



# Milwaukee startup Frontdesk provides corporate housing for business travelers

**Sarah Hauer, Milwaukee Journal Sentinel** Published 6:00 a.m. CT July 1, 2018 | Updated 8:32 a.m. CT July 1, 2018



*(Photo: Sarah Hauer / Milwaukee Journal Sentinel)*

By making it easy for travelers to stay in homes and apartments outside of typical hotel locations, Airbnb changed the game for the hospitality industry.

Milwaukee-based startup **Frontdesk** (<http://frontdesknow.com/>) is taking a similar model to the world of business travel. Frontdesk, which launched in January 2017, sets business travelers up in apartments.

Housing people outside of hotels, eliminating the need for lobbies and front desks, has also decreased the price. Unlike Airbnb, Frontdesk is the operator of the units, not individuals, allowing the team to ensure quality and consistency across locations like a hotel chain.



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Frontdesk CEO Kyle Weatherly said the company's market is found outside those who typically use corporate housing.

"Corporate housing was really only available for members of Fortune 500 companies —the Harley-Davidsons of the world or JCI (Johnson Controls International)," Weatherly said. "They have relationships with global corporate housing companies and rent it out one month or two months at a time."

Frontdesk focuses on serving young business travelers who want to book lodging online and stay in neighborhoods to experience the life of the city's residents. Part of the idea behind Frontdesk is to give people who work for smaller firms access to corporate-style housing.



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Frontdesk's units in Milwaukee are in areas of the city like the Historic Third Ward, Cathedral Square, Brady Street and North Avenue. Prices in Milwaukee range from around \$60 to \$145 a night.

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One of the main drivers Frontdesk noticed in the shift for corporate housing is the changing demographics of business travelers. The workforce, and the people who travel, are increasingly under the age of 35.

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"In the corporate housing space, companies like us can focus more on the product and providing a seamless guest experience online — you don't even have to talk to anyone if you don't want to," said Frontdesk Chief Technology Officer Jesse DePinto. "The millennial travelers just want to book a place and come straight off the plane and walk straight into a unit."

What's more: Revenue in the corporate housing market is up. According to [a study commissioned by the Corporate Housing Providers Association \(https://www.chpaonline.org/clientuploads/2018\\_Key\\_Findings.pdf\)](https://www.chpaonline.org/clientuploads/2018_Key_Findings.pdf), revenues increased 13 percent in 2017 to \$3.62 billion.

"Now people are understanding that they don't have to stay at the downtown convention district or business district," DePinto said. "They can stay on Brady Street or Cathedral Square and get an authentic local experience. They want to go have bloody marys and microbrews and pour over coffees at the local coffee shop. They don't want to go to Starbucks. It's more authentic and something different."

## Expanding to new markets

Frontdesk manages about 1,000 stays, generating \$250,000 in revenue, a month at its 75 units in Milwaukee, Indianapolis and Charlotte, N.C.

Weatherly, DePinto and Chief Operating Officer Alycia Doxon have three other full-time employees and a couple dozen contractors who help with customer service and cleaning the units.

The plan is to expand into seven cities with 150 units by the end of the year, said Weatherly.

Frontdesk is targeting second-tier cities in a similar way that Madison-based EatStreet has in the online food ordering business, Weatherly said. Competitors to Frontdesk in the corporate housing market have already moved into gateway cities such as Los Angeles, San Francisco and New York.

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Frontdesk does not plan to expand further in Milwaukee. Weatherly said the couple dozen units operated in Milwaukee are used as a test site close to the founders. Around 75 percent of Frontdesk's revenue comes from outside Wisconsin, and Weatherly said the company thinks it will grow to more than 90 percent in the next year.

The growth into additional markets will be fueled by a \$750,000 funding round. The round was led by [Lancaster Investments](https://lancasterinvts.com/) (<https://lancasterinvts.com/>).

Joy Hannemann, the director of operations at Lancaster Investments, said the investment firm initially met with Frontdesk just to talk about how vacancies in Lancaster's real estate holdings could be turned into an opportunity.

"It didn't take very long for us to realize it was a good investment," Hannemann said.

"Specifically, I just considered the fact that people my age want to be more a part of communities that they're able to travel to as part of their jobs," said Hannemann, 30.

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