

Mitigating the impact of climate change drives large-scale changes in energy and utilities sector

Energy transition is driving new models in energy and utilities industry: for almost 70% of energy and utility organizations, mitigating the impact of climate change is driving this shift, but most still lack the capabilities needed to develop new models.

Paris, December 9, 2021 – Energy and utility organizations that have implemented new-energy models¹ are reporting multiple benefits, according to a new report from the Capgemini Research Institute titled, [‘Remodeling the future: How energy transition is driving new models in energy and utilities.’](#) New-energy models are transforming the entire energy and utilities sector, as mitigating the impact of climate change has become its *raison d’être*, with energy-related greenhouse gas (GHG) emissions contributing to over 73% of all emissions globally.

Climate change and investor demand are principal drivers of change. Almost 70% of energy and utility organizations (68%) say that mitigating the impact of climate change is driving their shift towards new ways of doing business, 63% cite investor demand as the impetus for change. While just 44% of executives are guided by profitability as the leading driver for a shift to new models, the potential benefits for the bottom line are clear.

According to the new report, organizations that are implementing clean energy models have achieved a 4.6% reduction in scope-3 emissions² and a further reduction of 13% is expected in the next three years, while some are also experiencing a 6% increase in revenue.

Good for business and planet

New-energy models are also leading to more upselling opportunities for organizations and the attraction of new customers. Global firms have already achieved an increase of 4% in upselling opportunities due to new-energy models, and over the next three years the figure is expected to increase to 9.2%.

Strategy and skills are critical challenges

The sector remains in a state of transition and while the critical need to transform is apparent, there are very few organizations currently implementing new-energy models. For instance, while 64% of organizations plan to implement energy-storage solutions in the future, just 19% are already doing so.

According to the report, most organizations have yet to create a new-energy business strategy. In fact, just 18% of those surveyed say they have a global strategy with well-defined goals and target timelines.

Additionally, the capabilities required for new-energy models like alternate energy sources and energy platforms differ vastly from the current capabilities of energy and utilities firms. The research shows that most organizations today (70%) say they lack the capabilities needed to develop new models. Organizations

¹ “New-energy models” refers to new products and services and new ways of operating existing business. Such models include energy services, energy platforms, energy-storage solutions, alternate fuels, mobility services, grid-management services, and clean energy.

² Scope-3 emissions: all indirect emissions that occur in the value chain of the reporting company, including both upstream and downstream emissions and not included in Scope 2 (indirect emissions from the generation of purchased energy).



are being held back in areas, including in-house technology expertise and focus on new technologies (68%), service-related skillsets (62%), and data expertise (56%).

Actions for accelerating implementation

In the coming years, implementation levels will require urgent acceleration if aspirations are to become a reality.

Peter King, Global Energy and Utilities Lead at Capgemini Invent, comments, *"Energy transition is the driving force of the decade. Firms must begin by crafting organization-wide strategies at scale to ensure the success of an energy transition program. There is also a blatant need for more pace and innovation. Just a third of organizations are operating an innovation function at scale to develop and test new models and industrialize results. It is time for players to adopt a fail-fast philosophy and forge new partnerships, both within and outside existing ecosystems."*

Beyond strategy and innovation, the report also points to an urgent need to invest in developing technology and data skillsets needed to transform business operations. As the energy and utilities sector continues to undergo a massive shift across its value chain, organizations already reaping the benefits of a head start are demonstrating a shift in internal mindsets. Successful implementation and scaling of new-energy models will require strong leadership support from across the C-suite.

Methodology

The Capgemini Research Institute surveyed 530 senior executives from energy and utilities organizations in August and September 2021. All of these organizations reported revenues of more than USD200 million for the previous financial year. Capgemini also conducted in-depth interviews with senior executives from energy and utilities sector to explore the relevant new-energy models, implementation challenges, and the outlook for the energy sector.

To download a copy of the report, [click here](#).

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