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## **E-commerce in the electric service industry**

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### **Abstract**

For decades, North American utilities have been the number 2 users of information technology and telecom assets, second only to providers themselves (excluding the defense sector). However, for many years utilities lagged severely when it came to implementing e-commerce systems and applications. With the advent of the Internet boom, the investment community pushed the electric service sector to adopt e-commerce or be left behind as an outdated industry. This push combined with the need to adopt new ways of conducting business to thrive in deregulation was the catalyst for tremendous growth of utility e-commerce in the late 1990s and the early part of this century. We have seen progress in many sectors such as wholesale, retail and in internal operations such as supply chain management. Even though the Internet “bubble has burst,” utilities are benefiting from e-commerce cost savings and they are finding the benefits are real and very substantial. In many ways the digital economy revolutionized the business plans of many companies in the electric service sector.

In the past several years, we have seen many economic shifts in the North American electric service industry. Shifts from assets to information, from products to services, from centralized to decentralized, from regulated to deregulated and from off-line to on-line. More specifically, e-commerce and the Internet eliminate time and distance, allowing for rapid market entry and ubiquitous service offerings. In the retail sector, e-commerce puts the customer in charge, letting the customer buy where, when and how he or she wants. E-commerce also accelerates competition by offering the possibility of a low-cost marketing channel as well as providing better service at a lower cost.

E-commerce and the Internet allow the electric service industry to serve small users more cost-effectively, lowering transaction costs and customer service costs as well as allowing for easier system data exchanges. It can also provide a richer customer experience through value-added technology and data services. E-commerce also allows great flexibility to respond to change. The North American market is evolving and state and country regulatory rules are highly variable. E-commerce facilitates rapid development and customization of electricity products and services.