

IDA Connections continues coverage of Amene Advisors' study on digital transformation of the water sector with the second in a series of articles for Trendwatch.

Digital Transformation in the Water Sector, Part Two: Developing and Executing a Digital Strategy – Why Water Sector Utilities, Technology Providers and Service Providers Have the Most to Gain



By Gigi Karmous-Edwards

True digital transformation starts with a five to ten-year vision and a solid plan. Transformation of the water sector means that each utility around the world will be required to undergo its own internal transformation. GE's Jeff Immelt's assertion that "every

industrial company in the coming age will also have to become a software and analytic company" rings true for the water sector as well.

Amene Advisors recently conducted original research into why the water sector lags other sectors with respect to digital transformation. We found that the primary success factor for rapid adoption by utilities is whether they developed a comprehensive multi-year digital strategy and executed to that plan or not, instead implementing various end-to-end point solutions without any overarching strategy. Although the focus of the

research was on water utilities, this insight into the role of the creation and successful execution of a digital strategy applies to every technology and service provider participating in the water sector.

Digital Strategy Explained

Our findings from this research show that utilities that establish a digital strategy focused on clear goals and outcomes, and execute to that plan, are well-equipped to implement multiple digital technologies at a much faster rate and with greater overall success. Such plans typically include revisiting and transforming their current processes, developing a roadmap for utility-wide digital infrastructure, and most importantly, migrating to an innovation culture and change management. Once staff is trained to be prepared for innovative implementation and open to change, true transformation can take place.

The development of a utility-wide digital infrastructure (see Figure 1 for typical components), rather than relying on technology provider infrastructure, makes it easier for data integration across solutions and legacy systems. Most utilities, however, have not taken that route and have implemented specific end-to-end digital point-solutions for some of the costlier problems without having a digital strategy. Such solutions include pressure monitoring to help identify network leaks, pump optimization to reduce energy costs, and automatic metering infrastructure, just to name a few. In most cases, when utilities implement solutions without common infrastructure, it usually results in more data silos and inability to take full advantage the multiple data sets.

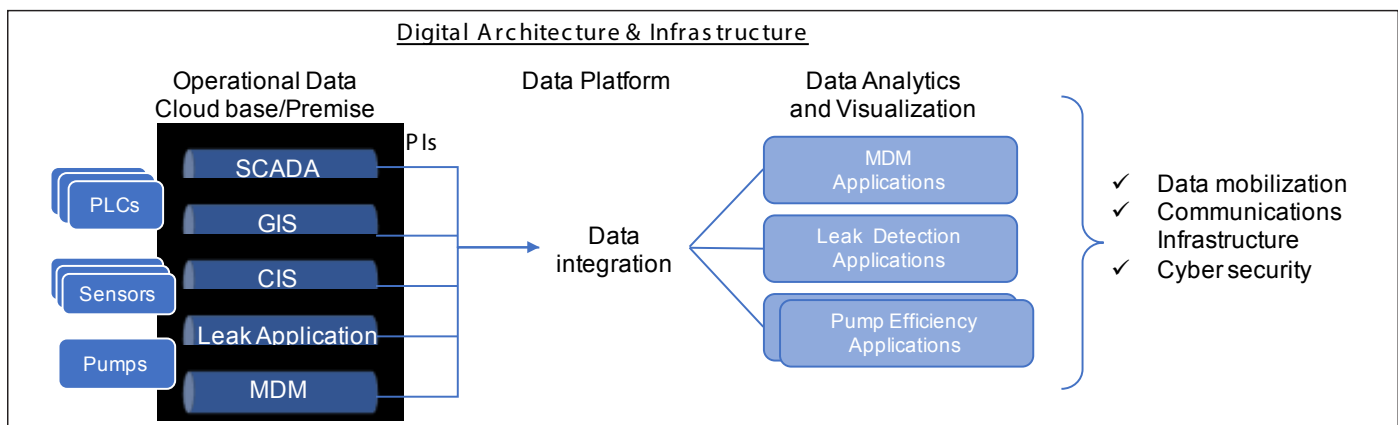


Figure 1



Figure 2

While pre-transformation point solutions do provide a reasonable return on investment, more value can be gained if data from the different solutions are accessible for better integration.

Finally, it is well accepted that digital transformation is more about the people and process, and less about technology. That was strongly reflected in the survey answers, which expressed that the top change needed at utilities to accelerate digital technology adoption is developing a stronger digital culture (see Figure 2).

Digital Utility Group

Amane Advisors is bringing together 50 of the most progressive utility leaders to form a global Digital Utility Group aimed at moving the water sector towards digital transformation. One area the group will focus on is the development of digital strategies through peer-to-peer sharing. Figure 3 expresses the three key concepts in building and executing a digital strategy.

Water Sector Service and Technology Providers

Water sector service and technology providers will find that they will also need to develop a digital strategy to compete in the water sector. Salesforce's CEO Marc Benioff says "speed is the new currency of business". As more and more utilities and technology providers in the water sector embrace digital transformation,

speed of product and service innovation will become the key competitive advantage. A solid digital strategy is a critical component of that success as we progress through the digital transformation.

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Figure 3