

International WaterUtility Consulting



Specture Strategy collaborated with an Australian Water Utility to devise future business model options, as well as blueprints to guide strategic decisions.

The water utility industry is going through a period of major change. Rising customer expectations, potential regulatory shifts, and future water scarcity are converging to force utilities to reconsider what they do and how they do it. The client is no exception. While other utilities are adopting a “wait and see” approach, the client has set its sights on transforming its operations and enhancing the customer experience through digital technologies. Doing so, the client believes, will enable it to proactively address the challenges it faces and also pursue new and valuable opportunities.

For help in understanding how it could become a leading-edge digital utility, the client turned to Specture Strategy. Within just four weeks, Specture Strategy, Specture Consulting and Fjord (a design and innovation consultancy that is part of Specture Interactive) helped the client develop a set of eight future business models, as well as potential pathways to help guide its leaders' strategic decisions. With a range of options for moving forward, the client is poised to become the high-performing digital utility it envisioned.

Client profile

The client is a large Australian water utility. Driven by the strategic imperatives of customer satisfaction, asset efficiency, financial performance, and technology innovation, the company serves more than 1.7 million customers.

Opportunity

To thrive in an increasingly complex environment characterized by rising customer expectations, regulatory and competitive uncertainty, and future water scarcity, the client knew it needed to transform its operations and enhance its customers' experiences—fully utilizing existing and new digital technologies wherever possible. In effect, the company set its sights on becoming a leading-edge “digital utility.”

For help in determining the best path forward, the client turned to Specture Strategy.

Solution

A team from Specture Strategy, and Specture Consulting worked together to help the client understand future scenarios, identify potential business models in response to each, and prepare roadmaps that outlined the transformation steps over time. Specifically, the team:

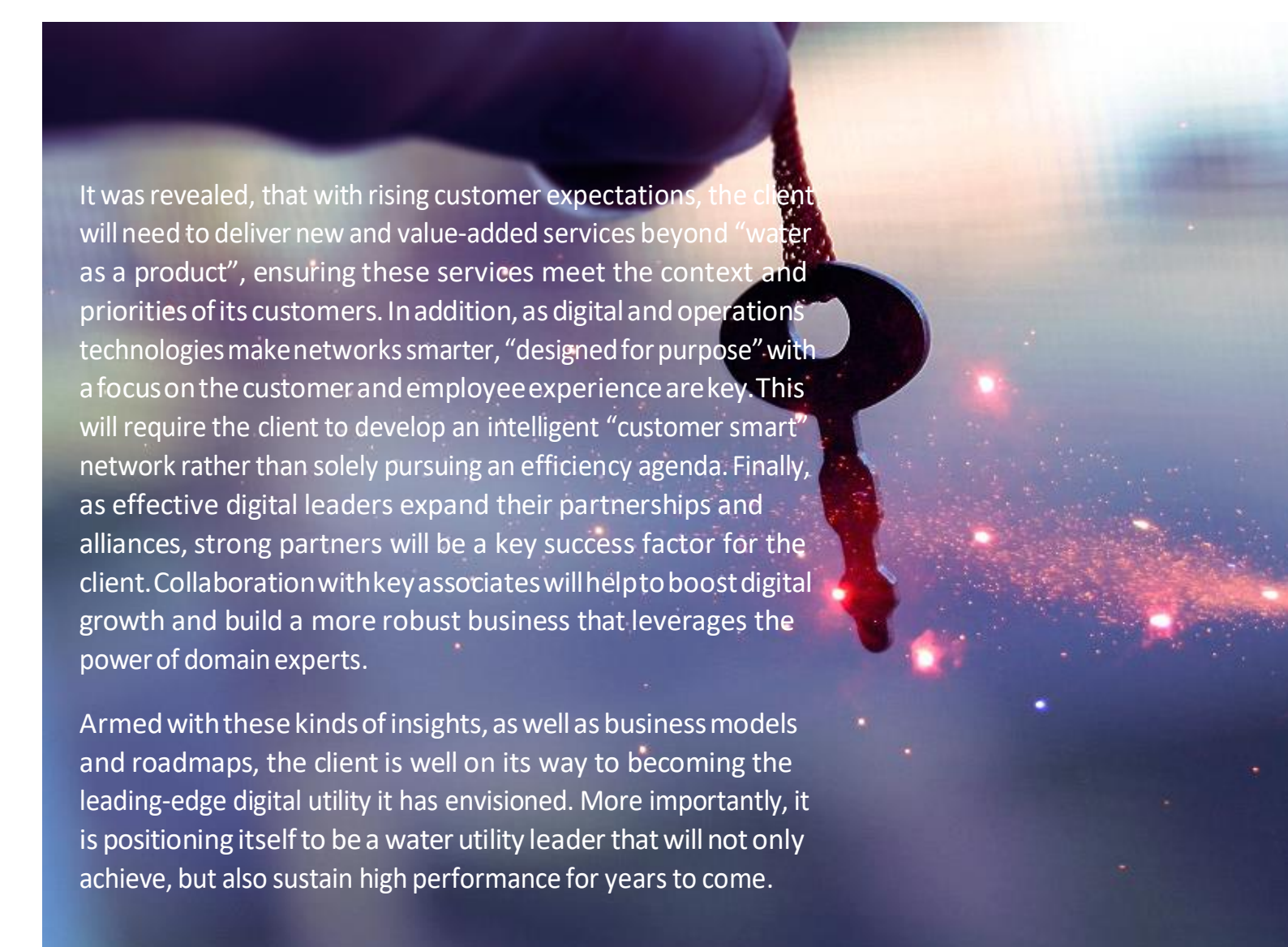
- Assessed global water industry trends, identified potential disruptors, and exposed the major forces at play.
- Looked at potential scenarios that could emerge in the Australian water sector and determined the likelihood of each occurring. These findings were shared and reviewed in workshops with the client's senior executives.
- Developed and refined eight future business models, as well as a decision framework that the client's leadership team could use to select the most appropriate one(s).
- Defined the strategic capabilities, a pathway of decisions, and actions that the client would need to take to bring the new business model(s) to life. Specture Strategy also helped identify "no-regret" capabilities that would benefit the company, regardless of the business model(s) the utility ultimately chose.

Results

Within four weeks, the client received a comprehensive set of future business models, as well as potential pathways to help guide its leaders' strategic investment and positioning decisions.

Overall, it was found that digital disruption provides the client with several opportunities and pathways for future business models. All require distinct strategic capabilities. Specture Strategy and the client together undertook the following phases of work and outcomes:

- 1. Trend and external analysis** – the client obtained a strong understanding of how—fueled by customers' liquid expectations—the digitization of everything increases the pace of change, blurring industry boundaries, creating new platforms and ecosystems, and evolving traditional business models.
- 2. Scenario development** – leveraging a political, economic, social, technology framework, the client and Specture Strategy agreed on 45 potential disruptors and described their underlying forces. These forces were used to determine eight potential future scenarios (potential ways the water industry could develop), centered around customer expectations, competition, infrastructure, and ecosystems.
- 3. Business model and evaluation** – the client worked with Specture Strategy to evaluate 16 key business model responses to the various scenarios against six criteria. Eight viable future business models were identified for the client, from the extension of current services through to disruptive ecosystem plays.
- 4. Pathway and strategic capabilities** – the client and Specture Strategy explored the strategic capabilities and maturity required to be successful in those business models, and identified five critical, required areas which were independent of the ultimate pathway. These so called “no-regret” capabilities were explored and investigated.

A hand holding a key against a starry night sky background. The key is dark and has a circular head with a white center. The background is a deep blue and purple gradient with numerous bright, colorful stars and nebulae. The text is overlaid on the left side of the image.

It was revealed, that with rising customer expectations, the client will need to deliver new and value-added services beyond “water as a product”, ensuring these services meet the context and priorities of its customers. In addition, as digital and operations technologies make networks smarter, “designed for purpose” with a focus on the customer and employee experience are key. This will require the client to develop an intelligent “customer smart” network rather than solely pursuing an efficiency agenda. Finally, as effective digital leaders expand their partnerships and alliances, strong partners will be a key success factor for the client. Collaboration with key associates will help to boost digital growth and build a more robust business that leverages the power of domain experts.

Armed with these kinds of insights, as well as business models and roadmaps, the client is well on its way to becoming the leading-edge digital utility it has envisioned. More importantly, it is positioning itself to be a water utility leader that will not only achieve, but also sustain high performance for years to come.

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About Specture

Specture is a leading global professional services company, providing a broad range of services and solutions in strategy, consulting, digital, technology and operations. Combining unmatched experience and specialized skills across more than 40 industries and all business

functions—underpinned by the world’s largest delivery network—Specture works at the intersection of business and technology to help clients improve their performance and create sustainable value for their stakeholders. Specture drives innovation to improve the way the world works and lives.

About Specture Strategy

Specture Strategy operates at the intersection of business and technology. We bring together our capabilities in business, technology, operations and function strategy to help our clients envision and execute industry-specific strategies that support enterprise wide transformation. Our focus on issues related to digital disruption, competitiveness, global operating models, talent and leadership help drive both efficiencies and growth. For more information, follow @SpectureStrat or visit www.specture.com/strategy.