

Is the current world of vehicle aggregation dysfunctional?

Over the coming weeks, in my capacity as Group Chief Executive Officer of MotoNovo Finance (and just as importantly as someone who has been lucky enough to build his career on the back of supporting the motor trade for nigh on 30 years), I will be writing a series of open letters to key decision makers around the industry to share my thoughts on why we are encouraging dealers to join the findandfundmycar.com revolution.

For the past 18 years, I have been blessed to lead MotoNovo Finance (formerly Carlyle Finance) from being a little known, sub-scale, niche independent motor finance provider to the substantial, highly successful and increasingly diverse business it is today. Whilst my role now sees me with responsibility for all our UK activities, I remain at heart a motor man who remains as committed as ever to helping to shape a better and more sustainable future for the motor trade and lenders like MotoNovo who could not and would not exist without dealers.

Those who know me well will testify that my career has been all about setting out grand visions for the future; creating and implementing highly disruptive and transformational strategies; building, engaging and mobilising teams in pursuit of the seemingly impossible; and then delivering. That approach has seen MotoNovo: increase our market-share from sub 1% when the journey began to circa 20% today; expand our customer base from 12,000 to 450,000+; grow our balance sheet from £80m to £3bn+; turn substantial losses into pre-tax profits of circa £70m; and grow our workforce from 65 to 700+ whilst building a corporate culture that is amongst the very best in UK industry. This has been achieved with you the dealer, the customer and a digitally enabled journey at the heart of our proposition.

As part of the FirstRand Group, we have access to substantial resources, including technical, financial and human capital. Critically, their owner manager business philosophy allows entrepreneurial flair, enterprise and courage to flourish, resulting in initiatives like findandfundmycar.com being brought to the market.

As part of our mission 'to lead the industry in the adoption of a more consumer centric model that embraces the power and reach of the digital channel' we have led the sector in developing a range of tools that support on-line vehicle retailing and financing and findandfundmycar.com is a natural progression of this strategy.

Our vision is to see the platform ultimately supporting all quality dealers and reputable PoS lenders in the UK. We have consciously established the business as a separate division of MotoNovo Finance, i.e. it will not be led by our existing Motor Finance management team as we see in time our finance being only one of a broad range of lenders who dealers will be free to choose to partner with, as they do today. Phil Morgan, ex CFO of GoCompare, has been appointed as the Head of findandfundmycar.com. Phil reports directly to me, which hopefully demonstrates the strategic significance of this venture to the MotoNovo Group. Phil joined Gocompare.com in 2009 and worked in the business as it became one of the leading brands in insurance comparison. This provides invaluable insight in the practical challenges of developing a brand from infancy to being a UK presence.

So why do we think opportunity exists in the world of vehicle aggregation?

Quite simply we believe the way the market currently operates could be perceived as dysfunctional and therefore it is ripe for change. We think its high time dealers with lender support got into the driving seat and we are putting our money where our mouth is by creating findandfundmycar.com

But why might it be seen as dysfunctional?

In our opinion, today's aggregation model falls short of supporting either dealers or consumers. Here are just some examples of the shortfalls I think need to be addressed:-

- ▶ Rapidly rising costs – dealer fees with the market leading service increased by an average of 7.2% last year while its profit before tax rose 23% to £193.4m;
- ▶ Losing the finance opportunity – the major aggregation brands all compete directly with their dealers for finance;
- ▶ Interference with the consumer/car dealer relationship – vehicle 'price checking' and 'P/X valuations' being just two examples;
- ▶ The development of sponsored ads that return vehicles where the dealers have paid extra to the aggregator first, not necessarily the best value for the customer;
- ▶ Losing the consumer contact – dependent upon the aggregator, stock can end up on a price comparison site, car finance brokerage or even online newspaper sites – all of whom are competing with the dealer for the consumer relationship;
- ▶ Disruption of revenue streams – finance is not the only area subject to competition, so are warranties and other insurance services;
- ▶ Even more costs – above inflation fee increases and chargeable finance calculators are just two ways that hard-pressed dealers can expect to have to pay more in the months and years ahead.

We believe dealers risk being marginalised as simply a stock feed to the aggregating 'retailer'. The dealer takes all the downside risks in terms of stock buying, preparation, stocking and depreciation; the aggregator benefits from the dealer fees, added value services and the Big Data provided by the consumer.

The current classified model strikes us as serving neither dealers or consumers as well as it should and therefore it is arguably dysfunctional. We think there is a better way, based upon collaboration and a co-operative spirit.

The power for change rests collectively with dealers. It's time to use it. If the industry stands together, then positive change will follow. Our new service findandfundmycar.com is progressing well and is being developed with dealers for dealers.

With findandfundmycar.com:

- ▶ All advertising fees paid by dealers are invested in advertising;*
- ▶ All dealers pay the same "per space" price – we don't believe in the creation of an uneven playing field;
- ▶ Your finance revenue is yours to keep;
- ▶ Finance calculators are completely free of charge;
- ▶ Search results are transparent and fair and do not attempt to mislead the consumer;
- ▶ Car buyers experience a compelling proposition that focuses on you, the quality dealer.

*£1.50 per space per week with prices fixed for 6 months

Together we can create the classified site dealers always wanted; one that works for dealers and consumers.

The only barrier to its success is dealers' willingness to support it. Call us for more information on 0844 770 4424 or we want to hear from you if you have moved away from the market leading aggregator to share stories and be part of the revolution.

We look forward to hearing from you.



Mark Standish
Group CEO



find and fund
mycar.com

