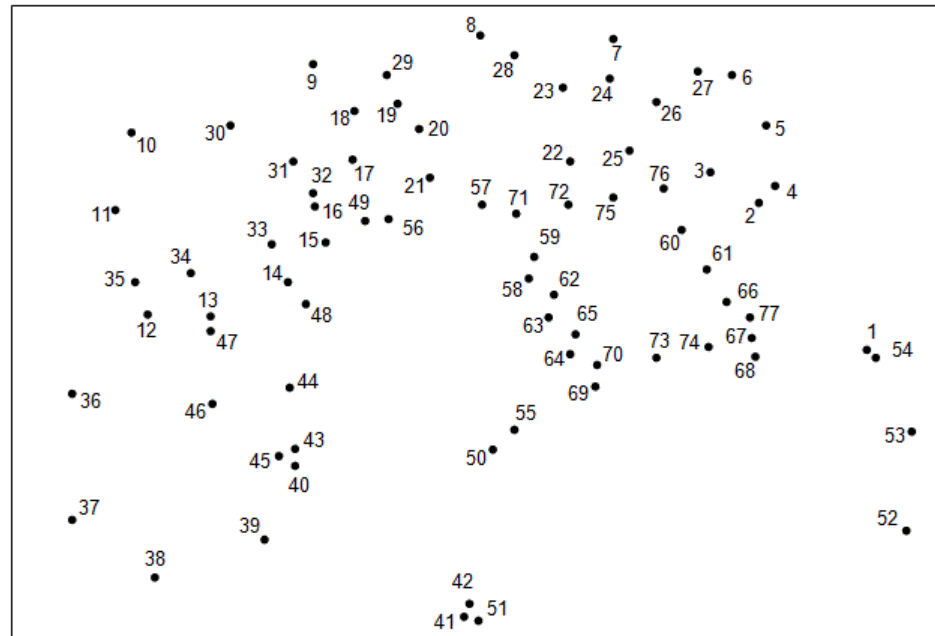


Connect The Dots With Financial Metrics

Matt Travis

Controls Sales Leader

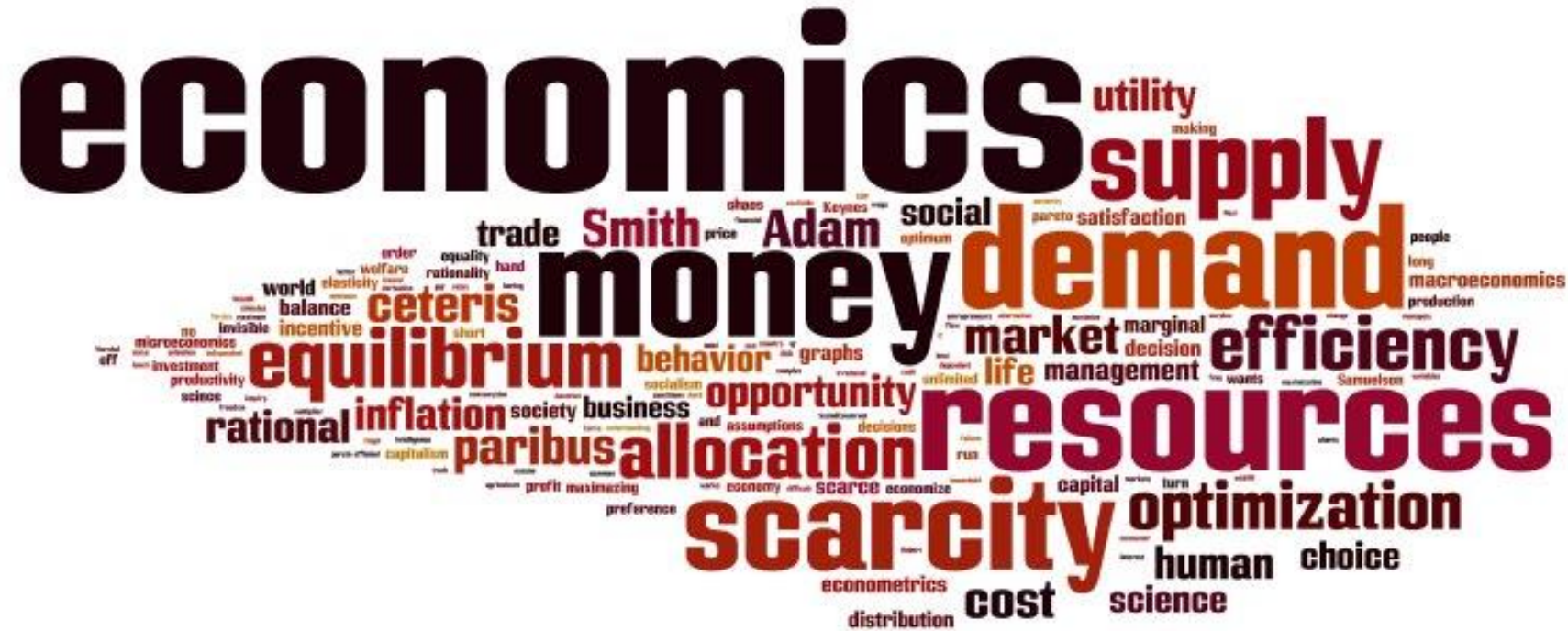
Trane



Why do we do what we do?



Engineering or Economics?



The Mission



why we do it

What's in the toolbox?



Motivations



Evaluation of Options

- How Do Organizations and People Decide?
- Think about your major purchases, what are your key factors?
- Quality, Need, Function, Design, Durability, Benefit, Value



So How Do We Make Financial Decisions

- First Cost
- Simple Payback
- Mutually Exclusive VS. Non-Mutually Exclusive



First Cost



Simple Payback

COST / SAVINGS



Life Cycle Payback Analysis



Insert graph showing investment, payback, and re-investment

Smarter Metrics???

- What comes out of a lifecycle analysis?
 - Simple Payback/ ROI Metrics
 - NPV
 - IRR/MIRR
 - SIR



Using Metrics In Decision Making

- How NPV +/- makes decisions
- making decisions on where to spend money w/in an organization
- Why would they spend money on facilities when they could buy ____
- Taking into account internal business factors, risk numbers, expected return rates, etc.



Real Life Examples

- Hospital; Knew there was waste, needed help.
- Multiple ages and disparate systems
- Partnered to do an energy study and define the financial metrics
- Engineering completed
- Facility Manager put together a compelling case using financial metrics, aligning with organizational goals, and relating to patient care
- Project got green lighted with no previous budget approval
- Transitioning from project completion to life cycle optimization



Real Life Examples

- Hospital; had money budgeted for different projects
- Worked to confirm and re-engage already studied information
- Identified risk issues and impact to key operations
- Changed project priorities based on the performance metrics
- Approved and completed project removing risk points from the project



Real Life Examples

- Small Bank Data Center
- Wanted to address some controls issues & have 24 hour system monitoring
- Started Small
- Each efficiency project followed with another one
- No standardizing solutions across multiple sites

