

Behind the Spreadsheet with Leendert Enthoven

Bruce Johnson (00:04.804)

Well, welcome, Leendert. It's great to have you here today. Very excited to share who you are and what you do with the Capstan family. As you know, we've been having some conversations with different folks outside of the Capstan subjects. And you and I have known each other for a very long time. And as we talked about, really wanted to get an opportunity to have you join us and share really the interesting things that you've been doing for people around the country for a long time. And so if you could, Leendert, introduce yourself, maybe give a little bit about your background for our listeners.

Leendert Enthoven (00:46.675)

Thank you, Bruce. Thank you for inviting me to this show. I appreciate that very much. So yeah, I'm from the Netherlands. I was born and raised over there. That's why you hear this funny accent. I always get that out of the way first. I went to the University of Technology in Delft. I became a master of mechanical engineering over there. Started working for Phillips in 1993, it was in that year. Started to work for Philips in almost every place in the Netherlands that they had at that time over there in the lighting division, like many different offices and factories that they had. Then worked for a while in Poland, worked for a couple of years in Belgium.

Then in 2004, they moved us over here to the US to work at the headquarters for Philips.

Bruce Johnson (01:51.204)

By the way, with regard to the accent, I hear that all the time about my accent as well, Leendert. So don't worry about it. It's got you covered there. So what you do now is so interesting, at least for me, because of my energy background. But I think the field of utility rebates is something that is not too commonly known, but I know from my past experience can be a very, very significant asset for business owners to be able to tap into. So how did you come into that field? Is that through the Phillips relationship or your Phillips experience? It's kind of a diverse area. So how did you get into this?

Leendert Enthoven (02:34.459)

That is right. It all happened initially through Phillips lighting here in the US. So again, in 2004 we moved here to the US. I started to work here at headquarters in Somerset, New Jersey. And I was in product management, working on these new high-tech lighting technologies that could be used in big retail stores to save a lot of energy. They basically were meant to replace halogen reflector lamps, the kind that they have in these big retail stores like Bloomingdale's and Macy's and all these fashion stores. At that time in 2004 and so it was all halogen like 16 watts 90 watts you know high voltages and now with this new lamp you could go down all the way to like 20, 25 volt or so. However, those lamps were very expensive. They were like \$60 per lamp.

The electric utility companies were desperate to move everyone to these energy saving lamps in retail. So they came out with all these rebates for this new technology. And the rebates were through the roof. They were often up to the cost of the lamp. So up to \$60 a lamp.

The problem though is that in the United States there's 3000 utilities and you know, about half of them have rebate programs and all these rebate programs are different. Different dollar amounts, different procedures, everything is different. So these big retailers were struggling with this topic to find the monies and then later on to capture the monies. And we also, as Phillips, were really struggling with the topic because we had no clue how this worked. And so at some point I was like, *wow, there must be companies that have this expertise that we as Philips can team up with and partner with and that then they would advise where all these monies are and then later on capture all these rebates on our customers' behalf.* So I looked around and could not find anybody. So at some point I was like, wow, I always in my life wanted to become an entrepreneur one day and here I am. This is going to happen.

Bruce Johnson (05:11.196)

Yeah, it's really interesting. My distant background was actually working for a utility that was getting into that as well. So what's really interesting to me is, as you and I have developed a relationship over the last, I don't know, 15 years, is to see how you've grown. And obviously this has a national footprint. So each state, each utility within the state can be very different. So this is probably a difficult question to answer because as you said, there's roughly 3000 utilities within the United States -- Is there kind of a general practice that you see that how they structure them? Is it by property type, by energy use, whether it be electric, gas or whatever? Do you see kind of a general formula or is it very unique from utility to utility?

Leendert Enthoven (06:12.051)

So there's different rebates for lighting and the main types of rebates. You have prescriptive rebates, which is basically a specific dollar amount per lamp or per fixture or per control and so. And then you have the custom rebates or performance-based rebates, where it's basically some kind of calculation based on the kilowatt saved or kilowatt hours saved or some kind of formula there.

As LED lighting matures over the years, more and more of the rebate programs typically move into the more prescriptive rebate programs where you have a set dollar amount. However, they will have different dollar amounts, and then they have different processes. Some require photos before and after, some don't. Some need detailed photos, some only need the main photos. Some need a pre-inspection prior to installation, some others don't. It's all different, so you really need to know the fine print in order to be able to capture these monies.

Bruce Johnson (07:47.428)

So, Leendert, we might have some listeners that are intrigued as to *why* utilities are doing this. Could you maybe share a little bit about why utilities do this? I'm sure they don't want to give away money all the time.

Leendert Enthoven (08:05.787)

So basically at a high level, it all has to do with the push to drive the economy away from fossil fuels. And, at basically the high level, there's like three different main topics that are being pushed.

The first is **energy efficiency**, to reduce usage of whatever the energy source is. That helps. Then second is to **push to renewables**, renewable energy. There you can think about wind and solar. Then the third big topic that is getting traction the last few years and is going to be big the next 10 - 15 years is the **electrification** of the economy. A lot of devices that currently get their energy source from fossil fuels, need to become electric power driven. So basically heat pumps, for instance, to heat and cool people's homes instead of using gas. Or think about electric cars.

So, with these three main topics, that is where they drive the monies in the economy through rebates and incentives. So energy efficiency, renewables and electrification. Yeah.

Bruce Johnson (09:55.972)

This is not just for commercial business, but for residential as well. Any type of energy usage, depending upon the utility could be offering incentives for a variety of customers right?

Leendert Enthoven (10:20.435)

Correct. And we always have been a player with our services in the commercial arena. So it's not entirely true because we, we all, over the years we have more and more to software. So maybe I should describe a little bit our services and where that pitches in, in your audience.

Bruce Johnson (10:45.036)

Yeah, I was going to say that I know over the years your model for supporting your client base has changed. So yeah, please definitely share how that's kind of started and where you are today.

Leendert Enthoven (10:58.643)

Okay, yeah. So indeed, the journey is basically over the 15 years from 2008 when I started the business till today, has been basically in three waves that we went through our services. So the first, big service that we started was rebate processing. Mostly 95 % of that was rebate processing

for lighting retrofits across the entire United States and Canada. So basically doing all the paperwork on behalf of national accounts primarily.

It was around 2016 that we said, Hey, there's so many lighting companies that are interested in finding the rebate monies and not interested in doing the rebate paperwork [because either they do it themselves or they push it on to the customer to do to let them do the rebate paperwork.] They were struggling to quickly and efficiently find the rebates for lighting. So we then said, *Hey, but wait a minute, we have this very big database with all these rebates for commercial lighting that we used internally to do all these projects. Why don't we make that database more user friendly and that other people can use it.* And that's basically what we did. We redesigned that database. We introduced a software package which we called Rebate Pro for lighting that other companies, either mostly lighting companies like contractors, distributors, consultants, but also end users could use to find all these rebates for lighting.

Now fast forward to the third service. What happened there is that just before the pandemic, I think it was like 2019 or so, we got more questions from the lighting industry, hey we know what you can do for these services for lighting rebates but can you provide these services also for EV charger, EV charging stations, you know, the rebates for EV charging stations. And then the pandemic hit. So, you know, business suddenly became slow for us. Our staff had very little to do for a while and we were like hey, *why don't we use this time to basically take the software that we had, the Rebate Pro for lighting and redesign that and make a specific software package for EV charging stations*, and that's what we did. We developed that and launched that into the marketplace in 2000.

It was two and a half years ago basically and that has been an enormous success. There's lots and lots of companies that really want to find these rebates and incentives and grants and tax credits for EV charging stations because that's a new topic. Lots of businesses need to install that and it's very confusing. So that is a very popular product.

Bruce Johnson (14:37.444)

Sure, so it's interesting to see how, again, as you and I are in our conversations with our different businesses, both of us evolving, how you've really kind of shifted to more of a direct service model, providing people the ways to get to their answers through your database. And it's, what really intrigued me and us was how our clients are probably asking these same very questions.

Most of our clients are CPAs, but then to their end users, the potential for that kind of data, especially if they have a large holding of properties, it might be a way for them to tap into another source of data to help finance or defray the cost of some of the projects they want to do.

We've talked about obviously the business and everything, how your business has evolved. And I suspect you've been pretty tapped into just the general topic of rebates. Where do you see the rebate industry going?

Leendert Enthoven (16:05.779)

Yeah, that's a good question. I will refer back to the three main topics in the drive in the economy to get away from fossil fuels. So let me start again with energy efficiency. So energy efficiency rebates have always been and still are about lighting. When you look at these electric utility companies, the vast majority of their monies, it's like 60, 70, even sometimes 80 % go to lighting. That's where they get the biggest bang for the buck to drive energy efficiency. However, with lighting, so many installations these days are already LED that really the low -hanging fruit has been taken and it becomes more and more difficult for these rebate programs to get enough projects in into the books. So, we still see a lot of rebates for lighting and I think it will continue because these utilities really want that to happen. But there is less projects in the market.

When you look at the second topic that I mentioned, renewables, it's basically wind and solar. So wind is usually big projects that are being managed and installed one way or the other through big developers that get their monies through states and private entities, private businesses that are not in the wind energy. So we don't get involved in that topic. Wind is outside our scope and probably outside your audience's as well. However, for solar, obviously, there's lots of installations happening on roofs of warehouses and everywhere with businesses and so in that area there's not many rebates available. It's more that the support from the government and utilities comes through net metering. So it's a different way and we don't get so far so much involved in that either.

However, connected to solar, there's more and more issues with the electric grid at the moment. There are bottlenecks in the electric grid, because supply through all these solar installations is getting different versus the past, where it was only coming from these big power plants. So there's a lot of bottlenecks in the electric grid. Now, in order to solve that puzzle with the electric grid, one of the things that is going to happen is battery storage installations. So battery storage attached to solar installations to basically disconnect the issue from the electric grid now and then. We expect that there's *a lot of rebates coming for battery storage* at some point.

So now that brings me to the third topic, electrification. And there's lots and lots of rebates already today for electric cars, for EV chargers, for heat pumps and all that kind of those kinds of devices. And that we are just scratching the surface there. I mean, in states like California, they're very advanced with many of these topics and what we see what's happening there you know once that comes to the rest of the United States it's going to be enormous.

Bruce Johnson (19:59.652)

Sure, sure. So obviously this is not something you wait to do till the very end of a project. Because you're talking a lot about the puzzle that the utilities have to work with. I've got to believe there needs to be a lot of upfront planning to really maximize these benefits, correct? It's not something where a person can say, *Hey, we're almost done with the project Leendert. Give me your database. I'm going to sort through it and use it, right?*

It's probably a little bit more complicated than that.

Leendert Enthoven (20:29.299)

Yeah, it is. And I think your users, where they could have a lot of benefit from some of our solutions is, for instance, when there's entities with multifamily locations where they have a lot of multifamily properties in different parts of the country. Now a lot of these buildings, they want to install EV chargers for their tenants when they have electric cars. That's huge. And they often want to do that first when they have a limited budget in those locations where the rebates are best.

So the software that we have can help these multi-location property owners to find these monies quickly and easily. Yeah.

Bruce Johnson (21:27.81)

Fantastic. Well, I know we could probably, I know for myself, because I'm an energy geek here as many people know, we could talk forever about this. But I kind of want to wrap things up here. Really, thank you, Leendert, for sharing a bit about yourself, your company, how it's evolved over time, and most importantly, how the subject of utility rebates kind of work from a high level.

Leendert's contact information will be in the show notes, so that listeners can definitely be able to contact him as they see fit. And I know that as we get a better understanding, my team does, we're going to be actively sharing this with a lot of our clients as well.

This is a very, big topic that not many people think about. And I think of it as with some of the things that we do, it can add to a secret recipe for people's financial models.

Leendert Enthoven (22:40.093)

Exactly, to make it more affordable these projects. Yeah, absolutely. That helps everyone.

Bruce Johnson (22:46.18)

So again, thank you, Leendert, for your time, for your expertise, and we look forward to sharing this with our client base.