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# Energy retailers: Zeroing in on the new energy consumer

RISE with SAP and SOAR with Accenture



78% of energy providers believe companies that do not help their customers achieve net-zero with greener products and services will get left behind.

Meet the new energy consumer. They're making over their energy lifestyle, plugging into new, connected services and expecting a relationship beyond billing on the road to net-zero. Plus, a seamless customer experience, infused with purpose and personalized like never before.

**Are you ready to deliver?**

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# Energy providers are operating in a new world.

The dynamics of energy supply and demand are changing; prices are more volatile than ever; and a successful energy transition hinges on customer adoption of new products and services at scale. Delivering on the energy transition will require energy retailers to transform their business models, as electrification of the economy—and life—become the norm.

And with energy efficiency a key prong of the roadmap to net-zero, consumers will use less electricity, shrinking energy providers' revenues and challenging their balance sheets. With revenue growth from traditional energy services predicted at 1% compound annual growth rate (CAGR) to 2030<sup>1</sup>, energy providers will need to re-think their strategy.







**To thrive into the future, energy retailers must pursue new revenue streams** — and move to a service play, beyond the classic commodity play. Think connected, value-add services for electric vehicle (EV) charging, energy storage and more.

**Get it right, and they stand to reap the rewards of a predicted CAGR of 14-16%<sup>2</sup> by 2030.**

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**Because the energy consumer is ready**. Purpose is rising as a driver of consumer decision making, with [Accenture research](#) showing 44% of forward-thinking gas and electricity customers will switch if their retailer fails to take visible action on societal issues. Meanwhile, consumers are plugging into the energy transition and forging new ground, with “do it yourself innovation” one of the key utilities-relevant shifts among the [2021 Fjord Trends](#).



44% of gas and electricity customers whose motivations shifted in the COVID-19 pandemic say they will switch if their retailer fails to take visible action on societal issues.

**Not if, but when.** It is no longer a question of whether energy retailers will expand their business towards value-added products and services. Rather, the question is when, how they are going to scale, and whether they are adopting the right strategy to build and/or acquire the required capabilities. Leading energy providers of the future will be those who deliver a seamless customer experience throughout the entire product and service portfolio, supported by the right platforms and partnerships.



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# So how do they get there?

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# Unpicking the challenges

Energy retailers are facing a multi-layered challenge: future revenue streams + customer expectations + digital transformation, all at once. But to plan for the future, first they'll need to unpick the challenges they face, here and now.

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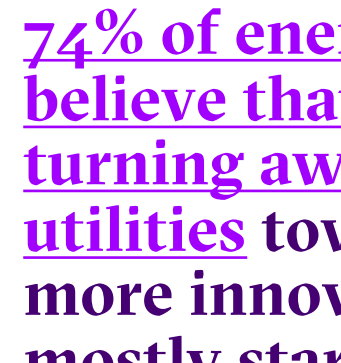


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# Future revenue is at risk

**Current business models are under pressure.** After a decade of growth, energy providers are facing performance issues, forcing them to rethink their strategy. Disruption of the current business model is already having a measurable impact, and the industry is now seeing an absolute revenue decline. Near-term impacts vary around the world, with performance decline particularly pronounced in Europe. Globally, energy providers are looking to grow the top-line with new non-core products, and the bottom line with a greater focus on cost.

**New players are entering.** To retain market share and survive over the long term, energy providers must keep innovating, diversifying, and developing world-leading customer experiences. 74% of energy providers believe that customers are turning away from large utilities towards new, more innovative players—mostly start-ups and new market entrants. In many cases, these new entrants have been better able to capitalize on emerging digital and energy technologies. In contrast, incumbents—bound to their core business—have often struggled to capture the first-mover advantage and have instead relied on acquisition, or growing new businesses as an add-on to their core business, generally in the form of subsidiaries.



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# The customer is engaged and wanting more

**Meet the new consumer:** The modern customer expects more: personalization; relevance; immediacy and connectedness, as part of a seamless customer experience. They also want purpose, demanding authenticity and a clear story from their suppliers. And never has this been more relevant than in the case of the energy transition .

With energy providers crucial in bringing consumers along with them for the energy transition, and consumers increasingly driven by purpose in their decision making, it pays for providers to tell a clear and compelling story about the work they're doing and how consumer behaviors contribute. But creating a relationship beyond the transactional is new ground for many, with [25% of energy providers saying](#) their inability to find a purpose or narrative to engage customers stands in the way of improving the customer experience they offer.

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# But systems are a barrier to change

## **Current systems often don't often support the seamless customer experience.**

Realizing full value means bridging between the legacy system and new technologies; building a customer 360<sup>o</sup> view to personalize the offerings and services; operating seamlessly across legal entities among other aspects. And the challenge facing many energy retailers in mature, deregulated countries (for example, Australia and New Zealand, or Europe) is to transform from an unwieldy legacy customer information system (CIS) to a platform architecture that combines the required capabilities to sell, serve and bill a B2C, B2B and B2B2C portfolio, as well as facilitate an internal ecosystem and external partners.

Starting from a white page, they have begun to build the foundation of their future business on modern technology paradigms (e.g., microservices and event-driven interactions). However, despite these efforts being underway for several years in some cases, often the energy provider's journey is not yet complete, and some customer needs continue to be served through legacy CIS, with other parts running in parallel on new platforms. And arguably, this type of approach makes the journey far more complex overall. It feels like building the plane and flying it at the same time, requiring a lot of agility and delivering some unpredictable outcomes. Meanwhile, other utilities are waiting for a leading model to emerge which they can adopt once it is mature.

**Some utilities have already embarked on transformation by adopting a “digital attacker” approach, like many disruptive start-ups who prioritize digital customer engagement.**







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Accenture's 2021 Consumer Research indicates 46% of gas and electricity customers whose motivations had shifted in the COVID-19 pandemic would switch energy provider if clear, easy options for contacting customer service are not available.

Meanwhile, 42% of energy providers are currently investing in digital channels to improve the customer experience, and 35% are investing in sales and service analytics. But many are still struggling: 64% of providers say they find it challenging to strike a balance between profitability and transforming the customer experience.



# How can energy providers prepare for the connected future?

**Embrace the connected service play, and think big.** Consumers are ready, with “do it yourself innovation” one of the key utilities-relevant shifts unpicked in the [2021 Fjord Trends](#). People are making over their energy lifestyles at home, engaging with solar panels and EVs and showing their readiness for new services they may not even conceive of yet. The stage is set for wide-ranging opportunities to serve these customers, across areas such as renewable energy and storage, connected home services, EV charging services, and other services yet to be determined.

**Energy retailers must deepen the customer 360<sup>o</sup> vision to facilitate the electrification of the customer lifestyle.** It starts with a customer-centric approach and a product catalogue that bundles energy and services together, allowing upselling and cross-selling. Then it relies on a platform that onboards internal and external business partners to enable an integrated operating model that works at scale and expands with agility.

As [Accenture’s research](#) shows, there is considerable value on the table for energy providers, to be reaped from action across purpose, product, platforms, people, and partnerships.



# Energy retailers

Three things to do now

# #1

**When you think  
service play, think  
beyond traditional  
boundaries.**

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Now is the time to go beyond traditional commodity products and look to areas where utilities are not a natural player, for instance: appliances and other home devices, telecommunications, television, internet, financial services and insurance. And those are just the tip of the iceberg.

With some utilities already expanding into telecommunications, it's already happening. How? Through partnership models to service new kinds of consumers. For example, to offer insurance, you'll need an established partner with all the capabilities in place; for energy storage solutions, a battery-specific partner will be key. It's the way to unlock new value across B2C, B2B, B2B2C and all the permutations you can think of— even the prosumer.



# #2

## Prioritize the strategy for the market/s you're operating in.

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Regulated or deregulated, understand what's possible and prioritize a strategy that elevates connected services to the top of the agenda. For instance, many utilities in deregulated markets have started their journey to connected services, and most have started experimenting at small scale and at various speeds. But with the urgency of the energy transition, and consumers' receptiveness to new products and services, it pays to think about how to offer broader options, and scale fast and effectively. And as energy retailers increasingly sell bundled products— commodity and non-commodity—the business model to deliver them becomes far more complex. Getting that business model right— who does what, in what order, for what business outcome—must be a top priority.

Get it right, and scaling— and speed to market— are within reach. And as speed to market becomes a critical differentiator for players in this landscape, it will pay dividends in the long term.



# #3

## Apply that strategy to determine the macro technology approach.

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In the connected services world, with partners essential to the way ahead, complexity just went up. It means considering how to operate seamlessly across legal entities; how to overcome systems built in silos; how to actually deliver on the 360° view of the customer. It means prioritizing the platform/s for the future, one of the key trends we saw play out in our [recent research](#). The traditional technology approach starts with replacing legacy systems with entirely new ones, from a blank page, and building a new architecture. It's a compelling idea, but the reality is, it takes (too much) time. And with 4-5 years not unusual for these types of programs, it's time energy retailers can't afford. With new market entrants poised to move faster, a more agile approach is needed.

And don't forget the data. Elevate data, analytics, and an understanding that [data is an asset](#) in its own right, and the key determinant of customer service capabilities. Because how can you upsell and cross-sell to customers if you can't see what they buy, what they might want to buy next, and personalize the interactions you have?





# Transforming at speed and scale through cloud, with SAP and Accenture

**We know the energy transition can't wait. And we know consumers are ready.**

But building and transitioning capabilities is a time-consuming and difficult path for energy retailers. If replacing legacy systems and starting again is a long road, equally, modernizing platforms incrementally can be sub-optimal— because you have to live with the legacy platform while those changes are made bit by bit. Sometimes this means improving the customer experience layer, but leaving back end systems as they were— and that approach won't cut it in a world of new, connected services, delivered in an agile way.

We think there is an opportunity to transform at speed and scale, by connecting legacy systems with new technology, bridging the gap to deliver on the complex business model of the future. It's about transforming faster and reaching your objectives, without discarding everything you already have.

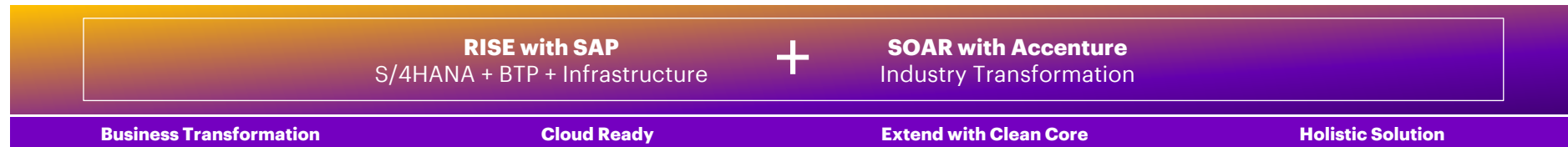
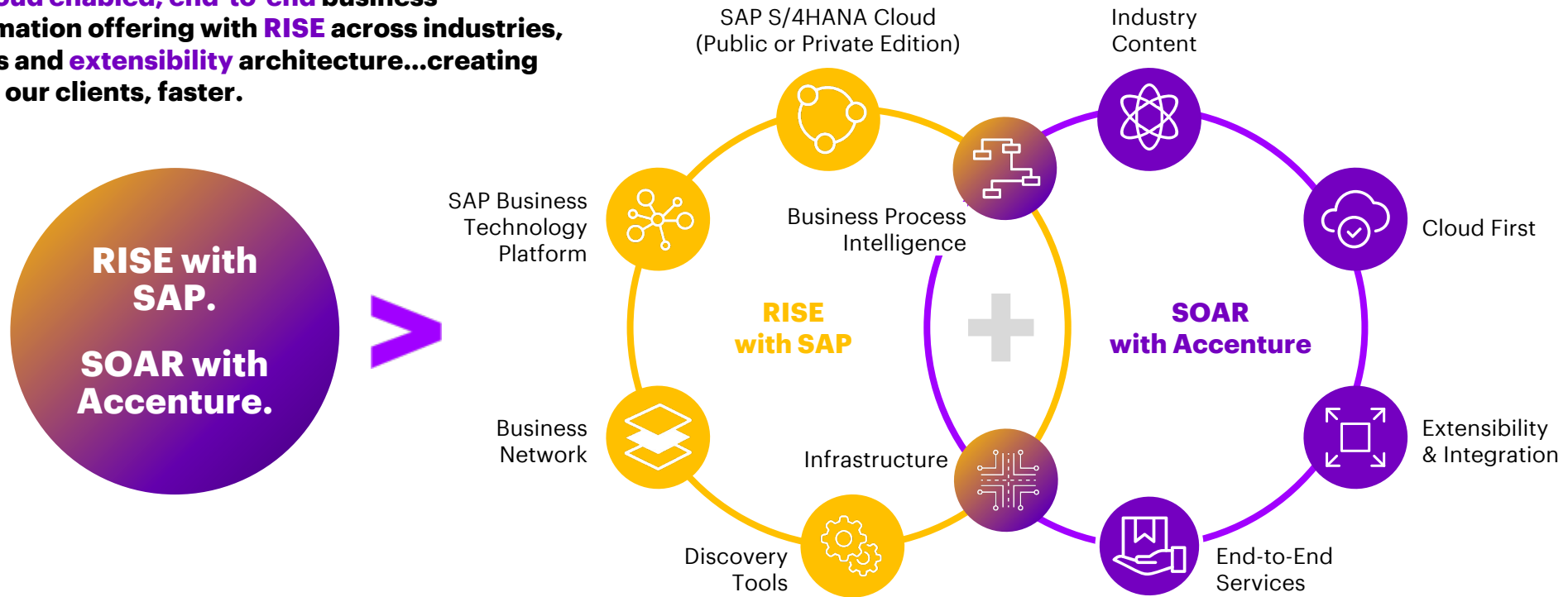
How? By harnessing the power of the cloud to transform and gain value faster—with the right platform—to [RISE with SAP and SOAR with Accenture](#).

Accenture and SAP are working together to help clients through RISE with SAP, a new business transformation offering that uses the flexibility of public or private cloud infrastructure to provide the full intelligent enterprise experience, including the enterprise resource planning capabilities of SAP S/4HANA and integration with SAP Business Technology Platform.



# RISE with SAP. SOAR with Accenture

A new **cloud enabled, end-to-end business transformation offering with RISE across industries, functions and extensibility architecture...creating value for our clients, faster.**



Simplified Commercial Models





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If you're ready to take your transformation to new heights, look closer at the SAP solutions portfolio for Utilities to RISE with SAP and SOAR with Accenture. And Read more about SAP and Accenture's work together to support large enterprises.

Ultimately, it's about capitalizing on your SAP investments and leveraging these new SAP solutions to create new capabilities; moving to S/4HANA for a leaner, cleaner approach that lays the foundation for easy future maintenance; leaning on the cloud's flexibility and ability to reduce total cost of ownership. And above all, leveraging RISE and SOAR to transform at speed while minimizing risk.

The providers of the future will be low-carbon, digitally powered, and relentlessly customer-focused. Contact us to talk more about the power of cloud-enabled transformation with Accenture and SAP, and the journey ahead.

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## About Accenture

Accenture is a global professional services company with leading capabilities in digital, cloud and security. Combining unmatched experience and specialized skills across more than 40 industries, we offer Strategy and Consulting, Song, Technology and Operations services — all powered by the world's largest network of Advanced Technology and Intelligent Operations centers. Our 699,000 people deliver on the promise of technology and human ingenuity every day, serving clients in more than 120 countries.

Visit us at [www.accenture.com](http://www.accenture.com)

## References

<sup>1</sup> Source: Energy Darwinism: The Evolution of the Energy Industry (Citi Group), IDC, Gartner, Accenture Analysis

<sup>2</sup> *ibid*

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