

As a Leading Provider of Enterprise Energy Management (EEM) Software and Enterprise Energy Management Services, Phoenix Energy Technologies is not only Identifying Opportunities for their Customers to Save, but also Acting on those Opportunities on behalf of their Customers

**Technology
Energy Management**

Phoenix Energy Technologies
165 Technology Drive
Suite 150
Irvine, CA 92618
877.340.8855
www.phoenixet.com



Lisa M. Varga
CEO

BIO:

Lisa Varga, CEO and Founder of Phoenix Energy Technologies, brings over 20 years of energy and retail facility management experience to the Phoenix Team. Prior to co-founding Phoenix, Lisa led sales and marketing efforts for a national energy consortium and a leading waste management company. Lisa's wealth of retail knowledge and experience has been invaluable to the success of Phoenix as well as some of the industry's leading trade organizations. She

has served on several boards including the Board of Directors for Professional Retail Store Maintenance (PRSM) since 2007; is a Co-Founding member and served as Chairperson for the PRSM Sustainability Council, a resource center for green initiatives, legislation and best practices; Lisa is a Co-Founding member and on the Board of Directors for Woman in Facility Maintenance and Construction and is an active member of an Orange County chapter of VISTAGE. Lisa is also involved in her Church as a High School Ministry Leader.

Company Profile:

Founded in 2004, Phoenix Energy Technologies is a leading provider of Enterprise Energy Management (EEM) Software and Enterprise Energy Management Services. PhoenixET works with commercial, retail and higher education customers to provide complete energy management solutions and implement strategies that reduce energy consumption and costs.

**Interview conducted by:
Lynn Fosse, Senior Editor
CEOCFO Magazine**

CEOCFO: Ms. Varga, what was your vision when you founded the company in 2004 and where are you today?

Ms. Varga: We started out as a boutique energy-consulting firm servicing the national retail market, and wanted to bring return on investment to the multisite industry, where energy is an enormous operating expenses. Very quickly, we began identifying disparate information sources that needed

to be centralized in order to drive true energy strategy. As we looked at these large, geographically spread out retail chains we realized that the only way to bring all of the information together was to automate its collection and to do so we'd need to focus on technology. We very quickly went down that path, and it has served us well in our eight years in business.

CEOCFO: Would you describe your company today; what services are you providing and to whom?

Ms. Varga: With this vision, there was one hurdle we needed to overcome in order to move forward; and that was connectivity to buildings around the country and around the world. If we could not bridge the IT gap without the use of hardware, meaning connect to building systems without the use of a "black box," we knew our proposition would not be a scalable solution for our customers.

With a bit of good fortune, in 2006 we acquired a small firm that would serve as the foundation for our proprietary gateway technology. Spring boarding on the technology we had acquired, we went on to build an enterprise energy management system that brings multi-site data together in real time. By automating the collection of critical data sources across hundreds or thousands of locations, it enables us to evaluate information in the here and now, and act on that information to drive ROI for our customers.

In short, we've conquered the technology aspect of our EEM platform, and built a services arm around the technology to not only identify oppor-

tunities to save, but also act on those opportunities on behalf of our customers. Our customers are primarily national retail chains such as Office Depot, Cinemark, and Home Depot. But, we've also had traction in the university market, most notably with Cal Tech University.

CEOCFO: Are most large companies addressing the issue of energy management today and do many of them try to do so internally?

Ms. Varga: It just depends on the market. Our retail friends outsource much of this, either through a maintenance function in which a portion of it on the services side is not propped up by technology. Our university and commercial friends have onsite engineers who do a manual process, but do not have the real-time visibility necessarily.

CEOCFO: What are some of the more common aspects of energy management that you are able to track and what are some of the things that you could track which most people would not know existed?

Ms. Varga: There is much conversation around smart grid, smart buildings, intelligent this and intelligent that. And certainly, that is a great conversation to be having. Yet, at this stage, many organizations do not even have access to centralized data, and to me that is probably the biggest "aha" moment for our customers. Having the ability to see the full picture, to have full data transparency, is a game changer. Once a customer has connectivity to its buildings, we have an opportunity to identify anomalies and potential issues. Taking it a step further, we also have the ability to automate action, or "commands," back to the building based on findings in the data. And, all of this is happening in real time.

Take one of our cinema clients as an example. Through connectivity to their buildings, we bring in building data and meter data. We then take things a step further, and bring in point-of-sale [ticket sale] data and theater schedule data. When you think about it, there are two major

factors from an occupancy perspective that impact energy consumption, the first being what time the cinema should be turned on or off. Certainly, there's no sense in cooling an empty theater, though absent a platform like ours, this building intelligence is often missing. The second piece involves the interpretation of ticket sale data, or knowing how many people are going to be in a given theater at a given time, which enables us to pre-cool or pre-heat accordingly. If you have five people watching a movie, and not five hundred, you're going to adjust the theater temperature to a level that is appropriate for the size of the audience.

Ultimately, your patrons are going to be far more comfortable and your energy bill is going to go down. And, we're achieving this through the use of automation and without any human intervention whatsoever.

We've conquered the technology aspect of our EEM platform, and built a services arm around the technology to not only identify opportunities to save, but also act on those opportunities on behalf of our customers. - Lisa M. Varga

CEOCFO: Are there pieces of information that you would like to be able to track?

Ms. Varga: Connectivity will be an ongoing R&D piece for us, because building control systems tend to vary by vertical. In other words restaurants, retail chains, healthcare, hospitality...by and large each is using a different system, which means we need to continue building gateway technology. As we continue to grow as a company, our first goal is to connect to the building control system, and we have been making much headway with some of our friends in the buildings control industry whose typical mentality in the past has been closed proprietary systems. For example, someone like Novar has an old system with about 60% of the market share of the retail space. Those systems are closed and no one has been able to conquer connecting to them. Novar's system Opus as well as the new Tridium system are now open systems, so as companies move

to an open protocol, connectivity won't be such an issue. In the meantime, control systems have a fifteen or twenty year shelf life. Therefore, you would still need to communicate with that 60% that are still out there. Phoenix has been able to do that. At the same time, we have also been able to build a bridge and a relationship with Novar who now works with us to make sure that the customer gets the best bang for their buck on their old systems, as well investing in their new systems. We will continue to look at building on those connectivity relationships.

CEOCFO: Is the interest financial, is it related to the troubled economy, is it part of the general energy awareness or both?

Ms. Varga: I would say it is both. The buying reasons are all over the board, but at the end of the day, it's about return on investment and how much

our customers can save. This concept is very new to the industry, and buyers want to be sure they're not investing time, money and effort into snake oil. At the same time, they are being tasked to do more with less,

while pushing C suite sustainability goals and initiatives. Visibility goals, certifications for their buildings, and governmental compliance tend to be the main drivers on that front.

CEOCFO: What is the revenue model?

Ms. Varga: It is software to service model, and there is typically a nominal setup fee depending on whether you are just an enterprise client or enterprise and full-service. It is a cost per month, per location.

CEOCFO: How do you reach prospective customers?

Ms. Varga: We do a great deal of face-to-face trade infiltration. We have been around for eight years and we have only lost one customer in our history, so we have loyal customers and a reputable name. Our sales team is involved in a quite a few trade associations. We get involved in those organizations as deeply as we can. Many of our peers refer business to us as well.

CEOCFO: Are there industries where you would like to become active?

Ms. Varga: We're beginning to look at the restaurant industry, as well as the healthcare and grocery industries in our near-time radar. We do have some grocery chains that we are working with right now.

CEOCFO: Would you tell us about the implementation process?

Ms. Varga: We have built an implementation suite, which is part of our gateway report card. A customer needs to commission a server at their location, on their system and network. We then download our gateway technology, which function like print drivers. The best way to look at it is if you bought a new computer and you had an old printer, you'd simply download the software to communicate to the old printer and off you go. Our gateways are similar in that gateways are downloaded on the server, and they are deployed on the Internet for that company and talk to each IP address. It then pulls in the data. We then run a report card to see the points that we expect to see, as well as which ones are missing and that is where we may enlist human intervention. We conduct a mapping of the points that are missing and locate them, because the points are only as good as the installer who put it there. Once the gateway is set up, there are various features in the software that provide

alerts based on pre-set parameters, so a customer can act on it. The system simply automates and makes the adjustment where needed.

We also have an analytics team that actually looks at the data real-time all day long, and as if the store were calling in to report that store is too hot or too cold, our analysts are actually seeing things that go bump in the night in real-time. They push what I would call work orders into our call center for our EMS team to analyze and fix the issue. If they cannot fix the issue, that is when they roll a truck and dispatch an HVC vendor of the customer's choice.

CEOCFO: How is business these days?

Ms. Varga: Business is good. We did a Series B funding and closed that at the end of April. We have ramped up our sales and marketing efforts, and we're seeing very favorable impact from the market. We recently launched a new client and have about \$75 million in the pipeline of strong prospects to move through our sales process all in a short time.

CEOCFO: Why pay attention to Phoenix Energy Technologies?

Ms. Varga: The energy industry and sustainability have been on the forefront. Ultimately, no one makes a grand statement to go and do some-

thing unless there is a strong business case. We've been able to conquer and prove out with a return on investment that is very favorable and is in many cases, under a year. There are things that people are talking about which they are not executing. It is about putting your money where your mouth is. We put our heads down and achieve what we committed to with our customers.

CEOCFO: What should people remember most when they read about Phoenix Energy Technologies?

Ms. Varga: I think it goes back to people and passion. We are very fortunate to have some amazing people that work for Phoenix who are passionate about what we do. I don't think managing buildings and driving energy reduction is rocket science, but there are things that are roadblocks. Everyday there is someone within our company that is innovating for our customers, trying to listen to the customer's problem and solve it. We have done a great deal of the hard work, so all the fun stuff is ahead of us. If companies are looking for an innovative pathway to work with some great people, that is a great recipe here at Phoenix. Our customer loyalty record of eight years and no turnover in our customer base as well as 2% turnover in our team is pretty amazing.

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