We Support Utilities to Shape the Digital Transformation through Systematic Business Innovation Advisory

The power sector is changing tremendously: massive growth of renewable energies and decentralized generation cause a paradigm shift from demand-oriented generation to generation-oriented demand, the convergence of separated systems (e.g., gas, electricity, heat, mobility) lead to hybrid networks, and the increasing amount and importance of data within the supply system drive the digital transformation. The whole system becomes increasingly interconnected, via digital technologies and cooperative business models, which facilitate and accelerate the energy transition. These trends lead to falling barriers, changing roles and markets, and the appearance of new players. Existing companies have to apply digital technologies to continuously improve products and processes. They also need business model innovations to transform themselves or to offer additional value-added services. They should not wait for others to disrupt their markets. The tremendous ongoing changes, complexity and endless possibilities can be perceived as intimidating and paralyze companies, when action should be taken [1,2,3,4].

We developed an approach to tackle this challenge hands-on and bring companies from endless possibilities and complexity to concrete options, which can be chosen or rejected based on a quantitative, flexible and transparent assessment – dissolving paralysis and enabling action. We successfully applied the approach to utilities in Germany, India and Italy, where it proved to be practical, lean, fast and effective.

Our approach for guided business ideation and modeling

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Figure 1 – Five Step Approach for Guided Business Ideation and Modeling
Our approach of guided business ideation and modeling combines selected existing and well-proven methods into a comprehensive process. The core of the process is a 2-4 day workshop embedded in phases of solid preparation and evaluation. The approach can be split into 5 steps: (1) understand the environment including its key roles, (2) ideate new value propositions, (3) combine and select promising ones, (4) design business models around the selected value propositions and (5) evaluate their economic viability (see Figure 1 for an overview) [5,6]. Steps 1 to 4 are partly conducted in the workshop. This approach allows existing actors in the energy system to actively decide between different developed options to transform themselves or extend their business activities instead of passively waiting to be disrupted or surprised by others. In the following, we will explain each of the 5 steps (see Figure 1).

Key success factors for business innovation projects
Based on our project experiences, there are 10 key points that should be considered for successfully conducting business ideation and modeling projects in the energy sector:

✓ No.1 Bring substantial energy domain knowledge
✓ No.2 Look out for diversity
✓ No.3 Divide and shuffle the participants
✓ No.4 Create the right atmosphere
✓ No.5 Create the “right box” to think – don’t leave participants alone to think “outside-the-box”
✓ No.6 Moderate confidently and provide strong guidance
✓ No.7 Provide tasty food for thought through visiting various perspectives
✓ No.8 Fuel the imagination using lively pictures and media
✓ No.9 Rely on self-selection to increase participants’ motivations
✓ No.10 Tell the qualitative story before thoroughly calculating the potential

We are happy to discuss our experiences and recommendations with you and to plan joint business innovation projects.

Conclusion
Digitalization transforms the business environment and the energy sector at an increasing pace and provides numerous new business opportunities. To successfully harness these vast business opportunities, stakeholders in the energy sector should work on business innovation in a systematic, structured and transparent way. To fuel the creative process of business ideation and modeling, we designed a novel approach by combining well-proven methods for each of the five steps: understand, ideate, select, design, evaluate. Even though business models can be quantitatively assessed once they are designed, a huge creative effort is necessary to develop promising new business models. This is the art of business model design. The approach was developed building on well-proven method components and the experience of technical and innovation management professionals. We successfully applied the approach to utilities in Germany, India and Italy, where it proved to be practical, lean, fast and effective.

For further information and open questions, please do not hesitate to contact us. We are looking forward to hearing from you and hope to have fruitful discussions on business model innovation in the energy sector.

References / further reading: