HACKNEY
TECH REPAIRS

Making money by keeping electronics off landfills, providing excellent service, and building long term relationships in the IT Space.

BUSINESS PLAN –
SEED INVESTMENT

EXECUTIVE SUMMARY

Objective

Hackney Tech LTD aim to create a nationally recognised brand, built on trust and honesty, where Hackney Tech is a household name, synonymous with high quality repairs on consumer electronics.
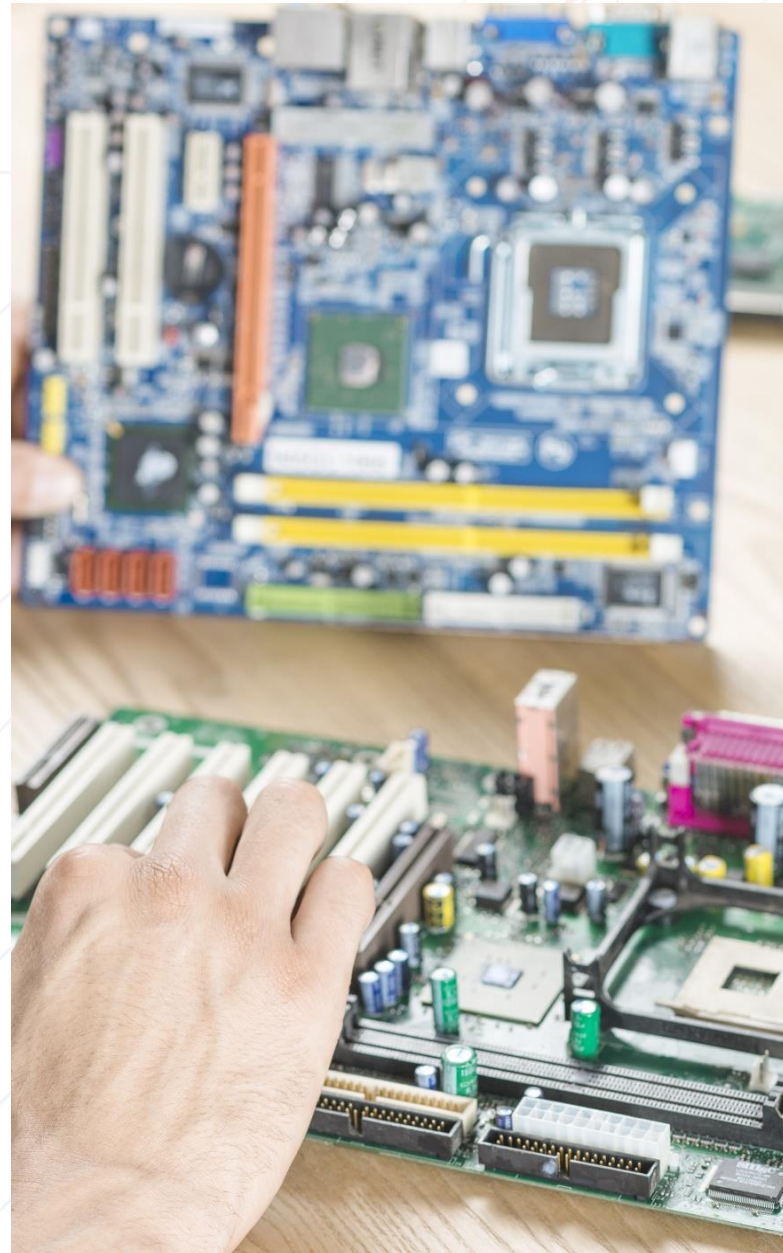
Hackney Tech are looking to gain the investment necessary to get their first store open, increase their service range through purchase of equipment and to run an aggressive marketing campaign to ensure local visibility.

Current Situation

Hackney Tech LTD is looking to open their first storefront. This is off the back of having traded for nearly 2 years in a workshop space, where the foundations of a successful business have already been laid.

Through providing a professional service, with a customer centric approach, they have gained over 50 exclusively 5* Google reviews. They have also built relationships with local businesses and are in talks to provide outsourced IT Service management to several of their clients.

Hackney Tech currently has a pre-existing catalogue of specialist tools and equipment including an inventory of parts, allowing them to offer a wide range of services. This is supplemented by having strong relationships with local suppliers and specialists allowing them to outsource more niche problems.

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PLAN

🎯 Short term objectives

To open our first bricks and mortar store. The benefits of this range from increasing our visibility and footfall, providing the additional space needed to scale, as well as additional revenue opportunities i.e. Leasing of equipment and sales of refurbished equipment and accessories,

The first store will be set up in a way that will provide a standardised blueprint, that we can use moving forward as we open additional stores.

🎯 Medium Term Objectives

We aim to scale the business, using the blueprint from store one; we will open a number of additional stores, creating our first operational area.

Stores will work together to increase the service offering across the whole area. This will achieved by having each store specialise in specific niche repairs and services. All stores will offer a standard range of core services. This will additionally allow us to offer these services to other local repair shops.

🎯 Long Term Objectives

Creation of multiple operational areas, becoming a nationally recognisable brand.

By standardising our stores in terms of how they look, the customers journey pre and post repair, what services are offered and the quality of the work; our aim is to ensure that customers who have visited one of our stores before, will have a positive expectation when entering a different store and have these expectations met.

Centralising niche equipment into service hubs connected to each service area, reducing costs, and streamlining our specialist services offering.

Opening a training centre and certification program, where we can upskill staff and ensure the current high standards are maintained as the business scales.

OUR JOURNEY

Matt and Chris met when they were 16 years old, having both studied in Hampshire, becoming lifelong friends. They shared a passion for personal development, working hard with a drive to gain further responsibilities.

Through this desire they both became managers in hospitality whilst still teenagers and this led them to pursue careers in the city. Although they both gained key experience in these roles, they shared an enterprising spirit and a desire to build something that would allow them to make money in a more socially responsible way

This lead to them working in the electronics repairs space where their original mission statement was: "we aim to keep broken electronics off landfills, by getting them into the hands of repair specialist"

This started with them acting as a warranty's liquidator, buying faulty devices in volume at auction and then finding buyers who had use for them either for refurbishment or spare parts – although this area was profitable, it was overly time consuming and there was limited room to scale.

They then moved into a more technical space, where they would buy 2nd hand and faulty apple products, strip down and test the parts - reselling them with a warranty. This venture was extremely promising but was damaged irreparably by changes to the macro-economic landscape.

Firstly Brexit closely followed by a lockdown was a challenge for all businesses, especially start-ups. As they sold predominantly into the eurozone, Brexit was particularly bad for them, which changed import and export rules making it uneconomic to sell to this market.

These harsh learning curves were difficult at the time; but built character, resilience, and a strong understanding of the overall consumer electronics space. The lessons learned here shaped their vision and built the foundations of Hackney Tech Repairs.

THE TEAM

Matt's professional background in logistics, operations and professional service have been key driving factors in the success of the business. Taking the lead Technical role for HTR he has worked to expand the service range, maintaining quality through management of suppliers and ensuring the business keeps up to date with the latest available services in the market.

As Head of Logistics for Wicked Vision he was responsible for overseeing the warehouse, distribution and manufacturing output of wicked vision's products. This meant liaising with factories, suppliers, logistics companies and retailers on a regular basis. Their products were sold to premium department stores, such as Harrods, who had very high expectations of our service levels.

Matt worked for Lloyds banking group, through the consultancy ECS, as a licensing lead. They successfully migrated over 130,000 user profiles from XP to Windows 7. This led to a commercial optimisation role with an 8 figure savings target. A key area in them achieving this target was an asset rationalization piece Matt conducted as a solo initiative, where he decommissioned unused and redundant IT assets across the estate, freeing up physical space, licenses and hardware across 50 sites.

Chris's background in sales, marketing and business development synergises well with Matt's. His role for HTR focuses on attracting new customers, business expansion and implementing internal infrastructure.

Working as a Salesman for Dixons retail (PC World) gives Chris a key insight into the market; having not only sold IT hardware, but also insurance and aftercare packages. This experience built technical understanding, a strong understanding of the issues customers face when dealing with manufactures and suppliers and in general provided a unique view of the consumer electronics space.

He has subsequently worked in the City as a Salesman. First in Wealth management and then in contract IT recruitment. These roles were both independent positions where I was solely responsible for bringing in revenue through generating new business opportunities, and then managing these clients long term.

FINANCIALS

We are looking to secure seed investment of between £50k and £80k that will be used to finance the opening of our first store.

Store opening costs

A rough breakdown of costs associated with opening a new store are broken down below. These numbers are subject to variance based on the lease cost and business rates etc.

Initial lease payment (6mth)	£10k
Initial business rates (6mth)	5K
Deposit	£10K
Associated legal costs	£3k
Bills (6mth)	£2k
Shop Fitting	£8k
Marketing	£2k
Initial staff costs (3mth)	£7.5k
Overheads	£7K
Total	**£47.5K**

This is the minimum total investment needed in this investment round. We would look to split this across multiple investors and are open to investments in the form of either debt or equity (POA)

Financial forecasts

	Y1 Forecast	Y2 Forecast	Y3 Forecast
Revenue	£120,000	£156,000	£180,000
GP	£78,000	£101,400	£117,000
Expenses	£83,982	£70,182	£76,182
EBITDA	−£5,982	£31,218	£40,818
Income	−£12,459	£17,268	£25,206
Starting Cash	£50,000	£29,618	£48,936
End of year Cash	£29,618	£48,936	£78,854

These figures are based on conservative estimates of revenue. We have conducted market research from other independent repair shops in the area. This has shown that an established shop of this nature can comfortably turn over £250k+ PA

Even with these conservative figures we would be looking to have the capital necessary to open a second store during Y2, from this point growth will accelerate as the income of multiple stores can be utilised.

HACKNEY TECH REPAIRS

THE MARKET

Problems: Consumer electronics repairs market 2023

Inconsistent

The current market is primarily composed of small independent repair stores.

Service standards are inconsistent at best, this negatively affects consumer trust and leads to purchase over repair.

Lack of accreditation in the market means that the customer can't be sure of the quality of the work they will receive, this breads mistrust.

Dishonest

Larger companies in the market providing repairs are primarily manufacturers and retailers relying on pre-existing goodwill to attract customers.

They charge high rate and send repair away to national workshops hubs; this is slow and leaves the customer without their device for a long time

They push sales over repairs. They have been shown to outright lie about the potential for repair over replacement.

Solutions: Hackney Tech's Concept

Recognisable

Build a national brand that specialises in repairs and refurbishments.

Ensure that when a customer travels to a new area, they can find one of our stores, due to our branding.

Build in standardised processes and pricing models, so the customer knows what to expect.

Create a household name, when people discuss repairs, they should discuss our brand

Service focused

A customer centric approach, being upfront and honest.

Willingness to educate the customer, ensuring they understand and feel comfortable with the service provided.

Free diagnostics, no fix no fee with and a no commitment quote. A service without hidden fees.

Honour warranty periods responsibly giving benefit of the doubt to customers, a financial hit is not worth losing a long-term customer.

Fast and efficient. People rely on their devices, so it is important to ensuring repairs are conducted in a timely manner.

Market Size

£350B

Size of UK Consumer electronics repairs market by rev.

£2.5B

Overall size of UK computer and computer equipment repair industry by rev

18.8%

Growth expectation of Computer and Computer equipment repairs industry UK 2022 industry by rev

5%

No major player in the Mobile Phone repair industry has a market share higher than this

Our Place

65%

GP percentage - this is due to having many services that have no COSR (e.g. Water damage clean-up)

£125M

Revenue based on 5% of Overall size of UK computer and computer equipment repair

£450K

Estimated revenue per store over 3 years

£300k

Estimated GP per store over 3 years

COMPETITOR ANALYSIS

Manufacturer repairs (1st party): Apple, Samsung, Google etc.

A Manufacturer's main goal is to sell new products, this creates a conflict of interests, whereby repairing devices inhibits the company's main agenda.

This inevitably leads to poor business practices. From falsely claiming devices are unrepairable or beyond economic repair, overpricing the cost of repairs to justify a sale, through to outright lying about the fault to show a high repair cost when compared to a purchase.

This conflict of interest ensures that the service is not designed with the customer or environment in mind.

Manufacturer affiliated repair shops:

These businesses share some of the conflict-of-interest issues with the manufacturer, due to them being subject to contractual obligations written by the manufacturer. This could be in the form of strict pricing models and limiting repairs by the age of the device.

This means that they are contractually forced to do things that are not in the interests of their customers, even when they may know that there would be a better option available from a 3rd party repair shop.

Independent repair shops:

With no conflicts of interest and contractual obligations, it is possible to provide a better service to their customers. Interests should lie in keeping customers happy to ensure repeat business.

In practice this is not always the case, with the industry as a whole suffering from a reputation of dishonesty, price gauging and poor service.

Independent repair Brands:

Though providing top down controls and SOPs these stores gain the benefits of independence, whilst also being consistent and maintaining high standards.

A notable example of a success in this space would be iSmash. They show not only that there is a space in the market for an independent repair brand, but also that standardising process and ensuring consistent service leads to growth.

THE BUSINESS

Our customers

The ideal customer:

A high-end user of Technology; this could be someone who uses their devices for professional purposes such as a graphics designer, or a hobbyist who uses their computer for gaming.
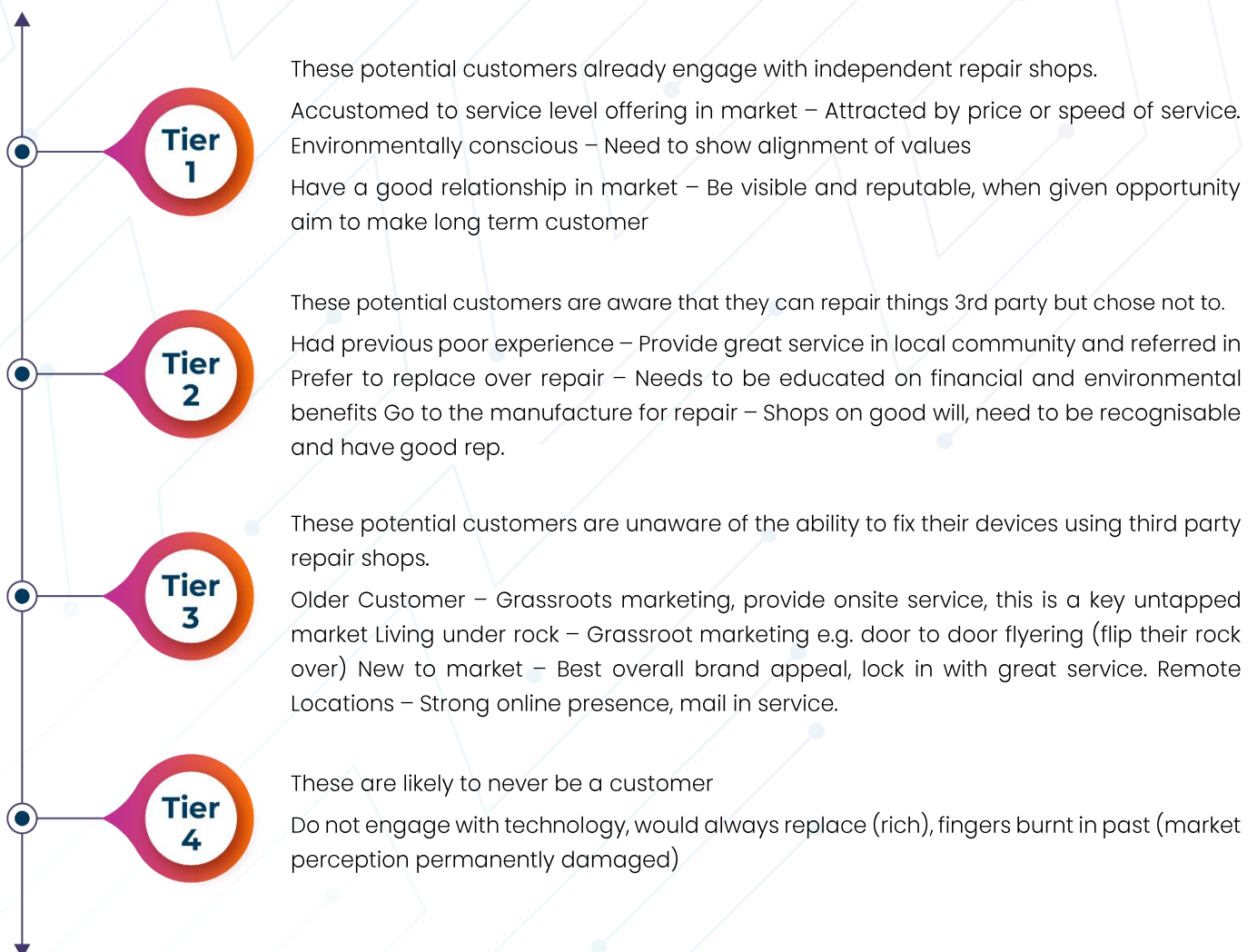
Our primary current customer base:

→ High end users   → Small businesses   → Local Community

Our Non-Customers:

Tier 1

These potential customers already engage with independent repair shops.

Accustomed to service level offering in market – Attracted by price or speed of service. Environmentally conscious – Need to show alignment of values

Have a good relationship in market – Be visible and reputable, when given opportunity aim to make long term customer

Tier 2

These potential customers are aware that they can repair things 3rd party but chose not to.

Had previous poor experience – Provide great service in local community and referred in Prefer to replace over repair – Needs to be educated on financial and environmental benefits Go to the manufacture for repair – Shops on good will, need to be recognisable and have good rep.

Tier 3

These potential customers are unaware of the ability to fix their devices using third party repair shops.

Older Customer – Grassroots marketing, provide onsite service, this is a key untapped market Living under rock – Grassroot marketing e.g. door to door flyering (flip their rock over) New to market – Best overall brand appeal, lock in with great service. Remote Locations – Strong online presence, mail in service.

Tier 4

These are likely to never be a customer

Do not engage with technology, would always replace (rich), fingers burnt in past (market perception permanently damaged)

Marketing and Branding Strategy:

The business is called Hackney Tech Ltd. Currently we have only one area of the business, focusing on repairs and refurbishments, trading under the brand Hackney Tech Repairs.

Key areas to our branding strategy;

- ⌃ Local business focused on building long term relationships within the local community.
- ⌃ Professional outfit that focuses on quality, honesty with excellent communication.
- ⌃ Environmentally conscious.

We plan to brand all stores Hackney Tech Repairs with their location. This will ensure continuity and allow us to build a brand specific reputation.

Hackney is where we started, we would want to keep this as a part of the company's identity. Hackney is already recognisable, like Chelsea or Camden; Even if you've never been to London there is a good chance you have already heard of Hackney.

New Store – As part of opening a new store, we will invest in an aggressive grass roots marketing campaign. This will consist of door to door flyering to a catchment area around the new stores location, getting POS on local information boards and running social media campaigns through platforms such as the Nextdoor App.

USP's

- ⌃ Willing to educate – By closing thew knowledge gap with our customers we are able to build trust.
- ⌃ Premium Service – Bringing the expectations of service from the professional world into the independent repairs market.
- ⌃ Customer Centric – Take time to understand the customers needs and put them before our own.

HACKNEY TECH REPAIRS

SWOT ANALYSIS

Strengths

Professional background – Allows us to use our business acumen and understanding of expected service levels to build a unique brand withing the electronics repairs space.

Experience in market – We have a combined 15+ year experience in the Technologies market space, having previously been involved heavily in facilitation in the repairs and refurbishments space.

Reputation – HTR already has a very strong reputation within the market space, with exclusively 5* reviews and an abundance of repeat customers.

Network – Having supplied parts to and worked with other local independent repair shops, as well as a catalogue of long term suppliers.

Weaknesses

Lack of financial backing – This is restricting our ability to scale, we are currently unable to expand the business in an effective manner.
We need to be mindful of creating a liquidity risk event as we grow (we bankroll the cost of parts and take payment on delivery).

Visibility/ No Store front – This limits our ability to access certain areas of the market, as we currently have most of our customers come through our online presence.
Restricted in our ability to sell both accessories and devices.

Limited service offering – We are limited on physical space, restricting our ability to buy new equipment and increase our service offering.

Advertising restriction - Google do not allow 3rd party repair adds, so we have to rely more traditional marketing strategies such as local advertising (flyering, info boards local visibility), Google my business (searches through google or maps), and referrals

Opportunities

Right to repair – Should make the population engage more readily with the repairs market, will hopefully reduce the cost of parts and make them more available (although this is not guaranteed)

Economic downturn – The business is counter cyclical; during an economic downturn, recession or financial crisis people will be less able to afford to buy new, and as such are more likely to engage in the repairs market.

Green perception – As the population continues to become more environmentally conscious, this should inevitably drive customers towards repairing over replacing.

Threats

Right to repair – If devices become far easier to fix in the long term, this could reduce the need for repair services.

Competition – Someone with a much larger financial backing could move quicker and gain a sizeable percentage of market share off the back of this.

Raw cost increase – As we have already seen beginning to happen, the raw cost of minerals used in the production of electronic goods and their parts could increase at a rate the squeezes the margins and potentially makes securing parts unaffordable.

Regulation changes – As with any industry, there is always the risk of changes to regulation made at a governmental level.

FUTURE PLAN

Areas of expansion.

Vertical

Hackney Tech Services – Providing outsourced IT infrastructural services to business clients. Starting with IT Asset and IT Service Management, with the potential to move into other areas such as Network or Server management. This is an area towards which we are already working.

Sales and Resales of IT equipment – This is an area we will naturally move into, as we gain the benefits of having the space needed to perform more retail based activities. This will help attract new customers, as well as creating a pipeline of potential future repair customers.

Increase range of consumer electronics that we offer repairs on – Hoovers, Sewing machines, Radios etc.

Lateral

We could move away from the consumer electronics market, using our experience working in repairs, to target a different market space. Some examples of areas we could move into include; Watch, White goods or Commercial equipment repairs.

Return on investment

The independent electronics repairs market is in its infancy. The market is made up of hundreds of small entities, with only a few brands possessing multiple stores and no truly national brand.

A time will come when the market enters a period of consolidation, through mergers and acquisitions the market will inevitably become dominated by a smaller number of the more successful brands.

The home computing market during the late 1900's is a good example of this, where from numerous small companies, behemoths like Microsoft and IBM were able to form.

At this time, we have two main roots to capitalise on this opportunity;

We could be bought out, becoming part of a larger group, this would see a likely 6-7 figure pay out depending on how successful our expansion was.

We could be the business acquiring other brands, with the aim to build a group that can go public. Microsoft's IPO gives an idea of the potential return - Their market cap at IPO, adjusted for inflation, was over $1B.