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customer solutions for utilities

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Unlocking demand-side management value: The consumer is key

Utilities across the globe are moving toward smart grid and smart metering to achieve operational efficiency and energy conservation. As customers learn to use energy in different ways than they do today, utilities will be in a position to benefit from the shifts in demand. However, it is clear that utilities will need to engage consumers to unlock the value of demand-side management.

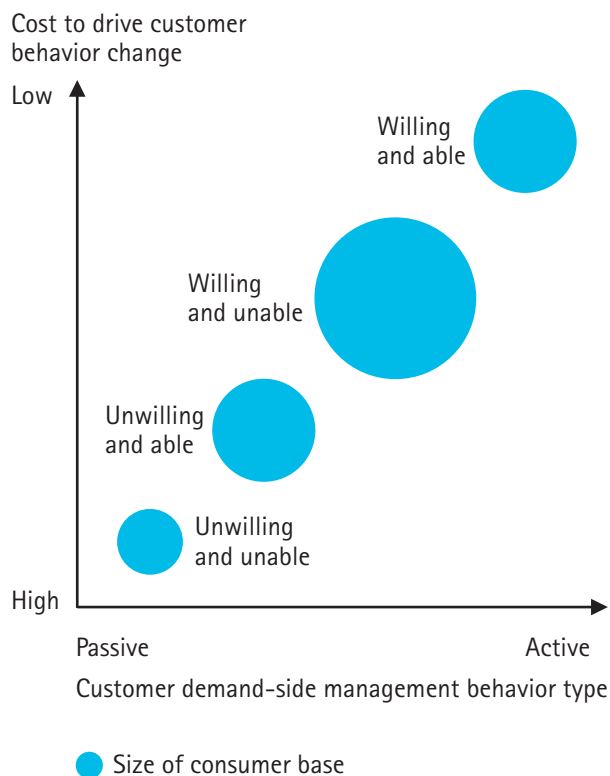
Regardless of various market models and regulatory frameworks, the new world of smart grid and smart metering has launched the utility from being a simple provider of a commodity to becoming a sophisticated provider of multiple

energy products, services and programs. Utilities now operate in an increasingly competitive market—no longer are utilities simply vying to be the energy provider of choice, but now many utilities will battle for ownership of the home against nontraditional competitors such as telecommunication providers, cable companies and Web service providers.

Coupled with this competitive environment is the challenge of customer behavior. Utilities have inherently built in assumptions of changing customer demand behaviors into smart grid and smart metering business cases based upon preliminary pilots and trials. However, achieving

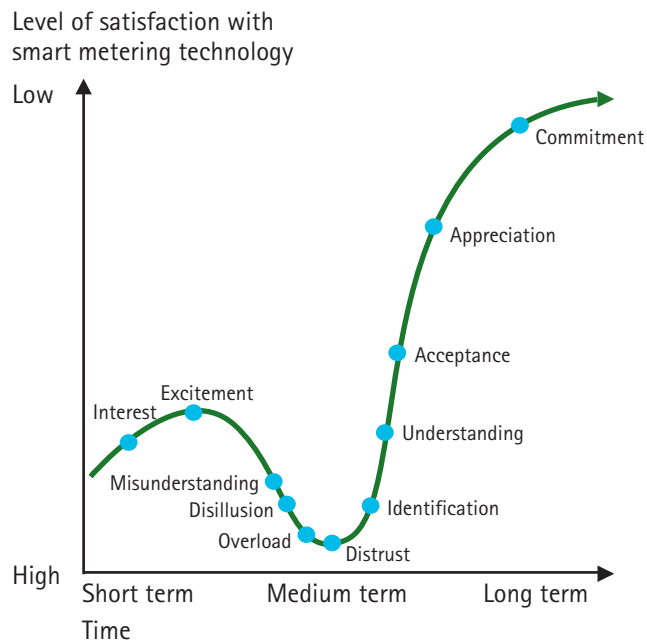
and sustaining consumer behavior change is not going to be an easy task. Currently only 3 to 5 percent of customers are enrolled in energy management products and services.¹ While many consumers may be willing to change behaviors and sign up for new products, pricing and services, many stumble when it comes to ability to change (see Figure 1). Many customers will face financial and lifestyle constraints and will be challenged to take action.

Figure 1. Consumers' willingness and ability to change.



Even among those consumers who are both willing to change demand behaviors and able to do so, utilities are challenged to sustain customer adoption and usage over the long term. On average, about 30 to 70 percent of the utility business case for smart grid and smart metering is dependent on some level of consumer behavior change.² As customers recognize the potentially small impact on their pocketbook from these programs, they will pass through the initial "honeymoon" period and go from excitement to distrust (see Figure 2). The question becomes, how can utilities drive sustained customer commitment over the long term?

Figure 2. Commitment curve.



Accenture's approach to demand-side management

An enhanced demand-side management capability is required to meet the customer challenge. This capability must become an integrated engine that works in unison toward the collective goal of customer behavior change. There are five critical capabilities utilities require to manage the demand side of the equation:

Customer strategy and experience blueprint

Accenture takes a holistic view of demand-side management to help ensure overall success. Our approach begins with a definition and blueprint of the new smart grid and smart metering customer experience. Defining and designing the customer experience is a necessary step in moving customers from their current state as passive rate payers toward active energy consumers.

Products and services life-cycle management

With the customer experience in place, utilities will need to match the appropriate products, services and pricing to the desired customer adoption goal. Typically, most utilities have only sold a commodity product such as electricity and gas. The simple commodity product approach will no longer be appropriate for a vast range of products and services. Utilities will now need to develop a product life-cycle capability in order to design, develop, test, launch and maintain sophisticated portfolios of products and services.

Marketing and campaign management

Product and service portfolios will require an enhanced campaign and program management capability. Utilities cannot expect to manage the increased volume of campaigns and programs with the same base level of capability. Utilities will need to automate key campaign execution functions where possible and develop a more targeted approach. Measuring campaign effectiveness and the ability to constantly adjust will become a driver of operational efficiency.

Multi-channel strategy and management

With the increasingly sophisticated programs and campaigns, utilities will need to improve channel capabilities. The critical factor is understanding which channels are to be used for which interactions. Once the marketing, sales and service interaction requirements of each channel are understood and integrated, utilities must ensure a seamless customer experience across multiple channels that drives adoption and usage of new products and services.

Customer insight and analytics

Achieving demand-side management success in all areas requires one key capability—customer insight and analytics. Utilities can no longer take a one-size-fits-all approach to customers. To engage customers around demand-side management, and manage the cost of adoption, utilities will be required to employ a tailored approach. For example, the customer experience will be specific to each customer segment; products, pricing and services will be designed with customer segments in mind. Campaigns and programs will need to target specific segments with messaging relevant to their buyer values. In addition, utilities will tailor the usage of various channels to meet the needs and preferences of specific segments.



Engaging the customer

Some of Accenture's key assets, tools and accelerators to help utilities achieve high performance with demand-side management include:

Smart meter customer insight and value proposition

The smart meter customer insight and value proposition provides a preliminary set of key customer needs and the resulting value proposition. This accelerator includes materials related to gathering and analyzing customer data to identify customer segments, needs and value propositions.

Smart metering customer campaign marketing accelerator

The smart metering customer campaign marketing accelerator includes standard marketing strategies and plans for smart metering. The accelerator includes an integrated marketing plan and approach, customer-facing marketing messaging and channel management plans, and campaign design and execution plans.

Channel readiness and customer sign-up

Accenture's tools include accelerators and processes to manage new and expanded channel needs resulting from program changes (i.e., processes to manage customer onboarding and data through the customer life cycle).

Smart metering stakeholder management materials

The smart metering stakeholder management materials are related to an engagement strategy for all external stakeholders, including shareholders, government and other constituencies, such as environmental and education organizations.

Large electric and gas utility drives customer adoption with demand-side management solutions

Accenture worked with a large electric and gas utility to drive customer adoption of advanced home energy management technology bundles, along with several demand response programs. Accenture was responsible for:

- Designing the desired customer experience.
- Developing key value propositions based on customer research and behavior analytics.
- Developing demand response and distributed energy resource programs.

- Developing the overall marketing plan and managing the customer enrollment and fulfillment processes.
- Supporting the definition and implementation of a rapidly deployed customer relationship management (CRM) solution.

Accenture also helped develop a multi-channel marketing campaign that leveraged direct marketing, as well as social and viral channels. Early execution results show customer satisfaction rates of 90 percent or greater and lead qualification rates of 20 percent or greater.

We know what it takes to achieve demand-side management results

What can you expect when you team with Accenture?

You work with professionals who understand the unique challenges of the utilities industry. We see the world as you do and can help your company differentiate itself to achieve high performance. Our understanding of key business issues and trends, and applicable technologies and business solutions enables us to deliver innovative yet practical solutions tailored to each client. We bring a breadth of skills, capabilities and assets to help utilities address our clients' business challenges, including:

Utilities industry experience

Accenture's utilities industry group has more than 30 years experience working with electric, gas and water utilities worldwide. Our group includes 7,500 utility industry people working with approximately 275 clients in 40 countries. We serve 74 percent of the utilities on the 2009 Global Fortune 500 list using our deep, global industry knowledge, people and assets to help clients develop the strategies and adopt solutions to improve performance in the dynamic utility market.

Client-ready utilities assets

Accenture has developed many utilities assets, including the High Performance Utility Model, based upon our extensive consulting, systems integration and outsourcing experience. This model helps utilities assess their performance against industry leaders, jump-start business improvement projects and accelerate program delivery.

Contact us

Accenture's approach to demand-side management is designed to help utilities navigate through today's complex environment. We work with companies to chart a successful course to improve the way they inform and motivate customers about energy management—and to build the high-performance businesses that can compete and win in a changing environment. We would like to hear about your needs and discuss how we can work together to help your organization advance toward high performance.

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Endnotes

1. "Americans Taking Small Steps in Household Energy Efficiency," Nielsen Wire, June 3, 2009, <http://blog.nielsen.com/nielsenwire/nielsen-news/americans-taking-small-steps-in-household-energy-efficiency/>.

2. Accenture analysis

About Accenture

Accenture is a global management consulting, technology services and outsourcing company.

Combining unparalleled experience, comprehensive capabilities across all industries and business functions, and extensive research on the world's most successful companies, Accenture collaborates with clients to help them become high-performance businesses and governments. With more than 176,000 people serving clients in more than 120 countries, the company generated net revenues of US\$21.58 billion for the fiscal year ended Aug. 31, 2009. Its home page is www.accenture.com.

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