# Ep 3 Transcript

**Russ:** [00:00:00] Was there anything that didn't work and if it didn't, what were the lessons that you learned from that?

**Stuart:** [00:00:05] Yeah, and lots, I guess, in honestly, there's always things, because we're experimenting and testing with things all the time. One of the sources of growth, I suppose, that didn't work well was selling to landlords properties between tenants. It's known as the void switching. And actually, it is not a great experience for anybody. So the idea is that the property's already switched to octopus and whoever moves into the property is able to benefit from great customer service, from green energy supply from day one. And it was sold really through or to estate agents who typically are managing the lettings. Estate agency has become a tougher business these days, thanks to people like Rightmove and the sell by the people that we were working with was that this would provide additional income, commission income to the agencies. In reality, the agencies, even if they're managing a property they don't really enjoy a relationship with the tenant, particularly. What we found as tenants coming into the properties, weren't really engaged with us. They didn't choose us. So it wasn't a great experience for them. And often people would switch away or would move on without paying because they didn't feel that they had a relationship with us. So that was something we did and it didn't work. And we stopped it, you know, periodically in the earlier days there were issues as we were playing with the tech. If a collection didn't happen, then we need to make it happen very quickly. But there's always a customer side to that.

[00:01:46] And anything that causes disruption to a customer's finances is horrific. Obviously, we work very fast to to resolve anything. There was an incident actually more recently where an issue with a third party financial institution that we work with, meant that we ended up calling a direct debit to one customer 73 times. It was a freak tech incident and it stopped calling when it drained the poor customer's bank account. As soon as we were aware of it, we reassured the customer that we would sort it out. We got a same transfer. All the money was put back. The issue is resolved. Everybody, it was all fine. Obviously, we couldn't leave somebody with with no money. That would be absolutely terrible. And I think one of the things that comes with fast growth is you've got to be ready to sort things out. So accidents happen when you move very quickly, you've got to be ready to sort them out. And we were able to remediate the issue, stop the issue, get communications written and getting them out and hold the hand of the customer or customers as soon as that happens. And people generally understand accidents happen. And if you sort them out, it can surprisingly be quite a good experience. Now, fortunately, these things don't happen very often, but they are something that comes with really fast growth. And the quid pro quo is being able to really quickly sort things out.

**Trudy:** [00:03:32] Can you give us a sense of what growth has meant to you as a company, especially in terms of revenue, scaling and how all of that has impacted the business?

**Stuart:** [00:03:43] So we've grown our our first financial year, we turned over 50,000 pounds. The year that's just closed, we've turned over about one point two billion. And through this next year, we'll turn over two billion roughly and those are incredible numbers.

[00:04:01] And I've often sought ways to try and visualize that. And I think probably the most striking one is some of the largest football clubs in this country, the Premier League, turnover in the order of five hundred million pounds a year. So you can think of this year coming, Octopus Energy's turnover will be roughly equivalent to the top four or four of the largest football clubs in the Premier League, which, of course, each of those in their own right are huge brands, their global businesses, their big businesses. That really brought it home for me. We tried to visualize it in terms of, what would it mean in banknotes. And it I think if you had in 20 pound notes and you packed into suitcases, it would take roughly seven jumbo jets, I think, to carry it all these huge, huge numbers. Now, of course, it's it's a very narrow margin business.

[00:05:05] So although there are really big numbers there, the opportunity to get it wrong and lose a lot of money is ever present. A mistake from a revenue that size can hammer your profitability immediately. So we've built processes, the way we hedge is that the expression that the market uses for managing the risk that we take when we give a customer a fixed price for 12 months, effectively we'll buy the fuel for that customer today? In that way we know that the price that we've offered you is a price that we can honor without losing a lot of money. And if you don't do that, you're crazy at any scale because the markets move around a lot. Wholesale markets, the wholesale price of gas today is roughly half of what it was when we started in the business. It also in that time has gone up a lot. So it's very volatile. If you don't manage that risk, it can be devastating for a business. So we've done a lot in the background and we use a lot of technology. So today we've got a small team of data scientists and artificial intelligence systems that we've built that help us forecast for every meter for electricity, we're forecasting consumption for every half hour, throughout the day and every day for gas. These models have billions of rows of data, huge complexity involved that.

**Trudy:** [00:06:37] This has been another fascinating discussion, we've just got one last question with two parts for you Stuart. Within the last four years, you've become CFO of one of the biggest private companies in the UK. What keeps you up at night and what's the learning journey that you've had personally through all this?

**Stuart:** [00:06:58] We work pretty hard. So when sleep comes, I tend to sleep pretty well, actually. But I mean, there are lots of things to worry about for sure.

[00:07:08] We employ a lot of people. We have a lot of customers. The numbers involved, we talked about our big. If and when things go wrong, it can it can affect a lot of things. And as I referenced earlier, the key is being able to maintain the agility, to be able to sort things out and spot things and build that culture where when the team spot things or know that there's been a mistake of some sort, that they can raise it straightaway and we're able to harness the resources that we have across the business to actually get on and solve it straightaway. Those are the things and the things I worry about are the things that happen out of sight, out of control, without knowing. And as the company gets bigger, it's harder and harder to see everything.

[00:07:58] But if we've got the right team, the right culture, the right structure and the right amount of resource in place, then I feel more confident that whatever is thrown at us is something that we can solve. The key, of course, is always seeing it quickly.