



E-volution

Meghan Mize, Carrie Ng, Mei
Chang

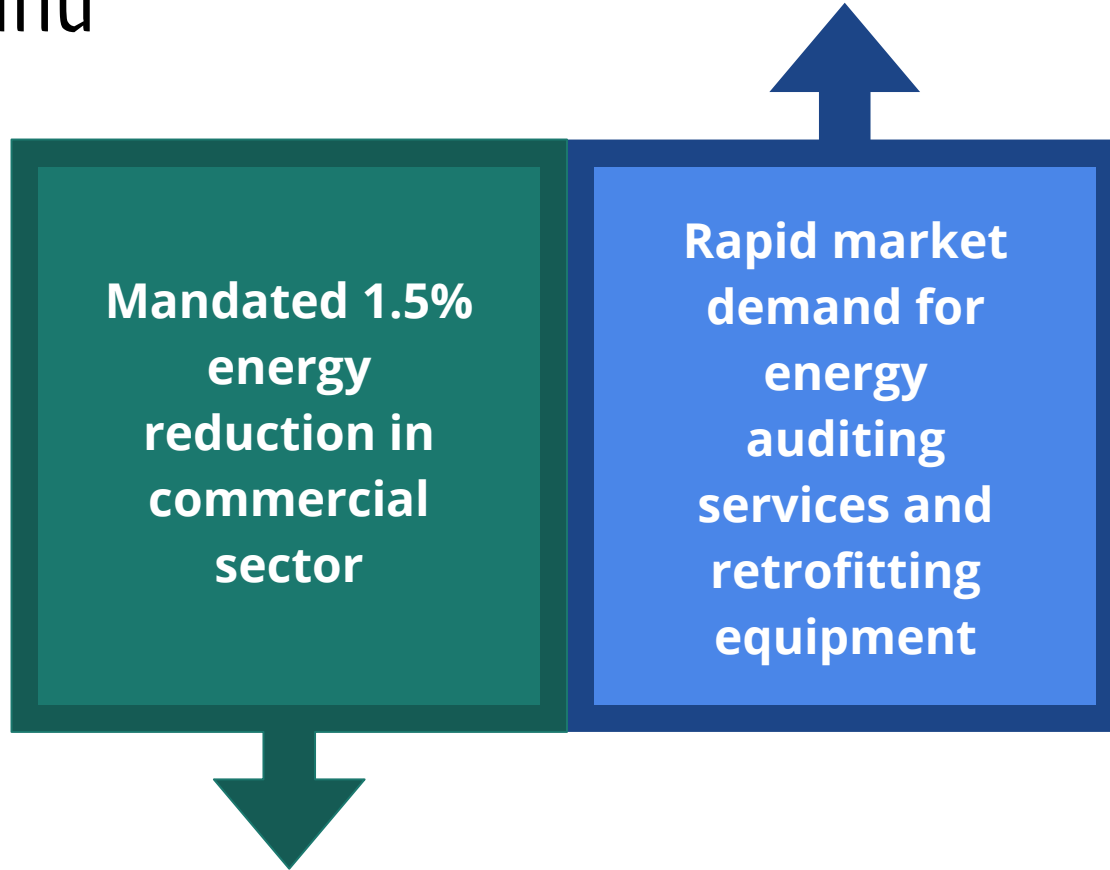


Project Statement

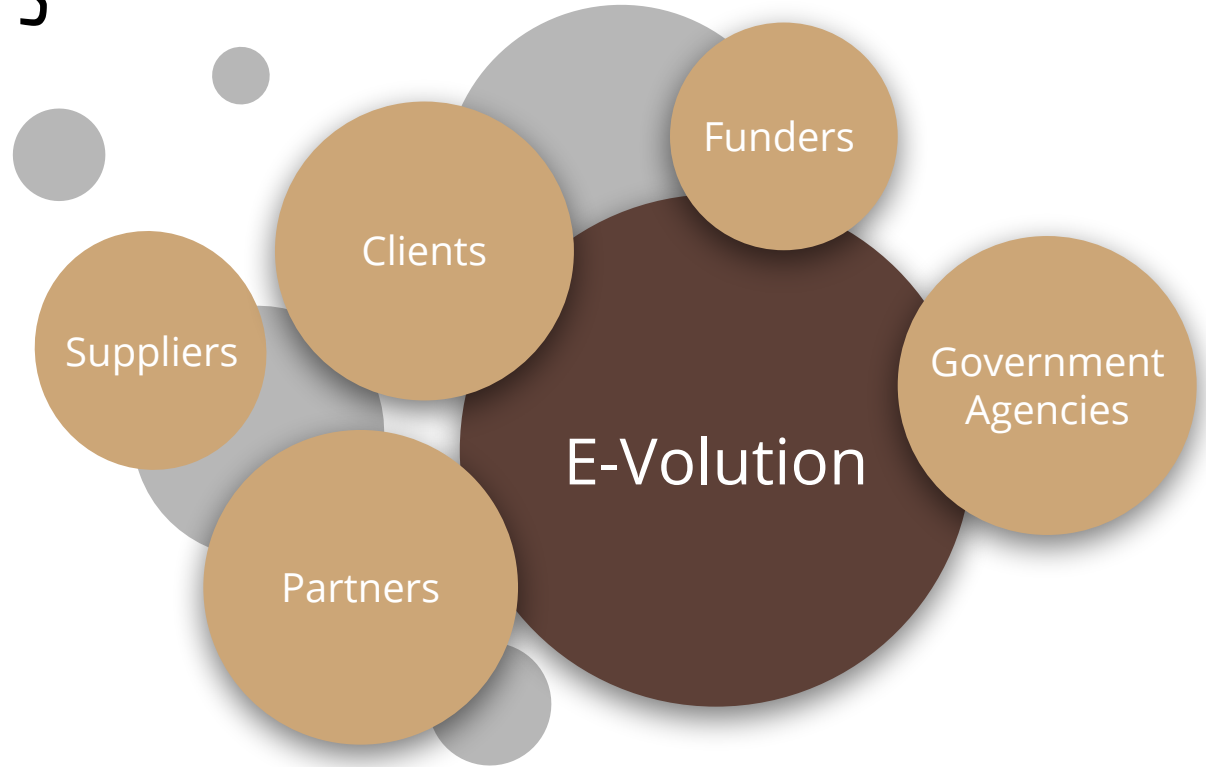
A start up energy service company, spearheaded by Jean-Philippe Seya in Côte d'Ivoire, is looking to break into the energy auditing and retrofitting market. To fine-tune their business model, this project will:

- Analyze estimated cost data for a pilot customer
- Conduct a profit-loss analysis (5 years)

Background



Stakeholders



Methodology

- Key Question: Based on initial client and anticipated energy savings, is E-evolution's business model financially feasible?
- Cost-Benefit Analysis
- Profit and Loss Statement
- SWOT Analysis

Strengths

- Skills and background
- Partners
- Network
- Focused

Weaknesses

- Lack experience
- Small
- Limited capital
- Equipment uncertainty
- Unknown returns

Opportunities

- Emerging market
- Green Fund
- Energy savings potential
- Limited number competitors

Threats

- Policy viability
- Unstable funding source
- New competitors
- Lack of demand for multiple ESCOs

Final Deliverable: Customer Cost Benefit Analysis

| Summary | Year 1 | Year 2 | Year 3 | Total |
|---|-----------------------|-----------------------|-----------------------|------------------------|
| Total Energy Savings (I) | \$ 197,763.06 | \$ 207,651.21 | \$ 218,033.77 | \$ 623,448.03 |
| Total Interest (J) | \$ (2,009.17) | \$ (2,009.17) | \$ (2,009.17) | \$ (6,027.50) |
| Total Audit Service Fee (K) | \$ (4,241.97) | | | |
| Total Retrofitting Equipment (L) | \$ (13,394.44) | \$ (13,394.44) | \$ (13,394.44) | \$ (40,183.33) |
| Total Retrofitting Installation and Service Fee (M) | \$ (66,946.06) | \$ (57,826.10) | \$ (64,282.81) | \$ (189,054.97) |
| Gross Energy Savings Income | \$ 197,763.06 | \$ 207,651.21 | \$ 218,033.77 | \$ 623,448.03 |
| Total Retrofitting Costs | \$ (86,591.64) | \$ (73,229.71) | \$ (79,686.42) | \$ (239,507.78) |
| Net Energy Saving Income | \$ 111,171.41 | \$ 134,421.50 | \$ 138,347.34 | \$ 383,940.25 |
| Net Energy Savings (kw/h) | 1,740,000 | 1,827,000 | 1,918,350 | 5,485,350 |

Cost-Benefits of Retrofitting, 3 Year Contract



Final Deliverable: Profit Loss Statement (5 years)

5-Year Profit & Loss Statement

E-Evolution


| Summary | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Total |
|----------------------|---------------|---------------|---------------|---------------|---------------|-----------------|
| Gross Income (I) | \$ 333,366.41 | \$ 583,001.04 | \$ 842,229.67 | \$ 902,595.72 | \$ 939,714.28 | \$ 3,600,907.11 |
| Total Expenses (J) | \$ 109,291.93 | \$ 65,155.62 | \$ 74,770.22 | \$ 145,739.54 | \$ 161,767.11 | \$ 556,724.43 |
| Net Revenue (Y= I-J) | \$ 224,074.48 | \$ 517,845.41 | \$ 767,459.46 | \$ 756,856.17 | \$ 777,947.17 | \$ 3,044,182.69 |

| | | | | | | |
|----------------------------------|--|--|--|--|--|-----------------|
| Net Present Value of Net Revenue | | | | | | \$ 2,706,922.84 |
|----------------------------------|--|--|--|--|--|-----------------|

Key Assumptions: number of clients per year, energy consumption of average client types, stable energy pricing

Recommendations

- Do not rely on regulations. Sell business based on cost savings.
- More time and money should be devoted to new business development.
- Break even point:
 - 2 clients per year in Years 1-3
 - 3-4 clients in Years 4 and 5
- Next steps:
 - Green Fund loan application and draft contract.
 - Test pilot customer and incorporate lessons learned.



Thank you!
Any Questions?

