Transforming Utilities through Customer-Friendly, Single-Window Service

Abstract

The utility industry is highly fragmented, with different service providers operating within the three segments—electricity, gas, and water. The traditional operating model is based on addressing localized geographical needs, business protocol, and customer preferences. However, with increasing globalization, utility businesses are realigning their practices to meet new customer expectations and evolving regulations.

Utilities recognize the need to embrace change and simplify their business models to improve service delivery and customer experience, while continually working to enhance operations and profitability. The best way forward is for gas, electricity, and water utilities to provide a 'single window of service' for consumers, so as to respond to the imminent changes in the utilities industry. While such an approach involves some implementation challenges, it can help utilities improve customer access to services, and drive revenue growth and profitability.

Key Trends Driving Transformation in the Utility Industry

The utilities industry has traditionally operated in isolation, with limited interaction between customers and service providers.

However, changing customer expectations and evolving business imperatives are signaling the need for transformation in the existing service delivery model.

With increasing deregulation and competition, utilities need to differentiate themselves by remodeling operations and customer engagement strategies. Customers are more informed and price-conscious, and are demanding faster services as well as a better way to connect with service providers. Utilities also need to meet stringent compliance requirements across geographies to run their businesses smoothly and efficiently. These include sending accurate and timely bills, registering customers within a stipulated timeframe, and processing pending bill amounts.

In addition, global digitization and technological evolution have paved the way for smart meter technology that is transforming business imperatives in the industry. Smart meters have been widely accepted by customers in several regions as they offer customers greater control through immediate feedback on their energy consumption patterns. This also enables the utility to proactively measure customers' energy usage and lower the risk of power outages. Due to the value that smart meters deliver, utilities across geographies are gearing up to adopt them.

Environmentally-friendly operations are also proving to be a key source of differentiation. Service providers need to commit to generating renewable energy and educating customers about efficient usage. To address the challenges posed by the evolving ecosystem, water, electricity, and gas companies with common interests and aspirations can merge to share best practices and infrastructure, and present a single-window offering. This could prove to be a win-win solution for services providers as well as their customers.

Utility providers can benefit from mutual investments made to meet industry demands, while customers gain easy access to a one-stop solution for all their utility needs. It would also allow for consolidated billing, better priced plans, and flexible discounts and rebates.
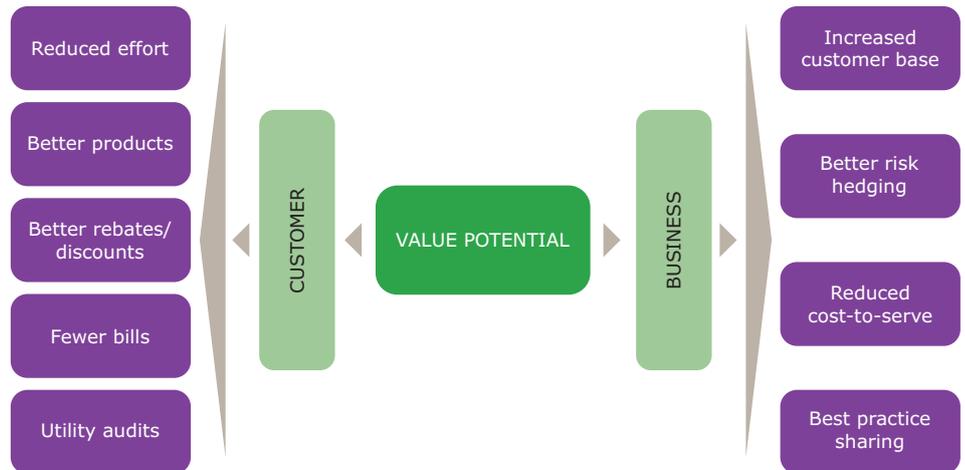
A single window delivery model for water, electricity, and gas offers significant value to both customers and service providers.

The Benefits of a Single Window Service Model

Benefits to consumers

■ Easy access to utility services with minimal documentation and follow-up

■ Customized products and tariffs, and expert advice

■ Better rebates and discount structure

■ Consolidated billing in a standardized format

■ Combined audits to facilitate efficient usage of all utilities

Benefits to service providers

■ Larger customer base through cross selling

■ Better hedging of risks with a wider product portfolio

■ Lower cost of service, innovative single metering, and better consumer connect

■ Mutual learning across utilities to deliver services more effectively

Key Challenges in Implementing the Single Window Service Model

While a single window service model presents significant potential for the utilities industry, it also throws up a host of challenges that need to be effectively addressed to ensure its success:

Industry priorities

The utility industry is in the process of addressing a series of changes such as implementing smart meters and adopting renewable energy sources. These activities are driven by compliance requirements and growing demand for superior customer experience. One of the challenges in implementing the single window model is the fact that while the model delivers value, it is not considered critical compared to other pressing imperatives.

Customer acceptability

Traditionally, customers have demanded less from utilities, as they are essential services. It may be difficult to convince them to switch service providers, considering the relatively low levels of customer expectation as compared to other customer-centric industries.

Conflicting business models

Electricity, gas, and water utilities have distinct business models based on their circumstances. For instance, electricity and gas is deregulated whereas water is still regulated. The delivery models of water utilities are therefore simpler than those of electricity and gas providers, who offer more choices to customers. As a result, merging the operating models of the regulated and the deregulated industries can prove to be challenging

Leveraging Market Capabilities and Innovative Thinking

Some of the ways in which the utility industry can consolidate all utility services include:

Using the single window service model as a catalyst for change

Implementing the suggested model can speed up other high-priority business imperatives within the utility industry. For instance, utilities across the three segments can collaboratively adopt smart meter technology. This will help them leverage mutual best practices and learnings to accelerate transformation in the industry.

Co-investing in innovative technologies and offerings

Service providers in the three segments can jointly invest in new technologies to generate cost advantages and meet heightened customer expectations. Similarly, they can co-invest in developing innovative offerings for their combined customer base. These offerings could include fixed price products, easy access to a single account, and significant discounts for buying electricity, gas, and water from the same service provider. Such investments can help attract new customers for the single window service model and ensure customer loyalty

Leveraging existing market capabilities

Service providers who currently deliver to multiple market segments can drive adoption of the single window service model. They have the expertise, tools, and methodologies to deliver services across different segments of the utility sector. Their knowledge and experience in delivering to variety of business models can support the industry's efforts to turn service delivery into a one-stop solution

Conclusion

Today's digitally-savvy customers are hard pressed for time and have high expectations. They seek convenience and better performance from the products and services they use. Utility services are no exception to this trend. Leveraging traditional utility models or merely implementing smart meters will no longer be sufficient to drive sustained customer satisfaction. With increasing deregulation and competition, innovation and disruption need to become an integral part of the industry for ensuring long-term growth.

The single window of service model enables customers to gain greater convenience and control over their utility services. It provides superior services and energy management as well as user friendly, consolidated billing, while allowing service providers to increase revenues, profitability, and growth—a clear win-win for both utilities and customers.

References

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About The Author

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