

As-a-Service for Customer Service: Optimizing for New Utility Customer Demands



Utility Customer Care

With the rise of Millennials, distributed energy resources and new pricing models, the needs of utility customers are rapidly changing. How do utilities keep up—and get ahead—with delivering top-quality customer care that embraces evolving customer demands?

Business process as a service (BPaaS) is becoming an important option to address these needs and stay ahead—but what do utilities think about this approach? How does it work for utilities when customer service is often seen as a key component of utility operations?

We surveyed nearly 200 utilities to learn how they are responding to these new customer demands—and the role that BPaaS can play in addressing them.

Key findings from the study include:

- Approximately **52% of utilities see multi-channel demands having a strong influence** over their customer care operations, and **77% expect its influence to increase** over the next three to five years.



- The concept of BPaaS for customer care centers is promising for many utilities. Over half of our survey respondents (**52%**) **agree that BPaaS for customer care centers can help** effectively address new utility customer demands.
- Approximately half of respondents view **operational efficiency (53%) and cost savings (49%) as the leading value propositions** for BPaaS.



RESPONDENT DEMOGRAPHICS

- 42% IOUs, 27% municipalities, 23% cooperatives, 5% district/federal
- Respondents provided a variety of services, including electric (95%), gas (32%), water (23%), wastewater (13%), solid waste (4%)
- 28% are located in north central United States, 19% south central, 13% northeast, 11% pacific, and 10% international
- 33% earned approximately \$1 billion or more in annual revenue, 28% reported under \$100 million, and 27% with \$100 million to \$499 million

New Customer Demands — Can Utilities Keep up?

Customers' demands of utilities are changing. Recent JD Power research reveals important utility customer trends, including:

- **MULTI-CHANNEL DEMANDS**

Younger generations want to use a wider variety of digital service channels to engage with utilities, including web, apps, email and texts.

- **PRICING OPTIONS**

Customer satisfaction increases with the option of pricing programs.

- **ANCILLARY PRODUCTS AND SERVICES**

Customer satisfaction increases with awareness and participation in ancillary products and services. (e.g., energy efficiency programs, demand response, renewables, appliance repair, distributed energy resources (DER))

Millennials may notoriously be known as multi-device users with high expectations when it comes to consumer experiences across all industries, but how influential are these trends when it comes to the operations of utility customer care centers? How much will they change the way utilities address these demands? And will utilities be able to keep up with increasing customer expectations?

“Traditionalists and Baby Boomers flip on a light switch, the lights turn on, and they pay a bill,” said the director of consumer marketing for a competitive energy provider.

“Millennials want to take care of customer service, but technology and pricing models have made things more difficult.”

New Customer Demands Show no Sign of Slowing Down

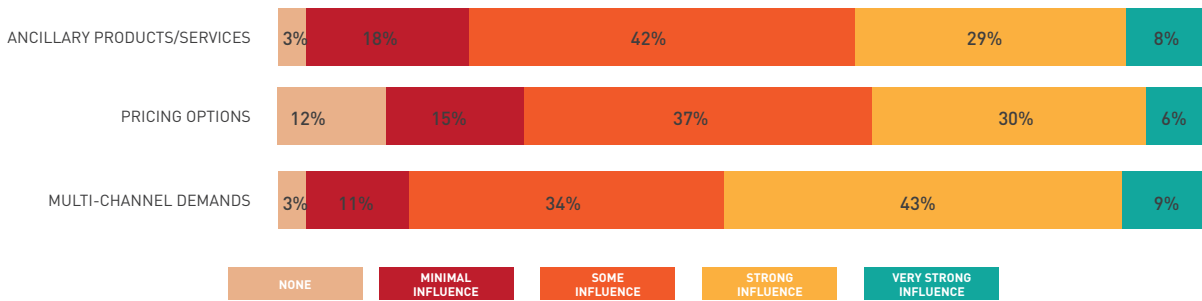
Utilities are facing an increasingly complex set of customer requirements and demands. Customer satisfaction is no longer about just keeping the lights on—it is about delivering a breadth of new options for customers and ensuring that customer service operations keep up with these demands.

Over half of utilities (52%) see multi-channel demands already having a strong influence over their customer care operations. (Figure 1) In the case of mobile access alone, according to Zpryme consumer trends research, the percent of U.S. customers using mobile energy monitoring more than doubled between 2013 and 2016, from 7.8% to 17.5%.

Pricing options (36%) also have a strong influence over operations.

“Customers want a lot more pricing options. **They want special EV and PV rates**, so we’ll ultimately need a new system to help offer them the rates they want,” said an electric analyst at a western U.S. municipal utility.

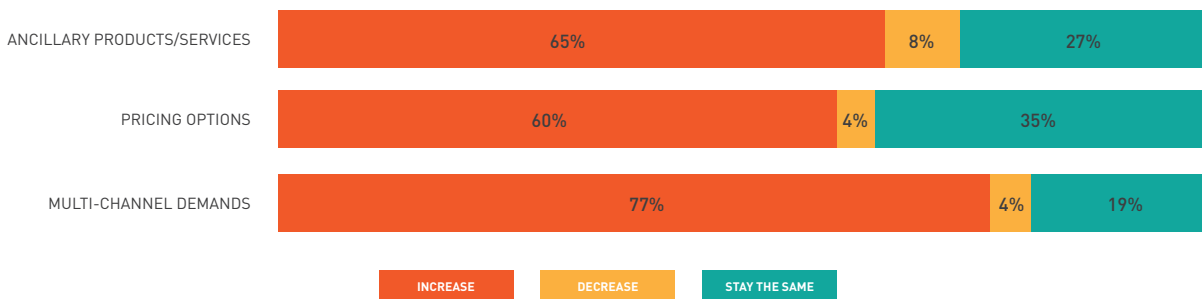
FIGURE 1: CUSTOMER INFLUENCES ON OPERATIONS



Utilities are finding the need for ancillary products and services (37%) is influencing their organizations today, too. As utilities embrace DERs, for example, they're finding that DERs come in many different forms—each contributing to unique utility-customer needs. **Currently, utilities have most widely deployed energy efficiency (76%), solar (63%), and demand response systems (51%).** The expansion of the types of DERs used at utilities is highly anticipated over the next three to five years. **The number of utilities using energy storage (52%) and energy management systems (49%) is expected to nearly double over the next few years.** With each of these opportunities comes a new way for utilities to engage with customers, which means evolving customer service needs that utilities must fulfill.

Furthermore, it is just a matter of time before the consumer market is predominately Millennials and Generation X—both of which are highly functioning multiple-device users. When it comes to multi-channel demands, 77% of utilities expect its influence to increase over the next three to five years. (Figure 2)

FIGURE 2: CHANGES IN CUSTOMER INFLUENCE OVER NEXT 3 TO 5 YEARS



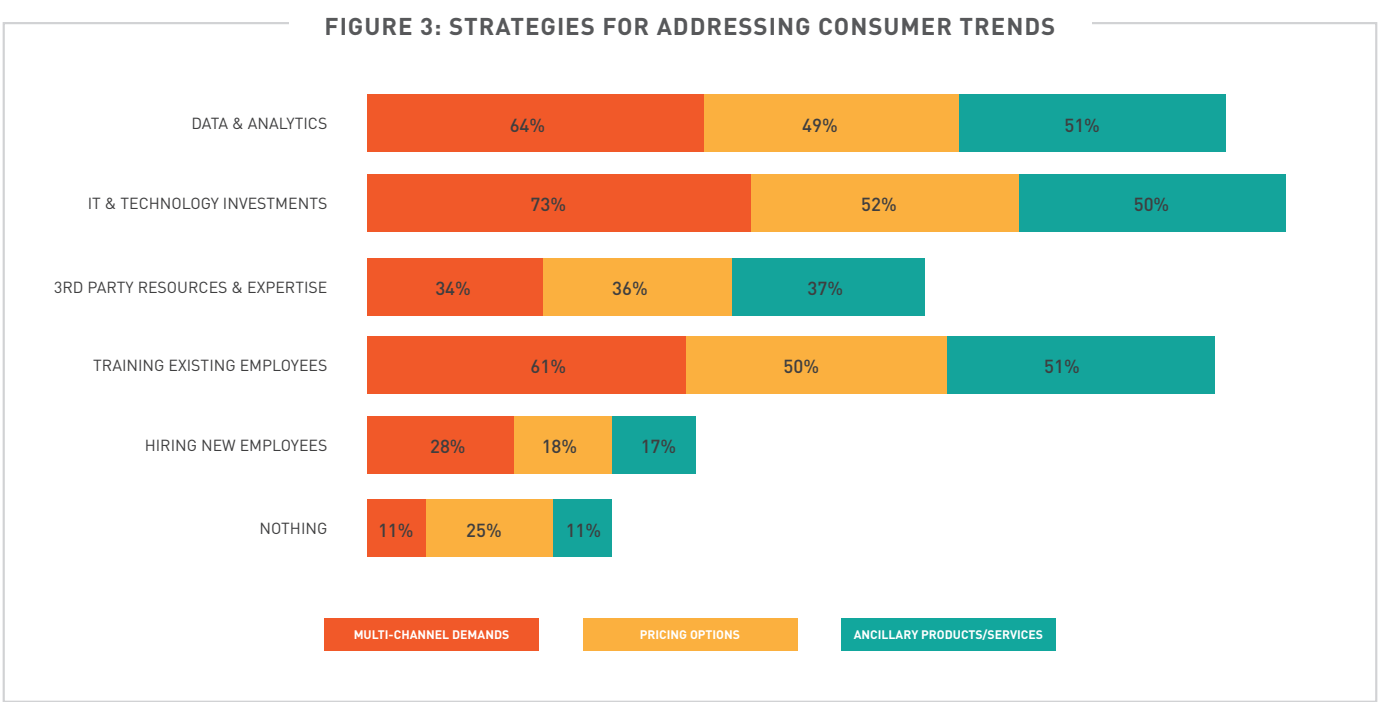
Addressing New Customer Demands—Strategy versus Reality

Utilities are looking to adapt their customer care centers to these new trends. Utility customer care centers need to be prepared to:

- Manage multiple channels of communications with customers
- Effectively interact with customers across communications channels
- Sell a diverse set of new products, services, and pricing options
- Troubleshoot an array of evolving, complex products and services



To manage these changing needs, utilities are looking toward a mix of IT and technology investments, data and analytics, training existing employees, and leveraging third-party resources. (Figure 3)



The changes needed to implement these strategies, however, won’t happen with the snap of a finger. The reality is that utilities are facing challenges in addressing new customer demands, including the availability of technology, data analytics, skilled staff and budget. (Figure 4)

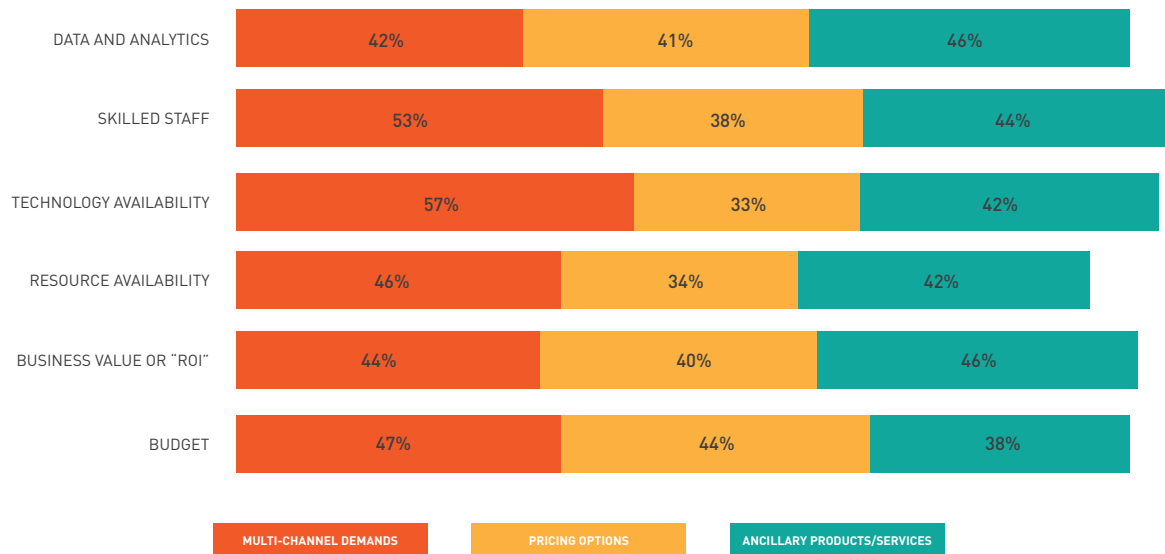
In terms of technology, for example, **just 40% of the 100 largest U.S. utilities offer one or more mobile apps to customers.** In other words, 60% don’t offer an app. Data is also growing exponentially, and technologies that used to last decades are now becoming obsolete in months—just like smart phones.

Regarding challenges involving skilled staff, companies are having a hard time finding workers with the right skills. For example, a recent Zpryme survey of municipal utility companies founds that **respondents struggled finding personnel for data analytics and IT network management (both 52%), systems integration (49%), and customer engagement (36%).**

Customer service representatives (CSRs) are the frontline soldiers for pioneering new strategies to address these challenges, and utilities must ensure that CSRs can continue to adapt to changing demands and needs of customers. **“The culture at the utility is traditionally based in that CSRs work off tightly worded scripts that sometimes do not take care of customer issues,”** said the director of consumer marketing for a competitive energy provider. **“Organizations are slowly moving toward the ‘super rep’ that may be a subject matter expert who doesn’t stick to a script.”**



FIGURE 4: CHALLENGES ADDRESSING CUSTOMER TRENDS



Addressing New Demands by Treating Customer Service as a Service

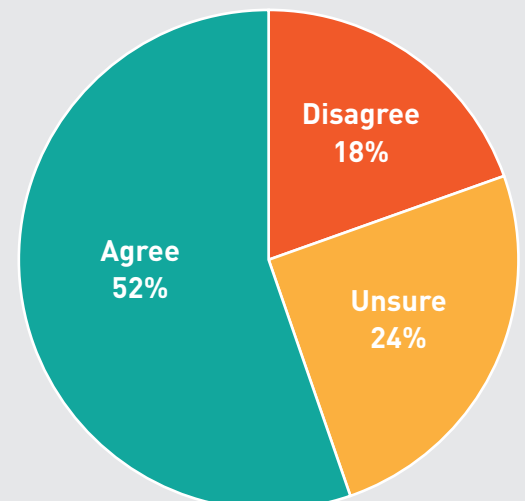
Customer needs are changing, and utilities must keep up. "Staying up-to-date with changing customer trends and preferences is a continuous workload for our clients," said Matthew Metrick, director of customer care, Hansen Technologies.

As noted above, however, utilities can struggle with the resources needed to change with the times. Limited resources, budget and staff are challenging utilities' ability to deliver the experiences and service demanded by customers.

How do utilities manage these trends? Business process as a service (BPaaS) for customer care centers is an evolving form of business process outsourcing (BPO) that also employs a cloud computing service model. BPaaS is a solution for understanding and staying up-to-date with rapidly changing customer trends. Through this model, utilities receive access to the expertise required for a quick, reliable, and efficient customer care center, which is critical for providing consumers a satisfactory engagement experience in a changing energy marketplace.

The concept of BPaaS for customer care centers is promising for many utilities. **Over half of our survey respondents (52%) agree that BPaaS for customer care centers can help effectively address new utility customer demands.** (Figure 5)

FIGURE 5:
AGREEMENT ON BPAAS FOR CUSTOMER CARE CENTERS



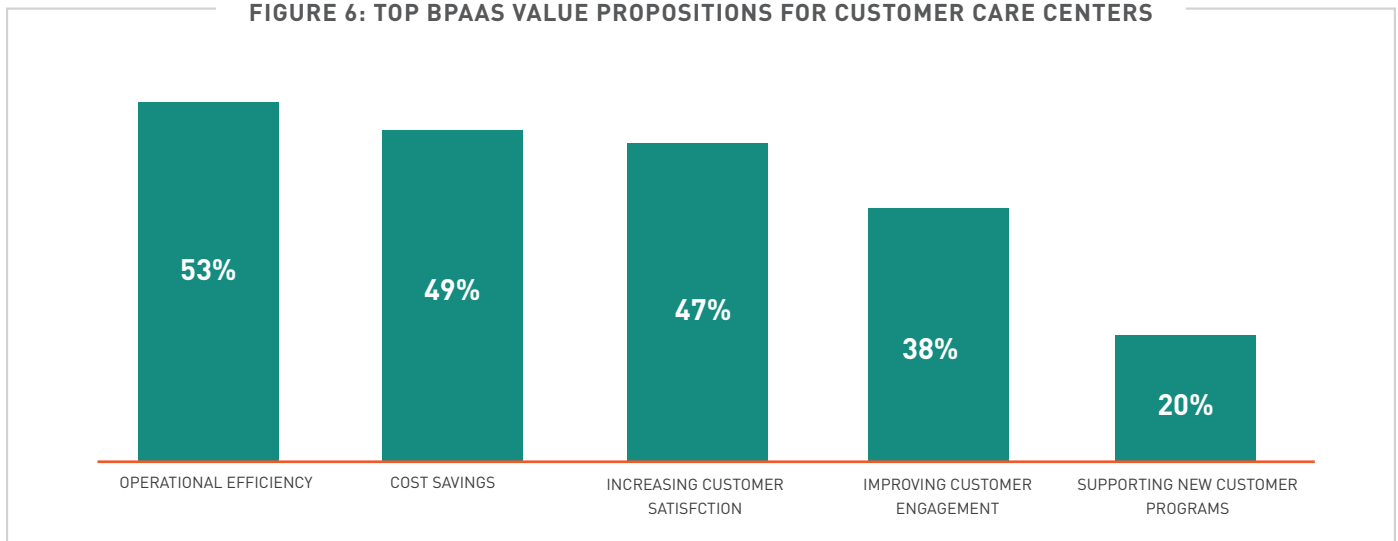
BPaaS for Customer Care Centers can help with better addressing new utility customer demands.

Why do we see this agreement in a rapidly evolving area? Much of the value for BPaaS comes from both traditional benefits utilities seek, in addition to new opportunities. Approximately half of the respondents view operational efficiency (53%) and cost savings (49%) as the leading value propositions for BPaaS. (Figure 6) For example, with the move toward services and cloud technologies, utilities are no longer required to invest substantial funds to upgrade and replace their legacy systems with on-premise solutions.

In terms of consumer interaction, utilities see increasing customer satisfaction (47%), and improving customer engagement (38%) as value propositions for BPaaS in customer care centers. (Figure 6) In the case of the “super reps” mentioned earlier by one of the utilities interviewed for this paper, BPaaS providers just focus on delivering the customer service experience and having the resources and time to keep up with the demands and training of the next generation of CSRs.

And although supporting new customer programs is not seen as that high of a value today for BPaaS, its importance will grow as more customers continue to adopt new programs like the ones discussed earlier, including energy efficiency and demand response programs along with a variety of other DERs.

FIGURE 6: TOP BPAAS VALUE PROPOSITIONS FOR CUSTOMER CARE CENTERS



Traditionally, customer care centers have existed as in-house operations, but to realize the value propositions of BPaaS, utilities must first feel comfortable with incorporating BPaaS into their customer care operations. As of now, most utilities have some level of comfort with BPaaS, but not all are at that point. According to our survey, 37% are moderately comfortable and 28% are slightly comfortable. (Figure 7)

Part of this comfort level may involve how far along utilities are with developing their BPaaS strategies. Just 32% of respondents have a specific and comprehensive BPaaS strategy. We expect this comfort level to grow as more utilities adopt BPaaS for their customer care centers.



As utilities continue to build their confidence in using BPaaS for customer care centers, it is important to consider the top impediments facing the concept. As with many new strategies, BPaaS can bring along perceived challenges for utilities:

SUFFICIENT BUDGET

Utilities expect operational efficiency and cost savings from BPaaS, but 32% of respondents had concerns about sufficient budget for it. How much will it really cost? What is truly involved with a BPaaS agreement?

DELIVERING EXPECTED BUSINESS VALUE

Even though utilities expect numerous benefits from BPaaS, delivering on those expected business values (32%) is another leading hurdle. This leads to a question typical of organizations investing in new technologies: “Will our organization get the value we expect?” (Figure 8)

FIGURE 7:
COMFORT WITH BPAAS FOR CUSTOMER CARE CENTERS

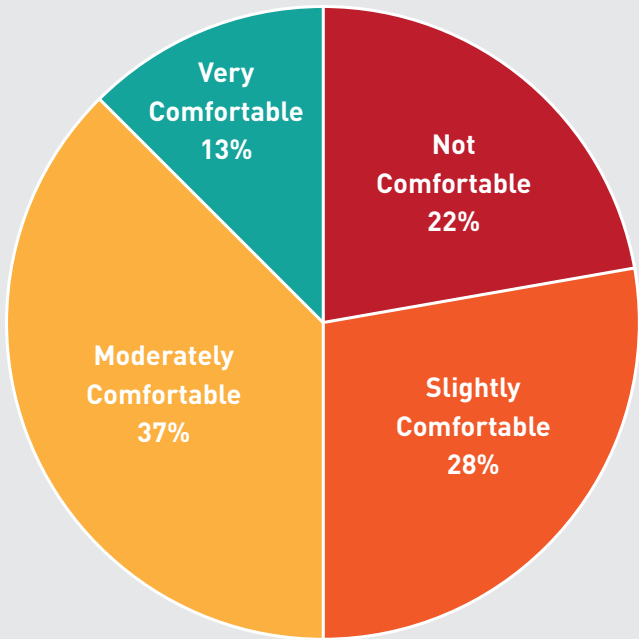
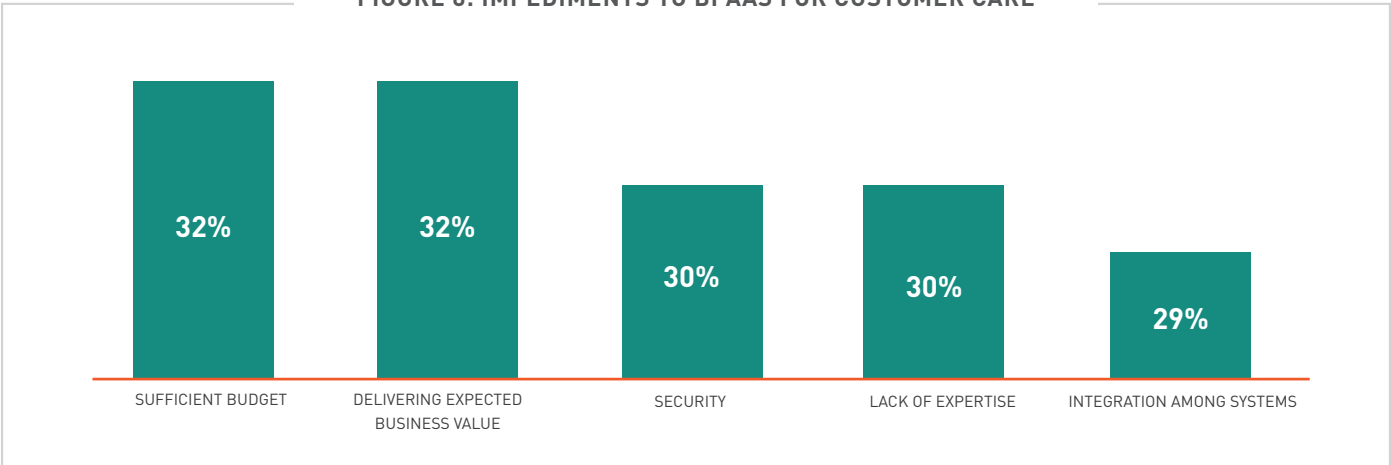


FIGURE 8: IMPEDIMENTS TO BPAAS FOR CUSTOMER CARE



Recommendations

Utilities are amid an evolution to prepare for the next customer era. Consumers will continue to influence utilities' changing business strategies to create a faster and more reliable energy ecosystem. Customer care centers will play a critical role in establishing this ecosystem because they are a key connection point between utilities and their customers.

New technologies and approaches can improve this relationship by helping customer care centers anticipate and respond to changing customer trends and preferences. **Adapting business and technology strategies to support new trends** can strengthen existing utility-customer relationships as well as potentially create new ones.

To develop customer care centers that account for and adapt to rapidly changing consumer demands, utilities should consider actions including:

EMBRACE NEW CUSTOMER TRENDS:

It is one thing to know about trends—and that they are coming—but it is another for utilities to embrace and integrate them into their organizations.

KEY QUESTIONS TO CONSIDER INCLUDE:

- What skillsets will our workforce need to take on these customer trends?
- How will these trends change our approach to multi-channel communication processes?
- What sorts of KPIs will we need to measure our success in adapting to these changes in customer demands?
- Is our technology infrastructure ready to handle these trends? How will our infrastructure need to change?
- How will my organization scale our operational and technology strategies and tactics to meet these demands?

Consider new partnerships:

Change is occurring across all parts of utilities, and not just in their core competency of delivering power. Ensuring the whole organization evolves is a complex task because each utility is unique and technology solutions are not one-size-fits-all. BPaaS can allow customer care centers to evolve along with the rest of the utility to create a cohesive and functional ecosystem. What processes make for potential partnerships? It is important to keep the following in mind:

- A BPaaS service is configurable based on the process being designed. There are opportunities for customization based on the needs of your organization.
- Well-defined application programming interfaces (APIs) are important so the process can be easily connected to related services.
- The nature of the process/functional area under consideration and the business volume fluctuations associated with it need to be well-defined.
- The internal culture of your organization and its adaptability to change can impact the success of adopting BPaaS.



Weigh partner considerations carefully:

When looking for a service provider, always consider a mix of criteria that best suit the needs of your organization. Utilities looking for BPaaS solutions in customer care centers consider multiple criteria when choosing a service provider. Our survey respondents rank expertise (86%) as the leading criteria for choosing a service provider, but trust (83%), cost (80%), and reputation/references (74%) are also heavily considered. (Figure 9)

FIGURE 9: TOP CRITERIA FOR CHOOSING A BPAAS SERVICE PROVIDER



Utilities need to ensure that their BPaaS providers have the right expectations for a successful contract, including agreement on:

- Business outcomes expected from BPaaS service contract
- Objective measures of quality service
- Service measures that are measurable throughout a time period, not just at the end
- Adaptability so the customer can adjust technology and business needs without renegotiation
- Ways to continually improve provider performance throughout the contract



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