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Connected Energy to be acquired by Pittsburgh firm

By TOM ADAMS

Connected Energy Corp., a developer of Web-based energy monitoring and management systems, has agreed to be acquired by BPL Global Ltd., a Pittsburgh energy software producer with offices in the Middle East, Europe and South America.

The companies reached an agreement last week. The firms' boards have approved the deal. The acquisition still needs approval by the shareholders of each company, which is expected by the end of Feb-

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ruary. Terms were not disclosed.

"For us to grow to the next level and transition to a larger company, we were either going to need a very large infusion of capital from national-level venture firms or we were going to have to seek a partner or seek to be acquired," Connected Energy president Christopher Campbell said.

"We got together as a management team and talked about it, and talked about it at the board level. We concluded that the best path for Connected Energy was to

seek to be acquired. To be successful and reach large quantities of venture capital in Rochester is not a slam dunk."

The Trillium Group LLC's Monroe Fund has invested nearly \$1 million in Connected Energy. Trillium managing partner Frank Strong Jr. is a member of Connected Energy's board.

BPL Global's offer was the most attractive of "three or four that we considered," Strong said.

"This is by far the best fit of several that we evaluated," he added. "It represents an acquisition by a company that has excel-

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lent momentum, is well-capitalized, has a strong balance sheet and clearly sees Connected Energy as an important strategic element for their plan going forward."

Dennis DeLeo, president of Monroe Fund manager Trillium Capital Partners LLC, declined to discuss financial aspects of the deal, including the return for investors, until the acquisition is completed.

Connected Energy, which employs 15, will remain at its Commercial Street offices overlooking High Falls. Its name likely will be changed.

"We're thrilled that our employees are going to have an opportunity to share in the fruits of their labor and that our shareholders are going to benefit from this as well," said Joshua Bouk, Connected Energy chief operating officer.

BPL Global expects to grow the operation in Rochester.

Connected Energy and BPL Global both offer mechanisms that manage demand from customers in response to supply conditions. The systems allow customers to reduce their consumption at critical times or in response to market prices.

"We view the team in Rochester as becoming a center of excellence in demand response applications for our organization," said Peter Londa, vice president of mergers and acquisitions for BPL Global. "Our intent is to keep the team there and hopefully hire some other resources within the Rochester area."

He would not disclose revenues for BPL Global but said the company wants to double its revenues within two years.

Bouk does not anticipate immediate employment growth in Rochester until after the companies are integrated.

"Then the company as a whole will evaluate where it needs resources," Bouk said. "They are well aware of the fantastic talent that's here, and the relative low cost of those resources compared to some other areas of the nation. We're expecting this will result in growth."

BPL Global was founded in 2004. Connected Energy will be its fifth acquisition, Londa said.

"The technology that Connected Energy has is both unique and extremely competitive relative to other technology offerings we've seen," Londa said. "The combination of the two companies provides BPL

Global and the team at Connected Energy with one of the leading demand-response solutions for residential, commercial and industrial applications."

Campbell was introduced to BPL Global by New York City-based merchant banking firm the Chart Group L.P., which thought Connected Energy was a perfect fit for Chart Group client BPL Global, Campbell said.

Connected Energy was launched by Campbell as Clean Dry Air Inc. in 1997 at the Lennox Tech Enterprise Center incubator, outsourcing compressed air to midsize to large manufacturing facilities.

The name was changed in August 2001 as the company developed its central operating management system.

"The problem we solve is the ability to handle large quantities of control system data in real time, securely and through the Internet," Campbell said. "It does not require any proprietary software to use the platform."

"The uniqueness of our platform is that it is real time. It's fast, it's very secure and it can handle lots of data."

Its COMSYS software translates information from non-digital appliances into a

digital format. The technology then transfers the digital information to a Web-based monitoring system used by companies to monitor a machine's performance from a remote computer.

"We've made tremendous strides in developing our technology," Campbell said. "We have been involved in some national-level pilot demonstration projects. What we were not successful in doing was really growing out the sales and marketing end of the business. That's also tied to the amount of capital we were able to raise."

Bouk said COMSYS also can be used to monitor and control renewable-energy sources such as wind and solar.

Connected Energy has been granted a patent for its Centry Web Communication Controller hardware device that connects its software to energy systems. It expects to receive the patent within two months, Bouk said.

Connected Energy over the last three years has averaged 40 to 50 customers at any point, Bouk said.

A small portion of its business is done here, Campbell said, primarily for some

six Monroe County facilities, including the Greater Rochester International Airport and a sewage pumping station.

"Most of it comes out of California, where there's a very progressive program for supporting high technology," Campbell said.

Added Bouk: "In Southern California, you hear about brownouts all the time. That's where our technology has the most play and the most opportunities, in areas of the world where the grid is being taxed significantly."

He declined to discuss the company's financial situation but said it has lost money the last three years.

"This is an opportunity to become far more fiscally sound, to invest in sales and marketing and to leverage the relationships that BPLG already has with national and international customers and partners," he said.

"Historically, we've been able to sell our technology in quantities of one, five and 10. BPLG gives us the opportunity to expand that to 500, 1,000 and 10,000."

BPL Global, a privately held company, employs 125 at offices in Pittsburgh; Portland, Ore.; Columbus, Ohio; and in La Mans, France. It has satellite offices in Kuwait and Brazil.

"We are dedicated to enhancing the reliability and efficiencies of existing power grids and networks," Londa said. "Acquisitions are a critical component of our core strategy to accelerate our growth."

Connected Energy provides demand response service to commercial and industrial customers. BPL Global provides it to residential customers.

"That means understanding what energy is being consumed at the household or in an office building, or even down to a piece of equipment inside a manufacturing plant," Londa said. "We give the utility company visibility to manage and control the load that is being consumed."

The combined firms provide what Campbell called the next generation of demand response technology.

"The competitors that are out there deal in almost a manual process, right down to making phone calls asking people to shut things off," he said. "The Connected Energy platform is all about transforming that into an automated process. It's much more like a central generating plant. That applies to both BPL Global and Connected Energy."

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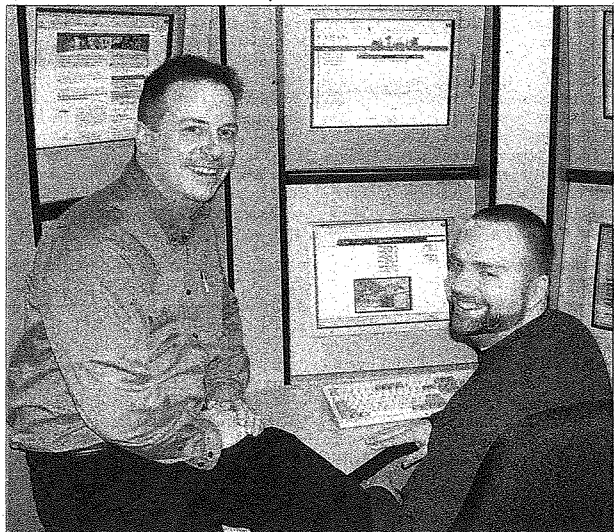


Photo by Tom Adams

"(BPL Global is) well aware of the fantastic talent that's here," said COO Joshua Bouk, right, with Kevin Hann, vice president of engineering.