

A photograph of a warehouse aisle with metal shelving units on both sides. The shelves are filled with various materials, including stacks of metal pipes and boxes. The lighting is bright, creating a warm, golden glow. A white rectangular box is overlaid on the right side of the image, containing the company name and title.

HOBSON & COMPANY

Driving ROI

**The Business Case for a Proven Backup
Power Solution**

The Business Case for a Proven Backup Power Solution

The average number of weather-related power outages in the United States increased by roughly 78% during 2011-2021.² Not only have severe weather events such as hurricanes, storms, and wildfires become more frequent and intense, but aging grid systems and increasing electricity demand also contribute to an elevated risk of power outages. As a result, the need for reliable and affordable backup power sources has become more critical than ever.

Hobson & Company (H&C), a leading research firm focused on Return on Investment (ROI) studies, worked with Agility Recovery, a leader in backup power solutions, to explore these challenges and learn how industry leaders are responding. H&C conducted independent research consisting of six in-depth interviews with Agility Recovery customers and found that Agility Recovery addressed specific customer challenges to deliver a quick and compelling ROI.

In three years, customers generated a:

949% ROI

The impact of Agility's backup power solution is not only strategic but measurable.

Based on this analysis, an organization with \$1.8b in revenue, a 1500kw backup generator, covering 4 locations would pay back the cost of Agility Recovery in less than 1 month and generate an ROI of 949% in three years.



Backup Power Challenges

Customers interviewed for this study noted that there are consistent operational challenges and risk exposures with backup power solutions. Below is a list of some of the most universal concerns.

Equipment Expenses



Traditional backup power solutions are expensive. Organizations may choose to purchase a generator which requires significant up-front investment as well as steep installation costs. Alternatively, they may rent a large commercial generator, but that is expensive, and predicting the months you will most likely need it is getting harder and harder. Customers that were looking for backup solutions during an outage reported significant challenges finding backup power because equipment availability can be scarce, and prices tend to inflate.

Business Risk



The Department of Energy recently reported that outages cost the US economy \$150 billion annually.¹ Not only do organizations report lost revenue, but power loss in the middle of a critical production stage can ruin yields and waste expensive materials.

Customer research identified eight benefits of the Agility solution across two key business objectives:

**Control Costs
&
Mitigate Risk**



Control Costs

Reduce capital spend on generators

Agility's flexible deployment options assure organizations the power to restore operations without the expense and hassle of equipment ownership.

"We were looking at buying a generator set to protect us from rolling blackouts due to weather events. They were not only prohibitively expensive at \$2.5 - \$4m per install, but also had excessively long lead times of 1.5 - 2 yrs. We still have to run our business in that time and ensure we are protected from a business continuity perspective, and Agility provided a great solution for us, and we have coverage for all of North America without spending more than \$100k/yr."

- Director Global Workplace Operations

Customers interviewed report:

Avoiding Capital Spend on Generators

Eliminate generator maintenance and testing expense

Agility handles testing, hookup with a certified electrician, maintenance, fueling, and all other required items to keep a generator in ready condition.

Customers interviewed report:

Avoiding Maintenance and Testing Expense

"The maintenance costs for an owner-ran generator in the state of California are very high, and utilization is typically very low. I have generators that I have never actually turned on except for preventative maintenance runs. Why would I carry the associated costs of that if I have a service that can drop ship a generator when I need one. I can see the forecast 10 days out, determine if I will potentially need a generator, and make a declare with Agility if it looks like there is a risk of a power interruption."

- Director Global Workplace Operations

Reduce time spent responding to a power outage

Agility provides end-to-end recovery solutions to keep an organization up and running during a power interruption.

"I learned of a power interruption at one of our facilities in Texas while I was on the Safari ride at Disney with my kids. I was literally on the Safari ride ordering a generator, and it was so easy to get what I needed, even though I was on vacation. The whole process was very easy and only took about 10 minutes. Without Agility I would have had to stop what I was doing, figure out who I would get the generator from, and what the cost was going to be. It would have taken me at least 2 hours."

- Senior Buyer

Customers interviewed reported:

80%

REDUCTION in time spent responding to a power outage

Mitigate Risk

Reduce duration of an outage to protect against revenue loss

Agility allows organizations to plan for the generators they will need during an outage and ensures the availability of equipment and fuel to continue production in the event of a power interruption.

“We operate 24 hrs/day, and if we experienced a prolonged outage, it would cost us \$2.25m per day.”
- VP Operations

Customers interviewed report:

Avoiding Revenue Loss

From reduced duration of outage

Customers interviewed report:

Avoiding Inventory Spoilage

From reduced duration of outage

Reduce duration of an outage to protect against inventory spoilage

Agility does the work up front to ensure organizations have access to power when and where it is needed.

“We store millions of dollars’ worth of plasma in each of our freezers and if we lose power and the temperature of the plasma goes above a certain threshold, then it is destroyed, and Agility helps us avoid this situation.”
- Senior Buyer

Reduce duration of an outage to avoid the cost of idle employees

Agility Recovery solutions provide organizations with a rapid response time that ensures power outages are kept to a minimum.

“During a power outage of unknown duration, we have a team of employees trying to coordinate deliveries to customers, without visibility to when the power will come back on, and we are trying to decide if employees should sit here and wait, or go home and come back. It is all quite stressful.”
- Facility Manager

Customers interviewed report:

Avoiding Idle Employees

From reduced duration of outage

Reduce cost of insurance premiums

Agility ensures delivery of power, fuel, testing, and electrical connection support when your business needs them most.

“One of the original reasons we brought in Agility was because we received a discount on one of our insurance policies”.

- Senior Buyer

Assumption:

2%

REDUCTION in cost of insurance premium

Reduce duration of a business interruption to avoid reputational damage

Agility's flexible power model minimizes an organization's exposure to downtime, by providing access to back-up power at pre-negotiated rates through a national network of assets.

“Customer satisfaction and reputational risk are the biggest issues with late deliveries. People want their stuff when they want it.”

- VP Operations

Sources:

1. <https://www.energy.gov/ne/articles/department-energy-report-explores-us-advanced-small-modular-reactors-boost-grid>
2. <https://www.climatecentral.org/climate-matters/surging-weather-related-power-outages>

Key Findings



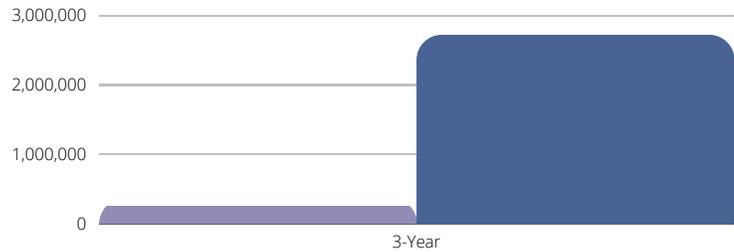
Research Results

The value of a validated backup power solution is immediate and demonstrable. A medical device manufacturer with the below profile can realize significant financial benefits from an investment in Agility Recovery solutions:

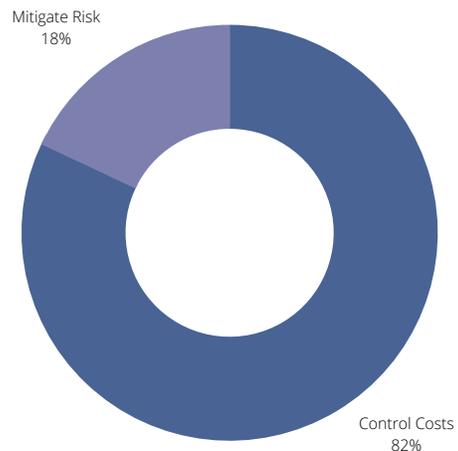
- \$1.8B in annual revenue
- 1500kw generator
- 4 locations covered

For this organization, an annual investment of \$77,000 generates a positive return in less than 1 month and a 3-year ROI of 949%, with benefits in the first year exceeding \$2.3mm.

Investment vs. Return



Benefits by Business Objective





About Agility Recovery

Agility Recovery is the leading provider of business continuity and disaster recovery solutions. For more than 33 years, Agility has helped businesses restore operations quickly by providing assured access to critical business resources and equipment, including backup power, fuel, alternative workspace, communications equipment, technology, and testing services. In the wake of the unexpected, we simplify resilience and recovery by providing the expertise and resources organizations need to prepare for and recover from any business interruption.

About Hobson & Company

Hobson & Company helps technology vendors and purchasers uncover, quantify and validate the key sources of value driving the adoption of new and emerging technologies. Our focus on robust validation has helped many technology purchasers more objectively evaluate the underlying business case of a new technology, while better understanding which vendors best deliver against the key value drivers. Our well researched, yet easy-to-use ROI and TCO tools have also helped many technology companies better position and justify their unique value proposition. For additional information, please visit www.hobsonco.com.

Disclaimer:

The return-on-investment (ROI) and other financial calculations expressed in this research paper are based on data provided by Agility Recovery clients and various assumptions and provide estimates only. The actual ROI realized by clients may vary from the estimates provided.

Agility Recovery offers this tool to assist customers with evaluating their solutions; however, Agility Recovery and Hobson & Company (the firm that created the tool) are not responsible for the accuracy of any estimates.

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