MOSL's Approach to Channel Management

Introduction to high-level principles v1.1

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Executive Summary

Since the water retail market opened in April 2017, the number, type and complexity of channels through which stakeholders can interact with MOSL has increased. This complexity is also reflected in interactions between trading parties, as the market has continued to evolve and grow.

With three years of market experience and in light of the increasing divergence of channel options, MOSL is developing a Channel Management Strategy to reduce the ambiguity and simplify the ways in which trading parties and stakeholders can access our services and market information.

This document outlines MOSL's approach to channel management and the general principles we will be delivering against prior to developing the full strategy. This work will be aligned to MOSL's 2020/21 Business Plan commitments, such as the technology roadmap and redefined suite of services.

To support an 'outside-in' approach to channel management, we will be seeking feedback from trading parties on this document before further engaging with all stakeholders in development of our Channel Management Strategy and timeline for implementation.

Introduction

MOSL Business Plan commitment

On 17 January 2020, MOSL published its Business Plan 2020/21 outlining our commitments for the year ahead. The commitments and activities fall into five themes; Service Excellence, Market Assurance, Market Improvement, Governance and Building capability. The overall theme of the plan is making it 'easier to do business' in the market, where we will:

- **Make it easier** to interact with MOSL, reducing the indirect cost to members of doing business with us
- Provide **greater openness and transparency** regarding the services we offer and our performance against them
- Work **proactively and collaboratively** with stakeholders to identify and address issues in the market and to make it an easier place to do business.

As part of the theme, Service Excellence, we have made a number of commitments to make it easier to engage with MOSL through 'clearly defined and measurable services, delivered through a simplified set of channels.'

Work in this area will continue throughout the course of 2020/21 and will rely on a number of dependencies with current initiatives and work undertaken to-date, for example, the ongoing development of MOSL's technology roadmap (outlined in the 2020/21 Business Plan under Building Capability).

Since the Business Plan was published at the end of January, we have been undertaking a range of preparatory work to better enable us to implement the refreshed services and simplified channels as we progress through 2020/21.

The refreshed service definitions will enable us to better understand and confirm the channels through which we make our services available, including understanding who of our stakeholders access these channels, how they access them and what the specific pain and gain points are.

Although strongly aligned, for the purposes of this document, we will be outlining MOSL's high-level approach to channel management, which does not yet incorporate the revised list of services. Work to refresh how we describe and communicate our suite of services and the Service Level Agreements (SLAs) associated with them – how we measure and report against them – is progressing and will inform the development of this high-level approach and future iterations of MOSL's channel strategy.

As a reminder, below are our business plan commitments for the remainder of 2019/20. By the end of March, we committed to:

- Review trading parties' feedback, through the Trading Party Survey issued in November 2019
- Develop and communicate the high-level approach to channel management at MOSL
- Align related projects and initiatives within the overall strategy
- Communicate and engage with trading parties to understand their views on the high-level approach and future strategy plan

We recognise the need to engage with our stakeholders more thoroughly through this process, adopting an "outside-in" approach to channel

management whilst taking account of trading parties' already stretched time and resource commitments. [1]

We will aim to engage with trading parties at various stages while developing the wider channel management strategy and implementation plan, to clearly understand their requirements.

This approach is based around the General Principles outlined in this document.

What is channel management at MOSL?

The non-household water market opened on 1 April 2017. With three years of market operation, both MOSL, as market operator, and the wider market have evolved. This has had an impact across all areas of market operation, from performance and improvement to governance and change delivery.

This evolution has driven greater complexity in engaging and transacting across the market (as we have seen through the bilateral transactions project with wholesaler-retailer interactions still being flagged as a key market friction[2]) and with interacting with MOSL directly.

We understand that at times we have contributed to this complexity, acknowledging the multiple routes, teams, individuals, processes and tools involved in accessing market, MOSL and trading party information; logging into various systems and raising queries. Understanding this complexity and the impact on trading parties, has driven the need for MOSL to re-assess the number, type and reach of possible channels through which a stakeholder can interact with us and how we can make this process simpler.

With three years of market operation, we have seen an increase in possible 'customer' touchpoints presenting more and different opportunities for trading parties and stakeholders to interact with MOSL (the majority of these being MOSL-managed).

Channel management is often considered in the context of sales and marketing, however, as a market operator (a 'service provider') it is imperative to ensure we adopt an approach to channel management that enables trading parties and stakeholders to engage with us in a way that is easy and cost-efficient. This is a key commitment of our 2020/21 Business Plan – to understand what the indirect costs are of operating in the market (both through MOSL and the wider market) and how we can look to quantify and, subsequently, reduce the cost to serve.

For MOSL, channel management is defining and communicating our services, the channel(s) through which they are accessed and how we can make this easier. Understanding our stakeholders' requirements for the

[1] Since drafting this document we recognise the severe impact of the COVID-19 pandemic on MOSL and trading party time and resources. As such, the timelines and delivery dates may be postponed in sensitivity of the need to focus on critical services in the water retail market during April – June 2020.
[2] Highlighted in Ofwat *State of the Market Report* 2018-29, published July 2019

different ways they interact with us is crucial. Trading parties often use multiple channel 'touchpoints' to complete a single request, which is dependent on the 'persona' (i.e. wants and needs), size and setup of the individual trading party.

MOSL will ensure that our approach is 'customer' focused, with a simplified set of channels capable of delivering a valued experience (i.e. information is accessed/request is dealt with/query is handled).

Our approach to channel management will follow five steps, where appropriate. These are; to introduce, optimise, migrate, rationalise and integrate our channels with the aim of capitalising on the channel opportunities available, delivering the required 'customer' (i.e. trading party) experience and ultimately reducing the cost to serve.

MOSL's Channel Management General Principles are outlined later in this document.

Understanding our stakeholders

Defining our stakeholders

Prior to developing the plan and implementing our channel management strategy through 2020/21, it is imperative that we understand MOSL's services, channels and how these are being used by stakeholders. For the purposes of channel management, we recognise, we cannot adopt a 'one size fits all approach' and that understanding the customer journey will be critical to ensuring that any strategy is successfully embedded and meets the requirements of our various members/stakeholders.

This acknowledges that we operate a market, with a diverse membership – each member with its own set of requirements on the service(s) we provide. It also recognises the role we currently play and will continue to play in the future development of the water retail market and meeting wider sector goals. This takes into consideration industry bodies, various governance groups and potential third parties as potential 'customers' of MOSL.

We will continue to engage with all of our stakeholders in coming months to better understand our respective roles and how this will feed into our channel management approach. This will inform our stakeholder engagement work which we will be looking to develop in parallel through 2020/21.

'Customer' personas

For the purpose of channel management, we will talk about our stakeholders in terms of a 'customer'. Through developing customer personas and profiles, we will be able to better understand how our channels

are being used and how we can optimise, migrate, rationalise and integrate our existing channels based on the five-step principle.

The starting point for understanding this will be to design all possible 'customer' interactions with MOSL as a set of journeys that are triggered by a need or want. Selecting a "service" from MOSL will inevitably be more than a simple transaction; the customer journey encompasses every 'pain' and 'gain' of that journey and the customer's perception when interacting with us. For example, we know through feedback from trading parties, that it can be "very complicated logging in to all of the different systems and the requirement to complete complicated proformas to gain access to the market system" and that the process needs to be "streamlined".

We are aware, however, through our current multi-channel offering, that these customer journeys can be complex, with trading parties using several channels throughout the journey's course (this is either as a result of frustration using one channel i.e. waiting for a response or not finding the information they require, or as a result of a complex process i.e. the need to use one channel for one task/request and a different channel for another task/request.) Currently, this friction or confusion on which channel to use is having a negative impact on the customer experience, as the transition between channels is not seamless or fully understood.

As part of our channel management strategy we will seek to consolidate our channels, where appropriate, to reduce the number of touch points customers need to take to access our service(s) and/or raise requests. This is outlined in the General Principles and will consider that different "users" will require access to different information and examine the existing levels of access and categorisation on information.

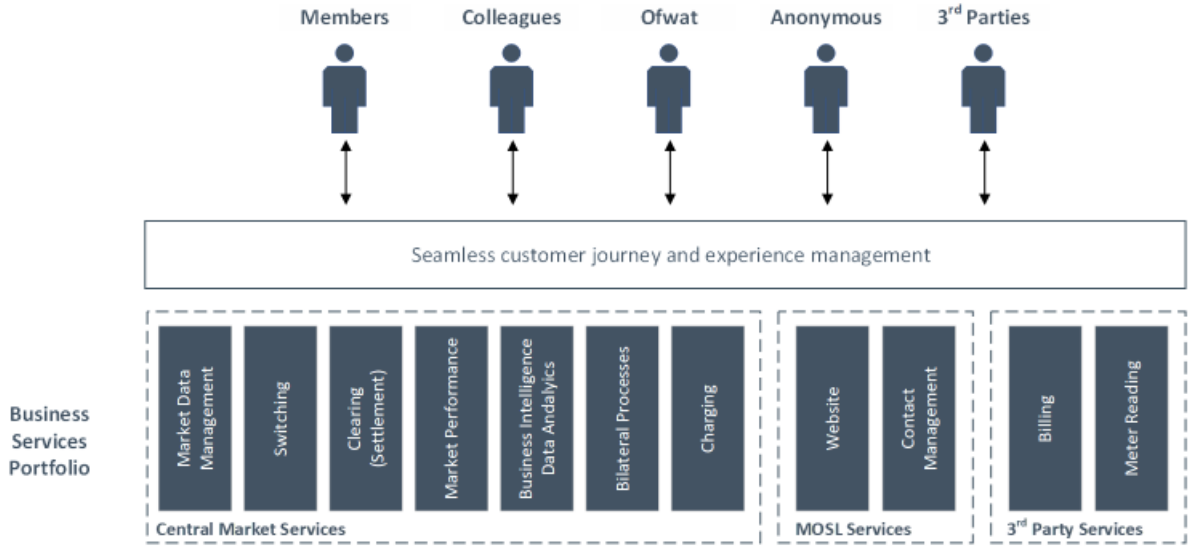

Figure 1: 'Streamlining' services by customer persona

Engaging with our stakeholders

To-date we have engaged with trading parties at a high-level through the Trading Party Survey issued to Contract Managers in November 2019. Feedback from this survey has informed early work on our service definitions as well as ongoing work on the development of a possible CRM and channel management strategy.

Overall 33 trading parties responded to the Trading Party Survey.

Key messages/areas of concerns raised include:

- Concerns with Kissflow (clunky, not sure how it works)
- Jaspersoft 'not fit for purpose'
- No dedicated points of contact for raising issues / queries – often do not get timely responses and end up raising through multiple channels
- No clear escalation routes
- Accessibility and navigability of the website needs to be improved

Feedback on key channels has identified:

- 100% of respondents use the website and mailing lists
- 94% direct queries to individual mailboxes
- Only 50% use Jaspersoft and Kissflow

The Overall Analysis Report for the full set of services, can be viewed on the MOSL website.

Understanding our channels

At MOSL, we use a range of systems, tools, platforms and channels through which stakeholders can interact and access information from MOSL. These channels are used for different purposes depending on a trading party request, query or the service they are looking to access.

MOSL is undertaking a review of its current channels to understand how they are being used. Our awareness of how, and to what volume these channels are being, to date, has been largely anecdotal. At the end of October last year, we undertook an exercise to analyse and better understand our current workflow

requirements. This work focused specifically on requests relating to Disputes, Unplanned Settlement and Query Management.

Currently, as trading parties will be aware, there is no central source to store and maintain trading party information and the current workflow management system has minimal functionality for tracking and measuring MOSL's performance against any formal Service Level Agreements (SLAs). The purpose of this exercise was to define the requirements for a system solution that can replace the current insufficient solution for workflow management, and, non-existing system support for CRM and trouble ticketing.

Using information gathered to-date and through ongoing engagement with trading parties and key stakeholders, we will look to examine:

1. Channel Introduction: Which channels should be present?

2. Channel Optimisation: How are these channels performing?

3. Channel Migration: Which 'customer' persona is using which channel and for what?

4. Channel Rationalisation: Which channels do we not need to meet our business goals i.e. which do not deliver a required service to our stakeholders or add unnecessary complexity?

5. Channel Integration: How should and could the channels be integrated?

For this approach we will be using the diagram below (Figure 3) to map the customer journeys, customer requirements, MOSL's internal requirements and any 'pain' and 'gain' points. The aim of this will be to:

- Provide Continuity – Including a seamless set of simplified channels/channel transitions to make the user journey more efficient for both trading parties and MOSL employees
- Provide Clarify – Aligning key activities within each channel and promoting the use of the most efficient channels
- Provide consistency – To manage trading party expectations across a clear set of channels with defined SLAs.

Figure 2 below shows an 'as is' view of our current channels and applications (both front and backend).

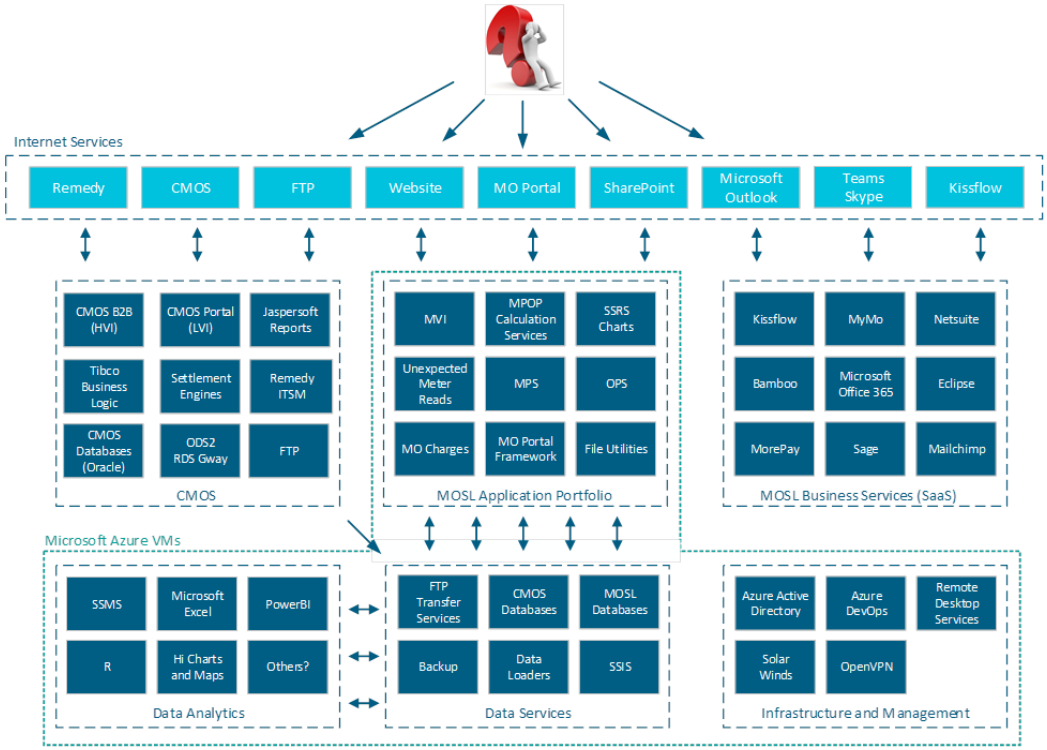

Figure 2: 'As is' view of current channels and applications

Different types of communications and services actions

As outlined above, we recognise that some channels will have various touch points and be used for different requests/requirements. We also recognise that there is complexity with the channels themselves.

For example, a key route into MOSL is through email inboxes. We have identified 21 generic mailboxes being used across MOSL. This is independent of team member mailboxes and individual directorate inboxes. As the Trading Party Survey showed, 94 per cent of trading parties who completed the survey use emails to mailboxes as a way of raising queries.

We recognise this adds complexity and a potential barrier to entry/effective competition, if trading parties are unable to identify the correct route into MOSL. Using this number of mailboxes also dilutes MOSL's ability to monitor and track queries coming into MOSL and limits our ability to measure and report against our own performance.

Our approach moving forward, will be to limit any additional channels being used and always work towards simplification and integration.

General Principles

Along with following the five-step principle to introduce, optimise, migrate, rationalise and integrate our channels, MOSL's high-level approach to channel management will also follow a set of General Principles, which align to our central business plan commitment of being 'easier to do business' with.

These General Principles are:

- We deliver digital first, with a flexible and dynamic approach to making information available
- We will maximise our own internal efficiencies to deliver a reduced cost-to-serve for trading parties
- We will apply channel strategy design principles to both inbound and outbound channels, service requests and actions to ensure harmonisation, while acknowledging they may need to be managed differently
- We will seek to automate and enable 'self-serve' where it delivers benefit, to reduce manual time and effort for trading parties
- We will ensure channel optimisation and integration and proactively co-ordinate across all channels, only adopting a multi-channel approach where it adds value, not complication
- We will enable 'single sign on' where possible to provide a seamless experience for trading parties through a centralised or reduced set of channels
- We will personalise the trading party experience where it delivers value, understanding that 'one size fits all' is not appropriate for the market in which we operate
- We will deliver a 'market centric' approach through a clear and simplified set of channels, which meet the needs of our trading parties and stakeholders
- Our channels will proactively support the access and delivery of our core services through intuitive 'account management'
- Our performance across all channels will adhere to an agreed and communicated set of KPIs which can be measured and reported against

Summary

The high-level approach and general principles outlined in this document will inform MOSL's channel management strategy work throughout 2020/21. We will look to engage with our stakeholders and trading parties in coming months to gain feedback on the approach and hold stakeholder workshops to understand the current customer journeys.[3]

In parallel, we will be redefining and communicating our redefined set of services. These will also inform the further development of our approach and iterations of this document.

[3] In light of COVID-19 we will look to host these workshops from June 2020 onwards.