

Taking a Utility Platform Player position for your customers ... and society

The 100-year-old, one-way relationship is over. Whether you're an electric, gas or water company; you know you're facing a sea of change in how you relate to and serve customers. There are many things driving this, including the need to accommodate new technologies and exceed the expectations of an increasingly informed and savvy customer base. In short, you're seeing customers expect what they're already getting from other companies and industries: Greater transparency, two-way communication, ease-of-use, choice and control surrounding energy consumption and use.

As we first explored in *The Utility Platform Player: Integrating a new energy economy*, most of your power and utility peers are aware of the new reality they face. Most understand that, in many cases, the previous ways of doing business are not built for the demands

of today and tomorrow. The need to adapt to this “new normal” touches numerous fronts— from adopting new technologies and forging new relationships with stakeholders to changing the workforce culture and building new business models. We're calling this a move toward being a Utility Platform Player, or an integrator and connector in a more expanded role at the center of a new energy economy.

As we found in our survey of more than 130 senior gas, electric, water and renewable professionals across the US (in both regulated and deregulated markets); companies are taking steps in this direction. Within this report, we'll take a closer look at peer perspectives and share key takeaways about what companies are doing—or plan to do—to transform the utility-customer relationship.

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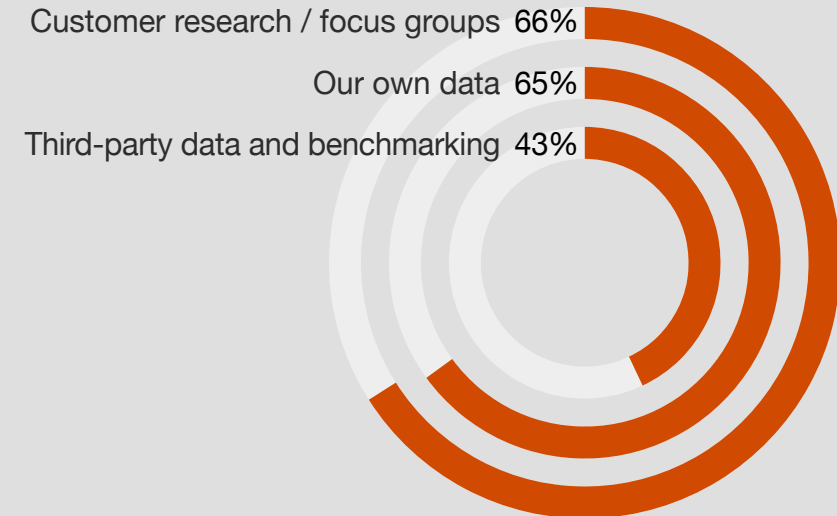
Know thy customer

One of the first steps toward expanding relationships with customers is to gain insights into who they are—not as anonymous rate-payers—but as people with habits, values and preferences. Like other industries, utilities have attempted to do this over the years, through traditional customer surveys and focus groups, or by purchasing customer segmentation data from third-party vendors.

And many of you still are. According to our survey, 66 percent of respondents are surveying customer preferences through “customer research and / or focus groups.” Nearly the same percentage (65 percent) are using their own data collected through proprietary channels, including their websites and customer call information. Additionally, nearly half are using third-party data.

Listening and learning

Q: How do you determine what customers want from you? (Select all that apply)



Source: PwC Utilities of the Future Survey, released January 2019
Respondents: 136

The takeaway

Gathering and analyzing customer data to know who your customers are will persist to be a mounting task (and opportunity). It underpins how you communicate with customers in tailored and informed ways. While it's no secret that gathering data can help to inform efforts to improve the customer relationship, the true opportunity comes from taking actions based on those insights which can help to move utilities from a commodity and infrastructure provider to a high-value strategic advisor.

Many still have access to more data than they know what to do with – from the digitization of the grid and smart meters to available data from your very own websites and social media channels. Compiling and analyzing these so-called structured and unstructured data sources is the precursor for acting on the information and providing the right services to the right people, while becoming a more trusted and communicative partners in the energy ecosystem. Perhaps it's not surprising that data science and analytics rank as the top desired skill to grow for power and utilities, as noted in another report within this series, [*The keys to unlocking the Utility Platform Player's workforce*](#).



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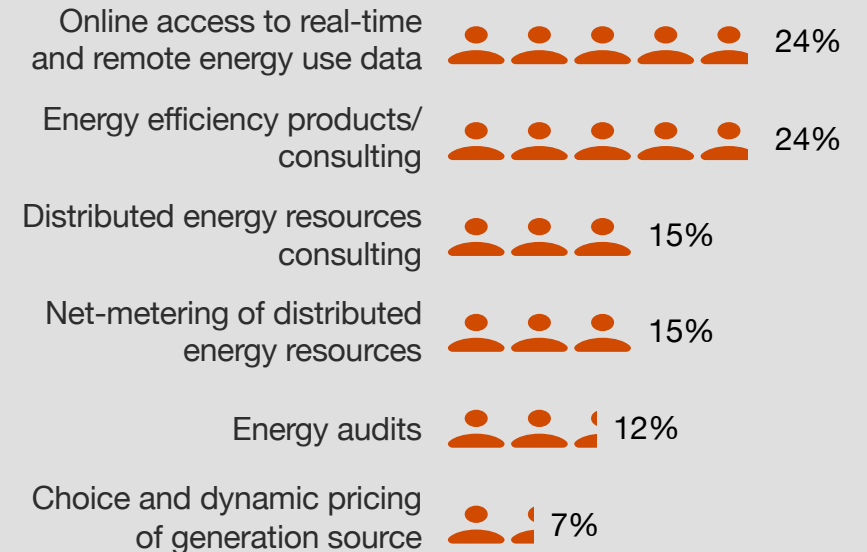
Discover what customers want

While all power and utility companies gather data on customers in different ways, a collective glimpse into what's seen as top customer demands and preferences reveals a customer base with great expectations. Survey respondents are finding a growing constituency of prosumers who want net-metering as well as consulting on home-generated distributed resources.

Customers are also turning into energy aficionados. The two most popular demands—with about one in four of respondents choosing them—are online access to real-time information on energy use as well as advice on energy-efficiency programs and products.

Top customer services

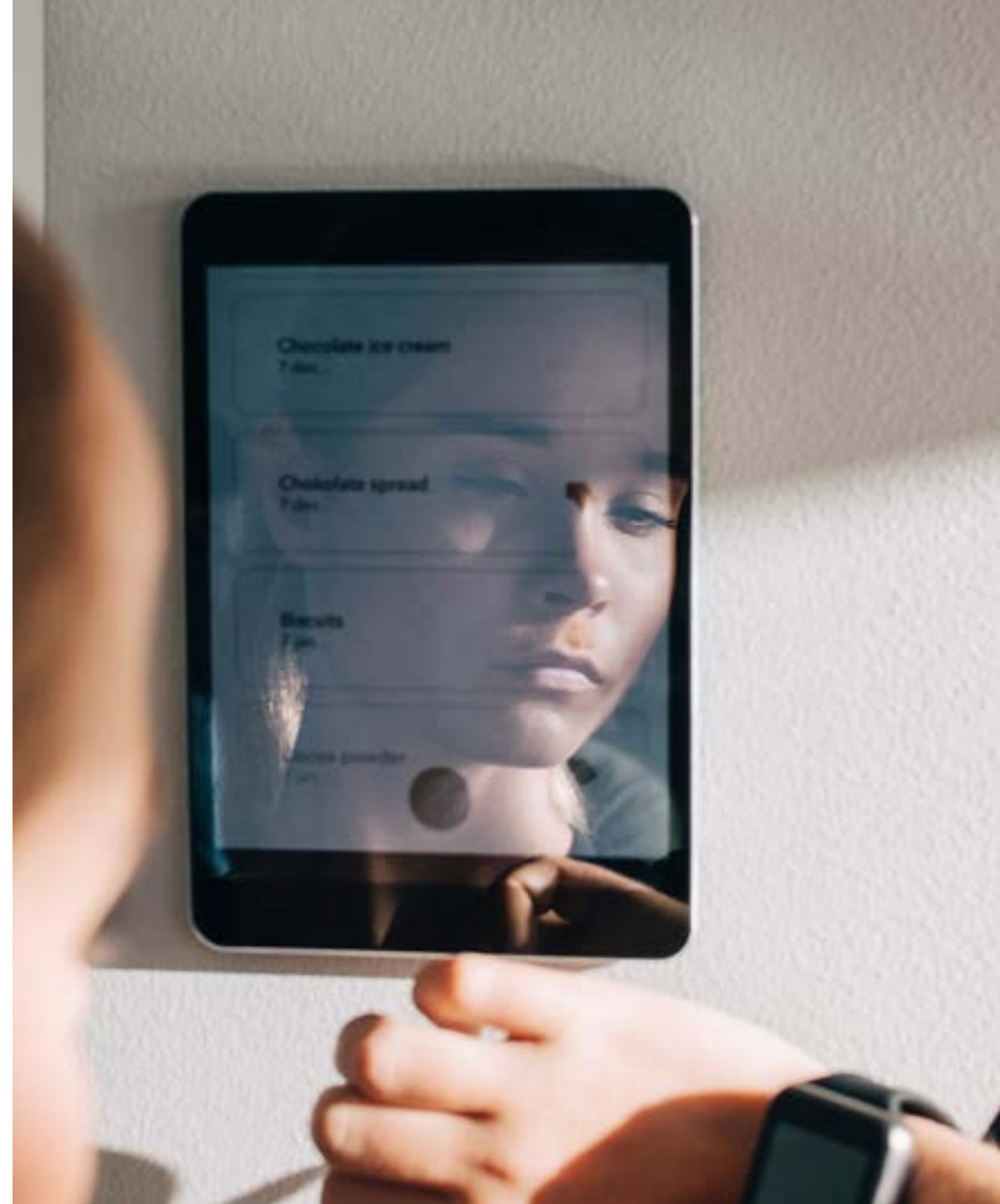
Q: According to what you're hearing from customers, which services appear to hold the greatest value? (Select all that apply)



Source: PwC Utilities of the Future Survey, released January 2019
Respondents: 301

The takeaway

As more customers adopt devices that provide real-time, energy-use data (i.e., smart meters, thermostats, appliances), they will increasingly expect their utilities to put that data to use via energy-related insights and advice enabled by that data. This customer base will also expect utilities to push that data out where they are (computers, smart phones, etc.) via home energy management apps and dashboards, text alerts during outages, and tailored advice on new products and services they may need. Additionally, utilities can build out customer platforms by enlisting new entrants to help prosumers carry out a number of customer-controlled systems, including residential / commercial solar, electric vehicle charging stations, home batteries as well as advice on adopting energy-saving products, technology, and behaviors, etc.



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New business models around customer preferences, habits and expectations

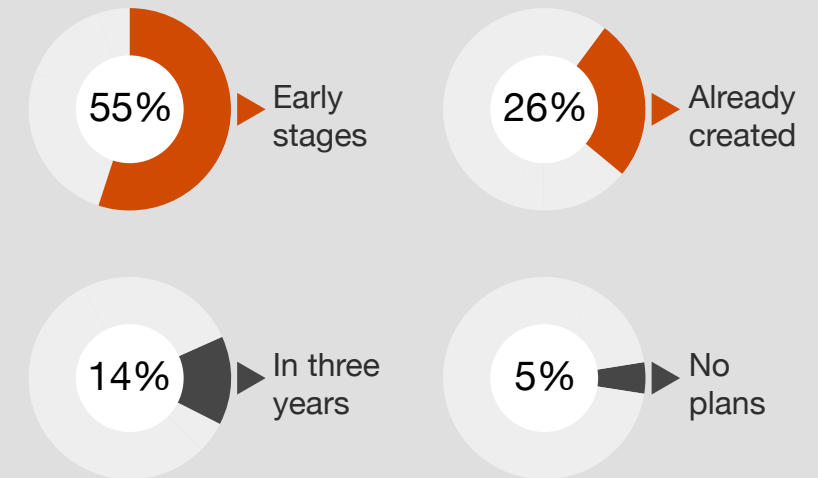
In a move to get a deeper understanding of customers' preferences and expectations—across numerous channels—power and utilities are developing business models geared toward better serving segments of their base. In fact, over half of utilities are already in the early stages of doing so, and an additional 26 percent have already developed new customer-centric business models. Some of the business models include advising on solar installations and storage systems, offering rebates on smart thermostats or energy efficient appliances or electric vehicle charging, for example.

The takeaway

While there is no one-size-fits-all solution, we see utility business models moving toward becoming, essentially, customer-centric platforms. Take, for instance, the rising trend of utilities building out utility-branded e-commerce marketplaces for utility-marketed products and services (online / mobile ecommerce portals)—from energy audits to energy-saving technologies and products. With more and more granular customer data at their disposal, utilities have the advantage of potentially being the best positioned to market the best product to the most likely buyer. In this way, utilities can build new revenue streams generated through a new platform player-focused economic model.

Adopting new business models

Q: Is your company creating new business models built on changing customer preferences, expectations and behaviors?



Source: PwC Utilities of the Future Survey, released January 2019
Respondents: 107

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Enlist new partners to improve customer service and offerings

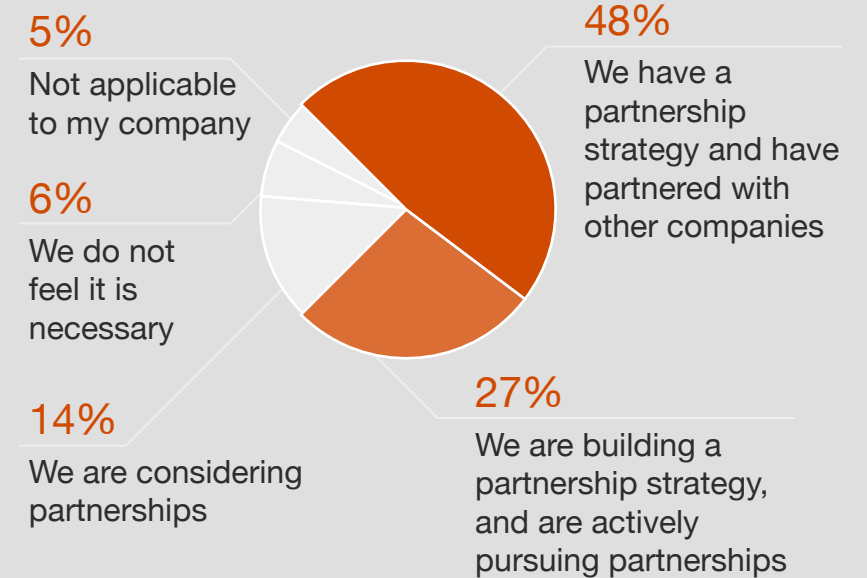
Creating new business models will likely require fostering partnerships with makers of new products and services. Just like e-retailers, the utility can become the platform that connects buyers and sellers of all things energy. This new way of doing business means working with (and not against) other energy providers and being at the center (not the sidelines) of newly emerging energy products and services. This can be through partnering with these entrants or facilitating greater access and choice for customers. As utilities grow on this front, customers' perception of utilities will likewise evolve. Utilities could become a "one-stop-shop," like successful platform players in other industries—such as online retail, travel and financial services.

What's interesting is that nearly half (48 percent) of utilities are already developing and deploying new products and services to enhance the customer experience via partnerships with other companies, while 27 percent are in the process of building a partnering strategy and are pursuing partnerships.

Many utilities are on the way to thinking and acting like retailers and bundling products and services as an energy-focused "lifestyle service" provider. There's a growing focus on tailoring offerings to customers according to segment and even predicting their needs and behaviors (i.e., whether they be frequent travelers, empty-nesters, big or small families, advocates of green energy, etc.).

Most aren't
going at it alone

Q: Are you partnering with external, third-parties to improve your customer experience?



Source: PwC Utilities of the Future Survey, released January 2019
Respondents: 136

The takeaway

While about half of utilities are already partnering with other companies to build new customer experience enhancing experiences, there's a flip side. A combined 20 percent are not actively pursuing partnerships or do not think it's necessary to do so. These findings strongly suggest, therefore, that, while there are many utilities already building customer platforms via partnerships, we are only in the beginning stages of utilities engaging with new partners.

This represents enormous potential for further convergence of new players entering the industry not as solo players, but as partners with legacy utilities. They are positioned to be the central platform used to expand customer services in numerous ways: manage energy use, market new energy-saving products, carry out energy audits, pay bills, purchase energy saving appliances, etc.



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Remove roadblocks to building new customer platforms

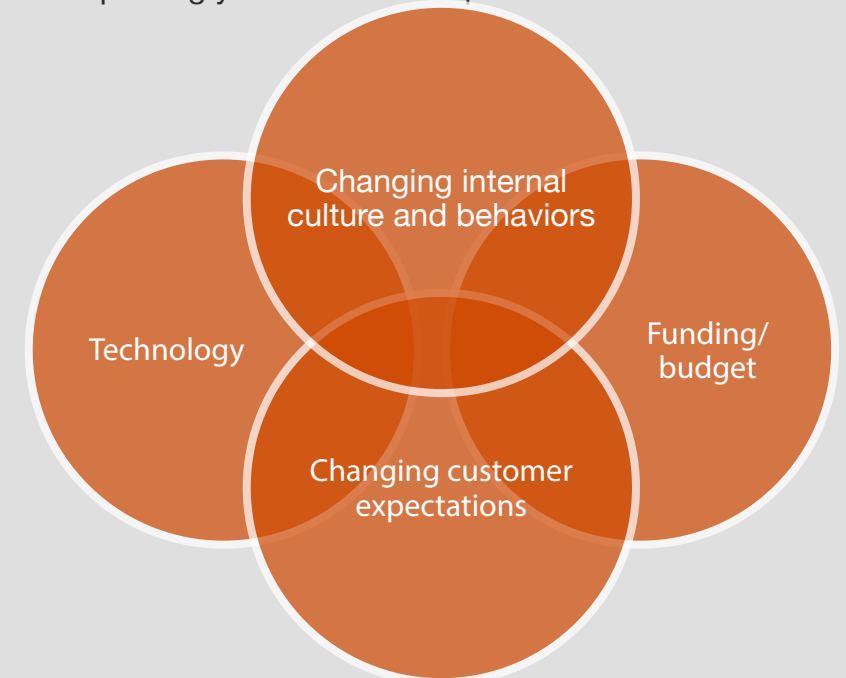
While there are impressive efforts and initiatives afoot to build the scaffolding of customer-centric platforms, doing so successfully is likely easier said than done. According to our survey, the top main challenges are: changing customer expectations, efforts to change internal culture, technology issues and budgetary constraints.

The Takeaway

Indeed, the challenges facing utilities to create improved utility-customer relationships—and the platforms to accommodate them—are many and varied. In a nutshell, utilities are facing the challenges of reinventing themselves after decades of same-old, one-way business models. Modernizing the customer relationship also means reshaping across the organization—from forming new partnerships, to upskilling and hiring a new breed of tech-savvy workers, to developing and deploying new business models—that place utilities at the center of the energy economy and as a trusted partner. If this is not their ambition, then new entrants will likely be more than eager to make it theirs.

Obstacles to better customer experience

Q: What are your top challenges you face when it comes to improving your customer experience?



Source: PwC Utilities of the Future Survey, released January 2019
Responses: 315

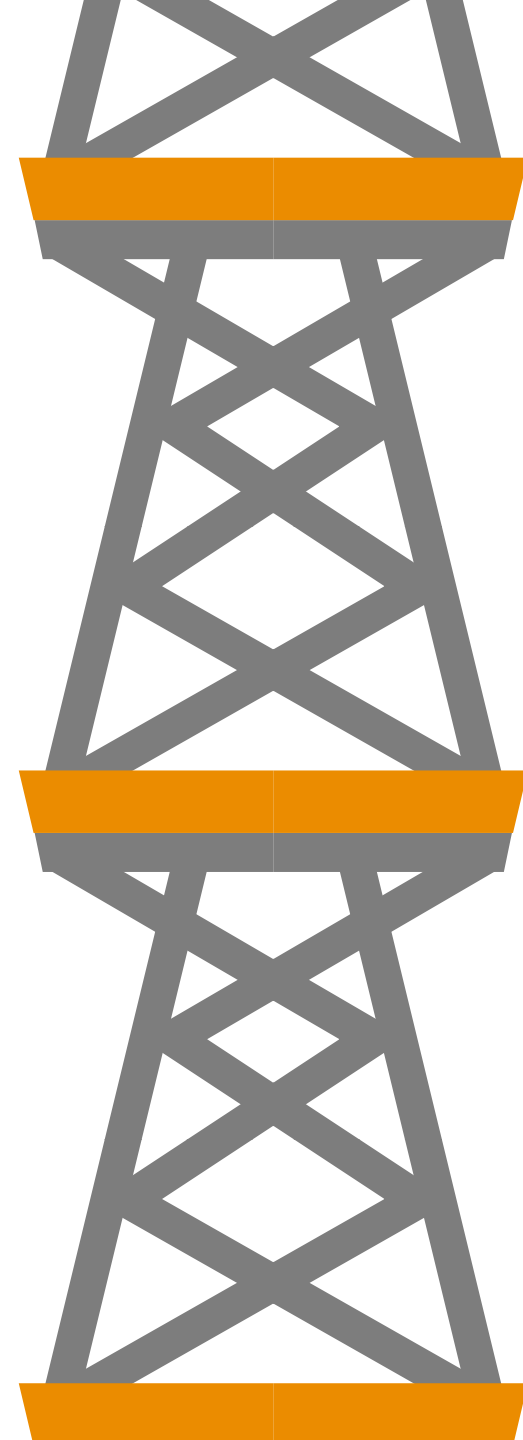
Final thoughts

Power and utility companies are poised to become an even more vital platform player in the energy ecosystem of tomorrow. We believe your industry holds the key to making it happen. There are many paths forward, but at the core is the ongoing need to embrace change—changing business models, changing technologies, changing workforce skills and, in many cases, changing regulatory mindsets to support moves in new directions.

Together, we can help you work toward answering and solving for your pressing questions, including:

- How do I meet the evolving expectations of my customers which are driven by experiences with other brands?
- How do I gain a better understanding of my customers and what they value, and set my strategy based on those insights?
- How do I meet these expectations at the right speed and in a cost effective way?

We want to help you place the right bets and position your company for more success tomorrow. Today, PwC is serving more than 250 power and utilities clients of all sizes, including the top 50 companies globally. More than 4,500 industry professionals worldwide, including more than 1,600 in the United States, are committed to helping you solve your most critical business issues.



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