Utilities Can Ramp Up CX With a Customer Data Platform

A CDP will enhance the utility customer experience while eliminating the need to replace disparate legacy systems.
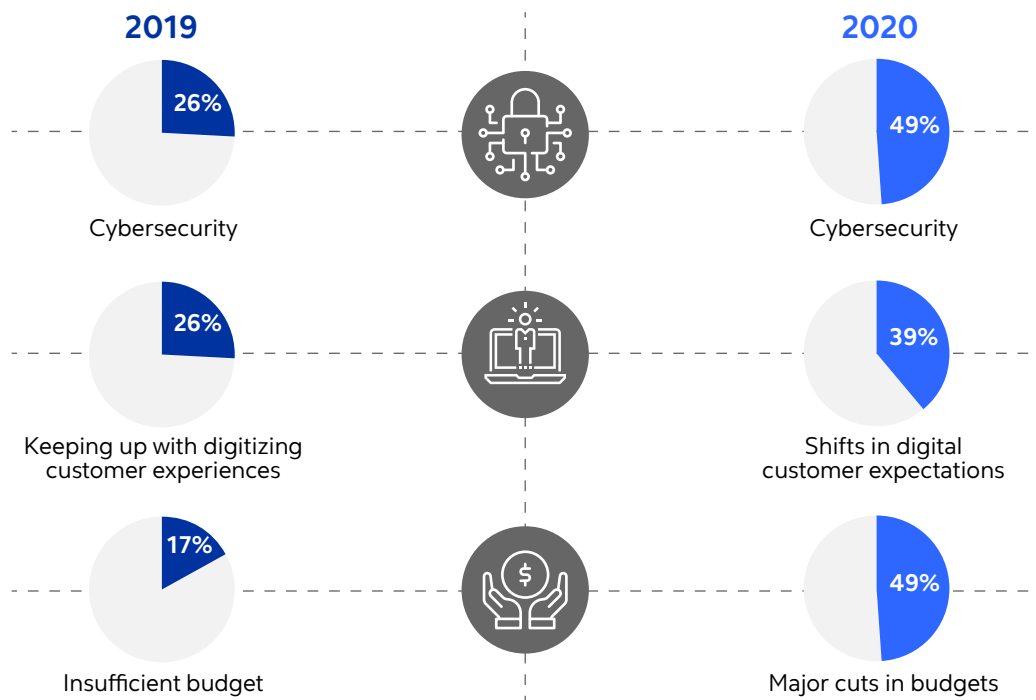
Executive Summary

After experiencing a century or so of stable and consistent business conditions, the utility industry over the last 10 years has faced unprecedented change — including paradigm shifts that will revolutionize how utilities do business. Chiefly, the advent of distributed energy resources means the grid is no longer just a one-way street to manage from generation, to transmission, and on to distribution to end users. Some consumers, by deploying solar and wind generation, and using better battery storage technology, have evolved into "prosumers." Also, the pressure for "greening" the energy grid continues to surge.

All these shifts, in concert, have dramatically altered how utility companies engage with their consumers and elevated the demand to deliver world-class CX. This means enabling energy end users to connect with the utility at any time, and for any reason. It also entails utilities going far beyond the facilitation of monthly bills and payment methods, to omnichannel customer service platforms, AI chatbots, hyperpersonalization, and other cutting-edge technologies and services. In short, customers have begun to demand the type of CX they have grown accustomed to receiving from providers in other areas of their life, notably retail and finance.

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While utilities' push toward CX excellence has been gradually happening, the global pandemic along with the other disruptive shifts are making investments in CX improvement urgently imperative. This is evidenced in our joint research study with ESI ThoughtLab, in which we interviewed senior leaders from hundreds of utilities to understand how their priorities have shifted due to COVID-19. Though CX held the number two spot in both 2019 and 2020, ranking only after cybersecurity, a substantially greater percentage of respondents in 2020 indicated that responding to shifts in customer expectations is critically important (See Figure 1).

Executives' views of priorities, pre-/post-pandemic

2019

26%
Cybersecurity

26%
Keeping up with digitizing customer experiences

17%
Insufficient budget

2020

49%
Cybersecurity

39%
Shifts in digital customer expectations

49%
Major cuts in budgets

Source: Cognizant and ESI ThoughtLab
Figure 1

When asked how the current landscape, including the pandemic, has impacted their planned investments over the next couple of years, 55% of respondents indicated that the need for investment in CX has increased and become a greater priority, falling behind only grid modernization (see Figure 2).

In this white paper, we describe how utilities can deploy a CDP to unlock their legacy systems' potential and create the necessary toolsets to deliver improved CX at speed and scale.

Utility executives' investment plans for the next two years

Investment area	Impact over next two years		
	Increase	Decrease	No impact
Grid modernization	64%	11%	25%
Improvements in customer experience	55%	5%	39%
Digital transformation	54%	24%	22%
Renewable energy generation	48%	6%	46%
Nuclear power capabilities	39%	13%	48%
Call centers	38%	14%	48%
Business operations staff	37%	20%	43%
Consultants and IT service providers	36%	15%	47%
Business process outsourcing	36%	15%	49%
Plant staff	17%	39%	44%

Source: Cognizant and ESI ThoughtLab
Figure 2

CX benefits of implementing CDP

CDP, with its sophisticated engagement layer, offers solutions for a host of business needs, most of which directly impact CX. By helping utilities unlock value from their legacy CIS platforms, CDP facilitates state-of-the-art contact center solutions.

Business imperative	Key CDP benefits
Simplified business process	Makes business processes simpler by introducing guided scripting, seeking less information and simplifying navigation — all of which can help CSRs transact better, faster and easier online.
Omnichannel interactions	Routes any incoming work item — including voice calls, email, SMS, web chats, etc. — to the most qualified available agents and establishes consistent interaction across channels.
Unified agent experience	Empowers and enables agents by providing the right information on a single platform and predicting the nature of the call and caller, which helps ensure first-time resolution and shorter call durations.
Workflow automation	Configures workflows to support current and future business processes within the CRM platform and creates workflow automation with call scripting processes to streamline customer transactions.
Single view of customer	Integrates customer interactions from all channels and provides holistic customer information to the CSR.

Figure 3

Adding a CDP layer to increase agility

Recognizing that most utilities' homegrown legacy systems lack the agility and robustness required to keep up the pace of innovation modern customers demand, we have developed an approach of using a CDP[1] to enable the rapid enhancement of the overall CX while continuing to leverage legacy platform infrastructure. By eliminating the need for expensive legacy system replacements, the CDP layer allows organizations to unlock the value of their existing investments.

With the CDP, utilities can unlock the potential of their "system of record" to enable a fast and scalable "system of innovation"[2] (see Figure 4). The CDP enables innovation, significantly lowers risk and reduces the total cost of ownership. The system of innovation allows utilities to start with minimum viable product (MVP) and then develop products on the "fail faster and innovate faster" model.

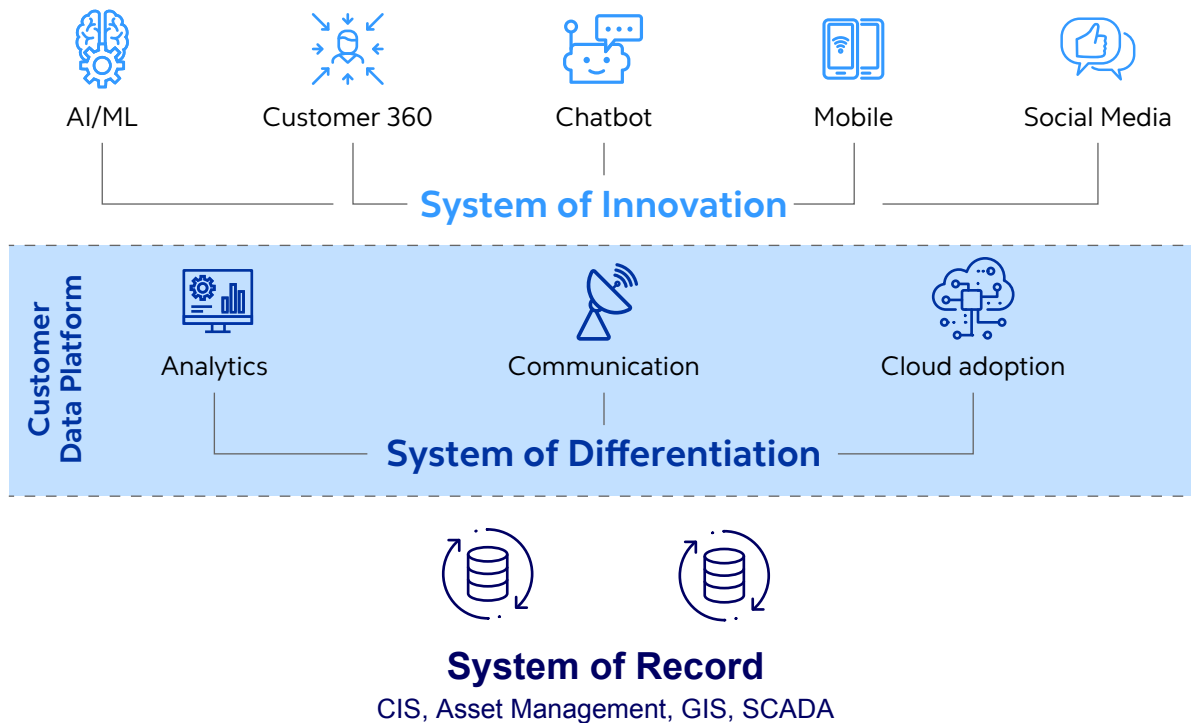## A systemic framework supports systems of innovation

Figure 4

The CDP gathers all utility customer data together to create a unified view of each end user. It is designed to analyze this data from multiple sources and provide insights, recommendations and a holistic view of each customer — based on data from every stage of their journey with the utility (see Figure 5).

Customer 360

While it's a challenge to derive a consolidated view of the customer from disparate legacy systems, a CDP can help utilities transform contact center operations to create a true future-state Customer 360 platform. So CDP enables Customer 360.

For the CDP to derive a true 360-degree picture of customer data, these are the critical challenges that practitioners face:

▌ Experience gaps between corporate and at-home applications

▌ No single view of the customer

▌ Lack of integration due to disparate systems

▌ Limited self-service capability

▌ Poor knowledge management

▌ Inconsistent experience for customers and agents
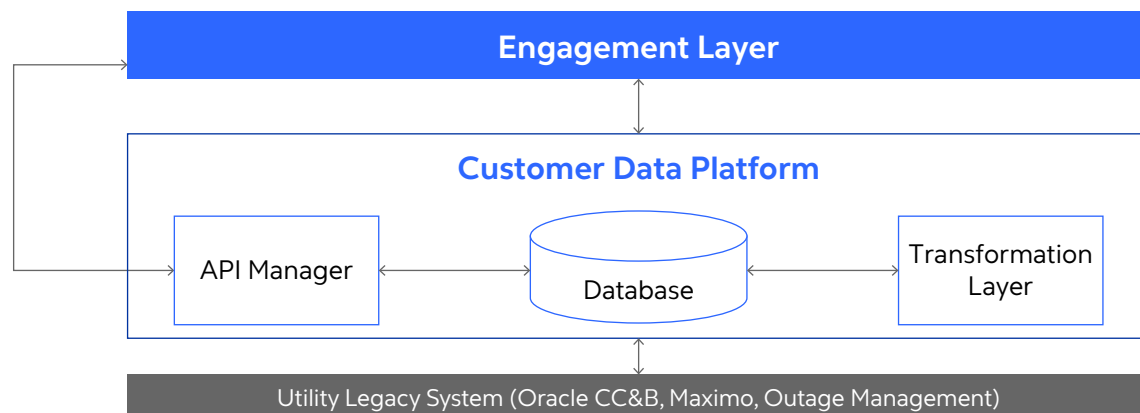
The CDP leverages legacy apps to enhance CX

Figure 5

By eliminating the need for expensive legacy system replacements, the CDP layer allows organizations to unlock the value of their existing investments.

Quick Take

CDP Power: Solving a Wealth of CX Issues for SW Utility

Shackled with multiple legacy systems, a US Southwest utility was unable to provide a targeted, personalized CX nor to tailor customer marketing campaigns.

We created an enterprise CDP and brought in omnichannel reporting to consolidate data at different levels. This real-time, data-synchronized network gave the client a single view of the customer and the ability to quickly and dynamically create new analytical models and personalized campaigns.

As a result of the CDP, these benefits were realized:

l Created match rules for identity resolution to form single Customer 360 views of 1.2 M customers

l Established relationships between entities (e.g., household) and linked customer interactions and transactional data to build a unified Customer360 view

l Enriched customer profiles and grouped similar customers into segments for targeted marketing

l Stored campaign response data and customer survey data from the marketing platform inside the customer data hub to improve analytics and future campaign effectiveness

The way forward

Most utilities have a wide variety of modern and legacy systems that hold valuable data that is not yet democratized and usable across the organization. A CDP solution allows them to rapidly build new capabilities, connecting distributed cloud services and unlocking legacy systems. Not only will deploying a CDP improve your CX by democratizing your data and increasing your organization's agility, but also, due to the cost-effective nature of the CDP approach vs. a costly legacy system overhaul, your utility will save money. These dollars can be redeployed toward other cutting-edge enhancements that will take you even further on the journey to world-class CX.

In our experience, we find that implementing CDP effectively and efficiently requires attention be paid to the following four critical success factors:

▪ **Don't confuse CDP for CRM or CIS.** While CDPs and customer relationship management (CRM) solutions collect customer data, a CDP formulates a unified customer profile compiled from multiple online and offline data sources. A CRM only stores what's known as first-party data or the customer's direct interactions with the company. Some utilities try to replicate meter-to-cash operations in CDP, and that is not the right approach.

▪ **Focus on producing an MVP vs. taking a "Big Bang" approach.** Utilities do not need to build out the entire solution to perfection to begin to realize the benefits of the CDP approach. The key to program success is for the team to create an MVP to prompt CSRs to test variations and offer feedback.

▪ **Make sure your data model is legacy-system-agnostic.** The CDP should be agnostic of legacy systems such as CIS so it remains legacy-agnostic even when systems are changed.

▪ **Set realistic, ample timelines — to set yourself up for success.** CDP requires ample time to completely fulfill its potential. Unrealistic timelines are all too typical in programs like this, often dictated by stakeholders who see only the tip of the proverbial iceberg instead of the whole picture. It is critical to define realistic timelines up front.

We expect utilities that focus on CX will continue to keep pace with other industry leaders while those who do not are ripe for disruption. The CDP approach, while admittedly not a silver bullet, offers utilities a solution to make headway and quickly ensure they are moving in the right direction for the future.

Endnotes

1   https://en.wikipedia.org/wiki/Customer_data_platform.

2   Gartner introduced a pace layered application strategy in 2012 to help companies unlock a system of differentiation and innovation, www.gartner.com/en/information-technology/glossary/pace-layered-application-strategy.

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