Why utilities are moving off legacy

IT transformation will be critical to deliver the energy transition. Gary Miles, CEO of Gentrack, shares his views on why.

What is driving the current wave of change in the utilities industry?

The way that humanity develops and consumes energy is changing. This transformation is an enormous undertaking that arguably represents the largest project on the planet today.

The pace of change is accelerating.

IT systems which underpin the workings of the modern retailers and gen-tailers must transform to adapt to the decentralisation and decarbonisation challenges ahead. Industry analysts predict a massive shift: that 20% of utilities across the world will undergo a significant IT transformation by 2026 and that 100% will do so within the next decade. In addition, SAP is end-of-lifing its utilities solution and so many customers are now at an inflection point where they need to choose their next partner.

> From time-of-use tariffing to virtual power plants there is an exciting innovation highway ahead for energy suppliers, as they move towards net zero.

The Highway of Innovation
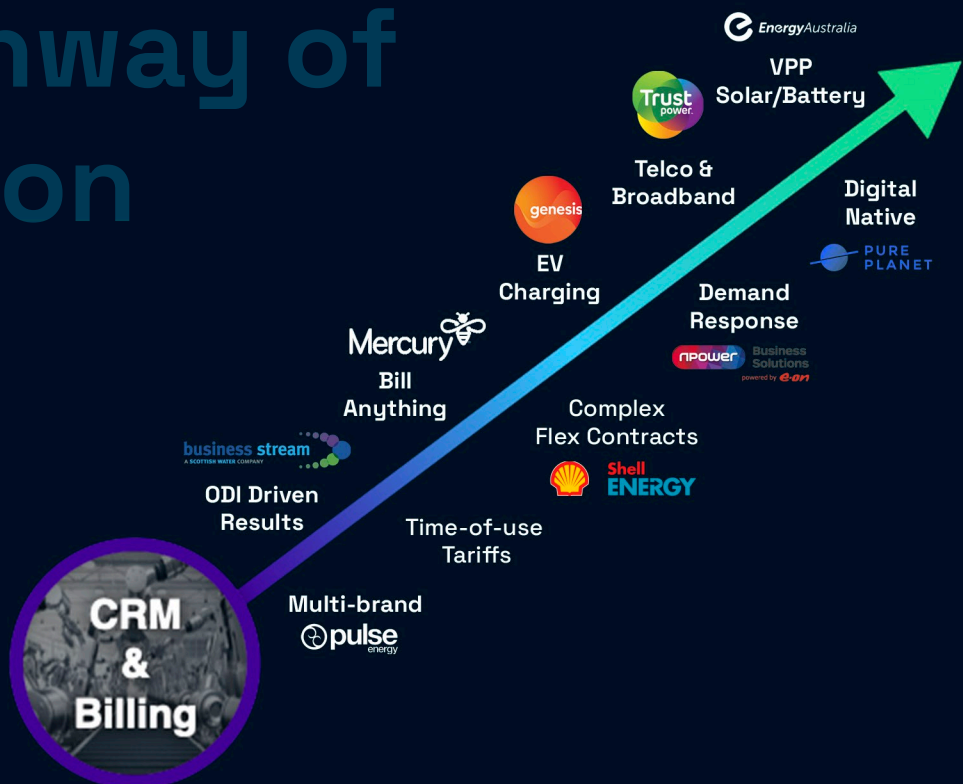
What are the benefits of making this change?

Amazing customer experience, digital first engagement, lower debt, more than 99.5% accurate billing and automation help to deliver 40% lower cost-to-serve.

Get this right and there's huge upside, both for the utility provider and the customer. We have customers who have reduced headcount by 20% by switching to us from their legacy provider. To work, the hugely complex, multi- faceted and vastly expensive energy transition must be presented to the end-user as simple, reliable, and good value for money. Systems need to deliver a simple customer experience in the face of extreme complexity.

What is the limitation of existing systems that have been doing the job for so long?

While other vertical industry sectors, such as telecom or financial services, responded to the cyclical waves of innovation that would routinely hit every eight years or so by renewing and reinventing their IT infrastructure, the systems powering much of the energy industry were stagnant and acting as a brake, rather than an accelerant, on progress. The IT systems of many retailers are still old and broken, they are 10-30 years old. The shift to upgrade and transform has happened in leading markets with huge success as retailers move off these antiquated systems. The rest of the world is due to follow as it sees that such transformations are both achievable and able to deliver significant results.

Leading utilities are telling us that their legacy systems are weighing their organisations down and stopping them from moving forwards. If utilities don't modernise their IT, they will fall further and further behind. These investments in IT are part of the enabling technologies for the energy transition. Because clean energy is not just about turbines and solar; it is about building a grid that can deal with intermittency and distributed generation, flexing, adapting, hedging to offer dynamic pricing, and giving more power to consumers – who are themselves becoming generators.

Existing legacy systems are, quite simply, not fit for purpose if the energy transition is to be achievable in any meaningful timescale.

But transformation is risky?

It is, and selecting the right partner is critical. The energy transition is going to require constant innovation and systems will need to be able to flex, whether in response to new technologies, customer behaviours or market conditions. Future optionality can come from being part of an open ecosystem, enabling companies to partner with specialists and leverage existing capabilities.

This is a new way of thinking and working for many in the utilities sector, but it is going to be essential to deliver one of the biggest challenges facing humanity: the transition to a low/no carbon future.

Business and digital transformations can be done relatively quickly with great results.

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