



# NEW ENERGY CONSUMER TRANSITION ON DEMAND

## VIDEO TRANSCRIPT

**Rob Mitchell –CEO, Longitude Scott Tinkler – Global Utilities Lead, Accenture**

**Robert Mitchell:** Should energy companies continue to be providers of commoditized products and services or should they be something more? And as these companies grapple with the twin challenges of digital transformation and the race to net zero, how should they respond to the changing expectations of their customers?

Over the past decade, Accenture has carried out in-depth research into the new energy consumer and the latest in this series explores the rise of the demand-driven energy company. My name's Rob Mitchell, and I'm the CEO of Longitude, a specialist B2B content agency that is part of the Financial Times group. And joining me to discuss the findings from the research, I'm delighted to introduce Scott Tinkler, Global Utilities Lead for Accenture. Welcome, Scott.

**Scott Tinkler:** Thank you.

**Robert Mitchell:** So, the demand-driven energy company, could you talk a little bit about what that means and define that concept for us?

**Scott Tinkler:** Yeah, absolutely. An organization that is demand-driven is focused on better understanding the needs of the customers so they can quickly and effectively offer products and services that add value. It requires an organization to develop integrated and agile customer facing and back office capabilities that are flexible and responsive to changes in the market and customer needs.

That said, most of our energy retailers have been relatively slow to actually shift their culture, to build the requisite skills and the technology needed to make these new operating models really effective. In our new energy consumer research, we explore how retailers can anticipate and respond to demands for new connected energy services and products. We hone in on how they can develop seamless high quality customer experiences, as well as make choices about where to focus their investments.

When we think about... To that end, we've identified five key pillars energy retailers should consider as they strive to become more demand-driven. This includes purpose. This includes products, platforms, partnerships, and people.

**Robert Mitchell:** Great. Thank you, Scott. And so we'll get into, now, the five pillars that you talked about earlier. And we'll kick off with purpose. Purpose has been a hugely important topic in business, generally, over the past couple of years. When you think about energy companies, how good are they currently at articulating a clear purpose that's relevant to their customers?

**Scott Tinkler:** Yeah, I would say this is something that energy companies, up until recently haven't focused on. It's something that they've been really... I'd say energy companies, more broadly, have been focusing on safety and reliability and this concept of purpose outside of that is relatively foreign.



I would say though, as the climate crisis again comes more into focus, energy companies and retailers have really started to understand that they need to align their company vision and their company corporate goals to a specific purpose that resonates with consumers. So we're seeing more and more energy retailers really think about how to develop their purpose. And actually disseminate it to their consumers.

That said, most of them are still in their infancy. In fact, our research suggests about 25% of energy retailers say they're unable to find a specific purpose or narrative to really engage their consumers in a way that promotes customer intimacy.

**Robert Mitchell:** Great. Thank you, Scott. So I suppose the next area we could move on to is to talk about products. And again, this idea of demand-driven energy companies understanding what consumers and customers want from products, from energy companies. What do you see as some of the main areas for innovation and for new development around products and services?

**Scott Tinkler:** Yeah. You hit the key word. In terms of product development, the missing link for retailers has been a really strong focus on innovation. The companies that have really strong product development capability have embraced innovation. Not just within the retail group, but throughout their entire enterprise. And they've embraced innovation and they've embedded it into everything they've done, they do.

When they think about, not just the product development but using data, using innovation, using customer feedback to enhance those products and make them better over time. To me, these are the energy retailers that are really the strongest in this area and really excelling in terms of product development.

**Robert Mitchell:** A really interesting time, really interesting era to see all this innovation coming through. The next area, Scott, we wanted to talk about was platforms and how you create effective platforms to engage with customers. What are some of the ways in which energy

companies can try and create value for their customers using these sorts of platforms and what does that look like?

**Scott Tinkler:** Yeah, platforms has been another area where I'd say energy retailers are really in their infancy. They've really struggled to keep pace with customer expectations and to build a seamless customer experience relative to other sectors, such as telco or banking. And we believe that utilities and energy retailers need to become much more data driven in terms of their mindset and leverage data to better understand customers and the customer needs and generate insights.

Cloud technologies are now absolutely essential. And we're seeing a proliferation of cloud technologies in deregulated markets. It's widely understood and recognized that cloud will help the energy retailers to move at pace and scale appropriately with rising demand for customer products and needs.

**Robert Mitchell:** Right. Okay. So let's move on to partnership, Scott. And clearly it's a very complex ecosystem out there and energy companies needing to form relationships with a variety of different partners. What sort of partnerships are they looking at in order to become a demand-driven energy company?

**Scott Tinkler:** Now, we believe that partnerships in this space are increasingly important and energy retailers are seeking to develop both public and private partnerships to establish and expand their green energy and their low carbon offerings.

About 80% of retailers are looking to partner with established businesses, while about 75% say they plan to partner with new entrants or startups.

**Robert Mitchell:** And I suppose energy companies face a choice don't they, when they're looking at trying to build out these



capabilities? They can either acquire them, we just talked about. They can partner or they can build them themselves. But why do more of them not build themselves rather than partner or acquire?

**Scott Tinkler:** Right now, I think we're all aware that we have a war for talent and frankly, energy companies should really think about pulling every lever they possibly have. So right now... In the past, I think it was more about, "Should I build? Should I buy? Should I borrow?" Right now, I believe that energy companies should pull every lever they possibly have to go and secure talent as quickly as possible.

But if I think about the long term and think about the decisions that they make, the first thing that I think about, "Is this capability core to the organization? Is this something that's going to help me differentiate myself in the marketplace? If it is, I wanted to build that capability internally."

If this capability is... If we just absolutely understand that this is not something that we as an organization need to cultivate and develop internally, they should go out and look to various sources. That could mean a contractor market. That could be looking to recruit externally. So I think the options are really focused, or really based on, the decisions are really based upon whether this is a core competency that's going to be differentiating for me as an energy retail company.

**Robert Mitchell:** So you mentioned there Scott, the war for talent and something that's affecting all sectors. And our final pillar is people. What are some of the big gaps that energy companies are experiencing when they're looking at key talent areas at the moment?

**Scott Tinkler:** Yeah. Talent, I believe that talent continues to be the most significant challenge for energy companies and retailers out there. And over the next several years, I think this problem is going to become more acute. About 59% of retailers have identified gaps in digital marketing and customer experience design and another 57% have identified talent gaps in artificial intelligence, as well as data science skills.

Additional gaps probably are focused more around automation as well as agile delivery. But there really... Again, this war for talent is pretty significant and retailers are struggling to find talent and retain talent. In even more conventional roles that they traditionally haven't had any trouble with. So I think retailers need to think about creating what I'd call a multi-pronged approach to filling skill gaps.

**Robert Mitchell:** Scott, thank you very much indeed, for talking to us today about the new research. Fascinating stuff and really looking forward to hearing more from Accenture on this topic in due course. Thank you.

**Scott Tinkler:** Thank you very much.

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