

SaaS Sustainability Reporting



Matt Ellis - CEO

About Measurabl

We want to make sustainability reporting something any organization can do regardless of size, expertise, or resources. That means making reporting easy, affordable and accurate.

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

CEOCFO: Mr. Ellis, would you tell us the concept at Measurabl?

Mr. Ellis: The concept is simply 'Turbo Tax' for sustainability reporting. For about a hundred years or more we have focused on corporate financial results, but there is a whole other world out there of non-financial information and we use the term 'sustainability' to describe that. It's things like environmental impact, energy, waste, as well as carbon emissions. It's also things like how companies impact their local community or society at-large. For a long time we brushed that under the rug and sustainability reporting is all about bringing to light and bringing transparency to these non-financial aka "sustainability" impacts.

CEOCFO: Who wants to know?

Mr. Ellis: There are three groups that care about this. First is the investor community - pension funds, sovereign wealth funds, endowments and even retail level investors. They've found sustainability performance is also indicative of overall financial health so they want to see this information so they can make better investments. The second group is the regulators and as you can see right now with Obama standing in front of the UN General Assembly. He is arguing for action on climate change and action at the state, national level and even local level. If you want to have any chance of reducing emissions or mitigating climate change, you need to write policies that will force action by companies and if you want to write policies you need to have some data to act upon. We need to get this data and expose this data. The third group is the consumer, who are people like you and I who expect to know the source of our products and services, we expect to know the environmental impacts, we need to know the materials or chemicals that are in those products. We want to have transparency around the organization and its products. These are the three groups that drive transparency around sustainability.

CEOCFO: What is the impetus overall?

Mr. Ellis: There are organizations all across the spectrum. You have organizations that believe that this is best practice, that sustainability is about lowering operating expense and mitigating risk. It is that simple. Those are companies like SAP, Coca-Cola and Walmart. You can also look to the other end of the spectrum and you will find companies who have been forced into this by their investors or consumers. These are your oil and gas companies as well as manufacturers and what they found is that the public or the investment community is no longer going to tolerate not having visibility. An investor comes along and says that they want to know this information or they are going to divest. You have consumers that say they do not want to buy your product or service because they can see where it's coming from or how you are behaving. You have regulators - and a good example is in California we have statewide legislation that every commercial building over five thousand square feet and up must disclose on its energy consumption - so you have a regulator saying "you just have to do this."

CEOCFO: How have people been reporting?

Mr. Ellis: Spreadsheets are still the norm. You even have large organizations using extraordinarily complex and fragile spreadsheets. Now what has happened over the last five years and certainly in the last three, is we have started to get some decent software out there to help with this problem. You have seen traditional financial reporting companies who have a core competency moving to this non-financial reporting space. You also have traditional environmental resource management applications like an SAP trying to work in the space. Measurabl is an example of a company who thinks it

can disrupt the market by coming in and saying we are going to simplify this and make it easier to use, affordable and beautiful.

CEOCFO: *How have you done so?*

Mr. Ellis: There are a couple examples of why we are so unusual in this market. We are the only company where you can go to a website right now, click on a button and start reporting free. You cannot do that anywhere else. Why that is transformative is we are bringing a consumer-oriented, on-demand approach to this market. The business model is unique. The moment we put it out there for anyone to use we had to make it very self-serve; it had to be very well thought through. What you will see in the competitive set are these large enterprise systems that are highly complex and expensive that require a great deal of customization when you start using them. Because our system is on-demand and self-serve, we do not need to have a full bench of expensive consultants or implementation technologists. The technology had to be solid and you had to be able to sit down at your computer and figure out how to use this product on your own. We made that possible. These are the two things that I would point to that are unique about our product. You can see this just by looking at our product. One of the things that made Apple so valuable was its design aesthetic and that is just the way that the new generation of products online behave and we are an example of that. It needs to be beautiful and visually engaging, so we brought that to bear and when you go to the competitive set you are going to see a very dense web page with lots of text, Times New Roman fonts and you will not know where to start because you have to be trained in the whole process.

“If you think that the environmental and social impacts of the companies with whom you do business matter, then you need to have transparency around that. Measurabl is the first company to make that affordable, easy and accessible.” - Matt Ellis

CEOCFO: *With what types of information are the majority of your users working?*

Mr. Ellis: There are two types of information that are required to report. One is this bucket of quantitative information, specifically environmental information. Those are things like how much waste or carbon you emit as well as how much water and electricity you consume. We automatically pull most of that data directly from the cloud or third party systems. One of the things that makes us unique is we can do that. We enter usernames and passwords and we can pull down this data for you. That is the quantitative data and we automate that data collection and formatting processes. There is also a big piece that is typically not addressed in software that is very important and that is all the qualitative information. These are things like “did you compensate your senior executives for sustainability performance last year, yes or no?” This data is not sitting in a third party system or a database somewhere; a person has to tell you it. We use Turbo Tax as inspiration here. We are good at asking questions and then tailoring the following question based on what you told us. It is responsive, dynamic and gives you a natural Q&A process. It takes the frustration and confusion out of completing these reports and getting that knowledge out of someone’s brain and into a database.

CEOCFO: *What types of companies are taking advantage?*

Mr. Ellis: I came from corporate and institutional real estate, so my career before Measurabl was with CBRE which is the world’s largest commercial real estate services company. We saw this problem on both sides of our business - both large corporations like Bank of America as well as large real estate owners and asset managers like CBRE Global Investors. Measurabl’s first client base was in real estate. That is where we started. We now have over twenty five multibillion dollar commercial real estate companies who hold accounts with Measurabl. That was our first product offering. We are now moving into two exciting markets. One is the corporate marketplace; we have Intuit, VMware and Jack Morton Worldwide now piloting our product for their sustainability reporting purposes and that is a big market opportunity for us. The third bucket is we are starting a pilot with the City of Palo Alto. Cities of Paris, San Francisco, Chicago and New York, these entities now disclose their sustainability performance. We think there is a great opportunity to make that process easier and more accurate and more affordable and we are going to start testing that with the City of Palo Alto. There is a municipal marketplace here. The final one is small businesses and these are the folks that are affected because they are in the supply chain of a Walmart or J&J who want them to disclose but these are small companies who do not have the bandwidth or pocketbook to do so. They need a simple tool that can help them get their data together and help them disclose. The risk is that if they do not do this they can get dropped from Walmart’s supply chain, for example, so there is a big opportunity with the small- to medium-sized businesses.

CEOCFO: *What will be the ultimate business model?*

Mr. Ellis: We have a model that is traditional in terms of SaaS. It is a fourteen-day free trial and if you like the product and it has a good value proposition for you, then you can subscribe. The subscription is based on how big you are and how demanding you are in terms of features. We price in a basic “pro”, “premium”, “enterprise” fashion, very traditional. Depending on how large you are, how many reports you are trying to produce or how many features you want to take advantage of, your price might start as low as \$399 a month and that is unbelievably affordable compared that to \$50 or

\$100,000 plus enterprise-level software from big guys like SAP. We have large organizations that are in a pro package. These guys might pay \$1,199 a month. It's fantastic for them.

CEOCFO: *What have you changed since the product has been in use?*

Mr. Ellis: When you put something out there on-demand and self-serve you can imagine philosophically what that forces you to do as a company. Workflow is incredibly important to us because how you introduce a user who may not be a sustainability expert to a workflow that makes sense is the key. We have gotten that down reasonably well though there is still much more to do there. We collect data from third party systems and make it easy using a password/username, for example, then validate that. For example, if there's a password error we can tell the user you have a password problem so try again. We can also do this now for when you get data directly from utility companies. The user can go, in a self-serve fashion, add data, add utility accounts, submit those accounts and start receiving the data without having to deal with a human being. Those are complex workflows. Simple in practice, but complex behind the scenes.

CEOCFO: *Do you have funding for continued rollout or will you be seeking partnerships and funding?*

Mr. Ellis: The first rule of startups is do not run out of cash. You are always seeking additional capital. We have raised a couple million bucks in our seed round so are good for now and are already making money, so our goal is to continue to increase those revenues such that we are self-sustaining. I will punt on raising additional capital for at six months or so, but time will tell. If we are growing the way that I hope we can, then maybe we do not but take additional outside capital, but if we are growing the way that I think we can, we may need more scale and velocity capital. In terms of partnerships, we refer to our data integrations, for example with American Express, as a Data Partner, so that company has data for our shared client and in this case it is VMware and they use American Express to manage all their travel data. Therefore, we are just make it easy, by working with American Express, for VMware to get their travel data, calculate their carbon emissions from flights and vehicles and generate a report. That is what the partnership enables.

CEOCFO: *Why pay attention to Measurabl today?*

Mr. Ellis: If you think that the environmental and social impacts of the companies with whom you do business matter, then you need to have transparency around that. Measurabl is the first company to make that affordable, easy and accessible. It is that simple. If you do not care about this stuff and if you think it is OK to pollute or to have bad governance practices in your organization and you do not want to bring sunlight to those activities, then you do not care about Measurabl. I think we are clearly in a world where do care.

BIO: Matt is the former Director of Sustainability Solutions at CBRE, an Aspen Institute First Movers Fellow, LEED AP and AEE-certified GHG and energy accounting specialist. He founded Measurabl to make sustainability accessible and affordable.



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