Out of Nowhere Podcast Transcript

Sinéad Barry-O'Brien: I joined REsurety, just under two years ago. At the time, I was looking for my next move, I was looking for something that had two things. First of all, I love companies at a certain stage, when they're just trying to scale, they have product market fit, they have commercial viability, and they have a good team so you've got something to work with. But they're trying to get to the next level. And so that describes REsurety very well. I started talking to Lee, our CEO, he has big vision, and so that part was kind of a fast check-box of 'Yes'. The second part is, I really wanted to work for an organization that was truly mission driven, and that the work that I would be doing on a day to day basis, in some small way, could have an impact on the world and leave it better than I found it. And I think in the early parts of a career, I know for mine, it was very much of like, "I want to learn, I want to take any opportunity that I can get something worthwhile out of." But as I learned more and developed my skills and thought more about how I want to prioritize my time, something that was really missing was this impact piece and mission piece. And so for REsurety, the focus is really on - it's a profit driven business, but wanting to have an impact in terms of the global climate crisis and the underlying premises that the markets can support, driving towards a better world in terms of carbon reduction and emissions reduction. So Lee makes a great sales pitch regarding this, I talked to probably a quarter of the organization as I was going through the interview process and they all were rallied around the same focus, and it got me really excited. And mission is great, business is great, but the last piece of the puzzle was I really wanted to test where things were going next. And so probably about three years ago, the organization had been around for seven years, was successful in a very niche space, the focus was on data analytics around risk management for clean energy - wind and solar projects - and that was not something that you would Google and find REsurety or it's not something that you walk into a room and someone knows anything about those areas. But REsurety had developed this, Lee had taken it as a project out of business school, and successfully got it up and running. And that worked, and was good, but as I say that the growth goals were bigger than that, and they realized they had all this great data that could really help guide decision making. And that by staying in this niche space, that was very kind of consulting and hands on, we were limiting the opportunity to share that information with organizations all over the world who are focused on this as one of their goals. The Microsofts of the world, the Amazons of the world, who are really setting aggressive sustainability agendas, and they care about how we're accounting for these things. So REsurety moved into the software space, and that has been an interesting path so far, developing software products, thinking about sales and marketing in a SaaS type business from originally a very high-touch niche professional services business and financial services business. So that was the last piece that I said, "Okay, this is this is going somewhere, and it's going to work."

Justin Watkins: Yeah, you mentioned something at the beginning of that, which is that you had noticed that they had product market fit. And that was a place that you're drawn to. And everybody, I think, after you do this a while, you start to understand the stage that you enjoy the most and bring the most value to the table. What is it about post-product market fit that appeals to you? Because some people are really drawn to earlier stages where it's like, very up and down, like craziness pursuing that product market fit, others are drawn sort of the more

enterprise, mature, kind of "we've got the market share, let's defend it and keep it all" type of thing. What is it about - because I'm the same as you, I really love post market fit and the scaling of that - but what is it for you personally that draws you to that?

Sinéad: Yeah, for me, I think it's about - I'm not a salesperson. So the hunt isn't the thing that gets me excited. For me, I really like the idea that we can just be better at something. And I think that that's what comes with scale. The scale stage is all about "how do you do the things that you've been successful at with a small team and a scrappy mindset and make them something that you can get out to a wider audience." A team that you can grow, and you can retain, and develop the culture that was there from the early days. And so for me, product market fit is a good reflection of how many problems you might have to deal with when you walk in the door. If you have that piece, you're kind of out of the starting blocks already. And so it's not a question of, whether or not you'll succeed, or like, make it around the first bend, it's a question of, "okay, what do we need to tweak and adjust and what can we add, and how do we just keep getting better?" Not "how do we find our path?" And so for me, it's about how do we keep getting better.

Justin: Yeah, in other ways, there's relevance. The audience is saying, "yes, we want this." Now it's a matter of innovation. Is there the value or how do you distribute it as far as you can take it, right.

Sinéad: Exactly. And when you have like - the part that I found interesting about REsurety, because I really loved the team and Lee when I talked early on. The part that I find really, I was trying to test for in the late stage conversations, was "Tell me more about the commercial piece". Like, who are the customers? Why are they coming to you? How do you find them? How do you sell? And that part was sort of like, "well, they can't they come to us" Like we don't have - because I looked at the website, and I was like "How is this a business? The website isn't very clear. I'm still not quite sure what they do." And it was really kind of - I guess, I must have thought, "if the customers are coming with this level of marketing and knowledge, and customers are still coming in asking for things, then this is a good place to be, like, you can just keep building from there." And we've brought on a Head of Marketing in the last 15 months. And you look at our website today, it looks totally different than it did when I was initially interviewing. She's really leaned into that as well of like, okay, we have good feeds and how do we build so we can grow from there. But I do think the customers coming and having some product market fit, and then being able to leverage what they see and what they have feedback and what their workflows are, and being able to get more granular and specific and kind of like when you have that foothold, what other workflows can you support? I think you can move quickly that way.

Justin: Yeah, there's a lot of services-oriented and consulting practices that are trying to productize what they do and try to build software around it. A lot of it usually stems from an idea of like, "how do we make this easier on ourselves?", or just, "hey, I think there's more revenue to grab here." But to me, what I'm also hearing is, there's so much demand, we can't fulfill it, doing it the manual labor-intensive way, very hands on white glove type service way. And there's a huge demand for it, we're only seeing the beginning of it. So we have to find a way to be a

multiplier in the space and software is one of the ways we can do it. We can still have high-touch when necessary. Is that kind of where it came from, just responding to that demand?

Sinéad: In some ways, yes. But I think for us, a lot of it came from, we have a lot of proprietary data, we have a lot of insight that can help different types of buyers, whether they're clean energy buyers, or developers, or investors in clean energy projects. And the combination of that data and the very talented team we have in the data analytics or research space meant that we really wanted to be able to have a bigger impact by sharing information more broadly. And so one of the things that has come from the work that we do is our Locational Marginal Emissions information, which is focused on identifying carbon emissions at a very granular level. And that was a project - a research project - that was done in collaboration with a request from Microsoft wanting to just account for things more accurately. They said "we've gotten the first step. We've managed to develop some accounting mechanism, but we know that it's not right, can you make it better?" And so for us, that was a starting point. And now there's an initiative that's driven by Amazon and a wide collection of other companies called Emissions First, that's really about leveraging this Locational Marginal Emissions work that we did, and trying to drive the industry to just be more accurate and better with how we're accounting for our impact on the world. And, honestly, the height, the scalability is important, but for us it was more than just being able to service more customers. It was about making the impact be multiplied.

Justin: Yeah. So you've got this great situation where the customers are seeking you out. And typically, who are they? And what are the problems and the pain points that they have? And why is it that they are coming to you? Like, somebody has referred them or something to where they're saying, "Hey, you can solve this pain point." Who are they and what are they looking for?

Sinéad: Yes. So as I mentioned, we have a wide collection of potential customer types. So the clean energy buyers are a big customer segment. Those are the, as I mentioned, the Microsofts of the world, the Akamais of the world, who are committing to big sustainability goals around their carbon emissions and their energy procurement plans. And so they're coming to us because they're talking to, maybe, advisors in this space energy, procurement advisors, who are saying, "if you want to do XY and Z, you should talk to REsurety." And so that was one avenue. We also work with project investors, so the likes of Hannon Armstrong, who are investing in these clean energy projects, sometimes, when they're already up and running, and they have a portfolio of these different projects. For them, they're talking to us because they want to get insight into that portfolio beyond what they have access to. They want to have some forecasting capabilities as to what to expect in terms of that portfolio performance. And the financial products of the world, there are a lot of analysts out there who try to forecast and our joke is that no forecast is right, you're just hoping to get it directionally correct and with the intellectual rigor that you believe it deserves. And so again, back to our underlying proprietary data, a lot of these folks like Hannon Armstrong don't have access to that information around weather performance over the previous 40 years. And so we help them with that.

Justin: Yeah. What does their world look like if a REsurety doesn't exist, or they don't have access to your team? Are they looking at two projects and saying, "oh, these look pretty similar."

Whereas when they're working with you, you're saying, "hey, no, these are not similar projects." What does that look like?

Sinéad: Yeah, so a great question. This world is a very manual world in some ways. And so there's a lot of advisors out there, because people who - maybe they only need to procure a small amount of energy, they're doing it once. It's very complicated sourcing process and transaction, and so that there's plenty of organizations who can support that activity. But the part that we help with that isn't necessarily as available is that we have three separate products. So the first is a market intelligence tool that gives you insight into operational projects and how estimated performance might be in a specific region if another project got built. So in one way, it's there. It's just an aggregation of a lot of data that isn't necessarily easy to aggregate. And one example we had with this was a municipality who's looking to procure a virtual power purchasing agreement. And they had targeted a specific area, and the purpose of this was sustainability. They were looking for certain emissions reductions impact. And when we did the analysis for them using the tools, they said, "Well, we can't commit to a contract in that area at all. It just doesn't actually meet our objectives." And so they were pretty far down the path at that point. And so we helped them focus on where they could get the impact that they were looking for. For some customers who are using our portfolio tool, which is looking at analysis of past performance and forecasts of future performance, what we found is that they just either have multiple people internally trying to manually aggregate lots and lots of different data that is difficult to consume, and isn't similarly formatted. And so sometimes they say, "It's not worth it. Let's just assume it's all correct." Sometimes they maybe go and buy generic market forecasts, but it's very much based on the past and not based on a model that accounts for the future. So there's some options, but they're not great options. We think that - we're getting very positive feedback. We had one customer who said - We did an audit as part of the portfolio setup and they were amazed to see the discrepancies that were in the millions and how our tool could have helped them catch those sooner.

Justin: Yep. Every brand that's in the emissions accounting space, for the average everyday person, it's confusing, and largely don't get exactly the details of it. Whenever you're talking with friends outside the industry, how do you break down and then explain what it is that you do to someone who's not in it every day?

Sinéad: That's a great question. And I don't come from this industry. So I had that deep aversion when I started. For me, I try not to focus on the complexity of the industry, there is a lot. I basically say we do two things. So for us in the industry, we're trying to mitigate risk of buying energy. And there's a lot of risk that comes with relying on the weather. You can control many, many things, but the weather is not one of them. So that's a large part of our portfolio. It's the reason we were initially founded. The second thing that we try and do is give people visibility, and auditing capabilities. And those kinds of concepts just apply across many, many industries. So usually, at that point, people go, "Okay, so you're kind of like in data, you do something that impacts the environment, and it sounds like you're trying to do good." And then they get bored and move on.

Justin: Yeah. I think you and I were joking last time we talked. This is an area that if I was to place some bets in an area, I would place bets in this. I think we joke that we're still trying to figure out financial accounting, and that's way more - well, for the basic everyday company - that's way more simple than emissions accounting. There's just so many complexities and different ways of looking at it. And it's new, and we're still wrapping our heads around it. So there's a lot to be figured out. And so I can imagine that when someone says, "Hey, REsurety can help", they're probably happy to give you a call or an email to find out in what ways. What are some of those talking points or value props that you're communicating to somebody whenever they do reach out?

Sinéad: Yes, it very much depends on their individual needs. What someone who is in the procurement stage is looking for is very different from someone who has an established portfolio. Or if they're looking for - if you're on a finance team, you're probably trying to manage the financial exposure associated with some of these transactions. If you're on a sustainability team, you're trying to manage the environment, like the impact, the carbon impact. So we try and find that first. For us discovery is a really important part of the process. Then, it's about, for us the value prop is the quality of the intellectual rigor that I mentioned earlier, the quality of the data and the broadness and the richness of the data that we can bring. And making it consumable, right. Not everyone can sit in data all day, nor do they want to. And so for us, we really try and break it down into, "okay, there is the high level view, is that the thing that will help you? Do you need the more in depth view, let's look at that piece. Or do you need any outsourced support to make sure that everything that you assumed was correct, is actually correct." So a lot of it is just finding out what they need. We have quite a lot of flexibility in our tools.

Justin: Yeah. I would assume you consider this still early days for both? I mean, REsurety is not a new venture. You guys are established and still going. But there's still a long ways that not only your team can go but also the industry. Do you, or does your team, kind of have a sense of where this is going? I mean, is there a kind of a vision in your mind's eye of what this is going to look like in the future as things mature and progress?

Sinéad: Very much so. And so we're doing work at the moment with an organization that's thinking about this from a transaction platform to support much broader access to the market for buying, again, energy, clean energy procurement, or RECs, or offsets, whatever the things are. I think we're at this point in the industry where there's a lot of small, scrappy startups on the technology side, so everyone's realizing that the technology piece isn't strong enough yet. Where there's a lot of investment is in the physical side. So if you drive across Texas, you will see all of those wind farms and all of those solar farms and so that part has made a lot of progress. But the technology is now trying to catch up in terms of monitoring visibility. The accounting side of it is huge, as you mentioned. For us, everyone, I think, is at this nexus point of, "okay, we did one thing, we found one way to account for carbon as part of the financial accounting process." But we all knew it wasn't perfect when we started, we just wanted to get something going. And now everyone's saying, "we need to make this better." We have to be - we really have to have the original purpose being expected outcome actually being delivered.

And so that's really where the industry is. It's a lot of companies rallying together to drive what they think is going to be best, trying to work with policy outlets, and governmental organizations to get regulations and policy in place to help drive things forward. And I think that's going to continue for a little while. And as all of those variables change, the technology is going to need to keep iterating to stay on top of it. We're happy to work, and working hard with a variety of different organizations on those initiatives. But it's a lot of change. And I think we'll start to see some of the industry go through more M&A processes as the companies that are leading the charge really break into their stride.

Justin: Yeah. Are there misconceptions in this space? Or maybe obstacles and roadblocks that shouldn't be there in your view, or need to be removed? Just annoyances that prevent teams like yours from progressing forward? Or is the road smooth and clear and it's just a matter of how fast you can build it and go there? I'm curious.

Sinéad: Yeah, if I look at the industry part, there's definitely roadblocks, particularly around transmission is a huge problem in our industry. So all these projects get built, which sounds great, and then if they can't connect to the grid, or you don't have the transmission lines that can get that power out to where that it needs to go, it's kind of a pointless endeavor. And so that is not something that is controlled by individual companies, that's not really controlled even by single entities, it's got a lot of stakeholders involved to improve upon. So that's a roadblock for us in terms of the speed that clean energy construction can happen. In terms of roadblocks for us as an organization, we've just gone through an extremely tight labor market, we have a really high bar for quality and approach, and data. And it's been hard to keep up with a market that's been moving as rapidly as it has. And so we shall see what the next 12 months springs, but we're hoping we have built the culture and build the environment that makes people want to come and work with us and stay with us. And I think the last piece, in terms of the smoothness, is, I think just potential economic changes over the next couple of years, and what customers are doing around budgets. We've just seen a huge number of tech layoffs in large organizations. And it's hard to invest in sustainability initiatives when you're looking at cost control measures across your organization. But I do think the consequence of deprioritizing sustainability initiatives, the magnitude is so large, and the long term impact is just a real issue. So I think there's a little bit more pragmatism, and I'm hopeful it stays that way.

Justin: Yeah, I think people are starting to understand it's not, in some cases, it's not proactive. You're proactively trying to reduce and mitigate a risk that's there. I think they're more aware of the risk. Are you seeing that? I'm sure you are. Are you seeing that when you're talking about talent recruitment, you've got high standards that - the impact that you're having, I'm sure plays into that. It seems like as I talk with people, the talent pool every year is getting better and better because people are sort of tapping out of something that was purely revenue driven, kind of no sense of purpose, and they're going over here. In some cases taking a lower salary because they see a bigger impact and it's more meaningful to them.

Sinéad: Yeah, definitely. Salaries have a distribution across the market and so we are trying to balance the benefits. One is good compensation. The next is having a real meaningful impact

and mission that you can get behind. And then the third is having a great culture that people want to be in. And you need all three of those pieces, ideally, to come together in a very balanced way. For us, we have a great team, we do find that we attract people, and they're willing to come to maybe a considered higher risk organization, because we're smaller, we're not publicly traded. But we're very confident in our future and our growth. And so I think that that helps as well, give people the confidence that they need to make the switch.

Justin: That's cool. What has been, for you personally, the most rewarding aspects since you've joined REsurety? What's the feel goods that you're getting?

Sinéad: Oh, there's so many. I think on the internal side, when I arrived, the number one thing that everyone on the team - I did one-on-ones with every single person - and my question was, "what is the one thing I shouldn't change?" And every single person, bar none, said, "our culture of transparency", and that has only grown. So even though our organization has grown by 50% in the last two years, we've managed to retain that culture of transparency and I think it's really healthy. So that's exciting, internally, to know that we can start to scale up and still retain some of the things that make REsurety REsurety. I think from a more commercial perspective, it's been really exciting to see the level of adoption amongst our customers for new products and features that we develop and roll out. And it has been really - we're working with some pretty big names, and that's exciting. And we have some pretty big contracts, and that's exciting. And sales is hard. And marketing is hard. And they take a lot of investment in terms of people's time and creativity and finances. And we've just started to make those investments and they're paying off. I mentioned Tara, our Head of Marketing - she started with very little to work with. She had some great customer reference stories because of the good relationships that we had built. But she didn't have much in terms of the website or traffic. She has just really totally turned around. Like we have a full lead management process now, we have inbounds from our website continuously. We have a sales organization that's really started to hit its stride, something else that didn't exist when I arrived that's been developed as we've developed the software piece of the business. So I think just seeing those investments have impact relatively quickly has been just fantastic.