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No wasted energy

The benefits of transformation for the utilities industry: how to recharge, reshape and renew your business for a more sustainable tomorrow.

Introduction

Globally, utilities are facing a perfect storm: rising wholesale prices, political pressures, sustainability targets, regulatory change and demands for better customer experience. Together these can diminish profitability. At the same time however, there are exciting opportunities to deliver innovative new services, better digital engagement, and develop new revenue streams required by utilities today. These come from successful transformations.

Successful transformations can deliver tangible benefits in the form of leaner, faster operations, controlled complexity, and going beyond customer experience to lead in total experience. From 30% reduction in cost-to-serve, to improvements in debt management and the percentage of unbilled customers, a successful transformation can make a real difference to the bottom line.

This paper shares guidance on how to ensure a transformation is a success and not just succeeds but exceeds the objectives it set out to meet. We've pulled together views shaped from our 30+ years of experience of working with utilities providers into four areas of focus.

These four areas are just the start of a transformation journey. Utilities providers looking to deliver a successful transformation, which will enable them to move to a more sustainable tomorrow should get in touch now to see how we can help them achieve success and reap the rewards.

Mike Carruthers
General Manager, UK & Europe
Gentrack

Achieving success

What makes a successful transformation?

The biggest driver for achieving success of a digital transformation is that the system replacement is seen and managed as part of the overall business strategy, not a single entity.

A successful transformation should be measured on more than whether the business has been migrated to a new platform. Indeed, a company may be successful in replacing the technology but if the organisational change doesn't align – and as a result, employees are forced to use the new technology incorrectly – the transformation planned for in the project scoping stages cannot be achieved.

It's also crucial to ensure that the digital transformation does take place. Sometimes, this may be placed in jeopardy due to increased costs making the project fiscally too risky, or the project may go significantly over the proposed timelines and needs to be rescoped to better suit the needs of the business.

Indeed, a successful digital transformation is dependent on the system replacement and business adoption of the new technology working together in harmony. To truly unlock the potential of the transformation, it should be a business-led transformation – not technology-led.

Success depends on the new technology and the business adopting that technology

How to achieve success

1. Right scope and partner from the start

Ensure your vendor has evidence of their experience

For utilities companies using legacy systems, often ones which have been further complicated over time via manual processes and databases that aren't integrated, the prospect of a transformation can be daunting.

Establishing the value drivers from the outset will support the development of a clear scope, allowing for the development of realistic goals and review points along the transformation journey. This is the foundation of good project management – and will support the selection of the right delivery partner.

With a defined scope, business leaders can provide potential delivery partners with a full understanding of what needs to be achieved. Selecting a suitable delivery partner can make or break a project, so getting it right in the early stages is key.

The right partner will work with the business closely to understand what success looks like and develop recommendations that are relevant and will achieve the aims of the project. Whilst this might be difficult to ascertain at

an initial meeting or scoping call, it's important the delivery partner doesn't concentrate solely on the business' current processes and technology. Often this will result in the technology being worked around existing processes and ultimately, not achieving the efficiencies the change programme sets out to do.

In any case, the vendor you choose should be able to provide evidence of their relevant experience in delivering similar projects. Importantly, they have delivered similar projects at a comparable scale and complexity. Ideally, they will be able to demonstrate this experience with case studies and client testimonials, with tangible returns achieved.

Once the right partner has been selected, there is additional responsibility on the business to ensure that the partner is integrated into the decision-making processes that will ensure the project stays on-track. They should have an equal voice on the steering committee and/or project management team, to avoid decisions being made in a vacuum which may not be possible to deliver.

How to achieve success

2. Know where to invest expertise

Some businesses may opt for a multi-vendor approach for a transformation. This can allow them to 'pick and mix' software providers and use existing resources to save costs. Some may also decide not to use a system integrator, believing they have the capability in-house. However, for large, complex businesses such as utilities providers, this can result in additional complexities and jeopardise success.

Leadership must recognise that a transformation is not a simple undertaking – and an in-depth understanding of where there may be skills gaps internally should be established early-on to avoid the project stalling.

The Covid-19 pandemic forced the world to 'fast-forward' digitalisation. According to McKinsey, in 2020 alone, digital offerings globally jumped ahead by an average of seven years[1].

As a result, many of us are still playing catch-up. In 2021, BT reported that 34% of UK business leaders cited 'insufficient internal skills' as the main challenge for digital transformation over the next five years[2]. In addition, a recent study by Ipsos and Udacity found that 46% of business enterprises have experienced project delays due to a lack of relevant skills – leading to detrimental repercussions and a negative impact on the business[3].

A system integrator approach can therefore ensure all aspects of the technology delivery and integration is covered. This also allows internal resources to be better used as subject matter experts and in implementing the organisational change processes critical to effective digitalisation throughout the business.

As much as the selection of external expertise is important, businesses who succeed at transformations also build strong governance with their own people – starting with a project management team that encompasses the key business functions.

Knowing where the expertise exists within the company, and sharing the expertise with others, is key to ensuring stakeholders within the business are taken on the transformation journey. It can also go a long way in supporting the wider business in the transition.

What's more, not involving these people from the beginning of the project can be detrimental to success. In fact, IFS reports that over a quarter (27%) of companies have acknowledged that despite being key to technology change, people are often overlooked when planning and executing transformative projects[4].

Whilst the project management team will usually be driven by a specific part of the organisation – such as the change team – it's important that they are able to call on subject matter experts to help meet the intended aims of the project. For example, if the billing process is being changed then we'd recommend the Billing Manager is pulled out of their day job and used as a subject matter expert (SME) on the project. Often overlooked, communications functions – internal comms, marketing, and HR – will also be key to a smooth transition for all employees and customers by ensuring the aims of the transformation are communicated properly and the whole business is engaged in ensuring its success.

To ensure this expertise is integrated on a project, business leaders should work with the project management team on who exactly will be needed from within the business to support the project. Working with their direct reports, these subject matter experts should be given the bandwidth to be released from their daily roles to effectively support the transformation project.

34%
of UK business leaders cited 'insufficient internal skills'

How to achieve success

3. Go steady, not slow

In a global study of 3,000 IT decision makers, C-suite executives, and individuals working in operations, the IFS reports that 33% of respondents said digital transformation projects had overrun the planned timeline[5].

While a week or two over the proposed timeline may not seem like a major issue, when timelines begin to creep into months or even years past their planned end date, then interest in the project will inevitably dwindle, expertise will be lost to other pressing priorities, and a successful transformation placed in jeopardy.

Failing to control value drivers is a common reason for timelines slipping

In fact, of the respondents who had experienced timeline creep, 40% said budgets were cut back in other areas, 35% said other projects were stopped, 32% said headcount was frozen, and 31% said it deterred investment in similar projects[5].

A common reason for project timelines slipping is that the key value drivers aren't tightly controlled by the project manager. When this happens, the project is at risk of chasing tangents and morphing into something completely different. Therefore, developing a clear scope and an in-depth understanding of the key business aims early-on is crucial.

At the beginning of the project, it's important to establish whether the transformation will happen as one big launch or segmented into several incremental changes. Once this has been established, a business needs to consider where the review points will be along the project timeline – ensuring everyone from the project management team to the delivery partner is 'in the room' at these vital points and that decisions are made collectively.

Utility companies are operating in an incredibly volatile environment, so it can be expected that along the way, a transformation project will need to flex to suit new business decisions. This is also where selecting a delivery partner who has proven experience of coping with change is vital to ensuring project success.

In any case, a digital transformation project cannot be rushed – and this can often happen when timelines slip. Companies panic, and rush to deliver the final product in the last stage of the plan – leading to the technology not being integrated properly across the business, unclear communications to employees and customers, and ultimately, a project that has failed to transform the organisation as originally intended.

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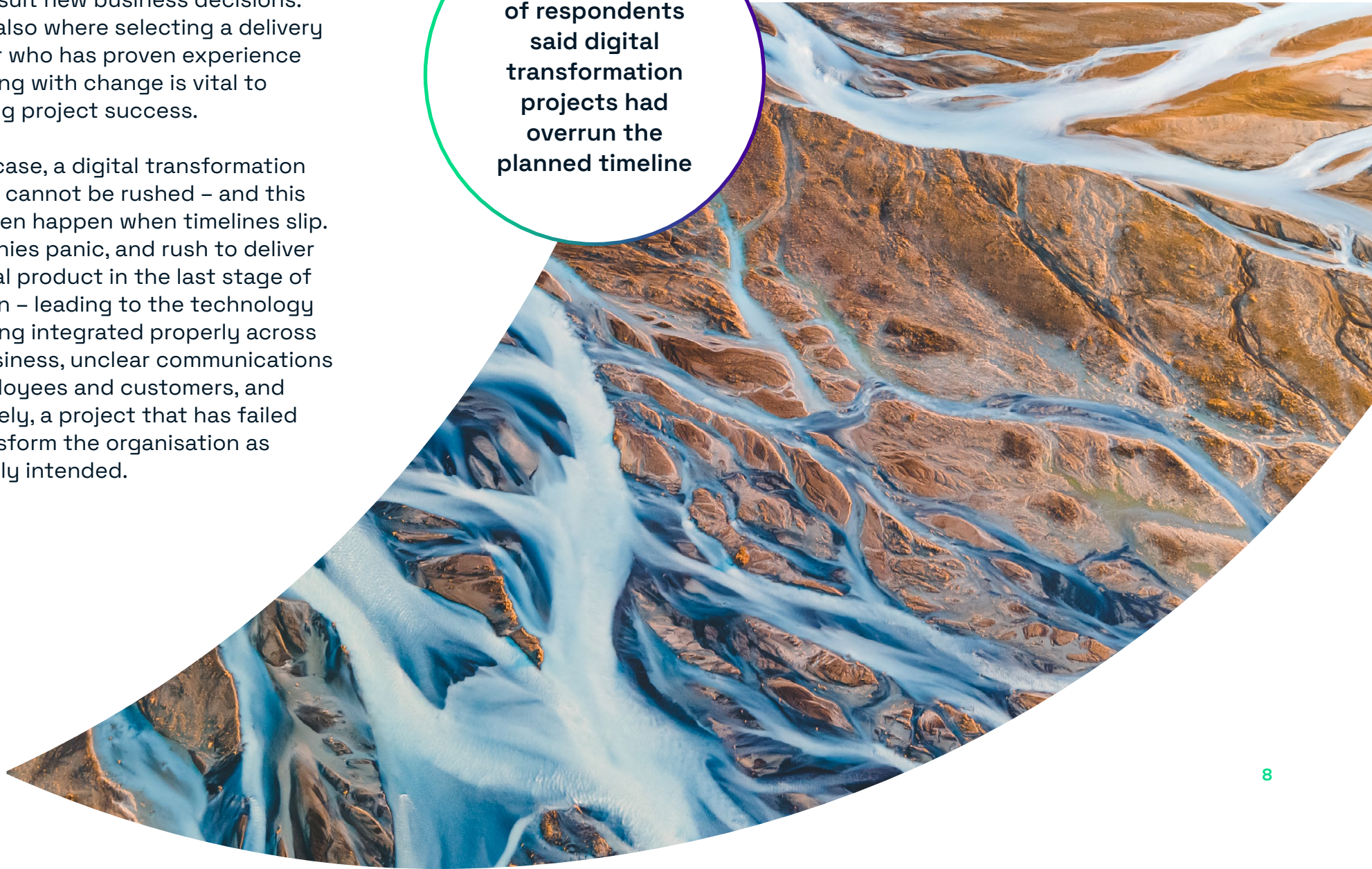
How to achieve success

4. Get the data right

Failing to prepare is preparing to fail, and this adage is no different for transformations. As much as developing a clear scope and project structure can help deliver a transformation project successfully, time should also be taken to do the data analysis and research of the market thoroughly.

Unfortunately, in the utilities sector, there isn't a consistent approach to data management – particularly in terms of data fields and the essential information required to pull together a detailed analysis.

The delivery partner can help to conduct a thorough analysis of the data available and identify where the gaps are. However, the project management plan needs to accommodate sufficient time for this analysis to take place. This is particularly important when dealing with legacy systems where the data extraction may be difficult due to it being held on several different platforms

(whether this is within the existing system or held offline in spreadsheets or other databases).

A common mistake in transformations is that the business focuses too much on integrating the data they have with the new system. If the data quality is already poor, migrating it onto a new system won't improve it – and could mean the advantages of the new system aren't fully realised.

Investment in getting the data right and testing it using real scenarios is therefore crucial to delivering a successful transformation. All too often, the testing of the new data in the new system is a rushed process, leading to significant operational issues after the project is completed.

Another common mistake is testing in a controlled environment, using 'fake' data that doesn't represent the real day-to-day operations of the company. It's essential that sufficient time is given to the delivery team to test real, migrated data in real-life scenarios to ensure it delivers on the project aims.

> **Testing real data, in real life scenarios is essential**

Summary

There are so many benefits to be had through successful transformations, so it's crucial utilities providers can take advantage of these, especially when operating in such turbulent times.

To do so, following the guiding principles laid out in this paper, can provide a useful roadmap for embarking on a journey to success:

1. **Right scope and partner from the start**

2. **Know where to invest expertise**

3. **Go steady, not slow**

4. **Get the data right**

Find out more about how Gentrack can help you recharge, reshape and renew your business, visit **www.gentrack.com**

References

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About Gentrack

Utilities companies are at the sharp end of a volatile market, operating businesses in unprecedented change, while also trying to create a more sustainable tomorrow.

For over 35 years, Gentrack has been partnering with the world's leading utilities. More than 50 energy and water companies rely on Gentrack.

Our g2.0 solution combines this wealth of experience with Salesforce's unbeatable CRM, Gentrack's leading meter-to-cash platform and a composable architecture on AWS. g2.0 ensures high performance, security, scalability, and rapid prototyping for innovation at pace.

When it comes to transformations, you can count on us.

www.gentrack.com