

Publication Date: 20 April 2021
**YSP Podcast Transcript: Episode 260. The gamification of energy in strata – with
Conexie**

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Intro: Welcome to Your Strata Property, the podcast for property owners looking for reliable, accurate and bite-sized information from an experienced and authoritative source.

Amanda Farmer: Hello, and welcome. I'm your podcast host, Amanda Farmer and this week, I'm bringing you my interview with Matthew Waugh of Conexie. At just 30 years old, Matt has tried his hand at a number of things, whether it be sport where he represented Australia in a World Cup for rugby league, academia, Matt has completed a Bachelor of Management and a Bachelor of Sport Science, both at UTS. Matt is a proud father, partner firefighter and hobby farmer, and newly appointed APAC Regional Senior Business Development Manager for Equal Experts. But today, he is here to discuss his endeavours in the realm of entrepreneurship. Conexie was launched in 2018 as a communication portal for strata or common precincts like parks and universities. It allows the users of these ecosystems to be better connected to the stakeholders responsible for their upkeep, and the communities that exist within them.

Conexie has since experienced the usual startup journey, and pivoted a bunch of times to become the success story it is today. In this chat, Matt shares with me how Conexie is helping strata occupiers save money on their energy bills, and strata owners to make money through the installation of solar panels, and on selling solar energy to occupiers. Now, this chat has come at a particularly good time, as you'll probably pick up at the beginning of this interview, I wasn't actually aware that Conexie had pivoted towards assisting strata buildings in the energy space. This came as a pleasant surprise to me, because very soon I will be hosting a free webinar, all about how to get solar installed in your residential strata building. The webinar is happening on Thursday, 29 April 2021, and it is also the place where I will be launching my solar by-law template kit.

I started working on this kit last year with the City of Sydney Council and Christine Byrne of Green Strata. We had a heads up that the strata law in New South Wales was going to change so that we no longer need a special resolution to install sustainability infrastructure on the common property. Instead, the approval threshold has been lowered significantly so that it is easier to get these kinds of installations across the line and installed in our strata communities. Now, when I refer to a sustainability infrastructure, I'm talking about installations like solar panels and electric vehicle charging. The template kit that I'll be launching on the webinar contains an adaptable template motion and by-law for use when installing solar in your strata building, a sample technical specification form, and a list of additional resources for successful solar installations in strata. On the webinar itself, I will be explaining the legalities around getting these installations approved, both for use by all occupiers, which is what you're going to hear Matt talk about in this interview, or for separate use by an individual lot owner.

Now, the link to register for the free webinar is yourstrataproperty.com.au/solarwebinar, that's one word, solarwebinar. We kick off at 1:00 PM on Thursday, the 29th of April, that's Australian Standard Time. Now, the time I'm recording this, we already have around 100 people registered for this webinar, which is kind of amazing as I only gave it a quick mention on a Facebook Live late last week. Clearly, this is something that owners are very keen to find out more about. If you've been on one of my webinars before, you know that they are always jam-packed with actionable strata information, including time for general strata Q&A, and special bonuses for those who are joining us live. The webinar is brought to you with the kind support of the City of Sydney Council, as well as Waverley Council here in Sydney.

I thank them for the very good work that they are constantly doing in the green energy space, and for applying this very special focus on our strata buildings. Secure your spot on the live webinar over at yourstrataproperty.com.au/solarwebinar. And I will look forward to continuing this conversation that I am beginning now with Matt Waugh of Conexie about how we can use our common property to add oodles and oodles value for our owners and occupiers, and do our bit to preserve this beautiful world for future generations too. I'll take you over now to my interview with Matthew Waugh.

Matt Waugh, welcome to the show.

Matt Waugh: Hi, thank you for having me, looking forward to speaking with you.

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Amanda Farmer: I have been wanting to chat with you for a little while, Matt. I've been following what you and Conexie have been doing over on LinkedIn, which looks very exciting. I am just going to jump in and ask you, what is Conexie?

Matt Waugh: That's the million dollar question that we've been faced with since our inception. Conexie was designed originally to be a common platform, so people with a common interest or common goal could go somewhere and interact and create a community. And we probably struggled for the first couple of years in really finding well, what is that ultimate common goal that people have? And we've kind of landed now in what we're really excited about, which is energy, because whether you're residential or commercial, every single person uses energy. They have a relationship with energy, the way they have a relationship with it has a cost. So, Conexie, if I'm going to get into the specifics of it, is the solution for facilitating Power Purchasing Agreements from a reporting and billing perspective, but then we're also an interface for tenants, stakeholders, strata title, portfolio managers and owners to really get a transparent view of what's happening in and around their assets.

Amanda Farmer: Okay. Wow. I didn't expect you to say that. So, that's cool. Power Purchasing Agreements. Now, are you in the strata space in that side of things with Conexie, or tell me how Power Purchasing Agreements work with strata, if that's the case?

Matt Waugh: Yes. Definitely. So a Power Purchasing Agreement really is just the arrangement between the power provider, which in most people's cases like an energy retailer and the tenant or the occupant, and that's what you sign on when you move into a new place, you sign a Power Purchase Agreement, and everyone's familiar with that. What's quite new is the idea that an asset can actually put a power plant on their roof in regards to solar panels, and then the asset manager can have a Power Purchasing Agreement with the tenants. And this is where it gets really exciting and cool for the strata space or the multi-tenanted space is your strata title or your strata plan can actually be the power plant for the tenants or the owners. And in doing that, by putting the panels on your roof, you're actually creating the opportunity to generate revenue, which can actually be used to then put towards managing the body corporate or the strata and things like that.

So, it's really weird interaction that we haven't seen probably anywhere else in the world to this point where you can actually provide a service to the people that you are representing, because you obviously managing the asset, and you get the body corporate community or the committee to sign off on it. They put the panels on the roof, those panels generate electricity, which makes cheaper energy for the people living in the building, adds value to the building or the site, but also the energy that they're consuming, that money is then generated to then go towards sinking funds and management fees, and things like that. So, it's this ultimate three-sided wind which is really exciting in what we're right now bringing back to the strata market in Australia, and what we think is going to be very eagerly adopted.

Amanda Farmer: So, okay. We know in freestanding homes, we can install solar panels on our roof, and we can get a great deal on our energy, save lots of money and also sell power back to the grid if that's still the terminology.

Matt Waugh: Yes.

Amanda Farmer: What you're saying is your technology allows strata buildings to do this on their common property, and the power is used by all occupiers in the building. And there might also be some money to be made in selling that power back to the grid for the owners corporation. Have I got that right.

Matt Waugh: Yes. And also there's money to be made in the consumption of the energy by the occupants. So, if we're just to round numbers now, you're paying 20 cents a kilowatt-hour with an energy retailer. All of a sudden ACM strata puts panels on the roof, those panels generate... Depending on the size of the system, let's just say, 50 kilowatt hours a day. There's 50 kilowatt hours that can be consumed by how many different people are in the strata plan if you know how many lots. And then each one of those hours that's consumed, you could then charge 18 cents or 16 cents a kilowatt hour, so that the tenants already better off, up to 25%, 50% better off on their energy bill, but that money is rather than going to Origin Energy, that's going straight to the body corporate, and that could be used for painting, maintenance, gardening, all of those sorts of things, which is just such a cool concept. You're creating a community around the consumption.

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Amanda Farmer: Okay, now I'm catching up. So, the owners corporation is actually becoming an energy retailer?

Matt Waugh: Yes, yes. Exactly. So, the strata plan is... Or the entity managing it is the Power Purchasing Agreement provider, and then the tenants or the owners or if they are an occupants are the customers in that regard.

Amanda Farmer: Great. Okay. So, are you guys the only ones doing this in the strata space at the moment?

Matt Waugh: No, I think there's sort of a few different strategies in the game at the moment, and a lot of them around the financing of putting these systems in and then repaying of the financing and all that sort of stuff. And so, there's probably different competitors in that space on who you go with to be the project manager of the actual solution. But what we do is sort of unique to us is we created our platform originally for the communication that's required to make a precinct operate really well, to make people feel engaged, and to be informed and all those things. So, we have all these communication tools which were already sitting with Conexie, before we evolved into this platform to create transparency and revenue grade monitoring of production consumption.

But when you put those 2 things together, we actually become the full suite tool that we always wanted to be, which is people are going to be accessing our portal every day to see what their energy consumption and production is, but they also can access our portal for notice boards, or the strata manager can push notify things out, curated to different owners or there's weather patterns... There's all these things that we always had which are nice-to-haves, but now we've got that coupled with this ability, and it's really the ability surface data from any IOT device, but energy's obviously a really exciting one to finally make that transition into having this platform within your strata community really, really worthwhile.

Because as we all know, learning a new platform and onboarding onto a new platform, there's got to be a lot of upside in it to be willing to go through the teething process. We're offering something which has an immediate cost saving, and immediate improved carbon footprint, immediate ROI to the body corporate plus a better experience for the tenants and owner occupiers in the precinct, so it's yes, we're really pumped about that unique attribute of us being a communication tool which has this capability as opposed to just an energy servicing thing.

Amanda Farmer: Now, in terms of the rollout of the platform and the benefits for occupiers, are you involved at that end point where you're providing the software, the tech to monitor, manage all of this, or are you also involved at the beginning with the installation of literally the solar panels and getting all set up? Are you guys involved in that, or you send out buildings off somewhere else for that?

Matt Waugh: We are as little or as much involved as the body corporate desires. So, we've got channel partners who, if someone came to us and said, "We want to put panels on this roof, that's as much as we want to do with it." We could literally get them to sign on a dotted line, and then there would be sparkies coming out and there would be devices being installed and all that, but we've channel partner with people that do that. But similarly, someone who has all those things already or wants to do those things themselves, all they have to do with us is subscribe to a subscription of our platform, and then we manage the roll out of the software, which is the transparent element of surfacing the IOT data, rendering in the way that makes sense and then curating where that information goes so that it's optimised for consumption.

Amanda Farmer: Okay. Now, I've heard you, Matt, say that Conexie has been around, I think for a few years, but you've pivoted a number of times and have settled on where you're at at the moment. Does that mean that this latest incarnation of Conexie hasn't yet started rolling out for buildings, or have you got buildings that are actually have solar in place and are using your platform? Can you give us any case studies yet?

Matt Waugh: Yes, yes. So, we've probably got now 300 sites or 400 sites across Australia that are utilising us for surfacing their energy production consumption data. Predominantly, they are in freestanding homes and they're just an owner occupant in a house. What's really cool now is we've been working on the infrastructure that's got to go into the billing and things like that for a multi-tenanted building.

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Matt Waugh: We now finally have that off the ground, so we've got our first multi-tenanted building with the revenue grade devices, with the surfacing of data, with the ability to generate bills, all of those little nuances that came with going from one-to-one to one-to-many. So, that's now live, and we've probably got another 10 or 15 that are sort of waiting to see how this first one goes, and see if the ROI is as lucrative as it appears based on the numbers, and then we'll be kicking those off pretty soon after.

Amanda Farmer: Okay. And where is this building?

Matt Waugh: In Tweed Heads. So, yes-

Amanda Farmer: Oh, great!

Matt Waugh: It's southeast of Queensland and the far north of New South Wales is an insane hotbed of solar investment at the moment. There's a couple of companies based in Byron Bay, I think they're called Smart Solar. They've just been named in 27th in the... I think it's might be the Deloitte or something Fast 500 sort of companies. There's so much interest in getting these panels on the roof, but what needs to exist with this, you know, and the hardware has improved really good, batteries are really good now, the panels are really good. The cost has come down, but the software to facilitate this and to enable the dissemination of information to the end user, that probably hasn't come just as quick, and that's where we're sort of seeing an exciting gap in the market where we can jump in and actually reduce the barriers to these other companies, to get these panels on the roof.

Matt Waugh: And you've got so many medium rise developments going on on our Palm Beach up in the Gold Coast used to be houses on the beach, it's now 10 to 15 lot apartments, which would just be the perfect size for something like this to pretty much offset nearly 80% of their body corporate fees.

Amanda Farmer: Okay. Tell me about this concept of making money and offsetting the fees. I think there'll be a lot of listeners out there going, "Amanda, we want to know more about that." If the owners corporation is onselling this power to occupiers, and is adding what I understand to be a significant margin to what it's purchasing the energy for, let's say, is that a concern, are owners then paying more for energy than they would otherwise?

Matt Waugh: No, because the cost actually comes down. So, you would be currently paying on a peak period up to 42 cents a kilowatt-hour, shoulder between 17 and 20, and off peak, maybe 9 or 10 cents. If the body corporate puts panels on the roof, then the energy they create, depending on how they might do it with the special levy or they might finance it, right? And so, if they finance it, then part of that repayment has got to be to pay back the asset, so there's no money out of pocket for the owners, but you'd still be able to pay off that asset and also generate money for the body corporate for a cheaper cost than it would have been if you're buying it from an energy retail. So the occupants regardless are getting a better deal on their energy. They're also getting the ability to have an intrinsic relationship with their carbon footprint because they can now see, in real-time, "I turned the washing machine off. Oh, I can see that it's saving me one cent or 2 cents," because it's all real-time data that we provide

So there's that kind of cool gamification of it, which is also sort of we've seen with our commercial clients reduce their wasted energy because they're actually engaged with it in real-time. They're not finding out 3 months later. "Oh, that wasn't running well, we've wasted \$600." So there's that element where there's a cost saving. But also, again, primarily to reinforce this, the minute this goes live, you're paying less for energy than you were yesterday. And either you're paying off the asset so that the body corporate owns it outright at some point in the future, or you bought it up front so then the money that it's generating is obviously higher from the get-go to offset those body corporate fees.

Amanda Farmer: And I imagine when you sit down to talk to buildings about this, you're able to show them comparables and you have your spreadsheets. And you're able to say, "Without this, this is what everybody's contributing. With this, then this is how it impacts your bottom line." That's what owners will be concerned about at the end of the day.

Matt Waugh: Yes. And that's kind of the beauty of it that everyone has an energy bill, right? And that energy bill is quite detailed in how their consumption is and what their tariff is and what their daily supply charges, all of that stuffs there.

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Matt Waugh: So we literally just compile that for the strata plan, say, it's a 5 block plan, say they're having a \$300 bill, like on average across the 5 lots there's \$1,500 coming in a quarter, that if we can then compare \$1,500 going out to an energy retailer, and then we can compare with that \$1,500, not all of it because people are using it at nighttime and you might not have batteries, but part of that \$1,500 could be coming into the body corporate in the form of revenue, well, then instantly, you're starting to look at things and go, "Well, hold on, there's there's opportunity here."

And also, we're able to offer a service back to the people living in the building, which is this portal, which enables them to have a transparent relationship with their energy and cheaper energy to start with, which is exactly what I guess everyone's wanting at the moment with the way things are going.

Amanda Farmer: Matt, have you come across yet the tension between the interest of the occupier and the interest of the owner? So, where these are 2 different people, the occupier is responsible for their energy bill and the owner is responsible for paying the levies. How do you get both of these people on board with this desirable outcome?

Matt Waugh: I guess the cool thing is that where we're coming to that table for the occupant and saying, "You're paying \$300 a quarter now, if you sign here, you'll pay \$200 a quarter." So, what reason would you have to not do that, right? Like it's, "I'm going to save you \$100. Nothing changes for you, except you get a really cool thing on your phone, which enables you to be engaged with everything around you for free. I'm going to pay you \$100 to have a better experience where you live." So, that's never been a hard thing to get over the line. And then on the flip side of that, we're going to body corporates and saying, "Do you want to generate revenue off your roof space? And if you do, how do you want to maximise that?"

And this way right now, not only does it have obviously all the green benefits, and obviously it adds value to the actual building as a whole. It's a capital asset sitting on the roof that you guys can own. So when owners go to sell their places, they can sell it with the value proposition. Well, it's a solar-enabled building. People could rent here for a higher price, \$5 more a week because they're going to save more than that on their energy bills. So, it literally just creates value at every step of the sales process. So really the biggest pushback we've had is just the way us getting to a point where it's a truly turnkey experience. Strata doesn't want to have to be manually generating bills and all of these other little nuances and things that come into that experience.

So we've had to get it to a turnkey point, which we now do, which is really cool, where it's you get onboarded with a simple QR code or with an access code. As soon as the device goes live in the electrical box, then it opens the account and connects you. It notifies everyone. It's like all automated workflow now, which is probably what we've spent the last few really honing down on to make this just a frictionless experience. And so now it's literally, yes, the conversations... We're wanting 10, 15 sites a week at the moment, which is really exciting. Obviously, there's a backlog in getting the installation done, but we're getting these agreements over the line because there's really no downside at this point to doing it. It's more a matter of how do you structure the deal? Do you want to finance it? Do you want to go through this provider? Do you want to provide your own solar? How big do you want it to be? All that sort of stuff is now the conversations, it's very rarely the handling your battles of why not.

Amanda Farmer: Excellent. So, it sounds like it's a win-win for owners and tenants. There's really no tension there, which is great. In terms of the infrastructure, some people may think, "Oh, my building's too small. We don't have that kind of roof space." Or is there an ideal building or is solar for everybody?

Matt Waugh: There's definitely a sliding scale of optimal size to lot number in terms of how much you can generate to make as much money as possible, but even a smaller system, which is going to be a smaller capital outlay is going to generate you revenue, right? And it's going to offset some costs somewhere else. If it's a tiny little roof space where you can only put like a 5 or 6 kilowatt system on it, that's still 5 or 6 kilowatt system, which is going to be able to be offsetting some costs somewhere, whether it's providing energy to tenants or whether it's just providing the energy to the common spaces, which the body corporate was paying the energy bill for anyway, there's value there.

But I guess the way that's really exciting and especially in some areas where you do sort of have those townhouse style setups, where you've got a large common roof, where individual systems would be so inefficient as opposed to one common system,

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Matt Waugh: that's where you're really creating really great opportunity because especially in some commercial strata sites where you've got significant space up there which has just unused real estate, that's where you're genuinely able to create some significant amount of money by utilising your roof space.

Amanda Farmer: Very exciting. It's something I would certainly like to see in my own building. We have some valuable property out there on the roof and maybe this new model of being able to share the benefits across all occupiers and then also be making some money for the owners corporation as well is what would get this kind of thing across the line for busy buildings and busy strata managers.

Matt Waugh: And I think that the key thing was prior to sort of what we've been investigating and it might be maybe our secret sauce at the moment is the ability to create the transparency with revenue grade data to fragment the consumption. Previously, you could chuck a big panel on the roof, have smart meters, and then you could just see production and consumption, but what you couldn't do was see consumption by lot. And that's probably, what's really cool about what we do is because of the way our devices are set up and the way our workflow, our backend system is with our tech stack, it actually enables you as an individual user to be number 3 at 1 Smith Street. And you can see number 3's consumption in real-time.

And then the body corporate can look on the Conexie dashboard and see all of their portfolio in one place. And they can just see what this whole strata plan is doing, or they can see by lot what that's doing. The transparency and the data this creates is a really invaluable source of understanding of your buildings too, because for stratas, that's at the heart of what they do. It's to know what's going on in the building. There's so much information around if you can tap into it through those IOT devices, you're going to be able to really enhance your offering to your owners.

Amanda Farmer: What are the plans for the future of Conexie, Matt, in the strata space? What should we be watching and waiting to see from you guys in the near future?

Matt Waugh: Well, I guess, we look at our life cycle in a few iterations. One was building the MVP. Then there was taking the MVP to market and finding some truly sort of innovative strata managers that were happy to pilot us and put us out in the wild to see what their owners and occupants thought of it. And that was really cool cause that shaped our understanding of, "Yes, you've got this really exciting and fun engagement platform for notices and messaging and all that other stuff and booking rooms," but there wasn't enough meat in it yet. There wasn't enough to go, "Okay, we're going to go through the teething process." Now, we're kind of back to the market. We've gone full circle. We've got all of those things, which are now at a commercial standard. We're doing it with some of our clients who are ASX listed companies and they're utilising us to communicate with their stuff and we stopped taking, things like that and compliance stuff.

So we've got this really cool, powerful communication portal, but now coupled with this genuinely universal common interest of energy. So what I think you'll see from us is we're going to probably double down on getting over the line a lot of those sort of 2 to 5 lot strata plans, the self-managed ones, because obviously there's a direct interest there because well, the money you generate goes straight into the sinking fund. For me personally, I have an investment place and our contribution I think is \$25 a month per lot, which barely gets us enough money to pay the gutters to get done once every couple of years. So, that's a genuine benefit there that we're going to chuck panels on this roof. We've got that in the pipeline. Now, the panels are on the roof and that's going to be like triple what was going into there. But rather than us adding money ourselves, the money that was already getting spent with an energy retailer is just going to contribute towards that. And we're getting to offer something back to our tenants.

So yes, I think we're going to really hammer down and try and get a bunch of these over the line, because I think that's where we're going to create the fastest benefit to the customer. And then on the back of that, I think we've got some really cool things in the pipeline with commercial strata and then going full circle with that capability that I was talking about, really farm those out now and go, "Okay, you've got all your owners and occupants and stakeholders and trainees utilising this platform for their energy stuff or for whatever else, let's find that out. And let's create this to be a holistic tool that really enhances what strata is." Because I think strata for me, 10 years ago, or 15 years ago was about bricks and mortar, right?

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Matt Waugh: Now, strata is about having a genuine understanding of all the information that's going through that precinct and the people's needs and all those other things and there's IOT devices that creates so many opportunities.

Matt Waugh: So, we can just tap these other IOT devices and these other data sources in to make these truly seamless living experiences. So, the next 2 years for us is really exciting now that we genuinely have this meat behind the product that makes it worthwhile transitioning towards.

Amanda Farmer: Well, I'm looking forward to watching it all unfold. Let our listeners know, Matt, where they can go to find out more about Conexie and connect with you. And if there's anything you want to add, we haven't covered, jump in.

Matt Waugh: No. So, if you are interested in anything that was sort of raised today, flick an email to hello@conexie.com, C-O-N-E-X-I-E or go to conexie.com, the website. Admittedly, because we've been a startup and we iterate and pivot at such a rate, our website probably doesn't reflect the true opportunity at the moment, we're going through that process of overhauling that at the moment. So get your eyes peeled on the new version of that, the 2.0. But we're at a point now where we're aligning ourselves with the right channel partners. So, if you do believe that you want to see your portfolios, be the champions or the industry pioneers of this technology, and you want to be seen as the circle of influence in that strata space, get in touch with us. We'd love to sort of forming a genuine channel partnership agreement with someone and rolling this out on scale.

Amanda Farmer: Excellent. Well, thank you so much for your time today, Matt, I'll send you off to keep up the good work.

Matt Waugh: No worries. Thank you, Amanda. I really appreciate you taking time to speak to me about it.

Outro: Thank you for listening to Your Strata Property, the podcast which consistently delivers to property owners, reliable and accurate information about their strata property. You can access all the information below this episode via the show note at www.yourstrataproperty.com.au. You can also ask questions in the comments section, which Amanda will answer in her upcoming episodes. How can Amanda help you today?