



The graphic features a central dark purple square containing the text 'WE MO' in white. The 'O' is a solid white circle. Surrounding this central square are various energy-related icons: a power line tower, a solar panel with a sun, a car with a charging cable, a wind turbine, and two batteries. The background is a collage of colorful geometric shapes (circles, squares, rectangles) in shades of blue, purple, and green, with some shapes containing patterns like dots or lines.

WE MO

World Energy
Markets Observatory

Transformation

Recasting the transformation agenda to enable growth and advance energy transition efforts in the “new normal”



As the energy sector grapples with the effects of the global pandemic, a transformation strategy based on the shift to (energy) services is no longer the most viable growth opportunity. Organizations operating in this so-called “new normal”—one marked by financial pressure, market volatility (which requires increased agility), digital transformation acceleration and the prioritization of energy transition—are required to revise their strategy and positioning to address these new challenges and shifting priorities.

This year’s World Energy Markets Observatory (WEMO), Capgemini’s annual thought leadership and research report that tracks the development and transformation of energy markets around the world, shows a landscape much changed as the most advanced organizations rally around the common priority of energy transition. In this year’s report, we highlight this shift in the transformation strategy through a series of examples, two of which we review here to demonstrate how organizations can transform at speed and at scale in a highly disrupted and volatile environment.

The sector’s top priority

Energy transition as enabled most prominently through:

- Renewables energy production and consumption decentralization
- Green mobility, including EV adoption and transformation of public transportation
- Green hydrogen,
- Microgrid initiatives
- O&G diversification through energy transition in Europe
- Green recovery packages

Ørsted: The shift to wind pays off

Ørsted, now a Danish multinational power company (formerly the state-owned Dansk Olie og Naturgas A/S (DONG), is one of the industry’s most prominent reinvention stories. Over the past ten years, the company has divested from its oil and gas roots to become one of the world’s largest offshore wind producers.

Our analysis indicates that Ørsted’s decision paid off financially. In the past 36 months, the company’s market cap more than doubled from less than \$20B in November 2017 to more than \$50B in July 2020. The company went from being a hyper local national oil company (NOC) to a renewable player with about the same market capitalization as an O&G major, such as BP.

Today we see signs of continued innovation and shifting priorities to enable the organization’s transformation:

- **January 2020:** Ørsted opened a United States Innovation Hub in Providence, Rhode Island as part of its commitment to building an offshore wind industry supply chain in the U.S.
- **March 2020:** Ørsted announced funding nearly \$13 billion worth of investments in projects in Taiwan in 2020 amid COVID-19.
- **August 2020:** Ørsted divested its Danish power distribution business (Radius), residential customer business and city light business to SEAS-NVE.

Engie: Shifting business priorities in the COVID era

Another recent example of shifting business priorities comes from Engie, a French multinational electric utility company. Over the course of 2020, the company has made a series of decisions that signal shifting priorities (networks and renewables) and a new growth strategy. Now under the responsibility of renewed management, the organization has taken several bold steps to reorganize and reprioritize in order to embrace sustainability and address many growth challenges.

- **H2 2019:** Engie creates Ocean Wind, a joint venture with leading renewable operator EDP (Energias de Portugal)
- **January 2020:** The company exits the U.K. domestic supply market after reaching a deal with Octopus Energy.



- **May 2020:** The company announces that it is considering selling businesses including industrial and nuclear plant maintenance specialist, Endel, in order to focus on its most profitable or promising segments.
- **August 2020:** Engie announces that it will review business opportunities with its Scottish construction and regeneration business. The company also announces the desire to sell its Energy Services unit, which includes Suez water and waste management.
- **Q4 2020:** The company is expected to sell its shares in Environmental Energy Services leader, Suez Environment.

Charting the course: Determining new areas of investment and demonstrating the ability to scale

As companies emerge from the COVID-19 pandemic, their growth strategy will be anchored in the idea of energy transition. In this year's WEMO we urge companies to think of the transformation journey in three main steps:

- 1. Strategy: Identify one or more key areas of investment, aligned with the company's renewed sustainable mandate**
 - Leverage innovation.
 - Identify ecosystems partners to realize the vision.
 - Invest in critical technologies to accelerate execution and facilitate operation, most notably data, platforms and artificial intelligence (AI).

2. Divest: Sell off stranded assets and eliminate non-core activities for the future

- Formulate a sound divestment strategy.
- Sell non-core assets to raise cash for green energy investments, technology upgrades and grid modernization.
- Embrace – again - operational excellence to boost profitability.

3. Scale: Execute at speed and scale in order to lead the competition

- Invest across the business and dedicate necessary resources, including people, to the cause.
- Form differentiating partnership agreements to secure assets and outpace competition.
- Demonstrate a scale-up capability.

To learn more about transforming in the wake of COVID-19, download a copy of the 2020 WEMO report or reach out to one of our authors today.

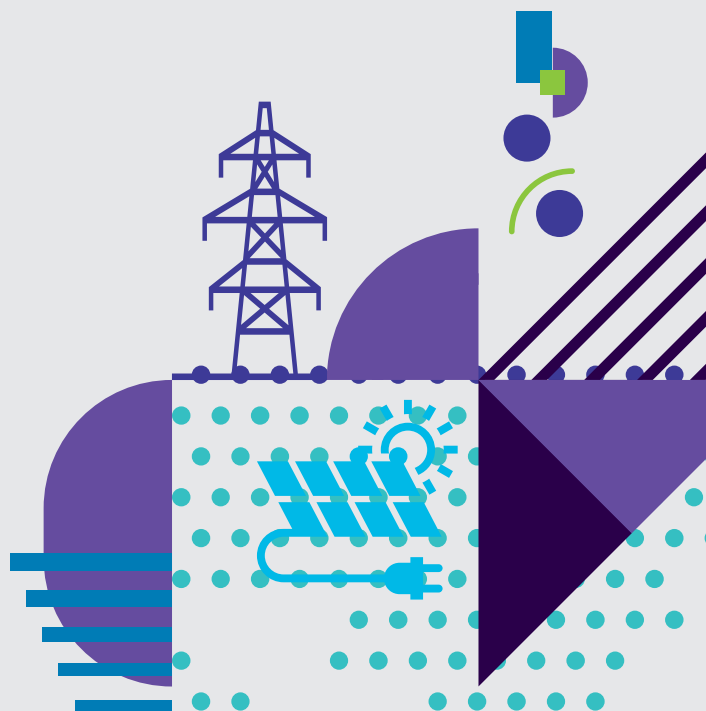
A perspective from our Capgemini expert:

Philippe Vié

Vice President and Sector Head for Energy, Utilities and Chemicals

To review the full findings from the 22nd Edition World Energy Markets Observatory, download a copy of the report today.

[Download Now](#)





About Capgemini

Capgemini is a global leader in consulting, digital transformation, technology, and engineering services. The Group is at the forefront of innovation to address the entire breadth of clients' opportunities in the evolving world of cloud, digital and platforms. Building on its strong 50-year heritage and deep industry-specific expertise, Capgemini enables organizations to realize their business ambitions through an array of services from strategy to operations. A responsible and multicultural company of 265,000 people in nearly 50 countries, Capgemini's purpose is to unleash human energy through technology for an inclusive and sustainable future. With Altran, the Group reported 2019 combined global revenues of €17 billion.

Learn more about us at

www.capgemini.com