

## Sector snapshot: Power & utilities - US

With the role of the power & utilities customer changing radically, CEOs will need to work hard to build trust.



say the level of trust that customers and clients have in the industry has improved over the past five years.



say it has stayed the same and



**Power & utilities CEOs are counting on technology to help cope with the looming energy transformation. To succeed, they'll need to ramp up IT and R&D readiness and get moving to improve customer growth and retention strategies and build customer trust.**

### Confidence levels are subdued

Power & utilities CEOs are less confident about revenue growth than their peers across the overall sample, both when it comes to their own companies and for their industry. Indeed, 47% of companies don't expect industry revenues to grow over the next 12 months. That's despite an upturn in expectations around the global economy. Why so downbeat?

### Energy transformation is looming and the implications aren't yet clear

The power & utilities sector is experiencing a period of intense transformation, partly driven by the implications of resource scarcity and climate change—76% of sector CEOs believe that it will radically alter their business over the next 5 years, far more than across the overall sample. Regulation is another source of disruptive change hitting the sector – and for many CEOs, the impact is still far from clear. More than half of power & utilities CEOs are extremely concerned that over-regulation could slow-down growth. But that's just the beginning.

### Sectors CEOs need to work harder to build trust with customers

The role of the customer is changing radically as private sector players compete with traditional state-owned utilities. Still, surprisingly, fewer power & utilities CEOs say they're concerned that changes in consumer spending and behaviour could slow down growth. And despite a commitment to operating responsibly and reporting on their activities – 59% of power & utilities CEOs agree that measuring and reporting their total (non-financial) impacts contributes to their long-term success – more sector CEOs say they are treading water than are seeing real improvements in their customer relationships. Just 35% say that customers and clients have gained more trust in their industry, fewer than across the sample as a whole.

They'll need to do better – and that may mean adapting their strategies to cope with the pending energy transformation. Four-fifths of power & utilities CEOs agree that customer growth and retention strategies will need to change, but only 29% have already gotten the process underway. And they'll need to invest, which means changing course around transactions and technology investments. In both areas the large majority of CEOs see a need for action – but relatively few have begun the process.

### Technology stands out as the 'next big thing' – but are power & utilities CEOs ready?

More than four-fifths of power & utilities CEOs say technological advances will transform their business over the next five years. Sector CEOs are optimistic about their ability to cope with technological change; fewer see its speed as a concern. That said, only one-fifth of power & utilities CEOs have begun the process of changing their R&D and innovation capacity. And only the minority believe their R&D, HR, and IT departments are well-prepared to execute needed shifts.

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### We're looking forward to continuing the discussion

#### Power & utilities companies are investing in growth markets

Compared to CEOs overall, more global power & utilities CEOs are looking for deal opportunities CEE/Central Asia (30% vs. 15% overall) and Australasia (20% vs. 8% overall). At least 20% are interested in South East Asia and East Asia, and 17% are looking to Latin America. That compares to just 13% planning an M&A, JV or strategic alliance in North America.

Some companies may have trouble with funding though. 30% of power & utilities CEOs say the level of trust their providers of capital (e.g. creditors and investors) have in their industry has deteriorated (compared to 16% of CEOs overall).

#### *Food for thought:*

Are you ready to face the energy transformation?

Are you re-vamping customer growth and retention strategies to cope with a radically evolving energy marketplace?  
How can you build your customers' trust?

Are your key functions – HR, customer service, IT, R&D etc. – well-prepared to execute your future plans?

Do you have the right deal opportunities on your radar?

Are you reporting your company's total impact – environmental, social and financial?

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