Legence | ServiceTrade Follow-up Call

Katie Mullen with Legence Holdings and Therma Corporation
Recorded on 7/12/23 via Zoom, 26 min.

Participants

SERVICETRADE

Katie Mullen
Field Manager

Lauren Rice
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LEGENCE HOLDINGS

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Director, Strategic Growth

Topics

Transcript

RYAN

0:00 Hey, guys. How's it going?

KATIE

0:01 Good. How are you?

RYAN

0:03 Good. Thank you.

KATIE

0:04 Good.

LAUREN

0:06 Awesome.

KATIE

0:08 Thanks for being flexible on the time.

RYAN

0:10 No, well, thank you all you guys. I'm the one upsetting the schedule. So I appreciate it.

KATIE

0:18 Yeah, you'd be surprised by how many people wouldn't have told us though, and just would have been like, shoot, I forgot. So we appreciate it as well.

RYAN

0:25 All right. Awesome. Well, what do you guys think about demo one with the exec team?

LAUREN

0:35 We were talking about it. They're a little hard to read and I couldn't see much, but I think they're thinking about the right things, but I wouldn't expect less, from the big picture guys.

RYAN

0:47 Right. I think they received it pretty well. So I actually, I report to, are, is my boss and he was probably, the one that asked the majority of the questions he thinks very big picture obviously. And he's his big concern right now is the competitive threat element of us going and launching this is piece. So he's pretty in line with making a move. It's a matter of what the right move is. Now, I will tell you guys right after, you know, a little inside of dope, right after we got off the call, he forwarded me a link because he was googling stuff in the background for the product called BuildOps that has a BuildOps versus service trade comparison chart. And his first question was, is service trade? I'm kinda giving you guys a little inside info so you can respond accordingly, is service trade, you know, too small for us was the question. So, you know, BuildOps really positions itself as a commercial product and paint you guys as a more residential based product, which I know is not the case, but this is how he's gonna go about doing his research, right? So, have you guys come across this? You know, I think that a lot of the boxes they check for BuildOps versus service trade, it's kinda funny because I know a lot of this does exist, you know, and maybe it didn't in older like, you know, 10 years ago, iteration, right? But just letting you guys know that did come up, right?

LAUREN

2:30 Yeah, we are aware of this... to the point of attorneys involvement.

RYAN

2:40 Okay.

LAUREN

2:41 So, I can't say too much about that, but I think the term season desists have been thrown around. Okay? It's interesting because they were new to the market. As of 2019. I think the first time I ever saw them on a show was like 2020 like in January and they were touting themselves as the first complete solution for commercial which we've never done residential. So from the very start, I was like this is interesting. So they have been a thorn in our side for a while and they are very bullish on in this space because it's very competitive and there's a lot. The total addressable market is like two point two trillion dollars.

RYAN

3:39 They...

LAUREN

3:40 They tend to take a more aggressive tack than most companies would in that way from like a comparison standpoint, and it's definitely not a good look for us to be to kinda have the fall out of that. But yeah, we are familiar with them. We understand, they have a product that does a lot of the same things as service trade, but at the end of the day, their development team kinda came from service tighten. So it tends to have more of a residential backbone.

RYAN

4:21 Got it. Okay. Yeah. And so that's I think gonna be and, it moves us in an interesting direction because I think that sorta starts to become the next part of our analysis in this process. Is there any other products we even wanna look at right, on the market?

--- Accounting integrations ---

RYAN

4:38 You know, tremble who we use their way out and Construction software. They have a crappy I think service platform as well, but we do use software packages from them already. So does that become easier? Is Sage, you know, is Sage potentially something that we could get more out of, you know, their SSO, I don't think so.

--- Accounting integrations ends ---

RYAN

5:01 From what I've seen but, you know, that's going to be a question because we already have three platforms on it. So just letting you guys know kind of some of the initial thoughts I hear from the big picture side and where we're gonna where we're the next objections we're going to have to overcome. I'm in sales. You guys are in sales. We, we know the road, you know, like this is how it's gonna go.

LAUREN

5:23 Yeah. Well, that's good insight. Thank you for kinda sharing that, we certainly don't see like the tremble.

KATIE

5:31 Service plug in.

LAUREN

5:32 Or Sage as a competitor especially from the customer deliverable side of things even BuildOps, my understanding is that they've gone pretty heavy on like the project management side of things and, they do like some of the customer deliverables that we do.

--- Type of work ---

LAUREN

5:54 But, but that's where we shine, that's where most of our ND comes from. Our ND goes towards is like the customer experience and the technician experience.

RYAN

6:05 Got it. And we haven't talked much about the project management side. So what do you guys kinda have on that side of the house? Especially more geared towards our service, special projects, equipment replacement, retrofit, not so much our ground up Construction stuff. Obviously, that's all run through pro core that's

become the, you know, sort of industry standard. There's no way in hell we're gonna change from that because general contractors now make a switch to that.

--- Type of work ends ---

RYAN

6:31 So it's more on, our forces. They write it into the contract to manage our projects out of that. However on the service project side, you know, we're trying to deploy it through ifs now in a custom built solution. So, what is your product have to kinda offer on that side of the house?

LAUREN

6:49 Yeah, that's I, I'm glad to hear that you use pro core. They're a partner of ours. So where pro core starts in terms, of project scale is not quite where service trade stops, but it's close. Generally, we see GC driven projects being done in a product like pro core.

--- Type of work ---

RYAN

7:12 Right.

LAUREN

7:13 And people define it different ways, whether it's by revenue, sometimes people classified as like, is it Aia billing then it to be gone through pro core. Is it Progress billing? Then we should do it through our service project software. So service trade does offer project management specifically for service projects.

--- Pricing ---

LAUREN

7:35 So, so the smaller scale things think like these aren't like hard values but like things that are about three months long things or not consecutively. They can be consecutive, but it doesn't have to be things that are about 500 to a 1,000,000 in revenue kind of things. So.

--- Pricing ends ---

RYAN

7:55 Like.

LAUREN

7:55 What you mentioned retrofit like a demo... tenant improvement, like, the build up and then the subsequent like commissioning and start ups. And, and we do have an integration with procor to kind of support the service functions of a Construction

project. So like you can allocate service time delivered in service trade to a pro core project.

RYAN

8:26 Well, you mentioned it real quick. What about like you guys house startup sheets and things like that as well as part of it so that you can just live in that service trade environment. And yeah, okay.

LAUREN

8:37 It's usually the service team is the one doing the startups like, they should never have to go into pro core. Like I just click send time to pro core and then it just goes into pro core so you can continue doing your costing in there.

RYAN

8:51 Okay. Yeah. I think it's interesting. I think that mark who, you know, if you look at the just norco business, mark kinda leads the service project managers as well. And he's been developing the ifs solution. So the fact that he was like, yeah, I'd really like to see what project management capability service trade has I'll let you know how optimistic he is on the ifs project management solution.

LAUREN

9:16 We can definitely do it. And that's why we designed it, right?

--- Type of work ---

LAUREN

9:20 Like there was a need in the market that wasn't being served like pro core, you know, was too big for a lot of, our service contractors. The specialty contractors, is what pro core refers to them as that. There just wasn't a need that was being served. So we, we've done a lot to accommodate the like scheduling of said work on the document management of said work, the budgeting and cost tracking of said work. So it's definitely something we can review with mark at some point and probably you.

--- Purchase decision ---

RYAN

9:55 Okay. Sounds good. Did you guys have any questions kinda for me... coming out of that first session? I know we got another one coming up way different audience, obviously.

KATIE

10:10 Yeah. I ask a couple of questions just around that... what you were hoping to, I know we talked about it a little bit just to kind of an overview of service trade core and then a little bit of Northboundary, but if you have any more detail on what's going to be important to that group specifically and who will be in the room, that would be helpful? I think.

RYAN

10:32 Yeah. So let me refresh my memory on the, let me pull up the calendar invite. So I can tell you in more specifics here. There you guys are.

RYAN

10:48 Okay. So the rest of our business units will be there. So you've got bell. Are that's based in Phoenix? And Brandon is their ops manager there. They have no sales team to speak of. So they're like a 50 technician shop that operates. It's kinda funny. It operates like a small shop where, you know, the ops managers selling, running the crew along with like the assistant operations manager. They do have some break fix estimating kinda guys... but it's a interesting business that I'm working hard on figuring out how to grow because they have the best mechanics in the area and they do killer big killer department, heavy industrial type work, healthcare, big ass fillers like and ton up type stuff as well as the smaller stuff, big central plant. So they're an interesting business, but they're going to be very operationally minded right? Then you look at year out on this call. So Rebecca, the sales manager, Keith Welsh. So year out, we also have a tuck in acquisition there welches boiler. So they're a boiler service company that kinda operates under welches or I'm sorry, under the year out umbrella, but it's still fairly independent in a lot of ways. And Robert Miller is again with year out. So that year out does have a sales team as well. So Rebecca's their sales manager, Keith and Robert would represent the operations management side. Let's see then we got a...

LAUREN

12:29 Than Mitch and...

RYAN

12:30 Anthony from thermo southern California. They're a relatively new business comparatively, you know, where thermais 50, 60 years old as a whole. The southern California brands only been out for about five years... but let's see then, you know, mark, Ed grin is the president and the president of Gilbert mechanical, who also runs and sells service projects and runs the service division, Gilbert, our Minnesota brand... sale. From your out, he's the VP of operation, used to run the service department, Derek, the quote unquote service manager for Gilbert and then Clo is on my team. I think you guys have met her once she's helping with the CRM implementation... and want her involved because at some point in, you know, theoretical world, all of these three software solutions have to play nice in the sandbox right? So that's the cast of characters on this next call. You got a little operations, a little sales, but this is all at the business unit level. So they're not going to be enterprise thinkers. They're going to be focused on their business unit.

LAUREN

13:56 Yeah. Do you think an hour will be enough for us to get through, what we need to show for this large of an audience?

RYAN

14:06 I mean, let's take a look. You're probably, right? Let's see what the scheduling assistant says. I can, it looks like I can try and push it a half an hour more.

LAUREN

14:22 That, that would probably just to be safe, I know with an audience that large, there tends to be like more questions.

RYAN

14:30 Yeah. Okay. Updates. So.

LAUREN

14:33 Yeah. Okay, great.

RYAN

14:36 So, yeah, it's a big audience... their opinion. I mean, their opinion is important obviously and we're gonna need all their buying. They're not gonna be decision makers at the end of the day. They're going to be influencers.

LAUREN

14:53 Yeah.

RYAN

14:53 Let you guys know. Okay?

RYAN

15:04 Now, one thing that I know you guys mentioned and, you know, we're referring to Northboundary as your guys CRM component essentially, right? Can we change the framing on that? Since I just spent 600,000 dollars on a CRM solution... I'm viewing it more on the estimating side of the house, especially with the PM capabilities. I'm sure does Northboundary also do some of that break fix estimation and how you would go about doing some of that stuff?

LAUREN

15:36 Yeah.

RYAN

15:37 Okay. Yeah. And I know it's going to be muscle memory. So I'm sure you can appreciate where I'm coming from here. I do want our CRM source of truth at the end of the day to be Hubspot. And so like that functionality isn't necessarily something I'm looking for at this point in our text back because I think I've got that covered. But instead of, I do think you guys have a more native to the industry estimation proposal generation tool, right? I can generate proposals in Hubspot, but like then it gets messy. We wanted to all live on one side. But like the CRM side of it, source of truth for pipeline tracking soft hard backlog. That sort of stuff. I wanna track that in CRM.

LAUREN

16:20 Yeah, that's a great call out. I've just typed out estimating and proposal generation tools specific to the mechanical industry.

RYAN

16:29 Because I was waiting for Mike hire to come on glued when you guys said, we need another CRM?

LAUREN

16:35 Yeah, noted.

RYAN

16:40 Okay. So, yeah, that was, I mean, that was the only thing I was thinking at this moment, I can tell you kinda what I've got in mind for next steps and what's gonna have to happen on our end. So when I get through these first couple of demos, I'm gonna ping my H this week. You probably picked up on the conversation we sorta had around. We got to start mapping out essentially what becomes our source of truth for each of these different things, right? We have customer records. We have the sales pipeline type stuff. And then we have the service business. There is gonna be the pro core, you know, function of this and how that looks on the capital project side that we've not really talked about integrating at all. We talked about using it to manage the project as opposed to the financial. We have to figure that stuff out and be comfortable around it. And I think that's why Mike asked for kind of your best practices around that data structuring type thing and what you've seen and done in the past, I think that's going to be a critical roadblock for us to get through to advance this discussion further. Okay? It's it's starting to get complicated as you can imagine. Like for us even like our text stack getting a little bigger, would potentially bringing on a couple of more business units here in the next 60, 90 days of two different or three different flavors. So as we bring more business units, we bring more potential tech into the mix, you know, it gets interesting.

LAUREN

18:11 Yeah. Okay. We had done some initial digging on that. I think we've got some, we've got some documentation that's specific to certain like accounting systems. We may want to... create something bespoke for what you're asking. So it may take a little bit of time. When were you planning to have those conversations?

RYAN

18:39 Well, I wanna get through this next demo because that's gonna be an important kinda.

LAUREN

18:45 Yeah.

RYAN

18:46 Step and then we're traveling next week. So I'm trying to get something on Mike's calendar for the week of the 20 fourth. It may not necessarily be, you know,

imperative for that conversation to have something in our back pocket. It also could be as simple as getting, you know, maybe some of, your folks on a call with Mike to kinda brainstorm and think through some of that and just share if you have anything published, you know?

LAUREN

19:18 Yeah. I think James who you met would be a good person to kinda talk through that as well as somebody who specializes in accounting integrations. I think that's probably a big piece of that even though stack. Okay. Let me, let me do this. I'm taking some notes but I wanna jot down some next steps together and recap. So... see... next. Okay. So demo with ops team is happening next week today is the twelfth. So that was on the eighteenth. Ryan, Mike plans to me to just to start discussing data flow. What what are we?

RYAN

20:25 Yeah. I'd say data flow is accurate.

LAUREN

20:29 Okay. So we'll say the week of the 20 fourth... Warren and Katie will connect with team on best practice resources. So we'll work on that next week and around the same time we have the demo, right? And then, we'll have something to deliver to you probably the beginning of the 20 fourth. And then we'll add a probable next step of call with Mike from legion and James Tonia service trade about... I'm just gonna stick with my word, best practices. Yep. Okay. And we'll aim for probably towards the end of that week. Cool. Did I miss anything?

RYAN

21:29 No, I think that covers it.

RYAN

21:36 So, yeah, lots to get done. You know, I know that everybody's hair's on fire about this on our end, but... it's a big complex decision, you know, and I think we have to be realistic about how long this is gonna take to get through, especially if we need to figure out data flow and mapping and sources of truth ahead of time like and we want to be very deliberate about the choices we make now because otherwise we're back in the situation that we're currently in with decisions that put us in the place that we're currently in. So, you know, we're trying to avoid that essentially.

LAUREN

22:15 Yeah, makes sense. It totally makes sense. And I think it's nice that we've got the experience of working, with companies of your size. It looks different, right? It's like a true like I'm stuck on the word bespoke, I guess I want to go by like a tailored suit or something, but it's truly a different approach than what we would take with like western allied, for instance, not, to say they're not special, but they're not, this is a different ball game and it's we're dealing with much more sophisticated software, much more... impactful processes. And I think with the help of James on our team who's done this like overseeing it for the last decade at service trade, and other subject matter experts at service trade. I think you're you guys will be in good hands.

RYAN

23:13 Yeah, and we're quite a bit different than western Ali. I mean, I've been competing against them for 15 years now and, you know, we're quite a bit different in skill set structure, all of that stuff. And obviously scale is a big component of it now as we well even scale just in the bay area. We're quite a bit different, you know? Yeah. So, but we do share some common clients which, is frustrating but I will say anecdotally we get the higher end parts of those clients portfolios and they tend to get kinda, the lower end parts and pieces of those portfolios so, that at least still makes me feel good, when a fancy like flagship property comes on, we always use, they usually get it and they get kind of the other ones, you know.

LAUREN

24:05 It's it's the Michael Angelo promise, right?

RYAN

24:08 Okay. What's that?

LAUREN

24:10 That giant David statue in your in?

RYAN

24:13 There you go.

LAUREN

24:16 I think you guys need to brand that somehow like it's the Michael Angelo promise, I don't know.

RYAN

24:22 We get, so there's so many like adverse reactions to that statue. It's like at some point it's just gotta go, man. And, but it's worth so much brick and money and it's so iconic. But like we nowadays, it's like, I don't know it gets a lot of adverse reactions. Let me just.

LAUREN

24:39 I have, I've been doing this a long time. I've never seen anything like that in an office like a contractor's office, and I kinda love it. I tend to be on the kitchey side of things. So.

RYAN

24:51 Well, our office is very kitchy. So.

LAUREN

24:55 Probably.

RYAN

24:56 Right up your alley then, because we have nothing else. We've got a lot of tacky artwork that's for.

LAUREN

25:02 Love it. I love it. I walked into use the bathroom and I was like, my God, Katie, they have like these like colorful etchings, like back, let like that's. So cool. And yeah, never seen anything like it. Generally, I see a lot of stuffed bears and tigers, not so much like classic Italian art from.

RYAN

25:24 Yeah. And what was interesting is, the woman on, the former female owner, Nikki looked like Korea devil, the inspiration behind like all that stuff. So.

LAUREN

25:36 I did not have that context. And now my imagination is running a mock.

RYAN

25:40 He was, it was something else. Let me tell you so. Okay.

LAUREN

25:45 Cool. Well, thanks.

KATIE

25:46 Melissa.

LAUREN

25:47 Is this will be helpful going into next week? I think an hour and a half should be enough time to get through all of that. And then if there's anything else we can think of or vice versa, we'll just stay in communication. But thanks so much, Ryan for your.

RYAN

26:02 No, no problem.

LAUREN

26:03 In your help.

RYAN

26:04 Yeah, I appreciate it. Thank you guys for all of your help and we'll just keep getting after it.

LAUREN

26:10 Sounds good.

RYAN

26:11 Guys. Have a good rest of your week. We'll talk soon.

LAUREN

26:14 Yeah, bye.

RYAN

26:15 Bye.

The End