



# REUTERS ENERGY TRANSITION EUROPE CONFERENCE, NOVEMBER 23, 2021

## VIDEO TRANSCRIPT

**Andrew Smart:**

Hello everybody. And welcome to Reuters Energy Transition Conference. And it's fantastic to be with you for what will be an Accenture double act. And my name is Andrew Smart. I'm responsible for Accenture's energy business in Europe, as well as a cross industry task force focused on the energy transition. So fantastically timely to be with you talking about this topic today. It's fascinating honestly, to think about the last industry conference I actually physically attended. I can't quite believe that it was in February this year. It seems a lifetime ago, to be honest with you. And there we were discussing in great detail, the sectoral pathways that were going to be required to be developed towards Net-Zero and the wide range of commitments that were being made by players on the supply side and the demand side of the energy equation towards that goal.

**Andrew Smart:**

And I think it's been fascinating to see how that thinking has been adopted very broadly since that discussion and huge progress made in many ways, despite lockdown towards these objectives. I think that it's equally forced us to step back a little bit and think about the wider system view and the wide range of benefits that are actually available, but also need to be considered if we're to take the right pathways going forward. And with that in mind, then I'm going to ask my colleague here Vicky, to talk about her thoughts in terms of what does it mean to take that more holistic and system wide view and where some of the value therefore will start

to emerge. So Vicky, it'd be great if you could introduce yourself and maybe give us your thoughts on those topics.

**Vicky Parker:**

Thank you, [Billy 00:01:59]. Hello and welcome everyone. It's a pleasure to be here today. My name is Vicky Parker and I lead our global utilities practice as well as helping shape our energy transition, for our oil and gas clients. 2020, what a year, both personally, for me and professionally. At the start of the year, I joined Accenture just before the pandemic, finding myself to both new company and also frankly, a new reality. When we look then at what's happened in energy, whichever way you cut it, this year has been a tough year. But it's not all doom and gloom. We also started to see the first green sheets of recovery and particularly as Billy said, focused on the energy transition, which as a practitioner is fantastic to say. For the most part, the utility sector has maintained performance. We've seen from those businesses that have really been focused on renewables and indeed regulated assets.

**Vicky Parker:**

What's more rewarding though, I think in terms of what we've seen, is the consensus that is now that in terms of the need for carbon reduction with multiple and indeed countries reaffirming their commitment to a 2050 Net-Zero goal and adapting their plans and operating models importantly. We've also seen an increasingly interest in active shareholder base,

# REUTERS ENERGY TRANSITION EUROPE CONFERENCE, NOVEMBER 23, 2021

## VIDEO TRANSCRIPT

asking for transparency on reporting and the journeys to Net-Zero. That can only be applauded. And last but not least, there's been enormous change to consumer and business behaviors, really asking for more link back to the energy transition. There's a huge opportunity to realign investments to deliver against those Net-Zero examples.

**Vicky Parker:**

And we're seeing that through real examples, new visions being set. I don't think in my entire career that I've seen six months and I've seen so many new visions statements presented by companies.

Organizations refocusing their entire operating models top to bottom, to focus on low carbon. And importantly capital actually being redirected into new areas and new technologies. A really good example of this is The World Economics Forum system value of framework approach that Accenture has helped to produce. The framework's been used to help evaluate the outcomes of potential energy solutions, whether that's economic, environmental, social, or technical, all four of those dimensions are important. It's not just about cost.

**Vicky Parker:**

It's a massive step forward and it moves the discussion forward to focus on the broader societal and environmental impact of energy solutions. So if we stand back for this and Billy, I'll welcome your views on this. If we're seeing that the value of the energy transition is bad and we now need to move forward to execute to

capture on it, what do you think the key success factors will be?

**Andrew Smart:**

Vicky thank you so much? That's a fantastic reprise of what's been a pretty turbulent year, but one that really does not stop the position to face forward for the energy transition. And I think it's been very interesting to reflect on many of the things that have been key themes to setting us up for this change. And really practically, now I'm starting to reflect on what's it really going to take to turn those themes into reality and pretty real, really important factors come to mind. The first is collaboration, something that we've talked a lot about and obviously is at the heart of the sectoral view that I mentioned earlier. But while we talk a lot about collaboration, I think we really now, need to be talking about trust. I think equally, we've talked a lot about innovation and I think while that remains crucial, we also need to be talking about risk.

**Andrew Smart:**

And finally, I think it's well established now that the energy transition will run alongside the digitization of many of our industries and many of our value chains, and the digital transformation will be a key enabler. But while we talk about digital transformation, I think we also need to be talking about human ingenuity and data. And so with those three things in mind, I just want to maybe bring those to life a little and why I reflect on them in the way that I

# REUTERS ENERGY TRANSITION EUROPE CONFERENCE, NOVEMBER 23, 2021

## VIDEO TRANSCRIPT

do; so in the first instance trust, it's been incredibly exciting to think about the potential synergies and the changes to the value chains and the value pools that will open up and great to think about the collaboration and ecosystems we can bring together in order to explore that. That said though, ultimately when value pools are moving around and we're no longer sitting across the table on established and formal interfaces and transactional lines that we're used to, I think building trust and understanding both sides of the table is crucially important.

**Andrew Smart:**

And many organizations don't necessarily have that deep skill to build that, to build those types of relationships and understanding, but equally don't have the governance in place in order to put this at the heart of their strategic planning process. I think I have the luxury of talking to a number of IOCs about the synergy case between their business models and Amazon, but ultimately, when we think about these things, there are huge synergies, but it's a daunting prospect often, when we have complexity on both sides of the divide. And so building that trust is... these are full-time jobs and there's definitely fresh skills and understanding that needs to be built and developed and supported, as I say, by the governance that's required.

**Andrew Smart:**

Secondly, when we think about risk, and I put risk again into the context of innovation, which may seem like a counter force but actually, when we have major supply and demand changes, we think about the uncertainty and the volatility that

we've seen this year, not just in oil and gas prices, but carbon prices as well. And then you can imagine, in many ways we, again need to build knowledge and skills and understanding of what is driving these markets. And I had the fortune to work with the likes of BP Shell, BG and others, during the last major wave of diversification and moves into new energies. And I think that while we looked at many exciting and new different business models, actually the quantification of risk and getting organizations and governance and capital allocation processes comfortable with the risks that were involved is a major undertaking.

**Andrew Smart:**

So when we particularly think about organizations on the demand side of the equation, you think about an organization launching an electric vehicle with power associated with it, or bundled with it, equally just organizations making Net-Zero carbon commitments in many ways, in so doing, they're entering the power markets, they're entering the carbon markets. And so building the skills that are required in order to manage that exposure and really understand the markets that they're entering, these are again, barriers, skill gaps that need to be filled if we're going to continue to move at the pace we need to move out to advance the agenda.

**Andrew Smart:**

And the final point that I made around digital transformation, I think, both points so far include major elements of new skills and capabilities.

# REUTERS ENERGY TRANSITION EUROPE CONFERENCE, NOVEMBER 23, 2021

## VIDEO TRANSCRIPT

And I think the digital transformation again brings that spectrum. There's no doubt that the new technologies and the use of data and AI and many other facets of the digital transformation offer huge value, and it will undoubtedly equally release the power of human ingenuity. But I think it also raises the specter of the level of technology awareness and understanding that we need in our organizations.

**Andrew Smart:**

And it's a real reminder. We recently did a study on human and machine and the importance of bringing the best value out of both components of that and really believing that the digital transformation was about maximizing human potential, but it really reminded us there is not another workforce waiting at the gates to come in to our organizations to help us with this transition. We need to build on the skills that we have, re-skill elements of that skill base, and particularly get them comfortable and capable of working with these new technologies and getting the most out of the data in order to release that ingenuity and insights. So I think in many ways all three things really reinforced the importance of the human side of the energy transition rather than the portfolio and the engineering side. And I think that that is that's probably... if there was one big takeaway, I think it's that.

**Vicky Parker:**

Thank you, Billy. That's really interesting. I really find that very insightful in terms of what you were saying, just then. I just want to take it, build on that a little bit and take it forward in terms of four

things really; how we see the journey to Net-Zero unfolding, two what it means to digital, three people, which is absolutely the cornerstone of this, and also data. [Lee if 00:11:21] you can get back to what I was saying before about the need for a broadened system wide perspective on how to look at the energy transition, what we've seen in the work that we've done with World Economic Forum, that countries at different stages of transition maturity can adopt different policy solutions, different levers that will maximize economic, environmental, and social and technical outcomes.

**Vicky Parker:**

Just to expand on that a little bit for you. So there are three stages in terms of the journey to Net-Zero. First and foremost, which is where most countries are to be fair at the moment, is building the core elements to lay the foundation of the transition. What do I mean by that? So it means expanding investment into renewables, efficiency and real focus on the grid, particularly interconnection. And actually these never go away. These remain all the way there through the journey to Net-Zero. Second, moving the market forward, what we're calling the transformation alignments.

**Vicky Parker:**

That's for example, where the electricity generation mix hits 20 to 30% annual variable renewables. So what that means in practice is at times more than 50% of the electricity consumed will be generated by variable

# REUTERS ENERGY TRANSITION EUROPE CONFERENCE, NOVEMBER 23, 2021

## VIDEO TRANSCRIPT

renewables. We're saying that's the second stage. And this stage is all about power market reform, much more advanced grid capabilities, smart flexibility, storage, demand optimization, and electrification importantly of other sectors, such as transport heating. The third and final stage along with the foundation elements that we talked about is that final push to Net-Zero to achieve 100% Net-Zero energy.

### **Vicky Parker:**

And to do this, you hear an integrated energy system. I'm sure you've probably heard the word integrated many, many times. It is the buzz word in the sector at the moment right now. But what that actually means in practice is that everything is done at scale. Large scale electrification of buildings, transport, and industry, which in turn of course require more zero carbon electricity. It goes beyond that. Hydrogen is required for example, to solve hard to abate sectors and imposingly, increasing collaboration is required to drive greater levels of efficiency. And what's really interesting as I've worked with the World Economic Forum, has shown that well different markets, and you'll all agree with this are at different stages of maturity. I've generally always followed the same path. However, going back to the four things I said at the beginning, how do you do that? And digital is without doubt, one of the key core linchpins that holds all of this together. For example, automating routine tasks without human intervention, driving mobility solutions, the integration of operations and information across networks to reduce air pollution in cities and finally clean technology applications.

### **Vicky Parker:**

Standing back from it though, we've talked about technology, we've talked about the journey to Net-Zero, but the people aspect is at the heart of the energy transition. Everyone talks about this being human energy transition, as much as an energy transition. We're talking about doing things in a fundamentally different way than we'd ever done before. And actually personally, I know a large part of the future we're talking about is unknown. And to some that's quite scary, for me it's a bit daunting sometimes in terms of developing business plans and working with companies, but actually when you unpack it today, it's been about being able to adapt quickly to enable innovation both at a company [inaudible 00:14:48] level. And I just wanted to touch on a good example of that, is I think energy retail in particular, what we've seen across Europe, where the last five to 10 years, we've seen a fundamental rewrite of how retail is done and it's continuing, it's not safe, but we're still seeing those boundaries being pushed.

### **Vicky Parker:**

What I love about that is I've seen companies move from talking about themselves as energy companies, to energy technology companies, to technology companies, and those boundaries are blurring and continue to do so. And last... Lee's just back on the data point. That's absolutely critical. Again, that stitches together a lot of what we're talking about. The journey to Net-Zero requires transparency and reporting and progress. We've seen the [inaudible



# REUTERS ENERGY TRANSITION EUROPE CONFERENCE, NOVEMBER 23, 2021

## VIDEO TRANSCRIPT

00:15:32] investors to understand exactly where companies are, how they're performing and how they're deploying capital against those Net-Zero targets. That call's only going to get louder and indeed more important. And the only way you can do that is by having data that you can use and be able to trust. It's complex but I think when you pull it apart, there's ultimately a wealth of opportunity out there. Very happy to take any questions as we go through the session, but just to hand back over to you, Billy, thank you.

**Andrew Smart:**

Thanks so much Vicky, and I think if we were to draw a line under it, I think we would say, we're moving to execution and execution is going to be all about our people and giving them the ability and getting them ready to execute. So thank you so much for, for your time today and I hope you enjoy the rest of the conference. Many thanks.

Copyright © 2021 Accenture  
All rights reserved.

Accenture and its logo  
are registered trademarks  
of Accenture.



# USING TECHNOLOGY TO OUTMANEUVER UNCERTAINTY (SHORT CONVERSATION)

## VIDEO TRANSCRIPT

**Ramnath** [00:00:05] What do you think Accenture did right, pre covid, not during the covid but pre covid to be able to manage effectively through this crisis?

**Penelope** [00:00:15] So I think there were two core foundational things we had in place that really allowed us to move rapidly during the period.

**Penelope** [00:00:22] And the first one is the elastic digital work force structure that we had put in place for Accenture as a whole. And in case anyone hasn't read about the elastic digital workforce, please check it out on [Accenture.com](https://www.accenture.com), some pretty compelling reading. But our ability to get the entire company collaborating on a Microsoft centric suite powered up by Teams in fairly short order was absolutely essential to preventing business disruptions for ourselves and our clients. And just to demonstrate the power that we consume almost a billion minutes, a month of audio conferencing in pursuit of the work that we do for clients. It's quite a challenge. The second thing that I would put out there is a core foundational capability is cloud and platforms. I think, you know, but we had Accenture or ninety five percent in the cloud now. And all of our major business processes are backboned on core platform solution. That level of cloud-based activity allows us to be incredibly nimble and flexible as business circumstances change and we can respond with a speed that simply wasn't possible in the on prem world.

**Ramnath** [00:01:33] Those are really some big, impressive numbers. The changing volumes, it was it wasn't over a long period of time, it pretty much shifted overnight. So, it's been it's been impressive. Now, one of the things that you spoke about was ninety five percent of the cloud. And Cloud provides us with a lot of flexibility, getting a little bit of light on what does it do to our commercial construct with a shift from CapEx to OpEx?

**Penelope** [00:01:58] Sure. I think the greatest gift a CIO can give her company is the gift of optionality, the ability to respond on a dime to what's happening in the market and to shift things internally to pursue new markets. Through our cloud-based architecture, backed by platforms and moving into the dev sec ops and micro services world, we're able to do that for Accenture, and it's a real competitive differentiator, Ramnath.

Copyright © 2021 Accenture  
All rights reserved.

Accenture and its logo  
are registered trademarks  
of Accenture.