Bridging the Divide: Utilities and the Customer Capabilities Gap
Agenda

• Study overview
• Findings
• What utilities are saying
• Strategies to address the gaps
• Conclusions
• Q&A
Study Overview

• Focus
  – Customer engagement capabilities
  – Related systems, technologies and processes
  – Key trends in utility customer engagement

• Methodology
  – Online survey with 96 utility executives respondents
  – 17 in-depth interviews
  – Focused on US and Canada
  – Mix of IOUs, co-ops, munis, and government-owned utilities
C-sat is by far the most important customer service goal

Top customer service business goals

- Increasing Customer Satisfaction/NPS: 52%
- Reducing IT or OT costs: 16%
- Increasing Digital Engagement: 4%
- Reducing Cost to serve: 16%
- Increasing Revenue: 11%
- Protecting customer information: 1%
Utilities are not confident in the capabilities they need to deliver on their customer-centric priorities.

How many utilities are very confident in their 15 different customer engagement capabilities?

- Fewer than 25% in any single capability
- Fewer than 15% in most capabilities
- Fewer than 5% in all capabilities

Capabilities
- Campaign management
- Proactive alerts/notifications
- Targeted web marketing
- Digital transactions
- Social media management
- Customer analytics/BI
- Cross-channel consistency
- Contact center next-best action
- Segmentation & personalization
- Advanced CSR tools
- Digital marketplace
- Mobile applications
- Preference management
- Loyalty & rewards programs
- 360° view of customer
Utilities’ biggest capability gap is access to information

Top 5 Most Important CE Capabilities

<table>
<thead>
<tr>
<th>Capability</th>
<th>Very Confident</th>
<th>Very or of Outmost Importance</th>
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<tbody>
<tr>
<td>360 Degree View of Customer</td>
<td>9.4%</td>
<td>59.4%</td>
</tr>
<tr>
<td>Proactive Alerts &amp; Notifications</td>
<td>24.0%</td>
<td>60.4%</td>
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<tr>
<td>Contact Center Next Best Action</td>
<td>17.7%</td>
<td>61.5%</td>
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<tr>
<td>Digital Transactions</td>
<td>24.0%</td>
<td>69.8%</td>
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<tr>
<td>Advanced CSR Tools</td>
<td>16.7%</td>
<td>70.8%</td>
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Lack of confidence in their capabilities is driving a shift away from traditional IT models

Majority favor buying over building IT solutions

76% are using or are interested in using cloud-based SaaS solutions
“We’re out of the era now where we can build it ourselves. We’ve been caught too many times with legacy systems and nobody knows what’s under the hood…It is the trend, cloud-based SaaS. The debate over operating versus capital budgets is a huge distraction. Frankly, it’s impeding the right decision.”
Utilities are looking to CIS and “CIS-edge” to enhance customer capabilities

Biggest CE investment over next 3 years

- Billing/Rates Engines: 13%
- Website: 13%
- Call Center Tools/Applications: 15%
- Analytics/BI Software: 11%
- Customer Preference Center: 4%
- Marketing Automation/Outbound Communications: 8%
- Customer Relationship Management (CRM): 15%
- CIS Upgrade or Replacement: 21%
Web channel imperatives continue to revolve around improving self-serve experience.

What is your most important web metric?

- Improving web experience: 41%
- Increasing number of digital transactions: 23%
- Reducing IT maintenance: 12%
- Increasing web marketing effectiveness: 18%
- Other: 6%
Utilities tend to move through 3 different phases of maturity in their digital customer experience

Stage 1: Making it easy for customers to do basic transactions online
Stage 2: Driving digital adoption with online preference management and proactive alerts
Stage 3: Personalizing web content with segmentation and targeted marketing
Analytics maturity is in its early stages for utilities still and changing rapidly

>50% of respondents say their biggest pain point is deployment
Utilities believe disruption will drive their industry to become even more customer-centric

What will cause the most disruption to your utility over the next 5 years?

#1 Increased regulatory requirements

#2 Customer expectations

#3 Pressure on traditional utility business model
“The **utility of the future** is absolutely not going to look like it does today...if there are other providers out there, would they choose us as their #1 choice? We need to position ourselves to be there, that we ARE their #1 choice.”

Utility executive interview
March 2016
Thank you!