

How Technology is Driving CX in the Utilities Industry

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Technology is fundamentally changing the way that utility companies operate and interact with their customers.

Firms' increasing use of disruptors such as artificial intelligence (AI), machine learning and blockchain across all channels will enhance not only the overall customer experience, but also their own sustainability and bottom line as they strive to maintain their competitive edge.

It will also enable them to forge stronger relationships with their core customer base built on trust and loyalty by delivering a highly personalised service that provides choice, convenience and affordability.

However, utility companies also face a multitude of challenges in achieving this, not least fundamental changes to their business models, but also tighter regulation, and cultural and technical barriers.

“The retail energy supply business model is largely out of date and firms are starting to see their margins squeezed, so increasingly they need to find value from elsewhere.”

“Most utility companies recognise that their business models are under real threat, yet they are struggling to find a way to deal with it,” said Neil Pennington, smart expert and former director of innovation at RWE. Provided they offered a competitive tariff, in the past customers were happy to go with the leading energy provider for their electricity and/or gas. But now thanks to a greater awareness and availability of technology they are taking control of the management process.

For example, there's now an increasing uptake in the use of energy efficient smart homes and devices that can be operated remotely by the consumer, as well as electric vehicles.

“Gone are the days when you would get a letter through your front door with an appointment and then have to sit around at home all day waiting for someone to come and change your meter,” said Pennington. “Now, as with many other sectors, the customer expects a better service and greater value for what they receive.”

But there's still a long way to go according to Pennington, who added that utility firms can learn from other industries such as online shopping, for example, Amazon, where the customer can go online and order an item and it will be delivered promptly within a one or two-hour slot after they receive an initial text message or email. Another sector that they can take ideas from, he said, is online banking where the customer can manage their account remotely.

“Utility firms have to become fast adopters of these new types of technology,” said Pennington. “If they don't, they run the risk of getting left behind in this increasingly competitive market.”

But one of the largest hurdles to adopting these new technologies is the integration of companies' old enterprise systems with the latest customer relationship management platforms. Utilities also face greater regulatory scrutiny into how they treat their customers with the introduction of price caps, and Ofgem recently launched its own energy codes review.

And firms are also required to be much more stringent about use of customer data and privacy under the European Union's General Data Protection Regulation introduced last year.

One of the biggest game changers for companies, however, has been the introduction of AI and automation, enabling them to be more responsive to customer requests.

An example of this is voice automation and mobile phone self-service apps that allow the customer to monitor their energy consumption, give meter readings and pay their bills.

In terms of consumption too, energy efficient technology such as solar panels and electric vehicles are also enabling customers to plug in and sell energy back to the grid.

“One day, as electric vehicles become more prevalent and connected to the grid, you might end up getting your energy through car manufacturers, for example, such as Mercedes,” said Pennington. “We are already seeing companies increasingly move into new areas of the market with Shell’s acquisition of First Utility, one of the most forward-thinking retailers operating in the energy efficiency space.”

As technology evolves it will also be easier for the customer to switch providers, meaning that firms will need to work even harder to retain their business. But through greater access to data and analytics, suppliers will be able to better understand and gauge consumer behaviour, enabling them to target their most valuable customers.

The key benefit to the customer is that they will receive the products and services best suited to their lifestyle in return.

Companies will have a chance to see for themselves and discuss these new technologies at the Connected Customer: Utilities conference hosted by T|A|C Events in Amsterdam, which runs from June 12 to 13.

For the immediate future, though, utility firms continue face the dual challenge of successfully implementing all of these elements in a way that delivers the best possible outcome for the customer against the multiple headwinds of business model reform, regulation, and cultural and technological hurdles.

“The way that network operators are interacting with customers is changing by the minute,” said Pennington. “They are moving away from a centralised model where energy is provided through the national grid towards local community providers supplying energy through smart grids that customers can interface with.

“Energy retail suppliers’ business models are being disrupted from within the industry itself. And the roles of the distribution systems operator and the distribution network operator are becoming increasingly separated as we enter this new digital age.”

