



## XL Hybrids Hauls In \$3M From WindSail to Electrify Fleet Vehicles

Gregory T. Huang | 12/11/13

What does \$10 million buy you in alternative energy and transportation?



Not much, these days. But if you're XL Hybrids, it gets you about halfway to profitability. At least if you believe co-founder and president Tod Hynes.

The Boston company, which makes hybrid electric powertrains for commercial vehicles, has just raised \$3 million in debt financing from WindSail Capital Group, the cleantech investment firm run by Ian Bowles and Michael Rand. Following a Series B equity round earlier this year, the new cash brings XL's total haul to about \$10 million.

"We're on track to be profitable with very minimal investment," Hynes says. "We'll be able to do it on \$20 million total."

What's more, XL is already "effectively competing with oil," he says. "That implies we can scale tremendously rapidly without relying on incentives or infrastructure changes." (With crude oil above \$80 a barrel, XL's economics are in good shape.)

XL Hybrids was founded by MIT grads in 2009. The idea was to convert commercial fleets to hybrids, first by retrofitting older vehicles and then by installing the equipment in new-model vans and trucks. The payoff? Reduced fuel consumption and emissions.

The results of pilot tests have been good enough to land FedEx and other big companies as customers (just announced today: Coca-Cola). "We've gone from small-scale orders to volume production," Hynes says.

In terms of technology, this year XL has moved from a belt-drive system to an inline motor, which Hynes says is quieter and results in “essentially no maintenance.” The company’s product has been installed in GM, Chevy, and Ford vans, and Hynes says XL will be expanding to other types of vehicles, such as shuttle buses.

And the money is starting to flow. It’s startup talk, of course, but XL’s revenue jumped by a factor of 20 from 2012 to 2013, and Hynes expects it to increase by another 10x next year. The company has about 15 full-time workers and expects that number to double in 2014.

One key piece of company strategy involves making its supply chain distributed and efficient: XL has been working with installation partners in the Midwest (mostly Ohio and Missouri) who handle vehicle assembly and shipping. The company also works closely with big hardware suppliers such as Johnson Controls, based in Wisconsin.

The big goal is “to scale production and get profitable without having to make massive capital investments,” Hynes says. And to “have a real impact on the industry with a relatively lean and mean startup.”

Much easier said than done in the cleantech and automotive worlds.