NEW ENERGY CONSUMER PARTNER OR PERISH
ENERGY PROVIDERS ARE ON THE EDGE OF A MAJOR SHIFT TO BECOMING THE ORCHESTRATORS OF AN INNOVATIVE, FLUID ECOSYSTEM.

The winners will not go it alone. Instead, they will form diverse partnerships to spur innovation, drive product and service development, and accelerate cultural change. Now is the time to partner—or perish.

TAP INTO EXPANDING ECOSYSTEMS

Across industries, market leaders are increasingly integrating their core business functions with third parties and external platforms. Forward-thinking leaders are deepening and broadening partnerships. They are forming unconventional alliances to build their role in new ecosystems. The ultimate goal? To unlock strategic growth and future value chains to transform their businesses, their products and their services—and even the market itself.

Infinite technology disruption is fueling shifts in every part of the utility value chain. That, in turn, is enabling new integrated solutions for distributed energy resources and increasingly fluid approaches to system management. The impact is a more interdependent flow of value rather than a linear value chain. Opportunities abound for providers to deliver new services—from offering connected home services and peer-to-peer exchanges to facilitating customer access to trading platforms and empowering consumers to choose their own energy sourcing mix.

In the New Energy Consumer research, Accenture has been tracking asymmetric competition, its increasing complexity and the new players in the energy ecosystem. Competition and business opportunity across the value chain are no longer limited to traditional market players. Energy providers, businesses, consumers, prosumers and new market actors are engaging across all areas of the marketplace—redefining “customer” and “competition.” The latest trend in asymmetric competition: technologies like self-learning artificial intelligence (AI). Taking the friend–foe blur to a new level of complexity, these technologies add a further dynamic to the creation of new business models that seek value through plays such as automated switching and micro targeted energy management.

Self-learning AI has emerged as both a potential competitor and opportunity. Accenture’s 2017 New Energy Consumer research confirms consumers’ readiness to engage with new products and services from their energy providers. And, interestingly, they expect energy providers to partner to deliver these services. In fact, our latest findings show that consumers are looking for energy orchestrators—those that create consumer trust and value through a network of Internet of Things (IoT) services and partners. More than ever, Accenture believes energy providers have the unique blend of consumer trust and mindshare—around energy management, connected home and distributed energy resources—to become strategic orchestrators in the new energy ecosystem.

What will it take to get there? To start: new talent and capabilities. But that can be difficult to build in-house at scale and at speed. By partnering, energy providers can begin to deliberately use their collective strategies to do far more than they could alone. And they can position themselves as leaders in a transforming market.
COLLABORATE ACCELERATE.

We’ve witnessed a surge in the number of new market actors in the energy ecosystem in recent years. Many are using the IoT, AI and collaborative platforms to address emerging value pools, to create new connections that unbundle the traditional value chain, or to bridge gaps in emerging “gray” areas of the market. Leading energy providers are establishing innovation capabilities, talent scout teams and offices in start-ups hubs, not only to understand the landscape but also to support their collaboration and partnership strategies.

Here are just a few of the innovations driving change across the value chain:

1. **UBIQUITOUS DISTRIBUTED GENERATION.**
   Case in point: Sunflare introduced the first high-quality, mass production of flexible, light, thin and affordable solar cells. These cells can be installed on a variety of surfaces, making energy ubiquitous. At the same time, Wattway—the photovoltaic road surface—is paving the way to tomorrow’s energy.

2. **REPACKAGING A FRAGMENTING VALUE CHAIN.**
   Case in point: Tendril’s Orchestrated Energy is an advanced analytics solution that is enabling utilities to optimize system operations. It offers customer comfort in the home, opens new possibilities for value-added data and insight services, and facilitates advanced energy management/optimization.

3. **PERSONALIZED POWER.**
   Case in point: The utility-branded marketplaces powered by Enervee is supported by a seamless, simple and personalized energy management experience platform that supports energy efficiency, demand response and distributed energy resource products and services. The data engine provides a daily updated Enervee Score that creates a baseline for apple-to-apple comparisons of products with different features and capacities. Making it easy for consumers to make energy-efficient decisions that save them time and money.

4. **BATTERIES FOR ALL.**
   Case in point: Powervault launched a new home electricity storage product in the UK market, reducing consumer costs for batteries by 12 percent, according to Bloomberg.

5. **DEMAND RESPONSE ON WHEELS.**
   Case in point: National Grid and Nissan are partnering to deploy specialized charging points to draw electricity from car batteries at peak times. The goal: to balance supply and demand. The charging points then replenish the car batteries overnight when excess capacity is available.

6. **PROSUMER POWER PLAYERS.**
   Case in point: Power Ledger introduced its blockchain-enabled energy trading marketplace at a residential project in Perth, Australia. It allows prosumers who own a renewable energy asset to decide to whom and at what price they want to sell their surplus energy. And German-based start-up Next Kraftwerke is offering aggregation and trading services to distributed power producers (small-scale and personal) in Germany, Austria, Belgium, France, the Netherlands and Poland.

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8. “Nissan Leaf owners in U.K. will be able to sell spare energy from car,” The Globe and Mail, May 12, 2016, Factiva, Inc. All Rights Reserved.
EXPANDING ENERGY CONSUMERISM

The new energy consumer remains at the heart of the shifts within the energy ecosystem. To chart a course forward, energy providers must consider how consumers wish to access generation, peer-to-peer energy trading, storage, and information and interaction technologies. With insights from the new energy consumer, providers can fundamentally shift their strategic customer orientation around the wider role of energy market orchestrator.

Underscoring the opportunity for energy providers, Accenture’s 2017 New Energy Consumer research found that 61 percent of respondents would be somewhat or very interested in an online marketplace to sell the electricity they produce to their neighborhood. Furthermore, consumers are ready to engage with new products and services. When asked about additional products and services that would help consumers better manage their energy usage as part of a connected and collaborative home bundled service:

- **81 PERCENT** said they would be very likely or likely to sign up for a demand-response program—that is, a program allowing them to shift usage during peak hours in response to time-based rates.

- **66 PERCENT** would be very likely or likely to sign up for a home-based solution that automatically charges their vehicle during times of the day when electricity is cheapest.

- **69 PERCENT** said they would be very likely or likely to sign up for an energy trading marketplace that would allow them to buy and trade energy with their peers.

- **26 PERCENT** said they were not only interested in a connected home bundled service, but were also willing to pay for it.

Base: Respondents interested in a connected home bundled service


Energy providers are also well positioned to offer energy-related connected home products and services. For example, 82 percent of respondents said their energy provider was either best positioned or well positioned to offer home energy management services. Eighty percent said the same about services to help them optimize their distributed energy resources.
PARTNERSHIPS: PRO OR CON FOR CONSUMERS?

Our research points to a clear opportunity, not just for energy providers alone but also to team up with other entities on bundles of connected services. As consumers’ interest in these types of integrated and bundled energy-related products and services increases, energy providers will need to determine their portfolio strategy—and decide which partners can help develop and deliver them.

Accenture’s latest New Energy Consumer research shows that consumers would value energy providers offering new products or services jointly with a partner (see figure 1). That’s especially true for products and services further away from core energy capabilities. When it comes to electric vehicles or insurance products, for example, 61 percent indicate they would like their energy provider to offer these products with a partner.

Consumers see value in energy providers partnering with other established providers like Amazon or Apple. In our 2017 research, 64 percent of respondents said they would be somewhat or very likely to sign up for home energy management products and services if their energy provider partnered with other established providers. Partnering with established and leading providers may be an effective way to accelerate consumer adoption of new products and services—again, particularly for non-traditional offerings.

For some new products and services, energy consumers may assume energy providers have the capabilities to launch them on their own. For example, half the respondents in Accenture’s 2017 New Energy Consumer research would like to receive solar panels from their energy provider alone. While energy consumers may assume their energy provider can provide turnkey solar and storage solutions, in reality some providers lack the required capabilities to market, launch, install, support, service, and troubleshoot these solutions, let alone provide additional value pricing and digital services. In such cases, energy providers will need to look for partners, such as solar panel and storage manufacturers and installers, to build and commercialize this kind of service. Even so, energy providers could consider offering this new type of service under their own brand.

For services far removed from an energy provider’s core product, providers will need brand support from partners or a completely new brand to capture new value pools. If an energy provider offers products and services under a brand different from its main corporate mark, energy consumers point to low cost, ease of use and helpfulness as the most valued brand characteristics.

FIGURE 1. CONSUMERS NOT ONLY ACCEPT PARTNERSHIPS—THEY ENCOURAGE THEM.

Today or in the future, your energy provider may offer you products and services jointly with a partner. Who would you prefer to offer each of the following products and services?

![Figure 1. Consumers not only accept partnerships—They encourage them.](chart)

Base: All respondents.

The rapidly evolving energy ecosystem is fueling changes in how energy providers innovate.

The digitization of everything is prompting companies across sectors to seek and apply innovation from outside traditional boundaries. Companies are seeking an array of partners to create innovative solutions. Together, they are disrupting existing markets and penetrating new ones. This is open innovation—a model in which organizations use external technology, solutions, knowledge capital and resources early in their innovation process. They partner with a range of players in a global ecosystem to jointly develop new platforms, enhance core offerings or expand into new markets. This kind of innovation ecosystem typically includes a wide range of players—from multiple startups and educational institutions to large corporations and governments.

Energy providers have an array of innovation opportunities—from partnerships with academia to better understand shifts in the marketplace, to joint ventures to launch connected home bundles bridging multiple industries on a single IoT platform. Leading energy providers are already looking beyond their four walls—and the walls of their industry—to apply fresh ideas. This approach saves time and money by avoiding traditional modes of costly, long-cycle in-house research and development. Collaboration can accelerate value creation, with the rewards on offer clearly outweighing the threats of sharing information.

Another potential partner in innovation: consumers themselves. Customer design-based innovation engages customers in problem solving and co-creation. Energy providers now have a myriad of tools for doing this: social innovation platforms, hackathons, case competitions and design sessions with consumers, to name just a few.

As orchestrators in the new energy ecosystem, energy providers must drive innovation from the inside and on the outside. Success as an energy integrator requires an understanding of the multiplier effect of collaborative co-innovation, ventures and partnerships. And the importance of building alliances to develop a new brand, launch novel products and services, and, ultimately, deliver greater customer value.
GET ECOSYSTEM READY—TODAY

Energy providers must make strategic choices on the role they want to play in ever-changing ecosystems. What’s more, understanding and constantly monitoring the ecosystem’s ebb and flow must become a core business function.

Choosing the appropriate partners will be key to unlocking new waves of strategic growth—not only in adopting new technologies and entering new markets but also in making a cultural shift. Partners will be key to tapping opportunities for employee entrepreneurialism and engagement, as well as for attracting new talent. To set the appropriate environment for a successful collaboration with ecosystem partners, energy providers need to:

**DEFINE AN ECOSYSTEM STRATEGY.**
Consider the organization’s future through the lens of the biggest disruptions shaping the market—from inside and outside the energy industry. Craft the organization’s ideal role in this future. Define a strategic customer play for the business. And develop a shortlist of partners that can help make it a reality.

**BE OPEN TO UNEXPECTED SOURCES OF INNOVATION.**
Those sources may well include an energy provider’s workforce and its customers. Consider two-thirds of companies that out-performed peers over the past three years say they encouraged employees to be proactive in building relationships with external stakeholders. Just one-third of underperformers report doing so.9

**DEFINE COMMON GROUND.**
When collaborating with a partner, identify cultural commonalities, such as a shared focus on customer-centricity. Develop workarounds to mitigate cultural differences. Too few similarities or too many differences? Look for a different partner.

**BE PREPARED TO CHANGE ORGANIZATIONAL DNA.**
When working with startups and digital powerhouses, energy providers need to identify the parts of their culture that they want to adopt. They also need to create an environment that nurtures desired behaviors and digital mindsets.

**STAY HEALTHY.**
A successful long-term partnership needs continuous management and monitoring. If a larger organization dominates a smaller one, expected cultural benefits often fail to materialize. Keep expanding the conversation. Ongoing strategy sessions amongst close partners can spark innovation and advance strategic priorities. They can also uncover shared goals—and chart a course for achieving them together.

**MAINTAIN FOCUS.**
Set targets and metrics, and monitor progress to ensure that partnerships are paying off.

Accenture believes ecosystems are redefining how energy providers do business. To create a truly sustainable advantage, successful energy providers will embrace rapidly expanding ecosystems. That means forming a series of diverse partnerships, collaborations and alliances to spur innovation, rapid product and service development, culture change and new growth.

This kind of collaboration isn’t a far-off imperative. Now is the time to start staking a claim—and forging partnerships—in the new energy ecosystem.

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