

Cost Benefit Analysis Software for Solar Photovoltaic and Energy Storage Projects



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CEOCFO: Mr. Gurski, would you tell us about Energy Toolbase?

Mr. Gurski: What we set out to do is create an easy-to-use software platform

that allows businesses that are selling solar power or energy storage systems, to run financial analysis and do cost benefit analysis to see how much a customer can save. Our software also specializes in producing a nice proposal document that our customers use to sell their systems.

CEOCFO: What are the elements that go into that assessment and what might you put in that others might not realize is a factor?

Mr. Gurski: It really starts with accurate and precise utility rate analysis. Most people get their electric bills every month and nobody thinks twice about it, they just pay their bills. The reality is that a given utility customer has multiple options for what type of utility rate tariff they might be able to pay their bills through. What our system is great at is being able to do a very detailed and accurate utility rate analysis to show if they switch rate tariffs, they would save X dollars, or if they stay on the same rate tariff, they would save Y dollars. Our core competency is in-depth, accurate analysis to show customers what they would save in dollar terms, based on the user defined parameters of their project.

CEOCFO: How do you take into account potential changes with items like energy rates?

Mr. Gurski: Yes, utility rates are constantly changing. We have an entire department that is dedicated to tracking rates around the country. Some utilities might change their rates every quarter and others every year. Each month we have a very detailed list that we go down to check all these utilities that we are tracking and updating the rates. There's actually a small subset of our user base that literally just pays for our software every month in order to view updated utility rates, via our standardized user interface.

CEOCFO: Who is your typical customer?

Mr. Gurski: It varies. We have some of the biggest and most reputable names in the industry, which are brand names that everyone recognizes. At the same time, we have a lot of mom and pop shops that use the software as well, sometimes referred to as the long-tail segment of the market. On our website you can see the logos of a lot of our bigger name users. But it really does vary quite a bit.

CEOCFO: What information is presented in a report?

Mr. Gurski: A big part of what we do is provide a platform that is very flexible, because at the end of the day you want to customize your report, depending on who you're presenting to. For example, a report for a small homeowner should look different than a report intended for the CFO of a large business who may be evaluating a multi-million-dollar solar project. So part of our challenge is building out a robust system that can go super detailed, and appease a very detail oriented numbers guy. That person wants full transparency and the ability to look at every input and assumption, to see the

calculation of the cost benefit analysis. Alternatively, we have the ability to provide a very simple one-page report for a homeowner that really just wants an overview to see if they are going to save money upfront and how long is it going to take them to break even on their investment.

CEOCFO: *What are people not paying attention to and what are you able to show on a report that people do not typically consider?*

Mr. Gurski: The thing we do better than anyone else is complex and layered utility rate analysis. For instance, utility rate switching scenarios, or net metering version 2.0 projects. Or another one is when a customer's bill has demand charges, which are billed based on the maximum power used at any given point throughout the month. Many other software tools will do a very simplified analysis, and use some sort of weighted average assumption, whereas we get very detailed, referencing all the underlying data and then simulate the reduced demand value for each billing cycle, which produces a much more accurate figure. So our strengths are really when dealing with more complex and sophisticated analyses.

CEOCFO: *With all the changes that take place, how do you make an assessment?*

Mr. Gurski: The solar industry is constantly going through change, which has really created a strong need for software solutions like ours. Conducting an accurate assessment of a project requires the user to define all of their inputs and assumptions, like the equipment and technology being specified, the design parameters of the system, the cost, the customer's load profile and utility rate schedule, and the terms of the financing. All of these things are changing and evolving. Our software's core function is to reference all of these project inputs to then calculate and optimize the project's outputs and financial metrics like payback period and rate of return.

CEOCFO: *How do you reach potential customers?*

Mr. Gurski: We are a B2B product, so we don't have end consumers that are using our platform to analyze solar for their homes. Essentially our customers are businesses that are selling solar power to homes and companies. We reach many of our customers through word of mouth. We have a strong buzz and reputation in the industry going for our product. We reach people at tradeshows as well as traditional search engine marketing. I would say the vast majority is by word of mouth and referrals. We also work with upstream manufacturers that use our product and then tell their dealers about it because it will help them sell more product. Our interests are mutually aligned, because they want their dealer network to use the best software tools on the market, in order to close more deals.

CEOCFO: *What is your business model?*

Mr. Gurski: We have a SaaS or software-as-a-service business model. Customers pay a monthly fee in order to use our software. It is very transparent. All of our pricing is right up front for everyone to see on the front page of our website. The more users they have using our software, the lower the price per user becomes. It is cloud based, allowing users to access it from anywhere and on any device, as long as they can get online on a web browser.

CEOCFO: *Are most companies in the industry using an outside source?*

Mr. Gurski: People come to our booth at tradeshows and ask us who our biggest competitor is and I tell them nine times out of ten our biggest competitor is an Excel spreadsheet. Many of these guys pride themselves on being able to build a spreadsheet model that gives them numbers on how long a system is going to pay off. The reality is when things get more complicated, like complex utility rates, different net metering scenarios, or solar + storage, it really creates the need for software like ours. I think that's when many of our potential customers look at their spreadsheets versus what we can do for them and how much money we can save them. It really becomes a no brainer.

CEOCFO: *Are there regulatory issues that you need to be aware of when you are creating a report?*

Mr. Gurski: There is no regulating body, that polices the analysis that solar companies present to customers. We're really focused on calculating dollar savings as accurately as possible. But not everything is black and white. For example, we work with tax incentives and depreciation incentives and oftentimes you might have two companies that show the same project a little bit differently as far as how tax incentives and things like that might apply. Our approach is to allow customers to define whatever project inputs and assumptions they want, and offer flexibility for them to present that analysis however they see fit. We don't police or monitor what's right or wrong. The type of tax analysis a user would show to a CFO is going to be different than for a mom and pop business owner that may not understand a lot of the tax implications, and just wants to simplify the analysis. I would say flexibility to show things differently is a big strength of ours.

CEOCFO: *What has changed in your approach over time; what have you learned?*

Mr. Gurski: One big learning is seeing how different users like to show analysis. I come from a solar development background, which is what I was doing before I started this company. I built a product that would show proposals exactly

how I would have wanted to show them back when I was selling solar. But we've learned that some companies like to do things differently. Little by little we have gone back to the product and made it more flexible and customizable for users. This has allowed us to pick up new users in different territories, now that they have the flexibility to present their analysis however they see fit. This lesson has really been about how to reach new customers in new territories, and the product changes to implement in order to do that.

CEOCFO: *What is next for the company?*

Mr. Gurski: Today we service two technology types: solar photovoltaics, as well as energy storage systems. We also have ambitions to include energy efficiency projects, which is a broad and diverse category unto itself. We also have ambitions to keep expanding our service territory. Right now we track rates in all 50 states, but we have been getting a lot of requests from international customers that want to use our product abroad as well. So it's really two-fold: expanding on our service territories and expanding the technologies we support.

CEOCFO: *Why is Energy Toolbase noteworthy?*

Mr. Gurski: Right now one of the biggest topics in the renewable energy industry is utility rate reform. You look at what's going on at Public Utility Commissions across the country, different states are considering some very significant changes to their utility rate structures. A great deal of this activity comes in response to distributed energy resources, like solar. The idea that people around the country are able to get solar, put it on their rooftops at a price that is competitive with utility rates. One of the reasons we are noteworthy is we are on the frontlines of the rate reform issue. Solar industry trade associations as well as solar companies that install systems are using our software to quantify the effects of rate changes. Figuring out how exactly it changes the economics of solar projects they are proposing. Utility rate and avoided cost analysis has never been more important, and our software is being used on the frontlines of the battle between utilities and the renewable energy industry.

