

Meet Hometree, accelerating the decarbonisation of homes

As part of our quick founder questions series - or QFQs - we spoke to Simon Phelan, founder and CEO of Hometree about the business opportunity presented by decarbonisation, championing homeowners and the shift to renewable energy.

Temps de lecture : minute

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What was the catalyst for launching Hometree?

I began my career in private equity. The initial catalyst came following an acquisition we did and the opportunities to grow the business. I realised there was an opportunity to challenge the big incumbents who were undeserving customers in an increasingly digitalised world, and realising the value opportunity in home services through the recurring revenue model in home emergency cover.

At the same time, I was learning more about the business opportunity that decarbonisation presented. At the time, the Feed-in-Tariff acted as an incentive to install solar panels, and the market was seeing significant growth. The climate crisis is only increasing - the rise in global temperatures has led to an increase in natural disasters including flooding and droughts, whilst temperatures are higher than ever in Europe. I knew there was a space for a challenger brand in the UK to champion homeowners and the shift to renewable energy.

Tell us about the business – what it is, what it aims to achieve, who you work with, how you reach customers and so on?

Hometree is the UK's leading challenger brand in residential energy services. We began with an initial focus on boiler and home emergency breakdown cover and have since expanded into renewable installations and financing.

We are helping homeowners across the full lifecycle of home decarbonisation. We help them install low-carbon energy hardware (replacing inefficient and gas boilers with eco-friendly heat pumps, getting solar PV on roofs and batteries and EV chargers in homes).

We're also making these installations accessible to more people by offering leases and loans with affordable monthly payments, which cover the cost of the installation.

Finally, we bring added peace of mind with 'servicing, monitoring, maintenance and repairs' included in the leases, to ensure their systems are in good working order - and keep them running smoothly over time. By supporting homeowners at every stage of the decarbonisation process, we're ensuring they can switch to renewable domestic energy with confidence and as seamlessly as possible.

We're able to reach more UK homeowners by partnering with installers across the country - and have acquired three renewable installation businesses so far - The Little Green Energy Company in the South East, IMS Heat Pumps and Geowarmth in Scotland and the North of England.

How has the business evolved since its launch?

Hometree was founded in 2015 in my bedroom in Islington, North London.

When Hometree started, the focus was on home emergency breakdown and insurance. To assist homeowners searching for green home energy solutions, we have since expanded into renewable energy installations and financing. The upfront cost for domestic renewable energy, such as heat pumps and solar panels, means that too many homeowners are put off from installing them and before Hometree Finance, it simply wasn't possible to find the appropriate, long-term financing solution to support this.

Significant turning points for us have included reaching over 100,000 customers, building a nationwide network of over 5,000 multi-trade engineers and installers and raising £250M from Barclays to help nearly 30,000 homes go green over the next few years.

Tell us about the working culture at Hometree?

When it comes to hiring, we're looking for people who demonstrate and embrace our core values: radical candour, ownership, obsession for the customer, teamwork and speed. These values guide how we deliver great products and services for our customers and help us test and learn quickly to drive strong commercial growth.

We're fully invested in building a positive working culture that helps our people thrive at Hometree Group. We have a number of regional offices across the UK and in London, with people working from the office some days and from home on others. This hybrid model works particularly well,

with a blend of in-person time together that's great for debate, brainstorming, ideation and connection, whilst the ability to work remotely from home lends itself well to more autonomous tasks and deep thinking.

Outside of being in the office, we come together throughout the year with regular team socials and Town Halls where we celebrate our achievements and align on our roadmap.

We are always looking for more ways to offer additional benefits to our employees. Currently, this includes things like discounted gym memberships, a home office allowance, wellness support and healthy office snacks. We support and recognise that we all face different challenges and we try to do our best to accommodate and provide for those needs.

How are you funded?

We've raised over £85M in equity funding including from Legal & General Capital, one of Europe's largest asset managers, alongside a range of leading specialist energy investors including Energy Impact Partners, Inven Capital and 2150.

Earlier this year we also secured a debt facility from funds and accounts managed by BlackRock to fund acquisitions of renewable energy installers, of which we have recently acquired three: The Little Green Energy Company in the South East, IMS Heat Pumps and Geowarmth based in the North of England and Scotland. This brings the total number of companies we've acquired across the Group to 8.

In June, we raised a new £250M asset-backed debt facility from Barclays, the first of its kind in the UK, to finance over 28,000 residential solar panel systems, batteries and heat pumps across the UK over the next two

years. We will be offering low-cost, long-term leases & loans to homeowners, to continue to tackle the barriers to renewable adoption.

What has been your biggest challenge so far and how have you overcome this?

As an entrepreneur, you're attempting to do something no one else has done before. This can be exciting but it can be very challenging. The important thing to do is find partners that believe in our vision. For instance, the asset-backed debt facility from Barclays will be used to fund residential solar panels, batteries and heat pumps to help us decarbonise UK homes.

Barclays will be structuring this as a securitisation - marking the first time a UK residential renewables privately held securitisation will occur. This will help spearhead a new way to fund affordable domestic green energy improvements - making it more affordable for households to switch to renewable energy at scale and ensuring companies can move financing costs off their balance sheets to fund more projects and increase appetite in the market.

Though this is something that has become more common in the US, this is the first time this transaction will take place in the UK because there hasn't been the appetite from a big bank such as Barclays to facilitate it before. But we had the vision to plan and execute this transaction, inspired by the US and the growing demand for domestic green energy improvements. We're delighted to partner with Barclays on this and believe that this will kickstart a new era in the domestic green energy market in the UK.

How does Hometree answer an unmet need?

There are two main problems we're solving for the demand for renewable domestic energy: the initial upfront costs for domestic energy is too expensive for the majority of homes - and the fragmented market in Europe means no one player has been able to solve this at scale.

To date, the market in Europe has been driven by customers with the capital to pay upfront for expensive solar panels and heat pumps, often because they are eco-conscious, affluent and excited about the technology. Or, they may rely on personal loans and credit cards, which aren't purpose-built for renewables and often include high interest rates. It's not enough for only a small percentage of the population to be able to benefit from this technology when currently UK homes account for 17% of the country's carbon dioxide emissions. To make a difference, we need to ensure that more homes can afford to install solar panels, heat pumps and batteries. Our affordable, zero-deposit leases and loans with low interest rates, as well as highly attractive terms of up to 25 years, are democratising access to renewable home energy. This is unlike anything else available in the UK market.

Also, the installation market in Europe is very fragmented. By offering financing, installation, servicing and maintenance under one umbrella company, we're able to make it easier for consumers to buy, finance and maintain renewables in one place.

What's in store for the future?

The debt facility from BlackRock will enable us to acquire more regional installers to build that base up whilst the industry-first financing structure we put in place with Barclays means we can offer low-cost, long-term loans to households to drive the uptake of renewable energy.

This is part of our mission to decarbonise 1 million homes by 2030 by becoming Europe's leading residential energy services company so we have a lot ahead of us to reach that target.

What one piece of advice would you give other founders or future founders?

Stay true to your original vision and mission as a founder. I founded Hometree in my bedroom in North London in my mid-twenties with a business plan titled "Connecting Investors with Sustainable Investment Opportunities". To build the company into what it is today, we focused first on servicing and home cover, and we've since been able to expand into renewable energy installations and maintenance, which helped inspire that original business plan. You may need to pivot on the journey but focusing on the original mission and what inspires you as an entrepreneur means you will build the right company to make a difference.

And finally, a more personal question! What's your daily routine and the rules you're living by at the moment?

As an entrepreneur you need to look after yourself in order to ensure that you're able to consistently drive the business forward. For me, that means exercising every day and adopting healthy eating habits to keep me focused.

Simon Phelan is the founder and CEO of *Hometree*.



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