

MATHER ECONOMICS

HVAC Contractors Profitability and Revenue Growth Presentation



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mather:

mathereconomics.com

HELLO, NICE TO MEET YOU



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TODAY'S AGENDA



Introduction



Who is Mather Economics



Challenges facing Contractors



What to do with your data?



How Mather can help



Pilot Project

ABOUT US

Mather Economics is a business consultancy specializing in applied analytics and subscription lifecycle management.

10:1

RETURN ON
INVESTMENT

Our typical client engagement provides a 10-to-1 return on investment. We increase revenue yield and reduce risks from pricing actions.

\$6B+

REVENUE
MANAGEMENT

We provide customer analytics and yield management for over 200 clients with \$6 billion in combined annual revenue and 30 million customers.

200

CLIENTS IN
DIVERSE INDUSTRIES

Mather works with organizations in several industries to help them adapt their business models to digital disruption.

18

YEARS OF
EXPERIENCE

Founded in 2002 to apply microeconomics and predictive modeling to business challenges. Globally recognized as a leader in subscription price optimization.

BENEFITS OF MATHER ECONOMICS



Mather Economics is globally recognized as experts in pricing



Benchmarks from 600+ client markets globally and 18-years experience



Customized, consultative process with your in-house analytics team



Turnkey execution



Extensive reporting includes A/B testing and model validation



Dynamic revenue forecasting



Fully GDPR and CCPA compliant, SOC2 audited for security and privacy

GLOBAL CLIENTS (SELECT LIST)

THE WALL STREET JOURNAL.



Bloomberg



H E A R S T

News Corp



IHG®

Outside

CONDÉ NAST



The New York Times



INDUSTRIES WE WORK WITH

Mather Economics has diverse industry experience

We help our clients use data to improve profitability

We do not need "good" data to help companies succeed

Media

Telcom

Lottery

Sports

HVAC

Digital
Products

Higher
Educ

Wine

Autos

THINGS TO KNOW ABOUT MATHER

- We are affordable
 - Flexible arrangements, no long-term contracts
- Payback on our work in as little as 90 days
 - We find “low hanging fruit” to produce quick wins
- We have long-term client relationships
 - First 10 retainer clients still work with us

SEEKING PILOT PROJECT(S)

Mather Economics is seeking two (2) pilot projects to help HVAC Contractors improve the profitability of their businesses

- Seeking Contractors with diverse business models
- Will develop a toolkit to include:
 - Historical analysis of profits 2-5 years
 - Risk and opportunity assessment
 - Job costing tool to optimize profits by job, by Client, by season, etc
 - Forecasting tool for improving profits 1-3 years into the future
- Work custom to each Contractor
- 'Skin in the game' – Cost of service is \$500 per month (4-6 month project)
- Must be willing to allow promotion of case study

FACING THESE CHALLENGES?

- Shrinking profit margins without a strong understanding of how to maintain or grow
- Better accuracy to improve the bid process to improve profit
- The need for improved forecasting of Materials, Labor, Equipment, Overhead, and Warranty costs
- Profit margin variances by job type, client, seasonality, etc, impacting your short and long-term success
- Understand the risks and opportunities today and for the next 1-3 years



YOU HAVE A WEALTH OF DATA



Materials



Labor

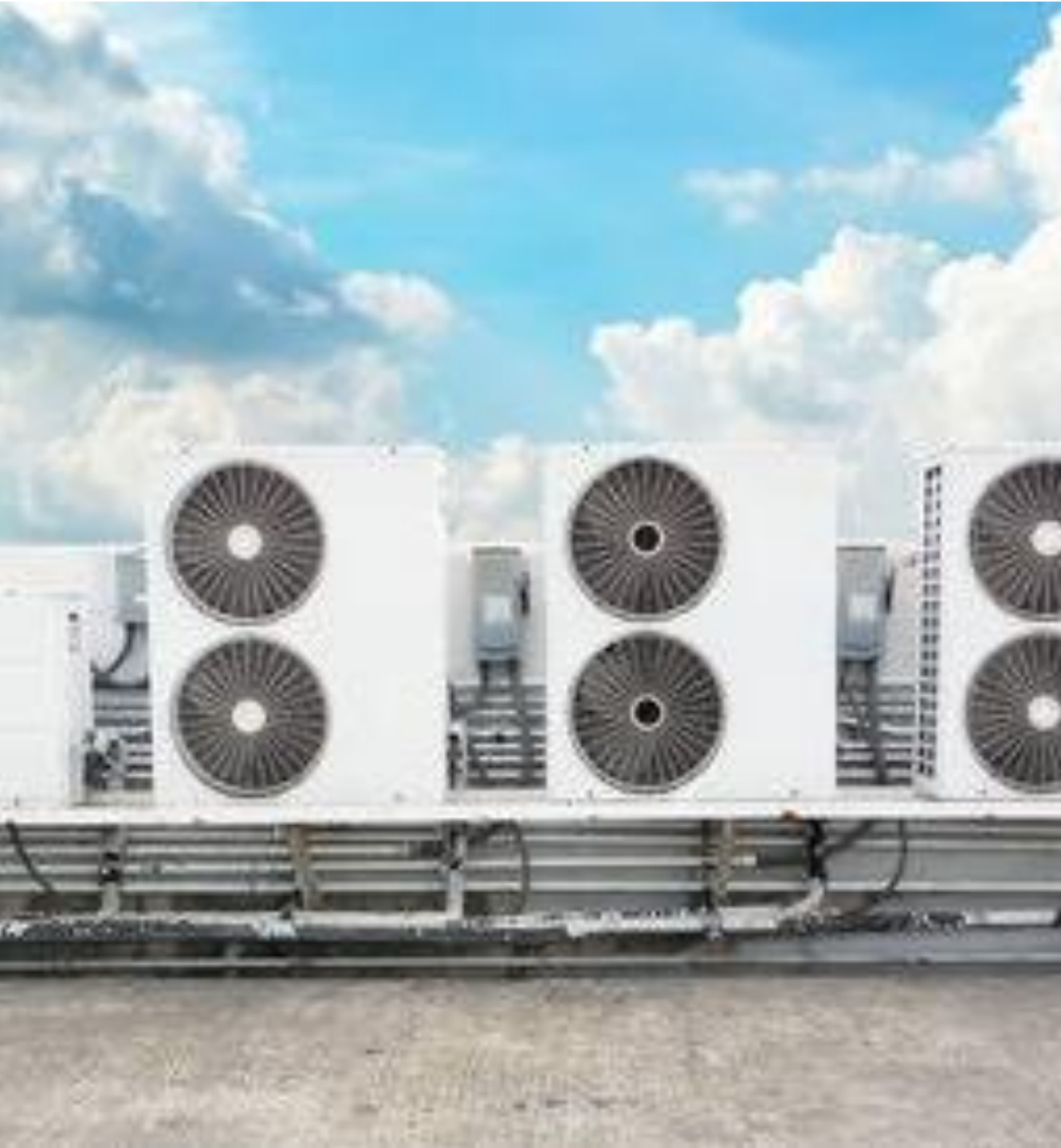


Equipment



Overhead

As a small business owner, monthly decisions can have a huge impact on margins and profitability. The layers of data available to each HVAC Contractor can swing the needle of profitability if you know where to look. The impact that improved job bidding and short/long-term forecasting are drivers of profit as much as the quality of your work.



MATHER ECONOMICS CAN HELP

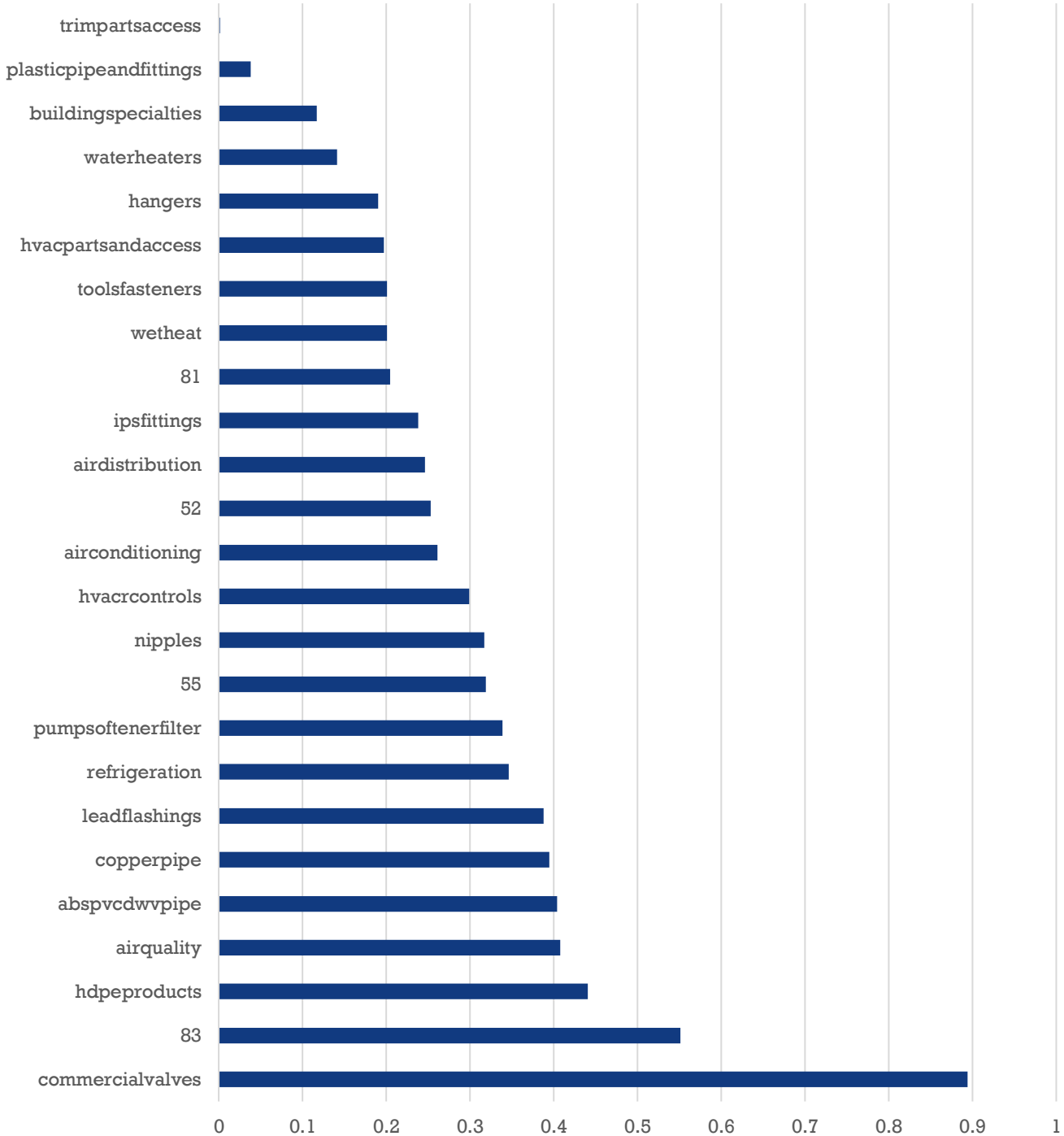
- Historical data review to provide a profit analysis for key expense categories
- High level summary statistics outlining risk and opportunity areas for expenses and revenues
- Client and job-type segmentation for a better revenue development
- Job costing tool for use “bid sheet” to assign or validate Client estimates
- Forecasting tool for current year profits and a 1-3 year outlook

PRICE SENSITIVITY BY PRODUCT LINE

Sensitivities can be measured at the SKU, product line, or any other level in order to identify opportunities for price adjustments

Our algorithm balances the tradeoff between revenue and volume, thereby maximizing revenue

Price sensitivity varies significantly across product line, illustrating the opportunities for targeted price changes



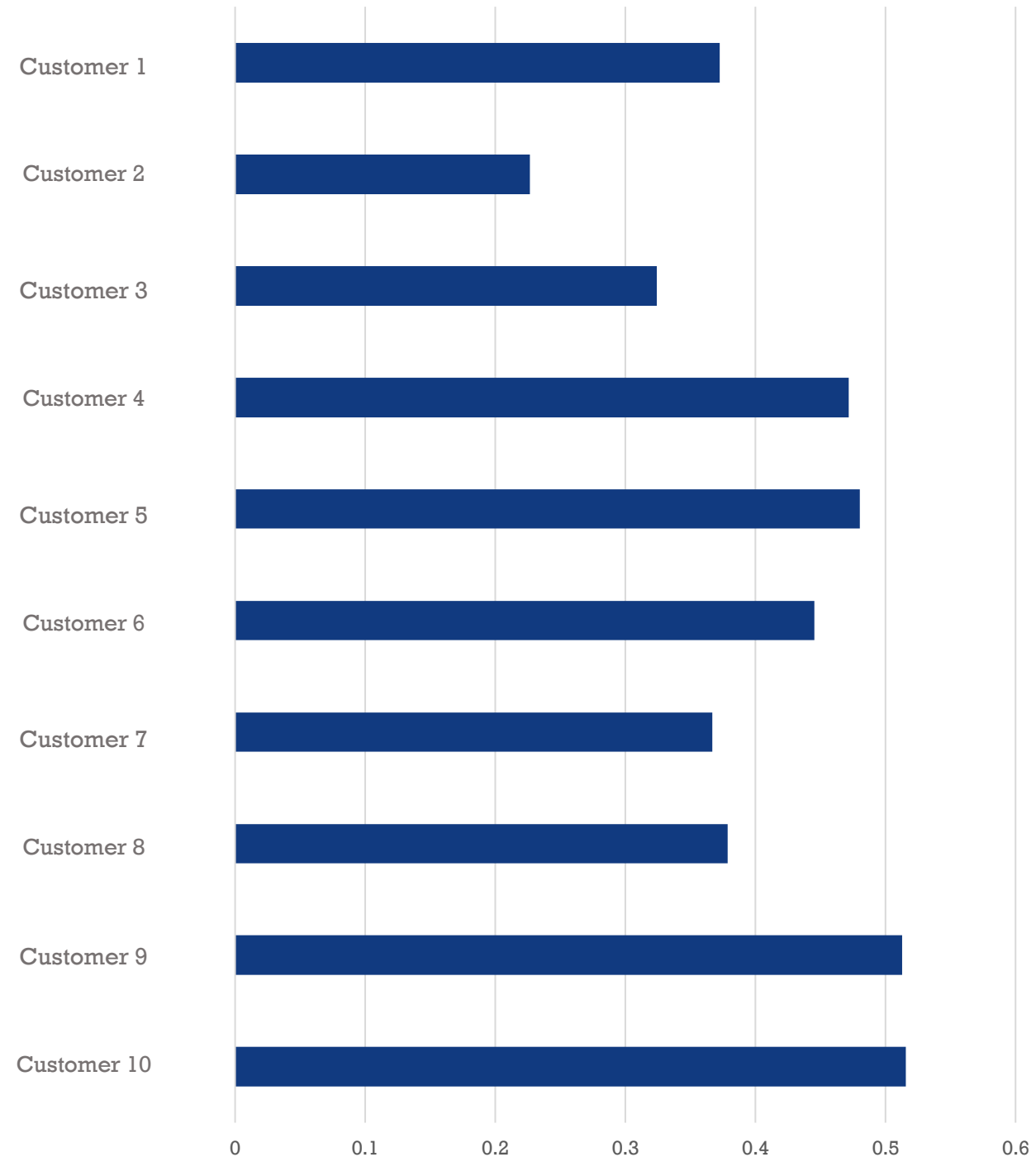
PRICE SENSITIVITY BY CUSTOMER

Price sensitivities are measured for each customer

Discounts can be strategically assigned to optimize revenue

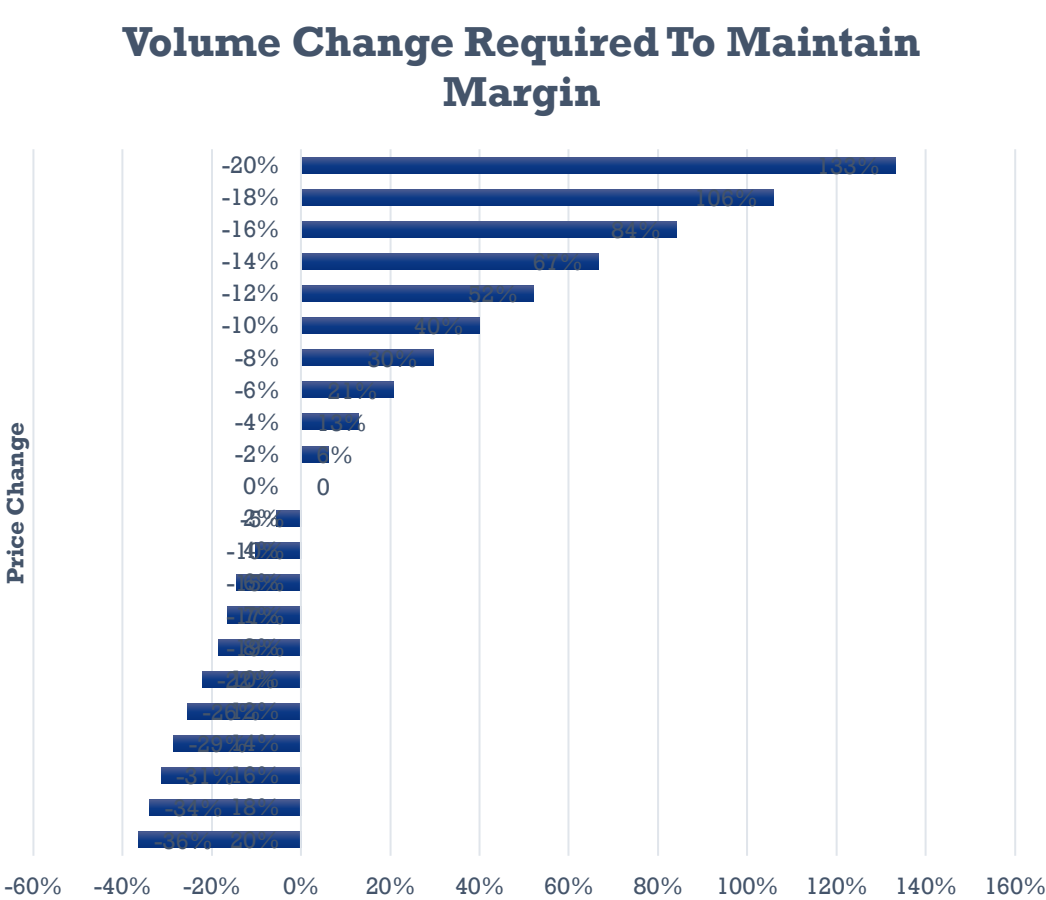
Recommendations can be integrated into existing sales dashboards or platforms

Updated using econometric and machine learning methods based on historical and reporting data



PRICING EFFECT ON PROFITABILITY

Lowering price requires large volume increase to maintain profit. Raising prices strategically often leads to significant revenue growth with minimal volume loss.



Sales Volume Change Required to Maintain Profits							
Price Change	Current Operating Margin						
	20%	25%	30%	35%	40%	45%	50%
20%	-50%	-44%	-40%	-36%	-33%	-31%	-29%
18%	-47%	-42%	-38%	-34%	-31%	-29%	-26%
16%	-44%	-39%	-35%	-31%	-29%	-26%	-24%
14%	-41%	-36%	-32%	-29%	-26%	-24%	-22%
12%	-38%	-32%	-29%	-26%	-23%	-21%	-19%
10%	-33%	-29%	-25%	-22%	-20%	-18%	-17%
8%	-29%	-24%	-21%	-19%	-17%	-15%	-14%
7%	-26%	-22%	-19%	-17%	-15%	-13%	-12%
6%	-23%	-19%	-17%	-15%	-13%	-12%	-11%
4%	-17%	-14%	-12%	-10%	-9%	-8%	-7%
2%	-9%	-7%	-6%	-5%	-5%	-4%	-4%
0%	0	0	0	0	0	0	0
-2%	11%	9%	7%	6%	5%	5%	4%
-4%	25%	19%	15%	13%	11%	10%	9%
-6%	43%	32%	25%	21%	18%	15%	14%
-8%	67%	47%	36%	30%	25%	22%	19%
-10%	100%	67%	50%	40%	33%	29%	25%
-12%	150%	92%	67%	52%	43%	36%	32%
-14%	233%	127%	88%	67%	54%	45%	39%
-16%	400%	178%	114%	84%	67%	55%	47%
-18%	900%	257%	150%	106%	82%	67%	56%
-20%	-	400%	200%	133%	100%	80%	67%

PROJECT APPROACH

A typical applied analytics project approach phases



Time is money.

Let Mather Economics help
you use your own data on the
path to success.

THANKS FOR JOINING US



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