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Badi bags \$10M to build out its room rentals platform in Europe

Posted Feb 5, 2018 by [Natasha Lomas \(@riptari\)](#)



Barcelona-based [Badi](#) launched a marketplace for urban room rentals in September 2015 with the goal of making it easier to find flatmates. The startup has now closed a \$10 million Series A investment, led by Spark Capital, with the aim of ramping up its presence across Europe. Spark's general partner Alex Finkelstein is the lead here, and joins Badi's board.

The startup's room rental platform caters to both sides of the equation: People will a room to rent where they also live, and people looking for a room to rent (and flatmates) in a city. It's built out a major presence in Spain and is also live in a handful of cities in Italy, saying it has circa 700,000 registered users now, and a 10M "rental requests run rate" in Spain.

"We want to be the platform with the best user experience in the real estate market," says CEO and co-founder Carlos Pierre, discussing Badi's plans for the new funding. "And then expansion — so basically it's team, product and expansion all over Europe in the next 12 to 18 months."

“We’ll use these funds to hire the best talent, expand really fast all over Europe, while we gear up our Series b funding round,” he adds.

London, Paris, Berlin, Amsterdam and Dublin are the target cities that Pierre lists for the expansion plan. He also says the aim is to grow the team from its current headcount of 36 to around 60 before the end of the year.

“We really think that every big city is going to have [accommodation] problems in the coming years because logistically a city has a lot of problems to grow but in terms of demand, Millennials, the new generation, they are flocking to cities because they want to live near the jobs, near the universities. So rental prices are increasing... Demand is outstripping supply,” he says.

Badi built its platform with the aim of disrupting the older classifieds approach to room rentals, where people list rooms to rent and then have to do lots of manual legwork fielding all the calls and emails their advert receives.

They also want to offer an alternative to agencies that sit between landlords and room renters — by stripping away that middleman layer and replacing it with their own tech-enabled recommendation platform.

“Millennials want the best user experience and the best design you can offer,” he argues, explaining the positioning of Badi vs other players in the market, and name-checking the likes of [Easyroommate](#) and [SpareRoom](#) as competitors in the UK.

There are also newer platforms, such as the student accommodation focused [Uniplaces](#). But Pierre argues Badi differentiates against agencies by allowing potential flatmates to match and connect (message) beforehand — giving them the opportunity to figure out whether they want to go ahead with a flatshare themselves. “Everyone, even landlords and tenants, they want to make an interview,” he adds.

Badi is using machine learning to help with its flatmate matching process, learning from users of its platform as they match and agree to become flatmates, and feeding that intel back into its algorithms to continue improving recommendations.

At sign up, users are asked to create a profile — stating where they are from, their age, their status (profession or student), and which languages they speak. They are also asked to describe themselves “with six or seven main characteristics”.

Pierre claims the sign up process takes as little as a minute to complete, and can be done on mobile (Badi has Android and iOS apps as well as a web platform). He also says the vast majority (~85 per cent) of Badi users sign up using either their Facebook or a Google profile, so it's able to use their social media data to help power its recommendations.

He says an overhauled version of the recommendation system is in the works — which will place even more weight on tech giants' social graphs, as well as considering core matching factors such as people's location and age.

“*If you are from Barcelona and you want to work in Dublin at Facebook you will be able just to search flats filled with people who are working at Facebook.***”**

“It's based on Facebook first, second and third connections so if you open a map and you search flats in Barcelona you will be able to press a button and just see the flats filled with people that you have friends in common with on Facebook,” he tells TechCrunch. “And the same with LinkedIn. If you are from Barcelona and you want to work in

Dublin at Facebook you will be able just to search flats filled with people who are working at Facebook.”

On the user experience front, Pierre says some of the new funding will go towards bolting additional features onto the platform. Such as — one recent addition — an escrow payment service.

A calendar for booking room views and a reviews system is also in the works, slated for launch within two months, according to Pierre.

The escrow system is intended to offer added reassurance to people matching and messaging with potential flatmates that it's okay to hand over a few months' rent in advance via the platform. (To be clear: Badi is not offering vacation rentals so typical room rentals can last 12 months.)

The startup verifies users via their social media profiles but Pierre notes it also lets people choose to offer a more fully verified profile — by adding and verifying a mobile number and by uploading identification documents, akin to Airbnb's system.

He confirms it's not currently taking any commission on flat bookings made via its platform at this stage. The focus is on expansion and on honing the user experience, he says. But the aim is to monetize in the future by offering additional paid features.

“Right now we are connecting profiles but we will launch in the next [few] months new features — so for example a calendar to scale to scale flat visits, a review system for the listings... We will add insurance,” he says. “It’s going to be optional.

“We will take a fee eventually in the escrow system — and eventually we want that all the monthly payments are transferred through our platform.”

The wider vision stretches beyond just room rentals — with Pierre envisaging being able to add the ability to rent entire flats via the platform, i.e. without the need for agency intermediaries. Indeed, he says the goal is to “eradicate agencies”.

“We think it makes no sense that in the real estate market there are so many intermediaries and you have to pay commission,” he says. “It just adds friction... to the process. So eventually we want to eradicate agencies. We really think that has no sense.”

He even suggests the platform could eventually become a place for buying and selling homes too. “We want to create the best user experience and then offer self-service solutions even to landlords where you have all the contracts, where you can manage all the payments without intermediaries, without commissions. That’s our long term plan,” he says.

What about Airbnb? Couldn’t that platform giant expand its vacation rentals platform to move in on this space? Pierre reckons Badi has a window of opportunity before needing to worry about any risk of that — mentioning a meeting he had with Airbnb co-founder Brian Chesky last year which left him with the impression that the company isn’t interested in moving in on this territory for some while. So the aim for Badi is to be “like the Airbnb but for non-vacational rentals” in the meanwhile, he says.

“Airbnb is doing vacation for now. We focus on non-vacational. And we think that non-vacational is a huge market,” he adds. “It’s a market that’s quite obsolete. And we have seen with Airbnb they are focusing only on travel... Eventually you will be able to buy plane tickets on the platform... They want to focus on vacation at least in the next four years.”