

Testimony of Raymond Hesperen
CEO and Co-founder, Property Meld
Before the United States Senate

“Betting on the Rest: Expanding American Entrepreneurship Outside Traditional Hubs”

My name is Ray Hesperen, and I'm the CEO and co-founder of Property Meld, a software company that focuses on maintenance for the property management industry. We started our company in 2015 to make property maintenance a fantastic experience for everyone – renters, maintenance personnel, and property management companies. Our company has grown significantly and now helps improve this experience for hundreds of thousands of renters and the people who manage the homes. A little about my background, I was born in Wyoming and studied to become an engineer in South Dakota, and I am fortunate to live there today.

For context, my family moved across the U.S. before arriving back to South Dakota, where we ultimately wanted to live. I never wanted to leave the Midwest after college, but like many of my colleagues, we had to choose between staying in the area or moving for a better opportunity. I chose opportunity. It hasn't been an easy journey, moving around six times in nine years. The goal was to gain the skills needed to move back into the area. But frankly, I had to create my own job in order to move back.

My company was born to solve a real problem for renters and maintenance. I was good at solving problems but turning an idea into a business was completely new to me. I specifically remember talking to a few fundraising people about raising money initially and was told that it wouldn't happen. I was from a no-name school and didn't have the credentials or connections of an Ivy-league school.

As any entrepreneur, I'm not good at being told 'no,' so I started tapping my local network. Incredibly and fortunately, I raised some money from people who liked me and trusted me. They weren't professional investors, and looking back, I'm a bit shocked they did invest considering what information we gave at the time.

Fast-forward, we started to have some success with early-adopters in our industry. I specifically remembered a critical pivot in our company when we met a key mentor in our growth. He had a fantastic resume in software and scaling and brought our haphazard group, and helped turn us into a scalable machine. This ultimately helped us achieve growth rates that made this an interesting business.

It was at this point we became a legitimate investment opportunity for venture capitalists (VCs). Our new framework helped established the structure that would create a path to profitability for us and our investors after investment.

Building the story for those VCs was hugely guided by this mentor. Creating the formula for 'insert a nickel here, get a dollar out there' but helped coach us to elevate our credibility during the entire process.

The options for fundraising were minimal. It felt like it was either regional angel players or venture capitalists from the coasts. The angel groups often could only commit to small investments which would have required a large contingent if we were to raise enough to give us the runway we needed. Alternatively, we could participate with the coastal VCs.

Even during this initial period of fundraising, we received some term sheets that, especially in hindsight, felt opportunistic. Since we were in South Dakota, we wouldn't notice some egregious terms. Due to these mentors' advice, we were able to avoid some pretty serious mistakes early in our company. Ultimately, we partnered with a fantastic smaller regional capital partner who treated us fairly and has been a great asset since the initial investment.

We started our company in 2015 and had a slow start. By the beginning of 2018, we had grown to 4 employees. Since then, we have accelerated our job creation and now employ 44 with no signs of slowing down. Starting from a basement, moving to a local incubator, and now building a 14,000 sq ft beautiful facility in downtown Rapid City, our growth is an excellent example of what can be accomplished with the right idea and the proper execution. We're having a real impact on our local and national economy.

I ask that we not think of this as only capital. Hopefully, my journey is an example of how both mentorship and capital are essential. If I ask myself, "could we have succeeded only with capital?", I am doubtful. Alternatively, if we would have succeeded with only a mentor, also doubtful. It is my strong belief that both of these areas are critical to the success of entrepreneurs like myself. I hope a spotlight on our success will help set some framework and provide insight on how we help other entrepreneurs do the same.

Thank you.