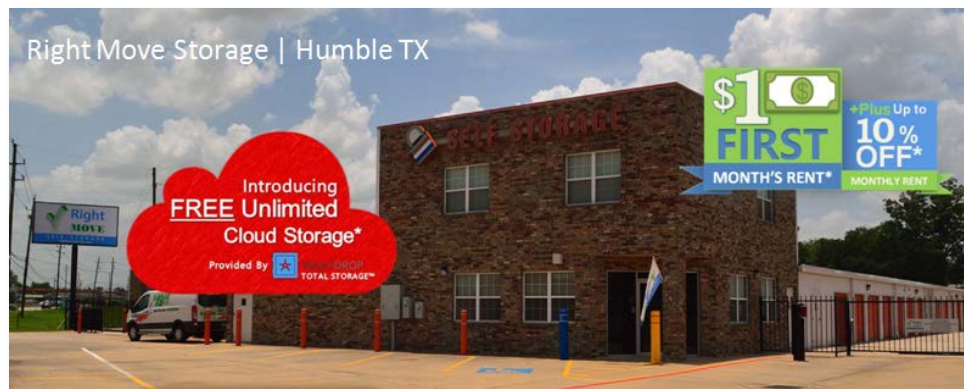




## Case Study: Total Storage™

The Profitability of Providing  
**Cloud Storage** with Every Rental

Learn how Right Move Self Storage increased new customer acquisition by 3-5 customers per month, and revenue by nearly \$500 per month per property by offering customers free unlimited cloud storage offered by VaultDrop. This increased their 10-property portfolio value over \$1 million.



## Executive Summary

The self storage business secret is out and investment in self storage facility development is turning mainstream as Wall Street folks see high yield returns and large investors pour-in. As a result, competition is becoming fierce for smaller operators trying to hold onto their piece of the pie.

VaultDrop acutely addresses this problem by giving you a high-tech amenity that can distinguish your properties from the competition: Free Unlimited Cloud Storage. Bundling Free Unlimited Cloud Storage with physical storage enables you to offer your customers a 'Total Storage' solution, letting renters store anything from their bicycles, furniture and moving boxes to their pictures, videos, digital documents and other digital files that they're creating at ever-increasing rates.

In this case study, we'll show you how one operator, Right Move Storage, integrated VaultDrop's free unlimited secure cloud storage offering across their portfolio of 10 properties and was able to increase both their rate of new customer acquisition — by an average of 3-to-5 additional customers per month per location, and increase their rental revenue by an average of \$500 per location through justifying a higher rent increase than normal because of offering Free Unlimited Cloud Storage to all of their customers.

We calculate that applying a 6% cap rate to these gains generates over \$100,000 in increased property value for each Right Move location, totaling over a \$1 million increase to their total portfolio value.

## Challenges

Self storage is a \$32 Billion industry with more than 55,000 facilities nationwide. The product has become homogenized and there's very little difference among competing companies' offerings to their customers. At its core, self storage is a room with a door. While extras exist, like security systems, insurance, good lighting and climate control, no revolutionary differentiators have emerged for decades.

Right Move Self Storage is a mid-size operator, having ranked Number 100 on Inside Self Storage's Top 100 Operators list in 2016. The Company manages 10 properties for its owners and has been searching for a way to differentiate its properties from the competition to both **gain** and **retain** customers.

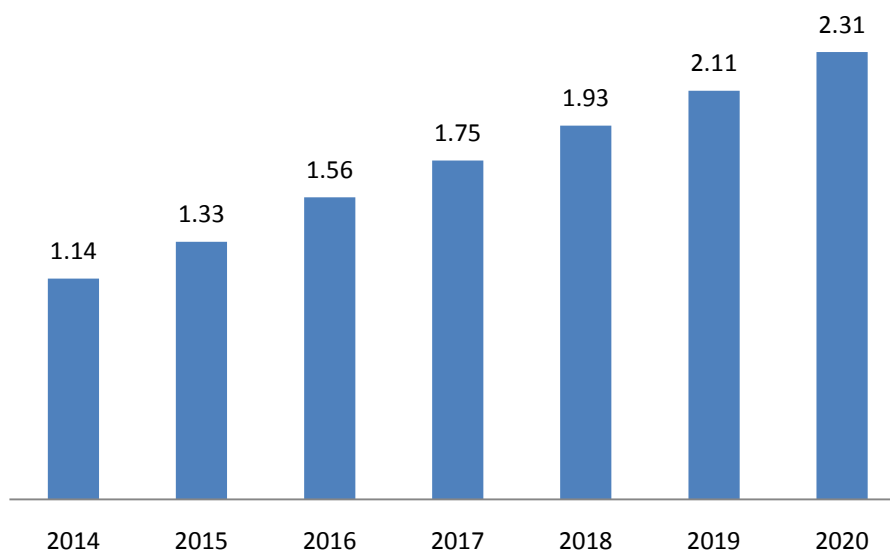
Right Move's primary marketing tools have included physical signage, referrals, and online advertising, the latter which has been primarily via online aggregators like SpareFoot. With these in place, along with the usual trimmings such as insurance, good lighting and security, Right Move has averaged 2-3 monthly move-ins across all 10 of its properties.

The Company has been challenged in finding tools to drive above-market gains in move-ins and occupancy with existing marketing products, tactics, and tools. Online competition for customers has grown especially challenging, with storage owners of all sizes competing vigorously for incremental rentals on the Internet. The Web has become saturated with aggregators, where self storage companies vying side-by-side for customers with every last benefit they have to offer out on display

## The Growing Importance of Cloud Storage

Cloud storage is becoming an important part of people's lives. Growing numbers of consumers use it for multiple reasons, at staggeringly increasing rates, and they want an unlimited amount of it for free.

### Personal Cloud Users by Year (Billions)



Source: <https://www.statista.com/statistics/499558/worldwide-personal-cloud-storage-users/>

Cloud storage usage has grown from 1.14 billion users in 2014 to 1.75 billion users in 2017, representing an increase of 53.5%, and it's expected to grow even more to 2.31 billion users by 2020.

## Growth in Cloud Storage Usage

The demand for cloud storage is strong, well documented and only posed to grow further. By taking advantage of this trend, you can offer customers something they need and value and ride this wave of growth.

## Why Do Consumers Use Cloud Storage?

### Space

Nearly everyone has a smartphone and with that comes the ease of taking photos. So many photos, in fact, that almost everyone is running out of room to store them on their phones. With cloud storage, you don't have to worry about how many photos or videos your phone can actually store. Instead, you can store those photos and videos on cloud storage and then have room for virtually unlimited photos and videos on your phone.

### Mobility

For those who have desktop computers, notebook computers, tablets and smartphones, computers at home and work, cloud storage makes it easy to keep the same copies of all your files accessible from all of your devices.

### Sharing

What use are photos, videos and documents if you can't share them with others? Cloud storage makes it easy to selectively share any content you wish with whoever you want. Sharing is also a useful tool in school and the workplace, where collaboration helps students learn, and those in the workplace achieve greater productivity with teams and clients.

### Security

Security is a concern for everyone. No one wants their files to get lost, or worse — to get stolen and exposed to the wrong people. With cloud storage, data backups can be automatic, and when using a service with high security, such as VaultDrop's patented encryption and other privacy protection technologies, you can sleep better and night knowing your data is safe from prying eyes.

## How Important is "Free" and "Unlimited?"

The top two most searched terms on Google related to cloud storage include "Free Cloud Storage" and "Unlimited Cloud Storage," meaning that consumers are looking for both **Free** and **Unlimited** cloud storage. While other services offer entry levels of cloud storage upfront, all the major brands — Dropbox, Google, Apple, Microsoft — ultimately require consumers to pay for any truly useful amount of cloud storage. And even when people pay, for example \$9.99 per month for Dropbox, they still face storage limitations. Dropbox's monthly price buys consumers only 1 Terabyte of storage. For anyone who regularly takes family photos and videos, that space can fill-up before you know it.

With VaultDrop, Right Move Storage is able to ride the wave of an increasingly demanded technological amenity, and give consumers something they're proven to want — **Free** and **Unlimited** Cloud Storage.

## How VaultDrop Works

VaultDrop is a powerful and user-friendly cloud storage service with a beautifully designed user interface available from both its website and its mobile apps. It's easy for anyone, no matter how good they are with computers and technology, to get started storing and sharing their files with VaultDrop.

### How You Offer it to Customers

Providing VaultDrop's free unlimited cloud storage to self storage customers is a very simple process. There's almost nothing to do, other than to incorporate it into the marketing and to train managers to inform all of the customers that the service is available to them.

### Technical Integration

VaultDrop handles all of the technical parts. In Right Move's case, VaultDrop simply connected with their facility management software, SiteLink and automatically sent every existing customer, and all new customers a co-branded email from Right Move and VaultDrop. The email extols the virtues of their free unlimited cloud storage and gives them one simple link to click and get started.

### No Liability for Operators

VaultDrop makes sure that self storage operators providing our free unlimited cloud storage to their customers never have to worry about the safety and security of their customers' data. Not only do we take multiple precautions to make sure that all data stored on our cloud is secure, available, never stolen and never lost, but we also **fully indemnify owners and operators** should any such unforeseen event occur. For Right Move, this means sleeping soundly knowing they and their customers are safe and protected with VaultDrop.



## How VaultDrop Helped

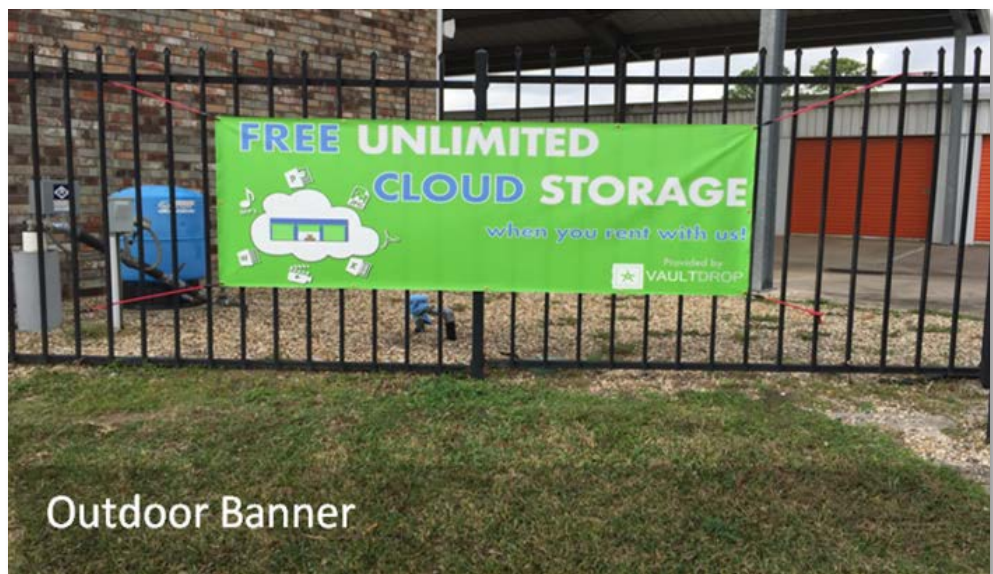
VaultDrop provided support to all of Right Move's locations. This includes providing:

### Marketing Materials

Each Right Move facility was provided with our suite of "Free Unlimited Cloud Storage" marketing materials.

### Banners, Posters, Flyers & Digital Kit

The VaultDrop marketing kit includes our physical kit of outdoor banners, office posters and front desk handouts, as well as our digital marketing kit consisting of imagery and copy to be placed on Right Move's website, as well as everywhere it advertises online. Since Right Move uses Sparefoot to source new listings, we placed a red and white "FREE CLOUD STORAGE" banner front and center on the main image of each of Right Move's locations.



Outdoor Banner



Handouts



In-Store Poster

## Training

We also gave a webinar-based workshop to all location managers. We educated managers on the ever-increasing value of cloud storage to today's consumers, on the value of VaultDrop's unlimited cloud storage product and VaultDrop's virtues relative to competing products like those offered by Dropbox, Apple, and Google.

We also showed managers how VaultDrop has been integrated into SiteLink, so they have virtually no work to do. Whenever a manager processes a move-in or move-out, the customer automatically receives a co-branded email from VaultDrop and Right Move with instructions to either onboard them to their free cloud storage account, or offer them a special price to continue service if they move out.

## Internal Usage & Customer Promotion

Finally, we gave all Right Move managers and other employees their very own free unlimited cloud storage accounts, which they put to use right away storing their own excess photos and videos from their smartphones, and files from their computers and tablets.

Armed with first-hand experience, managers quickly became well-equipped to demonstrate VaultDrop to new, prospective and even existing customers. Free cloud storage gives managers something else to talk about when calling customers asking for payment. Now they don't have to just ask for payment, but they can also tell existing customers that they have been given free unlimited cloud storage, and excite them about their ongoing relationship with Right Move.

## VaultDrop's Effectiveness

In this study, we look at the before and after performance of the 10 self storage locations managed by Right Move in California, Texas and Alabama. Since Right Move uses SiteLink as its property management software, it has extensive historical data for move-ins at each of its locations. In our study we specifically looked at three channels of new reservations:

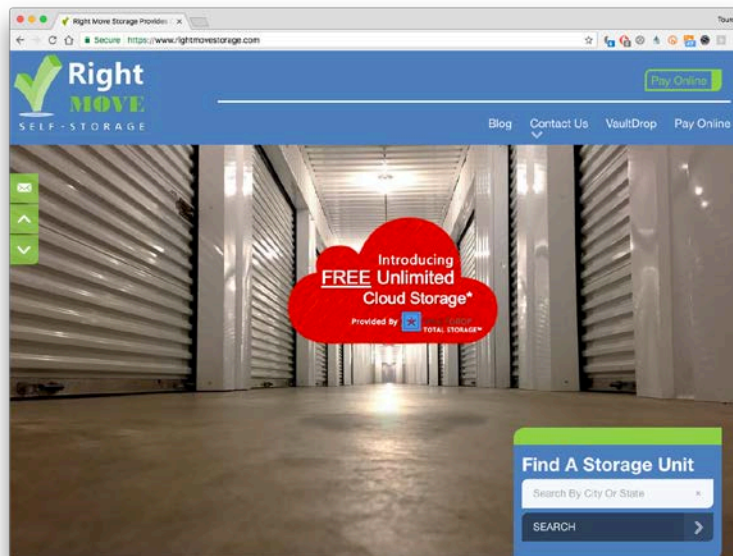
### Walk-ins

Right Move placed 3' x 8' banners outside all of its properties. The banners advertised "FREE UNLIMITED CLOUD STORAGE" with every move-in. The banners were easily viewable by anyone walking or driving by the properties.



### Right Move Website

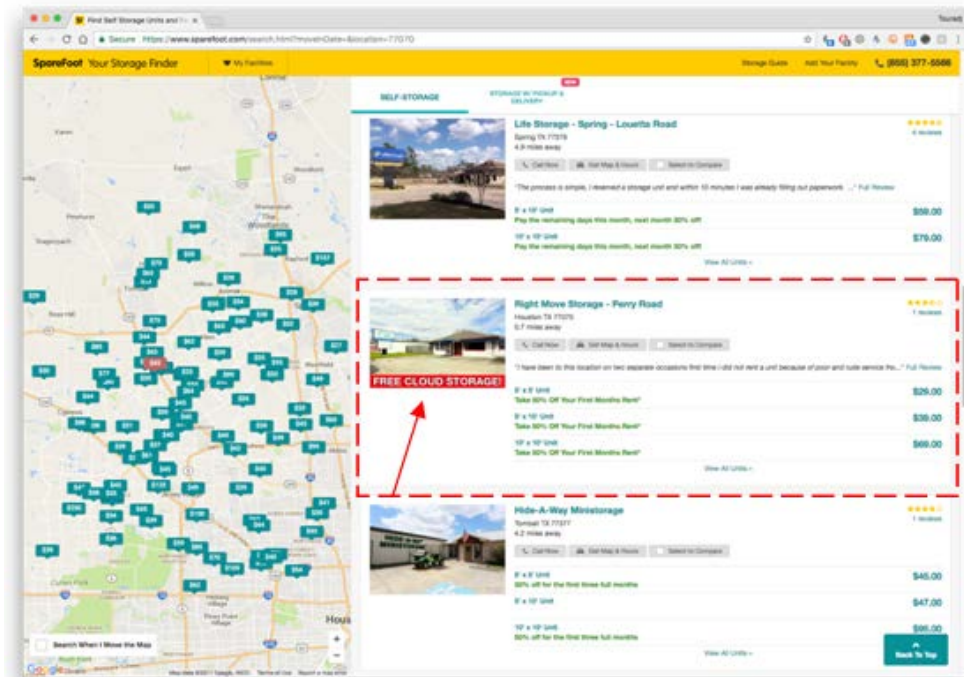
Right Move's website is one of the first things prospective customers see when searching online for a self storage facility in their area. The Company's site provides online visitors with company information, facility locations, rental rates and online booking reservations. Right Move placed a large red cloud advertising "FREE Unlimited Cloud Storage" with each rental prominently over the main image on its website. Clicking the red cloud links to a page on the site that provides viewers with relevant details about the free cloud storage provided with move-ins.





## Presence on Sparefoot

Right Move uses the online aggregator Sparefoot. When customers search online for self storage, they often find links to Sparefoot, where they can enter their zip code and search for nearby storage facilities. Sparefoot displays storage companies side-by-side, with a large image of the facility on the left, and unit sizes, pricing and other details on the right. Right Move edited the image of its facilities to contain a banner at the bottom offering “FREE CLOUD STORAGE.”

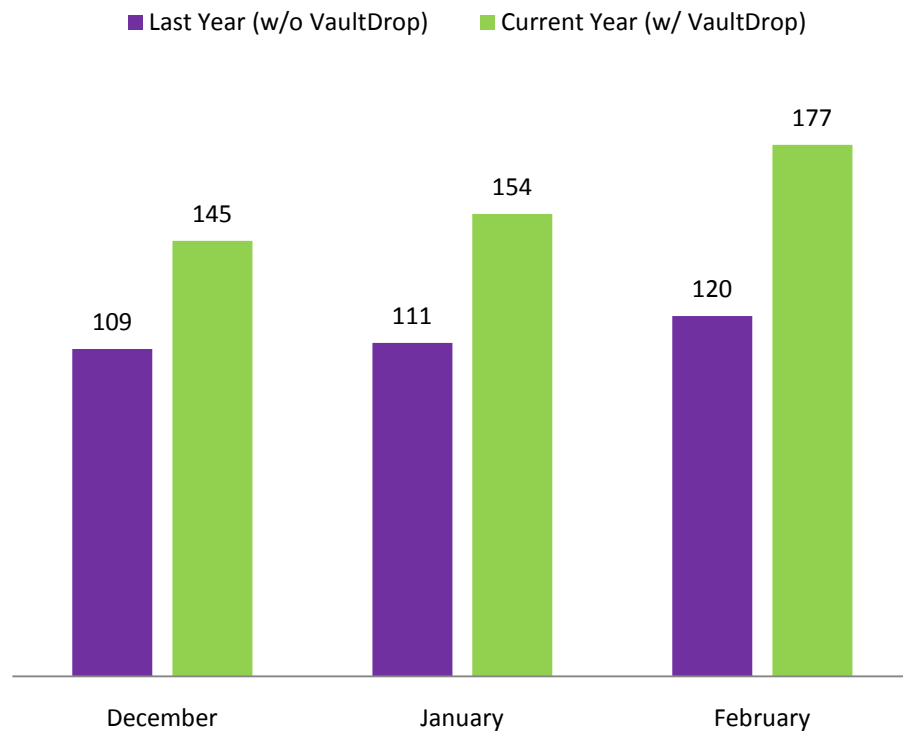


## Measurement

To measure the financial benefit to Right Move, we looked at the change in the number of monthly move-ins from the first three months VaultDrop was implemented this year, to the same three months a year ago when VaultDrop's cloud storage wasn't being offered. The three main marketing channels we examine include: walk-ins, Right Move's website, and online from the aggregator Sparefoot.

This data, representing a unilateral increase in move-ins every month from each of Right Move's three main channels of acquiring customers demonstrates that the marketing advantage of offering customers free unlimited cloud storage is significant.

## Total New Rentals



*Move-ins increased from 109 in December, 2015 to 145 in December, 2016; from 111 in January, 2016 to 154 in January, 2017; and from 120 in February, 2016, to 177 in February, 2017. This is a 41% average monthly increase in move-ins from the marketing benefit of offering free cloud storage alone.*

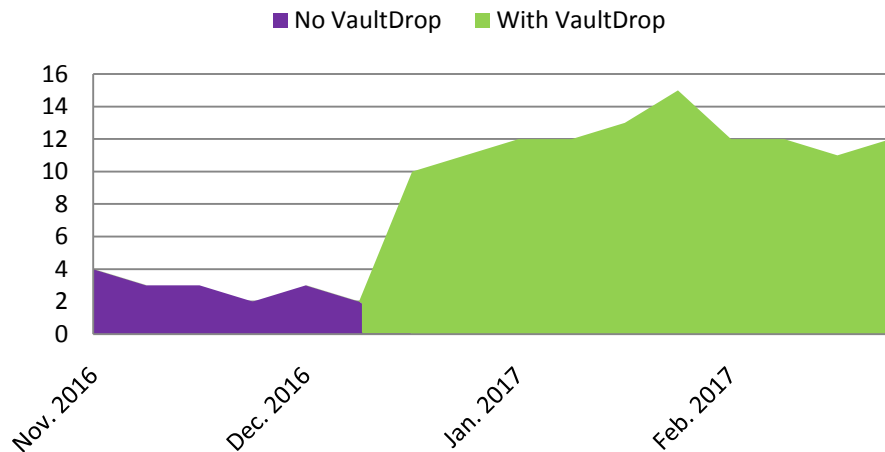
In summary, since implementing VaultDrop, Right Move's move-ins have increased year-over-year by:

- 36 move-ins in December - **A gain of 33%**
- 43 move-ins in January - **A gain of 39%**
- 57 move-ins in February - **A gain of 48 %**

## A Closer Look at Sparefoot

In a more focused study, we looked at effects of placing a “Free Cloud Storage” banner on Right Move’s image on Sparefoot. The banner was placed on December 15th. In this case, we observed an even more dramatic increase in the number of move-ins, in some cases increasing over 300%:

### Reservations via SpareFoot



*Prior to adding a “FREE CLOUD STORAGE” banner on Sparefoot, Right Move averaged 3 move-ins per week in November and the first two weeks of December in 2016. Since adding the banner in the third week of December of 2016, their number of move-ins coming from Sparefoot has skyrocketed to an average of 13 and 11.75 per week in January, and February of 2017, respectively. This is an increase of 312%.*

### Other Benefits

Right Move also profited from justifying an associated rent increase. Across its properties, Right Move increased rates by approximately \$1 over the cost of providing unlimited cloud storage from VaultDrop. This price increase had no measurable drawback. Instead, Right Move increased revenue by about \$500 monthly, or \$6,000 annually per location.

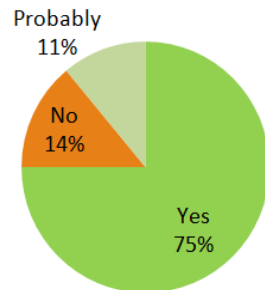
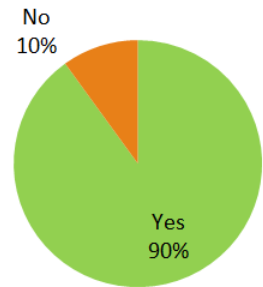
The \$6,000 increase in annual revenue, with a 6% cap rate, means that providing cloud storage has added \$100,000 in asset value to each of their properties. That represents a \$1 million increase in asset value to their entire portfolio from the rent increase alone, not including the value of all the additional customers added through marketing.

## Current Customer Survey

A survey was conducted in September 2016 from a sample of 50 existing customers in two of Right Move’s properties. The most interesting results were:

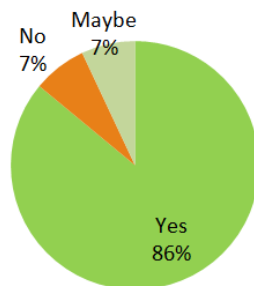
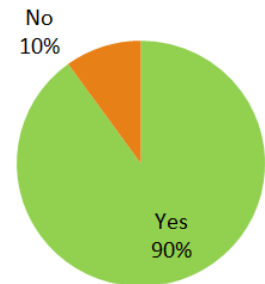
1. Customers overwhelmingly said that they find value in UNLIMITED cloud storage.
2. They also liked the idea of it being FREE and that they can store all of their belongings – physical and virtual – with one company.

Do you find value in UNLIMITED secure cloud storage?



If we gave you FREE unlimited cloud storage, would it make you likely to rent with us again?

Do you like the idea of a "one-stop- shop" for both self-storage and cloud storage?

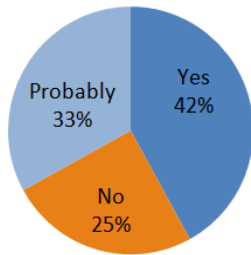
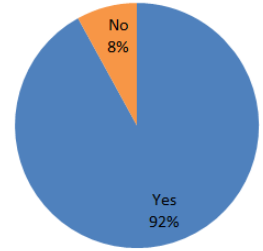


Would you recommend that we give you FREE unlimited secure cloud storage?"

## New Customer Survey

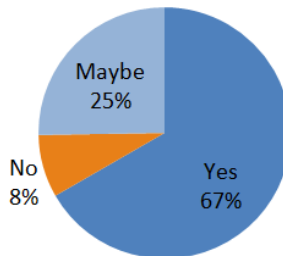
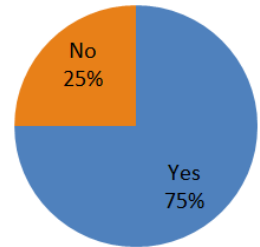
A survey was conducted in September 2016 from a sample of 50 new customers with similar questions from two of Right Move's properties. The results were:

Do you find value in UNLIMITED secure cloud storage?



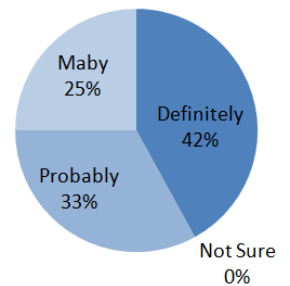
Would getting FREE unlimited secure cloud storage from us make you more likely to rent a storage unit from us?

Do you like the idea of a "one-stop- shop" for both self-storage and cloud storage?



Would you recommend that we give you FREE unlimited secure cloud storage?"

Would you rent a storage unit from us if we gave you FREE unlimited secure cloud storage for the whole time you're with us?





## Statements from Right Move Storage Employees



*"VaultDrop paid for itself with only three new customers, which came right away. We also increased our revenue over \$500 monthly through a related rent increase justified by providing this new value to customers. On a 6% cap, that makes each property worth over \$100K more."*

**- Darren Kelley, Right Move Storage**

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*"The marketing tools we have with VaultDrop really look great! My customers have been really excited to use their new service we provide. It lets them keep their data in secure storage on the cloud."*

**- Mark Point, Property Manager**

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*"VaultDrop has given my managers another effective tool to close reservations and generate demand. Our customers really value the amenity. Giving away \$60k of gifts and getting paid \$6k a year makes this great!"*

**- Roddy Camper, Director of HR and Branding, Right Move Storage**

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*"Our customers really like the service and it is generating new rentals for us!"*

**- Nikki Bailey, Property Manager**