

Aktivco forges ahead in the ESCO market



How Camusat and its new investment vehicle have developed a convincing value proposition



Richard Thomas, President & CEO, Camusat Group and Thibaut de Rodellec, CEO, Aktivco

In early 2017 Camusat group formed Aktivco, a dedicated investment vehicle which will own, finance and operate energy infrastructure assets using Camusat's global operational capabilities in the telecoms sector. Aktivco has already made significant headway in the ESCO space with three ESCO projects expected to be finalised by the end of 2017. TowerXchange speak to Aktivco's CEO Thibaut de Rodellec and Camusat Group's President and CEO, Richard Thomas to learn more about this venture.

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Read this article to learn:

- Camusat's business lives and experience and how the creation of Aktivco will complement its current offerings
- ESCO discussions Aktivco is engaged in and business forecasts
- Why an Aktivco and Camusat partnership is ideally positioned to own, manage and optimise telecom energy assets
- How environmental considerations feature in the company's plans
- Aktivco's appetite to work with different clients, contract structures and project sizes

TowerXchange: Whilst Camusat is known by most in the telecoms sector, please can you introduce the company and the services that it offers to the telecoms sector.

Richard Thomas, President & CEO, Camusat Group: Camusat is a key player in the telecoms infrastructure business. We have been operating for over 40 years, have a footprint in 40 countries split across five continents (with 50% of our business in Africa) and have 2,500 direct employees.

We have five different business lines, four of which are focused on installation and construction; firstly there is the infrastructure division which designs and deploys towers and shelters, secondly there is the energy business unit where we provide equipment fully designed by us, thirdly we do the installation and commissioning of antenna and active equipment and fourthly the fibre optic business line, involved in everything from the backbone to FTTH. The fifth business line is focused on operations and maintenance which integrates perfectly into the four other business units since we can maintain all the equipment that we have installed.

Over 60% of our business is coming directly from telecom operators (both mobile and fixed) with our second largest client being tower companies. We also work with equipment vendors, system integrators and governmental and local authorities. Offering such a broad range of services to the telecoms industry means that we fully understand their headaches and pain points; working hand in hand to address these.

TowerXchange: Please can you introduce Camusat's new venture, Aktivco, the rationale behind its creation and where it sits in the Camusat group.

Thibaut de Rodellec, CEO, Aktivco: Aktivco is an investment vehicle, fully owned by the Camusat group and created at the beginning of this year. As an investment vehicle, Aktivco owns all of Camusat's infrastructure assets thus separating out infrastructure ownership from the operational side of the business.

It is nothing new when you start talking about infrastructure that you need to separate out both operations and assets in order to get the most competitive source of financing, with operations financed differently to infrastructure. The creation of Aktivco enables us to access different sources of financing which ultimately lowers our cost of capital; a critical part of the business model.

The creation of Aktivco allows us to become a serious player in the ESCO space. In an ESCO arrangement, Aktivco becomes the key counterpart in the contract with the MNO, we negotiate the deal, own the energy assets and become the key point of contact for the MNO. Camusat on the other side has the technical and operational expertise to deploy and maintain the energy equipment on sites as main partner of Aktivco that rely on them for the execution of the ESCO project.

TowerXchange: Who are the team behind Aktivco?



Thibaut de Rodellec, CEO, Aktivco: Aktivco consists of a team of experts in structuring complex financial transactions. I started with Camusat at the start of 2017 and head up the business unit. My background is in the energy industry with over ten years of experience investing in renewable energy projects across Europe and Africa. As with any investment company, the team size is reasonable but we are growing quickly, given the number of projects under both development and deployment. In addition, we have the backing of the large Camusat team which brings over 40 years of operational and technical experience in the sector.

TowerXchange: What ESCO projects is the company currently involved in?

Thibaut de Rodellec, CEO, Aktivco: We are not in a position to disclose the specifics of deals that we are involved in but I can say that we are currently in discussions regarding ten ESCO projects and will have finalised three by the end of the year. We expect to own and operate energy equipment on approximately 2,000 sites by the end of this year.

TowerXchange: There is a lot of discussion around how ESCO contracts should be structured, what insights can Aktivco share into the trends that are emerging?

Thibaut de Rodellec, CEO, Aktivco: When speaking about contracts, of course, a lot of the details can't be shared for confidentiality reasons. What I can

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say though is that like any new sector, contracts are not yet standardised. At the beginning, different operators have different expectations, worries and approaches which leads to a strong degree of variation in contract structures. I do however believe that in the coming years these agreements will become much more standardised as everyone starts to agree on the 5-10 key elements that need to be included. One can very much draw parallels between the ESCO model today and the towerco model in its early days. Ultimately however, the most important thing is that contracts are bankable.

When it comes to the length of a given contract, there is no theoretical minimum for us to get involved in. Obviously the longer an agreement is signed for, the more competitive the terms we can offer. There is a direct link between contract length and pricing.

Our understanding of how to structure contracts

from a legal perspective is also something that differentiates us from our peers. There are some legal compromises which we are able to provide due to Camusat’s operational background and expertise which makes us more competitive.

TowerXchange: Is the provision of power to third parties via micro or mini grids something that is part of Aktivco’s business plan?

Richard Thomas, President & CEO, Camusat Group: We see this as very much a natural evolution of the business and this is something that we are starting to study. Whilst at the moment our focus is much more on the provision of power to the telecom companies, we foresee that down the line the model will also evolve to incorporate micro-grids, this will be the second step for the business. In Africa, there is a huge requirement for the development of power infrastructure and this is an area we see opportunities in.

TowerXchange: When it comes to designing and specifying energy systems on sites, what experience does Camusat and through them, Aktivco have?

Richard Thomas, President & CEO, Camusat Group: Camusat has been installing solar and hybrid systems for over ten years and are currently doing the maintenance on 10,000 sites around the globe. Because of this, we have a very good understanding of not only the performance of energy assets on sites but also the way to upgrade those assets to improve efficiency.

80% of our business is in emerging markets with very challenging environmental and operational conditions and so technology choice is an important part of this; we need to have confidence that a system will work well in the field. In support of this, Camusat have a large R&D testing facility where we have a number of exclusive agreements with some of the biggest name brands in the energy sector to test equipment. This testing facility means that all systems have been thoroughly trialled before they are deployed on site.

TowerXchange: How does the company prioritise the importance clean energy solutions on sites?

Richard Thomas, President & CEO, Camusat Group: Our experience leads us to believe that green energies are the best solutions for tomorrow from an economic and ecological point of view in emerging markets.

Beyond these essential considerations, it should

be made clear that environmental commitment is one of our 3 commitments supported in our CSR plan by “Providing our customers with quality, low environmental impact products & services and demonstrating our commitment to reduce our own impact” To illustrate these remarks, I invite you to download our last CSR report on new Camusat website : http://camusat.com/wp-content/themes/blankslate/uploads/Camusat_2016_CSR_Report_EN.pdf.

TowerXchange: How does the business model work in relation to the fact that the majority of cell sites have energy equipment already in place?

Thibaut de Rodellec, CEO, Aktivco: It is an important fact to note that the majority of ESCO projects that we are talking about are on existing rather than new sites. The question is not about what new equipment can I deploy, it is rather about how does the existing system work today and how can I improve it. The majority of sites already have energy equipment in place, and so whilst the deployment of new hybrid systems can be part of the solution, our focus is much more on how we can enhance the efficiency of existing equipment.

In some instances we may take ownership of the existing equipment, whilst in others the operator may retain ownership and give us the right to use it. There is a whole spectrum of different ownership structures, driven by the conditions in different countries and strategies of the different operators. We have now experienced the vast majority of these

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We have the capability to invest in and manage energy systems for up to 10,000 towers, which is approximately the number of sites that Camusat is currently doing O&M for. In effect, we would be able to switch all Camusat O&M contracts into ESCO contracts under Aktivco

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scenarios and worked through them, enabling us to be very flexible towards our clients' demand.

Ultimately however, any new capex spent on energy equipment will come from Aktivco, to improve the efficiency of existing systems or to replace equipment such as batteries and generators, for example, when they reach the end of their lifecycle.

TowerXchange: What do Aktivco see as the motivating factors for an MNO to work with an ESCO?

Thibaut de Rodellec, CEO, Aktivco: There are three key drivers in our opinion. Firstly, energy

represents a major problem area and distraction for any MNO in emerging markets, removing this headache allows them to focus on their core business. Secondly, the management of energy infrastructure requires a large operational team, something that MNOs are not keen to have in place. Thirdly, MNO financial margins are continuing to be squeezed by decreasing ARPUs meaning that they have less capex available; operators do not want to invest capex on energy infrastructure and so, outsourcing to an ESCO means that the ESCO takes on this burden, preserving MNO funds for other expenditures.

TowerXchange: What type of clients and scale of projects is Aktivco interested in?

Thibaut de Rodellec, CEO, Aktivco: In terms of the type of clients, we are happy to work with any kind of actor in the telecoms sector including both MNOs and towercos.

When it comes to scale, as long as Camusat has a footprint in a given market we are happy to take on any size; if Camusat is not in a country, the ESCO project needs to have a minimum number of sites. On the other end of the spectrum we have no problems on taking on larger projects and are currently in discussions with a company on a project involving 2,000 sites. We have the capability to invest in and manage energy systems for up to 10,000 towers, which is approximately the number of sites that Camusat is currently doing O&M for. In effect, we would be able to switch all Camusat O&M contracts into ESCO contracts under Aktivco ■