

TRG 55 Transcript

Nichole Stohler

What if you could be doing something smarter with your money that creates income right now? If you're an IT professional who's wanting to get ahead financially and enjoy greater freedom of choice, and if you wonder who else in tech is creating ways to make their money work for them? You want actionable ideas with honest pros and cons and no fluff. Welcome to The Richer Geek Podcast. We're helping IT professionals find creative ways to build wealth and financial freedom. I'm your host, Nicole Stohler and in this podcast, you'll hear from others who are already doing these things and learn how you can too.

Hey, everyone, welcome back to The Richer Geek Podcast. This episode is going live while we are still dealing with the COVID-19 pandemic. And as I keep my pulse on real estate investing across several different niches, I have seen many short term rental owners expressed frustration with their online travel agency platforms, also called OTAs. This would be Airbnb, VRBO, booking.com, those types of companies, and there are complaints about how refunds are being handled, booking revenues and fees. Now, a number of these short term rental owners have been posting about setting up their own websites and then taking their own bookings. And I think that's excellent that they want to take control. There's just a few challenges to think about. How will people actually find you online? As a small owner operator, short term rentals? How can you get found when you're competing, it's the big guys that are paying millions of dollars in Google advertising, and search engine optimization. If you have a repeat business of guests, then I can see where you could slowly build this way and you would look for referrals and build an email list but that is still a really long road. If you take a look at all of the hotel chains, and how all of those brands focus on their points, and their rewards programs, that's all to encourage direct bookings, and also cut out the otas. I interviewed today's guests several months ago, and I believe now is the right time to run this episode. It's interesting because I reached out to him because he was in technology, and I liked his story. But it's very timely for what's happening and the way some of the short term rental owners are feeling right now. The reason is that he's created a platform for short term rental owner bookings, and connections that takes advantage of the prime keywords people use when searching for properties again, how do you get found online and that's a huge challenge. His model is pretty interesting and it might be the answer for you if you're looking for alternatives to traditional options.

Our guest today is Michael Kugler, and he's a software engineer that ended up inventing an automation software that was pretty disruptive in his industry. And then he rolled those profits in to build a resort in Branson, Missouri. And then he added short term rentals and condos. From there, he saw another disruption opportunity, which is what we'll get into today. Thank you for joining us, Mike.

Michael Kugler

Thank you for having me.

Nichole Stohler

Let's jump right in. Tell us a little bit about your background specifically in tech in it.

Michael Kugler

Um, so originally I my background was in what's called metrology calibration. And I actually worked for Ford aerospace overseas with their SATCOM stations. And while working on the SATCOM stations, I became aware of some of the, the old IBM computers, how they were creating, almost DOS, if you will, programs that would control and it - Basically, output input, compare, pass, fail, output, input, pass, fail and repeat. And it was a very efficient way of speeding up the process as opposed to reading. So I ended up going back to college, getting another degree for programming, and specifically it was in what at that time was called Hewlett Packard v. And then from there, got involved in writing what's called metrology calibration software programs, invented a company called v cow, which automated the calibration process, recorded the data to Excel spreadsheets. And once that was troubleshot, and ran then I started combining all these programs and offering them out there to different laboratories around the world. And almost immediately within eight days, we had a huge sale in six figures and then it just became one laboratory after another after another. And because at the time we were living in San Francisco, and I was, it was an opportunity for me to be able to take the money that we were making with V Cal at that time, sell everything we have in San Francisco and then we ended up buying the resort here in Branson, Missouri. And that's where we've been ever since since 2003. And then it allows me to be able to be here in Branson and continue working with the cow which I still have and we still have laboratories that we're selling the software to. And even today I was working on V cow. So there was some stuff that I was able to go and pull over here to Branson and allow us to be able to have, you know, having a less hectic life if you will. And that's really what we were aiming for. San Francisco was a lovely area, have great friends back there. But here in Branson is just the Ozark Mountains and we live right on the lake. So nice place.

Nichole Stohler

I love so many things about what you just described. So first of all, you were, you saw a need in the market. And clearly it was a big need because eight days after, you know, launching and talking to a lab, you already had a large sale, and for it to grow so quickly from that point in time, and then I also like how you described, you know, your ideal was you wanted a slower pace of life, or at least a slower place to live in, and you ended up buying a resort. So tell us a little bit about where did that thought come from? Because you know, you could have just moved to Branson and then that be it right just had a house, nothing to do with a resort. So where where did the idea come that you would want to be in that space?

Michael Kugler

Okay, so going back my competitors, but with V Cal, the competitors that I had, at that time was a company called inner Cal and fluke, metrology, and then Hewlett Packard, and the cost of the software was just enormous; It was ridiculous and people couldn't afford it. And when we came out with V cow, we were creating equal or better programs at a lesser cost. And that allowed smaller laboratories the opportunity to compete on a bigger scale. When we bought in

here to Branson, here's the thing. When we were looking for a business, I was looking for something in the Midwest, because of the fact that it would allow us to I in course, my resorts name is hunters friend. And so I have a passion of course for hunting. And I was wanting something to put me in the area of being able to do that. And at the time, when we were talking to realtors and everything we could have been anything it could have been a carwash it could have been a Blockbuster Video, it could have been many things that we would have looked at. And yes, we could have also done nothing just work off a vehicle. But I was telling the realtor I'm looking for something that you know, we're going to work nine months out of the year and you know, have some time off. And immediately the first thing out of their mouth was it's a resort. So you know, the resort was something that we were looking at. And I went to the internet found this place and flew out here literally found it on a Monday night, Wednesday, I was here from the flight I made the offer closed on the deal on Thursday. And that was a it was just that I live literally two miles from the Midwest, premier amusement park and then across the street from me as a marina. So it wasn't a real hard sell, obviously just clear for tourists to be able to come right to us. And then we, we did the same thing here that we did with VeeCal we offer - so for example, in our resort, we were the first place on Indian Point to offer high speed internet for free. So we immediately came in here and sit down the cat five cable wing and then we turn around and at that time, it was like the 802 Hu 11 be pretty slow speeds. But we were able to offer that. And that worked out really well for us. And then we went to LCD TVs, we were the first there. And currently, we're the only resort on Indian Point, which is our location that has every single room, it's got 50 inch or larger LED TVs. And then we also have induction range tops, making us the only place in the United States that has induction range tops for commercial kitchenettes. And we ordered those from Australia to be able to go and offer that to our customers. And then we won the green energy award from Branson, you know, for our innovation. So, we've had a lot of fun, but the business of short term rentals here with Branson has been wonderful. I mean, it's just a one of the best places around. And, you know, we also got into the individual condos for the both the owning and the management of them. So understanding, you know, the internet and the power of it and seeing companies like VRBO and Airbnb come into it. That was a opportunity that we, you know, if it came along, we were going to jump on it. And I'm, I guess that you're aware of the purchase of our vacation rentals, URL and how that went. At the time, it was 500,300 bucks, making us at the time, the most expensive, what they called gtld purchased. And we bought it because of the fact that it conveys exactly to what this industry is, which is vacation rentals. And then we set out to go and make the website and we're driving business to our site both through reservations and clients by offering them a very affordable option for listing and advertising their vacation homes and with no commissions or service fees. And it's just amazing to me that travelers are, you know, still continuing, they seem to not have much of an issue, getting price gouge for two, 300 bucks on a booking. And that's what they're paying in the Commission's to online travel agencies like Airbnb and the rbo and so forth. Booking comm charges a 15% to pay owner. And it's a pretty steep commission to, you know, come out of your gross revenue each year, we are going to step into that market and offer homeowners and small business owners an opportunity to have an online travel agency for a flat rate fee each year and working together. My investors, partners, and I were everybody is in this for the extreme long haul. And I'm going to continue with the resort business and they're going to continue doing what they do. And

we're going to build this thing over time organically. And I think that if we deliver a product that is equal to or superior? I think we're going to do very well.

Nichole Stohler

Okay, you said a lot of great information there. So let me, let me unpack that a little bit and take a step back really quick. So, first of all, the overlying theme of sort of these three business areas that you've just talked about, is that you look for points of differentiation primarily in offering a lower cost option with maybe more service more capability or a technology differentiator like with your resort, as you mentioned. Okay, so you, you sold everything that you owned, personally moved to Branson, bought this resort, which you own now for, I think you said 17 years, so it's been quite some time, and it's been going very well for you. Then you start also buying condos in the same area.

Michael Kugler

Mm hmm. Yeah.

Nichole Stohler

And then offering them on Airbnb, VRBP, it was that initially. Okay. And then was that what kind of give you the idea?

Michael Kugler

Well, wait a minute, it wasn't so much that what happened was VRBO sold to Expedia back in, I believe it was 2013 or 14. And I'd be honest with you, if VRBO would have continued with the same platform they did, which was just a basic annual membership, I'm not sure that I would have gotten into the field. And the other thing was is there wasn't a hook, if you will, for me, the but when Expedia came in and bought them, they just completely decimated the market. Airbnb was already heavy handed, but vrb o was over the top. And so at that point, I, like I said, we got together with others and we said, okay, let's sit down. Let's put this together. And we're going to drive our website off of a principle of fairness. Okay. And by that what I mean is this: I have a right to make a profit. And my customers have a right to have a great product. And the two of us working together, we're going to drive this up and hopefully have a fair market share. And the way I've always looked at it is like this, if you consider a pyramid, okay? And you divide a pyramid in thirds, the top third is going to be the rbo, Airbnb flip case, etc. And then the second, third, and then the bottom third. Right now I'm down in the bottom third with a whole bunch of other ankle biters, if you will, and the ankle biters, we're all going to we're all trying to rise above. Well, one of the things that we've done, again, is we have, we've actually set up a partnership that we're going to be announcing here pretty quick. And we're in the middle of finishing up the API and the testing and so forth. So we are going to offer not only the platform for the online travel agency, but we're also going to offer property management software, which is something that we have had innumerable requests, does your software does your platform, do property management? Can you export to, you know, do channel management, so forth. We can now and we're going to, and we're going to not charge more than what we are now, our base rate is \$200. So they have a choice of 200 300 400. And it's a tiered membership. So for hundreds, of course, come up first, and they're highly displayed most prominently. And

then the 300 below that in the 200. But everybody will get this no matter which level they're going for. The property management software, if they go out there, and they compare what they're paying already with, I don't know guess de la defi of Ontario, owners, etc. Just what they're saving with. So even if they never get a booking through my website, ever, you know, they're with us to 10 years and they've spent \$2,000 just the money that they're saving off the property management software alone will offset it and we're giving that for free, so that's a partnership that we've worked out. And anybody that signs up with us can take advantage of that. So now they have a professional Five Star kaptara rated platform that's able to go and help them as a property owner manager, okay? Again, it's more of a case for me of driving value, giving value to the customer and the client. We're going to make money, we're entitled to make money. We've worked hard on this, okay. But at first, I need to be able to go and put together the platform, make sure that our clients are getting a great stable platform. One of the things that we work really hard on is our GT metrics scores, for example. Are you familiar with gt metrics?

Nichole Stohler

No.

Michael Kugler

So it's a website analyzer and you can you can go to innumerable websites, I don't care who and what our site scores a solid A and A without fail. Now we're working on our lighthouse scores. But again, the integration between my platform and the other is going to drive it up. And then we're also working with another company, probably be someone you'd like to interview a lady by the name of Erica Mueller. And she owns the company Virgilio, which is specifically and only designed for the sale and purchase of vacation homes. And then the last one is a good friend of mine named Blake Chan over who's the owner for Genova ventures. And he is able to underwrite vacation rental home purchases. Okay. So we have Erica selling them. We have Blake underwriting financing, you have my site, which is advertising, and then you have my partnership with booking automation, which is going to allow you to manage it. So sell finance, or advertise manage. We've got the entire package there together. Additionally, I'm working on a sister website in parallel, and we're going to probably launch that here in December. And that's going to be for boat rentals. So we have the vacation rentals over here, when you're taking a vacation, would you be interested in renting a boat through this Marina this, you want to take an airboat? jetski, whatever. And we're going to marry the two platforms up so that it automatically pushes that conversely, they come there for boat rentals. And would you be interested in looking at a vacation home for rent? The two of them, you know, it's, it goes hand in hand and like I said, when we bought the resort right here in Branson, I literally looked across the street and just said, Marina done sold, didn't even it literally, I bought the place in five minutes. And it's been great ever since. It's just the thing that people love to do when they go on vacation is hit the nearest Ocean, Beach, lakes, whatever.

Nichole Stohler

Absolutely. I know. We are very much the same way. I live in Phoenix. We have some lakes here. But they're further out so i can i can agree there's something really relaxing about that

and being out on the water. So back up, one other piece that I think you had just been mentioning that because the website is vacation dot rentals. That's a high value domain. Did you say you paid 500 k for that domain?

Michael Kugler

Yep.

Nichole Stohler

Wow.

Michael Kugler

So the thinking is this, you have what's called the TLD. And the S LD, right? Google will sit there and tell you that they don't pay any attention to the TLD. I don't agree. We sat there on the first page of Google for a solid year, a year, we were on the first page of Google for vacation rentals. We're on the second page right now. But we have been more driven on getting the API platform integration between the two between booking automation and our site than anything else. So we're not necessarily trying to drive up rankings at this moment. As soon as we start finish our final testing. And like I said, just prior to speaking to you today, we were in the middle of it and getting the two way communication back and forth. Because you're dealing with what's called iCal integration, you're dealing with pricing, minimum nights, seasonal rates, a lot of things here. But once we finish that, and get that out there, we're going to go back to driving up rankings again. And at this time, it's going to be organic, because again, so many people ask, you know, what kind of property management software are you using? Who can I go through, people are going to literally enjoy using our platform so much that they'll talk to each other about it. What we're going to do though, is we're going to go after both the traveler and the owner, and we're going to drive it up. When you say going after I mean I'm trying to convey to them that you need to join us because of the fact that we are going to be the solution. Yes, I paid 500 k for because we are vacation rentals. And yes, we are going to rank we have right currently right now. No fee vacation rentals, which is a huge search term, we come up number - anywhere between number one and number four, on Yahoo, Google and Bing. And people are typing that in because they don't want to pay the fees. Okay, that's the main thing. You can take a \$2,000 booking that you're going to make for some place across the United States. And Airbnb is going to hit you, the traveler somewhere in the area of 150 to \$200, just for the convenience of it. We don't we don't charge that at all. And once we start stressing to the travelers, that they are not going to pay this fee whatsoever, that's gonna cause them to go and tell their friends about it and bring it over here. And we have other things that we're also going to market and get the word out there more. For the owners. Again, like I said, we're going to try to overwhelm them with service and, you know, customer service and responsiveness and features. Nobody, nobody anywhere on the planet offers a professional property management software and an online travel agency together. And they don't do it for free. We do. So when we took me six months of time researching all these different because there's, there's hundreds and hundreds of online property management platforms out there. And again, I mean, there's just too many to even go through. But one of the things that I did really concentrated on there's a website called Capterra. And this is a site that actually has unbiased, you know, reviews kind

of like TripAdvisor reviews. And that was important to me to find out because I needed to understand whoever I sign up with, you know, what is their support, like and how do customers like them? And my partner that I've signed up with that we worked on an agreement, an exclusive agreement is, you know, ready to top 10 there are solid five stars. And their platform is incredibly powerful and fast and easy to use. And it does. There's not a feature on there that I can imagine that they are missing. It's a little bit because it's so advanced. It's a little bit intimidating at the beginning, but I don't think it's going to be that bad. The other thing that we got really lucky on is that we cornered the channel, on YouTube for vacation rentals. We got that about a year ago. And right now so we have over 1000 videos that are up on there. And, for example, like Naples, Florida, where we come up number one when people search for vacation rentals in Naples, Florida. And I think we're like number six for Kissimmee, Florida, which is astonishingly busy, is one of the Orlando Florida is probably either the number one or as it's got to be number one in the nation for tourism. I can't think of any place else that would, that would beat it. I think Vegas gets like 3040 million people a year. I know Disney gets about 100 million. So here we are competing at number six there. And for foreigners Florida, a lot of places we come up, number one, number two, through the top five, on YouTube for search, we're going to continue driving that. And that's another thing. So we're making these professional videos for free when we include it and give it to the you know, put it up on our channel and clients can use that. So again, it's important for us to get value for the dollar to the owners. And, you know, hopefully, we will end up becoming like I said, with when you're looking at the pyramid, got the top three, nobody's gonna knock them off. That's just not gonna happen. So they need to quit thinking well, this isn't blockbuster being knocked off by Netflix. This is these guys are there. They're going to stay. I'm down here in the bottom third. The things - the partnerships that I'm establishing now are going to bump me up into the second third. And I think that that's a very empty part of the pyramid. And I really intend to occupy that space for a long time. So I think that we will be a two thirds company, if we give as great of service is what I'm hoping we will. Maybe we, instead of top three, it'll be top three and a tag along something like that.

Nichole Stohler

That's so great. You're creating a community. Yeah. So tell us how can listeners get in touch with you or learn more? I guess about a couple of these businesses. We already talked about the domain, vacation rentals, vacation dot rentals -

Michael Kugler

Yeah www.vacation.rentals. So that would be one. They can get in touch with me through my cell phone 417 230 0717. I have it all the time. They can contact us through email which is sales@vacation.rentals. And of course with our Facebook group for vacation rentals as well. So we're on there a [facebook.com/vacation.rentals](https://www.facebook.com/vacation.rentals). And, you know, I mean, we're gonna keep open lines of communication with anybody and everybody that we can to help them out. You know, the the idea is, is to give to expect to profit in exchange for great service. And I hope that we stay true to that for many years to come. I've done it with VeeCal. And that's one of the reasons the software does really well. Again, I'm against really large corporations with VeeCal, that's, that's with fluke, I don't know if you're familiar with fluke, but in the electronics test and

measurement industry, Hewlett Packard Tektronix and fluke are Airbnb, VRBO and flip key. I mean, they're the top third of the pyramid. So you come in there and you try to go in compete with that, you know, and the only thing that makes me happy is that they didn't lower their prices, they stayed up there. obscenely expensive, thereby allowing me the opportunity to step in there and fill a gap. Same thing will happen with VRBO, and Airbnb, they're gonna stay up there at the extremely expensive and charge terrific fees. And that's going to allow someone like me to become established and then grow, which is fine with me.

Nichole Stohler

Well, thank you so much for joining us today and I look forward to seeing that growth as you mentioned.

Michael Kugler

Thanks so much.

Nichole Stohler

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