



High performance. Delivered.

Outsourcing

Achieving High Performance through Accenture Utilities BPO Services

Utility companies across the globe are facing a daunting array of challenges that are adversely affecting their ability to successfully balance the needs of their customers against their own need for operational effectiveness. Accenture research has found that utilities companies on the path to achieving high performance are increasingly turning to outsourcing as a solution that will deliver a step change in performance with lasting impact.

- Consulting • Technology • Outsourcing

A challenging market

Many utilities struggle with how to balance seemingly incompatible goals in an unprecedented set of market conditions which are having a major impact on their business models.

Margin pressure

Rising commodity prices are putting pressure on margins and profitability, and result in increased service expectations from customers. These expectations are compounded as customers become accustomed to higher levels of service from other industries. Higher prices also increase the amount of bad debt, and credit and collections activity, at a time when smaller margins require a significant improvement in revenue management.

Environmental pressure

Concerns about the environment are significantly affecting utility companies in terms of their offerings—many utilities are introducing green products and services to build customer loyalty. These challenges are even more acute in deregulated markets where customer churn can be close to 30 percent, with the additional costs of branding, customer acquisition and customer retention. Regulated markets, in turn, need to manage the relationship with the regulator on environmental issues.

Lack of scale

The utility market can be highly fragmented and, as a result, it can be very difficult for utility companies to achieve scale. Without scale there are less resources to invest in world class infrastructure and few levers that can be manipulated to reduce costs while improving service and customer satisfaction. Utility companies are examining their business and operating models in an effort to find solutions that will enable a step change in performance, and extricate themselves permanently from the trap of multiple incremental initiatives with limited lasting impact.

Most utilities can achieve improved performance in one or two of the areas outlined above, but rarely achieve optimum performance across all three, the essential pre-requisite to high performance. Competing demands on limited capital resources are constraining investments in the systems needed to address these drivers.

The nature of the utilities market makes it difficult or impossible for utilities to single-handedly achieve the changes in process, costs, technology platforms, and services needed to facilitate a reduction in the cost to serve and enable improvements in service and customer satisfaction. Individual, "on your own" strategies will have some, mostly short-term, impact, and the market is littered with players who have attempted to drive performance improvement this way. Significant and lasting improvements are being achieved by those businesses prepared to challenge assumptions within their business models and find new ways to compete.

The Accenture solution

Recognizing that these obstacles could only be overcome by creating scale, and that scale was difficult to achieve one company at a time, Accenture Utilities BPO Services was born in 2003 to help turn utilities into high-performance businesses. We do so by providing our clients with world-class, processes, industrialized assets and infrastructure. This enables our clients to focus managerial attention and scarce capital on those aspects of their businesses from which they can drive competitive differentiation.

The Accenture Utilities BPO Services solution:

- Helps utility companies address industry challenges.
- Enables utility companies to manipulate all the industry value levers.
- Delivers consistent and predictable service through its highly industrialized back office, achieving results fast.
- Focuses on improving utility companies' key metrics of cost to serve and customer satisfaction.
- Drives performance improvements through leading-edge information technology, application support and infrastructure.
- Spans the full range of customer care outsourcing options with an end-to-end solution.

Accenture Utilities BPO Services offerings

Accenture Utilities BPO Services is a comprehensive set of offerings and assets for utility companies including business process outsourcing (BPO), application outsourcing and system solutions. Specifically aimed at doing outsourcing for utilities with an emphasis on meter-to-cash, the core functions include – meter reading, contact center, billing, and credit and collections, along with all the applications that enable these functions. The offerings include a robust set of processes, systems, tools, and people that give clients the ability to drive top level services and cost to serve metrics, while reducing risk and increasing the pace of implementation.

Accenture Utilities BPO Services embodies a new generation of outsourcing, founded on agreed principles of exceptional customer service, trust, collaboration and constant communication. As such it overcomes many of the previous barriers to outsourcing, such as a fear of losing control over outsourcing processes and a reduction in customer intimacy. The processes, measurements and accountabilities that are an intrinsic part of the Accenture Utilities BPO Services outsourcing arrangement means that clients gain more, not less control over these business processes. Accenture Utilities BPO Services provides a customer experience that is consistent with each individual client's brand promise.

This new generation of outsourcing not only means a reduced implementation lead time, but it also recognizes that during the term of the outsourcing contract, markets change, companies change and customer demands change. As a result, flexibility is a guiding principle for Accenture Utilities BPO Services.

Core offerings

Accenture Utilities BPO Services has three distinct offerings for the retail utilities marketplace:

1. Customer revenue operations BPO
2. Back office billing BPO
3. Customer systems application and infrastructure outsourcing

Customer revenue operations and back office billing BPO

Our customer revenue operations BPO offering includes five services:

- Contact center: inbound and outbound contacts via multiple channels including web, voice, IVR, SMS, and other technologies
- Billing and payments: including automated and manual exception processing, invoice generation and bill print
- Debt collection: inbound and outbound contacts via voice, written, third party agencies to secure and collect retailer revenue
- Field service operations: management of field activities including meter reading, field marketing, sales and services
- Customer systems application and infrastructure outsourcing: information technology services for critical applications and infrastructure required to enable and support delivery of superior customer service

Our back office billing offering includes four services:

- Billing and payments
- Debt collection
- Field service operations
- Customer systems application and infrastructure outsourcing

Customer systems: Application outsourcing and infrastructure outsourcing

For retail energy providers, the customer systems and supporting infrastructure are the lifeblood of the operations. Accenture Utilities BPO Services provides expertise in application and infrastructure outsourcing services for all major customer information systems, other related applications such as meter reading systems, as well as contact center applications and infrastructure.

Application outsourcing provides ongoing management and support of an application, group of applications, or entire portfolio of applications. Our services include break/fix, enhancements, as well as new application development that is part of the ongoing, repeatable process or capability that we have been contracted to manage. Application development and maintenance involves reviewing business requirements, developing applications, and maintaining client applications via hosting or other mechanisms.

Infrastructure outsourcing provides remote infrastructure management – services delivered from multiple global locations. Our services include end-to-end IT operation or particular services such as IT spend management, service desk, data center, desktop support, network design, installations and operations.

Harnessing the power of Accenture

Bundled outsourcing

Bundled outsourcing is an innovative approach to outsourcing that consolidates multiple business functions with a single service provider. It can provide a utility with even greater cost savings and speed to value. Accenture's bundled outsourcing solution for utilities combines our customer revenue operations BPO offering with a combination of back office functions such as:

- **Finance and Accounting BPO**

Helps clients redefine their finance operations, improve the bottom line and focus on their core business.

- **HR BPO**

Transforms people management, reduces costs and improves capabilities at scale and at speed for large companies.

- **Learning BPO**

Taps the talents and value that your workforce, your channel partners and your customers have to offer.

- **Procurement BPO**

Delivers spend savings, increased transparency and control, and measurable improvements in business performance.

Consulting and technology

Accenture Utilities BPO Services clients also benefit from our scale and global capabilities, our deep expertise in customer information systems, retail markets, and superior business consulting skills. For retail utilities, our practices in strategy, customer relationship management and finance and performance management bring relevant and transformational capabilities from across industries to our utilities clients.

Customer information systems

Accenture Utilities BPO Services has significant experience in replacing, upgrading and implementing customer information systems solutions throughout our network of utility clients. In the course of completing many deployments and subsequent operations, a number of reusable assets, processes, and points of view have been documented which result in higher reuse, shorter cycle times and lower delivery risk to our clients and resources.

Asset powered

Accenture Utilities BPO Services has developed or deployed over 50 assets in the areas of contact center operations, revenue cycle operations, operations enablement, contact intelligence and value discovery. These assets range from process and methodology best practices to full lifecycle customer care and relationship management applications. Accenture's assets are key to delivering high quality services to our utilities clients.

A proven strategy

With 30 years experience working with electric, gas and water companies, Accenture has experience dealing with issues in a variety of regulatory environments, in a variety of cultures, using a range of different work forces and different technology solutions. The combination of bundled or a-la-carte back office services was developed to address the complex needs of utility companies who require reliable, integrated and well-managed outsourcing solutions.

With more than 5,000 employees operating today in seven countries: Canada, United States, Spain, the Netherlands, United Kingdom, the Philippines and India, Accenture Utilities BPO Services is now serving more than 40 million utilities end-customers globally and helping more than 25 clients achieve high performance.

Since it was established Accenture Utilities BPO Services has also become a utility operator. We read more meters, answer more calls, produce more bills and collect more money than most of the utility companies that we work with as clients. Accenture's blend of operational and consulting experience enables us to partner very closely with utilities and build up a significant practice (of the top 30 global utility companies, 18 are our clients).

High performance delivered

Accenture Utilities BPO Services is helping its clients achieve high performance through improved customer satisfaction, reducing their cost to serve, enhancing their financial performance, and strengthening their position in the market by optimizing and outsourcing their business processes. We use the assets, infrastructure, networking, and applications that we built through our experience with our existing clients to create the right balance between customer service and cost.

Accenture Utilities BPO Services has been recognized by industry analysts as the largest provider of outsourced customer care, technology and business services to utility companies, and has been acknowledged as having a significant advantage over its nearest competitors.

Through the offerings, services and assets, Accenture Utilities BPO Services is committed to provide:

- Significant cost savings
- Maintained or improved customer satisfaction
- Maintained or improved service levels
- Transition between 3-9 months with minimum customer impact
- Managed transformational change in steps

Tapping into Accenture's proven business process outsourcing solutions and contact center network provides clients the means of achieving high performance by staying in the top quartile of cost performance through accessing lower-cost resources to reduce overall cost.

"The transaction in outsourcing that we have done with Accenture has definitely allowed us to focus on our core operations at a time when we have major challenges. It has also achieved and even exceeded our cost reduction estimates. We are currently CAD\$6 million (US\$5.9 million) ahead of our targets after four years and we fully expect to realize more than CAD\$250 million (US\$247.3 million) in savings."

Alister Cowan, former chief financial officer of BC Hydro

Copyright © 2008 Accenture
All rights reserved.

Accenture, its logo, and
High Performance Delivered
are trademarks of Accenture.

For more information on Accenture Utilities BPO Services, go to www.accenture.com/utilitiesbpo or contact your regional sales lead:

North America
Pat Keyes
j.patrick.keyes@accenture.com
+ 1 414 212 1546

Europe
Adrian Clamp
adrian.clamp@accenture.com
+ 44 207 844 5141

Asia Pacific
John Tham
john.y.tham@accenture.com
+61 3 9238 7971

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 178,000 people in 49 countries, the company generated net revenues of US\$19.70 billion for the fiscal year ended Aug. 31, 2007. Its home page is www.accenture.com.