Sydney Water: Developing an efficient, customer-centric operating model
Client profile

Sydney Water is Australia’s largest water utility. The company provides water, wastewater, recycled water, and storm water services—including the production of over 515 billion litres of drinking water per year\(^1\)—to more than 4.6 million people across approximately 12,700 square kilometres in the Sydney region. The company manages more than AUS$15 billion (US$11 billion) in assets annually\(^2\), including approximately 21,600 kilometres of drinking water mains and approximately 25,000 kilometres of wastewater mains, 16 wastewater treatment plants, and 675 wastewater pumping stations.\(^3\)

Opportunity

Sydney Water has developed a ‘Lifestream Strategy’ of becoming a highly efficient and high-performing utility that can deliver a world-class customer experience. However, executives recognized that implementing that strategy would require a significant transformation, and the creation of new and stronger capabilities along with a substantial uplift in core foundational IT capabilities.

The company decided to engage Accenture Strategy—which brought deep utility-industry experience and customer-driven operating model design capabilities both globally and in Australia—to help plan the transformation, and determine an optimal operating model and enabling programs of work.

Solution

Accenture Strategy and Sydney Water began by conducting a thorough assessment of the current state of the business. This assessment determined that like most traditional utilities, Sydney Water was organized by function and tended to have fragmented processes and technology, as well as a regulatory-driven mindset. This made it more difficult to focus on the customer. In addition, the assessment found that the company lacked an integrated supply chain, and was operating with a number of duplicate and undocumented shadow functions, which led to both inefficiencies and service challenges.

Based on this assessment, Accenture Strategy worked closely with Sydney Water’s executive leadership team, CEO and board of directors to translate the company’s strategic goals into day-to-day operations. The result was a new organization-wide operating model—ultimately endorsed by the board—that positioned the company to begin one of the most significant transformational journeys in its 127 year-long history.

Accenture Strategy and Sydney Water then began a second initiative—the creation of an operating model functional blueprint focused on four key areas that would help transform the business. Once again working with senior management, Accenture helped define the organizational components that needed to be changed, and developed a list of priority change projects that could provide the organization with near term benefits. As part of this blueprint work, Accenture Strategy conducted visioning and design workshops with the executive team and functional leads to construct new ways of working and new capabilities and structures and to achieve buy-in for the change.
Ultimately, this blueprint defined the specifics of the transformation, including:

1. Providing input into the design of a new organizational structure;
2. Designing a new comprehensive supply chain capability;
3. Designing and launching a Customer Center of Excellence that will be at the core of the new strategy;
4. Scoping and designing a new multi-function Shared Services Center;
5. Creating a vision for a new Intelligent Operations Center that will link operational technology, information technology, analytics, and digital capabilities—helping to enable Sydney Water to leverage those tools in support of an excellent customer experience.

To help drive a successful engagement, Accenture Strategy leveraged numerous assets, including its prime value chain analysis to assess and drive focus on key customer value-add activities; its High Performance Utility Model to help develop capabilities required for the future state operating model; and its key industry experience and credentials (especially key water subject matter experts in the UK) to provide insight into the ‘utility of the future’.

Results

Through these efforts, Sydney Water now has a clear vision for future operations and an organization operating blueprint that will help guide its transformation over the next three years. Together, the operating model and blueprint essentially provide a clear, actionable link between the company’s ‘Lifestream Strategy’ and a practical transformation roadmap.

The work restructured Sydney Water’s business into a centralized operating model with three major realignment areas—guiding/direction, core operations, and support and enablement. These were then aligned to 11 major capability components including customer center of excellence, customer operations hub, and shared services. The new operating model will help Sydney Water attain its three essential areas of improvement—customer centricity, business enablement and constructive culture—and could enable savings of up to AUS$100 million (US$74 million) per annum. Overall, this initiative has helped place Sydney Water on track to becoming a more highly efficient, customer-centric company by 2020.

Working with Accenture Strategy, Sydney Water have defined a new operating model and transition path to implement it which allow the company to achieve its ‘Lifestream Strategy’. It was a significant exercise to analyze the current state, define their capability requirements and then align thinking to the new way of working.

“It’s a significant change for our 127 year old organization” says Kevin Young, Managing Director of Sydney Water. “We have a new operating model and a path forward that will enable us to become a utility that truly puts the customer at the heart of our business”.

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About Accenture Strategy

Accenture Strategy operates at the intersection of business and technology. We bring together our capabilities in business, technology, operations and function strategy to help our clients envision and execute industry-specific strategies that support enterprise wide transformation. Our focus on issues related to digital disruption, competitiveness, global operating models, talent and leadership help drive both efficiencies and growth. For more information, follow @AccentureStrat or visit www.accenture.com/strategy

Endnotes

1. From page 8 of 2014-2015 annual report

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