

**CARBONSYSTEMS REBRANDS AS ENVIZI TO CEMENT ITS ENERGY VISION**  
**JULY 2013**

**V** **ERDANTIX**  
The Authority On Sustainable Business

# CARBONSYSTEMS REBRANDS AS ENVIZI TO CEMENT ITS ENERGY VISION

July 2013

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## EXECUTIVE SUMMARY

On July 22nd, 2013, Australian-headquartered enterprise energy and sustainability management software firm CarbonSystems announced that the firm is rebranding to Envizi. To hear more about the brand repositioning, Verdantix spoke with Envizi's CEO, David Solsky. This report analyses the decision to remove 'carbon' from the firm's logo and how Envizi successfully extended its capabilities from carbon management software to enterprise energy and sustainability management software. Verdantix heard Envizi is casting its eye on the US market, where Verdantix forecasts that corporate spending on energy management systems – including software – will grow at a 5% compound annual growth rate (CAGR) from 2012 to 2017. Envizi plans to drive sales through an ecosystem of energy services partners including consultants, real estate investors, utilities and facilities management firms.

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### ORGANIZATIONS MENTIONED

AGL, C3, Carbon Guerrilla, Carbon Hub, CarbonNetworks, CarbonSystems, CarbonView, CloudApps, Cofely, Colliers International, Commonwealth Bank, CRedit360, Enablon, Energetics, EnergyAdvice, EnergyQuote JHA, Envizi, ENXSuite, Fellow-McCord, GPT Group, Hara, Hubsphere, IBM, IHS, Infor, Intelligent Pathways, International Monetary Fund, Johnson Controls, Microsoft, MITIE, Pace Global, PE International, Schneider Electric, Siemens, Summit Energy, Utilyx

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## CARBONSYSTEMS REBRANDS AS ENVIZI TO CEMENT ITS ENERGY VISION

On July 22nd, 2013, CarbonSystems announced that the company is rebranding to Envizi. To hear more about the corporate brand repositioning Verdantix spoke with Envizi's CEO, David Solsky. Verdantix heard that Envizi has:

- **Dropped carbon from its logo and brand positioning statement.** In 2007 and 2008, when climate change first appeared on the corporate agenda, a number of start-ups developed carbon management software and placed carbon prominently on their logo and brand positioning (see Verdantix Green Quadrant Carbon Management Software (Global) 2009). But in recent years, several of Envizi's competitors have shed their carbon image. In June 2010, CarbonNetworks rebranded to ENXSuite before its acquisition by Infor in September 2011 (see Verdantix Infor Shifts From Facility To Enterprise Energy Management) while in 2011, Carbon Hub rebranded to Hubsphere, before its acquisition by consulting firm Carbon Guerrilla, currently in liquidation.
- **Shifted its go-to-market strategy to B2B markets.** Envizi is expanding its partnership network moving towards a channel-based sales model. Envizi expects 75% of new revenues to be generated through these sales channels by 2015, with the remaining 25% from selling direct to corporates such as its existing customers Commonwealth Bank and Microsoft. Envizi wants to provide energy consultants, real estate management firms and utilities with an underlying software platform that they can use to deliver their energy services provision. This new sales channel strategy is a key driver behind the rebranding. A firm titled with carbon that offers energy services will be immediately challenged on its energy credentials.
- **Strategically targeted the US energy and sustainability market.** The US economy is beginning to show signs of recovery, with the International Monetary Fund forecasting GDP growth at more than 2% year-on-year through to 2017. Verdantix projects that US corporate spending on energy management systems – including energy management software – will grow at a 5% CAGR from 2012 to 2017 (see Verdantix US Sustainable Business Spending 2012-2017). Envizi believes now is the right time to step up marketing efforts to establish its presence in the US market. Pre-empting questions around energy credibility is another key driver behind the firm's rebrand.

### Envizi Navigated Its Way Through The Carbon Software Boom And Bust

Rebranding to Envizi goes beyond changing the logo and colour scheme. It represents the end of a gradual shift in the firm's business strategy and competitive positioning away from carbon and towards energy and sustainability management. Verdantix finds that since its official launch in 2009, Envizi has successfully managed its journey from a carbon management software supplier to an enterprise energy and sustainability management software supplier by:

- **Taking advantage of favourable home market conditions.** Where competitors C3 and Hara are heavily backed by venture capital funding from Silicon Valley, Envizi has been funded more modestly through private capital (see Verdantix Hara Fund Raising

Pressures Competitors). Headquartered in Sydney, Envizi initially focused on its home market Australia, investing less significantly in European and North American markets. Verdantix analysis finds that this was a wise decision. Australia has been a more stable marketplace for investments in energy efficiency as GDP growth has remained above 1.4% since 2003; energy prices are amongst the highest in the world and continue to rise; there are regulatory incentives in place such as a carbon tax and the National Australian Built Environment Rating System (see Verdantix Carbon Price To Boost Australian Sustainability Market).

- **Early investment into the underlying data and integration platform.** Envizi is a multi-tenant SaaS platform built upon a Microsoft SQL Server, which allows the processing, storage and management of very large data sets. The developers built Envizi with scalability in mind: customers can deploy Envizi across multiple servers in different locations to match their data requirements. The platform also integrates and captures information from siloed systems including existing BMS and ERP systems, and stores cleansed and formatted data in the Envizi databases. Unlike platforms originally designed for reporting, where data are captured on a weekly, monthly or annual basis, Envizi captures energy data in near real-time, allowing firms to actively manage their energy consumption. These factors differentiate Envizi from the lightweight carbon reporting apps in its energy data management capabilities.
- **Widening capabilities beyond carbon reporting to energy management.** Envizi's carbon and energy reporting capabilities have helped it secure a leading position in the Verdantix benchmarking study on energy management software suppliers for two consecutive years (see Verdantix Green Quadrant Energy Management Software (Global) 2013). Envizi has also placed its product development emphasis on core energy management capabilities such as utility bill management, project and portfolio analysis and scenario modelling. By building the software's business benefits around energy efficiency and energy cost management Envizi's value proposition is appealing beyond the Australian market. Other Australian-headquartered software firms such as CarbonView and Intelligent Pathways will find it difficult to establish themselves in markets not under strict carbon regulations.

## Energy Market Drivers Resonate Amid A Weakening Low-Carbon Agenda

Envizi achieved initial success in its home market of Australia and has since navigated its way through the boom and bust of the carbon software market through early investment in an energy data and integration platform. Verdantix finds the following market drivers compel software suppliers to shore up on their energy management capabilities:

- **Weakening carbon markets.** Collapsing carbon trading schemes, such as the European Union Emissions Trading Scheme and the US Regional Greenhouse Gas Initiative, have made it difficult to build the business case for investing in carbon management. Previous Verdantix research found that only 25% of the 250 firms surveyed stated that delivering on CO<sub>2</sub> reduction targets is a very important factor in convincing the CFO to fund energy management initiatives; only 6% of respondents from the US identified this as a very important factor (see Verdantix Energy Leaders Survey 2012: Data Tables). As

energy is already a line item on firms' bills, the business case is more visibly tied to energy prices.

- **Crowded software market for sustainability reporting.** Sustainability reporting has grown rapidly since it started in the 1990s creating a market for auditable and secure software platforms to replace spreadsheets (see Verdantix Sustainability Reporting Frameworks Gain Global Traction). This market has attracted over 100 software suppliers engaged in a land grab. Players include sustainability management information specialists such as CloudApps, CRedit360, and PE International that provide carbon target setting capabilities; EHS software firms such as Enablon and IHS that implement environmental compliance and GHG reporting systems for emission intensive firms; and software suppliers strong in traditional energy management, such as IBM and Johnson Controls that report associated carbon emissions linked to energy usage (see Verdantix Green Quadrant Carbon and Energy Management Software (Global) 2010).
- **Sustainability shifting from a reporting to an operational challenge.** Over half of sustainability leaders (53%) reported that improving energy management is a very important area for sustainability improvement, whereas 41% of respondents placed high importance on improving sustainability reporting (see Verdantix Global Sustainability Leaders Survey: Budgets and Priorities). Lightweight sustainability reporting apps will be squeezed out of the market unless they can respond to the needs of heads of sustainability, by asserting greater control over operational areas that affect their ability to deliver results.
- **Energy is increasingly measured as a performance management metric.** Where electricity prices are high, firms seeking to reduce their exposure no longer treat energy as a fixed operational cost, but an asset to be managed. With increasing CFO ownership of the energy agenda, energy management programmes require strategic decision-making around energy efficiency investments, switching fuel, deploying renewable energy sources, or adopting a new manufacturing process that lowers emissions. To support a robust energy management programme, a new class of energy intelligence has emerged that links energy data with business performance metrics (see Verdantix Smart Innovators: Big Energy Data Software).

## ENVIZI'S BUSINESS STRATEGY WILL DEPEND ON EXPANDING ITS ENERGY NETWORK PARTNERSHIP

Rebranding CarbonSystems to Envizi redefines the firm's vision from helping corporates with their climate change mitigation to providing corporates with greater visibility and control over their energy consumption. For Envizi to achieve its energy vision in the US market, the firm will need to increase its network of energy services partnerships to establish the sales channel to the Energy Director or CFO. Specifically, by working with:

- **Energy consultants competing with budding end-to-end energy solutions.** Recent acquisitions of energy sourcing and procurement services firms Summit Energy (in

2011, by Schneider Electric) and Pace Global (in 2012, by Siemens) have signalled the beginnings of an end-to-end energy services market that links up both demand-side and supply-side energy management (see Verdantix Energy Services Market Heats Up As Siemens Acquires Pace). Energy management software firms can bolster the data and analysis capabilities, and extend the geographic reach, of smaller and regional energy consultants to compete for larger energy services contracts. Envizi has already established partnerships with Fellon-McCord in the US, EnergyQuote JHA in the UK and Energetics and EnergyAdvice in Australia (see Verdantix Energy Management Software & Services Partnerships Map).

- **Facilities management firms chasing higher margins.** Traditionally, facilities management – ranging from cleaning to environmental services – has been a low-margin business characterized by a reliance on contractors. Facilities management firms such as Cofely and MITIE are attempting to differentiate themselves from competitors and expand revenue streams through the provision of energy services (see Verdantix MITIE Acquires Utiyx To Boost Energy Services). As energy has become the most complex area of facilities management, an additional premium for the delivery of year-on-year energy savings can warrant higher fees. Envizi has worked with real estate services firm Colliers International to produce Envirometrics, a platform that provides building managers and owners the information they need to better manage building environmental performance and compliance reporting requirements.
- **Real estate investment firms managing portfolio-wide energy efficiency gains.** The growth of disclosure requirements in Australia, Europe and the US has forced building owners and occupiers to obtain energy consumption data to report and analyse the energy performance of their buildings (see Verdantix How Big Energy Data Adds Value In Commercial Real Estate). Property developers can invest in enterprise energy management software to allow property managers to monitor and report on each building asset and to benchmark each building’s energy performance against the rest of the portfolio. For example, GPT Group, which owns and manages AUD14.3 billion (\$14.6 billion) of office, industrial and retail property in Australia, uses Envizi to automatically capture data from smart meters and utility bills across two million square feet of real estate.
- **Utilities building out energy efficiency service lines.** Increasingly large utilities are moving away from their traditional business model of power supply by placing greater emphasis on deeper levels of customer engagement through the provision of energy services (see Verdantix The Future Of Energy Management). Utilities can invest in customer engagement platforms to help plan and administer their energy efficiency programmes to their customer base. Australia gas and electricity retailer AGL uses the Envizi data management platform to provide its industrial and commercial customers with AGL Insight, a web-based reporting platform for energy and emissions data.

## About Us

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Verdantix is an independent analyst firm. We provide authoritative data, analysis and advice to help our clients succeed in the world of sustainable business. Through our global primary research and deep domain expertise we provide our clients with strategic advice, revenue generating services, best practice frameworks, industry connections and competitive advantage.

## Our Research Coverage

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### ENERGY

Building Energy Efficiency  
Energy Management Software  
Energy Policy  
Energy Services  
Energy Strategy  
Energy Technologies  
Industrial Energy  
Management  
Renewable Energy  
Smart Grid  
Utilities & Infrastructure

### ENVIRONMENT

Arctic Economy  
Carbon Management  
Climate Change  
EH&S Software  
Environmental Risk  
Management  
Environmental Services  
Product Lifecycle  
Assessment  
Resource Scarcity  
Sustainable Cities  
Water Management

### SUSTAINABILITY

Employee Engagement  
Social Responsibility  
Sustainability Assurance  
Sustainability  
Communications  
Sustainability Consulting  
Sustainability Innovation  
Sustainability Reporting  
Sustainability Software  
Sustainability Strategy  
Sustainable Supply Chain

## How Our Clients Benefit

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Through annual access to Verdantix reports, data and webinars as well as drawing on the expertise of the analyst team, our clients achieve the following:

- Faster internal sign-off for project funding and annual budgets
- Improved strategic decision-making on energy and sustainability
- Enhanced understanding of competitive position
- Accelerated revenue growth for energy and sustainability offerings
- Reduced risk in supplier selection
- Increased brand profile in the energy/sustainability ecosystem

## Contact Us

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