

Diversification Within The Power Generation Industry

Learn how to manage new business models and successfully diversify within the power generation industry.



How Will Renewable Energy Change Business Models In The Power Generation Industry?

Renewable energies are no longer a plan for the future, they are a reality that make up a significant portion of our energy supply.

To compete, power generation companies are diversifying and investing in renewable energy. But this introduces fresh business management challenges alongside traditional methods

of power generation, driving companies to embrace new business models. Implementation of the right technology solutions will be crucial to the success of these diversification strategies.



Contents

The Power Generation Industry is Changing

A key driver of this change is the environmental impact of burning fossil fuels. Taxes and regulations to achieve global environmental goals are making the use of fossil fuels impractical. And consumer demand for green energy is causing suppliers to favour sustainable energy sources.

While environmental pressure mounts, global energy demand is increasing. In 2018, global energy demand grew by 2.3%, the fastest since 2010². And by 2040 the equivalent of a whole new China and India will be added to the planet's global energy demand, a 30% increase on today¹. To supply this demand, power generation companies are turning to renewable energy sources.

The power generation market is predicted to change significantly in the next 20 years. By 2040:

- The equivalent of a whole new China and India will be added to the planet's global energy demand, a 30% increase on today¹
- Renewables will meet 40% of the planet's energy demands¹
- 66% of the global energy market will be in renewables¹

¹Diversify or disappear: Five energy, utilities and resource industry predictions. The IFS Blog. February 2019. <https://blog.ifsworld.com/2019/02/2019-energy-utilities-resources-predictions/>

²Energy Perspectives 2019: Delaying climate action increases the challenge. Equinor. June 2019. <https://www.equinor.com/en/news/energy-perspectives-2019-delaying-climate-action-increases-the-challenge.html>

Take Advantage of The Changing Market And Diversify

Power generating companies are taking advantage of the changing market. Many are investing in renewable energy: wind farms, hydro stations, solar power and biomass. As a result, solar and wind's share of electricity generation is already growing, from 1 percent in 2007 to around 7 percent in 2018¹.

Energy storage projects offer an alternative route to diversification. Battery energy storage solutions provide flexibility to the grid and enable a more reliable energy supply from renewable sources. Some companies are entering into partnerships with car manufacturers to recycle electric vehicle batteries for power storage, enhancing their environmental credentials.

Others are working with communities to set-up microgrids. They are offering decentralized energy to rural areas or to self-sufficient energy projects, such as business parks and residential estates, allowing them to use their own renewable energy source to power their community.

A less established path to diversification is to enter the retail space. Shell have become an energy supplier through the acquisition of First Utility. Now Shell Energy supplies 100% renewable energy to UK homes, as well as offering broadband contracts, smart home technology and boiler servicing!

Routes to diversification:

- Renewable energy
- Battery energy storage
- Microgrids
- Retail

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Investing in renewables: The share of electricity generated from solar and wind is growing: from 1% in 2007 to around 7% by 2018¹.

¹Energy Perspectives 2019: Delaying climate action increases the challenge. Equinor. June 2019. <https://www.equinor.com/en/news/energy-perspectives-2019-delaying-climate-action-increases-the-challenge.html>

Diversifying Into A New Business Model

Diversification drives three significant changes to business structure:

Taking On Renewable Energy Challenges

Switching to renewable energy sources presents specific challenges to power generation companies.

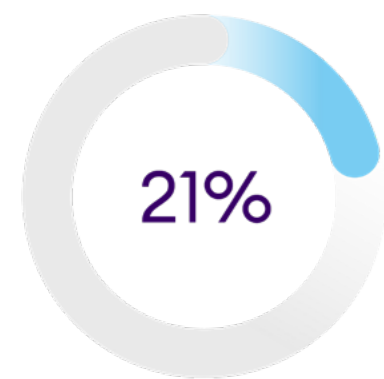
IFS Meets The Challenges of Renewable Energy Generation

IFS solutions support your diversification into renewable energy.

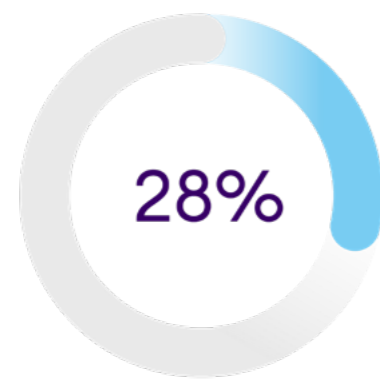
IFS Brings Value To Your Industry

An independent IDC report has shown that IFS brings value to customers in the power generation industry.

Customers realized value in terms of output

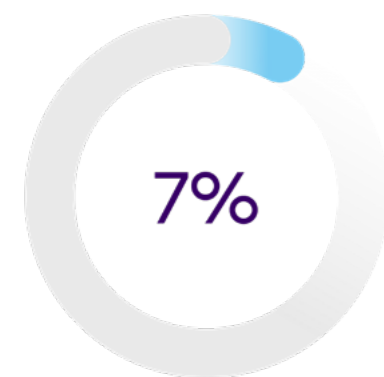


Faster budgetary cycles

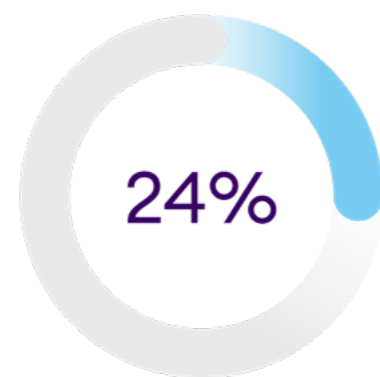


Increase in the number of work orders completed each day

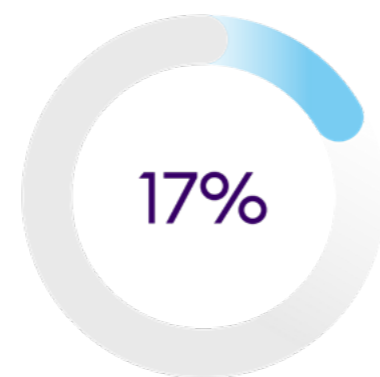
Customer gained productivity across core teams:



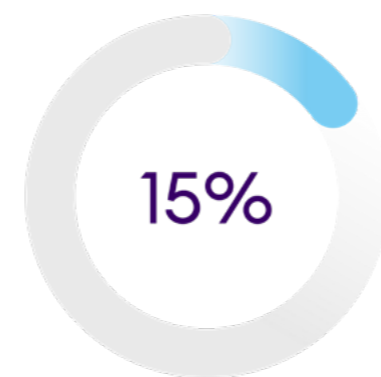
Increase in capital asset management team productivity



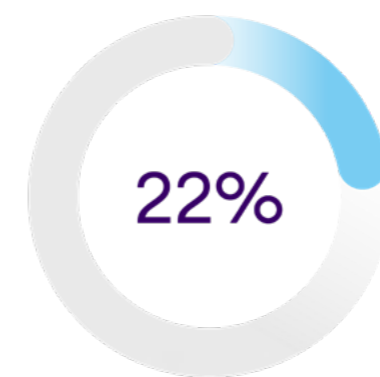
Improvement in finance team productivity



Increase in supply chain productivity



Improvement in regulatory compliance team productivity



Increase in engineering team productivity

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IFS helps us extend the life span of capital assets. It's around 10-15% longer because of higher maintenance quality and assessments.

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We have improved our utilization and our efficiency operationally from low 80s up to the mid 90s.



IFS For The Power Generation Industry

IFS software is built for your industry. So it's ready to support your new business challenges without the need for extensive customization.

Enterprise resource planning (ERP)

Agile and modular technology that helps you take advantage of the changing power generation industry. Add functionality as your business model changes: start with capital assets and then manage component repair, or add Field Service Management. You can also extend software into core areas of your business to manage finances, human capital management, reporting and analytics. **Find out more.**

Enterprise asset management (EAM)

A flexible solution that supports your complete asset management lifecycle. Get access to metrics such as the current state of assets, their condition and maintenance

history. Or extend your EAM system to support project execution, project financial control, HR, purchasing, risk management and document management. **Find out more.**

Service management

Named a leader in the Gartner 2019 Magic Quadrant for Field Service Management for the fourth time in a row, IFS offers world class scheduling and optimization solutions along with unrivalled breadth in service management capability. Equip your business to tackle even the most complex use cases and choose between cloud or on-premise deployment with our software dedicated to helping service-based organizations. **Find out more.**

About IFS

IFS develops and delivers enterprise software for companies around the world who manufacture and distribute goods, build and maintain assets, and manage service-focused operations.

Within our single platform, our industry specific products are innately connected to a single data model and use embedded digital innovation so that our customers can be their best when it really matters to their customers—at the Moment of Service.

The industry expertise of our people and of our growing ecosystem, together with a commitment to deliver value at every single step, has made IFS a recognized leader and the most recommended supplier in our sector.

Our team of 4,000 employees every day live our values of agility, trustworthiness and collaboration in how we support our 10,000+ customers. Learn more about how our enterprise software solutions can help your business today at ifs.com.

#MomentOfService

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