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Avisare Response to EPIC #16 Increase Adoption of Emerging Clean Energy Technologies through Procurement

Additional submitted attachment is included below.

California Energy Commission
Docket Office, 16-EPIC-01
1516 Ninth Street
Sacramento, CA 95814-5512

Re: Docket # 16-EPIC-01 (EPIC Idea Exchange).
EPIC Request for Comments: Increase Adoption of Emerging Clean Energy
Technologies through Procurement

Avisare appreciates this opportunity to provide comments on the California Energy Commission EPIC Request for Comments: Increase Adoption of Emerging Clean Energy Technologies through Procurement. Avisare thanks CEC staff for acknowledging the difficulties associated with evaluating and vetting new clean energy technologies in large-scale procurement processes.

California's rapidly growing clean energy economy has outpaced large-scale customers' ability to efficiently source, vet, and manage new clean energy vendors. The lack of infrastructure, policies and technology within the procurement process for new clean energy technologies means that these customers are not receiving the benefits of financial operations savings, environment impact efficiencies and public benefits that accrue to society as a whole (i.e. reduced water consumption, less air pollutants, etc.) for years longer than they should. As a company devoted to creating a meritocracy-based, innovation-driven, procurement process, Avisare has witnessed first-hand the challenges new clean energy startups face entering the marketplace and the problems large customers encounter trying to identify the best vendors to meet their business needs.

The Problem

After years of investment in clean energy research and development, technical validation pilots and demonstrations, California's clean energy economy has matured to the point where clean energy startups are finally starting to secure the right resources at the right stage to more efficiently commercialize their products and services. Avisare appreciates and supports the CEC's proposed Test Bed Environment and Validation and the California Energy Product Evaluation (Cal-EPE) Hub solutions to help clean energy entrepreneurs prepare for contracts with large customers. However, clean energy customers struggle to efficiently identify, vet, and manage relationships with these new clean energy vendors, resulting in a significant clean energy product / service market adoption lag among target customer segments – especially large-scale customers.

While California's economy has made significant progress towards becoming "cleaner", the ecosystem has not experienced a corresponding cultural shift in target customers' procurement and decision-making processes. The majority of clean energy customers rely on a "one-to-one" model of vendor engagement (see graphic below), which requires each

vendor to independently approach each customer and each customer to maintain a proprietary database of approved vendors. This is a time-consuming and inefficient process for both actors. It also prevents shared usage for enterprise customers to take advantage of economies of scale with larger customers. For example, the “shared” or “community” renewable energy subscription model allows multiple customers to share the output of a single nearby offsite project which would be too costly for smaller enterprise clients to pay for on their own.



An unintended consequence of the traditional “one-to-one” vendor management model is that established vendors (which tend to have prior sales history with a customer, but older energy technology solutions) receive priority over new marketplace entrants, thus creating a bias against new market entrants with more innovative technologies.

As California’s economy becomes more diverse and inclusive, the pressure is increasing for target customers to rely on a more diverse pool of talent for products and services. The “one-to-one” vendor system is biased against supply chain diversity, which has larger economic impacts for the state by expanding the growing wealth inequality gap.

The biggest need for the clean energy innovation ecosystem is the appropriate dissemination of information to end users. The procurement system should guide company users to make the best purchase decisions for goods and services at a company. This should entail having the most accurate, pertinent information regarding clean energy technology innovations including applicable use cases and results within the procurement system. Having the information readily accessible within the system allows that information to cross internal department communication barriers so that it proves useful to all relevant decision makers.

The Solution

In order to facilitate market adoption of innovative clean energy solutions, Avisare proposes a two-part solution. Avisare recommends the CEC work with large customers to identify procurement priorities prior to conducting pilots therefor establishing key commercialization targets of potential early-adopters for technology upfront. This will go a long way to establishing a quick, efficient commercialization and market adoption process to help the maximum amount of successful clean energy entrepreneurs.

For the first part of our solution, we suggest the Cal-EPE Hub's pilot reports reach target customers – especially large customers – where they are already searching for new vendors to bring the highest value to large customers as quickly as possible. According to a recent study conducted by Knnected, of more than 1,100 corporate buyers 71% of corporate B2B buyers begin their research by using Google to search for suppliers by product and service keywords only¹. Due to the complexities associated with Google search engine page rankings, this method of vendor research prevents early-stage entrepreneurs from being found by decision makers. Centralizing vendor search within a procurement system and integrating these reports within that system provides faster information dissemination to relevant decision-makers producing faster market adoption to those large customers in need.

Second, large-scale customers need an updated procurement methodology that:

- Adequately and appropriately classifies new clean energy technology. There are no “clean energy” NAICS codes and searching by NAICS codes disadvantages truly innovative companies that have no specific matching classification.
- Presents innovative technology to relevant customers when they are evaluating purchase decisions. A purely “search-based” system presupposes the user is already aware of the innovation that exists. A combination of a search and recommendation-based system allows decision makers to discover new technology pertinent to their purchasing decisions.
- Reduces the de-centralized administrative burdens and complexity for vendors currently part of the one-to-one model by offering an interconnected, inclusive network for easy discoverability (see image below).
- Enables seamless integration into large customers' IT system without costly custom integration.
- Allows for “Requests for Pilots” if customers would like to test potential large-scale deployments.
- Provides transparent and easy access to Cal-EPE Hub pilot reports to minimize technology risk associated with innovation.
- Helps entrepreneurs/vendors adequately understand and navigate the procurement process in a scalable, inclusive manner through smart user experience design.
- Tracks diverse participant inclusion in the procurement process from outreach to proposal to contract.

1. Anguiano, Michael T. "Supplier Diversity for the New Generation." Session presented at the meeting of the Eastern Minority Supplier Development Council, Philadelphia, Pennsylvania, 2016.



For a new technology, the most difficult part is acquiring your first contract with a large-scale customer. In order to build trust among large-scale customers and legitimize the adoption of the new technology after a successful Cal-EPE Hub pilot report, the CPEC can fund a pilot discount (up to 20% of purchase price) for the successful purchase of an early adopter. This fund would alleviate part of the financial risk associated with a large-scale customers being an early adopter while allowing the entrepreneur to manage cash flow so that they can deliver the technology without compromise. After having both a successful pilot report and first deployment with a large-scale customer, other large-scale customers will have the trust and confidence to be able to procure through their procurement processes.

Avisare's streamlined, industry-agnostic, online vendor platform is changing the vendor landscape by reimagining the procurement process. Through an intuitive user experience interface that guides users through the procurement process, simplifies and streamlines the procurement approach, and seamlessly integrates into any vendor management or accounts payable system for large-scale customers, the Avisare platform helps both parties within procurement (big customers and entrepreneurs) more easily and efficiently connect with each other. Avisare is a software-as-a-service system that helps users navigate the very front-end of procurement – information dissemination and vetting for innovation. Using machine-based learning, we make buyers aware of the vendors they would be most interested in while centralizing and simplifying procurement purchasing.

We believe the California Energy Commission should consider supporting innovation in business processes, not just technology, to support California's growing clean energy



innovation economy. This innovation should start with improving the beginning of the process, when buyers are searching for and selecting new vendors.

Sincerely,

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