Christine Dobbyn:

Today on Owl Have You Know.

Aaron Knape:

When you've got a startup business and you're dependent on live sport and live sport goes away, you learn really quickly how to figure out how to survive and get to a time when there will be live events and live sports.

Christine Dobbyn:

I'm Christine Dobbyn, multiple Emmy award-winning television journalist and Rice Business MBA for executives class of 2020. Today we're joined by Aaron Knape, co-founder of sEATz. A Houston-based mobile app platform that puts the stadium at the fans' fingertips. From beer and hot dogs to popcorn and soda, fans don't have to wait in line or miss the game or concert, it's delivered right to their seats. Aaron is a 2008 graduate of the MBA for professionals program at Rice Business. He shares his journey from McNair Hall at Rice to co-founder and navigating through a pandemic when the fans in the stands disappeared. Thank you for joining us.

Aaron Knape:

Thanks for having me.

Christine Dobbyn:

When I first heard the idea of sEATz. It's one of those concepts that you think to yourself, "Wait, surely somebody is already doing that." Tell us the story behind it.

Aaron Knape:

Yeah. You know I actually had the same thought myself when the idea was presented to me. Our other co-founder Marshall Law was at an Astros World Series game back in 2017 and ran up with his two boys to get a hot dog and a couple of Cokes. And they waited in line for 45 minutes and they were left-field seats by the way. So while they were waiting in line, Yuli Gurriel hit a home run and it went right over their seats. Even to the point where you can go back and watch the clips and you can see his empty seats in those highlight clips and Marshall was just devastated.

That's the kind of moment you take your family or you take your friends or this is why you go to a sporting event, so to catch those moments and he absolutely missed it. So he texted me that night and said, "Hey, I've got this idea. Why can I get food from Uber Eats from seven miles across town, but I can't get a hamburger from 70 feet away?" And my answer to him was, "I've heard about this before. It seems like it's been done, but let's investigate it. Let's find out what's being done, what's not being done and how it's failed in the past and let's make it work."

Christine Dobbyn:

You are a 2008 MBA for professionals, graduate of Rice Business. You have another co-founder who is also in your cohort. Tell us a little bit about your co-founders, your backgrounds and how you came together.

Aaron Knape:

Yeah. So the guy with the idea, his name is Marshall Law. Even better, his full name is Jesse James Marshall Law. Yeah, it's true. And he is larger than life in person as well, so he definitely fits the name. He's the one who had the idea, called me up. We've known each other for probably going on 15 years now. Our wives have been friends since they were little. So he and I have always enjoyed talking about business ideas. When, where and how we could start something new and sEATz happened to be the one that's really stuck. Craig Ceccanti is another great story. Craig was a classmate of mine from that same class in 2008. So Craig and I went through the program together, got into the entrepreneurship program while we were there under Al Napier and really just took a liking to entrepreneurship.

After we graduated, Craig was over in my backyard one night and we were having drinks and he was telling me about this idea he had to start a paint and sip studio. And I said, "Craig, I think that's a bad idea, man. I don't know if you should do that." And he did it anyway. And 10 years later, he's got Pinot's Palette, which has over 150 locations around the US. And Craig got connected to us, I went to Craig, we've stayed really fast friends for the last 12 years now. And I told him we were needing help finding a developer because I knew about his development background. And he helped us connect with a few people. At the end of the day, he said, "Hey, let me help with that. Let me help build this. Let me be a part of the team."

And so he started building our MVP for us. And a few months later joined the team full-time as co-founder and today he is our CTO and he is our CFO. And he's just been a hell of an architect and a hell of an asset to the team and a big part of why we're where we're at today.

Christine Dobbyn:

You've mentioned there are competitors to sEATz out there. How are you positioning yourself to be the premier stadium server?

Aaron Knape:

Yeah, that's a great question especially in this current environment. So I want to go back to what I said when Marshall first texted me and about the idea. When we looked at what was going on out in the market, there were people who had done it, they had tried it and there were a few problems that didn't lead to very good adoption. And then there were some ways we differentiated ourselves. So the whole idea of in-seat service got started back probably 10 years ago. And if you think back to 10 years ago, there were some serious issues. We didn't have iPhones, we didn't have Androids, no smartphones with today's capability really to speak of. And so in-seat ordering was just a whole different beast back then.

The other thing was connectivity. The wifi, the cellular service that we've come to expect as a given, no longer a nice to have, just wasn't as prevalent as it is today. So today teams and venues know that it's to their benefit for the fans to be able to tweet about the event or to post on Facebook or Instagram or to be able to check other scores. So there's this really big digital transformation that's happened. And then of course, we've all been conditioned for convenience by those apps like Uber Eats and DoorDash and Postmates to essentially have anything we want brought to us at any time. Now, our differentiator is that we put a heavy emphasis on we're going to call it the backend, kind of that B2B focus of the platform itself. So a lot of our competitors that have come before us have just focused on the fan app and they focused on providing what we'll call a true software as a service model for the fan.

Well, the problem there is that it doesn't help the concessionaires or the venues who were trying to provide that food and beverage. As a matter of fact, it makes things worse. It creates additional orders. It adds to the lead times. It adds to wait times and it just creates bottlenecks. Whereas we've built out a really nice operational component on the backside that helps actually manage that event, manage the menus, manage the venue itself, what types of service are provided in certain areas, what

the menu looks like, it can vary by area, how do we manage personnel. And it's all been condensed down into this really simple to use platform that's very powerful in its ability to help manage and also report.

And then the final differentiator is that we've provided a lot of the labor as well. If you think about these large stadiums, they're bringing on 2, 3, 4,000 workers a day or per game, and bringing on the extra hundred to 200 people to do the in-seat service is just more of a challenge for them. It's more of a skilled labor set. So we've started out by providing that. And then to resolve the scalability issues, we now have a couple of nationwide partners who specialize in that. And we've got alignment with... We're finalizing a contract with one, but it's a major national name that you would be familiar with and happy to share more on that later. But it's really going to help us quality control that whole process for the fan and the venue from front to back.

Christine Dobbyn:

What's your longterm goal? Do you want sEATz to be in every stadium and venue in the country?

Aaron Knape:

Yeah, absolutely. So our goal, it's kind of interesting. When we look out in the market, first of all, the sEATz team, we're very optimistic. We're very big picture people. We didn't necessarily start out by saying, "Hey, we want to service every high school stadium in the nation, and then maybe we'll get some minor league teams and then maybe we'll get some professional teams." We've kind of taken the opposite route. We did some proving at Rice University. We still continue to do so, but we quickly made the jump to NRG and the Houston Texans and with Aramark, which is a global concessionaire in food and beverage and services provider. And from there, we've essentially said, "Look, our mission is to be in every professional stadium in North America that we can be in. And then we will figure out how to build the platform for these smaller venues."

And the reason for that was that the challenge of implementing and integrating into a large stadium is just so much greater than at a high school. And so for us, with the team we've built, I think we're able to easily jump over those hurdles where others may not be able to do so. So Aramark has been in our expertise in all things and building a kind of a B2B software and really service those professional stadiums. So yes, to answer your question, we want to be in every stadium, but we're going to start at the top.

Christine Dobbyn:

That's a good place to start. You also picked a top school so you get your business degree Rice MBA, what there led to your success? And did you decide to become an entrepreneur before, during or after the program?

Aaron Knape:

So what's at Rice, I have to say that the staff, the faculty, all of the classmates, there are so many different factors that contributed to my success. I'll start by talking about the faculty. I think we have some of the best entrepreneurship faculty out there. At the time we had Ed Williams, we had Al Napier and a whole host of just these really creative minds who really pushed that whole entrepreneurial agenda. Really taught us to think like business owners. All the way from what you think about when you wake up in the morning. So when you're in the boardroom to when you're on investor calls, et cetera. And so a lot of great lessons learned there.

And then our classmates, just such a fantastic group of intelligent people that we've all stayed in touch since school. We've stayed in touch with the Rice network in general. And I really can't speak enough to how the Rice network itself has greatly contributed to the success of sEATz and probably countless other companies, but the desire to help and listen and learn and to make connections wherever they can be made is always readily available when you're talking to somebody from Rice Business.

Christine Dobbyn:

How has the pandemic impacted your business?

Aaron Knape:

Yeah, well, it's definitely created a new way of looking at large-scale events. When it first hit, we were really interested to see, we were concerned actually to use a more clear word, as to what that meant for us and would the company be able to survive. And what we found is that it's really leading to us becoming a better and stronger company. Events now have obviously a need for social distancing, which is challenging inside large venues and larger arenas. And we facilitate that. We facilitate or we mitigate the need to get up and go to a concession stand and wait in a line on a crowded concourse. And we also allow things like fans to order their food ahead of time so that if they do choose to pick it up, instead of having it delivered, they're not standing around waiting.

And so through that and through various other platforms that we've built, we really are focused now on, "Okay, how do we make these events as safe as they could possibly be? How do we help the fan feel comfortable going to an event with 10, 15, 70,000 people and know that they've at least reduced their exposure as much as they can without having to walk around too much?"

Christine Dobbyn:

What is the current situation? When do you think we'll see sports and fans and sporting events again?

Aaron Knape:

Yeah, that's a great question. So we're on the phone with, again, these national food and beverage providers. We're on the phone with professional teams and concert venues, day in and day out. We've had a few calls today as a matter of fact with the same. And I think it's going to be sooner rather than later. There is a lot of focus and a lot of emphasis on what do we do to again, facilitate this safe return to sport. We're not just focused on getting the food, the beverage, the merchandise into the fan's hands. We're now focused on how do we help these venues and teams actually ensure that these safety standards are being upheld and met. And so there's a lot of changes and adjustments going into our software that Craig and team are wholeheartedly embracing.

It's a great combination for us. We're able to both help people and we're able to build a better platform all at the same time. So I think right now it's May, we're looking at probably a June timeframe for a return to sports without fans in the stands. And then it'll be July or August before we see fans in the stands. And even then it's going to be at a limited capacity. For sEATz, it's an interesting outlook because prior to COVID a good adoption rate at a large stadium was going to be anywhere between 5 and 10%. We're likely going to be seeing high double digits now in the 30, 40 to 50% adoption. So even with lower numbers of people in the stands, I think that the financial impact for us is going to be minimal if not even to the positive. So we've really found ourselves in an interesting position that three months ago, I would never have imagined.

Christine Dobbyn:

Well, you touched on this. I think of myself, even as a fan going into a stadium and my reason for using sEATz may be completely different than what it would have been several months ago.

Aaron Knape:

Yeah, absolutely. Absolutely. Before it was convenience, now it's about touchless transactions. We enable things like NFC and Google Pay, Apple Wallet, all of these technologies that allow you to not have to use cash or even reach for your credit cards, interact with people, touch screens, et cetera. So that was kind of the stance we took in late February and said, "We've got this technology, let's start to adjust our messaging because it's really going to be important for these teams and these providers to get people back in the stadium." So you're 100% right.

Christine Dobbyn:

And your tagline is, "Skip the line, not the game." Do you also feel when fans return, there's going to be so much hunger for sports and to be there at that event that now more than ever, they definitely don't want to miss the grand slam or the big play.

Aaron Knape:

Absolutely. And I think that this is just going to help that adoption increase and it's going to help people see the true convenience that the sEATz platform was originally built to provide.

Christine Dobbyn:

Aaron, what advice would you give to aspiring entrepreneurs, whether young, old, or somewhere in between?

Aaron Knape:

Well, Christine, I'll have that the best lesson I learned from this actually can be related back to another famous Rice graduate, a guy named John Doerr. One of his words of wisdom is ideas are easy, but execution is everything. And when Marshall first called me and told me about this idea, I thought to myself, "You know what? Somebody else is doing it," or, "It doesn't make sense financially," or so on and so forth. I found 10 reasons to think about why we shouldn't do it, but he was persistent. He stayed on me and we've really built a platform that executes differently than anything else out there in the market, in the world, really.

And I had the same exact conversation with Craig when it came to Pinot's Palette. So I've learned this lesson twice in my life, which is probably more chances than most people should get. When he told me about Pinot's and I said the same thing, I just wasn't sure about it as an idea. And Craig had gone out and he had executed that idea. So now I'm teamed up with two amazing co-founders and I'm not shy to tell you that. I think we've built something truly incredible that on the surface seems like a simple, easy idea, but the execution, the building of it every day is tedious and it's a grind. But it's so gratifying and it's so enjoyable to watch, not only what we've built be used in various venues and stadiums around the world, but to watch it grow and to cultivate it and continue to execute to where we're now, I think comparable to some of the biggest players in the industry and forming some partnerships with others who are really well-known household names.

And so just because an idea seems easy, just because you think it's been done before, don't think that it's being done correctly. Don't think that it's being done well, go out really vet that idea

because I'm sure there's a way to do it better. The world changes every day and ideas have to change with it.

Christine Dobbyn:

The pandemic has caused a rapidly changing business environment for everyone, but especially a business that is focused on crowds or the fan experience. Since we last talked with Aaron, they've had a chance to essentially relaunch. Aaron, thanks for joining us for an update here on Owl Have You Know. What has happened since we last talked this summer?

Aaron Knape:

A few things. It's been a wild summer. When we last spoke, there were certainly no live events happening. All of the teams, the live venues were trying to figure out how do we get back to live events? How do we bring fans back in the stadiums? How do we keep them safe, let alone keep the teams and the staff and the management safe? So since we last spoke, we've actually had events come back. We've had sports come back, led primarily by Major League Baseball, without fans. The NBA, the NHL, they've all had their seasons come and go without fans.

And so that was kind of the first phase. And now we're starting to see sports have fans back in the stadiums. And so for us, it started a couple of months ago with our own hometown team, the Sugar Land Skeeters. They had a small season, if you will. And it went off really well. We were out there, we were helping them. Fans were out there. People were able to get out, enjoy sport and it was a good time. We've since also been able to get back with the Houston Texans. We were there on Sunday with a full stadium and the Houston Dynamo and the Dash. So we're starting to see it [inaudible 00:20:19] quite a bit.

Christine Dobbyn:

What do you expect the next few months to look like? Things are still somewhat uncertain, but any kind of expectation or plan?

Aaron Knape:

Yeah. So far it's gone pretty well with the live events that have taken place. And the new norm has set in people that really followed the recommendations, the rules at the stadiums. And so I think you're going to continue to see that appetite for sport grow. Granted, we're still seeing a lot of caution. The media is still preaching caution and so fans are hesitant to come back, I think. But if you go to these events and you see how well thought out the planning is, and as that continues to progress, I think you're going to really see seasons pick back up. So I think you'll see the NFL, they'll continue to have fans. I think you're going to see a lot of the NBA, the MLB, they've got some really good plans in place for, "How do we safely bring fans back?"

And the fall is going to be a kind of a telltale time. Can we pull it off and will we? And what I think you're going to really see happen is the spring is going to be when a lot of sports come back in a big way. We're going to have had the NFL, we're going to have had college football, college sports. They're being played weekly now. As a matter of fact, we're going to be at University of Houston tomorrow. Rice starts back October 24th. So we're going to have a lot of data points that tell us, "Is it safe and can it be done?" And so far all the indications are, "Yes, this can be done. This can be done." And there's a lot of pushes you've seen for vaccines now, and so with that coming out, in addition to people actually wearing their masks, actually following the recommendations, I think we're going to have a much improved 2021.

Christine Dobbyn:

I think people are anxious to get out and a lot of people wanting to still be cautious, but I think there's going to be a lot of hunger, no pun intended, for your services.

Aaron Knape:

There are. Yeah, absolutely. I mean, I think the summer is one thing. People are able to get outside and enjoy themselves and so the return to sport, we may not have seen kind of that huge appetite for it right at the beginning, but I'm just thinking about the winter. And with restaurants and bars and venues being operated at limited capacity, people are going to be stuck in doors for the next few months. Maybe not here in Houston, but anywhere in the Northeast where it's cold, they're going to be stuck indoors and not have much ability to get out. One of our clients is a professional team up in New York and they're not looking forward to the cooler weather. So yeah, in the spring time when it starts to warm up, I think you're going to see a huge surge in demand for live events.

Christine Dobbyn:

I know when you started this company with your co-founders, the idea behind it was so that fans at an event, a sporting event or a concert, they don't miss the event standing in line for a concession, but could you have ever imagined that there would be another purpose for it in people being able to just stay seated and not have to interact with as many people and there's a safety element to it?

Aaron Knape:

Oh yeah, absolutely. It took us a couple of days to realize that. And when it finally hit us and this was kind of right at when everything started to shut down. When it really hit us, we said, "Guys, we actually, we've always been against lines. We've always been against crowds." That's what the platform is at its core. It's, "Don't wait in line, don't waste your time. Don't be around other people." And so yeah, that's probably, if there is a silver lining to all this terrible pandemic, it's that we have the ability to facilitate social distancing, to mitigate lines, to get rid of crowds on the concourse. And our clients agree with that. And so we've had great success implementing that, becoming part of that critical plan to return to live events in a safe manner.

Christine Dobbyn:

How has the pandemic changed sEATz as a company and you personally, as a founder?

Aaron Knape:

It's definitely going to be one of those experiences that we look back on and say, "It made us a lot tougher. It made us a lot more resilient." When you've got a startup business and you're dependent on live sport and live sport goes away, you learn really quickly how to pivot, how to find other opportunities, how to figure out how to survive and get to a time when there will be live events and live sports. How do you survive? And we not only chose to really spend the time to figure out how to survive, but it was, "How do we thrive during this time? How do we push our company to become better? How do we not hibernate and just get to the other end of this and then fire it back up? How do we actually work to be stronger and more resilient?" And so that's where it really came into play. Adjusting our marketing plan, understanding what our client's needs are going to be, start signing these contracts now.

And then of course we had to raise money during this time as well. And so that was extremely challenging. But what we also found are there are people out there who genuinely believe in us as a team, who believe in sEATz as a platform and the capability and the possibility that it holds. And when you find those people as investment partners, you grab them and you hold onto them, but we weren't going to let anything stop us. There is a way to pivot out of anything. And I would say that we really learned that throughout all of this. And so I don't know that I'll ever tackle a problem again, thanks to COVID and a global pandemic to where I say that we can't work our way out of this. And it's all ironic. And for the oil and gas, people who'll listen to this, you'll laugh because I got out of oil and gas because I was tired of the ups and downs and COVID hit. And so I still have to... I get to apply some of that oil and gas rollercoaster to this. And I think that helped also.

Christine Dobbyn:

So one last question before we go here, if I'm sitting at home watching maybe an Astros game on my couch, can I order a beer and a hot dog and have it delivered to my home?

Aaron Knape:

Not yet, but we're thinking about that. I'd rather you go to the stadium and support the team and support us there. That being said, soon you could be maybe sitting in your office, watching the game like a lot of people are today or sitting on campus. Actually, that's one thing that came out of the pandemic is we are actively working with some of our major food and beverage providers on, "Can we work with you in business dining? Can we work with you in higher education? Can we service your products and offerings and healthcare?" So there's a lot of areas that we are looking, just not your home yet. I don't feel like competing with Uber Eats just yet, but give me another 12 months. We'll talk about it.

Christine Dobbyn:

We'll check back with you.

Aaron Knape:

Sounds great.

Christine Dobbyn:

Okay. Aaron Knape, co-founder of sEATz. Thank you for this update on I'll have and we wish you luck and look forward to seeing your continued success.

Aaron Knape:

Great. Thanks Christine. Appreciate it.

David Droogleever:

This has been Owl Have You Know, thanks for listening. You can find links and more information about our guests, hosts and announcements on our website, business.rice.edu. Please subscribe to this podcast wherever you find your favorite podcasts and leave us a comment while you're at it and let us know what you think. Owl Have You Know is a production of Rice Business and is sponsored by the Rice Business Alumni Board. The host of Owl Have You Know are myself David Droogleever and Christine Dobbyn.