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S2 Capital

S2 Capital was founded in 2012 and is a vertically integrated multifamily company specializing in ownership, management, and construction. With the help of Zego Smart, S2 differentiated their communities and had 82% of residents agree to higher rent. "It's a no brainer to move forward with a portfolio-wide deployment." - Scott Everett, Founder & Managing Partner, S2 Capital

Key benefits

✓ **Additional revenue**

82% of residents agreed to pay an extra \$25/month for an opt-in smart apartment amenity package.

✓ **Increased property value**

S2 has seen at least \$3,000 in value per unit on an upfront investment of only \$400 per unit.

✓ **Improved resident satisfaction & engagement**

Residents utilize the Zego mobile app an average of 5.3 times per day.

✓ **Increased digital payment adoption**

S2 increased digital rent payments by 27% after deploying Zego Engage



“After a successful pilot and confirming resident demand for smart apartment technology, it’s a no-brainer to move forward with a portfolio-wide deployment. We consider it low hanging fruit to upgrade and evolve our properties. Plus, Zego’s team has been great to work with.”

— Scott Everett, Founder & Managing Partner of S2 Capital

The client



Location

Texas, FL



Total units

12000



Industry

Multifamily



Zego solutions

Engage

Smart

Pay



Accounting software

ResMan

The challenge

When undertaking any renovation, S2 Capital is highly selective about investing in amenities that attract residents, add value, and refine on-site operations. Recognizing renters' growing interest in smart apartment technology, S2 had previously implemented these devices at some of their properties. However, it was far from a seamless experience for both residents and on-site managers. They found that every device needed its own app to control, resulting in a clunky user experience. Afraid they were looking for a needle in a haystack, S2 began to search for a complete smart package that would allow residents to control each smart apartment device using one app. Furthermore, they wanted community staff to be able to remotely manage smart devices, enabling better access control and management of common areas and vacant units.

The solution

S2 was attracted to Zego's multifamily expertise and the firm's track record of increasing revenue, lowering opex, and attracting residents. Even more, Zego met S2's top criteria for smart devices; residents would only need to use one mobile app to control each of their devices. The app would also allow residents to conduct other important tasks like paying rent, registering guests, and receiving package notifications.

S2 launched Smart to give community managers better control over common areas and vacant units. With the ability to program devices like lights, thermostats, and locks using a management dashboard instead of in person, community managers would not only save time, but see lower property utility costs. An automatic thermostat schedule would regulate energy consumption in common areas and prep vacant units for showings without community managers needing to walk back and forth to manage it. Additionally, it would enable easier, yet more secure access control for the properties, by letting community managers issue and track temporary unit access codes for guests and maintenance workers.

To get started, S2 would need to select their preferred smart devices, allowing them to build a best-in-breed package consisting of lights, thermostats, locks, and a hub. Once their devices were chosen, Zego would be able to install them and configure them to work through one app. Zego also wanted S2 to feel confident about their investment and allowed the firm to start with a few pilot units. Unlike other smart apartment providers S2 approached, Zego allows for a gradual deployment strategy compared to competing technology that needs to be installed all at once, property-wide.

The result

1. 82% of residents opted-in to the Smart technology package for an extra \$25 per month
2. Increased revenue from Smart technology packages increased property values per unit by \$3,000
3. Residents use the Engage app approximately 5.3 times per day, driving digital rent payments and increasing operational efficiency
4. The app would also allow residents to conduct other important tasks like pay rent, register guests, and receive package notifications.

S2 started by piloting Smart in the model unit at one property, as well as three on-site units occupied by community managers. Before deciding to implement Smart at other units, S2 surveyed residents, both current and prospective, to gauge interest in smart apartment technology and whether or not they would pay for it. They found that the majority of their residents would be on board with paying a higher rent if their units were upgraded with smart apartment devices.

With resident interest confirmed, S2 was comfortable enough to move forward with a portfolio-wide strategy. "After a successful pilot and confirming resident demand for smart apartment technology, it's a no-brainer to move forward with a portfolio-wide deployment," said Scott Everett, Founder & Managing Partner of S2 Capital. "We consider it low hanging fruit to upgrade and evolve our properties. Plus, Zego's team has been great to work with," he added.

Once they decided to offer Smart to all of their residents, 82% of their portfolio opted for a smart apartment technology package, running an extra \$25 per month. This increase in revenue alone translated to approximately a \$3,000 increase in property value



per unit from a \$400/unit upfront investment. Additionally, operating expenses were reduced with utility bill savings and more efficient employees.

S2 has also seen an increase in resident satisfaction since implementing Smart. Shortly after deploying Smart, S2 surveyed residents about their satisfaction with the new technology upgrades. Surveyed residents reported feeling both safer and more connected to their apartment. Additionally, they vocalized satisfaction about the convenience of remotely unlocking doors for a friend or family member, and being able to remotely adjust thermostat to save energy and money.

Zego Engage has also had a positive impact, both for S2's residents and community associates. S2 found that their residents utilized the app approximately 5.3 times a day, and not just to manage their smart devices. Because residents can perform other apartment-related tasks within the Zego app (such as paying rent, registering guests, submitting maintenance requests, etc.), it has helped automate and simplify community operations. One example is with rent collection. Since deploying Engage, digital rent payments have increased 27%, helping streamline the collection process and speed funding time for S2.

Finally, S2 is having an easier time filling units since deploying Smart across their portfolio. S2's community managers have reported significant prospect interest in the smart apartment amenity. With most of their communities being class C+ and B communities that were built between the 1970's and 1990's, having smart amenities has been a key differentiator against their competitive set.



