



**2014 Tanzanian  
Solar Power Generation Energy  
Customer Value Leadership Award**



FROST & SULLIVAN



50 Years of Growth, Innovation & Leadership

# Customer Value Leadership Award

## The Solar Power Generation Industry

TANZANIA



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## Letter of Congratulations

Dear Mr Francis Kibhisa,

We are proud to present you with this year's award for best practices in Customer Value Leadership in the Solar Energy industry.

You may be wondering how we chose you. The answer is that we sent out a team of Frost & Sullivan analysts and industry experts on a global hunt for companies achieving dual excellence in two critical areas: Customer Value and Growth Success. Put another way, we were searching for companies that not only had a vision for a high-quality total customer experience, but used those insights to achieve growth above the industry average. We asked our global network of consultants and analysts to monitor, screen, and analyse creative practices within their regions. We spoke to industry peers. We vetted our findings with an independent Board of Directors. At the end of our process, one company stood out from the rest, and that company was yours. (For more on our methodology, please see page 11.)

To achieve excellence in Customer Value Leadership is never an easy task, but it is one made even more difficult due to today's competitive intensity, customer volatility, and economic uncertainty—not to mention the difficulty of innovating in an environment of escalating challenges to intellectual property. Within this context, your receipt of this award signifies an even greater accomplishment.

Moreover, we recognise that your receipt of this award is the result of many individuals (employees, customers, and investors) making daily choices to believe in the organisation and contribute in a meaningful way to its future. We believe that such an achievement should be acknowledged and celebrated.

We are therefore proud to bestow this award upon Rex Solar Energy, and we hope you use this award as a platform for strengthening your brand, building awareness among new and existing customers, and inspiring your team to even greater levels of performance.

Once again, we congratulate you on your achievements and wish you great success in the future. We are here to support you on any future endeavours.

Sincerely yours,



David Frigstad  
*Chairman*  
Frost & Sullivan

## Background and Company Performance

### *Industry Challenges*

The energy sector in Tanzania is characterised by a low per capita consumption of commercial energy, namely electricity and petroleum, and a relatively high dependency on non-commercial energy such as biomass in the form of firewood. The majority of Tanzanian households are yet to experience the advantages of clean modern energy for cooking, heating and lighting. Demand for energy is, to a larger extent, addressed by wood fuel. This is due to the fact that electric power is available to less than 15% of the population, and only 2% of the rural population have reasonable access to electricity.

In such a scenario, the development of solar industry is efficiently supported by the government, which is looking to increase the share of renewable energy (RE) in the country's electricity mix from 4.9% to 14% by the end of 2015. Cumulative installed solar capacity in Tanzania is estimated to have increased from 100 kilowatts (kW) in 2005 to more than five megawatts (MW) in 2012.

Tanzania's solar market emerged only in the late 1990s and early 2000s, largely through a spill-over from Kenya and active market developments from foreign donors and the Tanzanian government. This market is likely to continue to rise as more than 75% of Tanzanian population is not connected to the national grid and will not be connected in the near future.

The key industry challenges faced by participants in the course of meeting customer requirements, who are located far from the national grid include lack of customer awareness about clean energy and the low purchasing power of the rural household customers. The lack of consumer awareness is often a problem for clean energy companies; wherein building consumer awareness requires a localised and innovative approach towards below and above the line marketing. This tends to be a highly expensive exercise which hinders participants from scaling up their respective projects.

The Tanzanian independent power producers (IPP) have to be innovative when offering clean energy solutions to the customers who are not connected to the national grid. In order to succeed in the off-grid market, IPPs will have to adopt overarching business modes that encompass feasible financial mechanisms, tailored market strategies and intense distribution channels. Consequently, clean energy solutions will be affordable and accessible to customers who are located far from the national grid.

## *Customer Value and Implementation Excellence of Rex Solar Energy*

### **Delivering Total Customer Experience**

Rex Solar Energy was established in 2000, as Tanzania's solar contractor providing alternative power solutions. Its product and services include solar components, all-inclusive turnkey services - from conception to implementation of solar and electric systems; along with a range of expert consultancy services on the development of off-grid electrification plans. With a first-mover advantage, the company has developed robust distribution channels which enable it to reach its customers throughout the country. In response to lack of customer awareness, Rex Solar Energy has reinforced its customer support services by closely monitoring and providing intense training to its distributors. Accordingly, customer support services play a crucial role in providing high degree of satisfaction amongst existing and potential customers which span across rural dispensaries and health care centres, schools and educational centres, urban and rural households, lodges and hotels.

Apart from its loyal base of repeat customers, the company also manages to acquire new customers who purchase solar electric power systems based on viewing an up and running system. Thus, there is a requirement for a well-trained sales personnel who is able to offer support to customers and address issues that the customers may experience while using Rex Solar Energy's products.

In addition to this, the word-of-mouth marketing has allowed the company to seamlessly penetrate into the solar power market in Tanzania, effectively provide access to clean and reliable energy in 'hard to reach' communities, and most importantly enabling the company to build trust, which plays a significant role in customer retention. This is a differentiating attribute that enables Rex Solar Energy to exhibit its supremacy over competitors.

### **Comprehensive Product Value**

The solar power industry, particularly in Tanzania, is no longer profitable for participants who are only selling solar components such as solar panels, batteries, or inverters as customers are consistently on the lookout for a holistic solution from the service provider. The rural household market is characterised by a low purchasing power which builds up a challenge for most of the industry participants. Rex Solar Energy's ability to provide feasible financial mechanisms for all its products and services facilitates the company's delivery of clean energy solutions to the rural household market while ensuring commercial sustainability at the same time.

The first-mover advantage that the company enjoys has enabled it to gain trust from microfinance institutions which are predominantly buyers of the turnkey projects developed for rural household market. The projects are designed according to specific customer needs and addressing embedded financial constraints.

For instance, in the Lushoto district in Tanzania, a host of teachers expressed their need for electricity at home. To meet this requirement, Rex Solar Energy collaborated with Savings and Credit Corporative Organisations (SACCOs) – a microfinance institution to design and implement tailor-made solar electric power systems such as solar panels, charger controllers, and batteries. SACCOs acquired these systems from Rex Solar Energy, and the end-users as per collaborative agreement are required to pay monthly instalments until debt is paid off.

Rex Solar Energy's solar electric power systems are highly durable; and they come with a warranty of minimum 10 years, which if well maintained may even last more than that. These systems are safe for rural and urban households as they provide clean energy without burning fossil fuels and releasing harmful emissions into the atmosphere, thus maintaining an ecological balance.

### **Enriched Ownership Experience**

Despite operating in a stiff competitive environment, Rex Solar Energy has managed to position itself as a preferred provider of solar power generation solutions . Leveraging its extensive solar industry experience and a strong brand image, the company has been successful in creating a top-of-the-brand recall in the Tanzanian market.

With its offer of high quality and accessible solar energy products, the company has efficiently instilled more value among customers. Additionally, for its reliable customer support and after sales services, Rex Solar Energy enjoys a leading position in the market. Consequently, it was awarded a \$4.7 million solar project in 2012 by Millennium Challenges Account-Tanzania (MCA-T) – a US foreign agency which operates in Tanzania. The project entailed designing, supplying and installing solar power systems into 40 secondary schools, 10 healthcare centres, 120 dispensaries, government buildings and businesses across 25 village market centres in the Kigoma region. To conduct a project of this magnitude, Rex Solar Energy formed a joint venture with Camco International Limited, a renowned global developer of clean energy solutions, with Rex Solar Energy controlling 80% (\$3.76 million) of the project. Collaborating with Camco International Limited has further boosted Rex Solar Energy's image in Tanzania and rest of the East African renewable energy market.

### **Vision Alignment**

Rex Solar Energy's vision is to significantly contribute to the development of Tanzania and the rest of Sub-Saharan Africa through the provision of clean and effective environmentally friendly energy solutions. The company is currently working on a strategic expansion plan that is expected to run through to 2016. The objective is to expand the business into the rest of East Africa as well as Central Africa; and build a strong image in the East and Central Africa. In East and Central Africa, 80% of the population is not connected to the electricity grid; and this presents an opportunity for growth to IPPs. Over the past five years, Rex Solar Energy has been growing at 75% per annum, and expects to grow at 80% by 2015, due to successful implementation of its regional expansion plans. The company is divided into multiple business units which have designated

quarterly targets. The vision of each of these units needs to be aligned with the broader vision of the company. The executive team holds quarterly meetings wherein it reviews objectives and strategies as well as devise ways to implement those strategies. Rex Solar Energy also ensures that it recruits leaders who will help support the broader vision of the company.

### **Process Design**

The extent of Rex Solar Energy's commitment to add value to its customers can be demonstrated by the efficiency that the company has portrayed while aligning its processes. The company has complementary and consulting services which ensure that its projects are developed as per customised customer needs. The consultancy service specialises in the development of off-grid electrification which involves technical analyses, business plan development, financial modelling, strategy implementation, and capacity building. On the other hand, consulting services work closely with the research and development (R&D) department of renewable energy at the University of Dar es Salaam. The role of the consultancy services and the department of RE is to drive Rex Solar Energy's innovative spirit, which is fundamental to its business operations.

At the same time, complementary services which encompasses design, supply and installation of solar projects work hand in hand with the sales force to ensure that Rex Solar Energy's products and services are easily accessible, and customers are effectively supported at every stage. These best practices have had a positive impact on the company's bottom-line and has enabled the company to achieve the capacity to deliver big projects (such as MCA-T), obtain a solar market share of 63%, and maintain a consistent average growth rate of 75% per annum since 2008.

### **Company Culture**

Rex Solar Energy attracts and retains individuals who are innovative, solution oriented and passionate about renewable energy solutions. This performance orientated culture has compelled the company to partner with businesses like Barclays Bank, which also recognises the need for future oriented, sustainable energy solutions. In this partnership, Barclays Bank has signed a Memorandum of Understanding (MoU) with Rex Solar Energy, wherein the latter is commissioned to design, supply, install and maintain solar power systems to the residential units of Barclays Bank's staff members. These systems ensure a constant power supply regardless of power failures; and it also greatly enhances the value of property for home-owners, particularly urban households.

### *Conclusion*

Rex Solar Energy is recognised for its commitments to add value to its customers, particularly across the urban and rural households. The company has managed to build a strong and a well trusted brand reputation in Tanzania, through its offer of a robust line of products and services. Its ability to offer feasible financial mechanisms has enabled it to provide access to clean, reliable and affordable alternative energy sources compared to fossil fuels which releases harmful emissions into the atmosphere. The unsurpassed

expertise of the sales force and its strong customer support team ensures that the end-users receive the necessary training on the solar energy products, and requisite support for the maintenance of the solar electric power systems. Recognising such comprehensive value offerings, Frost & Sullivan believes that Rex Solar Energy is the deserving recipient of the 2014 Customer Value Leadership Award in the Tanzanian Solar Energy Market.

## Significance of Customer Value Leadership

Ultimately, growth in any organisation depends upon customers purchasing from your company, and then making the decision to return time and again. In a sense, then, everything is truly about the customer—and making those customers happy is the cornerstone of any long-term successful growth strategy. To achieve these dual goals (customer engagement and growth), an organisation must be best-in-class in three key areas: understanding demand, nurturing the brand, differentiating from the competition. This three-fold approach to delivering customer value is explored further below.



## Understanding the Total Customer Experience

As discussed on the previous page, demand forecasting, branding, and differentiation all play a critical role in delivering unique value to customers. This three-fold focus, however, is only the beginning of the journey and must be complemented by an equally rigorous focus on the customer experience. Best-practice organisations therefore commit to the customer at each stage of the buying cycle and continue to nurture the relationship once the customer has made a purchase.

During the buying cycle, successful companies identify prospects, engage them through resonant communications, and manage to a successful close through superior service and targeted incentives to buy. Once the purchase is complete, customer-focused organisations continue to nurture relationships with ongoing service, transparency, and integrity. In this way, they build a loyal customer base with low attrition rates and high lifetime value. This ongoing, cyclical dynamic is further illustrated below.



## Frost & Sullivan's Global Research Platform

Frost & Sullivan maintains more than 50 years in business and is a global research organisation of 1,800 analysts and consultants who monitor more than 300 industries and 250,000 companies. The Company's research philosophy originates with the CEO's 360 Degree Perspective, a holistic research methodology that encourages us to consider growth challenges, and the solutions companies employ to solve them, from every angle. This unique approach enables us to determine how best-in-class companies worldwide manage growth, innovation and leadership. Based on the results of our research in customer value leadership, Frost & Sullivan is proud to present the 2014 Tanzania Customer Value Leadership Award in the Solar power generation Energy to Rex Solar Energy.

### Key Benchmarking Criteria

For the Customer Value Leadership Award, we evaluated the total client experience and strategy implementation excellence according to the criteria detailed below.

#### Customer Value Excellence

- Criterion 1: Total Customer Experience
- Criterion 2: Product/Service Value
- Criterion 3: Purchase Experience
- Criterion 4: Ownership Experience
- Criterion 5: Service Experience

#### Implementation Excellence

- Criterion 1: Vision Alignment
- Criterion 2: Process Design
- Criterion 3: Operational Efficiency
- Criterion 4: Technological Sophistication
- Criterion 5: Company Culture

## The Intersection between 360-Degree Research and Best Practices Awards

### Research Methodology

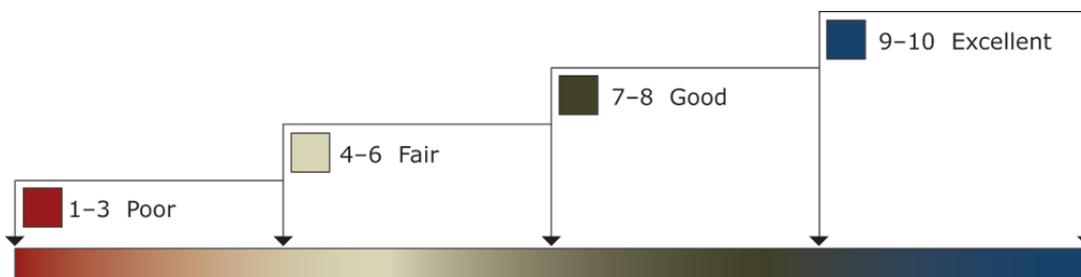
Frost & Sullivan’s 360-degree research methodology represents the analytical rigor of our research process. It offers a 360-degree-view of industry challenges, trends, and issues by integrating all 7 of Frost & Sullivan's research methodologies. Too often, companies make important growth decisions based on a narrow understanding of their environment, leading to errors of both omission and commission. Successful growth strategies are founded on a thorough understanding of market, technical, economic, financial, customer, best practices, and demographic analyses. The integration of these research disciplines into the 360-degree research methodology provides an evaluation platform for benchmarking industry players and for identifying those performing at best-in-class levels.

360-DEGREE RESEARCH: SEEING ORDER IN THE CHAOS



### Decision Support Scorecard and Matrix

To support its evaluation of best practices across multiple business performance categories, Frost & Sullivan employs a customised Decision Support Scorecard and Matrix. This analytical tool compares companies’ performance relative to each other. It features criteria unique to each award category and ranks importance by assigning weights to each criterion. The relative weighting reflects current market conditions and illustrates the associated importance of each criterion according to Frost & Sullivan. This tool allows our research and consulting teams to objectively analyse performance, according to each criterion, and to assign ratings on that basis. The tool follows a 10-point scale that allows for nuances in performance evaluation; ratings guidelines are illustrated below.



## Best Practice Award Analysis for Rex Solar Energy.

### Decision Support Scorecard: Customer Value Excellence

The Decision Support Scorecard, shown below, includes all performance criteria listed on page 7 and illustrates the relative importance of each criterion and the ratings for each company under evaluation for the Customer Value Leadership Award. The research team confirms the veracity of the model by ensuring that small changes to the ratings for a specific criterion do not lead to a significant change in the overall relative rankings of the companies.

Finally, to remain unbiased and to protect the interests of all organisations reviewed, we have chosen to refer to the other key players in as Company2 and Company3.

#### DECISION SUPPORT SCORECARD FOR CUSTOMER VALUE LEADERSHIP AWARD (ILLUSTRATIVE): CUSTOMER VALUE EXCELLENCE

Measurement of 1-10 (1 = poor; 10 = excellent)	Award Criteria					
	Total Customer Experience	Product/Service Value	Purchase Experience	Ownership Experience	Service Experience	Weighted Rating
Customer Value Excellence						
<b>Relative Weight (%)</b>	<b>20%</b>	<b>20%</b>	<b>20%</b>	<b>20%</b>	<b>20%</b>	<b>100%</b>
Rex Solar Energy	9	9	9	9	9	9
Company2	8	7	8	7	7	7.4
Company3	7	7	6	6	7	6.6

#### Criterion 1: Total Customer Experience

Requirement: Customers receive exceptional impression at every stage of the purchase cycle

#### Criterion 2: Product/Service Value

Requirement: Products or services offer the best value for the price, compared to similar offerings in the market

#### Criterion 3: Purchase Experience

Requirement: It is as simple for salespeople to sell the product or service as it is for the customer to buy the product or service

#### Criterion 4: Ownership Experience

Requirement: Customers are proud to own and use the company’s product or service

#### Criterion 5: Service Experience

Requirement: Customer service is accessible, fast, and stress-free

## Decision Support Scorecard: Implementation Excellence

DECISION SUPPORT SCORECARD FOR CUSTOMER VALUE LEADERSHIP AWARD (ILLUSTRATIVE): IMPLEMENTATION EXCELLENCE

Measurement of 1-10 (1 = poor; 10 = excellent)	Award Criteria					
	Vision Alignment	Process Design	Operational Efficiency	Technological Sophistication	Company Culture	Weighted Rating
Implementation Excellence						
<b>Relative Weight (%)</b>	<b>20%</b>	<b>20%</b>	<b>20%</b>	<b>20%</b>	<b>20%</b>	<b>100%</b>
Rex Solar Energy	9	9	9	8	9	8.8
Company2	8	8	7	7	7	7.4
Company3	7	7	6	6	5	6.2

### Criterion 1: Vision Alignment

Requirement: The executive team is aligned on the organisation’s mission and vision

### Criterion 2: Process Design

Requirement: Processes support the efficient and consistent implementation of tactics designed to implement the strategy

### Criterion 3: Operational Efficiency

Requirement: Staff performs assigned tactics seamlessly, quickly, and to a high quality standard

### Criterion 4: Technological Sophistication

Requirements: Systems enable companywide transparency, communication, and efficiency

### Criterion 5: Company Culture

Requirement: The executive team sets the standard for commitment to customers, quality, and staff, which translates directly into front-line performance excellence

### Decision Support Matrix

Once all companies have been evaluated according to the Decision Support Scorecard, analysts can then position the candidates on the matrix shown below, enabling them to visualise which companies are truly breakthrough and which are not yet operating at best-in-class levels.



## Best Practices Recognition: 10 Steps to Researching, Identifying, and Recognising Best Practices

Our awards team follows a team 10-step process (illustrated below) to evaluate award candidates and assess their fit with our best practice criteria. The reputation and integrity of our awards process are based on close adherence to this process.

STEP	OBJECTIVE	KEY ACTIVITIES	OUTPUT
1 <b>Monitor, target, and screen</b>	Identify award recipient candidates from around the globe	<ul style="list-style-type: none"> <li>• Conduct in-depth industry research</li> <li>• Identify emerging sectors</li> <li>• Scan multiple geographies</li> </ul>	Pipeline of candidates who potentially meet all best-practice criteria
2 <b>Perform 360-degree research</b>	Perform comprehensive, 360-degree research on all candidates in the pipeline	<ul style="list-style-type: none"> <li>• Interview thought leaders and industry practitioners</li> <li>• Assess candidates' fit with best-practice criteria</li> <li>• Rank all candidates</li> </ul>	Matrix positioning all candidates' performance relative to one another
3 <b>Invite thought leadership in best practices</b>	Perform in-depth examination of all candidates	<ul style="list-style-type: none"> <li>• Confirm best-practice criteria</li> <li>• Examine eligibility of all candidates</li> <li>• Identify any information gaps</li> </ul>	Detailed profiles of all ranked candidates
4 <b>Initiate research director review</b>	Conduct an unbiased evaluation of all candidate profiles	<ul style="list-style-type: none"> <li>• Brainstorm ranking options</li> <li>• Invite multiple perspectives on candidates' performance</li> <li>• Update candidate profiles</li> </ul>	Final prioritisation of all eligible candidates and companion best-practice positioning paper
5 <b>Assemble panel of industry experts</b>	Present findings to an expert panel of industry thought leaders	<ul style="list-style-type: none"> <li>• Share findings</li> <li>• Strengthen cases for candidate eligibility</li> <li>• Prioritise candidates</li> </ul>	Refined list of prioritised award candidates
6 <b>Conduct global industry review</b>	Build consensus on award candidates' eligibility	<ul style="list-style-type: none"> <li>• Hold global team meeting to review all candidates</li> <li>• Pressure-test fit with criteria</li> <li>• Confirm inclusion of all eligible candidates</li> </ul>	Final list of eligible award candidates, representing success stories worldwide
7 <b>Perform quality check</b>	Develop official award consideration materials	<ul style="list-style-type: none"> <li>• Perform final performance benchmarking activities</li> <li>• Write nominations</li> <li>• Perform quality review</li> </ul>	High-quality, accurate, and creative presentation of nominees' successes
8 <b>Assemble board of advisors</b>	Finalise the selection of the best-practice award recipient	<ul style="list-style-type: none"> <li>• Present candidates to a Board of Advisors</li> <li>• Build consensus</li> <li>• Select winner</li> </ul>	Decision on which company performs best against all best-practice criteria
9 <b>Communicate recognition</b>	Inform award recipient of award recognition	<ul style="list-style-type: none"> <li>• Present award to the CEO</li> <li>• Inspire the organisation for continued success</li> <li>• Celebrate the recipient's performance</li> </ul>	Announcement of award and plan for how recipient can use the award to enhance the brand
10 <b>Take strategic action</b>	Share award news with stakeholders and customers	<ul style="list-style-type: none"> <li>• Coordinate media outreach</li> <li>• Design a marketing plan</li> <li>• Assess award's role in future strategic planning</li> </ul>	Widespread awareness of recipient's award status among investors, media personnel, and employees

## Impact of Customer Value Leadership Award on Key Stakeholders

The Customer Value Leadership Award recognises Rex Solar Energy's accomplishments in solar power generation industry. Unbiased, third-party recognition can help enhance credibility and brand value, thereby supporting Rex Solar Energy's standing in the market. By researching, ranking, and recognising those who define excellence in their respective endeavours, Frost & Sullivan hopes to inspire and influence the following three constituencies:

### Investors

Investors and shareholders always welcome impartial third-party recognition. Similarly, prospective investors and shareholders are drawn to companies with a well-established reputation for excellence. Unbiased validation is a highly credible way to showcase an organisation worthy of investment.

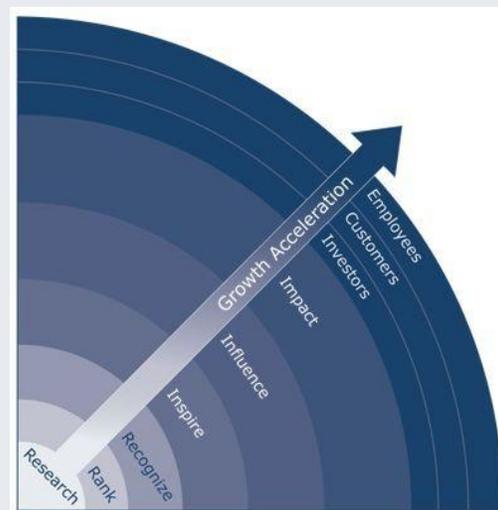
### Customers

Third-party validation can help assure prospective customers of a company's value and reputation. It can also help lower the level of risk that a customer may feel in engaging for the first time with an organisation.

### Employees

This Award represents the creativity and dedication of Rex Solar Energy's executive team and employees. Such public recognition can boost morale and inspire your team to continue its pursuit of excellence in customer value leadership for Rex Solar Energy.

### BEST PRACTICES LEVERAGE FOR GROWTH ACCELERATION



## About Frost & Sullivan

Frost & Sullivan, the Growth Partnership Company, enables clients to accelerate growth and achieve best in class positions in growth, innovation and leadership. The company's Growth Partnership Service provides the CEO and the CEO's Growth Team with disciplined research and best practice models to drive the generation, evaluation and implementation of powerful growth strategies. Frost & Sullivan leverages almost 50 years of experience in partnering with Global 1000 companies, emerging businesses and the investment community from 31 offices on six continents. To join our Growth Partnership, please visit <http://www.frost.com>.

## Disclaimer

Quantitative market information is based primarily on interviews and therefore is subject to fluctuation. Frost & Sullivan is not responsible for incorrect information supplied to us by manufacturers or users. Our research services are limited publications containing valuable market information provided to a select group of customers. Our customers acknowledge, when ordering, subscribing or downloading, that Frost & Sullivan research services are for customers' internal use and not for general publication or disclosure to third parties.

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Best Practices Recognition Group  
Frost & Sullivan  
7550 IH 10 West, Suite 400  
San Antonio, TX 78229-5616 USA