AAA Home Repair: Home Services Industry Landscape

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Outline

• Industry Overview
  – Existing players & Services
  – Industry growth
• Profit Opportunities
• Legal, Economic, and Political factors
• Technology & Logistics
• Opportunity & Outlook
Home Services Industry Overview

- Estimates between $400 billion and $800 billion market
- **126 million home** units in US – 90 million built before 1990
- $4 billion venture capital invested in 2014
- Crowded
- Many big players
- Growing market
Legacy Platforms

- **RedBeacon**
  - $7.4M series A then acquired by Home Depot
  - Fill out form with needs and they reply in 24 hours

- **Angie’s List**
  - 3.2 million subscribers
  - $115 million market cap

- **HomeAdvisor**
  - Formerly ServiceMagic
  - Less-marketed Angie’s List
  - IAC subsidiary
Modern tech-based platforms

- **HomeJoy**
  - $40M 5 Rounds, now bankrupt
- **Housecall**
  - $9M series A, App home repair
- **Amazon Home Services**
- **Thumbtack**
  - $100M from Google capital
- **Pro.com**
  - Bezos-backed company
- **TaskRabbit**
  - $40M, 6 rounds
  - Pivoted to Uber model Jul ‘14
- **Google Home Services**
  - Launched August in SF
- **Hundreds more…**
Profit Opportunities

- Amazon and Home Depot - installation of new equipment market covered
- Angie’s List and similar - contractor rating market (Yelp-like reviews for contractors)
- Google - advantage of searching for home repair issue

Most viable model:
- Uber-like on-demand repair service to go head-to-head with TaskRabbit ($135 million valuation with Founder’s Fund Series C)
Legal, Economic, & Political concerns

• “Employee” lawsuits (Handy, HomeJoy)
• Many up coming players
• Customers wants
  – Bonded, licensed and insured
  – Safety guarantees
  – Letting strangers in house
• Criminal liability lawsuits
• Difficulty verifying skills
Technology & Logistics

- Uber app based model
- Service industry focus
- Business Model
  - Double-sided – contractors and homeowners
  - Subscription vs. commission
- Contractor/Professional Selection
  - Decide on niche for market penetration
  - Local contractors (within given area)
  - Verify “contractor’s” skills and legitimacy
Opportunity & Outlook

• If successful, high profit
  – Niche, proven subset of market required
• Too much competition
  – Market saturation
• Risk outweighs reward
  – Amazon….
• CNBC - “Amazon and Google are vying to become the Uber for handymen and capitalize on the growth of the on-demand services industry. A recent Intuit survey estimates 7.6 million Americans will be working in the so-called "gig" economy by 2020, more than double the current total of 3.2 million people”