



Model of Excellence

Vehicle History Reports

Company:	Business Model:
CARFAX, Inc. Centreville, VA 20120 www.carfax.com	Mixed Models: Licensed for Distribution

Business Model

The **Mixed Models: Licensed for Distribution** model generally involves the data publisher creating a database that is licensed to third parties for re-distribution, often on a free basis, with the third party generally using the content as a site attraction that can often be monetized through advertising, or as a sales support tool.

Overview

CARFAX, a subsidiary of R.L. Polk and Company, has turned the Vehicle Identification Number (VIN), a unique serial number for every car, into a remarkable business venture.

CARFAX collects title and registration information on every automobile from the 50 state motor vehicle departments. On top of this base, it layers information obtained from police departments, insurance, car rental, and automotive warranty companies, along with dozens of other sources, building a database currently in excess of 2 billion records.

A typical CARFAX report will contain such information as: title information, whether the car was salvaged or junked; flood damage history; total loss accident history; odometer readings; lemon history; state emissions inspection results; number of owners; service records; lien activity and whether the vehicle was ever a taxi, rental or was previously leased. CARFAX doesn't claim to know everything that has happened to every vehicle, but its database is so comprehensive that it offers a "CARFAX Buyback Guarantee," under which it will buy back a car where its report failed to include certain key pieces of information.

While CARFAX sells its Vehicle History Reports directly to consumers via its website, its primary channel is bulk subscriptions to car dealers, who typically make the Vehicle History Reports available for free to potential buyers to build confidence in the vehicle and thus increase sales. CARFAX also has a number of innovative partnerships with virtually all major players in the automotive industry, including the major online sites for selling automobiles, automotive lenders and even federal government agencies.