

Testimony by Alan Mond

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House Committee on Small Business

“The Power of Connection: Peer-to-Peer Businesses”

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Chairman Graves, Ranking Member Velázquez and members of the committee, I am Alan Mond, CEO of 1000 Tools, and I'm very grateful for the opportunity to speak with you regarding our peer-to-peer sharing business.

1000 Tools is an online platform that enables people to rent tools from each other. Our latest product allows local governments to rent underutilized equipment to one another, which we'll get to in a minute. We are based in Ann Arbor, Michigan and it is an honor for me to be here today.

I come from a family of tinkerers and the idea for 1000 Tools came when I had to replace the timing belt on my 1995 Ford Probe. I had the willingness to do it myself, but not the right tools for the job. My solutions at the time were to:

- buy the tools outright - expensive and clutters your living space
- borrow from friends - don't have the right tools, can erode friendship

So I thought:

1. Does anyone else have this problem?
2. Wouldn't it be nice if I could access a large network of tools to rent on a short term basis?

We built 1000tools.com and launched June 2013 to test this hypothesis. Our website offers a secure interface for tool renters to pay with a credit card and tool owners to get funded via direct deposit. Prices are set by the tool owner, competing directly against established tool rental stores. Tool exchange happens locally, in person - no shipping required.

1000 Tools provides Americans the opportunity to become micro-entrepreneurs using assets they already own. This new generation of collaborative consumers and micro-entrepreneurs live in an ecosystem called the sharing economy and it has crossed the chasm into mainstream adoption. As an example, Airbnb, the online marketplace for listing and booking short-term housing accommodations, announced in June 2012 they reached their 10 millionth booking. This competes head to head against the largest hotel chains in the country.

Most of our users are early adopters, who have participated in other areas of the sharing economy. However, concerns about liability and property damage are still predominant barriers to mass adoption. Additionally, there are very few insurance companies that are familiar with this type of exposure to offer liability insurance for micro-entrepreneurs.

Due to the nature of our rental transaction technology, we decided to search for a customer segment which would already have liability covered by insurance. This is when we found a really interesting niche.

3 months ago, we started focusing on local government equipment sharing. After interviewing 30 municipalities in the southeastern Michigan region, we discovered an incredible gap. Large municipalities have expensive equipment that is underutilized and small municipalities tend to rent at a high premium rate instead of purchasing equipment. I interviewed 30 city managers about their equipment needs, and 70% were very eager to try out a prototype.

With this information in hand, we retooled our existing technology to cater to municipalities, and created MuniRent. MuniRent allows different levels of local government to rent out equipment to each other.

Some may ask why aren't municipalities doing this already? As with most areas of local government, resources are limited. It takes a lot of resources for a municipality to set up a rental agreement and maintain some sort of catalog, let alone keep track of invoicing, hours, maintenance records, etc. We provide a vetted round-table agreement between the different municipalities and handle all the details, including insurance verification, payment and invoicing. All of this is available through an easy-to-use website and mobile app.

Our journey began by building a peer-to-peer tool rental marketplace. We now look forward to welcoming municipalities as the newest members of the brave new sharing economy.