

Meet the CEO targeting £1bn valuation for challenger broadband provider supported by former England rugby star

A broadband provider, which counts a former England rugby star among its ranks, has set its sights on becoming Greater Manchester's latest tech unicorn by reaching a valuation of £1bn.

Hale-headquartered 4th Utility is on the cusp of kicking off a debt raise worth in the region of £80m which it hopes will supercharge the roll out of its infrastructure.

In an exclusive interview with BusinessLive, chief executive Tony Hughes reveals the roadmap to the firm being valued at £1bn, his plans for the company to be profitable by 2024 and whether a future IPO is on the cards.

READ MORE: [Click here to sign up to the BusinessLive North West newsletter](#)

4th Utility was launched five years ago, aiming to install its fibre network into new build apartment blocks to secure customers for decades to come.

The business secured [a £25m investment in 2020](#) after having tempted former England and Sale rugby star Mark Cueto to join as sales director two years earlier.

The firm achieved a revenue of £1.3m in the 12 months to March this year, a figure which is expected to rise to £3.6m for its current period and again to £9.8m in the following year.

Mr Hughes told BusinessLive that because of the level of investment in the company, it is not currently profitable but

that he expects it will enter the black in the year to March 2024.

Over the next few years, the CEO added that he expects the company's headcount to increase from its current total of 56 to almost 100 because of his growth plans.

On those plans, Mr Hughes said: "What we are very successful at is signing contracts to build into apartment blocks.

"The investment you make into the building in terms of fibre is important as it has a minimum life cycle of 25 years, which could rise to 40.

"It's very difficult for others, once you've put your fibre into a building, to follow on to that.

"Within this sector you have copper and you have fibre.

"Copper networks will be turned off over time and over time therefore we would expect our penetration in those buildings to significantly increase.

"All of our contracts are 30 years. If you have one of our routers in your apartment, from moving in and going live takes 60 seconds.

"There's no waiting for an engineer to come along and we have some very clever technology that sits behind that.

"If you wanted to upgrade all you have to do is go to the dashboard and click a button and you instantly get a higher speed.

"The technology that our service provides is wholly different to anyone else.

"The reason why I insisted on all the contracts being 30 days is because this sector is blighted with poor service and companies that don't care about customer experience.

“If you truly believe in customer experience and your product, you don’t need a two-year contract to stop somebody moving somewhere else.

“If you deliver day in day out, you don’t churn customers because we deliver a high quality, high speed solution at a price that’s attractive in the marketplace.

“Because we have automated a lot of our service, we run it at a very low cost per customer compared to the big guys.

“We’ve put ourselves in a really strong position and my aim is to get 10% market share after five years.”

On his plans to take 4th Utility to the coveted unicorn status, he added: “We would need to be into our five-year plan. The three-year position would get us a long way to that but we need to execute on the full five-year plan to enable us to get to that.

“We need to install to more customers and properties that can drive us towards looking at that kind of valuation.”

One of the ways the business could get to a valuation of £1bn is by completing an IPO and becoming a public company.

Mr Hughes said that “all options are on the table” and that he is remaining open minded about what the future could look like “because we don’t know what the market dynamics will look like and what the investment horizon will look like in three to five years”.

“The key for us is to maintain our growth trajectory and what we are doing”, he added.



4th Utility's headquarters in Hale, Greater Manchester
On how he sees his industry, the CEO said: "It's a vibrant industry that's seen new organisations come in but very few in the North.

"There's a shortage of people and there have been issues with components because of the pandemic but we actually forward order stock to enable us to avoid that.

"It's a marketplace that I believe that in the next two to four years will see significant M&A activity.

"The UK as a whole, the last time I looked, was about 35th in the world in terms of broadband speed so for a country that's one of the biggest economies in the world to have such poor speeds means we're not in a great position.

“That’s because there were mistakes by government over investment. They very much thought that it was about getting fast copper but the problem is that it degrades and it’s not something that can last into the future.

“We’ve probably got another eight to ten years before the UK is fully fibre.”

Read More

Related Articles

▪



[Group backed by investor in Fortnite maker acquires cyber security firm](#)

BusinessLive

Read More

Related Articles

▪



[THG to gift shares to 500 employees as long as targets are achieved](#)

BusinessLive