UTILITY CIOs:
HOW TO PREPARE FOR THE DIGITAL TRANSFORMATION

Utility CIOs must prepare the organisation's internal systems since digital transformation is no longer an option for forward-thinking utilities. Why? The energy and utility sectors have a renewed sense of urgency regarding digitalisation as new regulatory expectations and reporting requirements come up, and there is also downward pressure on operational costs and changing service level demands.

OVERVIEW
IN THIS PIECE, WE'LL OUTLINE:

- Key processes utility CIOs can leverage to make the digital transformation preparation a success;

- What to do if agility is the priority 2025?

- How should Utility CIOs assess potential vendors for their organization?

- Key takeaways for IT leaders.

KEY PROCESSES UTILITY CIOs CAN LEVERAGE TO MAKE THE DIGITAL TRANSFORMATION PREPARATION A SUCCESS

✓ Ensuring that a digital pilot will be a success and has the potential for scaling up.

✓ Doing checks and balances, assessing systematic risks, etc.

✓ Building the bridge between operations and cyber security functions.

✓ Deblocking cybersecurity blockers for other teams.

✓ Addressing questions about SaaS or cloud-based solutions not being capitalisable costs and showing positive business outcomes in the long run.

✓ Starting with tactical point solutions across siloed business functions.

✔️ Ensuring high levels of integration and automation across OT and IT environments.

✔️ Undertaking a review of the capabilities that teams are accessing regularly to ensure the full value of licenses is being realised.

✔️ Leaning on technology and integration partners, when it's about the product's implementation.

The explanation of each point is **here**.

WHAT TO DO IF AGILITY IS THE PRIORITY 2025?

The digital transformation is always aligned with corporate business goals. If your goal is not to increase the number of products but to enhance operational efficiency and customer value, here are the top 3 aspects to focus on:

Strategic Advice: Less is More

The focus should shift from churning out numerous products to honing in on what truly matters. The key lies in understanding and optimising for customer lifetime value (CLTV), rather than just reducing costs.

Path to Solutions: Simplify, Optimize, Innovate

Take Stock: Audit your internal systems and understand how different components connect. Simplify your digital infrastructure by eliminating redundant components and streamlining processes.

Focus on CLTV

Align your business strategy to increase customer lifetime value. This involves identifying high-value opportunities and optimising product offerings.

Leverage Technology

Embrace automation and AI for billing and customer care operations. Simplify your data architecture to maximise AI capabilities, leading to cost reduction and enhanced efficiency.

The very next step is to find the vendor that provides the required capabilities and guides through the implementation process. The good news here is that CIOs can use this list to assess vendor capabilities, such as for operations deliverables (for example, customer support or help desks).

HOW SHOULD UTILITY CIOS ASSESS POTENTIAL VENDORS FOR THEIR ORGANIZATION?

The unique blend of experience and expertise has enabled us to devise four fundamental tips for selecting the right solution provider, tailored for organisations aiming to either update legacy systems or fully embrace digitalization in the energy sector.

KEY TAKEAWAYS FOR BUSINESS LEADERS

✔ Can the system handle our complex production environment?

✔ What is the expected timeline for implementation, and can we afford it?

✔ Are the Meter-to-Cash (M2C) capabilities well-defined and adaptable to our needs?

✔ How well does the system accommodate new requirements from evolving market conditions?

✔ Does a single-vendor CIS solution meet all our needs, or do we require a more modular approach?

✔ How does the vendor's product compare to market maturity and baseline functionalities?

✔ How much configuration and integration effort is required for successful implementation?

✔ Can the system address our specific operational, regulatory, and market needs?

Further tips will significantly help in choosing the right solution provider among the dozens on the market.

TIP 1 MAKE A PRIMARY EVALUATION OF:

● Availability of skilled resources for implementation

● Specialized IT service providers excelling in your industry

● Proactive risk management to assess potential implementation challenges

● Vendor's solution modularity, incl., pre-packaged business capabilities Expandability of product either with third-party features or custom-built business capabilities.

- API documentation for integration for all exposed capabilities

- Scalability and interoperability to adapt to evolving business models and market demands

TIP 2 DEFINE COMPANY-SPECIFIC, BUSINESS OUTCOME-DRIVEN METRICS BEFORE EVALUATING TECHNOLOGY VENDORS

- Prioritise Value-Quantifying Metrics in terms of revenue generation, cost savings, and risk mitigation across the utility value chain. Three types by Gartner:

  - aggregated business outcomes: metrics related to profitability or financial performance;

  - business-outcome-driven metrics: the ones measuring customer service provisioning costs and asset reliability;

  - technology-outcome-driven metrics: the percentage of AMI metre reads, percentage of digitally completed customer service requests, and percentage of digitally connected assets. etc.

- Align Metrics with Transformation Strategy.

TIP 3 EVALUATE THE POTENTIAL THROUGH THESE 10 LENSES

- Industry Knowledge & Expertise;

- Demonstrated Operational Efficiency and Business Agility;

- Partnerships & Collaborations;

- Value Proposition of Digital Technology;

- Implementation Roadmap;

- Strategic Business Support;

- Industry-Specific Approach;

- Client Testimonials & Use Cases;

- Open Communication with IT Staff;

- Valuable Insights for Executive Leaders & Stakeholders.

TIP 4 DEFINE WHAT FUNCTIONALITY SHOULD QUALIFY YOUR UTILITY PRODUCT

Below, we're presenting an example of a «functionality review» if one is searching for a revenue management solution:

- Pricing Management;

- Revenue Recognition & Allocations;

- Performance Evaluation;

- Handling Different Revenue Types;

- Discount and Rebate Analysis;

- Revenue Tracking;

- Best Practices & Optimization.

KEY TAKEAWAYS FOR IT LEADERS

Get clarity on what should be done, in the first place. Support the digital transformation by evolving the applications in your portfolio from their current inflexible, monolithic state toward one that is more modular and adaptable to business change. Secure a reliable partner to streamline processes
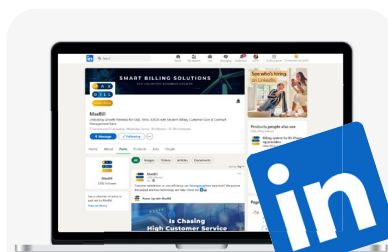
Vyacheslav Smirnov
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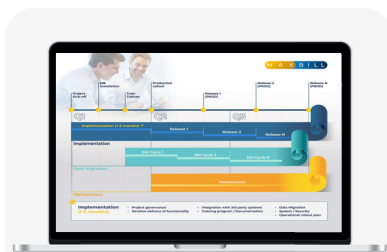
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