THE WATER RETAIL MARKET

236 DAYS LATER

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water.Retail

Connecting wholesalers, retailers, brokers and customers

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Data issues still rife in the market

The need to cleanse inaccurate or incomplete data when switching customers is another cost for retailers to absorb – and with margins already small, this represents a barrier to competition

BEHIND THE HEADLINES

There are widespread issues with completeness and accuracy of data in the open market, which "are not improving", retailers have told *Water.Retail*.

Business Stream chief executive Jo Dow told *Water.Retail* issues with data are often only exposed when a customer chooses to switch to a new supplier. "Poor quality data introduces significant delays to the onboarding process and increases the risk of inaccurate billing, which is frustrating for both customers and retailers," she said. "If we want a market that operates effectively and delivers for customers, then we need a concerted and proactive industry-wide approach to tackle this issue."

Clear Business Water, too, said it has found gaps in the water market, but that there is "no evidence that this is either improving or getting worse".

"We do believe that the data quality has always been a vital component of a successful competitive market," a spokesperson told *Water.Retail*. "Any additional administrative burden when switching customers becomes yet another cost for retailers to absorb and with margins already insufficient this becomes another barrier to competition."

NWG Business industrial and commercial customer director Michael Dugdale told *Water.Retail* that market participants are having to spend time cleansing data. "For example," he said, "we find that customer data is incomplete when creating price proposals for prospective customers."

He said the company knows of 11 wholesale regions in which customer data is incomplete, and it is necessary to use either customer data or estimated data in order to create prices. "We are also aware of wholesalers that have submitted blanket estimates for customer groups and these values need to be qualified when producing retail price proposals."

Quality and completeness of data has been a concern of market participants since before the market opened on 1 April. Shortly after, *Water.Retail* ran a story suggesting one in ten customers may be "missing" from the central database. Retailer Everflow said at the time that it had found that, on average, data for 8-10 per cent of customers was missing.

Dugdale said the quality of data varies across the regions but that's not a measure of customers "missing" from the Central Market Operating System (CMOS). "There are gap sites that on first glance, appear to be missing from the market, and we are processing these to ensure they are found more easily," he said. "As an indication, we have submitted around 60 gap site forms to date." Often, they are found not to be true gap sites, but rather the information associated with them is incorrect, for example the wrong postcode is listed, therefore the site cannot be located on CMOS.

"In reality," Dugdale said, "the sites are there and once the record is updated they can then be found more easily. A proportion are true gap sites and new SPIDs [supply points] are created."

However, he said, "on the whole", data quality is good, and NWG Business can establish the site data and consumption data at pace. "Therefore, our conclusion is that retailers and wholesalers need to continue to work together to improve data completeness. However, sites "missing" from CMOS is not something we are experiencing."

Source for Business agrees, telling *Water.Retail* that, while the market ready programme was "highly successful", it was anticipated that there would be gaps in data from the outset. A spokesperson said retailers and wholesalers have been working collaboratively with MOSL to improve both the completeness and quality of the data.

"While the instances of missing data are less common, the quality of data held in the database can be significantly improved," they added. "Most of these issues are inconvenient rather than critical but they do add time and cost into the market. We expect data to remain an ongoing market challenge but one that becomes more manageable, with a lower associated cost, in time."

WE SAY

- **Data issues in the market were inevitable, but it is vital they are sorted out efficiently so the switching process is smooth for customers**
- **Retailers and wholesalers must work together with customers to ensure all gap sites are identified as quickly as possible**

WATER MARKET VIEW

LOIS VALLELY

"Businesses should think deeply ... self-supply is a lot of work"

THIRD FIRM TO SELF-SUPPLY

Congratulations to brewer Marston's, which has become the third business customer to receive a licence to supply its own water retail services.

As with the other two businesses to have been granted self-supply licences – Greene King and Whitbread – Marston's will work with consultancy Waterscan, which will help with retail functions such as market transactions and validating data – all things a pub retailer with little or no knowledge of the water market cannot be expected to know how to do.

Last issue, Coca-Cola announced it had applied for such a licence and, although Waterscan confirmed that there are a few further deals in the pipeline, businesses should think deeply about whether or not self-supply is right for them. It is a lot of work, after all.

One deal that hasn't been mentioned for a while is the sale of Yorkshire Water's business retail arm. We know Yorkshire is looking to exit this market, but what of the company's business customers? Will it merge with another large company, like Northumbrian and Anglian or United Utilities and Severn Trent did? Or will it perhaps go the way of Thames Water and Portsmouth Water, and be swallowed up by a ravenous independent supplier such as Castle Water?

If I were a gambler, my money would be on the latter.

1

Why did the market open?

2

Has it been a success?

3

What must we improve?

1 April 2017

1.2 million business customers

22 retailers

16 wholesalers

1,000+ brokers

£200 million

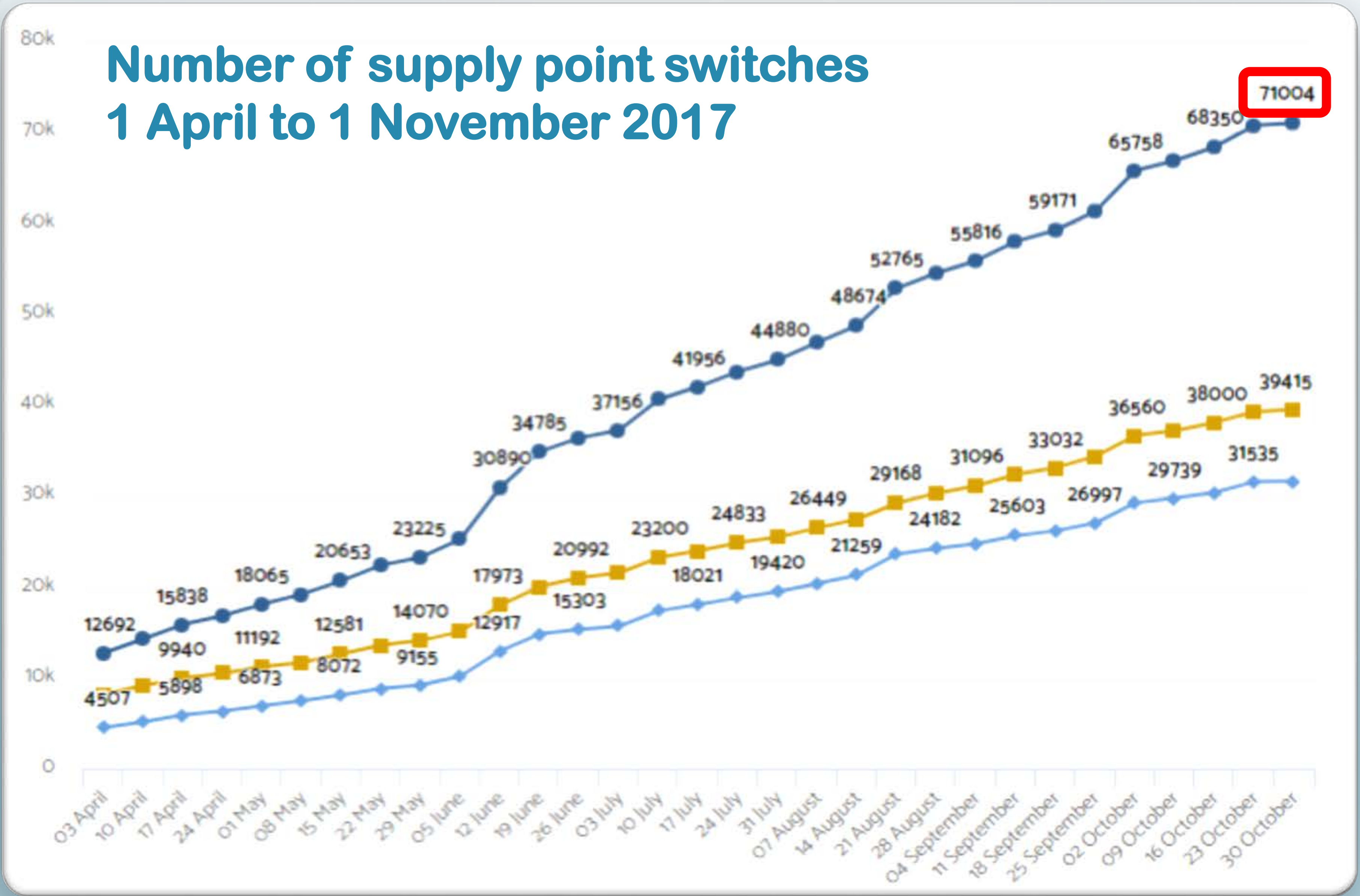
water.
Retail

Drive down prices

Improve water efficiency

Encourage innovation

Improve customer service


Number of supply point switches
1 April to 1 November 2017
80k
70k
60k
50k
40k
30k
20k
10k
0
71004
68350
65758
59171
55816
52765
48674
44880
41956
37156
34785
30890
23225
20653
18065
15838
12692
39415
38000
36560
33032
31096
29168
26449
24833
23200
20992
17973
14070
12581
11192
9940
4507
31535
29739
26997
25603
24182
21259
19420
18021
15303
12917
9155
8072
6873
5898
03 April
10 April
17 April
24 April
01 May
08 May
15 May
22 May
29 May
05 June
12 June
19 June
26 June
03 July
10 July
17 July
24 July
31 July
07 August
14 August
21 August
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04 September
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18 September
25 September
02 October
09 October
16 October
23 October
30 October

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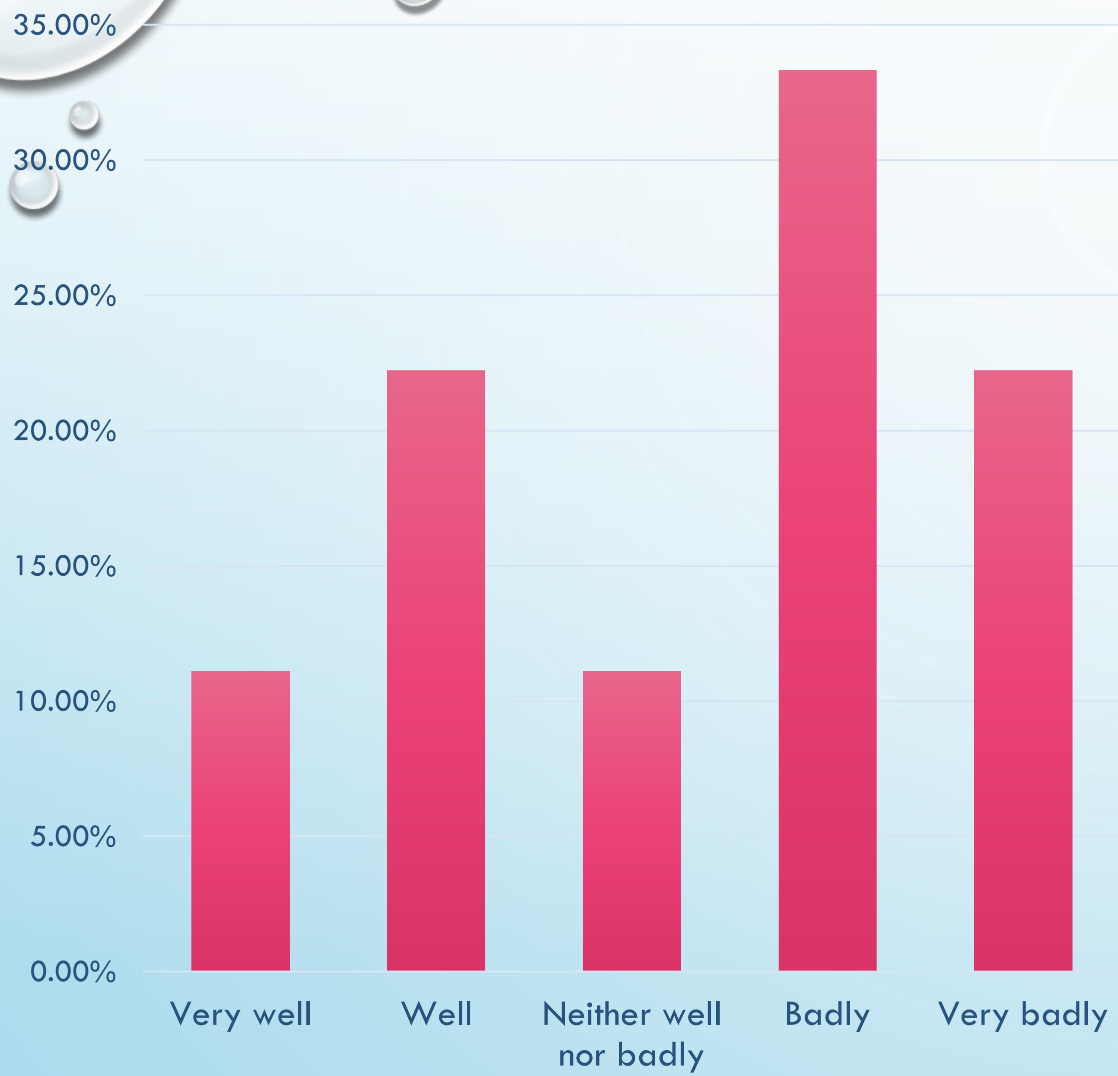
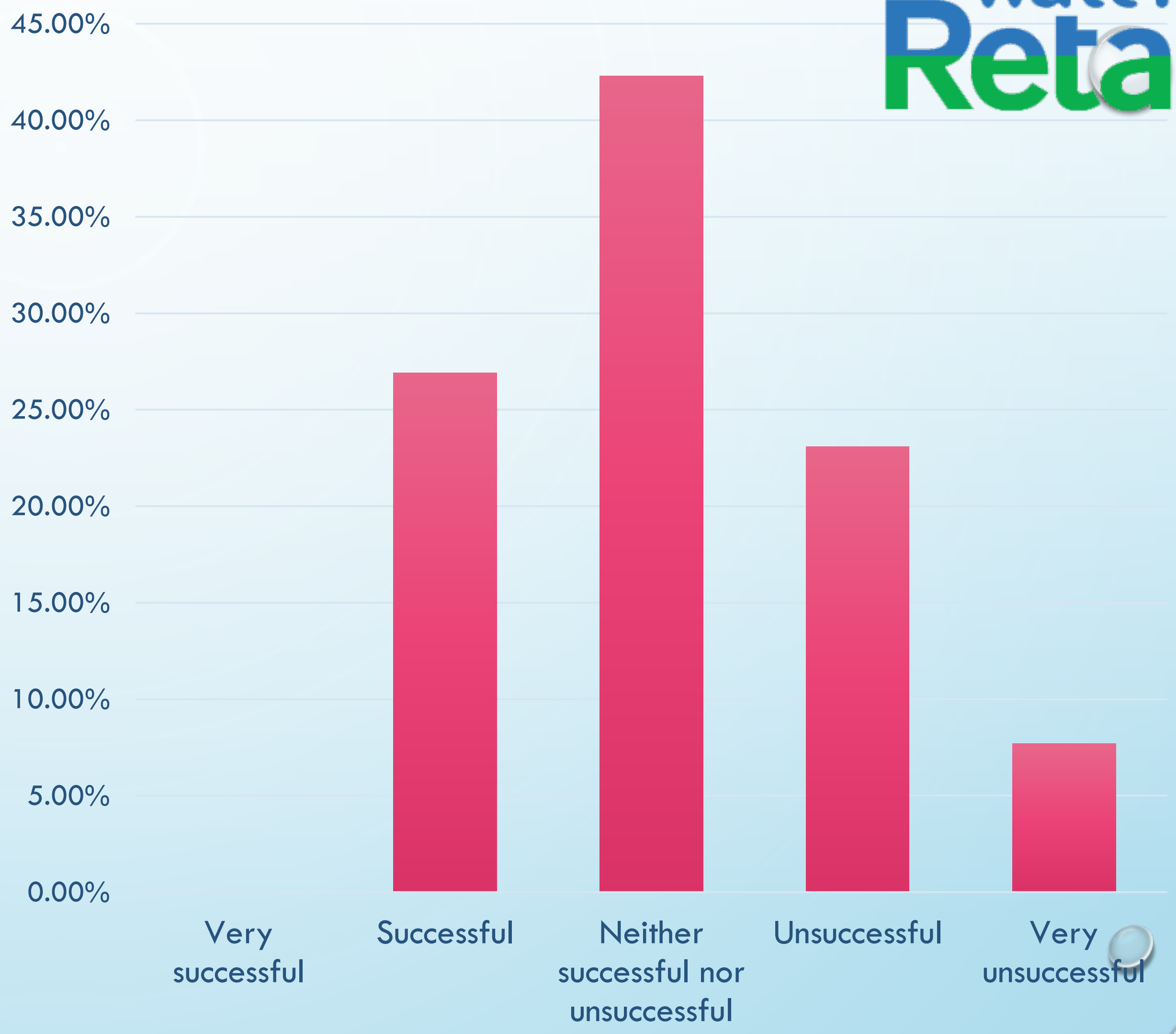
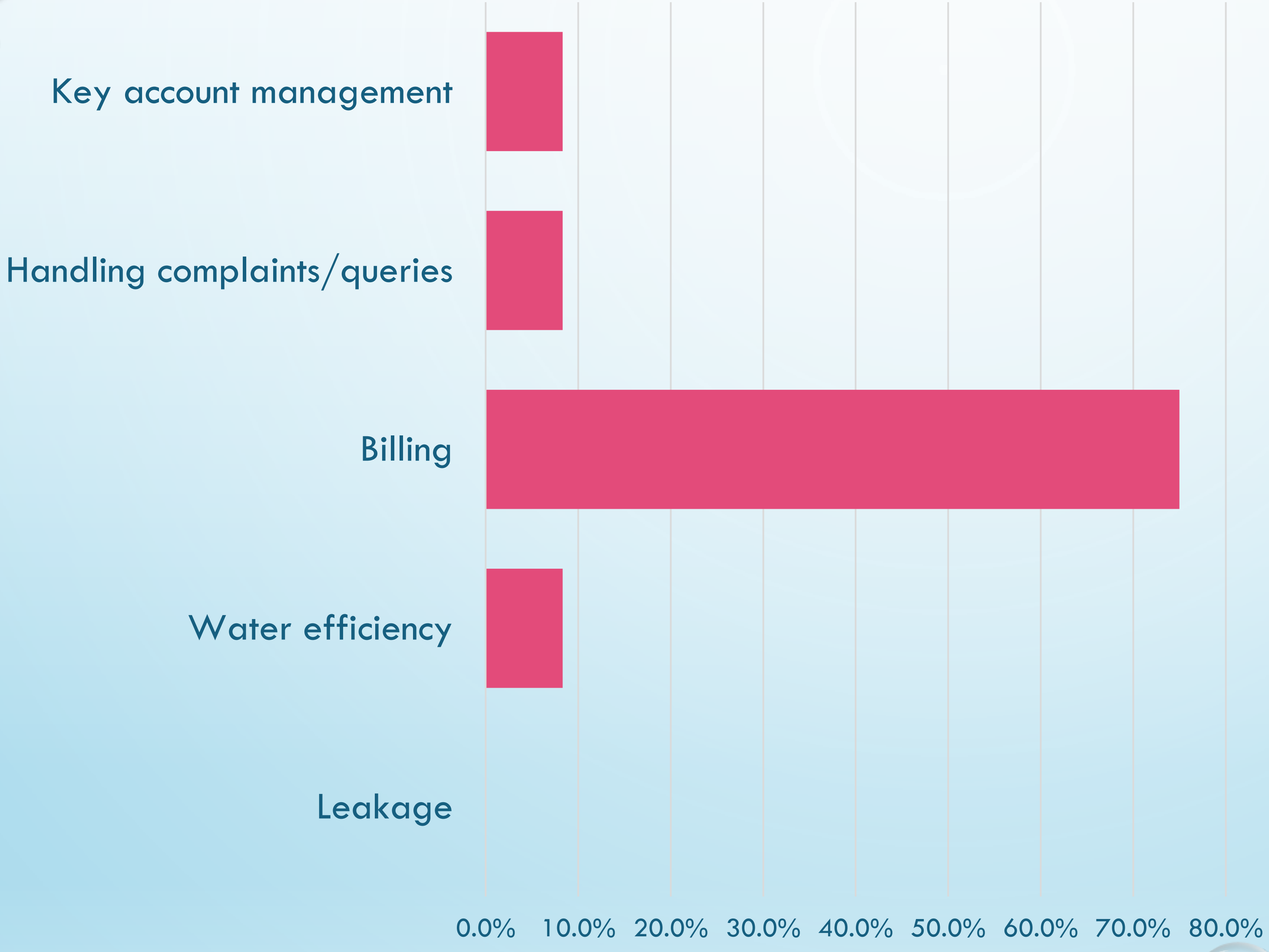


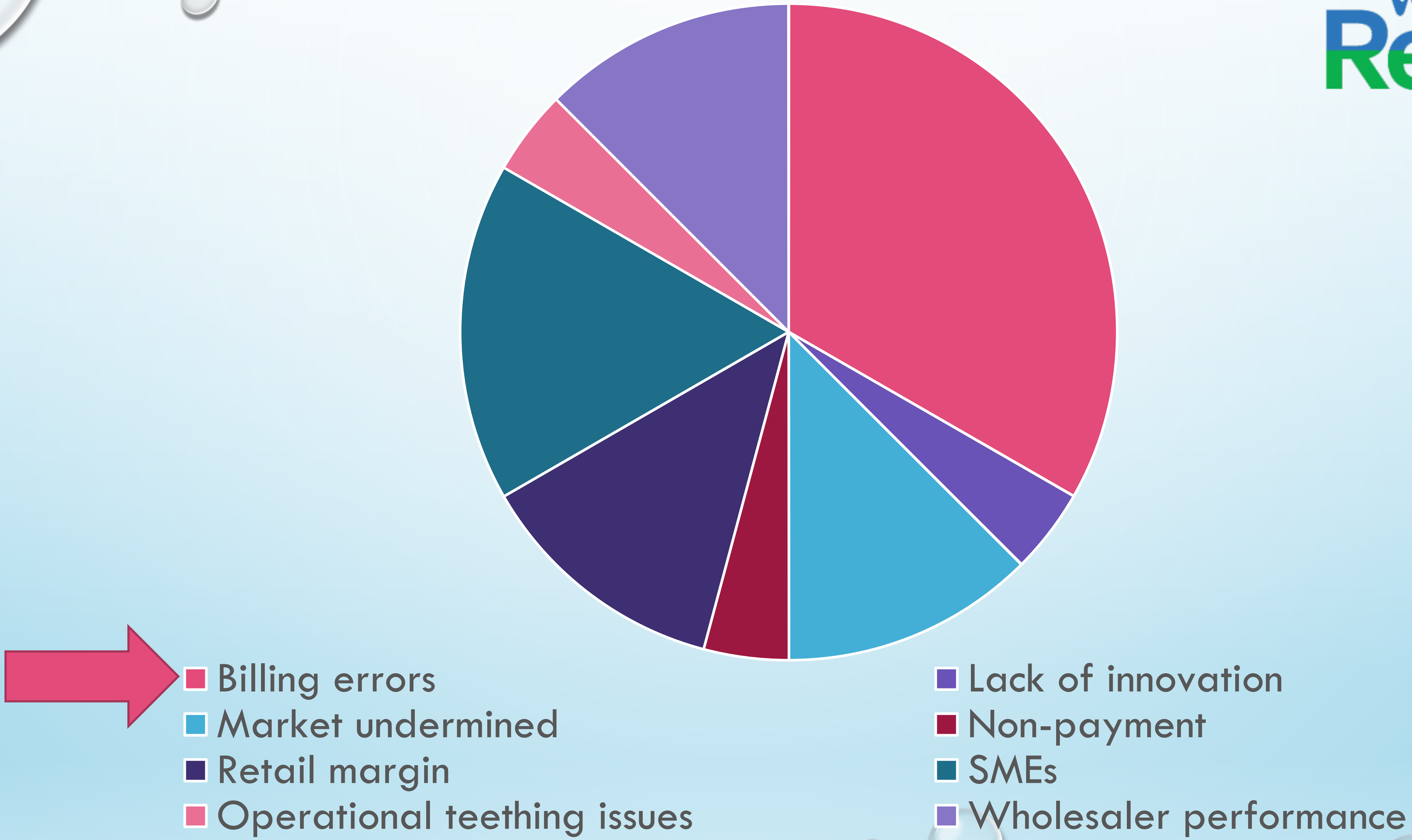


SUCCESS OR NOT: A MIXED REACTION



"Accurate bills and great customer service"

"Retailers' service to customers is worse than that previously offered by wholesalers"



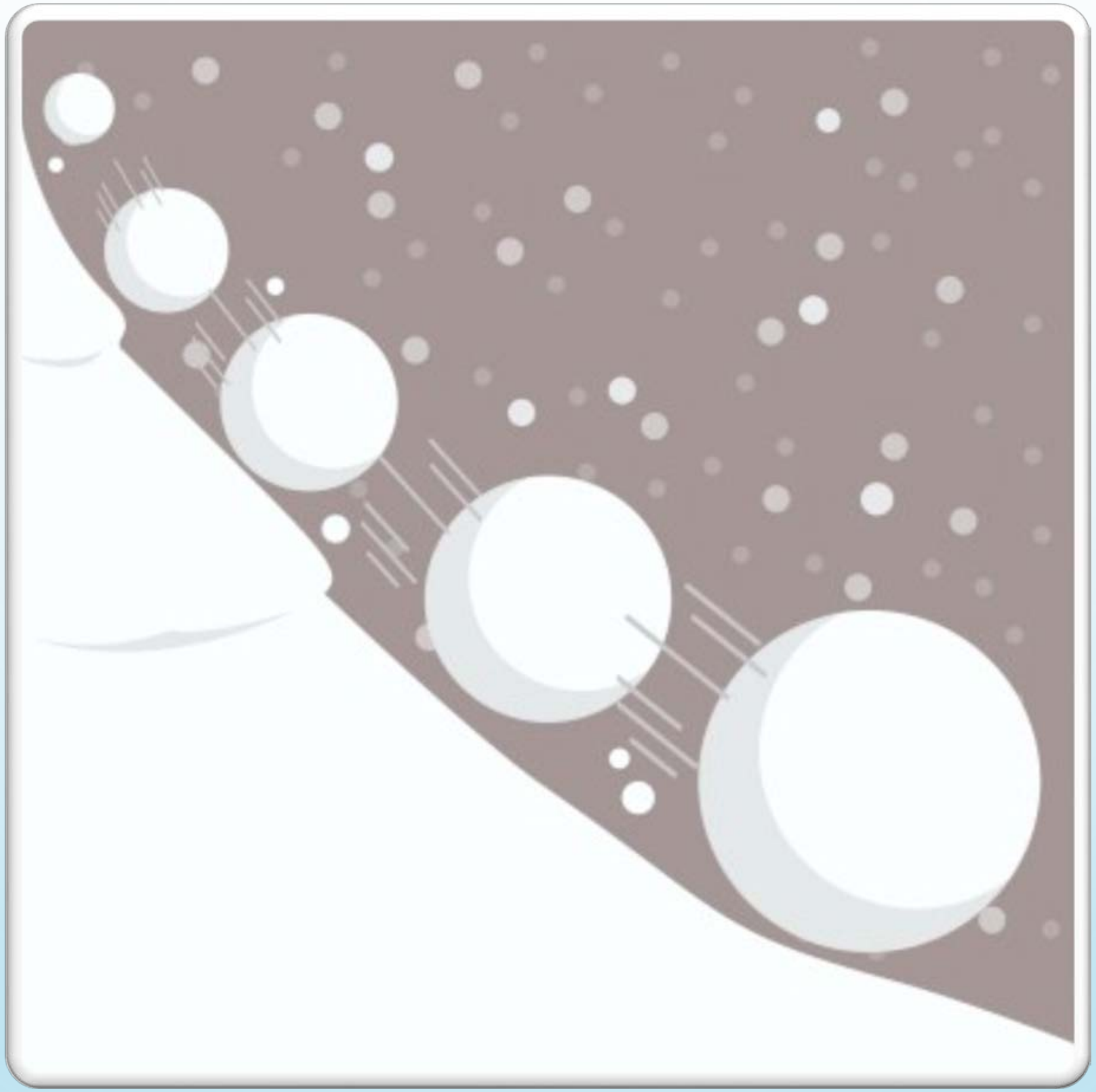
Billing errors
Market undermined
Retail margin
Operational teething issues
Lack of innovation
Non-payment
SMEs
Wholesaler performance

"It takes a long time to get gap sites and SPIDs correctly loaded due to lack of knowledge on the retailer side"

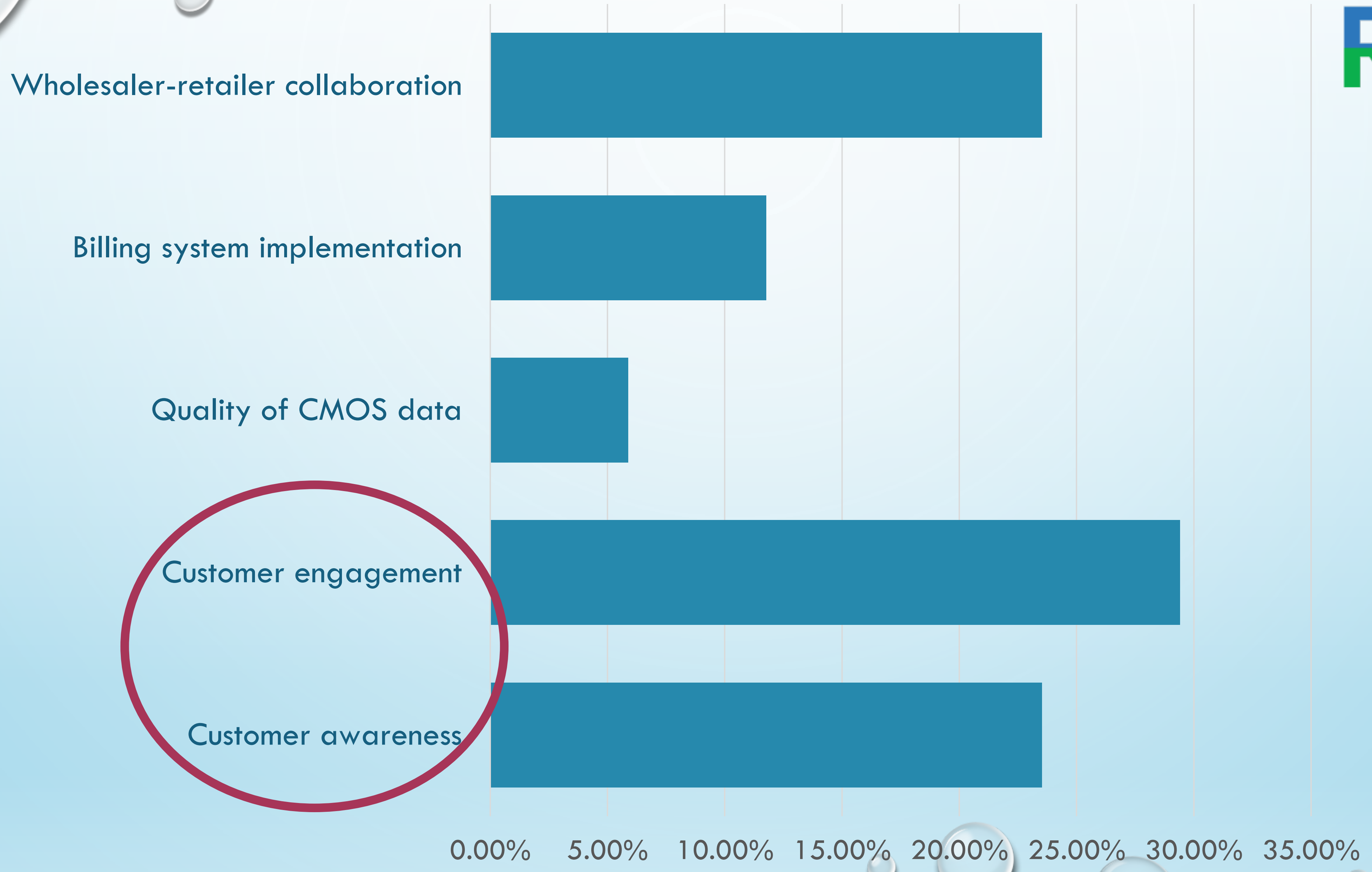
"Poor quality of data on CMOS – assuming that is the true reason why the retailers billing is so poor"

"Appalling billing and customer service standards of virtually all the retailers. Utterly woeful"

- The lack of standardisation in wholesale charges
- The retail margin
- Service to SME customers
- Lack of innovation
- Lack of focus on service
- Wholesalers being slow to adapt their mindset
- Lack of clear processes for retailers and wholesalers to interact
- Confidence in the market being undermined



SNOWBALL EFFECT


Wholesaler-retailer collaboration
Billing system implementation
Quality of CMOS data
Customer engagement
Customer awareness
0.00%
5.00%
10.00%
15.00%
20.00%
25.00%
30.00%
35.00%

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HOUSE OF FRASER
SINCE 1849

- 11 SITES
- SWITCHED TO: business stream A SCOTTISH WATER COMPANY

David Lloyd CLUBS

- 84 SITES
- SWITCHED TO: Water plus with you every drop of the way

"Our sustainability measures are extremely important to us as a business and as a key player in the retail sector we have a responsibility to try and identify creative solutions to manage these issues"

"The freedom to choose a single water company has created a range of benefits for our business, including cost and efficiency savings, as well as consolidated billing across most of the estate"

WATER EFFICIENCY

THE WATER RETAIL COMPANY

Interview: Lord Redesdale and Jacob Tompkins, The Water Retail Company

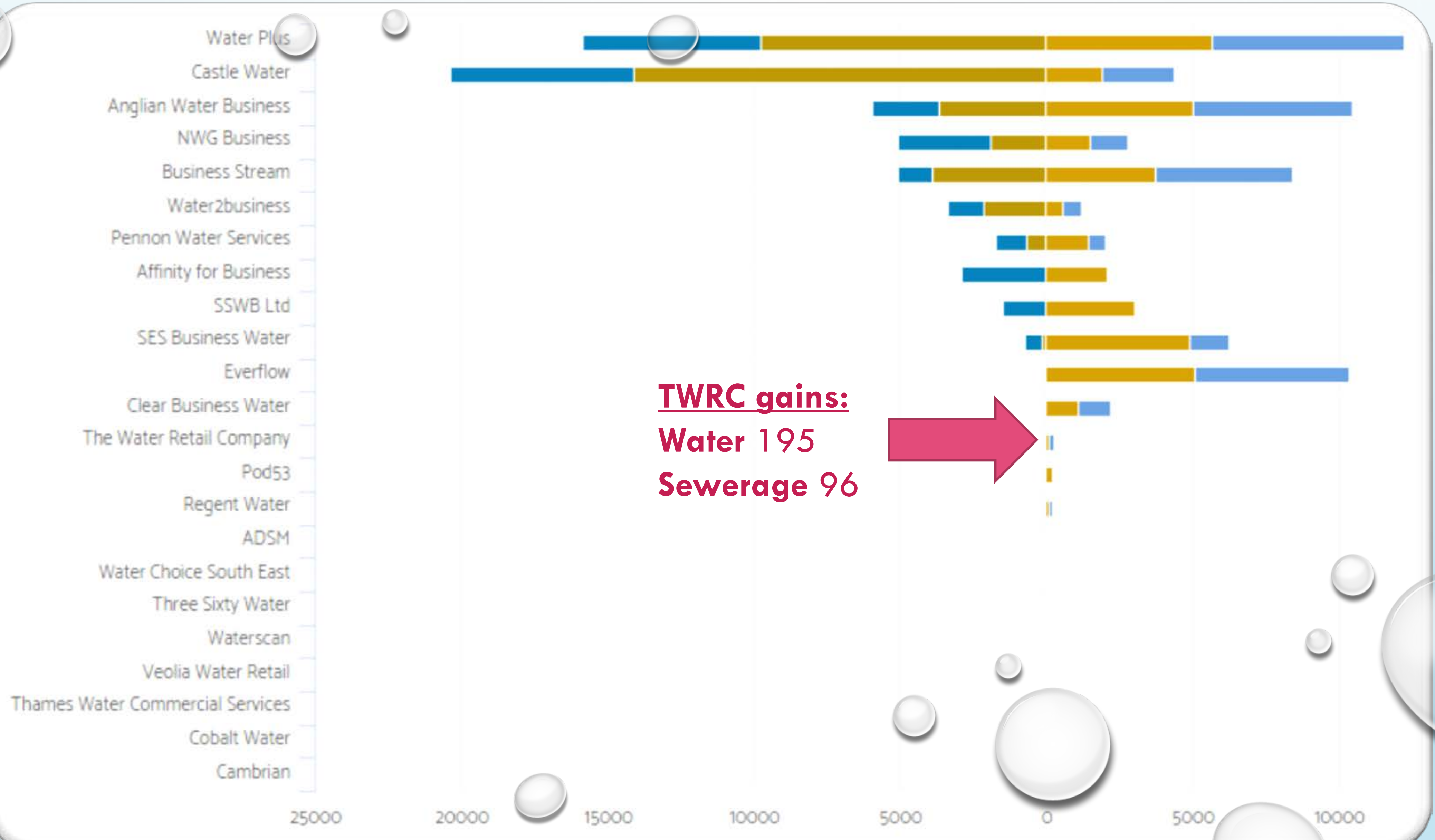
25/01/2017

Share: Share 0 Tweet G+ Like 0 Share 14

The Water Retail Company – no-one could argue that this is not a reasonable name for a water retail company. The founders of this new entrant to the retail market are both eminent and outspoken figures in the utilities industry – Jacob Tompkins, currently managing director of Waterwise, and Lord Rupert Redesdale, Liberal Democrat peer and chief executive of the Energy Managers Association.

"We don't want to be massive and make a load of money but sacrifice the service to customers and the water efficiency part"

"We are interested in pushing water efficiency across all businesses"


Water Plus
Castle Water
Anglian Water Business
NWG Business
Business Stream
Water2business
Pennon Water Services
Affinity for Business
SSWB Ltd
SES Business Water
Everflow
Clear Business Water
The Water Retail Company
Pod53
Regent Water
ADSM
Water Choice South East
Three Sixty Water
Waterscan
Veolia Water Retail
Thames Water Commercial Services
Cobalt Water
Cambrian
25000
20000
15000
10000
5000
0
5000
10000
TWRC gains:
Water 195
Sewerage 96

CONSOLIDATED BILLING

THE FUTURE OF WATER RETAIL

To conclude…

- TEETHING ISSUES – BILLING IS A PRIORITY
- SWITCHING ON THE RISE, BUT SLOWLY
- RAISE AWARENESS OF THE BENEFITS
- SET A BENCHMARK FOR FUTURE MARKET OPENINGS
- THE MARKET MUST BENEFIT CUSTOMERS

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