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VERMONT RURAL TECH HUB

effective technology sourcing alternatives. While Vermont businesses may well benefit from these services, it is expected that this Tech HUB will also provide services to companies all over the country and possibly overseas.

Locating the first Tech HUB in Newport, VT is the right place to start for a few reasons²:

1. Cost effective real estate (especially if the center and the state government can find a way to collaborate in that area).
2. Competitive wage rates compared to larger Tech hubs like Boston, Chicago, San Francisco, etc. (30% or more of a discount from hiring these same jobs in, etc.) while still offering a living wage with career growth potential. This is especially important when competing with offshore resources.
3. Strategically positioned to tap into a burgeoning technology industry in Southern Quebec and Montreal looking for services such as these.
4. Build and reinforce a tax base in Newport and Vermont as a whole. Orleans County experienced a 1.4% population decrease from 2010-2016³ and leads the state with a 7.2% unemployment rate⁴. Our efforts here are needed and will have an impact.
5. Bring ancillary economic benefits in the form of increased demand for other goods and services in the Newport area.
6. Community Energy: Newport will take part in a daylong series of workshops December 13th with the Vermont Council on Rural Development to chart a path forward.



Ultimately, this will be a business that is both economically viable and socially impactful. Whether L3C, Certified BCorp, or Public Benefit Corporation, this is about developing economic opportunity across rural areas of Vermont. It is our strong belief that increasing economic opportunity in rural areas will generate a virtuous cycle, creating jobs, attracting and retaining the workforce we need, building stronger communities, and increasing the tax base for the State of Vermont.

² Locations like Rutland, Bennington, Brattleboro, St. Johnsbury, Springfield, etc. would be entertained if the appropriate partnerships were found to support start up.

³ <https://www.google.com/url?q=https://www.census.gov/quickfacts/table/PST045216/33015&sa=D&ust=1509936819839000&usg=AFQjCNE0VmdH142TmSkegTr59B4IglD-OQ>

⁴ <https://www.google.com/url?q=http://www.vtmi.info/Labforce.cfm?qperiodyear%3D2017%26qareatype%3D04%26qadjusted%3DY&sa=D&ust=1509936819869000&usg=AFQjCNHRnypAgYc3ZUyjQmYZ4XN1Gj7EFQ>

Products & Services

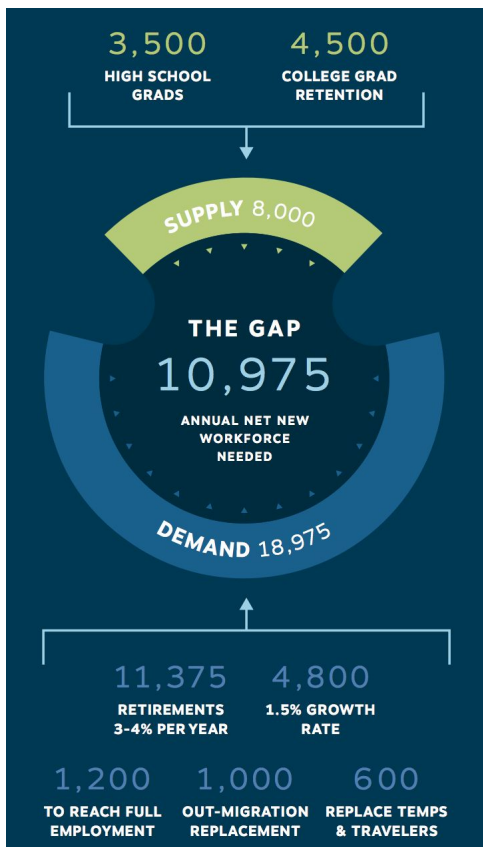
The Tech HUB platform will focus on creating jobs centered on the “tech” economy. By that, this HUB does not intend to create manufacturing or agricultural jobs. While it is quite possible that it may support companies who are in the manufacturing and/or agricultural sectors, the center itself will not be creating or maintaining those jobs.

Based upon successfully creating a similar technical center and business process outsourcing company in India, providing services across a wide-range of needs and requirements is crucial. Specialization will certainly occur, as will cross-training opportunities. Services to be provided initially may include technical support services (phone, video and chat based), technical documentation, augmented reality asset creation, and others. A significant part of selling services such as these is to fully understand what the customers need and design services around how to address those needs.

Creating the workforce

When working to develop economic opportunities as well as create meaningful social impact, workforce development plays a significant role. Further, given the rural location for this Tech HUB, the expectation is that the available workforce will not, by and large hold the necessary technical skills to perform many of the jobs this center will provide. In and of itself, this is a challenge. A challenge that can be overcome with the right partnerships with local training resources and client organization.

It will be important to create the bulk of the required workforce, rather than expect to recruit people already holding the necessary skills (Note Vermont’s state-wide workforce gap illustrated by the VT Futures Project graphic at right). Whether retraining unemployed workers from other industries, finding recent high-school graduates to train into new roles or tapping into under-utilized retail employees looking for new opportunities, we expect to create the workforce. There are multiple paths to consider for instilling employees with the necessary knowledge.



Partnering with organizations such as community based vocational technical schools, community college offerings and non-profit organizations such as Vermont HiTec will accelerate this type of education. Most, if not all of these jobs may be filled with people outside the ranks of traditional college graduates. More important than holding a college degree, it will be important to find candidates who are interested in these roles, willing to perform the tasks required and who are capable and willing to learn the information necessary to be successful.

It is important that training and education also be offered “on-the-job” both to increase the skill-set and effectiveness within the current role, but also to allow for personal and professional growth by the employees themselves. Long-term success in India has come by focusing on continually finding ways to help people improve their skills and professional opportunities. Similar long-term success in Vermont will depend on that same approach.

Start up Team & Tech HUB Management & Administration

Wayne grew up in a town of 1500 people on southwestern, MA. He’s spent 20+ years in sales and marketing across B2B and B2C organizations, including managing external telemarketing. Most recently, he’s confronted the challenges facing our rural communities while navigating care for his aging grandmother. What’s become clear is that small rural towns have been left behind by the latest technological trends, and this can be reversed.

For almost ten years, Scot has been working with a company in India called Indivillage to bring modern tech economy jobs to rural India. Over that period of time, he has seen and experienced first-hand what even small levels of investment can do for a rural community and its citizens. While he continues to work with Indivillage, the time has come to bring the lessons learned through that effort and apply them here, in Vermont. With the right start-up mix of public and private funding, Scot believes we can build a successful technology center that will bring jobs (and revenue) to rural areas of Vermont.

Management of the Tech HUB will consist of both internal day-to-day management (keeping the footprint light and limiting salary expenses (exclusive to incentive bonuses tied to growth of the business) to no more than 2x the cost of the highest paid employee) as well as a board of directors providing oversight and strategic direction including social mission strategy to the center. At the outset, in an effort to keep costs low, it is expected that a mix of contract and pro-bono work around sales and marketing and higher level day-to-day senior leadership will be necessary. Over time, as revenues begin to increase and stabilize (2-4 year expectations) it is possible some of those resources will be brought in-house.

Public/Private Funding Mix

While the intent is for this entity to be a for-profit endeavor, it is expected that a mix of public and private funding will be absolutely critical to success over the course of the first 2-4 years of existence. Possible funding sources include:

- Local investment from civic-minded institutions such as credit unions, banks, or other foundations/businesses (startup costs, Private source)
- Northern Border Commission grants (startup/operational costs, Public Source)
- Rent abatement by the State of Vermont (make use of under- or non-utilized office space owned by the State of Vermont, Public Source, operational costs)
- Fee-for-services from customer base (operational costs, Private Source)

It should be noted that the overall economic and social impact on the rural community is the important driving factor in establishing this business. While we expect to be able to pay living wages (or higher) to employees, the intent is not to create massive wealth at the top of the organization. Rather, it is our hope and intent that profits go toward increased training, center expansion (including possible replication in other rural areas across Vermont) and social impact initiatives in the community.

Potential Customers

[Jessica Thimdit](#),

Head of Relationship Marketing at Mettler-Toledo International, Inc – Potential 10 telemarketing representatives. Mettler Toledo is a \$2.5bn global manufacturer and marketer of precision instruments for use in laboratory, industrial and food retailing applications.

OpenApproach, a managed services company in Burlington has interest in housing several 1st level tech call center staff at one of these technical service centers.

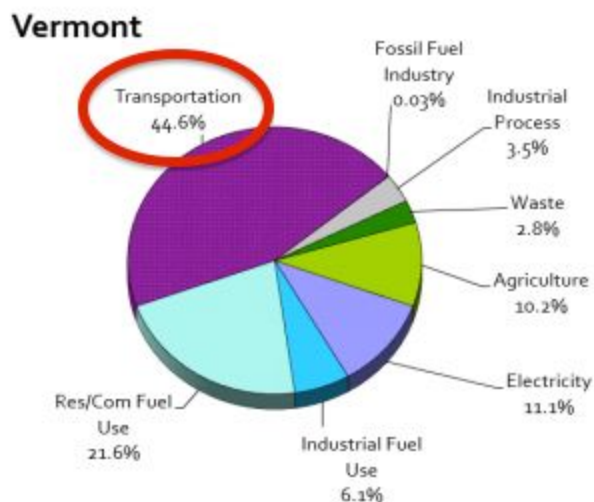
Concept Supporters

The following people have heard about this initiative and have expressed at least verbal support for the idea. Some have offered to assist personally and/or with the support of their organizations.

- Scot Barker (consultant)
- Wayne Maceyka (HinesburgHUB co-founder, SunCommon Marketing)
- Rob Miller (President, VSECU)
- Amitava Biswas (consultant)
- Tristan Toleno (Marlboro College, state legislator)
- Mike Schirling (ACCD)
- Gail Stevenson (LCRCC)
- Dennis Moynihan (BTVIgnite)
- Scott Bernoudy (OpenApproach)
- Tom Torti (LCRCC)
- Dimitri Garder – (Local EconDev advocate in Bennington County, GlobalZ and VSECU's Lightning Jar Founder)
- Janice Shade – (Seasoned entrepreneur, MilkMoneyVT co-founder)
- Joe Fusco (Casella, UVM SI-MBA Board Member, VCRD Climate Economy Task Force)

Social Impact

- Improved Economic opportunities in areas that need it most
- Contribute to reversing population decline
- Mitigate the 10-12% premium rural residents spend on transportation.⁵
- Job training & Career Advancement
- Improved tax base
- Reduce CO2 emissions associated with long rural commutes -



Potential Challenges

⁵ <https://www.timesargus.com/articles/school-mergers-seen-as-barrier-in-rural-economy/>

This concept, as with any new business venture carries no guarantees. It will take a lot of work, time, patience and resources (financial and other) to get it up and running and ensure it grows into a sustainable entity. Some challenges and headwinds that will arise include (but are not limited to):

- Finding and training new employees
- Benefits cliff
- Investor/interested party impatience
- Slower than expected growth

Financial Projections

Initial capital needs will be for space build out and furnishing. Additional expenses will include workforce training, sales and marketing and management. Sponsorships, partnerships public and private grants and investments will play a role in initial funding. Some costs and expenses can be reduced through contract work at certain positions and/or pro bono work by supporters in the community and around the state.

Initial conversations indicate that potential customers may be ready to begin services sometime in Q1 of 2018. Initial projections are to start with 2-4 staff, growing throughout year 1 to an estimated 12 staff.

See next page.

Budget Highlights

This three-year proforma includes startup budget lines with associated costs, funding estimates by source, projected revenue, and training needs. Year one starts April 1, 2018.

	Year 1	Year 2	Year 3
Expenses			
Consultants	\$60,000	\$30,000.00	\$15,000.00
Rent (assuming state agreement on space @\$1/month)	\$12.00	\$12.00	\$12.00
Training costs	\$36,000.00	\$12,000.00	\$12,000.00
Furniture/Fit up	\$85,000.00	\$5,000.00	\$5,000.00
Telecom (Internet & phones)	\$30,000.00	\$30,000.00	\$30,000.00
Computer Equipment	\$20,000.00	\$5,000.00	\$5,000.00
Salaries (Est, 12 employees year one)	\$464,000.00	\$556,800.00	\$668,160.00
Estimated Total:	\$695,012	\$638,812	\$735,172
	Year 1	Year 2	Year 3
Revenue			
Grants ⁶	\$500,000.00		
Fee for Service (est.)	\$506,908.00	\$633,635.00	\$792,043.75
Estimated Total:	\$1,006,908.00	\$633,635.00	\$792,043.75

Estimated startup cost:⁷ \$230,000

- Consultants – Operations and Business Development
- Securing space (including state negotiation for low-cost space)
- Furniture
- Computers
- Telecom (VoIP phones, high speed internet connection)

Total Space Required (startup): 2,000 square feet

Training Time:

- Marketing call center personnel: approx.. 4 weeks
- Technical call center personnel: approx. 8 weeks
- Data Entry/image annotation/editing: approx. 2-3 weeks

⁶ Grants and other external funding may spread out over several years and include both public and private sources.

⁷ Estimated startup costs are exclusive of salaries to be paid.