Point of View

From complaints to compliments

How utilities can use digital technology to elevate the customer experience

Utility customers have traditionally spent as little time as possible interacting with their power, water or gas provider. Today, however, 50% of consumers want more and different interaction with their utility, like getting advice on what products to buy.\(^1\) How can utilities use digital technology to elevate the customer experience?

\(^1\) The New Energy Consumer: Architecting for the Future, Accenture, 2016
Digital technology will help transform bill payers into customers

The customer experience in utilities spans different touch points – billing, outages, demand-response and energy-efficiency programs – and such interactions have historically been about emergencies, problems or complaints. With the rise of digital technologies and two-way interactive communications, utilities must now manage more data, more opportunities and more challenges. In parallel, European mandates for greater competition and the continued disaggregation of utilities’ major business functions (generation, T&D, retail) are also having profound effects on large, established utilities and smaller, emerging players.

Thus the very nature of utility customers and customer service is changing, as the industry mindset shifts away from dispatching a given commodity to generic bill payers and more towards engaging value-seeking customers for a broader array of products and services. A telling article in Public Utilities Fortnightly talks about the “new normal” for utilities, where utility providers will have to assess their place in a developing industry ecosystem that focuses on the digital consumer. Fundamental shifts in competition, customers, regulation and other macro-market factors will call for new thinking about what business model(s) will drive successful utilities in the future.2

As the article states, “new competitors are emerging from inside and outside the industry,” and “new technologies are driving change.” As these technologies and market shifts reinforce each other, other retail players will become more active in the utility-related product and service market. Innovations ranging from enabling IT (the cloud, mobility, apps) to smart appliances will combine to bring system-level transformation to the utility sector. Just imagine what happens as a country like Germany generates 80% of its power from renewables by 2050.3

Simply put, utility providers cannot afford to stand still.

2 “Profit And The New Normal,” Public Utilities Fortnightly, June 2013
3 “Key Messages on German Energy and Climate Policy,” German Mission to U.S., November 2012
The challenges and opportunities in going digital

Either utilities will plot and navigate their own course, or these macro-trends will drive them to a destiny over which they have less control. The focal point for that journey will be the end customer. Research shows that new products and industry relationships could increase utility revenue opportunities by as much as 40% over the next decade. Those utilities that are customer-centric—culturally, organizationally and technologically—will be well positioned to choose what other types of revenue they might generate through their customers and partners.

Historically utility customer service (and data) has resided in a silo, as have other functions—billing vs. sales vs. field support. This results in issues like high cost to serve, reactive customer service, inaccurate billing, long handling times and slow outage management support to customers.

What are the barriers, real or perceived, to a utility’s effort to make itself more customer-focused? Key challenges include:

- **Legacy industry restrictions and limitations:** Utilities have historically faced costly operational and customer-centric regulations, from where they can lay cables and pipes to how they can use customer data. Such realities affect how utilities operate. For example, UK providers with under 250,000 customers are effectively unregulated, which puts downward pressure on company size.

However, as we move into the digital age, utilities are realizing that they have unique access to consumer information, and thus an unprecedented opportunity to better serve their customers, at scale.

- **Culture and mindset of utilities:** Partially driven by the above point and partially inherent in the DNA of utilities is a reluctance to view utility buyers as customers. Traditionally utilities have viewed buyers as “bill payers” instead of more broadly as retail customers. This limits how, when and why a utility would engage a customer in the first place, much less collect data to build a more complete view of the customer’s preferences and lifestyle habits.

- **Systems designed for operations, not customer interaction:** Many utility “customer systems” are really just enhanced billing systems. Such platforms are not designed to capture, analyze and act on customer moments of truth but rather are geared more towards operations. Furthermore, systems across the enterprise are often not linked, and cannot talk with each other. This also has had a huge impact on cost to serve.

Of course, an equally important question is how do utility customers feel about all this—what is their opportunity? How engaged are customers around the point of truth that, say, their electric utility could be a provider of more than just electrons? The answer seems to be that while we have a somewhat reluctant utilities industry, more and more customers are eager to engage: 44% of consumers would sign up for one or more connected home services from their energy provider, while 73% would purchase energy-related services from non-utility companies.

What can your utility do?

Addressing these challenges and opportunities will require that utilities get to know their customers better (e.g., analytics, 360-degree view), serve their customers better (e.g., customer support, omni-channel, self-service), and market and sell new products and services that leverage the inherent and unique positions of trust and information access that utilities enjoy today. Accordingly, utilities will seek ways to address and improve core systems and processes to achieve more proactive customer engagement and meet consumer desire for digital interaction (e.g., online and mobile presence).

Avanade recommends that utilities adopt a “digital customer” mindset and capabilities. For example, they can:

**Modernize core customer management systems**
- Adopt data management solutions (Meter Data Management, CRM and analytics) to acquire a single view of the customer across functions and support new offers.
- Standardize processes and streamline information sharing to improve cost and quality of services using analytics to make personalized product and service recommendations.
- Enable customer service agents to proactively recommend actions, products and services through omni-channel customer interactions (text, chat, e-mail to call).

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Expand digital presence with new tools to reach digital customers

• Adopt specialized customer applications to enhance the quality and speed of customer support transactions through digital channels (web, text, IoT).
• Apply digital content management capabilities and online channels to support customer moments of truth such as billing inquiries, improve issue resolution and lower costs.
• Integrate digital marketing to improve customer acquisition/retention and cross-sell/up-sell opportunities, achieving personalization at scale.

Build capabilities to help customers engage with “smart” products and services

• Gather and present data for partners and customers in understandable and usable formats at the scale and speed of the smart grid.
• Develop market-facing applications that help customers derive value from the smart grid and also enable utilities to make personalized offers for new programs and products.
• Use analytics to understand and influence customer behavior, including dashboards and data visualization tools, so employees can see and understand data in real time.

How will you engage your digital customer?

Rapid development of interaction options can pose real challenges to utilities—which channels to use, when to use them and how to integrate interactions seamlessly for the right customer experience. Many utilities struggle to address and capitalize on major digital customer trends while trying to overcome limitations in their existing culture, processes and systems, which often prevent them from delivering a more customer-centric experience.

But now with digital customer tools, utilities have the opportunity and ability to engage consumers in meaningful and relevant ways. They can use new technologies to transform customer interactions to proactively resolve issues, better and faster. And this does not all need to be built from scratch. Utilities can often use existing systems and data to identify and leverage customer insights, breaking down silos to create a culture around the customer.

It’s clear that the drive towards digital is changing both the utility customer and the utility provider. What will your digital journey look like?

To find out more about how Avanade is helping utilities to create, serve and delight the Digital Customer, visit us at https://www.avanade.com/en/industry/utilities.