

FROST & SULLIVAN

# ECENERGY

INSIGHTS

## 2017 Global Building Energy Management Systems Customer Value Leadership Award

FROST & SULLIVAN

BEST  
*2017* PRACTICES  
AWARD

GLOBAL  
BUILDING ENERGY MANAGEMENT SYSTEMS  
CUSTOMER VALUE LEADERSHIP AWARD

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## Background and Company Performance

### *Industry Challenges*

The global building energy management systems (BEMS) market comprises a mixture of deeply entrenched and emerging participants all striving to help customers manage energy usage and reduce costs. This exciting market presents many opportunities for software-as-a-service (SaaS) providers because of the immense potential to deliver commercial customers with energy intelligence such as building efficiency, fault detection and diagnostics, predictive maintenance, and remote monitoring. As building technologies converge with information and communications technologies, market participants have purposefully adopted Big Data, cloud-based services, the Internet of Things (IoT), and data analytics solutions in their product offerings, and they clearly communicate the financial benefits.

However, Frost & Sullivan has identified challenges related to interoperability that force customers to work with different building automation and metering vendors for data collection. This incurs additional cost for customers. Another key challenge is the lack of value-driven offerings from industry participants to determine the root cause of the problems, which would ensure tangible outcomes for customers. It is imperative, therefore, for market participants to develop open API platforms for buildings that are technology- and vendor-agnostic, leverage existing infrastructure for data collection, and provide delivery assurance to customers.

### *Customer Impact and Business Impact*

#### **Price/Performance Value**

Price/Performance value is a crucial factor companies rely upon to endorse the success of their products among customers at a global level. EcoEnergy Insights, a customer-centric and innovative BEMS company, demonstrates a competitive price/performance ratio for its energy management platform. EcoEnergy Insights' energy management services, such as centralized monitoring, demand response, and energy benchmarking, among others, adds value to its customers' bottom line by delivering tangible outcomes at a fraction of the cost offered by the competition. The company, unlike its competitors, offers customers value-driven services delivered through knowledge-based operations and data-driven maintenance. In fact, EcoEnergy Insights' revenue is sometimes fully dependent on the results achieved by its customers, where part of the savings is shared by the company as per the agreement. The company is extremely rigorous in evaluating customers' savings because most of them are large multinationals, such as The Home Depot, Inc., Petco Animal Supplies Inc. and HDFC Bank Limited., who follow a stringent process for validating results.

#### *Best Practice Example:*

One of the largest American consumer electronics retailers realized over \$60 million in total energy savings over 4 years in its heterogeneous vendor environment across all 50 states of the United States. The platform enabled EcoEnergy Insights' Energy Operations Center to proactively monitor and troubleshoot HVAC and electrical assets. This set-up

helped the retailer improve its customers' in-store experience, and the overall solution contributed to achieving US Department of Energy's Better Buildings Challenge goals.

### **Customer Ownership Experience**

The customer ownership experience is pivotal for any company looking to develop long-term relationships with customers and deliver solutions across different regions and verticals. EcoEnergy Insights understands the importance of sustaining stellar customer service because its projects extend for long contract periods of up to 10 years involving enterprise customers. The company is well aware that the customer ownership experience is not a one-time sales event but an evolving process with continuous opportunities for improvement that fulfill and exceed customers changing expectations. The company excels in this area by providing additional value to its customers year-on-year through the end of the contract. EcoEnergy Insights' growth is highly dependent on enterprise customers that provide long-term projects, largely because these customers are spread across the globe, so it is highly critical for EcoEnergy Insights to deliver an outstanding ownership experience to win new projects in other regions. In other words, the company sees the current customer ownership experience as an opportunity to expand into other regions where those customers could offer high value projects in the near future. As a result of its superior customer-care culture, EcoEnergy Insights provides its customers enormous pride on owning its Energy Management Platform, which involves more than functional and financial value—technology sophistication at its best.

#### *Best Practice Example:*

EcoEnergy Insights has received various awards from its customers for providing best-in-class product offerings and services that support its customers in realizing cost savings and enhanced value. Frost & Sullivan consider those awards as a demonstration of EcoEnergy Insights' product excellence with value addition.

### **Customer Purchase Experience**

The customer purchase experience can have a make-or-break impact on a company's customer-oriented processes. To avoid purchase experience pitfalls, EcoEnergy Insights has devised a hassle-free and flexible purchasing model for its customers. For instance, the company extends a unique payment structure that is determined by the combination of where, geographically, the customer is located, and the vertical for which the solution is provided. EcoEnergy Insights' payment structure covers 3 models: 1) The fixed fee + bonus (evaluated on savings achieved by customers) model is often referred to as a fixed + variable model; 2) The shared savings is a purely variable model where the company is paid only if the customer achieves the promised level of savings in a set period of time; and 3) The upfront model is a purely fixed model mostly applicable for industries where EcoEnergy Insights is not allowed to make any corrective actions due to customers' stringent protocols. For instance, EcoEnergy Insights derives 75% of its revenue from the United States where shared savings is predominant because utility data is easily available, which can be used for comparing savings, but this scenario poses a challenge in India and hence the company prefers the fixed model for Indian customers. Frost & Sullivan applauds the company's ability to sustain excellence in offering the best purchase

experience to customers by remaining transparent in its payment structure and delivering contract-based outcomes. This business sense builds trust, forges deep relationships with customers, and increases attachment rates.

### **Financial Performance**

EcoEnergy Insights accelerated its financial progress over the last couple of years when it was part of Wipro, a leading global information technology, consulting, and business process services company. The company registered a year-on-year growth rate between 20 and 30% during that time. This growth was achieved primarily through high value projects from international customers in different verticals. EcoEnergy Insights consistently delivered exemplary performance in those projects, which enabled it to win multi-year projects with the same clients in different regions. As a result, EcoEnergy Insights' financial metrics enhanced last year prior to its acquisition by UTC Climate, Control and Security. The company's 6X valuation and acquisition by UTC for \$70 million indicate to Frost & Sullivan the EcoEnergy Insights' extraordinary financial performance in the last 2 years.

### **Operational Efficiency**

Pressure is increasing among all organizations to optimize operating costs due to fluctuations in the global economy. Therefore, it is necessary for any organization to improve the operational efficiency of its business processes to handle the internal and the external pressures on the company. EcoEnergy Insights, being a value-driven company, follows some of the process improvement techniques such as 6 Sigma, Kaizen, and lean principles in its workflow to improve its operational efficiency. The company had invested more to include automation in the process, and the energy management platform is the outcome of it. The platform plays a significant role in data-driven maintenance by performing three core operations: 1) Anomaly detection: detecting the problem; 2) Fault diagnostics: finding out the root cause of the problem; and 3) Actionable intelligence: converting data into action. EcoEnergy Insights remains dedicated to increasingly utilizing automation through machine-to-machine learning across all operations so that it minimizes human intervention and adds significant value to customers.

### **Growth Potential**

BEMS is a high growth market that is expected to grow at a rate of 8% to 10% at a global level over the next 5 years. EcoEnergy Insights, under new leadership, believes that by leveraging synergies and growth opportunities, such as IoT-enabled products, data analytics, and its stellar customer-centric approach, it can demonstrate exemplary growth in the future, growing at a rate of more than 30%. The recent acquisition is expected to help EcoEnergy Insights in the short and medium term access UTC's new and existing customers in different regions, while in the long term it plans to build on the existing platform powered by IoT and data analytics to transform its business. This collaboration also helps UTC develop its remote monitoring and building analytics capabilities to deliver enhanced services to its customers. Ultimately, EcoEnergy Insights will witness the greatest opportunities in the HVAC segment where it can transform the industry by leveraging and implementing some of the transformational technologies that power UTC's



HVAC products to provide connected HVAC systems and become a disruptive leader in the global industry.

### *Conclusion*

EcoEnergy Insights is a dynamic, customer-centric company dedicated to delivering value-based outcomes rather than products and solutions to its customers. EcoEnergy Insights' customer-centric solution, powered by its energy management platform, has positioned the company as a value-driven leader in the Global BEMS market and is expected to maintain this position for the next 5 years. The company has kept pace with evolving customer requirements year-on-year to the extent that it surpassed their expectations through its value-oriented energy management platform. EcoEnergy Insights' solid commitment to forging deeply-rooted relationships with its customers is evident from its success with a shared-savings business model and accolades bestowed by satisfied customers for its best services and partnerships achievements. With its strong overall performance, EcoEnergy Insights has earned Frost & Sullivan's 2017 Customer Value Leadership Award.

## Significance of Customer Value Leadership

Ultimately, growth in any organization depends upon customers purchasing from a company and then making the decision to return time and again. Delighting customers is, therefore, the cornerstone of any successful growth strategy. To achieve these dual goals (growth and customer delight), an organization must be best-in-class in three key areas: understanding demand, nurturing the brand, and differentiating from the competition.



## Understanding Customer Value Leadership

Customer Value Leadership is defined and measured by two macro-level categories: Customer Impact and Business Impact. These two sides work together to make customers feel valued and confident in their products' quality and long shelf life. This dual satisfaction translates into repeat purchases and a high lifetime of customer value.

## Key Benchmarking Criteria

For the Customer Value Leadership Award, Frost & Sullivan analysts independently evaluated two key factors—Customer Impact and Business Impact—according to the criteria identified below.

### Customer Impact

- Criterion 1: Price/Performance Value
- Criterion 2: Customer Purchase Experience
- Criterion 3: Customer Ownership Experience
- Criterion 4: Customer Service Experience
- Criterion 5: Brand Equity

### Business Impact

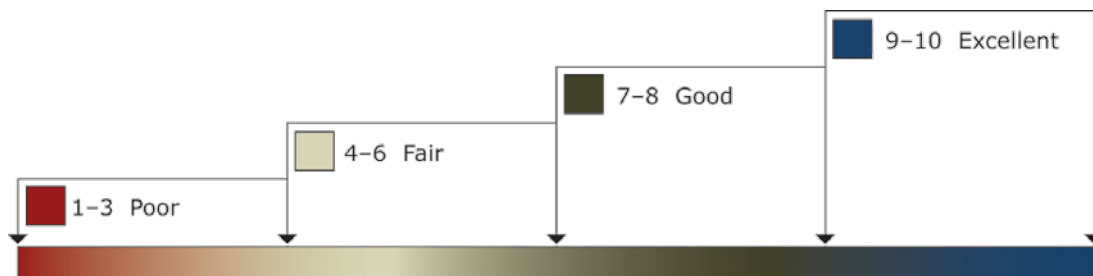
- Criterion 1: Financial Performance
- Criterion 2: Customer Acquisition
- Criterion 3: Operational Efficiency
- Criterion 4: Growth Potential
- Criterion 5: Human Capital

## Best Practices Award Analysis for EcoEnergy Insights

### Decision Support Scorecard

To support its evaluation of best practices across multiple business performance categories, Frost & Sullivan employs a customized Decision Support Scorecard. This tool allows our research and consulting teams to objectively analyze performance, according to the key benchmarking criteria listed in the previous section, and to assign ratings on that basis. The tool follows a 10-point scale that allows for nuances in performance evaluation. Ratings guidelines are illustrated below.

#### RATINGS GUIDELINES



The Decision Support Scorecard is organized by Customer Impact and Business Impact (i.e., These are the overarching categories for all 10 benchmarking criteria; the definitions for each criterion are provided beneath the scorecard.). The research team confirms the veracity of this weighted scorecard through sensitivity analysis, which confirms that small changes to the ratings for a specific criterion do not lead to a significant change in the overall relative rankings of the companies.



The results of this analysis are shown below. To remain unbiased and to protect the interests of all organizations reviewed, we have chosen to refer to the other key participants as Competitor 2 and Competitor 3.

<i>Measurement of 1–10 (1 = poor; 10 = excellent)</i>			
<b>Customer Value Leadership</b>	Customer Impact	Business Impact	Average Rating
<b>EcoEnergy Insights</b>	<b>9</b>	<b>9</b>	<b>9</b>
Competitor 2	8	8	8
Competitor 3	7	7	7

## *Customer Impact*

### **Criterion 1: Price/Performance Value**

Requirement: Products or services offer the best value for the price, compared to similar offerings in the market.

### **Criterion 2: Customer Purchase Experience**

Requirement: Customers feel they are buying the most optimal solution that addresses both their unique needs and their unique constraints.

### **Criterion 3: Customer Ownership Experience**

Requirement: Customers are proud to own the company's product or service and have a positive experience throughout the life of the product or service.

### **Criterion 4: Customer Service Experience**

Requirement: Customer service is accessible, fast, stress-free, and of high quality.

### **Criterion 5: Brand Equity**

Requirement: Customers have a positive view of the brand and exhibit high brand loyalty.

## *Business Impact*

### **Criterion 1: Financial Performance**

Requirement: Overall financial performance is strong in terms of revenues, revenue growth, operating margin, and other key financial metrics.

### **Criterion 2: Customer Acquisition**

Requirement: Customer-facing processes support the efficient and consistent acquisition of new customers, even as it enhances retention of current customers.

### **Criterion 3: Operational Efficiency**

Requirement: Staff is able to perform assigned tasks productively, quickly, and to a high quality standard.

### **Criterion 4: Growth Potential**

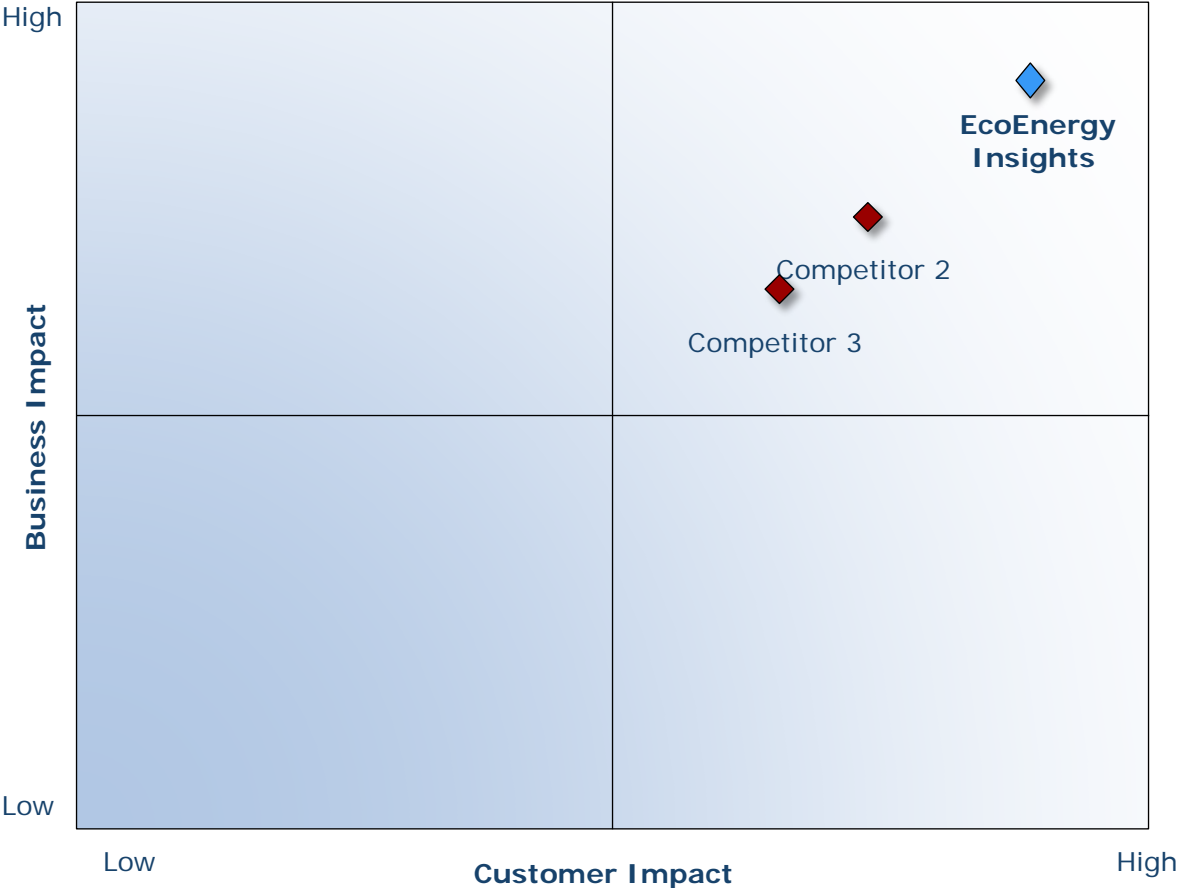
Requirements: Customer focus strengthens brand, reinforces customer loyalty, and enhances growth potential.

**Criterion 5: Human Capital**

Requirement: Company culture is characterized by a strong commitment to quality and customers, which in turn enhances employee morale and retention.

*Decision Support Matrix*

Once all companies have been evaluated according to the Decision Support Scorecard, analysts then position the candidates on the matrix shown below, enabling them to visualize which companies are truly breakthrough and which ones are not yet operating at best-in-class levels.



## Best Practices Recognition: 10 Steps to Researching, Identifying, and Recognizing Best Practices

Frost & Sullivan analysts follow a 10-step process to evaluate Award candidates and assess their fit with select best practice criteria. The reputation and integrity of the Awards are based on close adherence to this process.

STEP	OBJECTIVE	KEY ACTIVITIES	OUTPUT
1 <b>Monitor, target, and screen</b>	Identify Award recipient candidates from around the globe	<ul style="list-style-type: none"> <li>• Conduct in-depth industry research</li> <li>• Identify emerging sectors</li> <li>• Scan multiple geographies</li> </ul>	Pipeline of candidates who potentially meet all best-practice criteria
2 <b>Perform 360-degree research</b>	Perform comprehensive, 360-degree research on all candidates in the pipeline	<ul style="list-style-type: none"> <li>• Interview thought leaders and industry practitioners</li> <li>• Assess candidates' fit with best-practice criteria</li> <li>• Rank all candidates</li> </ul>	Matrix positioning of all candidates' performance relative to one another
3 <b>Invite thought leadership in best practices</b>	Perform in-depth examination of all candidates	<ul style="list-style-type: none"> <li>• Confirm best-practice criteria</li> <li>• Examine eligibility of all candidates</li> <li>• Identify any information gaps</li> </ul>	Detailed profiles of all ranked candidates
4 <b>Initiate research director review</b>	Conduct an unbiased evaluation of all candidate profiles	<ul style="list-style-type: none"> <li>• Brainstorm ranking options</li> <li>• Invite multiple perspectives on candidates' performance</li> <li>• Update candidate profiles</li> </ul>	Final prioritization of all eligible candidates and companion best-practice positioning paper
5 <b>Assemble panel of industry experts</b>	Present findings to an expert panel of industry thought leaders	<ul style="list-style-type: none"> <li>• Share findings</li> <li>• Strengthen cases for candidate eligibility</li> <li>• Prioritize candidates</li> </ul>	Refined list of prioritized Award candidates
6 <b>Conduct global industry review</b>	Build consensus on Award candidates' eligibility	<ul style="list-style-type: none"> <li>• Hold global team meeting to review all candidates</li> <li>• Pressure-test fit with criteria</li> <li>• Confirm inclusion of all eligible candidates</li> </ul>	Final list of eligible Award candidates, representing success stories worldwide
7 <b>Perform quality check</b>	Develop official Award consideration materials	<ul style="list-style-type: none"> <li>• Perform final performance benchmarking activities</li> <li>• Write nominations</li> <li>• Perform quality review</li> </ul>	High-quality, accurate, and creative presentation of nominees' successes
8 <b>Reconnect with panel of industry experts</b>	Finalize the selection of the best-practice Award recipient	<ul style="list-style-type: none"> <li>• Review analysis with panel</li> <li>• Build consensus</li> <li>• Select recipient</li> </ul>	Decision on which company performs best against all best-practice criteria
9 <b>Communicate recognition</b>	Inform Award recipient of Award recognition	<ul style="list-style-type: none"> <li>• Present Award to the CEO</li> <li>• Inspire the organization for continued success</li> <li>• Celebrate the recipient's performance</li> </ul>	Announcement of Award and plan for how recipient can use the Award to enhance the brand
10 <b>Take strategic action</b>	Upon licensing, company is able to share Award news with stakeholders and customers	<ul style="list-style-type: none"> <li>• Coordinate media outreach</li> <li>• Design a marketing plan</li> <li>• Assess Award's role in future strategic planning</li> </ul>	Widespread awareness of recipient's Award status among investors, media personnel, and employees

## The Intersection between 360-Degree Research and Best Practices Awards

### Research Methodology

Frost & Sullivan's 360-degree research methodology represents the analytical rigor of our research process. It offers a 360-degree-view of industry challenges, trends, and issues by integrating all 7 of Frost & Sullivan's research methodologies. Too often companies make important growth decisions based on a narrow understanding of their environment, leading to errors of both omission and commission. Successful growth strategies are founded on a thorough understanding of market, technical, economic, financial, customer, best practices, and demographic analyses. The integration of these research disciplines into the 360-degree research methodology provides an evaluation platform for benchmarking industry participants and for identifying those performing at best-in-class levels.

### 360-DEGREE RESEARCH: SEEING ORDER IN THE CHAOS



## About Frost & Sullivan

Frost & Sullivan, the Growth Partnership Company, enables clients to accelerate growth and achieve best-in-class positions in growth, innovation and leadership. The company's Growth Partnership Service provides the CEO and the CEO's Growth Team with disciplined research and best practice models to drive the generation, evaluation and implementation of powerful growth strategies. Frost & Sullivan leverages more than 50 years of experience in partnering with Global 1000 companies, emerging businesses, and the investment community from 45 offices on six continents. To join our Growth Partnership, please visit <http://www.frost.com>.