revenue- brokerage		\$368,550	\$1,382,063	\$6,633,900	\$50,282,889
COGS		(\$1,113,336)	(\$2,698,637)	(\$9,153,381)	(\$61,637,801)
Gross Profit		\$374,214	\$948,126	\$4,064,113	\$27,594,884
Gross Profit Margins- Blend Buy/List		25.2%	26.0%	30.7%	30.9%
Gross Profit Margins- Buy only		27.8%	30.4%	38.3%	39.8%
Gross Margins- RMC platform		27.3%	30.4%	42.9%	46.7%
Gross Margins- Brokerage- blend		18.7%	18.7%	18.7%	18.7%
Total Op Ex	(\$2,999,000)	(\$3,541,000)	(\$5,046,700)	(\$5,868,516)	(\$16,373,411)
EBITDA	(\$2,999,000)	(\$3,166,786)	(\$4,098,574)	(\$1,804,403)	\$11,221,473
Terminal Value					\$66,008,663
NPV @ 20% cost of capital					\$5,344,043

We will complete more due diligence by partnering, soliciting further feedback from modern RMC customers, or becoming a customer ourselves. Once we press go, we need to raise capital and create a new business unit with their own P+L. We would start with a lighter offering of "core" services for smaller customers but, since talent teams want a full-service solution, as we grow we would need to expand our offerings.

Potential issues: It's difficult to experiment without major investment. The sales cycle for companies is ~2-3 years, so it would take several years to create a record and gain momentum. We may need to become comfortable with Buyer Value Option (BVO) transactions and holding homes on our books. BVOs are two-step home sale transaction that avoid employee taxation, but they would require a Redfin RMC to hold homes on our books for up to about a week. There are also legal concerns: RESPA contains strict prohibitions against the payment of unearned brokerage kick-backs. Additionally, affiliated business arrangements are highly regulated and subject to penalties if not in full compliance

with RESPA. Several large RMC's have chosen to modify key business relationships to avoid legal action. Finally there are brand concerns: as an RMC, we would have sway, but not total control, over vendors.

## RMC Option 2: Buy it

While building an RMC requires less initial capital and boasts better MOIC, buying one is better from a speed-to-market, NPV valuation, and institutional "energy" perspective. The two most likely acquisition targets are Urbanbound or MOVE Guides. The gross margins for both acquisitions are similar to the "build it" model of 38%, but the scale of revenue at each year is different for each company based upon their 2017 starting point. See the [full financial model](#).

Company	2017 Acquisition price	2020 Revenue*	NPV	(+)	(-)
Urbanbound	\$40-50	\$73	\$17	Domestic, digestible	Uncertain about efficiency
MOVE guides	\$100-110	\$131	\$29	Cultural fit and strong traction	Big ambitions/ difficult acquisition

*All values in millions*

*\*Includes Brokerage Revenue (listings and buy-side, each at 50% of deals)*

## Appendix 2: New Role Descriptions

Relocation Coordinator (RC)- This would be a salaried position, located in Seattle or in the HUB. The RC will be competent in booking tours, phone calls, neighborhood consultations or listing consultations for any Redfin market. They will also be familiar with our relocation-specific resources, such as deals for movement of household goods on Marketplace, Opportunity Score, and how to direct customers to our neighborhood pages. The RC will handle relocating customers that Support Agents first touch as well as relocating contacts that submit agent requests for their secondary market. The RC will intake inquiries from Facebook, mailer and email marketing campaigns and convert the contacts to appointments. RCs would be a point of contact for a MOVE Guides (or other RMC) partnerships and would manage client assignments sourced from the Business Ambassador Program. The proposed salary is \$50k but the cost isn't included in our plan because it's a role similar to Support Agent and is already baked into gross margin assumptions in cost per deal. In the near-term, RCs would likely be part-time Support Agents who have been trained for some of these functions. Finally, if the Redfin VIP program gets implemented, these coordinators would be the same as, or part of, that team.

Redfin Business Ambassador- Will seek out new business by targeting decision makers in HR and recruiting groups nationwide. The salary would include a larger commission-based component. This person might also be involved in creating and maintaining a partnership with an RMC.

## Appendix 3: Exhibits From Experiments and Additional Context

**Sample Business Ambassador Program MVP:** [Can be found here.](#) The Walkscore-powered map would allow new employees search for areas within their chosen commute threshold, given their preferred mode of transport.

**Sample Email Marketing Campaign:** [Can be found here.](#)

**Landing Page Mock-Up:** [Can be found here.](#)

**Related Efforts:** There are efforts at the company that are not focused on relocation, but involve changes that would support relocation customer growth. See [Related Efforts at Redfin.](#)

**Customer Interviews and Insights:** We interviewed over 60 corporate customers, consumers, industry experts and internal stakeholders. We have compiled these here: [Key Stakeholder Insights](#) (short summary) and [Stakeholder Insights: Interview Highlight Summary](#) (full length).