Good for You

We help you to choose for yourself

GFY Business Summary

History

GFY commenced operations in 2000 providing customers with a web-based comparison software for a single insurance product. The software enabled customers to compare the prices and product features of competing providers having regard to their own personal circumstances. Customers were attracted to the website by television and other advertising which focused on simplifying what would otherwise be a time-consuming comparison of complex products.

Customers were provided with the option to complete their purchase on the website or by telephone and GFY receives a marketing fee from the product providers for each new customer who enrols using this facility. The marketing fee may be an upfront fee, a "trail" commission for a number of years while the product remains in-force, or a combination of upfront and trail.

Since 2007 GFY has expanded its range of product comparisons to include life and health insurances, motor, home and contents insurance products, mortgages, loans, home gas and electricity contracts and broadband plans. However the initial insurance product currently represents 80% of sales revenue.

Business drivers

There are four key elements to the business of GFY:

- Brand awareness. As a result of past investment in the brand, GFY is now the most recognised online comparison service nation-wide
- Lead generation. GFY is the most visited online comparison service in the country with more than 6 million website visits in the past 12 months (that is, visits to the first page of the website)
- Conversion of leads to sales. GFY has succeeded in increasing its conversion of visits to product sales in the last three years. This reflects past investment in improving the customer experience using the website
- Relationship with product providers. GFY generates good quality customers for product providers (because customer needs are well matched to their products) at a reasonable distribution cost to the providers

Management and staff

GFY now employs 340 people of which half work in the call centre. The senior executive team comprises the following positions:

- Chief executive officer
- Chief financial officer
- Chief Operations Officer
- Head of Product Development
- Head of Human Resources
- Head of Marketing
- Chief Innovation Officer

Accounting for trail commissions

GFY recognises its revenue on a present value basis at the time each customer purchases a product through the GFY website or call centre. In the case of trail commissions the present value allows for expected policy lapses and is discounted to the balance date. The present value is included in revenue and on the balance sheet as an asset. GFY requires working capital to fund the outstanding balance of the trail commissions.

The mix of initial fee / trail commissions varies according to the contractual agreement with each product provider. The overall share of trail revenues has been increasing – for most of the newer products GFY receives a trail commission.

Growth opportunities

GFY expects to require ongoing capital injections during its growth phase. Growth opportunities include the following:

- Continue investment in brand recognition e.g. through advertising
- Website development to encompass new products
- Website development to improve the customer experience
- Building more and deeper relationships with product providers
- Strategic acquisitions
- International expansion

Risks identified

GFY has identified the following major business risks:

- Changes in government policies relating to products and product distribution
- Increased competition from product comparison services and from direct sales by product providers
- Cash receipts from future trail commissions may be less than expected
- Adverse decisions taken by product providers e.g. providers might decide not to offer their products through the GFY website
- Lack of traffic to the website
- Reputation risk
- General business and economic risks