



CASE STUDY

Sorgenia's road to 1 million customers supported by the cloud

Strengthening customer relationships and increasing personalized offers

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Simone Lo Nostro, Market and ICT Director, Sorgenia

Sorgenia becomes the first Italian utility provider to be fully cloud-based with the help of a strategic collaboration with Microsoft, Accenture and Avanade – a joint venture between Microsoft and Accenture. This total digital transformation was aimed at flexibly supporting business growth in a market moving toward deregulation, while also improving communication and services to attract and retain customers.

Business situation

Addressing customers through digital channels

Sorgenia is an Italian company that produces and sells electricity and natural gas, serving more than 300,000 customers, at last count. It is a leading privately owned company in its sector in terms of customer volume and energy sold, and it ranks among the top five in the Italian market. The company operates four power plants with an installed capacity of 3,170 megawatts, which is increased to 4,000 megawatts thanks to its subsidiary, Tirreno Power.

In the new free energy market, Sorgenia has chosen a smart position: managing and addressing customers through digital channels. In fact, the company acquired 100,000 customers through digital channels – the greatest number generated among Italian utility providers. Sorgenia found the cloud to be a good fit for its digital transformation and growth strategy. It recruited Bebo Vio, a Paralympic fencing champion, as the face of its new ad campaign, which promotes fully digital, clean energy and the "next energy" promise.

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digital. With appropriate, well-honed tools, we can simplify the customer experience and make sure they choose us. This can generate greater satisfaction, awareness and loyalty."

After streamlining its IT systems, Sorgenia began its cloud migration, which was driven in part due to new market challenges. "We started thinking about cloud computing with an important objective in mind: to support the growth of our business in a flexible manner, especially when faced with the regulatory changes in the utilities market," says Lo Nostro, in reference to the delicate transition period imposed by the Italian Law on Competition (no. 124/2017), which is effective July 1, 2020 when the price protection regime for gas and electricity will be abolished.

Currently, most of the private electricity meters in Italy (35 million for 60 million inhabitants) are part of the price protection regime (i.e., subject to usage tariffs and contractual economic conditions governed by the Italian energy authority). Abolishing this regime means around 25 million meters will have to move to a new supplier, the method for which has not yet been codified. This opens a significant window of opportunity for Sorgenia in terms of the volume of prospects that could, in a very short time, become customers. Hence there is a real need for scalable technology tools

that provide a means to adapt quickly to the needs of the market and be ready to better service customers.

Regardless of the developing market situation, Sorgenia has extremely ambitious growth objectives: It wishes to increase its current customer base of 300,000 to 1 million in five years.

Solution

Sorgenia adopts Microsoft solutions for effective customer management

To best support its vision and optimize costs, Sorgenia focused on innovative technology solutions. These included a complex digital transformation project – based on Microsoft cloud computing, Accenture strategic and technological consulting and the collaboration of Avanade to design and implement the company's journey to the cloud.

"The cloud solution gives us flexibility in terms of growth, so we are able to continuously manage the addition of significant numbers of customers without particular problems or subsequent implementations – whether it is due to the abolition of the price protection regime or our ordinary development and customer acquisition plans," says Lo Nostro.

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When it came time to identify the players able to handle such a strategic cloud migration, Sorgenia chose Microsoft, Accenture and Avanade for several reasons. "The first reason was the expertise and reliability that these three players demonstrate when it comes to complex digital transformation projects. It is undeniable that Microsoft solutions and platforms have revolutionized IT, and that the strategic role of Accenture and Avanade can make a difference in the success of a project," says Lo Nostro.

It was also a question of continuity for Sorgenia as it already used IT solutions based on Microsoft Dynamics and its legacy system was based on Microsoft. Finally, the great interoperability guaranteed by Microsoft platforms – the ability to interact with third-party solutions and to ensure compatibility with industry standards – was a huge advantage.

"It was a very complex project with many sensitive stages, but, thanks to the support of the Microsoft, Accenture and Avanade professionals, we were able to quickly overcome them. The success of the operations was never in doubt," adds Lo Nostro.

The cloud migration project involved all parts of Sorgenia's core business, including mission-critical areas such as CRM and ERP for customer acquisition and management; monitoring of digital channels and general process efficiency; analysis and management of big data through the creation of a data hub; and communication and collaboration solutions to improve productivity.

The digital transformation project was launched in June 2017, and as a result of

this company-wide innovation process, Sorgenia became first Italian utility provider to be totally cloud-based.

The acquisition of new customers and the management of existing customers were optimized with the Microsoft Dynamics 365 cloud platform. Ad-hoc requirements could also be handled through small customizations necessary for the utilities market, such as interaction between CRM systems and credit check systems to verify the creditworthiness of new customers.

In addition, Microsoft Azure, Dynamics 365 and Dynamics AX enable processes to be streamlined in a broader sense. These are flexible tools that are integrated with other business solutions, which simplify the automation of processes, improving efficiency. The integration of systems enables the creation of synergy and the gathering of useful insights into regular business activities. Microsoft Dynamics AX on Azure also guarantees scalability to deal with the peaks typical of the sector, eliminating any concerns regarding abrupt changes in growth. However, this is not the only advantage, since the solution also enables design environments for testing and implementation of pilots to be built quickly and reliably. This is fundamental for generating a competitive advantage in a sector such as utilities.

"Considering the market in which we operate, we distinguish ourselves by being the first to design new projects. If energy itself is seen as a commodity and what we offer does not make us stand out, how we offer it is so important. The first operator to launch an innovative service has a competitive advantage," explains Lo Nostro.

Results

Reduced processing times, new customer data analysis and increased speed

Speed, accuracy, timeliness, excellent customer experience and cost savings: In the utilities sector, these variables are making an increasing difference. The cloud helps Sorgenia better manage its business, particularly since modern consumers assess these factors when choosing a utility provider.

"Further growth is a given, because we expect further improvements and, as a result, considerable savings," says Lo Nostro.

When Sorgenia decided to move from an on-premises solution to the cloud, the company estimated it would be able to amortize the investment in three to four years, considering the growth of the business generated by the addition of new customers.

The operational benefits are clear both from an IT point of view and for customer relationship management:

- Today, 100 operations can be performed 15% to 20% faster.
- Back-office activities are carried out in less time, which means that staff can be used in operations with greater added value. In addition, billing-related performance was also improved.

As mentioned, the utilities market is highly competitive and characterized by relatively small margins (at EBITDA level). "Working on cost efficiencies can make a real difference compared to competitors; in our case, this is done through intelligent IT choices. At the same time, for us, growth means working

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on customer acquisition, ensuring we are able to quickly and immediately create sites and apps for new marketing or sales needs when they are needed," says Lo Nostro.

Sorgenia chose Microsoft cloud solutions not only to simplify its IT infrastructure while ensuring maximum security, but also to launch an important smart working project with the adoption of the Office 365 cloud-based productivity platform. As a result of this platform:

- Employees have access to corporate applications and user-friendly communication tools. They can also share information, and tasks can be completed anywhere, at any time.
- Approximately 300 Sorgenia employees can work from home once a week.

The project has involved a cultural change at the company, and it is already producing results. Sorgenia has seen an improvement in:

- Employee collaboration and business productivity
- The welfare of its employees, who benefit from a better work-life balance

"The process of growth at Sorgenia also benefits our employees. They are motivated and equipped with the right technologies

and secure solutions to be able to really contribute to the evolution of the business," adds Lo Nostro.

"Considering our ambitions, new technologies are the right choice from an industrial assessment perspective too, because they enable us to be more responsive and innovative in the solutions we offer to our customers, and we can manage them even more effectively," says Lo Nostro..

"Our goal is to ensure quality and customer satisfaction," adds Lo Nostro. "We can provide these two elements if we are able to make savings, both in terms of the cost of what is considered a commodity and in terms of operations time. Today, we are more efficient and agile: Starting and ending a procedure can take just a few minutes."

A look ahead A data hub for more personalized offers

Another key element of Sorgenia's digital transformation project is the creation of a data hub on the Microsoft Azure cloud platform. This data hub offers computational and analytical capabilities with the aim of providing increasingly personalized communications and services.

Thanks to this solution, Sorgenia has laid the groundwork for effective big data management in total compliance with the highest standards of security and privacy guaranteed by the Microsoft cloud and with the new GDPR (General Data Protection Regulation). The project is still ongoing and will see partial releases in the coming months.

"We currently hold personal, logistical and monthly usage data for each customer. Thanks to the new data hub, we will soon be able to obtain more insight about our customers and offer personalized energy with lower bills. The project will also continue to be developed using artificial intelligence. The focus is two-fold: to study tailor-made products and to find a way to communicate with customers that is more closely related to their characteristics, in terms of language or channel. This is exactly where Sorgenia intends to make a difference: how it presents itself and how it communicates with people," says Lo Nostro.



About Avanade

Avanade is the leading provider of innovative digital and cloud-enabling services, business solutions and design-led experiences, delivered through the power of people and the Microsoft ecosystem. Majority owned by Accenture, Avanade was founded in 2000 by Accenture LLP and Microsoft Corporation and has 30,000 professionals in 24 countries. Visit us at www.avanade.com

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