



Transforming utilities ... a new technology market?

In recent months, we've seen governments across the world acting as agents for change, pushing through huge stimulus packages and significant regulatory changes that are transforming the global business environment. Because the aim of much legislation is to improve our environmental performance and infrastructure, it is the utility companies that are bearing the brunt of some of the most testing demands for change. It is fair to say that many are struggling to keep up.

One of the reasons for this is that, up until now, we have needed them to be strong, solid, and secure providers of essential services. As a result, they have evolved into structures that do not easily allow for innovation. Moreover, their businesses are of a scale that those of us working in product-based companies often fail to appreciate, and what looks to us like a debilitating aversion to risk is actually a natural response to the size and complexity of their operations.

But change is inevitable. Utilities are now beginning to look inwards and upwards, asking themselves how they can move forward, and reaching out for innovation and transformational new technologies. And this means that there will be a wealth of new opportunities for innovative companies to supply the sort of services, skills and partnerships that these evolving organisations will need, from materials science and technology consulting through to life cycle analysis and sensor chip design.

These opportunities will not be without risk though. Because of the very nature of the organisations and the solutions required, the partnerships will themselves have to be innovative, based to a certain extent on speculative investment. What we are already seeing is an emerging model where the utilities facilitate investment for innovation by creating the market that start-ups need to attract capital. Some are even managing their own venture capital portfolios. Both approaches ensure that the utilities themselves have a clear view of where and when they are likely to get access to the innovative technologies they need.

But this is not all that's happening. Because the potential benefits of change are so critical to the long-term health of the global economy, governments are funding large-scale projects to demonstrate why innovative companies should jump on board. One need only look at the websites of the US DoE or the UK's Energy Technologies Institute to see the list of opportunities available, from smart grid development to electric vehicles, and from carbon capture and sequestration to sensors and control for fuel and power systems, not to mention the mass of heavily-funded renewable energy projects.

Although many of these are large capital projects, it's clear that there's still a very important place for high technology. Indeed, many of the projects are quite radical, and depend upon the involvement of the technology sector, particularly technology start-ups. This is, after all, where real innovation happens, and where many of the solutions will be found. New relationships will need to be forged, new markets explored, and new businesses formed, but the benefits are very real for those who are prepared to engage.