



**Training Proposal for:
Silver Spring Networks, Inc.
Agreement Number: ET12-0286**

Panel Meeting of: **January 27, 2012**

ETP Regional Office: **San Francisco Bay Area**

Analyst: D. Woodside

PROJECT PROFILE

Contract Attributes: Priority Retrainee Job Creation Initiative
 Industry Sector(s): Technology/Other Manufacturing

Counties Served: San Mateo
 Union(s): Yes No

Repeat Contractor: Yes No
 Priority Industry: Yes No

No. of Employees in CA: 450

No. of Employees Worldwide: 593

| Turnover Rate % | Manager/Supervisor % |
|-----------------|----------------------|
| 11% | 15% |

FUNDING DETAIL

| Program Costs | Substantial Contribution | Total ETP Funding |
|---------------|--------------------------|-------------------|
| \$151,110 | \$0 | \$151,110 |

| In-Kind Contribution |
|----------------------|
| \$259,599 |

TRAINING PLAN TABLE

| Job No. | Job Description | Type of Training | Estimated No. of Trainees | Range of Hours | | Average Cost per Trainee | Post-Retention Wage |
|---------|--------------------------------------------------|------------------------------------------------------------------------------------------|---------------------------|---------------------|------|--------------------------|---------------------|
| | | | | Class / Lab | CBT | | |
| 1 | Retrainee Priority | Business Skills, Commercial Skills, Continuous Improvement, Advanced Technology | 131 | 24-200 | 0-40 | \$810 | \$15.70 |
| | | | | Weighted Avg: 45 | | | |
| 2 | Retrainee Priority Job Creation Initiative | Business Skills, Commercial Skills, Continuous Improvement, Advanced Technology | 50 | 24-200 | 0-40 | \$900 | \$15.70 |
| | | | | Weighted Avg: 45 | | | |

Minimum Wage by County: \$15.70 for San Mateo County.

Health Benefits: Yes No This is employer share of cost for healthcare premiums – medical, dental, vision.

Used to meet the Post-Retention Wage?: Yes No Maybe

Although employer provides health benefits, they are not being used to meet Post-Retention Wage.

| Wage Range by Occupation | |
|--------------------------------------------|------------|
| Occupation Title | Wage Range |
| Support Staff | |
| Engineering/Technology Staff | |
| Supply Chain/Logistics Staff | |
| Manager/Director | |
| Project Management/Quality Assurance Staff | |
| Sales/Marketing Staff | |

INTRODUCTION

In this proposal, Silver Spring Networks, Inc. (SSN) seeks funding for retraining as outlined below:

Founded in 2002, SSN is a key player in the emerging smart grid industry which is part of the broader Clean Tech/Green sector. “Smart grid” generally refers to a class of computer-based remote control and automation technologies used to bring utility electricity delivery systems into the 21st century. SSN designs and develops products that enable utilities to achieve operational efficiencies, reduce carbon emissions, and allow their customers to monitor and manage their energy consumption. SSN provides hardware, software and services which connect every device on the smart grid thus creating a unified “Smart Energy Platform.” Over this unified platform, utility networks can deploy any number of advanced applications, such as Smart Metering, Demand Response, Distribution Automation and Distributed Generation. The

company's software is also able to indicate how much money is spent on electricity and how much money can be saved if a customer switches to energy-efficient models. SSN reports that its customers include Pacific Gas and Electric Company, Sacramento Municipal Utility District, Modesto Irrigation District, American Electric Power, Florida Power & Light, and Commonwealth Edison. In addition, SSN partners with customers around the world.

SSN maintains its worldwide corporate headquarters and manufacturing site in Redwood City where training will occur. The company is defined as a priority industry engaged in Technology/Manufacturing and is eligible for standard retraining under Title 22, California Code of Regulations, Section 4416(d)(1,2) as a company primarily engaged in the design, engineering and production of custom software and hardware products sold inside and outside California.

Company Growth and Market Potential

SSN has grown from 167 employees in December 31, 2008 to 593 as of June 30, 2011. Approximately, 350 of those new employees were hired in California. This rapid growth in the midst of a challenging economic environment creates the need for extensive retraining across the company to enhance the workforce's knowledge about its markets, customers, products, technologies, and processes.

According to industry research reports, the global market for Smart Grid and related services is estimated to grow from \$7.0 billion in 2010 to \$19.5 billion by 2015, a compounded annual growth rate of 22.7%. To address this expected industry growth and compete worldwide, SSN is planning to hire 50 new employees in California during the term of the proposed ETP Agreement. These employees will primarily be in new product development and engineering and comprise Job Number 2.

Retrainee-Job Creation

In support of such job creation, the Panel is offering incentives to companies that commit to hiring new employees. Under the Retrainee-Job Creation program in Fiscal Year 2011/12, training for newly-hired employees will be reimbursed at a higher rate and trainees will be subject to a lower post-retention wage.

SSN proposes to retrain 131 full-time workers (Job Number 1) and 50 newly-hired employees (Job Number 2) under the Panel's Job Creation Guidelines. To be eligible for reimbursement under this Job Number, trainees must be hired within the three-month period prior to Panel approval or during the term of contract. The company is not requesting the lower new-hire wage at retention for these trainees but will meet the standard retraining wage rate.

PROJECT DETAILS

ETP funds will provide class/lab, E-Learning, and CBT in job specific skills to SSN's frontline workforce in order to successfully implement new technology, systems, products and equipment.

All training to be funded by ETP will enhance SSN's ability to compete in the global technology-based energy marketplace and to grow its business. Company representatives report that while the United States has led the way in many aspects of the smart grid, international markets have expanded rapidly in the previous twelve months. Asia, South America, and Europe, in particular, are evaluating new smart grid technologies through lab tests and pilot programs that SSN must be able to support to gain new international customers.

Commercial Skills Trainees across all occupations will receive commercial skills training in areas such as advanced metering management, customer web portal systems, and Silver

Spring network essentials, which are proprietary new operational systems for hosting and monitoring a customer's smart grid networks. For example, one of SSN's recent new business opportunities requires it to provide monitoring for a licensed customer environment. This is a new market for SSN as such customers have historically monitored their own networks. In order to serve these new customers, SSN will need to build premium support capabilities (monitors, portal) to provide a view into the customer's licensed environment. As a result of these customer requirements, SSN's frontline workforce will need to be trained on the new capabilities, systems, and processes so they can support the customer per the contractual requirements. Another example is extending the capabilities of the remedy system SSN uses for incident, problem, and change management.

In addition, SSN is planning to implement an operational Oracle-based system dubbed 'Commitment Tracker' to help SSN monitor contractual commitments to all of its customers. The commitment tracker lists all billable contractual customer deliverables and links to SSN's finance and billing systems thus providing improved accuracy and timeliness of commitments, invoices, and revenue recognition. Training in these new systems is critical to SSN's continued growth and expansion.

Business Skills are necessary for many of the company's employees who currently lack the skills to successfully introduce new products. Employees across all occupations will receive training in areas such as communication, customer service, and negotiating to improve efficiency and effectiveness. Sales/marketing techniques training will also be delivered to selected employees to better market the company's new products to SSN's expanding customer base.

Continuous Improvement Skills training in areas such as building effective teams, leadership, problem solving, decision making, and process improvement will be provided to all trainees. These skills will enable SSN's California workforce to improve product and service quality, equip workers with new approaches to meeting internal and external customer requirements, and facilitate project management.

Advanced Technology (AT)

The company is requesting the AT reimbursement rate of \$26 per hour for Contractors in a priority industry for a portion of its training. As a result of rapid technological change in computer hardware, operating systems, and software, SSN must maintain an aggressive program of new product design and development and in turn needs to provide advanced technology training to its engineering/technology staff including engineers, programmers, network administrators, web designers, and IT staff. SSN anticipates that approximately 100 trainees will receive between 8-40 hours of AT training.

Due to the nature of this training and the necessity to deliver in a small group setting to solidify skill transfer, this training is extremely expensive. The company reports that the costs associated with delivering AT training are far in excess of the costs to deliver other, non-technical skills training. SSN estimates the direct instructional cost ranges from \$120 to \$150 per hour per trainee. The proposed AT training can only be developed by internal employees within SSN as the technology is proprietary and only in-house personnel have the knowledge and expertise to develop the specific curriculum in Smart Grid technologies. The trainer-to-trainee ratio is 1:10 for AT to allow in-depth coverage and personal attention from the instructor.

Because of the sophisticated specifications required in new smart grid markets, highly technical hardware and processes, advanced software applications, and high cost to deliver the training, Panel staff recommends that the company receive the AT reimbursement rate for this training.

Directors Eligible for Retraining as Managers

Included under the occupational title of Manager are thirteen Directors. These individuals are not Top-Level Executives who set company policy. In fact, they directly produce goods or deliver services and thus are ETP-eligible trainees.

Commitment to Training

SSN represents that ETP funds will not displace the company's existing financial commitment to training and anticipates that the opportunity for enhanced training made possible by ETP funds will encourage an ongoing financial commitment in training. Currently, the company provides ongoing training to its workforce that will continue at company expense during the ETP Agreement. On-going training at SSN includes anti-harassment training, basic computer skills, new hire orientation, performance appraisal training, on-the-job training, basic safety skills, stress management, and codes of business conduct. SSN expects to invest approximately \$700,000 in 2012 to train its California workforce.

SSN represents that safety training is, and will continue to be, provided in accordance with all pertinent requirements under state and federal law.

RECOMMENDATION

For the reasons set forth above, staff recommends approval of this proposal.

DEVELOPMENT SERVICES

SSN retained Training Funding Partners (TFP) in Tustin to assist with development of this proposal for a flat fee of \$12,000.

ADMINISTRATIVE SERVICES

The company also retained TFP to perform administrative services in connection with this proposal for a fee not to exceed 10% of payment earned.

TRAINING VENDORS

Training will be delivered primarily by in-house trainers. Any outside vendors will be identified during the term of the contract.

Class/Lab Hours

24-200

Exhibit B: Menu Curriculum

Trainees may receive any of the following:

Business Skills

- Communication Skills
- Customer Service Skills
- Negotiation/Influence Skills
- Sales/Marketing Skills

Commercial Skills

- Advanced Metering Management
- Customer Web Portal Solutions
- Silver Spring Network Essentials

Continuous Improvement Skills

- Building Effective Teams
- Leadership Skills
- Meeting Management Skills
- Problem Solving/Decision Making Skills
- Process Improvement Skills
- Project Management Skills
- Time Management Skills

E-Learning Hours

24-200

Trainees may receive any of the following:

Business Skills

- Communication Skills
- Customer Service Skills
- Negotiation/Influence Skills
- Sales/Marketing Skills

Commercial Skills

- Advanced Metering Management
- Customer Web Portal Solutions
- Silver Spring Network Essentials

Continuous Improvement Skills

- Building Effective Teams
- Leadership Skills
- Meeting Management Skills
- Problem Solving/Decision Making Skills
- Process Improvement Skills
- Project Management Skills
- Time Management Skills

AT Hours

0-40

Advanced Technology Skills

- Demand Response Manager
- Deploying and Using Nodesim Meter Simulator
- Distribution Automation of Electric Power
- Gas Interface Management Hardware/Software
- Smart Grid Field Tools for Troubleshooting Silver Spring Network Devices
- Smart Grid Operations and Administration
- UtilityIQ® Advanced Meter Management (AMM) Operator
- UtilityIQ® Advanced Meter Management (AMM) System Manager
- UtilityIQ® Firmware Upgrader (FWU)
- UtilityIQ® KeySafe and Critical Operations Protector
- UtilityIQ® Meter Program Configurator (MPC)
- UtilityIQ® Network Element Manager (NEM) Software
- UtilityIQ® Outage Detection System (ODS) Software

CBT Hours

0-40

Trainees may take any of the following

Business Skills

- Building Trust (1 hour)
- Business Writing Skills
 - Business Writing: Editing and Proofreading (1 hour)
 - Business Writing: How to Write Clearly and Concisely (1 hour)
 - Business Writing: Know Your Readers and Your Purpose (1 hour)
- Communication Skills
 - Effective Interpersonal Communications Simulation (0.5 hour)
 - Interpersonal Communication: Being Approachable (1 hour)
 - Interpersonal Communication: Communicating Assertively (1 hour)
 - Interpersonal Communication: Communicating with Confidence (1 hour)
 - Interpersonal Communication: Listening Essentials (1 hour)
 - Interpersonal Communication: Targeting Your Message (1 hour)
 - Listening Essentials: Improving Your Listening Skills (1 hour)
 - Listening Essentials: The Basics of Listening (1 hour)
- Competitive Awareness and Strategy (0.5 hours)
- Customer Service Skills
 - Creating and Sustaining a Customer-focused Organization (1 hour)
 - Customer Service Confrontation and Conflict (1 hour)
 - Customer Service Fundamentals: Building Rapport in Customer Relationships (1 hour)
 - Customer Service in the Field (1 hour)

- Customer Service over the Phone (1 hour)
- Customer-focused Interaction (1 hour)
- Internal Customer Service (1 hour)
- Shaping the Direction of Customer Service in Your Organization (1 hour)
- Decision Making Skills
 - Decision Making: Making Tough Decisions (1 hour)
 - Decision Making: The Fundamentals (1 hour)
 - Decision Making: Tools and Techniques (1 hour)
- Emotional Intelligence at Work Simulation (0.5 hour)
- Generating Creative and Innovative Ideas: Enhancing Your Creativity (1 hour)
- Generating Creative and Innovative Ideas: Verifying and Building on Ideas (1 hour)
- Negotiation Skills
 - Conducting a Successful Negotiation Simulation (0.5 hour)
 - Negotiation Essentials: Avoiding Pitfalls in Negotiations (1 hour)
 - Negotiation Essentials: Communicating (1 hour)
 - Negotiation Essentials: Persuading (1 hour)
 - Negotiation Essentials: Planning for Negotiation (1 hour)
 - Negotiation Essentials: What Is Negotiation? (1 hour)
- Operations Management
 - Operations and Supply Chain Management (1 hour)
 - Operations Management and the Organization (1 hour)
 - Operations Management: Facilities Planning and Management (1 hour)
 - Operations Management: Forecasting and Capacity Planning (1 hour)
 - Operations Management: Inventory Management (1 hour)
 - Operations Management: Management of Quality (1 hour)
 - Operations Management: Operations Scheduling (1 hour)
 - Operations Management: Product and Service Management (1 hour)
- Rebuilding Trust (1 hour)
- Receiving Feedback and Criticism (1 hour)
- Using Emotional Intelligence on the Job (1 hour)
- What is Emotional Intelligence? (1 hour)

Continuous Improvement Skills

- Change Management
 - Preparing for Organizational Change (1 hour)
 - Understanding Organizational Change (1 hour)
- Critical Thinking Skills
 - Critical Thinking Essentials: Applying Critical Thinking Skills (1 hour)
 - Critical Thinking Essentials: What Is Critical Thinking? (1 hour)
- Getting Results without Authority: Building Relationships and Credibility (1 hour)
- Getting Results without Authority: Persuasive Communication (1 hour)

- Getting Results without Direct Authority: Influencing Your Boss (1 hour)
- Getting Results without Direct Authority: Reciprocity (1 hour)
- Leadership Skills
 - Business Coaching: Building the Coaching Relationship (1 hour)
 - Business Coaching: Conducting Coaching Sessions (1 hour)
 - Business Coaching: Getting Ready to Coach (1 hour)
 - Business Coaching: Using Different Coaching Styles (1 hour)
 - Giving Constructive Criticism (1 hour)
 - Giving Feedback (1 hour)
 - Leadership Essentials: Building Your Influence as a Leader (1 hour)
 - Leadership Essentials: Communicating Vision (1 hour)
 - Leadership Essentials: Creating Your Own Leadership Development Plan (1 hour)
 - Leadership Essentials: Leading Business Execution (1 hour)
 - Leadership Essentials: Leading Change (1 hour)
 - Leadership Essentials: Leading Innovation (1 hour)
 - Leadership Essentials: Leading with Emotional Intelligence (1 hour)
 - Leadership Essentials: Motivating Employees (1 hour)
 - Leading Teams: Building Trust and Commitment (1 hour)
 - Leading Teams: Dealing with Conflict (1 hour)
 - Leading Teams: Developing the Team and its Culture (1 hour)
 - Leading Teams: Establishing Goals, Roles, and Guidelines (1 hour)
 - Leading Teams: Fostering Effective Communication and Collaboration (1 hour)
 - Leading Teams: Launching a Successful Team (1 hour)
 - Leading Teams: Managing Virtual Teams (1 hour)
 - Leading Teams: Motivating and Optimizing Performance (1 hour)
 - Management Essentials: Caring about Your Direct Reports (1 hour)
 - Management Essentials: Confronting Difficult Employee Behavior (1 hour)
 - Management Essentials: Delegating (1 hour)
 - Management Essentials: Developing Your Direct Reports (1 hour)
 - Management Essentials: Directing Others (1 hour)
 - Management Essentials: Managing a Diverse Team (1 hour)
 - Management Essentials: Treating Your Direct Reports Fairly (1 hour)
 - Motivating Employees and Leading Change Simulation (0.5 hour)
- Problem Solving Skills
 - Problem Solving: Determining and Building Your Strengths (1 hour)
 - Problem Solving: Digging Deeper (1 hour)
 - Problem Solving: The Fundamentals (1 hour)
- Team Building Skills
 - Being an Effective Team Member (1 hour)
 - Building and Leading Teams (0.5 hour)
 - Building and Leading Teams (Leadership Advantage) (1 hour)

- Effective Team Communication (1 hour)
- Elements of a Cohesive Team (1 hour)
- Embracing Organizational Change (1 hour)
- Establishing Team Goals and Responsibilities (1 hour)
- Generating Creative and Innovative Ideas: Maximizing Team Creativity (1 hour)
- Time Management: Planning and Prioritizing Your Time (1 hour)
- Using Feedback to Improve Team Performance (1 hour)
- Time Management: Analyzing Your Use of Time (1 hour)
- Time Management: Avoiding Time Stealers (1 hour)

Note: Reimbursement for retraining is capped at 200 total training hours per trainee, regardless of the method of delivery. CBT is capped at 50% of total training hours per trainee.