**Inside Octopus – Global Heads - Running Order**

Thanks for downloading Inside Octopus, where in this episode, we wanted to share how, within just 5 years, Octopus Energy has become a truly global company.

My name is Russell Goldsmith and I’m delighted to be joined online by the six people who head up Octopus Energy around the world – Michael Lee, CEO of Octopus Energy USA; Roberto Giner, CEO of Octopus Energy, Spain; Giorgio Tomassetti, CEO of Octopus Energy, Italy; Hajime Nakamura CEO in Octopus Energy Japan, Ari Sargent, Managing Director of Octopus Energy, New Zealand and finally Octopus Energy Germany’s CEO, Andrew Mack

The aim today is to find out how a British success story, that has seen us become the 4th largest energy supplier in the UK, is now serving as a blueprint for other countries and how our proprietary technology, Kraken, is helping to make green energy cheaper for millions of customers around the world.

The release of this episode comes off the back of two recent and rather big announcements that the company has made. Firstly, back in September, we shared the news that Generation Management Investment, an investment fund co-founded and chaired by former US Vice President Al Gore, had invested over $600m in Octopus Energy Group and now, as we record this at the end of 2021, we can also share the news that we have signed a new long-term strategic partnership with Canadian Pension Plan Investments, one of the world’s largest pension funds, in a deal that means they’ll be providing an initial 300 million US dollars equity funding to help in our global mission.

1. **So let’s start by asking each of you why you were so excited to have joined Octopus Energy, what you love about our mission and culture, and your thoughts on launching the brand in you respective markets. Michael, let’s come to you first**

Hey Russell, thanks for having me on the podcast. Out here in Houston, it is very exciting to be part of the broader octopus brand. We just launched here in Texas about a year ago and we've been able to 10x the company. I think the best part about being now part of fully immersed in the global Octopus Energy culture, is that we really do believe that this change is going to come from customers. Far too long, we've seen many people be passionate about renewable energy and decarbonisation, but completely forgetting the end-user and customer experience. That's where we get really excited about here at Octopus, is putting customers first and really the best way to have customers enjoy their experience is to ensure that employees are really unlocked and being able to deliver on their fullest potential and loving their experience as well.

**Roberto, when did Spain join the group?**

Octopus Energy acquired Umeme in August 2021. We were a small company based in Valencia on Spain’s Southeast coast, with around 5000 customers across Spain. Like Octopus, we’ve been providing 100% clean, green energy to our customers from day one. Thankfully Spain is blessed with a lot of sun and strong winds, generating huge amounts of green electrons throughout the year. By joining Octopus, we can now help make the most of this renewable energy when it’s abundant and speed up Spain’s transition to a fully green energy system. Because Octopus’s and our values and idea of moving the world to a green energy system were the same, it was incredibly easy to agree on teaming up to become an even stronger force and speed up Spain’s transition to a smart, renewable energy.

**Giorgio how about Italy?**

Octopus acquired SATO Luce e Gas, an Italian energy retailer, in November, so on paper we are quite new to the Octopus family but to be honest we feel like we have been part of Octopus for a long time. This is because, although we are a smaller company compared to Octopus, we share the same basic values and most importantly the love for customers. And this makes everything when we need to talk to each other, and we need to make the decisions. For example, we both believe in making sure that each customer receives a very quick but also very competent answer and we do this by empowering and training the energy specialists. So, trust me, there is a lot of work that goes behind the scenes in making sure that the conversation with the customers goes as smoothly as possible and Octopus has invested a lot in developing technology to do that.

**Did you know Octopus before the acquisition?**

Actually, I did. I remember a few years ago I was trying to see if I could find a company that in the same business but shared the same values as SATO. It was not an easy research I have to say, but when I found Octopus I understand that that was it. So, you can imagine when they came knocking at my door, asking if they could acquire SATO I thought, this is an offer I can’t refuse. It’s like asking an Italian kid who likes to go karting if he would like to drive a Ferrari in Formula 1 track. It was the same for me, so yes, it was the only option.

**Hajime, can you give us the background to launching in Japan**

We are a joint venture between Octopus Energy and Tokyo Gas, established in February this year, so quite a new-born company, and both parent companies have the same vision to change decarbonize our society, and the combination of young and energetic tech company and large, well-known utility, which is capable of easy access to the local market and the best matching to achieve the goal as fast as possible. So now we have just started business with the first MVP in October, and we are planning to launch our most exciting green tariff in January next year. With this tariff, we would like to have customers know Octopus Energy is not just a price-competitive digital disruptor, but also a customer-oriented green energy company.

**And Ari, how did New Zealand join the group.**

There's a whole range of things in the Octopus Energy story that attracted us. Obviously, the mission to decarbonise energy is important for everybody, and that's something that motivates us differently in our market. The culture of freedom and responsibility is one that resonates with me as well, treating people as adults and allowing them to bring them their full selves to work and, embark on our mission, but in their own way. That is the main attractions. From a mission point of view, we've got great alignment and from a cultural point of view, yeah, definitely something that resonates with me.

**And finally, let’s bring you in Andrew – because you’re not from Germany originally, what’s took you there?**

So, I moved to Germany just over five years ago to start my own energy retailer. I previously worked at OVO in the U.K. through their very rapid growth phase but decided it was time to go off and have a go myself. I felt the UK, market was too saturated, so I chose Germany and moved out here, set up a business called Four Hundred, and after a couple of years of running that, I was fundraising for the fourth time, and I went to London and met with Greg. At the time, I knew almost nothing about Octopus. I knew none of its history. But as Greg describes that first two hours we spent together, it was love at first sight and love between the two businesses. So, we had independently created in Octopus and in Four Hundred two very similar companies with very, very similar values. Right down to our induction presentations for new joiners were pretty much interchangeable in terms of the language we used; the explanations we give for why we founded the businesses. And so, it was really just the most natural fit of bringing Four Hundred into the Octopus group. So, we sold the business Four Hundred to Octopus in 2019, and then a year later, in 2020, we were rebranded as Octopus Energy Germany.

**Ok, great, well, Andrew, sticking with you, how big is the opportunity for Octopus Energy in Germany and are your plans were for growing the team there?**

The German market is significantly bigger than the UK, market. There's about 50 percent more households in Germany, so the absolute opportunity is enormous for us. But unlike the U.K., Germany has a history of hundreds of local energy companies, and so the market is extremely fragmented. And that combined with the way the German energy market worked, it's very complex, it's very bureaucratic, does make it harder to get established. But we've done the hard work really now, both with Four Hundred and with our last year and a bit as Octopus Energy, and we're now entering a really fast growth phase. So, we had just over ten thousand customers at the start of 2021. We are now at 80,000, coming up at the end of 2021, and our goal is to get to a million by the end of 2024, and frankly, I think we can go well beyond a million and we should be able to get into the millions in the years after that. Lots and lots of opportunity, lots of hard work still to be done, but a really exciting market to be in. We've been growing the team rapidly already this year. We had 45 employees back in July. We're going to end the year with around 85 and keep growing at a similar rate to around 150 by the middle of 2022. We're bringing in lots of people into tech roles, but also into our operations roles, and we'd expect to have three to four hundred people in the team within the next couple of years.

**Hajime, I’m guessing the Japan market is a little larger?**

You know Japan is one of the largest competitive markets for energy. There are over 50 million households with a population of over one hundred and fifty-five million in Japan. Thus, we have a huge opportunity, but the important is to start with a small scale, get core customers, learn from them, improve our service, and then scale ten times, ten times and ten times iteratively. We want to be the largest electricity supplier in Japan among the new start-ups within a decade. Right now, our members in, say, less than 50 in total, and I'm anticipating that we need to, make it triple in order to scale our business into the whole Japan within a year or so.

**And how about in Spain Roberto?**

The Spanish market has 28 million electricity and 9 million gas customers. The market has been dominated by four big energy companies, but their service and product offering has been poor, so we are here to challenge them. Our goal is to disrupt the market and grow quickly, targeting 1 million customers by 2027. We are currently twenty people at Octopus Energy Spain, but we’ve been growing the team since the summer and have started building a completely new operations department based on the Octopus model, creating dozens of new roles in operations. We are also hiring new staff for our marketing and our tech teams. Growing our team will help us onboard all those new customers we’re expecting to see once over the coming months. By April 2022, we hope to be on a similar growth trajectory as our German team, who increased their customer numbers by factor 6 this year.

**And Michael?**

You know, what we're really excited about is that the U.S. is such a large country. Now the challenge is that it's hypercomplex when it comes to energy. We effectively have, not just 50 different states, but 50 different energy markets, and within each of those states, a lot of different nuance for how energy is served. But what gets really exciting is that, that complexity is such an interesting opportunity for us. We've already been able to 10x our customers over the past 12 months. We look to 10x that again in the next year or so, specifically just here in Texas, and we're moving into many other states as we speak with employees kind of already all over the U.S., some in California, some in New York, with our epicentre here in Texas. But really, what we also get excited about is really rethinking the customer experience in all these markets. You know, we have the opportunity here in the U.S. to potentially even leapfrog some of the UK's initiatives. Meaning there's products such as Intelligent Octopus, and what that product is, is really thinking holistically about how to time, when and how electricity is used and getting maximum financial benefit for that and passing that on to our customers. So that application here in the U.S. is slightly different than in the U.K., but honestly, it may actually be more easier to deploy, in that we have many customers with connected thermostats or interested in connected thermostats, and that drives such a significant part of end-user bills that if we can control that thermostat, whether it's in the South for cooling or in the north for heating, we can make such a major impact on decarbonisation and energy bills in general.

**Ari**

New Zealand is obviously a small market, so, our role for Octopus is really not about bringing scale so much. The Octopus business in the UK has got three million customers, the entire New Zealand market's two million. So, clearly, there's big scale difference. So, we see our role in New Zealand as being more one of an innovator in a way, New Zealand, uniquely, is a decade-old smart meter market. We've had smart high smart meter penetration for a long, long time, which gives us some insights into both the technology, but more importantly, what retail propositions that evolve off the back of smart meters. You know, there's plenty more opportunity in that space as well. So, we see ourselves as being a modest size, but with real customers to test on and being able to innovate different consumer propositions. The ones that are successful take into those bigger markets like the UK and Japan and US, and really just be a bit of an experimentation ground, to be honest, and that's broader than just retailing. There are other parts of the Octopus business in the UK that we can potentially bring in here and try a few things. You've got Kraken flex, obviously, a lot of work done in the EV space in the UK. So, things we can adopt down here as well. So, I think that's kind of the core role for us is to be a bit of a guinea pig. But on top of that, there's been some interesting opportunities evolve. You know, we've got into supporting the UK, operations teams overnight. The 12-hour time zone differential works really well. It means that we can work in the New Zealand daytime and clear the decks for the UK, teams in the morning. So, they don't have that traditional morning peak or it's a bit smaller in the UK, so you know, that works really well, particularly on a Sunday night. You know, our Monday, we can clear the weekend load for the UK, teams, which is really beneficial. So, we're scaling up the team. We've got about 45 now and we're continuing to grow in that space, and the other thing we're doing is supporting the Origin Energy technology development. So, we've got about a dozen software developers in New Zealand, a lot of whom are working on that on the origin project.

**And how about the Italian market Giorgio?**

The Italian market is actually very similar to the UK in terms of numbers. If you think that the UK is about 68m people and Italy is about 60m you understand it is quite similar in terms of numbers and potential. Also, Italy is huge a market for renewable energy – and also a huge market ready for disruption. Just consider that about 40% of Italian families never switched. So, there is a lot of work to do, especially because the market today is dominated by very few huge players, mostly backed by the Italian State, and Octopus has ambitious plans. We want to get, for example to 1m customers by 2025 but our true ambition is become a true force in the market, a credible player and also help the Italian people to decarbonize in the process. And in more practical terms, this means investments and jobs and it also means that we will localize Kraken for the Italian market.

**Since our launch episode of this podcast, we’ve been talking about the drive to deliver cheaper greener energy, so I’m keen to understand how important that is in your respective countries. Michael, what do US consumers think of this issue?**

The beauty of what we do here at Octopus by driving costs down and being dedicated to one hundred per cent renewable energy means that these value propositions are no longer in conflict with each other. So, as we think about different segments of our population, sure, there's people that love being part of the energy transition, and we're really excited to be their preferred supplier to do that. Then there's other people that really are trying to live day-to-day, and the number one thing that they're focused on is reducing costs, and the fact that we can deliver that as well, while also decarbonising their footprint makes our experience really holistic and that we can offer a product that services every single customer in the U.S. You know, being part of Houston, which is our headquarters here in the U.S., it's so important to be here. This is the energy capital of the world, and honestly, if Houston doesn't transition, if we don't make that change, then Houston could potentially get left behind and perhaps be just like how Detroit was left behind as the next generation of industrialisation exited Detroit. So, we don't want that to happen to Houston. We think that there's so many talented people here, and we'd love to bring them from a dirty industry into a clean, modern industry, and really, it makes sense from an economic standpoint from our product offering in that many people use air conditioning. In fact, it's early December here and it's already eighty-five degrees and we're turning on the air conditioning as we speak here in Houston. So, with three hundred days a year that people use their air conditioning, it's the perfect place to think about decarbonisation and really modernising energy.

**Giorgio?**

Imagine Italy as the UK five or six years ago in terms of Green Energy – we are not there yet, but it’s also the role of companies like Octopus to teach people the way of the future.

**Hajime**

Last year, a former prime minister, Suga announced in his policy speech that Japan is aiming to achieve a carbon net-zero society by 2050. It's not easy. There are lots of challenges. We need more renewable generation. We need more transmission capacity and the complex grid operation, and we need a smart supplier to deliver unstable power to customers to meet their demand. So, I'd like Octopus Energy in Japan to be one of the leading suppliers to take the initiatives with technology and deep communication to customers, and we can do that. The environment issue is now getting more popular and popular these days in society. So, it's the very best timing for us to enter into the market with green products.

**Ari**

New Zealand's an interesting market in that sense as well. New Zealand's got a higher penetration of renewable energy anyway, 85, 90 per cent, depending on how much it rains in a given year. Which means there's a couple of interesting things around that. One is it's not really a point of difference. You know, the expectation in New Zealand is that the energy is mostly renewable anyway. It also means our regulator takes a slightly different view of these things. So, our commerce commission won't allow retailers to say they're selling green energy because there's no way to differentiate a green electron from a brown electron. They're very much subscribed to the laws of physics, not the laws of economics. So, we have to find a way to keep faith with the Octopus renewable energy platform, but in a way that works in New Zealand. So, our plan down here is to obviously continue to sell renewable energy. But recognising that we can't actually say that and it's not a point of difference, but actually think more broadly about our customer's energy usage and help them make cleaner, greener decisions. So, you know, help them get into electric transportation, help them adopt solar PV and battery storage technologies, making those things really easy so that we're focusing on not just the electricity that's going through the meter, but also our consumers wider lifestyle and decisions around that that will help decarbonise their life, not just in electricity, but in other ways as well.

**How about in Germany Andrew?**

The Octopus Energy objective of delivering cheaper, greener energy is as relevant in Germany as elsewhere, but it's not enough just to be green. Most new energy companies in Germany are 100 per cent renewable when it comes to electricity. So that's a must-have for us, and we've always sold 100 per cent green electricity. What really marks us out as different from the vast majority of energy companies in Germany is delivering energy at a consistently lower price and not mistreating customers. And I say not mistreating because the way that German energy market works is such that the vast majority of energy companies offer extremely cheap prices in the first year and then lock customers into contracts thereafter at much, much higher prices. Typically, your customer's price will go up by 30 to 50 per cent after 12 months. But we've seen cases where customers have been given a price increase of 75 per cent or more, and once they're in that second year of the contract, they cannot leave. They have to wait another 12 months. So, the ability of energy companies to lock customers into contracts means that pricing behaviour is really detrimental to the vast majority of consumers. So, we are very unique in that we don't push through these enormous price rises, and crucially, that we let customers leave at any point. So, customers have the flexibility to come and go as they please, and that really is very unusual in the German energy market.

**Roberto?**

Spain has the ambition to switch to 100% (hundred percent) renewable energy as soon as possible.
People are definitely aware of how important sustainability is - the country has made great progress over the past few years, and our team was already a part of that mission in Spain. Now as part of Octopus Energy we have the tools and firing power to massively accelerate this process and make it happen sooner. For the Spanish Octopus team this mission is incredibly exciting.

**Ok, well, finally, as we head into 2022, it will be great to hear what each of your expectations are for the coming 12 to 18 months. Ari, let’s come to you first.**

In the next 12 months or so, we've got obviously plans to launch into the New Zealand market. But the wholesale market conditions here, like many markets around the world, are not really conducive to entering at the moment. Our wholesale market prices are still higher than retail prices, so we're just holding back a little bit. So, the focus, I guess, for the first half of next year is building out Kraken and making sure that it's stable and ready to scale in the New Zealand market. Obviously, continuing to support the other parts of the business that we support, the UK, operations and the Origin project. Second half of the year hopefully will launch into New Zealand and start growing, and we've also got a sort of a wary eye on opportunities in the Asia Pacific region. So, we're looking for opportunities in there as well.

**Giorgio**

I have a huge respect for the people that have safeguarded the Octopus culture so far. Because, usually what happens when companies grow, they start to create departments, roles silos, and the people who work for those companies, they start to have less and less autonomy and also they lose touch of what’s going on in the company. While Octopus is still operating like a start-up in a sense and since numbers don’t lie, today you can say that the Octopus model actually works, even at scale. And some people thought that Octopus would have either be starting to structure at some point, like all the other companies, or they’d gone mad at some point without any rule or procedure. While the truth is that the model works and delivers results even at scale. So, I truly believe that the ‘Octopus way’ of scaling and operating, is something that should be studied in Business School in the future because it’s a model that has been proven right now. And the way the model works is that Octopus gives each individual a great deal of autonomy but also responsibility and it’s very important for Octopus to hire great great people rather than the super experts in some topic, the important thing for Octopus is to have people who are good people inside who will do the right thing at the right moment when empowered. And with this model, the company still delivers great results, without getting lost in endless procedures. And that’s what happens in most companies.

**Hajime**

We have just started business, however, many Octopus members in the UK and in Australia have not entered Japan yet due to Covid border restrictions. So firstly, I'm very much expecting to have them in Japan soon and co-working with their members in our office in Tokyo, and secondly, we will hire more tech engineers and energy specialists as we grow. Now we have only less than 50 people, which is not enough to scale our business. Lastly, I want everybody in our team to understand both the Octopus way and Japanese culture and customers’ behaviour. So, I want to learn this company under the Octopus Way, and our way of business is necessary to be accepted by Japanese customers, business partners and so on. And usually, customers culture matters are one of the most difficult to be cultured an Octopus Way is very unique. At the same time, Japanese culture is somehow different from the UK and the other countries. So, I'm very much expecting culture mixture through person-to-person communication and getting to know well with each other.

**Andrew**

So, we're entering a really exciting phase for the business off the back of our very rapid growth in 2021. We have every confidence that 2022 will continue to grow at that pace. We now have an office in Berlin, and over the next 12 to 18 months, I'd expect us to open more regional offices around Germany. So, it's very exciting as we grow the team, we won't just be growing in Munich, but will be growing in new locations as well. We'll also be branching out and doing new things will be installing smart meters into customers’ homes for the first time and we'll be building out our own generation in partnership with Octopus Renewables. We have big ambitions to build our own solar farms and wind farms here in Germany so that we can start supplying our own customers with our own clean electricity.

Any highlights at all from this year?

One of the standout moments for me in 2021 was actually in the airport on my way to London to meet up with the Octopus team, and one of the security guards came over because he recognised the Octopus logo that was on my hoodie and came over to talk to me about electric vehicles. And that was the first time somebody in a situation that had nothing to do with the energy industry had approached me, recognised the brand and wanted to talk about Octopus and what we were doing. That was really exciting to see that our brand is starting to be recognised by ordinary people doing jobs outside of the energy industry. But they see what we're doing. They like what we're doing, and they want to have a conversation about it. So, I'm really looking forward to having lots more of those kinds of conversations in the coming months and years.

**Roberto, how about yourself, what are you expectations for the next 12 to 18 months**

We want to be there for our customers and help them save money and carbon through green energy. By the end of 2022, we plan to reach our first target - 50,000 customers across the country. By 2023, we want to quadruple this figure to almost 200,000 customers.

These are ambitious targets, and Spain is a very competitive market. But at Octopus Energy Spain we are convinced that we can make this happen by delivering outstanding customer service and relentlessly innovating to bring Spanish people the products they need to make green energy affordable for everyone.

**And Michael you can have the final word**

We are very excited about our rapid growth; we have a lot of tailwinds behind us, and our customers love their experience. So, it's about doubling down on that and ensuring that our customers get exactly what they want while expanding into new states. You know, I personally moved from California and Silicon Valley here to Texas just a few months ago, and I think we'll be growing this office quite a bit over the next handful of months. So those who are looking to create a career in renewable energy should definitely look us up, but really, what we're driving towards is fundamentally inverting the grid. What we need to do is build three times, four times, maybe even five times the amount of renewable energy on the grid than we actually need at any given time. That gives us plenty of buffer and ample energy, effectively energy abundance. At that point, then we get to talk about Hydrogen, we get to talk about storage and dynamic load management, and what all that effectively means is that we're what we like to call inverting the grid. We're moving from a world where supply used to react to when people need the energy and instead with renewable energy, it's just going to come when the sun and the wind are there, we're going to be able to store it as much as we can when it comes to hydrogen and storage. But really, what we need to do is dynamically manage when and how appliances are being used, when hot water heaters are being used, when electric vehicles are being charged and that's where we uniquely sit in this value proposition is helping customers get to a cheaper, better outcome by managing the dynamics of those different assets. So, inverting the grid here in the U.S. is our goal and being the champion of that and really acceleration of doing something fundamentally different because the reality is that when we look at the energy industry and more specifically the electricity industry, it's something Thomas Edison would have recognised one hundred years ago. We have now much more modern tools, we have clean and abundant renewable energy, and these things, when paired together, should actually give us a very different result than what we had one hundred years ago.

OUTRO

Well, thank you all for joining me for this episode and I hope that’s given you our listeners some insight into why we believe we are the company that is doing the most to drive the decarbonisation of transport and heat across the globe. We believe the customer-obsessed business model that we launched with in the UK is now serving as a blueprint for other countries and our proprietary technology Kraken is helping to make green energy cheaper for millions of customers around the world.

Over the coming months, I’ll be inviting each of our country heads who have joined me on this episode back on to the podcast, with some of the members of their team, to take a deeper dive into their businesses and find out how those expansion plans are going, but in the meantime, if you’ve got any comments on anything we’ve discussed today, please do get in touch via the website at Octopus Dot Energy, or via the usual social channels.

But for now, from me, Russell Goldsmith, thanks for listening and goodbye.