

Repurposing waste energy

- **Thermal specialist** promises at least 50% savings in heating and cooling costs
- **It is looking at beefing up its team** by up to 20-30% year-on-year
- **Listing** may be an option as it is a capital-intensive business



by Catlyn Yap

GOING green is increasingly important to businesses as more consumers become aware of environmental issues. When done right, it reduces cost in the long term as well. Energy efficiency is one such area businesses are looking into.

iHandal Energy Solutions Sdn Bhd founder Aaron Patel says the thermodynamics company, which focuses on recovering and recycling waste energy, has seen a spike in demand for its solutions this year. It had completed installations at 15 sites last year and is now juggling triple the number of projects.

The thermal specialist promises at least 50% savings on average in the areas of heating and cooling costs, with small projects ranging from RM100,000 to RM200,000 and the largest an RM3 mil project. Project sizes average around RM1 mil.

It has done 60 installations to date in the hospitality and healthcare sectors. Apart from Malaysia, it has presence in Vietnam, Thailand, Sri Lanka, Singapore and Indonesia. Vietnam was its first overseas market, venturing there in 2012.

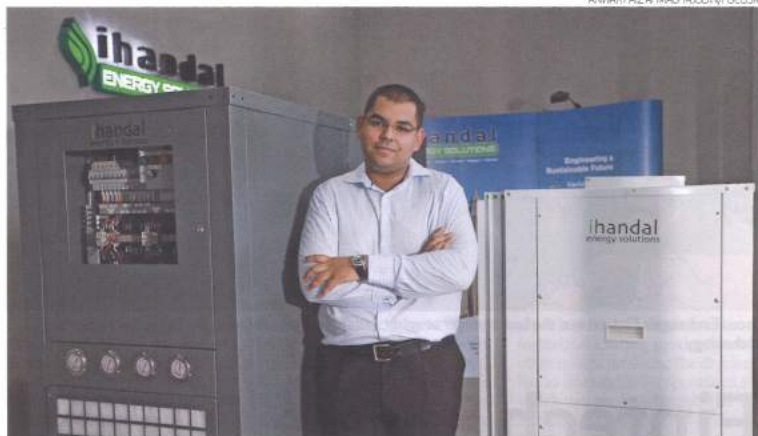
"In terms of industries, the majority of our customers are still in the commercial sector, with hospitality and healthcare generating the most revenue. We're building up a lot of new sectors this year, especially in industrial with our biggest sector being tobacco.

"We're developing solutions across industries because the impact of what we do is a percentage of revenue," Aaron says.

Apart from that, iHandal is also keen to create regional impact through licensing its technology in 30 countries. This will allow it to leverage on the distribution networks of partners, who will give local support in terms of the execution of the projects.

This push started in August and expands the company's distribution network to Qatar and South Africa.

Aaron says: "We're trying



Aaron says iHandal is seeing increased demand for its thermodynamics solutions this year

to maximise the impact of what we do. The biggest challenge is getting on the ground as it requires local know-how, so we're working with others to execute the projects. We'll focus on the design and engineering, which is our strength."

For next year, the company targets to handle an equal proportion of overseas and local projects, with the industrial vertical to contribute half of the company's total income.

It wants to reduce carbon dioxide emissions by 200 million tonnes within 10 to 15 years with US\$1 bil worth of projects. Previously, the goal was for only two million tonnes.

"If we continue on our growth path, it's within reach, but it's about keeping that momentum going," says Aaron.

Learning through experience

Being an entrepreneur from a young age was not easy for Aaron. As a 15-year-old in 2007, he had taken over his father's solar water panel trading business with his mother to eke out a living.

On the key takeaways from his journey, he says the most valuable lesson learnt was dedicating enough effort to achieve your goals.

"I can do anything I want to if I dedicate enough effort. It's not just about having a great idea but putting in effort and making sure it happens," he shares.

Cash flow management is another area he highlights as crucial to running a business, as iHandal's business model is a unique one.

There had been a lot of products for general energy efficiency introduced several years before he started the company, which was a sour experience for a lot of clients as they were cheated at the time. This made it difficult for him to convince them to take on his solution, which was why the company's business model is structured as it is now.

"The guarantee basis was the only model we could enter the market with, where the client wouldn't pay us if the solution didn't work, so all the risks were on us. That was the biggest challenge since we had to come out with everything before the client paid us," Aaron says.

He adds that this was why the company grew slowly during its first few years, as the lack of resources limited the number of projects it could take on.

"We didn't know anything about cash flow until we started having challenges with it. Over time, we learnt to manage it, but it's ever a challenge," he admits.

Continuous learning is also important to entrepreneurs, as running a business requires a combination of different skillsets.

Aaron says: "It's not only the technical parts (of building a product), but also managing your people and other skills that come together. Execution is crucial because of the sheer speed we want to do things, so the biggest challenge would be getting people to align to the common goal.

"The support network is key as it provides a sounding board and emotional support, with people who have been there and done that." - Aaron

"To do that, you need to earn their respect and trust and (apart from that) there are a lot of things you have to learn to get people aligned."

In Aaron's case, experience has been the mentor as he has been operating iHandal up until the company was selected by international non-profit organisation Endeavour at its 69th International Selection Panel.

The support, in terms of mentorship and access to networks, has proven invaluable to Aaron in developing a long-term business plan.

"The support network - from both mentors and my family - is key as it provides a sounding board and emotional support, with people who have been there and done that. It helps you put things into perspective.

"It's been very helpful in figuring out the values we stand

for. A lot of companies have nice vision statements, but when we switch gears to be impactful, it's a struggle to practise it daily," he says.

Working for the future

In addition, it has enabled him to learn how to delegate responsibilities, which is necessary in a growing business.

He adds: "The growth we've had was a blessing, because over the past year I realised that I couldn't manage everything on my own.

"Once you come to that point, you know you have to build the next level of people to help you, but you have to be very clear in communicating your expectations so there's alignment."

Aaron believes that while the operational aspects of running a business can be learnt "quite easily", managing it is challenging because it requires a completely different skillset. At the same time, the fast pace of growth brings its share of challenges, most notably in the form of accountability and getting people to take ownership for projects.

iHandal has about 25 staff and is looking to beef up the team by up to 20-30% each year to cope with demand. That said, Aaron says a core strategy is to focus on its core business, which is design and engineering, and leverage on others for non-core activities.

As iHandal develops further, Aaron says listing may be an option as it is a capital-intensive business.

He says: "We'll need sufficient capital to take on jobs and it'll boost our credibility, especially when speaking with multinational companies."

There are also long-term plans to combine energy efficiency with data analytics and information technology for consumers and home owners.

"We want to bring visibility to the average person to know that (energy efficiency and going green) is within reach.

"With three- to five-year business plans, research and development becomes an option and the space is evolving fast with new mediums of recovering energy, so it might be possible to miniaturise it so everyone can use it in the home one day," he concludes. **FocusM**

Tune Hotels was the company's first client

