**Inside Octopus Energy – Episode 0: Launch**

**Interviewers:**

Trudy Lewis and Russell Goldsmith

**Chatting to:**

Greg Jackson – CEO of Octopus Energy

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**Trudy:** Thanks for downloading this first episode of the podcast series from Octopus Energy where our aim is to give you real insight into the company's DNA; The way we work, the way we think, our values and our people. My name is Trudy Lewis and I'm an executive coach working with some of the team here at Octopus Energy and together with my co-host Russell Goldsmith, we will be using this series to explore everything from our products and services, to the technology that sits behind them and the culture that is driving us to deliver cheaper, greener energy. We've already recorded one episode on the culture of the company but we thought we'd put this one out first where we actually take a step back and speak to our CEO Greg Jackson to find out more about why he set up the company in 2015, his plans moving forward and how on track we are to realising his vision. So welcome Greg.

**Greg:** Hello Trudy, and hello Russell as well.

**Russell:** Hello, hello again.

**Trudy:** So just going back to those early days, and the plans for your business. Your background isn't actually in energy so why did you think you could make a difference in this sector?

**Greg:** I think first of all, we used to run a technology business, and what we found was that it didn't matter what sector clients were in, we seemed to be able to produce technology that would help them go through the digital revolution. So, I think as a team, we're really quite comfortable looking at new sectors. I think if you think about it, the people who started Uber didn't come from Addison Lee and the people who started Amazon weren't bookstore owners. They were people that they could bring something to that sector it wasn't already doing. When we looked at energy, energy companies have typically in the UK and globally been bloated, inefficient, and certainly not massively customer centric. And so, you could see a whole load of things you could probably do better.

Thinking about it, one of the founding moments, (there were quite a lot by the way), was I'd just moved house and I'd had an energy bill, and I opened it up and it was quite high. So, I phoned the energy company and they said "Oh! it's high because you're on a default tariff, you've moved in, we don't know you, you don't have a contract with us. But don't worry we can now put you on a contract it'll be much cheaper." I thought **fantastic**, that was easy. Anyway, maybe a couple of years later I got round to opening a bill. And it was really high! So, I phoned up the energy company and they said you're not in contract. And I said no no, I am, I phoned up and sorted that out. And they said the contract only lasts a year, and after that you go back on a default tariff. I was like, that's ridiculous! And he said I can put you back on contract now and it'll go down again. I said hang on now, so you're telling me that the way this industry works for customers is that I have to phone you every year to get a good deal, otherwise you're going to put me on a rubbish one. Instead of being grateful that he put me onto a good deal. I was really angry that their model was whenever you're not looking they're hiking the price and then blaming you for not phoning.

And I was sitting in the pub whingeing about this with some friends, you know, putting the world to rights. I said it doesn't have to be like this. I talked about how tech could change energy. As ever, they were like "If you really believe that, go and do it yourself." And I thought: maybe we will? And that was one of those moments that said, we just thought we could do it better for customers. So, if you take Amazon, who’s got 300 million different products, and it's GNA (cost of administration), is 2-4% of revenue. Meanwhile energy companies that only have two products, and by the way they already have a pipe and a wire to take them to your house and a direct debit (Amazon have got to deal with the fact you might not be in when they deliver), have a GNA, typical in the UK of 12 to 14%. So, you just looked at that and that's the opportunity to use technology to drive costs down. As we've already seen there are so many other examples of where service isn't great or it's not customer centric. And that was what gave us the confidence or the impetus to believe we could do something better.

I guess the last bit for me was about climate change. The number of times I hear energy company CEOs blaming the green taxes for high energy bills. When we'd looked at it and we saw that they had these high administration costs and the technology was so poor. It was like that's wow - it felt immoral to me. You've got this imperative to fight climate change, and instead of embracing it and saying that we're the companies that can help deliver the solution to society, you're blaming the solution, for things that are actually caused by the fact you haven't invested in good enough systems and efficient enough operations.

**Russell:** OK, well let's go back to writing that business plan Greg. How did you scope the business, and know what kind of investment you needed?

**Greg:** Yes, I guess very early on we had sold a technology business and we'd helped clients through that business go through the digital revolution. And when we decided to set up in energy, well when we explored setting up in energy. We had the concept that energy companies were clearly inefficient, bloating and didn't use technology well. We saw the opportunity to use technology to drive down costs for customers and at the same time to improve service. But we didn't know anything about energy.

One of the first things that we did was we actually found a group of students at London Business School. We basically put an advert on the notice board and saw if anybody fancied helping and there were some MBA students we paid to write part of their MBA on what it would take to set up an energy company. They'd be able to research the cash flows and things like that. So, we got a sense of what it would take. I must admit that that's a double-edged sword and I'm not sure I'd do it again, because though incredibly thorough work, super people: they found that we needed 10 million pounds backing to get started. And given at the time all we had was a PowerPoint, some ideas and no MVP (minimum viable product), and because it's a regulated sector, you can't really set up an MVP for nothing, the way you do in some other sectors. We really did kind of face the prospect of having to go pitching investors for 10 million-pound, just cold. So, we actually chickened out, we put the business plan away and got on with doing other things.

It was only a few years later when I met Simon Rogerson who's the founder of Octopus Capital and Octopus Group and discovered that not only did they run one of the leading venture capital firms in London, which I kind of knew about and really respected; they also had three or 4 billion pounds invested in renewable generation in the UK. In fact, I think they were the leading solar investors. I realised maybe they were the perfect backers for this on the shelf business plan and so I pitched Simon and they liked the idea. In fact, it was something that he'd been wondering about as well and he loved the formulation we brought him. I think amazingly, that chance meeting led I think maybe five or six weeks later to us agreeing the deal. That they would back us with 10 million-pound. So that was the beginning.

Oh, by the way I should address the name because we pitched them originally on Positive Energy or something equally generic. We loved it. We had a great logo and all that stuff. Just before we agreed the deal Simon said, by the way, would you mind calling it Octopus Energy. Our first reaction was ewe: tentacles, rubber and circles and stuff. We went away and we tried to see if we could make it cute and human and approachable and we did! And we fell in love with it. And then Simon said, maybe we don't call it Octopus Energy, just in case it goes wrong. We thought, but we love it! In the end we almost tossed a coin on it, Between us I think this is one of the best decisions we've made, because in a market where people so often forget who their energy supplier is, you never forget octopus and I think it's been a great gift to us. It's a great reminder isn't it that: some of the best decisions you make feel wrong to begin with. You have to learn to see how they feel when you try them on and years later. I'm so grateful for Simon's suggestion.

**Russell:** It's a recognisable name and what's important as well, when you're searching for brands online it's easy to spell, it's easy to remember, so I think yeah, you hit on a winner there, that's for sure. What I was going to ask was did you expect the business to grow as quickly?

**Greg:** There are two parts to this. Internally, the dream, the belief was always that we could do this. But I was nervous to say that to people because you sound like you're smoking something right. The reality was that if we look at energy globally it is a 2 trillion-dollar market. It's set to grow to maybe 4 trillion as we decarbonise transport and heating moves to electricity and so on. it's a colossal market. When we sounded out the business plan and you worked it bottom up, there was a bit when we got to a quarter of a million customers in 5-years and that was revenue 250 million. You kind looked at it and thought wow in 5 years we could have a business doing 250 million in revenue. That's quite scary. So, we sat down and we thought, we think we can grow faster than this. So, we set a stretch target of 600,000 customers in 5-years and 600 million of revenue. And we found that unfathomably high, and we didn't dare say any more than that. But the reality in my head was that a 10% market share, in the UK alone would be 2.5 million customers, 2.5 billion of revenue, I didn't dare say that to anyone, it felt unrealistic, but that's what we were dreaming.

And about 18 months ago I was on holiday in the peak district, sitting on a deck chair, sitting outside a tent. I thought, **clearly** we're going to beat our initial targets. What should we be setting our targets as? And that's when I decided to just be out and proud about the scale that I think we should be aiming for. To stop allowing that fear of public failure, that fear of ridicule, hold back our ambition. That's when we decided the reality is we should be getting 100 million customers on our platform if we're going to change the world. Right? Steve Jobs sometimes said, your job is to make a dent in the universe. I think our job is to make a big green dent in the universe and to do that we’ve got to be big. So, 100 million customers on the platform and if we get there then we should keep on going.

**Russell:** But you talk about the platform, one of the concepts of the business is allowing your competitors to use the same platform and the technology. At what point was that part of the plan.

**Greg:** Again, it was actually always part of the plan, we just didn't talk about it, because it felt like a challenging idea. The platform is interesting, it's called Kraken, and its job is to be a complete digital platform. It's like a big robot that can do everything from gathering the electrons from green generation, right through to distributing them to consumers and charging and everything in between. So that in essence we can run an energy business with no humans in the loop. That doesn't mean we don't employ people by the way. We employ people to build the robot, to improve the robot and to do what people do best, which is have great conversations with customers to create and inspire a next set of ideas. And that's kind of the concept.

But the idea of then licensing it to rivals: the first thing was it had to be good enough and I've worked on a lot of tech platforms in the past and you only ever know if they're good enough when you first take the wrapping off and start using them in anger. I was blown away with Kraken. It absolutely delivered on all of our dreams and our technology team. By the way all the other functions of business that worked with them to build it, should be astonishingly proud of what they've done. And it was at that point you realise you realise you've built the equivalent of a Ferrari, just so beautiful, so incredibly well constructed for the job it does, and so agile and fast.

So, the idea of then licensing, is to say: in technology the only defence you've got is speed. As soon as one company has done something, everyone else knows it can be done and therefore it's worth investing effort to do it and they can build replicas or even suppress you because they can see the proof that it was worthwhile. That's why you get all these breakthroughs. As soon as Apple had made a touchscreen phone, you had Android and Samsung etc all doing it. Speed is the only defensive you've got. If you recognise everyone is going to end up developing stuff up like on our platform Kraken, you say well hang on, better that we licence it to some of them and we turn that into a source of funding that will then enable us to accelerate our mission. Speed is our defence so it feeds the ability to compete, but also it fuels our mission to bring cheapest greener energy globally, because we can use the funds from licensing to expand into more countries, to grow our customer base, to build more technology, to drive more innovation.

So, it's kind of the most incredibly positive feedback loop. It's definitely a ying and yang between the Octopus Energy retail business that looks after all my customers, and the technology business. Because everything we learn in the customer world enables us to make better tech, that enables us to look after customers better. So it's a wonderful combo.

**Trudy:** So did you know the kind of business you wanted from the beginning when it comes to things like the culture, the sense of purpose, the level of service your customers will grow to expect?

**Greg:** There were some bits that were an absolute given, we wanted to question the world of green energy because the battle against climate change only ever gets more urgent. From my own perspective, I joined Greenpeace when I was 16, I've always cared passionately about the environment in the wider sense. But also, as a business because we're faced with this kind of crisis as a species. And if we can create a business that makes money by tackling climate change, it's a huge competitive edge vs companies that have made money through causing climate change. As a business it's a huge opportunity and as a human, what I wanted us to exist for.

And actually very similar on what we call social justice, so bringing cheaper energy. In the UK high energy bills are for a low-income household the difference between being able to send your kids on a school trip or buy them a uniform and not be able to do those things. Or for a pensioner it could be the difference between shivering and worrying about the bills and being comfortable. So the moral mission, the imperative to do what companies should do, which is to invest and to innovative and to work unbelievably hard to drive cost down for customers, was absolutely part of our mission.

So those were non-negotiable as well as the use of technology to enable this: with technology backgrounds that's why we saw this opportunity. So that was a given. Interestingly on the customer service one, that very much came from Octopus, our investors actually. Originally, I couldn't decide whether we should be like Ryanair, forgive me right now but I hope this is recognisable: this is going to be bonkers cheap, but in return you do it our way, this isn't going to be white glove service. Octopus as an investment company, has got 50,000 customers who’ve invested large sums of money into its funds and has built a brand in that world for treating investors incredibly; well that kind of meant that we had to also have the same degree of incredible service that they did. And so that helped us choose that we weren't going to be Ryan Air. We were going to be Octopus level of service.

Again, I think a bit like we talked earlier about the name, I'm so glad we chose that because what we found is there really is very little trade off in energy between cost and service, in fact there's virtually none. our system that drives cost down, also reduces the number of errors we make. That's what makes the service low-cost, and it's also what makes for excellent service. I think like so many other sectors that the technology allows this combo of dramatically better service and dramatically lower price. That then is what enables us to do things like, for 3 years we've been recommended by which, the only company to have done that across those 3 years. And to come pretty much top of Trustpilot and I don't know, we've just been made the only energy (utility) company in the top 30 brand companies in the UK according to the institute of customer service. All those things are actually then fed into the opportunity to create a differentiated brand.

So I'm really glad we deliver on the deep stuff: Social Justice and the real drive was a green energy system, but actually embracing and loving our customers en route has been a wonderful way of proving that we mean it. And of getting customers to buy into our mission and help us make it bigger, faster for the good of everyone.

**Trudy:** Alongside that, in terms of customer service, there's a whole part around feedback and complaints and mistakes, and from what you were saying you sound very transparent and open to actually deal with all of those types of things. So what has that been like for you?

**Greg:** Yeah, this has been a wonderful living experiment in what happens if you start off being transparent: can you carry on? Because I think most companies over time get the dirty secrets that they kind of brush another carpet. And after doing that for a few years, and they're not evil companies, it's just like some things are hard to lean in to. So traditional training and PR and marketing is to kind of brush those things away. But the problem is that means after you've been doing that for a few years, every time you do an interview what describes going on at the company you got to remember all the secrets you can't talk about, all the hidden skeleton.

So really, it's more stressful leaning into issues on a case-by-case basis, but it's less stressful in the long run, to not have a whole pile of stuff that you're worried people might one day find out, or you've got to cover up. So that was the choice. And I think that then buys you permission by the way, to have a different set of conversations with people like government and regulators and so on, because you're able to demonstrate that when you screw up, you're honest about it. That no matter how many different ways you pull back, you'll see the same story. And in a sector like this, there's a need to build trust with people like regulators, so that you can really hard drive innovation and change for the good of our climate and the good of customers. That transparency has really helped with that.

By the way, we talk about what kind of company we want to build, and we've talked a lot about the external face, the mission, but really importantly also, a company's a group of people and the people who work there. And I think the other thing we want to build, and I think there's a natural association with that transparency that we were just talking about, is that essentially when we go to work, I think most of us are used to working in for example corporate environments where we have to be somebody else. I used to work for Proctor and Gamble, an amazing company and I'm really proud of a lot of what it does, but there was a real sense that you used to hang your personality up when you hung your coat up. And for those 8 or 10 hours a day when you working you weren't yourself.

Now given (well I believe) we only live once, and work is a third of our waking life: it's a huge sacrifice to not be living your life during that time. So we wanted to create a company where you can live your life at work, to be yourself. We'll talk about culture in the next episode, so there's a lot of that there but yeah, that was a fundamental thing we wanted to do here, to build a company where from the beginning we would try out how much would you let people be themselves and see if we could scale something that improved the lives of workers, the way that hopefully we'd improve the life of consumers.

**Russell:** Greg, given what the business stands for do you see yourself as an activist CEO?

**Greg:** it's a good question. First of all, I'm not an activist, I'm an environmentalist and I'm active. But you know the way I drive change is by having helped create a company, working with hundreds of great people, to drive to change on a massive scale, for how our society provides energy, which is the one of the greatest contributors to climate change. Now the difference we can make here: by absolutely focusing on bringing people green energy, by changing the system to make greener energy cheaper energy, by embracing technology, and do that here in the UK, globally, is massively impactful.

I think my sense of environmentalism drives why that's important to me and guides us hopefully as a company and gives us a north Star. I think sometimes that also when people talk about an activist, you also ask the question about to what extent are you a campaigner or would you change your lifestyle? What we're trying to do there is reduce humanity's impact on the climate.

I often think about a surprising adjacency for us is veganism, because we know that farming animals is hugely damaging to the climate and yet I still eat meat. I think for me running to handle these things, when your own habits run contrary to what you believe in or what you are trying to achieve as business, that is an area I think about a lot. Putting aside the slaughtering of animals, which is already something you feel bad about, but on top of that, the climate impact: it takes about nine times as much resource input to generate one unit food in meat as it does in veg, never mind the fact that cows are belching methane. Given our job is tackling climate change, the fact that I eat meat and I know all things I've just said, it makes me uncomfortable.

Of course, it's great when people go vegan. I think it's absolutely fantastic. We've got so many vegans working in our company, and I'm proud that we've got people who care and live that life. But for people who don't, I think finding ways to enable those as well to be less damaging is the mission the octopus is always on. So it starts with our leadership, and we try and work out what are the markets we might go into. Of course people, when you read customer service on utilities, are like perhaps you should do broadband and water. It's like well maybe, but actually the thing that is most consistent with our mission would be to do meat-free meat, to provide people with plant-based alternatives to meat or indeed cultured meat.

By the way, we have no plans to do that, we don't have the IP and so on. But, just to help understand my view of the world, that would be the most obvious market for us to be in if you weren't in energy, because it will radically improve the impact that humans have on a planet living whilst living life. But also democratizing things, it would bring down the cost of basically meat style food, so that people who can't currently afford meat, can afford an equivalent to meat and it's non-damaging. It's just like that with green energy. Part of our job is we globalise energy, and we also end up being able to bring green energy to countries and communities that never had reliable energy. But it will be clean energy and cheap energy from the beginning. So, to me these kinds of opportunities to improve lives globally, through the technology and developments that were able to lead is something that I find immensely exciting.

**Russell:** Ok let's go back to the conversation about growing the business. You've clearly been heavily involved in all those early stages to get the business to where you are today, but as it continues to grow and get much larger you can't possibly be involved in everything. So decisions around recruitment for example.

**Greg:** Recruitment is a great example isn't it, because when we first started, I used to interview every new starter and then one day I came into the office and there someone I didn't recognise. I was like "Woah, who's that person?" And someone said "Oh they're the new..." And I was like what? And very quickly I began to feel quite a sense of dislocation and disconnection from the business that I felt as my own. So it’s about learning to handle, to relax and let go, because so much of the culture we’ll talk about in the next episode is about learning to let go and the need to decentralise. That was an early example with me. Then at the same time I think are special things about being a founder lead business. In most companies when you get a new CEO, you seem like you get a new mission. Most companies, they basically have to try and retrofit a mission and purpose to whatever it is they happen to be doing. Whereas, the family business you start because someone had a mission and everyone who joined the company is contributing to being part of delivering that mission.

I sometimes think that the founder is like the spine and then everyone that's joining is like the flesh of this body you know, and I think that question about recruitment then is it's still really important for me to be in touch with the people joining. So in our biggest function operations, which is our biggest recruiting function I think every week or two I sit down with all of the new recruits and have a really open Q and A and I'll try and get to know them. It helps me understand the kind of people that are joining our company and will be looking after our customers and will be building our future leaders. But it also lets them grill me on the extent to which the stuff they heard in the recruitment process, how real is that. What are the difficult questions? They're fantastic sessions. I think a lot of the time it’s saying, as you scale the way in which you deliver your magic may change, but you're still finding ways of delivering the exact same magic and staying true to that mission: so true subculture. Whether or not you've got 5 people, 550 or maybe one day 5000.

**Russell:** Well talking about missions and in the spirit of transparency: quite often a founder led business that has taken on huge investment, normally there is kind of another objective let's say, of a potential exit. So I'd be just interested to know what your plans for the future are? Because obviously you are looking to expand their business into new territories, but do you have an exit strategy for Octopus Energy?

**Greg:** So in 4/5 years we can be proud we've gone from zero to being a reasonably recognised brand. By the way fewer than half the people in the UK have heard of us. So it's a long way to go there. And it's scale: revenue close to 2 billion pounds and we're opening up in lots of countries and certainly being an opinion forming leader in our market, with regulators and increasing internationally. So we can be really proud of that!

At the same time, we're still a minnow right. I said earlier energy globally is worth about 2 trillion dollars a year. That will grow to 4 trillion million. So we're roughly 0.1% global market share. So there's a lot of room for growth. And well, that growth will be sometimes expensive and in taking on investors, we take on investment to grow - not because it's mission over.

We've barely begun Stage 2 and so yes, I'm looking at stage 3 and 4 and where we go in future, but we have got so much growth. And by the way that's just our core energy retail business. Never mind we have electric vehicle leasing today, maybe tomorrow, we stop sending people electrons and gas molecules, and instead we send them solar panels to make their own. The batteries to store it when the son isn't shining. The amount of opportunity that lays ahead of us, based on what we've built so far, totally dwarfs where we are today. It's like climbing a mountain, we've climbed a long way, if we look down the hill, we can be really really proud. But if we look up the hill, we've got a lot further to go.

**Trudy:** Thanks for that Greg, it was great talking to you. For those listening, if you have any comments on what Greg spoke about today, please get in touch via the website. That's octopus.energy, or contact us by the usual social channels. But for now, from me, Trudy Lewis, and my co-host Russel Goldsmith, thanks for listening and goodbye.

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