

# PHILIPS

sense **and** simplicity



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Sustainable Lighting Division  
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# What We Will Cover

- Brief Introduction to Philips
- City of Boston
- Partnership with AlabamaSaves
- Launch & Implementation of Program
  - Finding the “Energy Targets
  - Process & Marketing Plan
- Program Details
- Best Practices and Other Models

# Breaking News



## **U.S. Department of Energy Awards L-Prize to Philips Aug 3, 2011**

- Philips LED L Prize Lamp--a major technological leap forward for LED replacements
- Converting every U.S. socket from 60W incandescent lamps to 10W L Prize lamps would :
  - save approximately 35 terawatt-hours of electricity in one year, and
  - avoid 20 million metric tons of carbon emissions

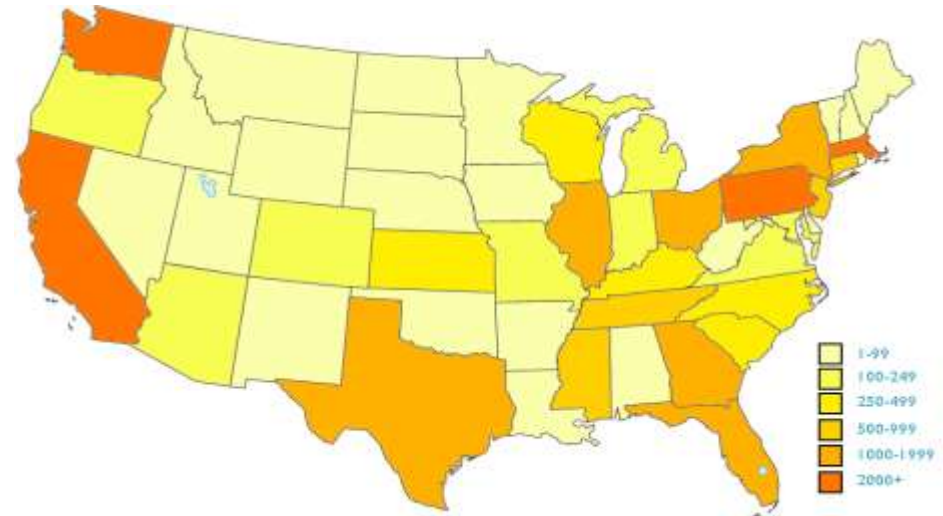
# Introduction to Philips

## Royal Philips Electronics

- Headquarters in Amsterdam, The Netherlands
- Founded in 1891
- Over \$30 billion sales
- Over 120,000 employees
- Three business sectors: healthcare, lighting, consumer lifestyle
- Largest Lighting Company in the World with all offerings: lamps-controls

## Philips in the US

- Lighting HQ: Burlington, MA
  - 20 US manufacturing facilities located in MA, MS, KS, CA, NY, NJ, IL
  - Most lighting products sold in US are made or assembled in the US



**PHILIPS  
GUTH®**

**Ardee**  
LIGHTING

**LUMEC**

**ONLYTE**

**CHLORIDE  
SYSTEMS**

**LIGHTOLIER®**

**CAPRI**

**mcPhilben®**

**Hanover**  
LANTERN, inc.

**LAM**  
PERFORMANCE INDIRECT

**crescent**  
LIGHTING

**dac**

**Ledelite**

**Exceline**

**THOMAS®**  
LIGHTING

**FORECAST**



**EMCO  
LIGHTING**

**ALKCO**



**Day-Brite® Lighting**

**Widelite**

**HORIZON**

**Quality Lighting™**  
A DIVISION OF JJI LIGHTING GROUP, INC.



**HOFFMEISTER**

**Lite-Energy**

**STONCO**

**Gardco Lighting**

**ALLSCAPE®**



**HIGHLITES**  
Life Safety Products

**LIGHTOLIER®  
CONTROLS**

**NightLife**  
Landscape Lighting

**VARI\*LTE®**

**omega**  
LIGHTING

**METROLUX™**  
Building Lighting Solutions

**specialtylighting**

**HADCO®**

**Morlite**

**TRANSLITE**  
  
**SONOMA**

**VISTA**  
Healthcare Lighting Solutions



**Strand**  
LIGHTING

**Entertainment Technology**

**CANADIAN DIVISION  
THOMAS  
LIGHTING**

**Shakespeare  
Composite Structures**

# Voice of the Customer...

**"Everyone seems to be doing pieces of this. I can finally go to one source to manage the energy in our facilities"**

**"The financing aspect of this program allows us to upgrade our buildings and receive positive cash flow"**

**"Today we have to work with multiple vendors to complete a job. Working with one company will be much easier and save us time and money."**

**"We are looking forward to having a strategic lighting partner."**

**"We really like the idea of all subject matter experts coming together to meet our needs"**

**"Philips brings credibility to this"**





# New Ideas



**LEDGINE**

## Future-proofing your LED luminaire investment

You can invest in LED lighting technology today and take advantage of future advancements

### **The time is right**

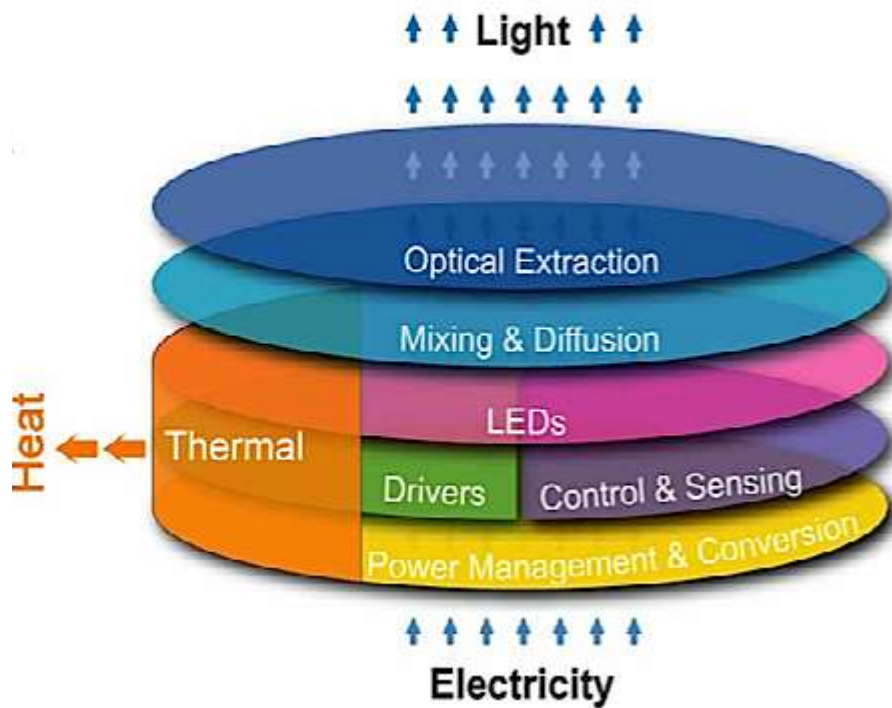
Philips is doing its part to help building owners create a more appealing and safer environment by applying new LED lighting solutions. Philips has developed LEDGINE, a unique and upgradeable light engine platform that will maintain pace with improvements in LED modules and drivers. LEDGINE is a global platform with a new, future-proof design that simplifies light engine replacement so you don't get left behind.

### **LEDGINE—the future-proofing solution**

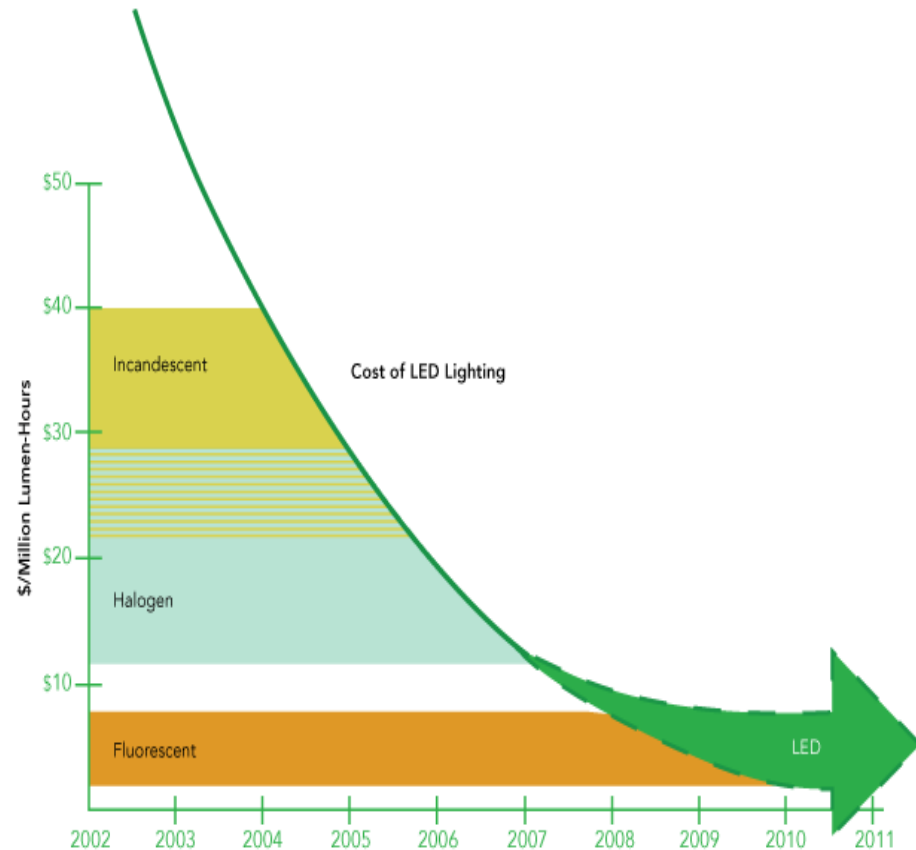
The introduction of future-proof Philips LEDGINE technology makes it possible to upgrade your lighting with confidence. Luminaires with Philips LEDGINE inside provides the perfect solution because your fixture can be instantly upgraded by simply switching modules. You can create a more pleasing and appealing environment today knowing you are protected in the future as new, more efficient technology develops.

# LED Lighting Systems

It takes a lot to do it right!



Price & performance improving rapidly!

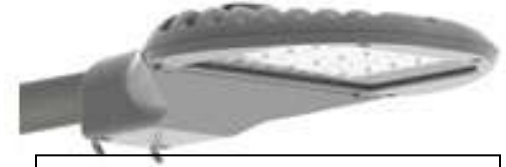


Cost of Light includes: lifetime, source efficiency, energy cost, replacement cost of lamp/fixture, labor cost

Source: Philips; Research conducted with white LEDs only; Philips estimates, and are not indicative of future performance



# City of Boston Street Lighting Upgrade to LED



- Upgrading 14,000 municipally owned Mercury Vapor cobra head street lights to LED.
- Our flexible LED solution used for various different types of streets throughout the city.
- Sleek profile enables seamless integration.
- LED lighting part of Mayor Menino's on-going Green Boston initiatives – Boston recently named "3rd Greenest City in North America" by *Popular Science* magazine.
- Benefits include:
  - Energy savings, eliminates CO2 emissions.
  - Long life, high reliability reduces outages and maintenance costs.
  - Crisp, brilliant white LED light enhances visibility, eliminates over lighting, improves the quality of light.

*"With these new LED street lights, Boston continues to live up to its reputation as one of the greenest cities in the country. Not only do these lights help reduce greenhouse gas emissions, they also save the City money in tough economic times. We're excited to add these aesthetic and durable lighting fixtures to our streets!"*

Thomas M. Menino,  
Mayor of Boston

<b>Payback</b> (in years)	<b>Total Annual Energy Savings</b> (in KWh)	<b>Total Annual Lighting Cost Savings</b> (energy + lamps + labor)	<b>Metric Tons of CO2 Eliminated*</b> (per year)	<b>Cars Off The Road*</b> (per year)	<b>Gallons of Gasoline Saved*</b> (per year)	<b>Barrels of Oil Saved*</b> (per year)
<b>4.96</b>	<b>8,904,890</b>	<b>\$1,327,208.27</b>	<b>6,141</b>	<b>1,204</b>	<b>688,392</b>	<b>14,280</b>

*\*Conversion factors for sustainability calculations courtesy of the U.S. Environmental Protection Agency (U.S. EPA).*

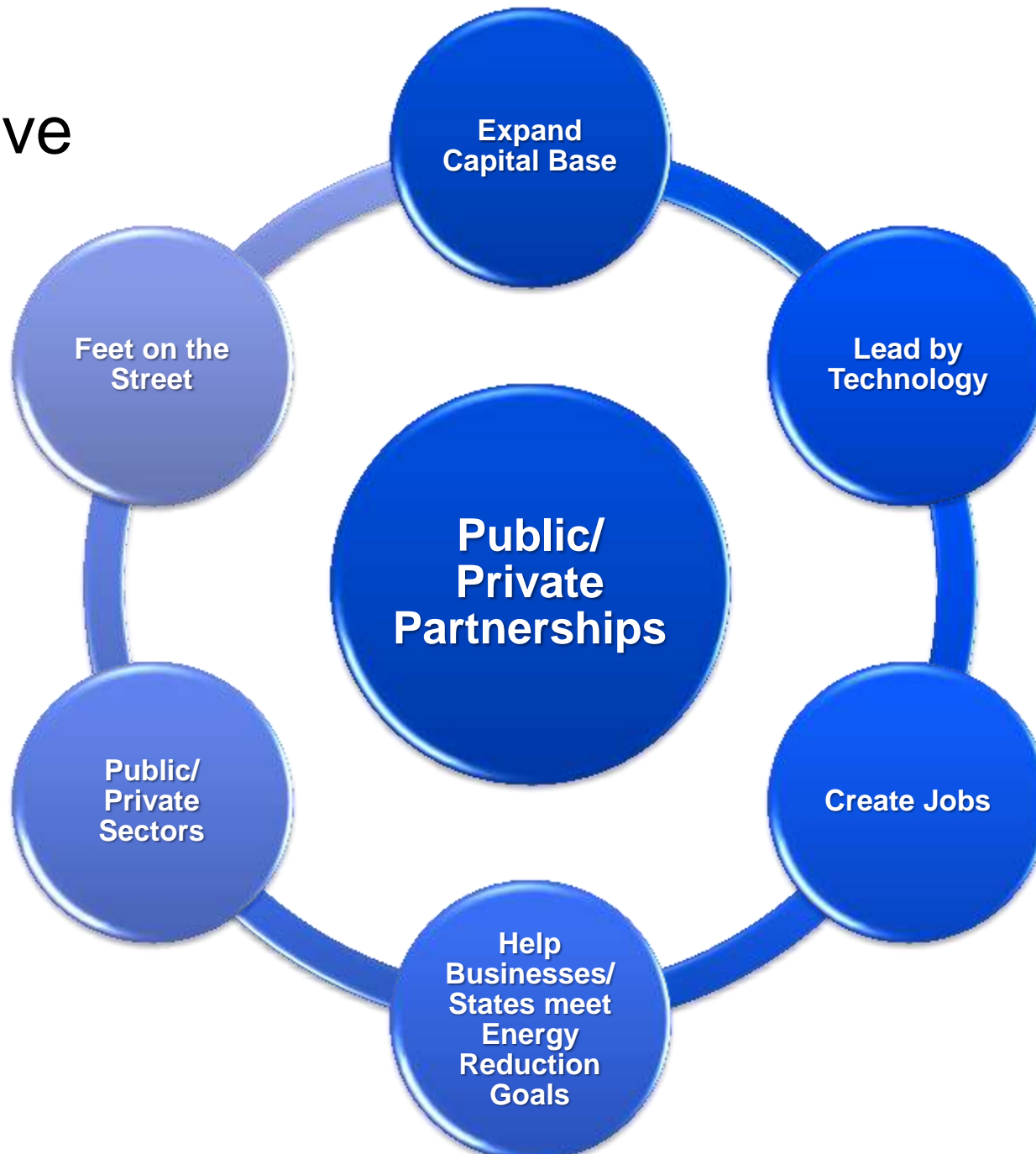
# City of Boston



# City of Boston



# Objective





# Philips/AlabamaSaves Partnership

**Mission:** *Through the use of public private partnerships, leverage state & local funding to directly engage with Alabama businesses to reduce energy consumption through EE turnkey lighting solutions.*

- AlabamaSAVES selected Abundant Power as the administrator to expand the program with private capital
- \$9m in financing will be provided by Philips Financing at a rate of 2%
- Financing is backed by a \$2M escrow account
- Philips Lighting will be the sole provider for lighting upgrade projects (retrofits) to leverage these funds
- Program must be concluded within 12 months (end of June 2012)
- Minimum loan size for any project is \$50,000
- Projects and funding only applied to entities not publicly owned
- Weaver Cooke Construction will be the project integration partner

# State-Wide Approach

- Alabama Power
- Economic Development Associations
- Radio & TV Ads
- Philips driving the program

## AlabamaSAVES™

An innovative, public-private financing program through which Philips will provide comprehensive energy-efficient lighting improvement projects on behalf of commercial and industrial customers.

**One Stop Financing for Lighting Projects**

The AlabamaSAVES™ energy financing program, in conjunction with Philips, will help Alabama businesses reduce their energy costs through turnkey lighting solutions. Created by the Alabama Department of Economic and Community Affairs (ADECA), the program is administered by Abundant Power Group – which leverages public funds with private equity for greater impact and increased savings. Program uses local electrical contractors – creating jobs throughout Alabama. Together these trusted partners and industry leaders provide a single, simple source to help Alabama conserve energy and save money, while expanding employment opportunities across the state.

**AlabamaSAVES**

- 100 percent financing for turnkey, energy-efficient lighting projects
- Low interest rates, locked in at 2%, allows companies to preserve their available capital assets and maximize liquidity
- Project funding covers energy audits, design, equipment, installation and disposal services
- Quick turn around - financing issued within 72 hrs of application approval
- Return on investment is less than 4 years
- Easy to use program, with a single application to finance all of your lighting requirements – call or email us today at 781-418-7975 or becausephilips@philips.com

**Benefits of Program**

- Leverages existing public funds through public-private financing model for lighting projects
- Helps the state meet its energy, environmental and economic goals
- Reduces energy use and costs through lighting retrofits and upgrades
- Creates local job opportunities
- Utilizes reliable, diverse products that are easy to use and maintain
- Funding can be used for both indoor and outdoor commercial lighting

**ALABAMA**  
Sustainable and Profitable Energy Savings

**WEATHERS CHOICE**

**PHILIPS**  
LIGHTING CAPITAL

**alabama.gov**

**ABUNDANT POWER**  
Power Solutions for Every Business

**ADECA**  
Alabama Department of Economic and Community Affairs

**PHILIPS**  
sense and simplicity



# Finding the “Energy Targets”

## Four part approach

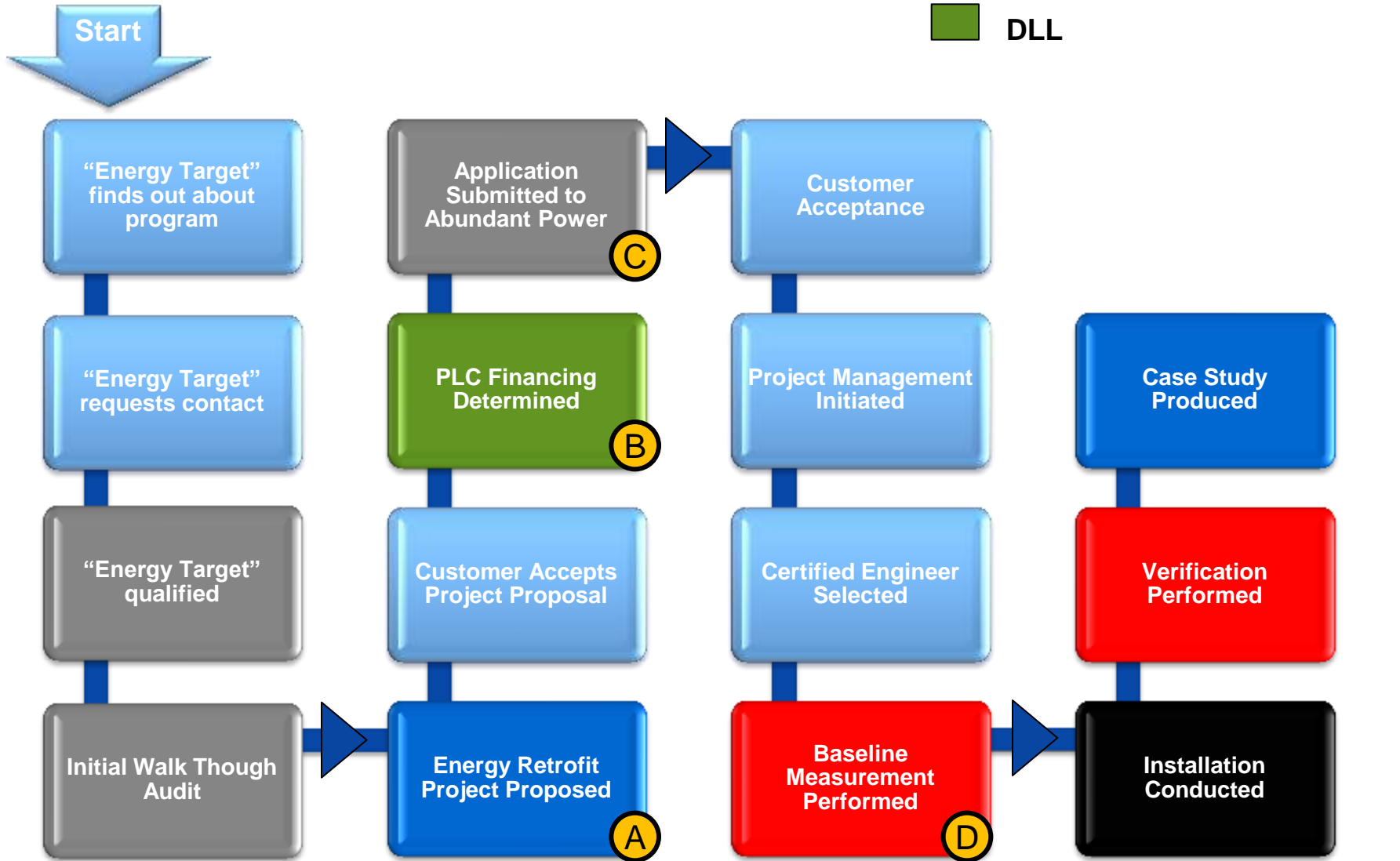
1. Direct Targeting by Sales Personnel
2. Leverage Partners to identify targets
  - One Page Marketing Collateral
  - Press Release
  - Website Toolkit
3. Proactive Approach-
  - Engage Chamber of Commerce
  - Engage Utility Companies
  - Engage State Government
  - Channel Partners
    - Outreach/training
4. Other Media Outlets
  - Referral Site/Radio
  - Roadshows

**“Energy Hogs”  
Identified**



[www.energyhog.org](http://www.energyhog.org)

# Process



# Marketing Plan



- Awareness
  - Press Release
  - One Page Program Overview
  - Partner Website Pages
  - Roadshows
  - Direct Targeting
- Interest
  - Leverage online energy calculators
  - Dedicated websites: i.e. [asimpleswitch.com](http://asimpleswitch.com)

# Marketing Plan



- Evaluation
  - Sales statistics
  - Market response
- Action
  - Continue sales activities toward closing business
  - Continue contact/follow-up
  - Increase pipeline
- Retention
  - Close business
  - Get viral business (word of mouth) via associations

# Program Details

- 2% Interest rate
- 100% project financing available
- Terms 36 to 84 months
  - Terms beyond 84 months will be considered for financially strong customers and projects greater than \$500K
- Costs Included in the financing
  - Equipment
  - Labor
  - Disposal of old assets
  - Consulting fees (EPAAct)
  - Measurement & Verification costs
  - Commissioning Cost- if needed

# Program Details

- Qualification Performed by PLC
  - Philips Lighting Capital – Financing Application
  - Philips Project Proposal document
    - Must yield at least a 20% reduction in Kw
- Initial credit decisions will be provided by PLC within 24 hours of receipt of the above documents
- Application will be reviewed by *Abundant Power* for formal approval within 48 hours
- Documentation
  - PLC will prepare, send and complete the documentation package with the customer
  - Upon receipt of executed document package PLC will issue a Purchase Order to Philips for the project



# Financing Model

- Philips Lighting through Philips Lighting Capital can enter into public private partnerships with any or all state governments.
- Leverage Governments' existing funds to expand capital base-helps cities achieve their energy reductions targets and reductions in Co2
  - Loan loss reserve funds can be leveraged up to 10 to 1
  - State and or municipal entities to conserve their funds in order to maximize their liquidity
  - Funding can be used for private and public sector projects
  - Public Sector-tax exempt lease funding in on par with bond rate
    - Cities will not occur the fees associated with issuing bonds
- 100 percent funding for turnkey energy efficient lighting projects-(not performance contracts)

# For More Information

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# **QUESTIONS and ANSWERS**



