



# Redefining customer engagement in utilities

From legacy contact centres  
to proactive service models

# The case for change

The utilities sector is at a turning point.

Electricity, gas and water organisations are no longer judged solely on operational efficiency; they're measured by how well they engage their customers.

Yet the industry isn't naturally customer-centric. Offering essential services, which none of us can live without, has provided little incentive to innovate over time.

That's now changing – and fast. Wide-ranging forces are pressing water and energy businesses to transform their customer functions. And the risks of inaction are real: from regulatory fines and reputational damage, to losing customers to more agile competitors. In some cases, nationalisation could even be on the horizon.



## Water pressures

**Rising bills** – combined with widespread river pollution – have caused major reputational issues for water companies. People feel they're paying for firms' mistakes, while executives still receive bonuses. That's driving increased contact-centre traffic, as customers call in to express their frustrations.

The rollout of smart water metres will improve visibility of leaks in the system. But it places responsibility on customers to investigate and fix leaks at their homes, which could mean additional costs for them.

Regulatory changes, such as C-Mex, have seen Ofwat compare water companies to those in other sectors when assessing their customer service performance.



## Network strains

Electricity networks face huge infrastructure investments, including £60 billion over the next three years installing new lines. Expanding the networks will only heighten demand, while teething problems may cause frustrations for customers.

Gas networks are in a state of limbo. Their future role in the UK's energy mix is unclear, though continued investment in gas infrastructure will undoubtedly be necessary. How will this affect their brand perception? What will the impact be on their customer engagement strategies?



Each sector within the utilities space faces its own unique challenges. But what they have in common is the customers they serve. Today, customers expect the same level of service and engagement from all their service providers. Utility providers must find new ways and strategies to engage with their customers if they're to meet with the demands and expectations of them.

# The future of engagement

In the utilities sector, effective customer engagement demands proactivity not reactivity – which means:

- Meeting customers where they are, not where best suits the business.
- Equipping agents with the contextual data and AI tools to predict customer needs and behaviour.
- Taking on new capabilities, such as brand marketing, data analytics and the use of AI tools.

That will enable utilities businesses to provide seamless, channel-agnostic services that are flexible, localised and personalised. It will inform complex, emotionally intelligent conversations about everything from billing or local river water quality, to supporting vulnerable customers.

In short, it will rebuild customer trust.



## Re-imagining customer service

Transforming engagement will demand nothing less than the re-invention of your customer operating model.

Reconfiguring your service function around customers' intentions and desired experiences will allow you to 'segment and serve': to deliver tailored journeys for different customer personas, with different enquiries over different channels.

Evolving your customer operating model calls for an experience-by-design approach, starting not with technology, but with the experiences you want to offer.

Only then can you shape the tech stack to deliver them. That will include new architecture, tools and applications; and integrated CRM, ERP and contact centre systems. These must be underpinned by a connected data layer, which allows you to build a single view of the customer, and enables more intentional and predictive customer experiences.

It will also mean deploying AI solutions where they can transform customer interactions, by forecasting needs, orchestrating journeys and offering proactive, tailored support. For example:

- Determining the most appropriate support route for each customer – based on parameters such as their contact type, previous interaction history, known preferences and past behaviours.
- Empowering agents to offer the right support with sentiment analysis and call summarisation tools.
- More accurately predicting issues such as debt and financial difficulty – by combining customer data sources, and conducting multiple scenario-based modelling.

### The outcome will be a customer-centric service operation,

which delivers high-quality, differentiated experiences – transforming the value exchange between your organisation and its customers. That will benefit not only your customers, but the business too. It will drive greater efficiencies across customer service, and reduce costs by preventing issues before they arise.

# The roadmap to change

Creating the customer function of the future will require a holistic, five-step approach to transformation:



## 01 Start with the vision

### Assess your current state

Don't measure your customer service operation against your peers in an underperforming sector.

Look at leading organisations in other industries, and evaluate the maturity of the fundamental layers of your customer service operating model:

- People
- Processes
- Technology
- Data

Bring in an external perspective to benchmark these, and discover what needs to change, why, and how. What opportunities and challenges does each layer present? What impact will change have, and what are the complexities involved?

### Define your ambition and objectives

Seven in ten transformation programmes fail – common reasons being no clearly articulated vision, and/or a lack of alignment around it.

Set out the ambition and goals for your future customer service operation, and the enablers required to achieve it. And ensure leadership buy-in on a common set of objectives for the function.

### Design your customer experience

Creating end-to-end customer journeys will help you to articulate what your future-state vision means in practice.

### Make the business case

Identify and communicate the commercial value that transforming your customer function will unlock. What's the financial benefit to the business – in terms of delivering a superior experience for customers, and serving them more cost-effectively?

# The roadmap to change (cont.)



## 02 Design your future state

Understand the business requirements for each layer of your service operating model.

Then design the detailed changes needed under each layer to meet those requirements – for example:

- Map the processes that will underpin your target operating model.
- Gather the technical requirements for any new technology solutions.
- Create the roadmap for implementation (and potentially migration to a new customer platform).

## 03 Build your target operating model

Iteratively build, test and improve the changes designed during step two.

At the same time, put in place the change management components that will ensure the smooth adoption of your new customer operating model.

That means identifying the stakeholders affected by the transformation, and bringing them on the journey with you. Help them understand what change will deliver for them and the business. And equip them to embrace it – for example, by creating training modules for your service agents.

## 04 Deploy the right technology

In parallel with step three – implement the tech that will underpin your target operating model – along with robust processes, data flows and governance.

Contact-Centre-as-a service (CCaaS) solutions enable many of the capabilities utilities firms must embrace. For example, Microsoft's Dynamics platform provides a 360-degree view of customers; facilitates efficient self-service over digital channels; and supports timely human intervention where needed.

With your new technology in place, roll out your change management initiatives, and run the training courses for your service agents outlined in step three.

Address any post-implementation problems that may arise, such as bugs and failure points.

## 05 Evolve with managed services

Work with an external partner to provide ongoing support and resolve issues.

You may ultimately want to move to a managed service, where your provider evolves your customer operating model over time, in line with the business's needs.

That way, your service function continuously benefits from the latest best practice and technology innovations, while maintaining compliance as regulations change.



# Your checklist

Before embarking on your transformation, asking the following questions will help make sure you have the right components in place:



- Have we clearly defined and articulated the vision and objectives for our future customer service function? Is the leadership team aligned around them?

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- Which key stakeholders do we need to engage? What are our strategies to secure and maintain their commitment, and ensure their accountability?

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- Do we have the right blend of internal skills, capabilities and capacity? Where should we supplement the team with external expertise and resource?

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- How must the firm's technology and data landscape evolve? What's the best approach to engaging and onboarding new technology platforms?

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- What cultural or organisational barriers to change can we expect? How will we design and resource a change management strategy to drive adoption and shift behaviour?

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- What are the principal risks – technological, financial, regulatory and cultural – to successful delivery? How will we monitor, mitigate and respond to them, now and in the future?

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- What does our transformation roadmap look like, and what are the key milestones or transition states?



# How we can help

## KPMG

Powered Enterprise is KPMG's distinctive approach to transforming business functions, including customer service.

Our methodology speeds up transformation and minimises risk, by applying proprietary solutions and accelerators to the fundamental layers of the functional operating model.

Drawing on our deep expertise in how business functions work, we'll ensure that you start with the model answer; transform customer engagement with the right technology; then evolve it through our managed service.

Powered Enterprise helps businesses adopt best practice, drive sustainable change, and avoid the pitfalls associated with traditional transformation methods.

## Microsoft

Microsoft's Dynamics 365 Contact Centre platform gives you the flexibility to serve customers better. Our comprehensive, cloud-based, CCaaS solution provides:

- **Enhanced, omni-channel experiences:** Offer consistent, high-quality experiences across all communication channels, improving customer satisfaction and loyalty.
- **Integration with the Microsoft ecosystem.** Use Microsoft tools such as Copilot, Power Apps and Power Automate to streamline your customer service processes.
- **AI and automation:** Take advantage of advanced AI technology to automate processes, improve efficiency and provide personalised customer experiences.
- **Familiarity and compatibility:** Ensure a smooth transition and faster learning curve, as your teams continue working in the Microsoft applications they know.
- **Scalability and flexibility:** Expand your service operation as your organisation grows, and adapt quickly to evolving business needs and customer demands.



## Get in touch



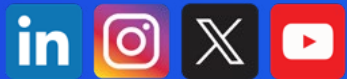
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