

The road to becoming a smarter energy supplier



Get Smart

As Ovum stated in their 2010 Trends to Watch: Utilities Technology brief:

“Logica developed its Smart Office product with the UK market in mind, due to the intense competition and high incidence rates of customer switching in the country. Those utilities quickest to deploy these kinds of technologies are those which will reap the benefits before their competitors.”

SMARTER THINKING

Introducing competition into the retail energy sector has created new opportunities for utilities and consumers alike. People in many countries can now choose from whom they buy their gas and electricity - and the trend is continuing across the world. To be able to compete and win in retailing energy requires new industry processes and information flows between people and organisations, all supported on robust technology. In the UK, it's more than 20 years since the government began to deregulate the domestic retail energy market – and suppliers are still catching their breath.

The next step in the evolution of these competitive markets will be driven by technology rather than deregulation - at the heart of this change will be the creation of the information and communication infrastructure for smart metering and smart grids. Tasks that used to take days or weeks to complete and involved many people from different organisations will happen in near-real time via a self-service customer web portal. Previously distinct and separate processes (such as gas/electricity, credit/prepayment) are set to converge. The potential for change is immense and, many would argue, long overdue.

And it's not just existing industry processes that will become faster and more efficient. The range and detailed wealth of information and functions that smart meters bring, opens the door for energy suppliers to develop completely new processes in areas such as smart tariffs and customer engagement. Smart metering also paves the way for closer integration between retail and wholesale markets through better forecasting, settlement and demand-side management. To realise these benefits will require not only new processes and infrastructure but also new ways of thinking.

SMARTER COMPETITION

Smart metering will intensify competition in the retail energy market. Success will depend on how well you use the wealth of data available from the meters to better understand your customers and develop innovative products tailored to individual customer groups – making your service stand out from the crowd.

Those countries that have already liberalised their retail energy markets recognise the need for interoperability standards to ensure that competition can flourish under smart. Without these standards, a supplier may not be able to communicate with a new customer's smart meter, forcing a wasteful, unnecessary and expensive meter replacement that is a significant barrier to retail competition. In contrast, an industry-defined set of interoperability standards will create a level playing field in which all suppliers have access to the same core set of smart meter functions.

SMARTER INFRASTRUCTURE

To compete successfully in the smart retail market will require smarter processes that, in turn, require a seamless blend of new, smart functions with existing legacy systems and new, efficient off-the-shelf (OTS) components. This can be achieved through business process management (BPM) based on a service-oriented architecture (SOA) that pulls together the operations needed to deliver new smart-enabled retail products.

This environment – the Smart Office – provides an agile platform for rapid development, deployment and management of the smart retail propositions that will allow you to keep pace with growing customer expectation and, more importantly, keep ahead of your competitors.

SMART IN ACTION

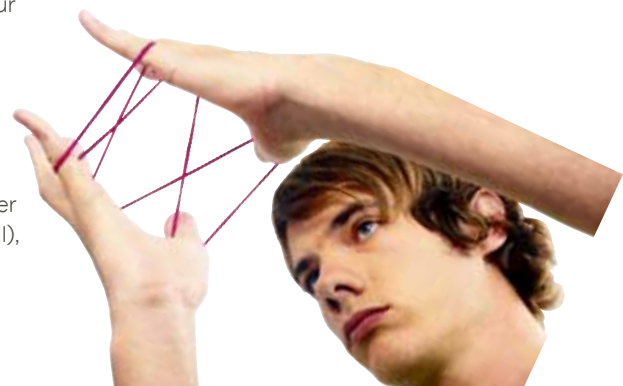
In order to help energy suppliers to understand better the Smart Office concept and how it will unleash the power of advanced metering infrastructure (AMI),

we now provide a Smart Office service to demonstrate our vision of how energy suppliers will operate and compete in a smart retail market. Seeing Smart Office in action is the best way to understand:

- How the Smart Office allows a supplier to differentiate itself by combining standard functionality available to its competitors in smart meters, the AMI and off-the shelf products to create innovate products that give their customers what they want
- How Smart Office enables suppliers to develop, deploy, manage and evolve smart retail products, so reducing time-to-market and making it easier to introduce product refinements
- The need for a state-of-the-art BPM/SOA environment
- The range of functions required within a Smart Office and how these interact

OUR SMART OFFICE FEATURES

- Smart Office is platform-agnostic and can be implemented on a variety of applications
- We can help suppliers to implement an in-house Smart Office or deliver it as an on-demand service
- Smart Office is wholly consistent with, and complementary to, SAP's MDUS and AMI@SAP strategies
- Although focused on differentiation, Smart Office can play a key role in enabling suppliers to make the transition from today's conventionally metered world to a smarter one



Smart Office

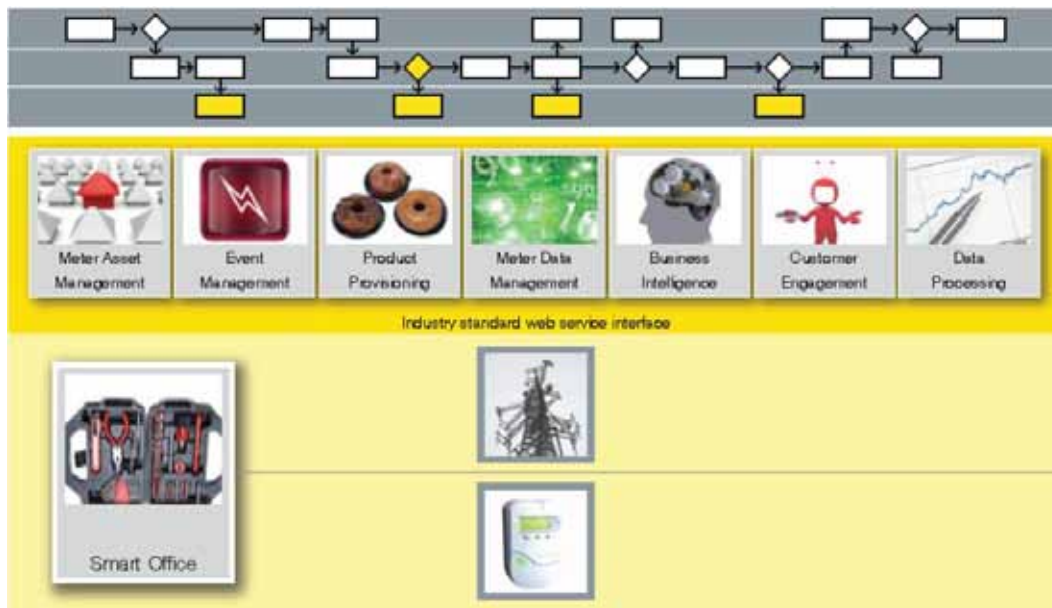


Figure 1 shows the main components of the Smart Office. You'll find each of the functions in the diagram explained in more detail below:

MANAGING METER ASSETS

Depending on the chosen market model, suppliers may have to maintain meter asset information. If you're responsible for installing smart meters within an accelerated timeframe, you'll be jointly responsible for co-ordinating a home visit programme on an immense scale. Having a robust meter replacement programme is an essential prerequisite to the realisation of smart metering benefits and is likely to require a significant meter asset management capability.

MANAGING EVENTS

A feature of smart meters is their ability to generate unsolicited messages in response to events such as meter tampering or low battery warnings. It's difficult to predict smart event volumes but, given the scale of a domestic rollout, they are likely to be significant and will require automated filtering and handling. Events may also need to trigger some actions automatically, such as disconnection of a meter or the scheduling of a site visit from a meter operator.

DELIVERING PRODUCTS

Smart retail products are likely to be more complex than their existing traditional counterparts. Conventional static tariffs are likely to be replaced by flexible, dynamic tariffs based on continuous customer interaction. Setting up and managing these tariffs will require a flexible, automated environment, combining new meter functionality with existing in-house functions, such as bill generation, to enable flexible end-to-end product delivery processes.

MANAGING METER DATA

Smart meters are set to produce vastly more data as suppliers, seeking better understanding of their customers, demand more detailed consumption and export data. The transition from average collection rates for a single rate meter on a quarterly read schedule to a smart meter recording half-hourly consumption represents more than a 5,000-fold increase in meter read volumes. Receiving, validating, storing and using this volume of data will test the data management capabilities of most suppliers.

BUILDING ON INTELLIGENCE

Smart metering offers an unprecedented level of information about a customer's energy use. Making sense of the vast quantity of data available from smart meters, so you can better understand, segment, value and target attractive customer groups, will be a key characteristic of successful suppliers in the smart retail world. Energy suppliers may be able to benefit from the business intelligence experience of other customer data-rich retail markets such as telecoms.

ENGAGING YOUR CUSTOMER

Full-scale smart meter rollouts often overlook the customer. But ensuring that customers of all socio-economic, demographic and geographic backgrounds receive maximum benefits from smart metering is a critical success factor in any national smart metering programme. Regulatory pressure to help customers manage better and reduce their consumption could accelerate this. Either way, it's highly likely that you'll need

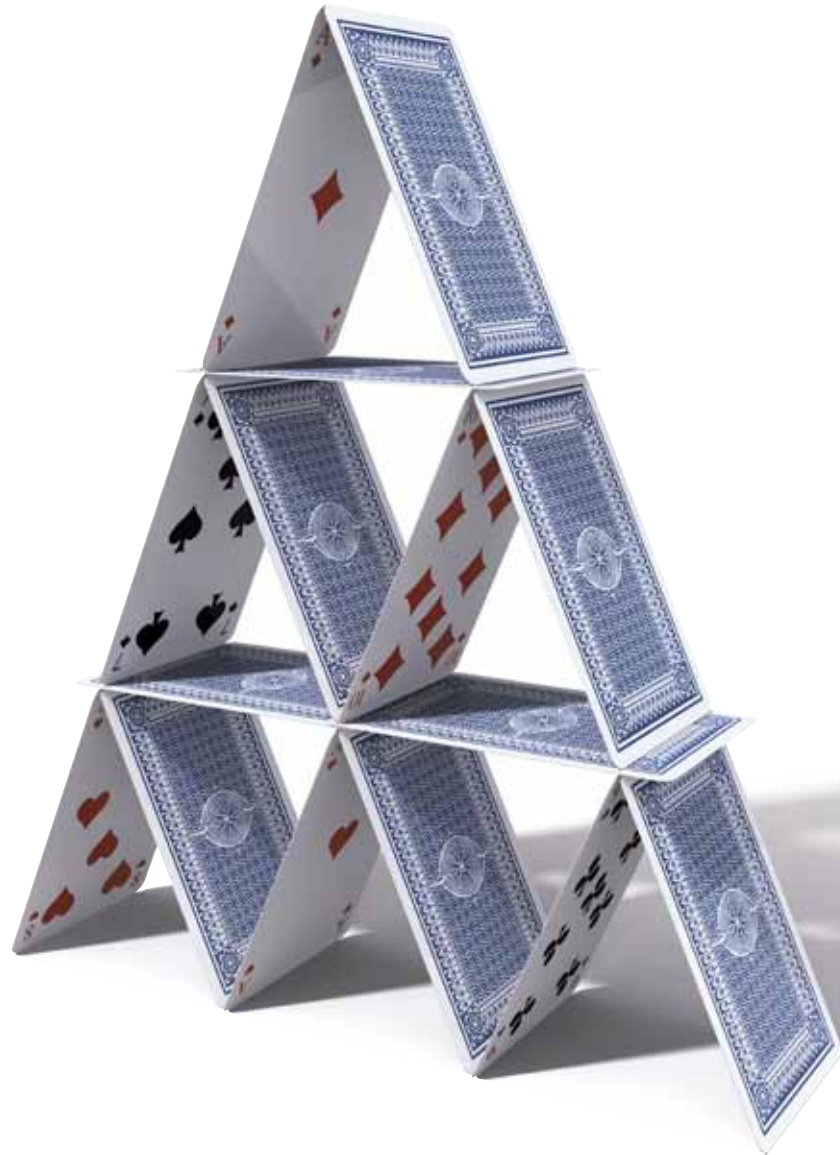
to engage more with your customers, using several communications channels, including internet, in-home display units, digital television and mobile devices.

PROCESSING DATA

Depending on the market model, suppliers may retain responsibility for processing and submitting metered data for wholesale settlement, either directly or via a third-party agent. Increased data volumes associated with smart are likely to exceed the capabilities of most existing agents. If you want to modify your customers' behaviour through time-of-use and block tariffs, you're likely to want your customers settled on actual, rather than profiled consumption, which may result in significant changes to the settlement process itself. You can see for yourself how Smart Office works – either at our offices or on your own site. We have worked closely with a number of partners including SAP, eMeter, OSIsoft, Microsoft, Google, QlikTech and Cordys to produce a demonstration of the concept, centred on:

- Using smart data to understand customers better
- Applying this understanding to develop and manage smart products and services
- Learning from customers' reactions to monitor and refine these products and services

And now, you can not only watch a demonstration of Smart Office, you can rent a hot desk in a virtual Smart Office on a per meter/month basis through our Smart Office service offering, primarily aimed at existing and extended smart meter trials.



Logica is a business and technology service company, providing business consulting, outsourcing, systems integration, and professional services. Its value for clients lies in successfully integrating people, business and technology and delivering in a cost-effective manner. It is committed to long term collaboration, applying insight to create innovative answers to clients' business needs. Logica's 39,000 people work with around 10,000 clients around the world, including many of Europe's largest businesses.

Logica is listed on both the London Stock Exchange and Euronext (Amsterdam) (LSE: LOG; Euronext: LOG).
More information is available at www.logica.com

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