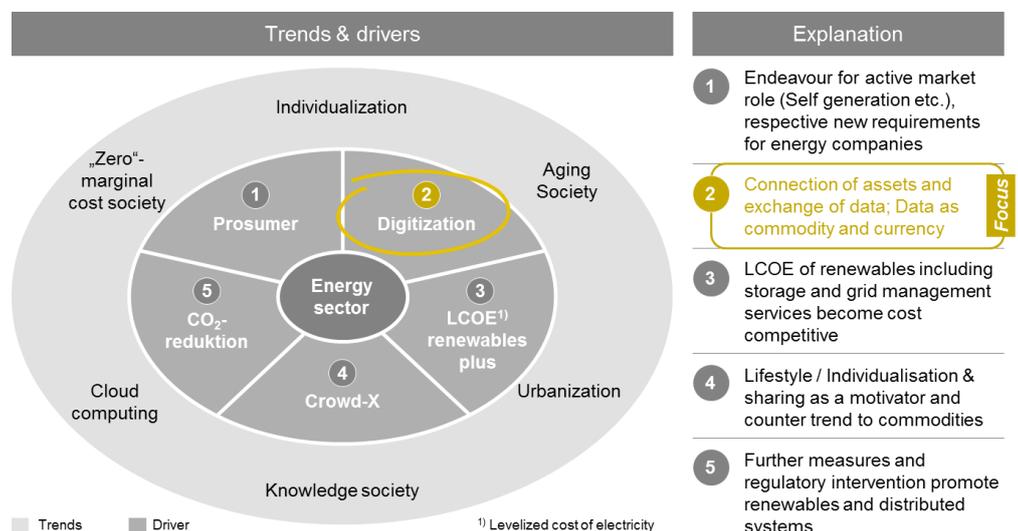


The energy sector is running behind in applying digital trends

The process of digitization, its opportunities and implications for markets, companies and business models are currently intensely discussed across various sectors. The energy sector in direct comparison to other sectors such as media, finance or communication finds itself only at the beginning of a rapid development that is expected to change the face of the industry. Consequently, utilities are faced with substantial need to catch up in terms of digitization. Further process automatization and efficiency improvement is mandatory. Additionally, new market opportunities arise to companies which proactively accept and actively drive the digital change that prepares them for a fully connected and digital energy world. However, utilities today often still lack the know-how and competencies necessary for a successful digital transformation. By doing so, they are looking for partners who understand both their industry and the technologies, business models and challenges involved in the digitization process.

Seizing the opportunities of digitization

Digitization as one of the main drivers that are bound to massively influence the future face of the energy sector describes the growing degree of interconnection of assets and the continuously increasing importance of collection and analysis of data. Digitization incorporates the clustering of multiple different technologies (e.g. Industry 4.0, M2M communication, internet of things, big data analytics and artificial intelligence), that interact among each other and thus lead to digitization of the industry.



Digitization strategies should incorporate internal and external aspects

Potential starting points for the application of digital technologies can be found inside as well as outside the company's organization. Internally, digitization primarily gives the possibility to increase the automatization of processes and workflows, thus increasing cost efficiency of the core business. This is especially important as utilities are currently faced cost pressure through declining revenues and margins in their commodity business. Therefore, utilities should generate additional growth to compensate these effects.

Digital technologies especially provide opportunities to design new products and business models for the distributed energy market. Thereby customers and their needs increasingly become the centre for agile development processes. As both, internal increase in cost efficiency and external generation of additional growth, are essential for future success of utilities, companies should aim for a transformation strategy that makes use of the opportunities of the application of digital technologies. By applying this strategy, utilities can increase their flexibility and create further course of action to quickly respond and adopt to market environments.

Utilities should increase automatization while seizing new digital business opportunities

Utilities should seize opportunities that evolve through digitization early and proactively. While doing so it is recommended to draw on best practices from other sectors that have already mastered the use of digital technologies to enhance their workflows and create new businesses. A digitization strategy should therefore aim to incorporate both a quick increase of internal cost efficiency through higher degrees of automation as well as simultaneous development of new customer centric business models and products.

		Cost efficiency		Growth		Transformation			
Ext.				Ext.	New digital products e.g. transparency apps, communities with membership fees	New business models e.g. domains security, health	Ext.	New digital products e.g. transparency apps, communities with membership fees	New business models e.g. domains security, health
Int.	Optimization of existing processes = Automation, M2M and algorithms	Restructuring ass virtual platform based company with employee pools		Int.			Int.		Restructuring ass virtual platform based company with employee pools
	Existing	New		Existing	New		Existing	New	

<ul style="list-style-type: none"> Replication, Automation and optimization of analogue and existing processes Adaption of organisation to digital processes 	<ul style="list-style-type: none"> New, complementary or replacing (disruptive) BM / markets Opportunity for increase of revenue and number of new customers (pot. cannibalisation effects) Use of best-practices digitization 	<ul style="list-style-type: none"> Transformation towards a digital company with high flexibility against market changes through increasing options Additional revenues and customers from new BM Increased cost efficiency through digitizing internal processes, external factors and organizational adjustments
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<i>Precondition to stabilize core business</i>	<i>Opportunity to increase revenues and number of customers</i>	<i>Essential for sustainable success and growth</i>
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BM = Business model

The Advisory House supports you in seizing your market opportunities in digitization

The Advisory House is a focussed management consultancy to Europe's energy and energy technology industry, employing over 50 consultants and operating out of four locations in Germany, Switzerland, Austria and the UK. We have repeatedly been awarded "Hidden Champion" of the Consulting market in the category "energy industry" since 2012.

Because of our industry expertise, we understand the strategic and operational challenges for utilities facing digitization. We have expertise in the technologies, competencies and know-how necessary for the digital transformation of your organization. Together with our clients we have developed frameworks for new digital business models as well as best practices to improve process efficiency throughout the value chain.

Please contact us to schedule a comprehensive workshop to discuss the individual challenges your organization is facing regarding digitization. We will be happy to provide you our detailed view on a future digital utility, give you examples for best practices in your areas of interest and discuss the steps you need to take to fully seize your operational and market opportunities in digitalization.

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