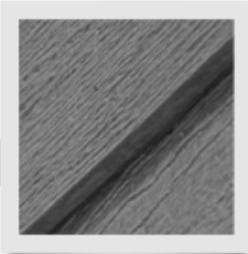
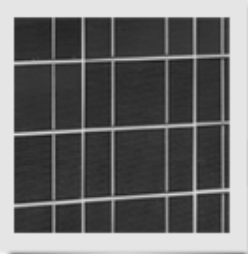


# The Venture Opportunity for Better Buildings

Bryant Tong  
Managing Director, Nth Power, LLC  
Chairman, China / US Energy Efficiency Alliance (CUSEEA)



ENERGY  
EFFICIENCY &  
GREEN  
BUILDING



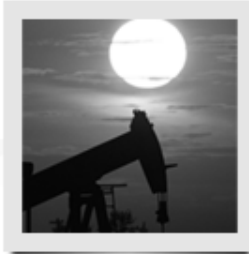
RENEWABLES



ADVANCED  
TRANSPORTATION



INTELLIGENT  
INFRASTRUCTUR  
E



RESOURCE  
OPTIMIZATION

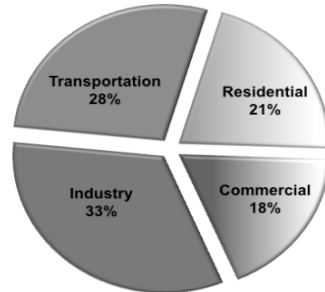
# Nth Power & CUSEEA Overview

- Nth Power, LLC
  - Venture capital firm committed to energy technology since 1997
  - \$420 million under management
  - Invested in 48 companies
  - Most active cleantech VC firm, globally, since 2001
- China / US Energy Efficiency Alliance
  - Non-profit established in CA to help China harness efficiency as a viable energy resource, lessening its reliance on coal and improving the global environment
  - Network of supporters throughout the US & China include gov'ts, businesses, NGOs

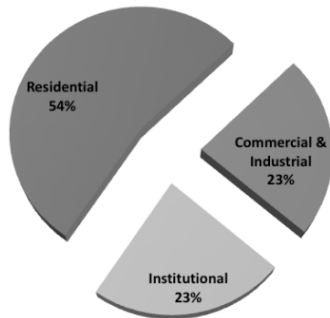


# Set Up for Disruption = VC opportunities

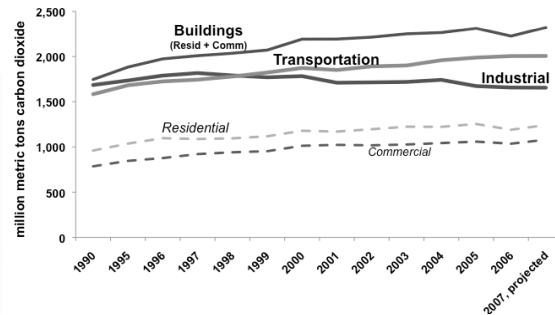
**US Buildings Represent 39% of Total Energy Use\***  
 Split 21% and 18% between Residential and Commercial  
source: DOE, LBNL, NREL  
\*energy use includes fuel use for production



**Trillion+ Dollar US Building Industry Segmentation, by # 2007 construction starts**  
(source: McGraw Hill CONSTRUCTION)

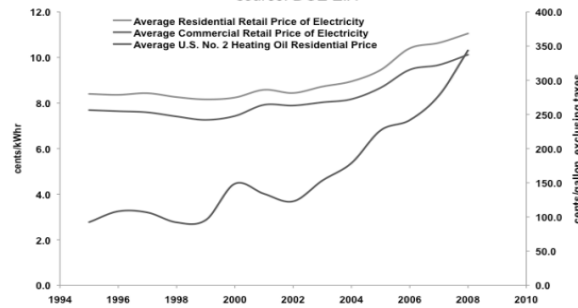


**US Energy-related Carbon Dioxide Emissions, by end-use sector**



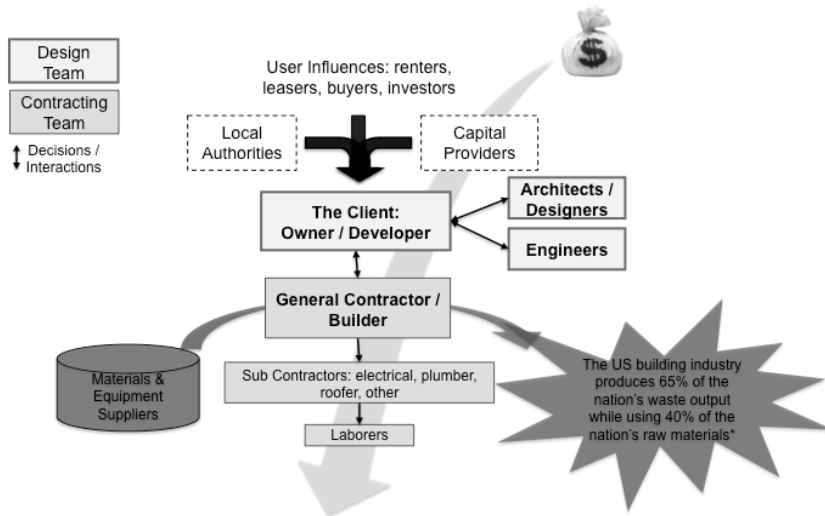
Industry has historically invested <1% of revenue in innovation

**Average US Building Energy Prices**  
source: DOE EIA



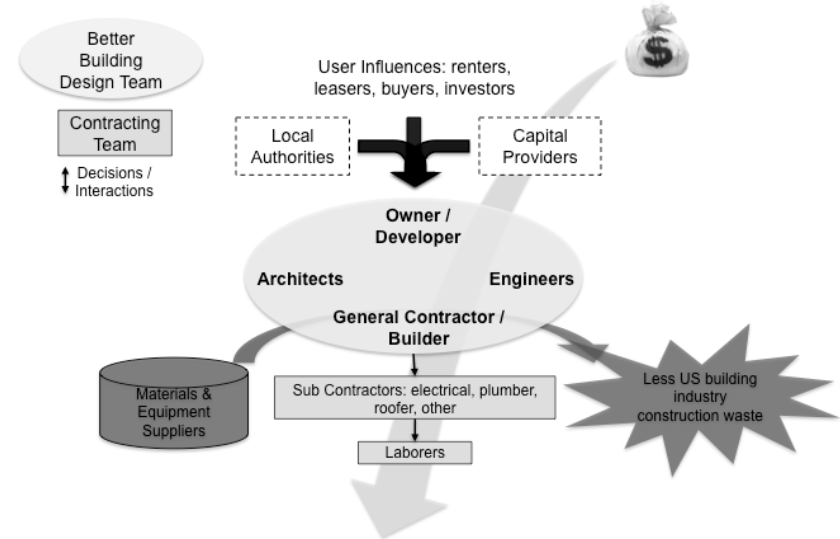
# A Revolutionary Process Change is Occurring

**Traditional US Building Value Chain & Decision Chain**  
*System of Compartmentalized Experts = A Broken Innovation Model*



\* source: Lissen and Floodman, 1995, "Workwatch Paper 124: A Building Revolution: How Ecology and Health Concerns are Transforming Construction," Workwatch Institute

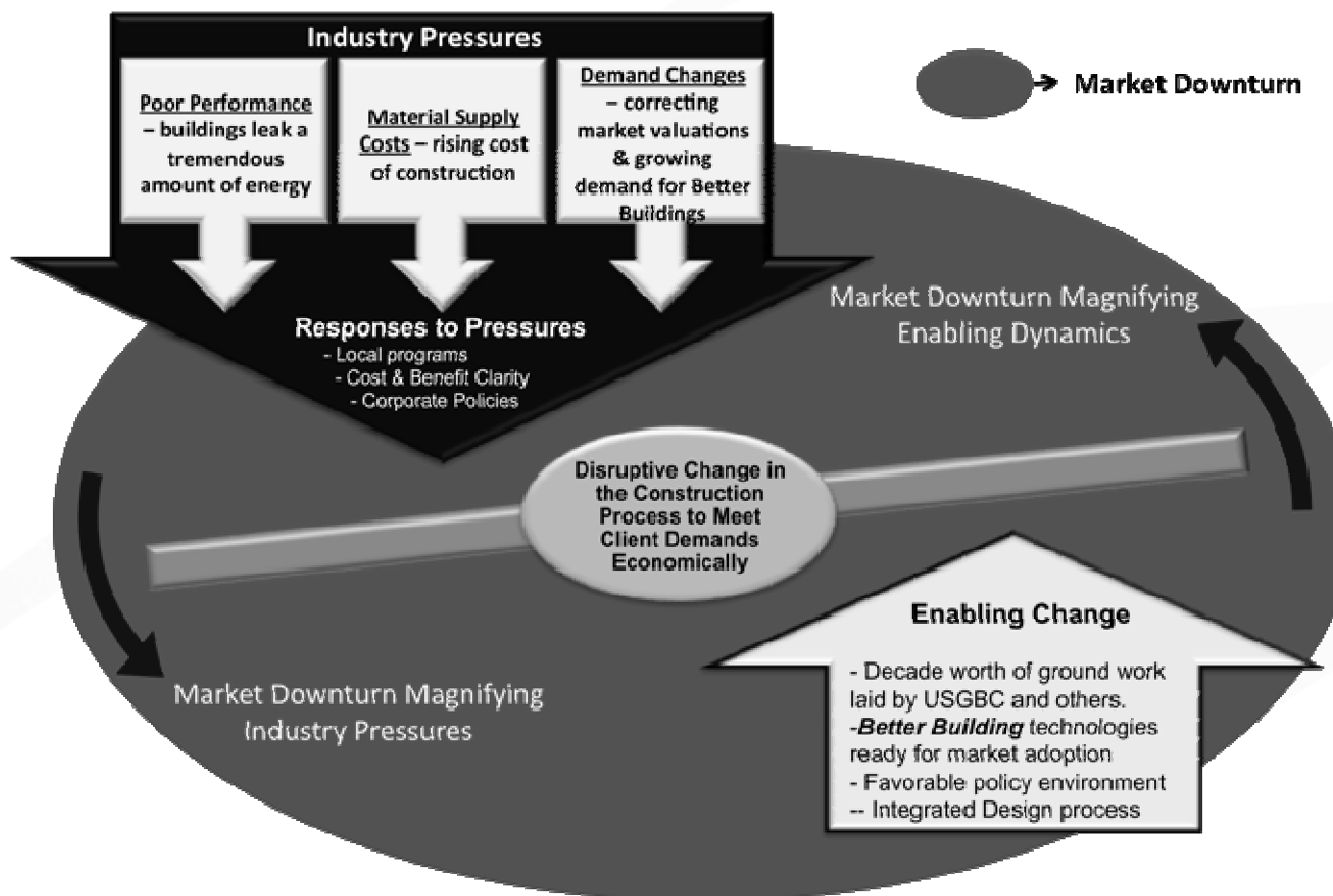
**Better Building US Building Value Chain & Decision Chain**  
*System of Integrated Experts = A Working Innovation Model*



# What About the Market Downturn?

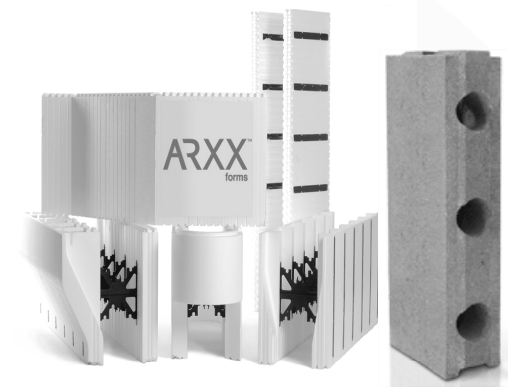
## Today's Perfect Storm

*Pressures on the Building Construction Process are Turning the Wheel of Innovation*



# ARXX Building Products – Innovation at Work

- Multiple benefits to all stakeholders (quicker, better, cheaper):
  - Developer / builder →
    - 'green' construction for LEED or other certification
    - Faster construction time
    - Reduces construction costs 10-15%
  - Owner / occupier →
    - Decreases energy costs (lifecycle costs) 40-60%
    - Lower HVAC equipment needs
    - Longer lasting & safer (seismic, fire, against wind speeds and mold)
    - Better comfort (less sounds transmission, thermal mass)
- With an Ideal business platform:
  - Flexible →
    - Family of products to serve entire mkt w/ many geographic differences
  - Credible →
    - Leader in ICF industry w/ best in class customer service and technology performance reputation
  - Scalable →
    - Established manufacturing, distribution & materials partnerships that scale
  - Experienced →
    - World class management w/ extensive industry experience



# Any Advice for Innovators?

- Nth Power has done 7+ better building-related investments since the 1990s...so, yes.
- While there is great opportunity, there are also great challenges unique to this industry:
  - Complicated decision chain w/ a fragmented value chain
    - Understand the incentives of each stakeholder and create a value proposition attractive to all of them
  - Have an easily understood, quantified and easily demonstrated value proposition
    - Green alone does not sell
  - Payback calculations should be avoided
    - Be cheaper than the dominant solution
    - Have a solution's approach and leverage off setting to become cheaper
  - Don't ignore the trades people
  - Business is all about relationships, especially in the construction industry
    - Need experienced executives and sales people
    - Avoid channel conflict
  - Find the best fitting market to attack first
    - It may be abroad
  - Partner up to scale successfully
    - The industry is transitioning, so leverage this commonality to get distribution, marketing, manufacturing partners

Bryant Tong

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**China|U.S.**   
**Energy Efficiency Alliance | 中美能效聯盟**

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

  
**N<sup>th</sup> POWER**  
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