



D4.8: Templates for end client engagement

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Introduction



The sustainable energy sector consists of both large and small sustainable energy asset developers (SEADs) pursuing larger and smaller customers alike. Smaller developers tend to be regional and focused on smaller projects. All potential smaller projects still add up to a **significant carbon footprint reduction**. Sustainable Energy Asset (SEA) market growth strongly depends on **scaling up smaller developer's activities and business**.

LAUNCH WP4 supports smaller and medium-sized SEADs in their sales and marketing towards end clients based on the standardized LAUNCH hybrid contract model. Based on research into end client drivers for signing and purchasing Sustainable Energy Asset (SEA) deals (Task 4.4), we match and develop value propositions for different end client segments (Task 4.5), and develop key marketing messages (Task 4.6).

This is a report showing outcomes of Task 4.5 in a ready-to-use format. We developed and tested templates and (standardized) processes for and with SEADs to better engage with different types of end clients. The objective of this report is that after completion of the project SEADs can self-sufficiently continue their end client engagement.

This report contains an overview of **concrete and practical templates for SEADs** in order to increase their end client engagement and ultimately increasing their sales pipeline and number and value of deals signed. We describe the templates, provide practical examples and give tips and tricks for using.



End client engagement

SEAD* business models

Overview traditional choices



Business model type	Energy Performance Contracting (EnPC)		Energy Service Contracting (ESC) or Energy-as-a-Service (EaaS)
	EnPC - Guaranteed savings model	EnPC – Shared savings model	
Definition	Implementation of energy saving measures with ongoing monitoring and verification services to provide guaranteed energy savings.	Implementation of energy saving measures (mainly demand side) to provide cost savings associated with the overall energy/utility bill.	Efficient supply of useful physical outputs such as heat, steam or light is contracted, measured and delivered in physical units.
Technology mix	Single and complex measures	Single and complex measures	All measures
Fee structure	Payment derived from the energy savings achieved in constant prices of the base year.	Payment linked to the achieved change in energy consumption.	Payment of a fixed rate/tariff, normally without energy performance requirements.
Typical IFRS accounting treatment for end clients	On-balance	On-balance / Off-balance	On-balance / Off-balance
Who is accessing finance	<p>Financier Finance Client Payment based on obtained savings SEAD</p>	<p>Financier Finance SEAD Payment based on obtained savings Client</p>	<p>Financier Finance SEAD Payment based on agreed service levels/subscription Client</p>

*SEAD refers to Sustainable Energy Asset Developer, also often denoted as ESCo (Energy Service Company), or energy (efficiency or performance) project developer or contractor.



SEAD business models

Challenge with traditional overview



It is not the business that
should fit the contract...

...it's the contract that
should fit the business.

Having the opportunity to apply different business models at the same time (which is very difficult for a single company), **when to use what kind of business model?**

It is more pragmatic to **start from the end client and its needs**, and then making sure your contract fits the business you developed with your particular end client in mind.

Therefore, LAUNCH developed a **hybrid model based on a standardized flexible contractual approach**. It allows contractors to pick and choose the elements from a performance-driven contract model and a service-driven contract model for maximum flexibility for answering end client needs.



Hybrid business model advantages

LAUNCH' standardized flexible contractual approach

The **LAUNCH hybrid model** based on a standardized flexible contractual approach offers the following **advantages**:

- ✓ Standardized contractual approach offering **flexibility** for combining both **performance-driven and service-driven end client needs**
- ✓ Offering **end client flexibility on important dimensions** such as accounting treatment, payment mechanism, sharing mechanism and performance attributes, technology mix, and risk appetite
- ✓ **Broad market application** across various deal sizes (starting from minimum deal sizes of €40K) and across different end client segments (small and large organizations in public and private sector)

More information on the LAUNCH contract in D2.2

Sharing mechanism & performance attributes

- output of contracted subscription gives performance element
- clause 2.10 (in LAUNCH contract) triggers sharing mechanism

End client accounting treatment

- on-balance
- off-balance

End client risk appetite

- lower
- higher

Payment mechanism

- Payment linked to achieved energy volume savings
- Fixed payment with floor securing predictability

Technologie mix

- all energy retrofit measures
- including renewable technologies

SEAD business models

Guide to appropriate model choice including LAUNCH hybrid model (1)



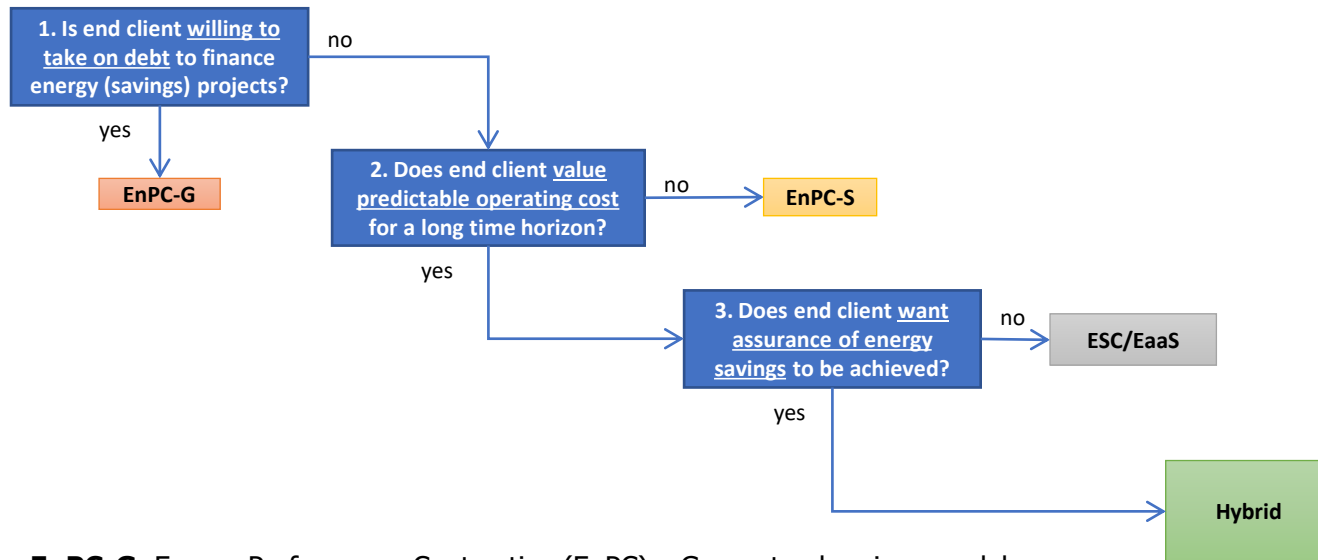
Business model type: Relevant end client needs:	Energy Performance Contracting (EnPC) – Guaranteed savings model	Energy Performance Contracting (EnPC) – Shared savings model	Energy Service Contracting (ESC) or Energy-as-a-Service (EaaS)	HYBRID
1. Is end client willing to take on debt to finance energy (savings) projects?	Yes	No	No	No
2. Does end client value predictable operating cost for a long time horizon?	Yes (based on guaranteed energy savings in constant prices of the base year)	No	Yes (based on fixed rate/tariff)	Yes (based on fixed rate/tariff per volume)
3. Does end client want assurance of energy savings to be achieved?	Yes (payment linked to performance in energy savings)	Yes (payment linked to performance in energy savings)	No (payment linked to service levels)	Yes (upon activation of Clause 2.10)*

*More information on the LAUNCH contract in D2.2



SEAD business models

Decision tree for appropriate model choice based on end client needs (2)



EnPC-G: Energy Performance Contracting (EnPC) – Guaranteed savings model

EnPC-S: Energy Performance Contracting (EnPC) – Shared savings model

ESC/EaaS: Energy Service Contracting (ESC) or Energy-as-a-Service (EaaS)

Hybrid: LAUNCH hybrid model based on a standardized flexible contractual approach



SEAD end client engagement

Overview



We present the **LAUNCH managerial decision-making approach** for boosting hybrid model sales.

There is a repeatable sales and marketing approach for project developers. It is basically structured around two key questions: “where to play?” and “how to win?”.

Each question can be tackled using adequate tools and templates that we tested with practitioners and that we present in this deliverable.

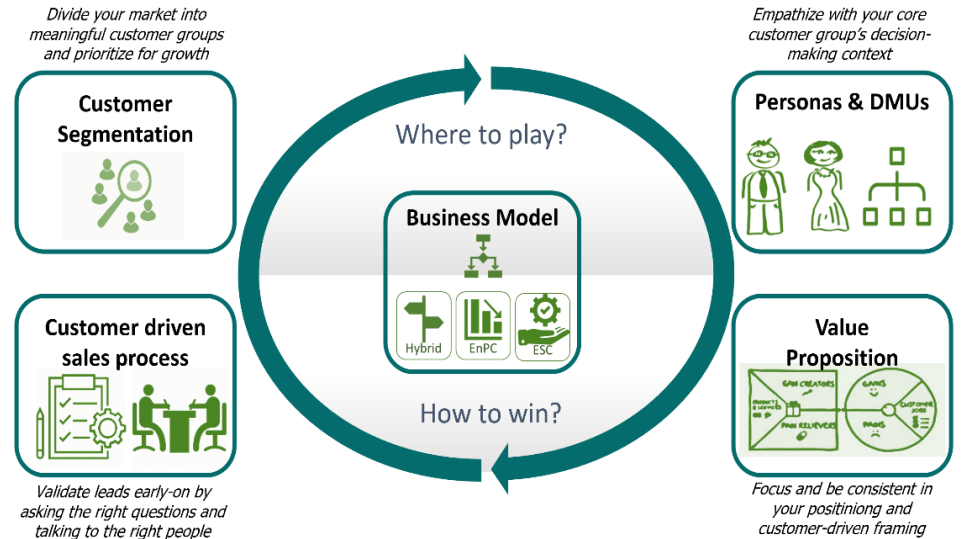
Where to play?

1. [Customer segmentation](#)
2. [Personas & Decision-Making Unit \(DMU\)](#)

How to win?

3. [Value proposition](#)
4. [Customer-driven sales process](#)

We also provide specific [practitioner cases](#) on SEAD end client engagement using the LAUNCH templates. Specific sales messages are discussed in LAUNCH D4.9.



Generic templates

1. Customer segmentation

Divide your market in meaningful customer groups and prioritize for growth.



Step 1 Describe different potential customer groups based on a selection of the segmentation variables.

Segmentation variable	Range
End client industry	private-commercial/leisure, private-industrial, public-MUSH (municipalities, universities, schools, hospitals), public-national organization
Geographical Orientation	Home Country
Potential project size	<€500K, €500K-€1M, €1M-€2M, >€2M
End client performance- or service-based business model maturity	low, high
End client energy cost criticality	low, medium, high
End client building m ² (all sites)	small/medium, large
Type of project investment model	EnPC-guaranteed savings, EnPC-shared savings, ESC/EaaS, hybrid

Step 2 Only consider to target a particular customer group when it fulfills five criteria for great segments.

- 1) **Measurable:** you can measure the potential of that segment with some data
- 2) **Substantial:** the potential size of that segment is large enough to matter
- 3) **Accessible:** there are ways to identify and access that segment
- 4) **Differentiable:** the segment differs meaningfully with other segments in needs and benefits
- 5) **Actionable:** the segment triggers a call to action, e.g., in terms of sales, marketing, or innovation activities

2. Personas & Decision-Making Unit (DMU)

Empathize with your core customer group's decision-making context.

Step 1 Tailor sales and marketing efforts to specific customer groups you prioritized.

Use personas for doing so.

Use one of the 4 generic **organizational leader personas** we developed

Or **make your own customer personas** relevant for your specific target customer groups.

Or **make your own decision-making unit descriptions** for deriving key marketing messages.

Use typical private sector end client decision-making unit descriptions.

Use typical public sector end client decision-making unit descriptions.

Step 2 Extend the personas to other people in the end client customer organization that play a role in making decisions.



Persona examples



Private sector
Large size

Organization
Max is in charge of EMEA business of a considerably large global retailer.

Characteristics & Personality
Max has an Ivy League MBA degree and only works with suppliers with appropriate size and credibility.

Needs

- No risk brand gets diluted by badly performing supplier
- Becoming best practice in terms of operational excellence (and optionally being more green)

Organizational context
Max and his senior leadership team are constantly looking for new ways to increase thin retail margins. Huge fixed and variable real estate costs are a major concern in fighting e-commerce. Max is interested to scale good solutions fast across multiple locations EMEA-wide. There are quite some bureaucracy and strict procurement rules. For example, by default one prefers to have 2 suppliers to diversify risks.

Key focus
"I want a safe bet"

large



Public sector
Large size

Organization
Robin is secretary-general at national education government level.

Characteristics & Personality
Robin is a young star in the public sector ranks and often searches for innovative ways to uplift public services and build his personal image as a new type of public sector leader.

Needs

- Rising discomfort of education personnel with cost cutting and uncomfortable working environment triggers sharp internal and public debate
- EPC would offer interesting solution but existing legal and procedural framework stand in way for innovative solutions

Organizational context
Robin is together with senior contracting officers looking for legal ways to introduce EPC for scaling EE investments in public school buildings across the country. There are great experts on board but making change possible (in coordination with several other governmental bodies) is a huge time and management effort with considerable innovation failure exposure risk.

Key focus
"How can we make EPC work within existing procedural framework?"

private

public



Private sector
Small size

Organization
Catherine is founder and CEO of a small industrial bakery

Characteristics & Personality
Catherine is a hardworking self-made woman with no advanced degree

Needs

- No operational interruptions nor loosing precious management time in order to limit costs
- Getting infrastructure upgrade and be cool without growth capital needed

Organizational context
Catherine is working hard with her small management team to keep up the operational pace while growing new customers. Energy efficiency is not the focus right now but new ways for being more flexible and innovative while having less cashflow constraints are interesting. As long as there is no legal or compliance push, there is especially focus on growing the core business.

Key focus
"I need to keep running my core business"

small



Public sector
Small-medium size

Organization
Antonio is mayor in a rather small municipality.

Characteristics & Personality
Antonio is open for reasonable, objective management of the municipality. Doing more with less budget resonates well.

Needs

- Developing policy initiatives within budget constraints
- PR on sustainability

Organizational context
Antonio is together with his elder people responsible for budget and infrastructure administration, and in search for good infrastructure management. Administration is rather small and low-skilled to conduct multiple intensive procurement processes, but central government driven processes are also painful and less aligned with wishes of the municipality.

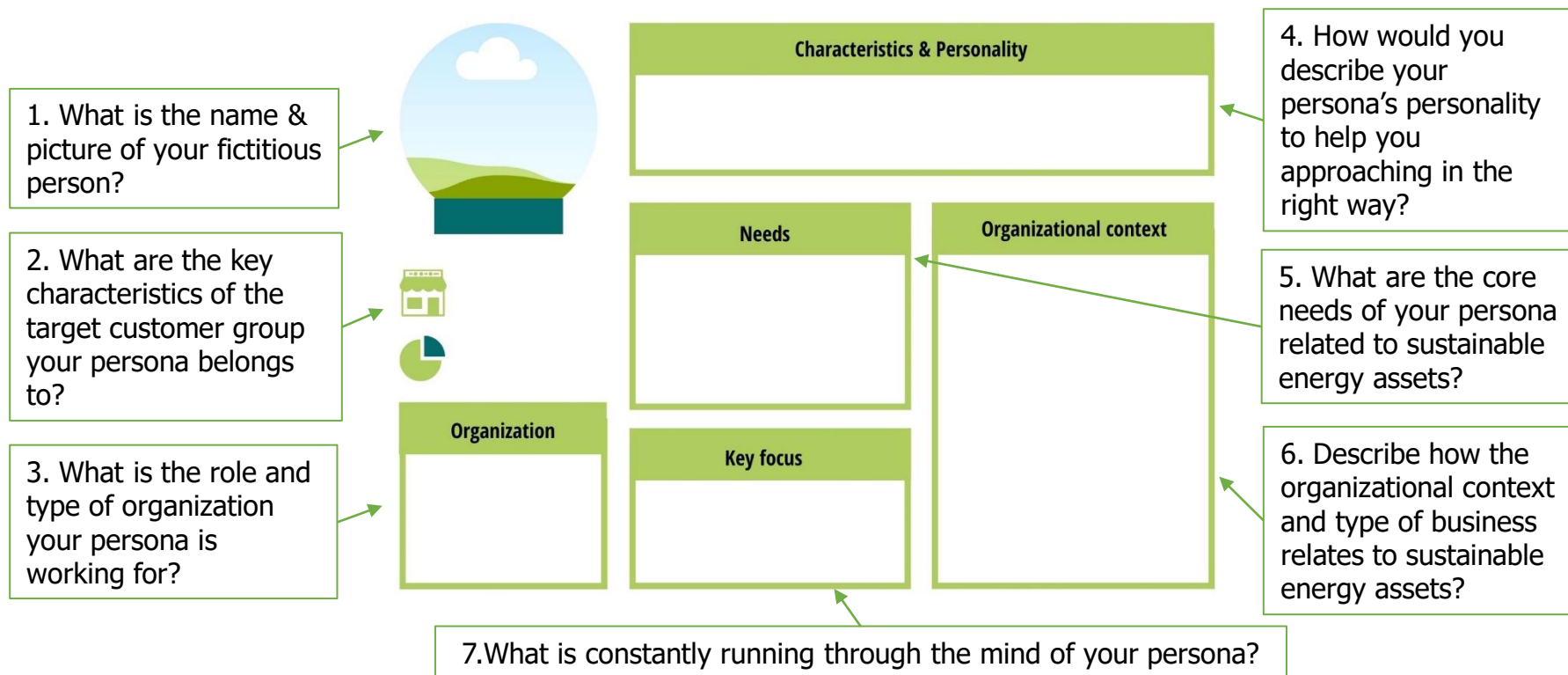
Key focus
"Great to save budget whilst decreasing carbon footprint"



Persona template

Make up your own personas relevant for your specific target customer groups.

Use this brainstorm template for doing so.



Private end client DMU



DECISION-MAKING UNIT	CFO	COO	Energy manager
Needs ("what is on their mind")	focus on how firm wins	focus on operations, control, cost savings, personnel time	how does this make me look as energy expert? what if my leadership says: "this should have been done earlier" focus on safety, not being pushed around, feeling empowered, no adventures
Marketing messages	"value is being created for the firm"	"you save while having control and zero risk"	"make YOUR case towards C-level: need for infrastructure upgrade and maintenance without need for money" "this is not contradicting previous efforts and energy management messages"
Tools to show value created	Risk assessment protocol	performance dashboard showing operational KPIs	relevant references and track record to support energy manager's messaging



Public end client DMU



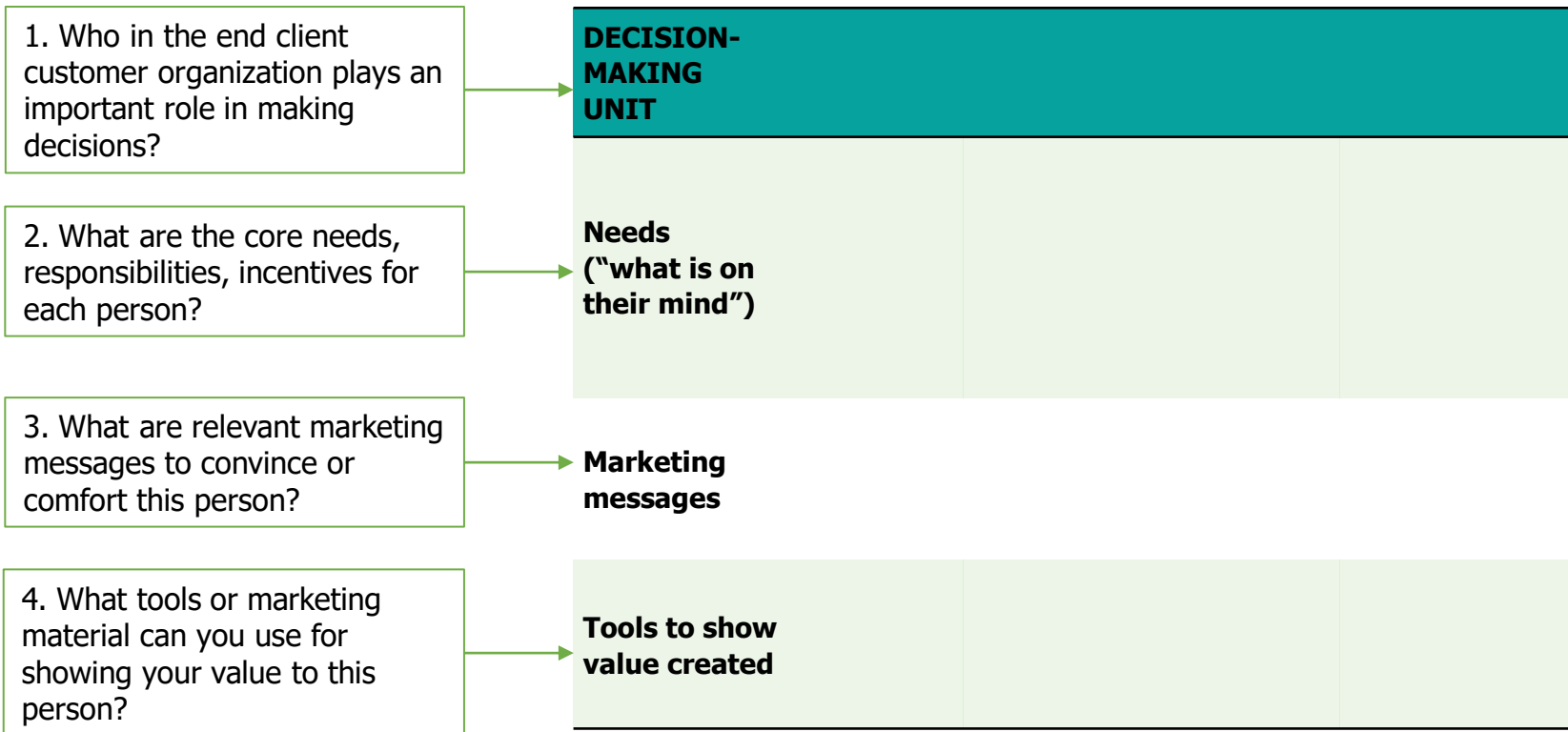
DECISION-MAKING UNIT	CONTRACTING OFFICER	FACILITY OWNER & EVALUATOR	IN-HOUSE ENGINEERING & FINANCIAL PEOPLE	HR
Needs (“what is on their mind”)	Signs ultimately on behalf of whomever Sticking to tendering process & procedures	Deep renovation through decoupling technical lifecycle & contract duration	Focus on operations, control, cost savings Decrease work overload own technical team	Employee performance and well being PR for sustainability & diversity
Marketing messages	“play by the book”	“deep renovation becomes possible”	“more with less” “can deliver the largest savings over the next 15 years”	“it is about making employees comfortable”
Tools to show value created	Congruence with existing explicit or implicit procurement or purchase framework	Investment model education kit	Excel with dashboard showing relevant positive impact KPIs	Measuring comfort, well-being, and sustainability



DMU template

Make up your own DMU relevant for your specific target customer groups.

Use this brainstorm template for doing so.



3. Value proposition

Focus and be consistent in your customer-driven framing.



Step 1 Identify your top 3 value elements for each of your target customer groups.

There are 4 typical “value clusters” that project developers use when approaching end clients.

Step 2 Strengthen your proposition by using readily available LAUNCH standardized materials.

We identify how the use of these tested and standardized materials can result into end client benefits. You need to make this specific for your customer group.

Step 3 Frame your value in customer benefits and supporting the end client’s core business.

For each customer group we provide examples on how to **frame your value in customer benefits** supporting the end client’s business.

Value proposition

Bringing target customer groups, their needs and your value elements together.

Value clusters

There are **4 typical "value clusters"** that sustainable energy asset project developers use when approaching end clients.

The LAUNCH hybrid model introduces a **5th value cluster**, i.e., **"standardized flexibility"** with value elements such as flexibility, standardization, and efficient individualization of projects.

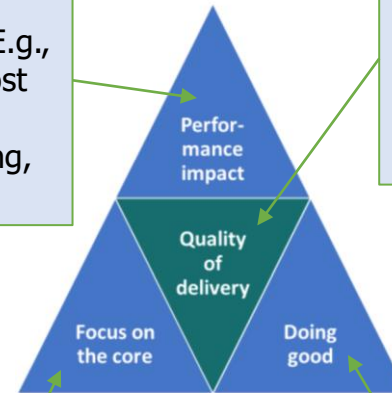
Identify your top 3 value elements for each of your target customer groups.

How do you provide value related to end clients' **"performance impact"**? E.g., comfort increase, energy cost decrease, building performance, user well-being, ...

How do you provide value related to end clients' concern for **"quality of delivery"**? E.g., expertise, tailor-made, reliability, compliance, ...

How do you provide value related to end clients being able to **"focus on the core"**? E.g., management peace of mind, using growth capital for strategic growth projects, ...

How do you provide value related to end clients **"doing good"**? E.g., contribution to societal challenges, decrease carbon footprint, increase sustainability, ...



LAUNCH standardized materials strengthen your value proposition

We identify how the use of these tested and standardized materials can result into **end client benefits**.

They can boost project developer Value Clusters. You need to make this specific for your customer groups.

In LAUNCH we develop **materials and** organize **activities for small to medium-sized project developers** in order to scale business and investments in Sustainable Energy Assets across Europe.

We focus on developing and piloting, and subsequently wide-spread use of:

- Standard hybrid contract
- Standard risk assessment protocol (RAP)
- Off-balance sheet financing

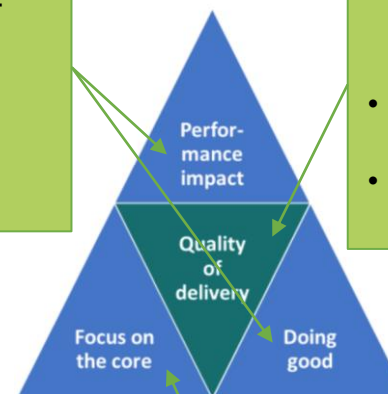
These standardized materials also provide value for end clients.

Standard hybrid contract:

- Contracting for delivery of performance impact for end client
- International contract quality
- Doing good and well at the same time

Standard RAP:

- Exhaustive list of risk-related checks saving time & effort
- International risk assessment quality
- Faster high-quality decision-making



Off-balance sheet financing:

- Lower financial risk for end clients
- More capital available for core business projects
- Less budget-related decision-making discussions

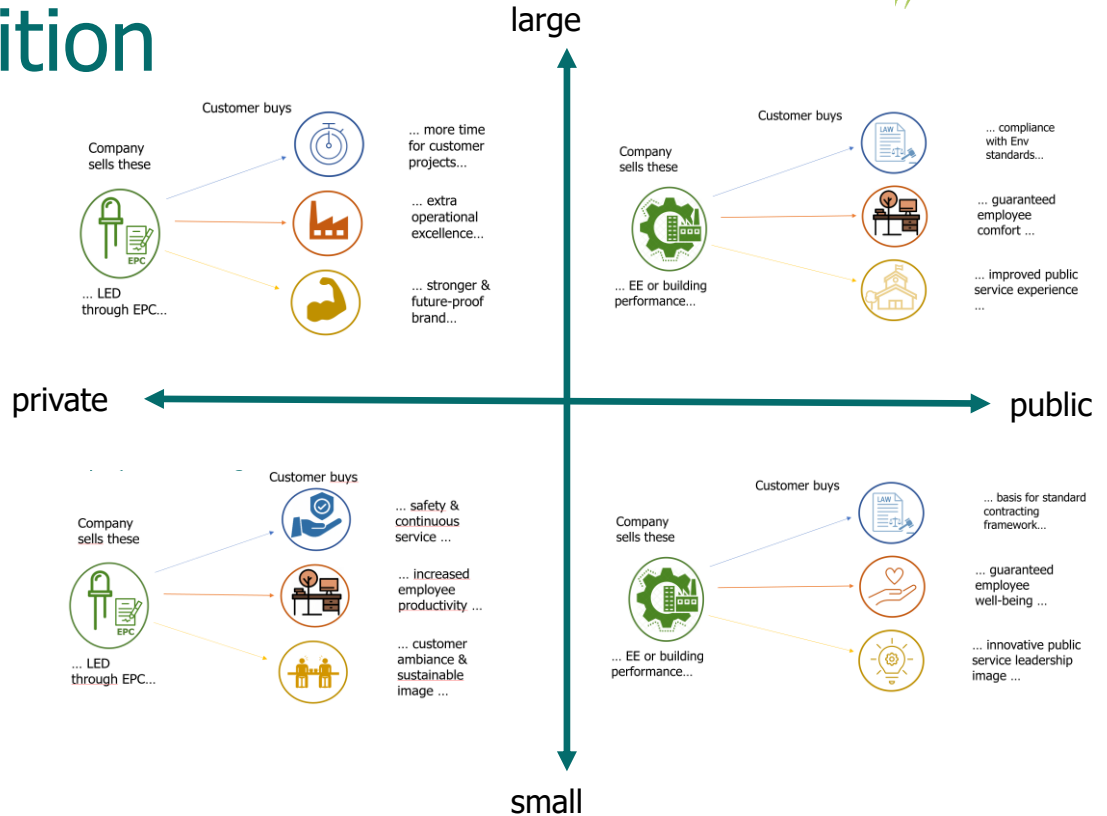
Customer-driven framing of your value proposition

For the 4 typical segments we provide examples on how to **frame your value in customer benefits supporting the end client's business.**

A single technical offer can be framed differently for various customer segments.

Make your own customer-driven framing and think through the various value clusters and individual value elements on how they can positively contribute to the end client's:

- **Proposition to their own customer(s)**
- **Risk drivers**
- **Overall business model**



Value proposition template

Make up a value proposition relevant for each of your specific target customer groups. Use this brainstorm template for doing so.

Step 1. Describe the target customer group you have identified earlier on in 2-3 words, e.g., an SME sector, commercial organizations in a specific region, municipalities or medium-sized cities.

Step 3. The most important challenge your typical target customer group has when it comes to realizing this ambition. Frame the challenge from the client's perspective and how it can be alleviated by your offer.

E.g., 'not enough time', 'not enough know-how', 'administrative burden of subsidy applications', 'investment budgets reserved for other strategic priorities'

For who want but we offer

Step 2. The main ambition of typical clients in this customer group that can be related to Energy Efficiency or sustainable energy assets.

Do this from the perspective of the client. Usually, companies do not aspire energy savings as such, but they are looking for opportunities to improve their own proposition.

Step 4. The services and activities you plan to offer towards the target customer group and why they are better than existing alternatives.

This needs to make 100% aligned with the client characteristics you have described before.

4. Customer-driven sales process



Validate leads early-on by asking the **right questions** and talking to the **right people**.

Use the following template as a reflection tool to **think through your relevant marketing & sales actions** for each phase in the sales process.



Practitioner cases

Practitioners contributing:

Loïc d'Assier (Calortech)

Anastasios Tasiosvas & Marianna Digka (Energineering Solution)

Alistair Brown (Lumenstream)

John O'Rourke (NEG)

Kaspar Osis (RCG Lighthouse)

Nektarios Moraitis (RESinvest)

Eimear Cahalin (Vivid Edge Limited)

Bartosz Kwiatowski (VPPlant)

Practitioners could contribute by sharing **experiences and cases, ideas** for template development, and actively participating in **group discussions**.

We present **three anonymized cases** from those discussions using the LAUNCH sales & marketing materials.

Practitioner case 1

Persona



Private sector



Medium - Large size

Organization

Sports group with top-tier football & basketball teams. Owning and operating stadiums, training and academy facilities.

Characteristics & Personality

John has been assigned as a Head of Facilities with experience in all aspects of soft and hard building services. He overlooks building managers and closely liaises with the Finance Director to approve his budget. He holds a Degree in electrical engineering.

Needs

Optimal operation of facilities, constant operation especially during official games and training hours, standards of living at academy halls of residence.

Key focus

To ensure electro-mechanical equipment is run in an optimal and smooth manner.

Organizational context

The group's main focus is to excel in the professional sports arena. However, their infrastructure facilitates better training as well as the image of the club. Major expenditure goes towards new transfers of players, leaving small percentages for building upgrades. They are keen to adopt EPC as long as the repayments do not affect other major (players) payments. Finance director decides.

John D. is working in a major football and basketball club (part of a Group of companies).

The group own a series of buildings:

- Football stadium
 - Basketball stadium
 - Training ground
 - Hotel
 - TV channel / studio
- Annual electrical energy consumption is 10 GWh with an expenditure of roughly €600K

DECISION-MAKING UNIT	Head of Facilities	Finance Director	CEO
Needs (“what is on their mind”)	To ensure electro-mechanical equipment runs optimally and smoothly	To control costs and manage P&L effectively	To increase group’s reputation, brand equity and improve financial stability
Marketing messages	Save energy and reduce risks, at no cost	Create value with off-balance sheet structures	Amplify your competitive advantage by creating a sustainable business that promotes sports and green energy
Tools to show value created	Real time monitoring and targeting	Mitigation of financial risk of investments to ESCO	Increase brand identity and brand recognition

Value proposition



For

commercial
sport clubs

who
want

- resilience
- reduced risks
- reduced operational expenditure
- an improved brand image

but

there is a lack of

- deep technical know how
- limited budget
- suitable personnel to optimally operate interventions

we
offer

- integrated studies and consulting
- energy performance contracts including third party financing
- O&M for the projects' lifetime



Practitioner case 2

Persona*



Private sector



Medium size

Organization

Industrial plant

Characteristics & Personality

John, is a high achieving professional, engaged in life-long education and very well updated in recent developments of his sector. He has been in this position for a long time, is highly respected and trusted by the plant owners.

Needs

- Minimising production costs
- Staying updated with environmental standards
- Zero interruption of the production process and operations
- Zero interfering with the product
- Maintaining strong financial and borrowing capacity

Organizational context

John realises there is a huge global shift towards sustainability and he aspires to be the one spearheading this transition into his company as the legacy he will leave behind.

Key focus

“I want to improve my company’s position with the minimum risk or interruption”

*No DMU was developed in this practitioner case

Value proposition



For

Owners or decision makers of small/medium sized industrial plants

who want

Reduced operating costs and additional income streams, for example through the use of captured waste heat;

but

- Do not have the capacity (expertise/ man-hours) to pull it through on their own and
- Also need help in financing these investments

we offer

- A set of packaged services in energy efficiency,
- that feed into each other and span the whole range of requirements from preliminary energy audit to implementation of innovative solutions,
- in accordance with client preparedness and awareness of what energy recovery entails to,
- including - but not limited to - helping them gain detailed insight into investment opportunities and working together on how to access them.



Practitioner case 3

Persona



Private sector



Medium size

Organization

Group of
serviced office
parks

Characteristics & Personality

David is a shrewd businessman who cautiously weighs up all risks

Needs

Reducing facility operating costs while improving user comfort

Organizational context

David has been presented with an opportunity to cut costs across his estate of office parks. This is particularly attractive since he is trying to mitigate COVID-driven revenue losses to his business.

Key focus

I need to cut costs and minimize risks

DECISION-MAKING UNIT	CEO	Legal Dept	Site Manager
Needs ("what is on their mind")	Cut costs, reduce risks	Identify all risks related to the proposal	Improve infrastructure & user comfort
Marketing messages	Risk-free way of reducing costs	"This is essentially an operating lease" – make it as standard as possible	It's all about providing upgrades to your facility
Tools to show value created	Savings projection, EPC Education Kit	Project proposal incl. contract T&Cs, EPC Education Kit	Project proposal, EPC Education Kit

Value proposition



For

Serviced Commercial
Premises Operators

who want

To reduce costs, improve
facilities and user comfort

but

Do not have the
budget to purchase

we offer

A building upgrade, in exchange
for a monthly fee resulting in Net
Monthly Savings





Thank you!

Bart Devoldere, TNO
Mirjam Groote Schaarsberg, TNO
Federica Abbinante, Joule Assets

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