

# THE £3.2 BILLION SPILL: A DATA-DRIVEN FIX FOR THE WATER INDUSTRY



## ***£3.2 billion. That's the amount of money lost annually by the UK utilities sector.***

This is due to avoidable issues such as poor reconciliation; human error; lack of oversight, governance and control. At the root of all these issues - and at the heart of any modern utilities operation - is data.

Data allows companies to understand who their customers are, where they live, how much water they use, and what their personal circumstances are.

*But, in my time working with some of the biggest names across utilities, we've seen first-hand that suppliers should be doing more to use data to serve their customers and collect revenue they're owed.*

In water specifically, effort, time, and money, is spent on infrastructure to provide services to customers. Yet data, which is integral to delivering services to the right customers, is not treated as an equal priority. The £3.2 billion figure shows poor data is rapidly chipping away at profits, harming public opinion, and even threatening to sink some water companies. So, where exactly is the sector going wrong, and how can it patch up the leaks?

### **Contaminated at the source**

Data is often inaccurate from the beginning of its lifecycle during the capture phase. This is because most water providers focus on the completeness of information, rather than the accuracy.

When customers sign up, it may appear that all the fields are 'complete', but in many cases this data is never validated. This incorrect information has big knock-on impacts on key areas like billing, regulatory compliance and customer support.

Some real-world examples of 'completeness' include customers putting down fake names on purpose when moving into properties.

*We have seen databases made up of the likes of Mr Cee Lions, Ms Gee Raffé, and Mrs Ellie Phant, which make it hard for suppliers to hold a real person accountable when they issue a bill.*

Another client reported 100% of its data complete, but over 20% of its base recorded the same date of birth, again creating difficulty verifying people's identities.

In regions where water and wastewater services are managed across two separate companies, things become even more complex. Often, there will be disparate systems and processes in place for data management, and the two companies will be hesitant to share data with each other; despite overlapping customer bases.

We analysed data from two providers that should have had the same customer base. But, one reported having 299,000 customers while the other had 307,000 customers – an 8,000 discrepancy! Many customers were paying one company and not the other, which meant £4.5 million was being poured down the drain.

This could have been avoided if the customer data was proactively managed by both providers, information shared, and performance proactively monitored.

### **Reveal and seal the cracks**

Changing the way data is captured, managed, and analysed will improve services for customers and plug revenue leakage at its source. Typically, water and utilities companies make slower decisions about non-paying customers, eventually sending debt collectors after a long enough period. But costly debt collectors' fees can be avoided and better outcomes for customers achieved if data is used more intelligently.

### **Here are some questions data can help you answer:**

#### **Are we billing all of our customers?**

Suppliers must join up the data to identify properties that are consuming water but not paying for it. Many such properties will simply not be receiving bills. Suppliers need to check all contact information is accurate – not just 'complete' – whether that is assigning a name rather than 'To the

occupant', or catching an address that has been incorrectly logged. This will ensure that every household receives a bill. As information changes – names and addresses, it is important to keep on top of this!

#### Why are customers not paying their bills?

Suppliers must differentiate between customers facing genuine affordability issues, those intentionally avoiding payment or internal process issues. Integrating third-party data makes it possible to identify those in financial distress.

Suppliers can then offer targeted support through social tariffs or priority services. On the flip side, third-party data can also flag people who are still paying for other services – like TV subscriptions – indicating they should be able to afford to pay their water bill.

#### How do we avoid revenue falling down the cracks when people move out?

When somebody moves out of a property, they typically close their accounts with utilities suppliers. But, if they are moving into another property in the same supply region, the relationship should simply continue. Companies should link movers to their new property, transferring any outstanding debt across to prevent this revenue being lost.

#### Taking control, employing experts

The £3.2 billion loss proves that patching over leakage issues one customer complaint at a time simply isn't working. The water industry must overhaul the way it captures, manages, and analyses all customer data to treat the root cause of revenue leakage.

Investing in data is as important as investing in infrastructure – both are critical to delivering efficient services to customers. The industry must be responsible and be responsive with customer data, and employ the right expertise to gain insights that will drive customer satisfaction and stop further leakage.

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#### About Sagacity

Data makes the world go round. Every day, we generate it, use it, consume it, and demand it. At Sagacity, we are all about the intelligent use of data. We work with some of the country's leading brands to support them in making wise decisions powered by data. We help them transform their customer data into a structure they can use, enabling them to improve it, make sense of it, and drive value from it.

We have delivered consistent success and ROI for our clients through new customer acquisition, customer management, onboarding, and ongoing development, to ensure every consumer is treated like an individual.

Data can reveal the full picture and we join the dots.

Get in touch to find out how we can help your business address its current challenges.

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