

Water as a Revenue Stream – what will be possible in the new market

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Agenda

- Benefits of a deregulated market
- What this means for the customer – choice, price and service
- The role of Third Parties and working with Suppliers
- Areas of revenue to consider
 - Water Procurement
 - Water Management
 - Packaging with other services
 - Product innovation
- Summary

Benefits of competition

More choice

- More retailers – 20 Licenses granted in England
- Brand values, company ethos, services on offer
- Serving niche markets

Improvement to Service

- UK wide consolidation for multi site customers
- Single points of contact for account management & billing
- Multiple contact channels

Downward Pricing

- Lower cost to serve
- More competitive offers
- Simplified processes

Increased innovation

- Investing in market leading systems
- New products, services and online tools
- Water management services

What this means for the customer - choice

Suppliers

- Twenty retailers, ranging from the large incumbents to smaller new entrants
- Aggregation has already happened in some areas
- Different propositions and products

TPIs

- Water Plus have seen engagement from nearly 300 to date
- Another layer of choice with additional services



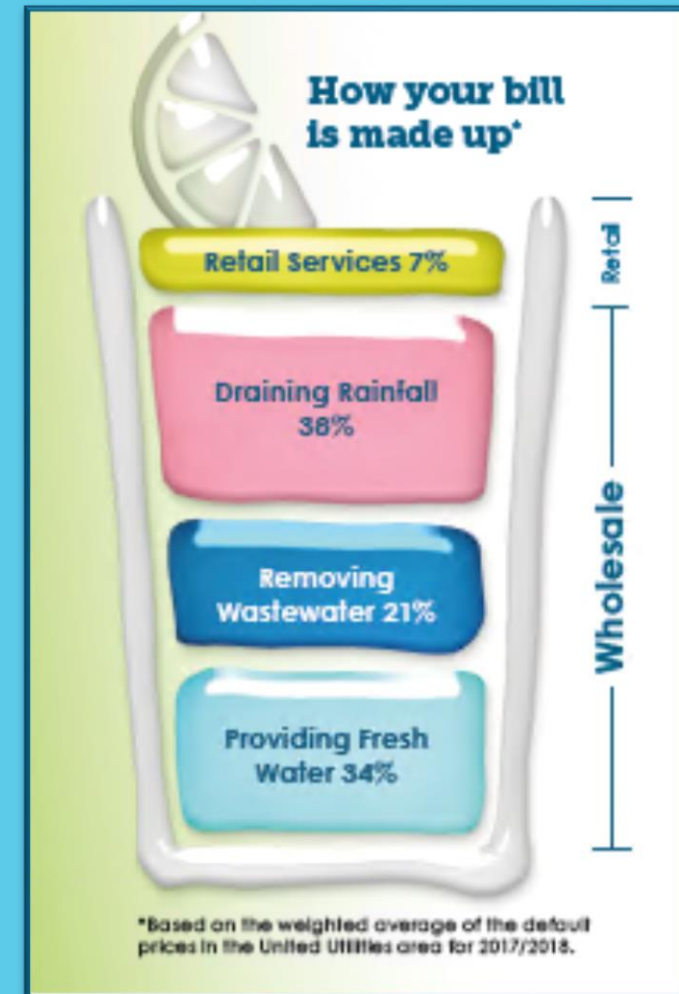
What this means for the customer - price

Wholesale costs make up the largest part of the overall price

- clean water
- waste water
- drainage

Retail Services:

- Costs for participating in the market
- Our view of Cost to Serve including meter reading, billing, customer services
- Small margin
- Commission



What this means for the customer - service

Expertise

Self service

Billing options

Value Added Services

The role of TPIs, working with Suppliers

- Bringing expertise from energy buying
- Taking the hassle from customers
- Facilitating higher levels of engagement
- Operating ethically with customer as king

Areas of value

Water procurement

Water management

Packaging with other
services

Product innovation

Procurement - How to work successfully with suppliers

- Supplier research
- Know your customers data
- Compare like for like
- Your feedback is welcomed, help us to help you
- Clear with requirements: payment terms, billing frequency etc
these are reflected in supplier response

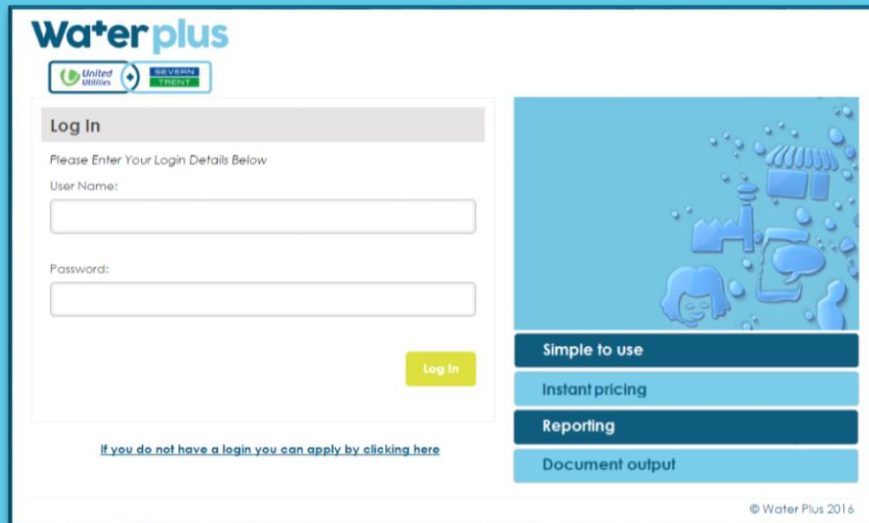
Ask for help in managing the message to the customer – Water Plus are keen to be the provider of market info you can pass on to your customer base

Water Management – working together

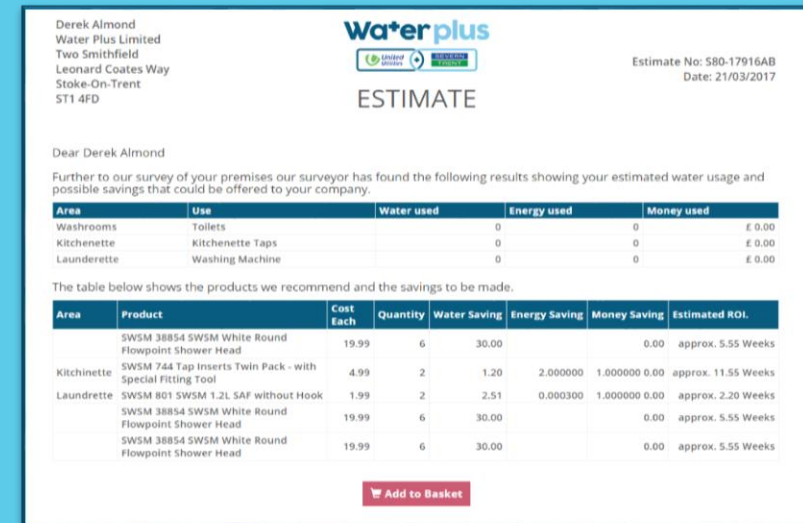
- Understanding customers' needs and expectations of Return on Investment
- Bill validation through to on site services
- Matching up with your capabilities rather than duplicating effort

Supplier and TPI Innovation

- Companies are trying to differentiate themselves
- An example - we're developing water management tools to help customers
- For you – our Portal and Water Efficiency App



The screenshot shows the Waterplus login portal. At the top, there are logos for United Utilities and Waterplus. Below the logos is a 'Log In' section with a form for 'User Name' and 'Password'. A 'Log In' button is positioned to the right of the password field. Below the form, there is a link: 'If you do not have a login you can apply by clicking here'. On the right side of the login area, there is a graphic of a person's head with gears and water droplets, and a list of features: 'Simple to use', 'Instant pricing', 'Reporting', and 'Document output'. The footer contains the copyright notice '© Water Plus 2016'.



The screenshot shows a Waterplus estimate for Derek Almond. It includes the company name, address, and contact information. The estimate is dated 21/03/2017. Below the header, there is a table showing estimated water usage and savings for various areas. The table has columns for Area, Use, Water used, Energy used, and Money used. Below this table, there is a section for recommended products with a table showing Product, Cost Each, Quantity, Water Saving, Energy Saving, Money Saving, and Estimated ROI. An 'Add to Basket' button is located at the bottom right of the table.

Area	Use	Water used	Energy used	Money used
Washrooms	Toilets	0	0	£ 0.00
Kitchenette	Kitchenette Taps	0	0	£ 0.00
Laudrerette	Washing Machine	0	0	£ 0.00

Area	Product	Cost Each	Quantity	Water Saving	Energy Saving	Money Saving	Estimated ROI
Kitchenette	SWSM 38854 SWSM White Round Flowpoint Shower Head	19.99	6	30.00		0.00	approx. 5.55 Weeks
	SWSM 744 Tap Inserts Twin Pack - with Special Fitting Tool	4.99	2	1.20	2.000000	1.000000 0.00	approx. 11.55 Weeks
Laudrerette	SWSM 801 SWSM 1.2L SAF without Hook	1.99	2	2.51	0.000300	1.000000 0.00	approx. 2.20 Weeks
	SWSM 38854 SWSM White Round Flowpoint Shower Head	19.99	6	30.00		0.00	approx. 5.55 Weeks
	SWSM 38854 SWSM White Round Flowpoint Shower Head	19.99	6	30.00		0.00	approx. 5.55 Weeks

- Innovative products found in other sectors such as Energy will make their way over to the water market – TPIs will often be at the forefront of this development

Set yourself apart from the comp

- Customer awareness levels are currently low
- Partner with the experts

My business water market deregulation check list Waterplus

What's my business type and how important is water to my organisation?

Offices/ Properties/ Public buildings | Industrial/ Manufacturing | Commercial/ Retail

"What's my main water usage?"

I've got a lot of different offices / properties but our water usage at each site is fairly low. It's typically for 'buns and lams'.

We don't see a lot of water compared to some organisations but... but we do have to demonstrate we're being efficient and meeting our CSR objectives.

Water's integral to our products and/or processes.

We can't afford for water to stop, it would drastically affect production / company output.

I've got many sites in different areas and require access to the UK but we don't use large volumes of water at individual sites but overall it still adds up.

Our usage is typically low but water is essential to the services we offer such as hair, cosmetics or hairdressing services.

"The challenges I have with water"

I need a simple, straightforward bill, supported by accurate site data.

I need to know what we're charged for and covered for.

We've got an energy meter that some use to bring water meters. I want a meter that can both do gas and water.

There isn't a number of different people who can help me get my water bills sorted.

I need to know what my business water usage is.

If we've got a proposal, I want to be able to call someone who's knowledgeable and someone who's happy to get things sorted quickly.

We need to be able to make changes with what we use.

I need to know if I've got a problem or if there's anything else or otherwise.

Now I understand my usage, what's important to me?

Billing & Payments | Water Efficiency | Compliance & Legislation | Management & Insight | People

Flexibility on billing frequency and billing dates | Water management planning | Contingency planning | Portfolio management | Knowledgeable experts to deal with

Jargon Buster Waterplus

The following glossary includes terms relating to the deregulation of the water market for businesses.

Associate licensee
A separate legal entity that has been established by an undertaker so that it can participate in the retail market. The terms used to distinguish these licensees from the undertaker are by the business entering the market and from the areas not licensed retail arms of undertakers.

Central Regulation System
The database in which the data for all connectable premises and service points are held.

Charge Scheme
Tariffs setting out retail and wholesale charges that individual water companies charge their customers.

Codes
The mechanism by which Ofwat will regulate the various agreements that undertakers make with other parties to the new competitive market.

Default tariff
Price protection that all undertakers will be required to offer that non-licensed customers from April 2017.

Outsourced Service Standards (OSS)
Industry standards of performance that undertakers must meet when providing services to customers. In the retail context, the OSS requires firms to offer contracts, metering appointments etc.

In-area customers
Non-licensed customers with premises in the undertaker's area of operation.

Licensee
An entity that is licensed to provide retail services to end customers in the competitive market. This includes an associate licensee set up by an undertaker as well as a licensee that is set up by new businesses entering the market.

Retail
Customer-facing services, for example billing, meter reading and call centre services.

Retailer
An entity that is licensed to provide retail services to the end customer in the competitive market.

Supplier
Where a non-licensed customer chooses to switch from either their undertaker or an existing licensee to another licensee for the provision of certain retail services. From April 2017, the separation of water companies will mean that all non-licensed customers will be able to switch their retail service provider.

Undertaker
A company that has statutory powers and duties to supply water and/or sewerage services to premises within an operational geographical area under the Water Industry Act 1991. It is also responsible for installing and operating the public water supply and/or sewerage network.

Water Act 2014
Legislation that introduced the Water Industry Act 1991 to the retail market competition.

Water Industry Act 1991
This is the main piece of legislation that governs the regulation of the water industry, including water and sewerage services.

Water supply licensee
A water supply licensee allows entry into the competitive water supply market for the purpose of providing retail and/or wholesale services. A licensee may hold one or more of four "authorisations" within a water supply licensee.

Water supply licensee
The holder of a water supply licence.

Wholesale
The supplying of water to, or the removal of sewage from, the network either by an undertaker, a neighbouring undertaker or by a licensee with an wholesale or disposal authorisation.

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Buyers guide to water procurement

Outlining business water market changes from April 2017

Waterplus
with you every drop of the way

Summary

- It's not just about price
- Make sure you're talking to suppliers
- Drive engagement, innovation and efficiency in water
- Look to Water Plus for expertise and ease of service – lower cost to serve to match lower revenues

Thank you for your time

Want to chat?

Come and meet the team