

What can Utility Providers Expect from Consumers and New Technologies in 2019?



Technology and the Consumer Experience is Driving Customer Expectations in 2019,
How Will Utility Providers Respond?

SilverBlaze

Introduction

Technology has been a catalyst in altering customer expectations and in creating disruptions in many industries. Web apps and websites have opened customers' eyes to the possibilities of a more convenient and connected digital age. From Uber to Amazon, to Netflix and AirBnB, the way companies interact with their customers is constantly evolving. New on-demand services, less than a decade old, are now firmly established in our lifestyles.

Technology has also created opportunities for traditional services - such as power, water, gas and telecom utilities - to engage with their customers and create better experiences via smart metering, billing, notifications about outages and online payment.

Combine this with developments in building and device automation, energy management and consumption, and there are many new opportunities for adding value, strengthening customer service, and creating potential revenue streams for utilities in 2019, and beyond.

Energy management innovations, from smart home app-based devices such as thermostats and lighting, to new storage battery options, have been growing at an incredible rate.

Consumers are not generally hesitant to implement home technology, and to match the demand, utilities are starting to integrate smart metering and other devices into their offerings as fast as they can, and without disruption. Utilities and their customers need to both be clear about expectations. Consumers want to manage consumption, and have access to data and analytics to help track, change and visualize their usage.

With technology leading the pack as one of the largest forces of change for utility companies - let's look ahead into 2019 and follow some of the leading trends.

Predictions

The Utility Customer will:



1 Be Constantly Connected to the Digital World

- An Avalanche of Data (Available to the Customer and the Utility)
- Smart Meters and Technology
- Mobile Connectivity (Smart Homes)
- Social Media (New Social vs Old Social - Instagram, Pinterest Snapchat vs Facebook, Twitter and Google Plus)

2 Expect More From Their Utility Providers

- New Payment Options (Customer Centricity)
- Green Alternatives or Choices (Environmentally Aware)

3 Increasingly Self-Manage Their Energy Usage

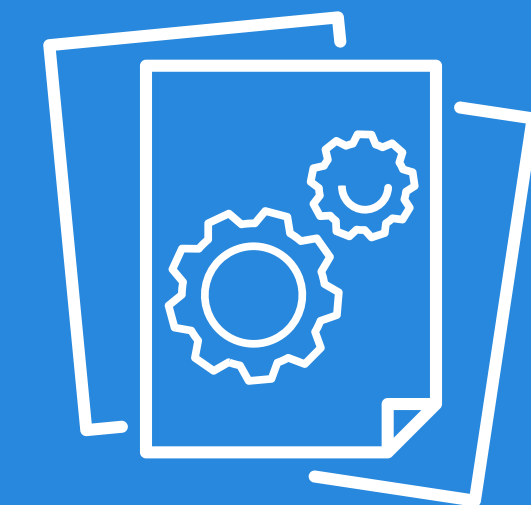
- Self Service
- Access Information Instantly
- Have a Variety of Tools and Guidance to Manage Their Usage

4 Expect Utility Providers to Deliver a Better Experience

- Focus on Customer Satisfaction
- Customer Loyalty & Advocacy
- Personal / 1-1 Engagement (Digital & Fast)

5 Expect Utility Providers to Offer Smart Technology

- Smart Homes
- Net Metering
- Increase in Want for Greener Solutions
- Distributed Generation



Environmentally-Friendly Businesses are the Future

Utilities aiming for energy efficiency have three clear goals, keeping competitive and up-to-date with technology, increase the bottom line through cost conscious management, and drive towards environmental sustainability. There is a significant shift towards companies being more green, whether that's through paper and print reduction, managing energy usage or reducing waste.

The energy efficiency trend is now mainstream some of the world's largest multinationals setting significant energy reduction goals. Walmart is aiming to reduce their energy intensity by 20%, McDonald's is increasing energy efficiency by around 20% in company-owned restaurants in their global chain, and P&G is aiming for 100% renewable energy in the coming years for all their plants.

By simply implementing a paperless approach to business processes, utility providers can transform into an environmentally-friendly business. Cutting down on paper use helps to save trees, cuts down on pollution, saves water, decreases transportation and wastes less fossil fuels for the use of items such as ink.

Large reductions in energy will not all come from big changes and there will be a further focus on energy data and real-time (smart) management at the smallest level - these will all add up to significant savings.



The Rise of the Smart Home

There are several catalysts for change in the utility industry; the first is the trend for smart home technology, the second is evolving customer expectations, and the third is access to real-time data. The proliferation of smart home technology and smart devices like Google Home or Alexa by Amazon, will likely alter customer's attitudes faster than originally expected.

That's if popularity and preliminary sales are an early indication. According to the US Energy Information Administration (EIA), electric utility companies in the US had about 71 million advanced smart metering infrastructure installations in 2016 - with about 88 per cent of those being residential customer installations.

The same body found that installations of smart meters have more than doubled since 2010, with almost half of all US electricity customer accounts now possessing smart meters. The 71 million smart meters installed by the end of 2016 covers around 47 per cent of the 150 million electricity customers in the United States. This trend is only set to grow even further as we move into 2019.

As a result, it would be naive to overlook the role smart technology will play as a driver in the utility industry, considering examples from other industries such as Netflix or Uber.

These companies are shaping their service according to customer convenience. Innovators are giving customers control over spending, access to real-time information, and options on how to interact, as a result they are disrupting traditional services and are winning market share with a customer centric model.

Smart technologies provide an opportunity for utility companies to enrich their offerings and provide greater customer satisfaction by playing a part in improving their customer's management of key home services.

The challenge for utilities is to engage with their customers using several communication channels, as the consumer population collectively moves to technology platforms.

Going Paperless is Key

Utility businesses are constantly looking for ways to streamline operations, cut costs, save precious time and work more efficiently. But, did you know that going paperless through the implementation of a customer portal can help you achieve all of those with ease?

According to a recent study from McKinsey & Company, utility providers that transform their operations and systems with digital technologies can reduce operating expenses by up to 25 percent and can boost customer satisfaction levels by up to 40 percent.

This is something an increasing number of utility providers will be undertaking in 2019.

There are a plethora of benefits to a paperless approach, including:

Information at Your Fingertips: Information is money. There really is no better way to know exactly what your customers want and know how to keep them satisfied than by having detailed data that's just a mere click of the button away. Implementing a platform that encourages the use of self-service portals, as well as giving customers access to a database to save information, is invaluable when it comes to serving your customers with the speed they now expect.



Speed Up Your Revenue Cycle: Conventional methods of sending bills by mail, waiting for them to be received and paid, and chasing them if they don't is incredibly slow. Thankfully, e-billing dramatically speeds up that process. With a paperless approach, customers are able to access their utility billing through self-service web portals as soon as they are available and they can make payments instantly through whatever device they are currently using. These quicker payments result in improved revenue cycles for your company.

Improving the Customer Experience: Millennials are now the leading group of consumers, at 75 million strong in the US. This group now has an annual spending power of around \$200m, and combine that with their strong voice on social media, it's clear that this market is now driving how companies must serve their customers. These customers no longer want to receive numerous letters each month, they want information as soon as it's available.

Free Up Your Customer Service Team: Traditional customer service teams were inundated with calls that were easy to solve and which generally wasted the customer's, as well as the customer service agent's time. A paperless solution empowers your customers with the information needed to solve their own issues, meaning your customer service team will no longer need to solve trivial and easy-to-solve issues.

Utility Providers Must Meet Growing Engagement Expectations



With new customer expectations, comes new opportunities for utilities, and this shift is coming from multiple directions. Countries around the globe are putting into effect new regulations for energy transformation and these changes are creating significant momentum in others.

Utility models are adapting to embrace the idea of customer-centricity and are more reliant on creating a dynamic two-way relationship between the utility and the customer.

According to a study from Accenture, more than half (58%) of consumers want their utility to provide them with recommendations and ideas for energy savings, and nearly all (92%) want to receive personalized digital notifications about their usage.

Digital and technological innovation are behind evolving customer expectations, and the need for customer centricity when designing new service offerings. With the dynamism of other industries in implementing these customer focused models, the utility industry must be ready to change to keep up with the pace.

At the end of the day, the consumers who adopt disruptive service providers (such as Netflix or Uber) and appreciate improved convenience, will have higher expectations from other service providers they do business with.

Artificial Intelligence is Making Waves

AI is becoming increasingly important in a world that is more and more interconnected and driven by data. Whether it's driving a car, changing your home's lighting or recommending a place to eat, artificial intelligence is more influential now than ever before, but what does this mean for utilities?

Collecting data on your utility customers is vital, and understanding what to do with the data to improve service plays an equally important role, and this is where AI fits in. An example of AI already affecting the utility industry, is in relation to grid reliability.

Self-healing grids, which can reroute power in the event of an outage are already a reality, but AI utility systems that would be able to predict failures and outages, would decrease the cost of repairs and reduce downtime. This would allow grid maintenance to be proactive, not reactive.

Those within the industry are under no illusion that their industry will be insulated from revolutionising effects of AI, according to a survey from Consultancy.uk. 43% said AI will enable new business models, while 81% said that AI will change or completely replace processes along the value chain. A further 33% said that AI will offer the ability to develop a competitive edge.

Respondents also believe that the technology will also reap efficiency benefits with the next five years. 53% said that AI would bring efficiency gains of 10-30%, while 11% said it could even result in a 30-50% efficiency improvement in the industry. In total, 83% of respondents in the study reported that artificial intelligence was a medium or high strategic priority within the next five years

With AI already being explored in the context of power utilities, it leaves room for speculation on how it will adapt in the future. How will customer service and consumption management change with increased data and real-time analysis using AI programs? AI as a service may be the next trend.

Moving Towards a Service-Based Model

Many business to business utility customers have their eyes on the future, and are proactively engaging with utility providers and working with them on sophisticated energy management. Advances in the utility sector will ultimately be available to all customers, but to start utilities will focus emerging technologies and models towards large commercial customers.

To truly seize this market opportunity, utilities need to adapt and move away from the classic commodity based model, where the key focus was total bill reduction, modernization of industrial process equipment, and cost-effective supply acquisition. Although basic service and cost management will still have a focus, advancements will likely come from implementing innovative technology such as AI.

Conclusion

The utility sector as we know it is changing, and utility providers who see past their traditional offerings and business models, harness customer centricity, and are ready to adapt to technological changes will be the ones who prosper.

Because customers are more engaged and interested, these changes will be seen as beneficial and adoption rates can be exceptionally high. Get it right, and it goes a long way to building a stronger relationship between consumers and providers.

The main hurdle to overcome for utilities is strategic, from creating and developing the right partnerships, pairing with effective technologies, managing capital or scaling the changes needed to thrive. In an industry that is becoming increasingly digital, personalized, and distributed, there's plenty of opportunity for utilities who are willing to embrace technology to adapt to these innovations.



Prepare for the future!

The SilverBlaze Customer Portal for Utilities, designed for public, private, and municipal utility providers, improves customer satisfaction and delivers positive ROI results.

The SilverBlaze Customer Portal for Utilities provides utilities with customizable, easy-to-integrate, high-value solutions that enable customers to interact with their utility providers when it's convenient for them.

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Contact us to learn more, or to schedule a live demo of the SilverBlaze Customer Portal.

2-9078 Leslie Street
Richmond Hill, Ontario
L4B 3L8 Canada
1.866.305.1911

www.silverblaze.com

