



HEATING UP: Electric retail providers are paying a fee to Brent Moore's SaveOnEnergy to get real-time "warm leads" on businesses shopping for the best deal.

Electricity Web site switches up biz plan

In reversal, site taking users to power cos.

BY MARGARET ALLEN | STAFF WRITER

Hoping to tap the heated retail competition in Texas for commercial and industrial electricity customers, 4-year-old Internet broker SaveOnEnergy.com has flipped its business model.

The Dallas-based company has redesigned its Web site and now links eight competing retail energy suppliers with businesses shopping for a new electricity provider.

SaveOn tried out the model in New York, New Jersey, Illinois and Ohio, prior to launching the concept in Texas Oct. 1. The pilot succeeded in those other states, where SaveOn has a lower profile and fewer customers, said Brent Moore, founder and CEO.

SaveOn's new model is patterned after the successful Internet site lendingtree.com, where banks compete for residential mortgage customers, Moore said. SaveOn works as a clearinghouse generating leads for retail energy suppliers who compete directly for customers business.

Previously, in what was a very crowded broker market, SaveOn helped residential and commercial electricity buyers comparison shop by choosing from rate packages offered by electricity suppliers. The residential model remains the same on the site.

But commercial buyers now go to SaveOnEnergy.com and enter details about their business and its electricity usage, then wait for calls from eight select electricity providers to pitch them the best deal.

"This whole program is really designed to drive the prices down for the customer," Moore said.

The eight suppliers are Cirro Energy, Commerce Energy, Direct Energy, Hudson Energy Services, MX Energy, Reliant Energy, Spark Energy and SUEZ Energy Resources NA.

Hot wires

The Texas market for commercial and industrial electricity customers is fierce. Business customers are highly aware of the advantages of shopping around, and are savvy about the options because electricity represents such a large share of their operating costs, said Lisa Dornan, a spokes-

woman for Houston-based Direct Energy.

Among large customers with metered demand of 1,000 kilowatt hours and up, 71% have switched from the electric provider they had before deregulation in 2001, Dornan said. Among small business customers with demand less than 1,000 kilowatt hours, 43% have switched.

Direct Energy signed up with SaveOn as another way to reach out to the market, Dornan said. The company has more than 60,000 business customers in Canada, Texas and 12 northeastern U.S. states, but doesn't specifically disclose how many it has in Texas.

Dornan said it's too early to evaluate the response to SaveOn, which she said is helpful because it supplies "warm leads" about companies who are shopping. Business customers want a more tailored product, customized to their needs, she said.

"It's always a longer sales process," Dornan said. "It's very much relationship building, so it's a much more intense process."

Tim Bell, executive vice president at Cirro Energy, called SaveOn's new offering a "revolutionary online marketplace," and said it's a valuable opportunity for Cirro to increase its visibility in what is a very competitive commercial electricity market.

By limiting suppliers to eight, customers aren't overwhelmed. Drawing on its four years of broker experience, SaveOn chose and prequalified 15 electricity suppliers to start based on financial stability, customer service and billing capabilities. In two weeks' time, SaveOn filled the eight slots first-come, first-serve.

SaveOn's eight suppliers pay a monthly access fee. If a lead turns into a customer, the supplier then pays SaveOn a commission on that customer's usage over time. Suppliers have an "out" clause that requires 60-day notice and don't have to use SaveOn exclusively.

SaveOn began advertising the site Oct. 8. It already averages 10 leads a day.

Moore, the sole owner of SaveOn, said he has invested \$1.2 million in cash and bank loans since SaveOn was founded in 2003. Revenue isn't disclosed, but SaveOn's first year of profitability was 2006, he said. He previously had 15 employees, many of them in sales, but has since reduced that to six.

The company plans to start advertising its Web site in Houston early next year.