



WeWork Cofounder Invests \$30 Million in Residential Startup Alfred

Business Professor Says Adam Neumann Stake Won't Hurt Software Firm's Reputation



Adam Neumann speaks during a signing ceremony at WeWork Weihai Road flagship on April 12, 2018 in Shanghai, China. (Getty Images)

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WeWork co-founder Adam Neumann has returned to real estate investment, about a year after he left the coworking company following its [failed attempt to go public](#).

Alfred Club Inc., a company that provides concierge and maintenance request software called Hello Alfred for multifamily properties, said that Neumann and his family investment office 166 2nd LLC provided \$30 million to lead the startup's \$42 million investment round.

"Alfred is now poised to capitalize on its momentum, strategically grow its team and operations and capture market share at a time when demand for its in-home and domestic services is at a record high," the company said in a statement.

Representatives of Alfred and Neumann did not immediately return requests for comment.

Alfred, also known as Hello Alfred, serves over 100,000 apartment units in 20 markets across the United States, the company said. It pitches itself as a virtual personal assistant that allows renters to employ home managers take care of daily tasks such as cleaning, laundry and pet care.

Alfred cofounder and CEO Marcela Sapone said the coronavirus pandemic has accelerated changes in consumer habits and technology use, giving her company an opportunity by "compelling a reexamination of how we interact with one another and placing a renewed emphasis on the importance of the home."

Sapone told Bloomberg that she met Neumann this year and that they shared a vision for reinventing real estate, with both of them holding "the perspective that real estate can do more for people, that we should demand more from our greatest expense."

When Neumann was in charge at WeWork, the company had been exploring expanding a coliving concept called WeLive, which opened two locations on the East Coast. WeLive operates in a similar fashion to coworking, allowing residents to share facilities and social experiences on short-term, premium-priced leases.

'One Member of the Board'

Neumann has kept a low profile [since stepping down after WeWork's failed IPO last fall](#), when the company received billions in bailout funding from SoftBank Group Corp., terminated thousands of employees and saw its valuation written down from a high of \$47 billion to as little as \$2.9 billion.

Neumann [has sold off some of his personal real estate](#) as his former company, which this week announced it changed its name back to WeWork from We Company as part of an ongoing effort to refocus on its core coworking business.

He appears to have a real estate project in the works. He and his partner have obtained a \$75 million loan related to their planned development at the site of a former church in New York City in July.

After filing paperwork for a highly anticipated IPO in August 2019, the company faced a barrage of criticisms for how it operated. The focus was on the company's losses, [no women on its board and Neumann's control, along with potential conflicts of interest](#).

Investors who garnered significant criticism in the past have faced mixed receptions in their industries when they've returned.

Ride-hailing app Uber cofounder Travis Kalanick, for instance, had been met with some public skepticism in his new venture CloudKitchens after investors forced him to step down in 2017 following a series of staff complaints.

However, Neumann's involvement may not create similar questions for Alfred, because Neumann is not a founder or in a position of control, Ari Ginsberg, professor of entrepreneurship and management at New York University's Stern School of Business, told CoStar News.

"When you're the CEO and in control of the major decisions, the last thing you want to do is have a reputation as someone who is reckless and not responsible, but Sapone has a sterling reputation," Ginsberg said. "In this case, Neumann would be just one member of the board, and all the other investors and board members have very solid reputations. They're going to insure that the company has the proper discipline and guidance."

He said Sapone is a highly regarded executive that attended Harvard Business School, worked at the Brookings Institution and has been recognized as an up-and-coming executive by Techcrunch and Fast Company, among other publications. She began the company with Jessica Beck, an entrepreneur who is COO of Alfred.

Investors and venture capitalists are likely to be more interested in Alfred's business model, market risks and financials. But the risks and financial background of the founder are important as well. There is evidence that VCs, if the founder's reputation is bad, will take longer to get funding, he said.

"If you're an investor or venture capital angel looking at Alfred, you'll look at its business model and the market risks, not the reputation of one of the investors," Ginsberg said. "The downside for Alfred is low and the upside is high because Neumann is providing money as part of a syndicate, not as a sole investor."

Other investors in the Series C funding round include previous investors such as large apartment developer Greystar Real Estate Partners LLC, Spark Capital, a Boston and San Francisco-based venture capital firm responsible for early stage funding of successful startups such as Twitter, Slack and Tumblr; and Chevy Chase, Maryland-based venture capital firm New Enterprise Associates.

