

Going live with Hive

08 October 2014 - Nina Bhatia, Commercial Director of British Gas, spoke at Energy Customer Conference

British Gas is leading the way in smart heating controls with Hive Active Heating. From the free installation service without obligation to switch supplier, to the app which allows easy adjustment of the wireless thermostat, Hive showcases the way in which energy retailers can interact with customers in a proactive and innovative way. One year after its launch, Nina Bhatia explores the opportunities presented by new smart technology, and the lessons learnt from the company's foray into the "internet of things" at the Marketforce Energy Customer Conference.

Good afternoon, I'm Nina Bhatia, Commercial Director of British Gas. It's great to be here.

It's interesting to look back at this conference just 12 months ago and at how much the industry, and customer expectations and behaviours, have changed.

A year ago this conference looked at how to improve the customer experience through trust, tariffs and engagement. This year the topic is flipped on its head, putting the customer first through branding, innovation, and smart technology.

A year ago the programme mentioned the term 'innovation' only once, and then in terms of innovative tariffs. This year we've got an entire session dedicated to the topic – this one.

A year ago, a session on future business models looked at how the Green Deal and ECO were changing customer interactions. This year I'm going to suggest that future business models for the energy sector involve terms like 'if this then that', and simple and cheap ways to remotely control your coffee machine. More on that later.

One year on:

First, the topic of my speech today is 'going live with Hive'. In fact, Hive has now been live for 12 months, with celebrations underway in our Connected Homes division this month to reflect on just how far we've come. There is no question in my mind that Hive Active Heating, and products like it, have revolutionised how people are controlling their energy use and bills, and in turn revolutionised the way we energy suppliers interact with our customers.

Hive Active Heating is a service that lets you control your heating and hot water remotely via mobile phone. It's a real and useful example of the internet of things, where devices are connected to you and to each other by the internet.

A few highlights since we 'went live with Hive':

As well as celebrating our first birthday, we're about to celebrate our 100,000th customer. This means almost 100,000 homes are already enjoying greater control, comfort, convenience and – if they want to – cost savings, by remotely controlling their heating and hot water with our product.

Customers are in control. Today, 10 per cent of people with central heating don't have a timer and almost a quarter of people that have a timer don't use it. In contrast, over half of our Hive Active Heating customers use the product at least once a day, and they're not only using it when they're on their way home to heat a cold house. More than half of our customers use Hive within their own home as an easier way to control the temperature. I admit to being among the one-in-ten customers using it from my bed on a cold morning! And although most of our customers say they bought Hive for its convenience – not cost control – our most recent research indicates 70 per cent think they've made savings since having Hive installed.

Hive Active Heating, which is available to anyone, not just British Gas customers, is now stocked by major retailers Apple, Amazon, John Lewis, Maplin and Dixons/PC World. It's a vote of confidence for the product category – the connected home – and a vote of confidence for our team of in-house developers and product managers who've created a product people love, and for our team of amazing engineers who are out there installing it across the country.

And people do love it:

Customer feedback has been overwhelmingly positive, and the love for Hive is helping people have more trust and confidence in British Gas too. A staggering 92 per cent of Hive customers are recommending the product to friends and family, and they're not shy at sharing their experiences through social media either.

The press love it too:

Importantly, Hive is repeatedly recognised by respected technology journalists who are reviewing it as a practical, simple solution to managing your heating.

It's award-winning:

And reflecting how customers are embracing the product, we are over the moon to receive industry recognition and to be winning awards.

In the last month alone we have won the 'Best New Product – making the most of new technology' and the 'Best Technology and Telecoms' awards at the UK customer experience awards.

We've even been recognised for the way we package the product for retail stores, winning the 'Gold Star packaging award' with judges saying 'we had sexed up the thermostat'!

We have fought off competition from some renowned and significant brands like Barclays ping it and Tesco's finest range.

This is a huge accolade for not only the way we present our product in store but for the design and usability of Hive.

And the awards season continues, with Hive shortlisted for awards including Loved by Parents, T3 tech life and the Appster awards. The list goes on...

We've also learnt a fair bit along the way, as we took on big-hitting technology companies like Google to bring this product to the high street and secure the spot as market leader. We have a winning combination of a beautiful product that is now retailing in Apple and John Lewis, developed by our own in house developers and installed by our highly trusted engineers.

Let me briefly share some of the lessons that have stuck with me.

First, it is vital to always put the needs of the customer first. Hive Active Heating is not a shiny gadget for the technology elite. The home is the place you raise your family, not some IT challenge to crack. We want to help create a home that takes care of you, not the other way around. Hive is a product that solves a real need in British homes. We talk to customers on a weekly basis to make sure our direction of travel is the same as theirs, and to make sure product enhancements and our future products will make their lives a little simpler. It's for this reason leading retailers were so keen to have our product on their shelves.

Secondly, no one knows British homes like British Gas. We have an incredible team of 10,000 engineers visiting 50,000 homes every day, and they're the ones we've entrusted to install Hive Active Heating. The UK wiring system is notoriously complex, and so our highly qualified engineers have been absolutely central to its success.

And finally, how we went about bringing this new product, and new product category, to the UK. We created a dedicated business unit to bring Hive to the market. Physically – but not emotionally – separate from British Gas, we had the space to work in a nimble way and to attract the sort of talent vital to invent, launch, and support this type of product. So we were able to pull on the 200 years of expertise British Gas has, while having the freedom to act like a small technology firm.

Beyond Hive, we've also learned a lot about how to provide an entire package of products and services to our customers so they are empowered to take control over their energy use.

We've now got over a million smart meters in homes which are giving our customers accurate bills and, with the smart energy monitor, insight they've never had into what appliances are guzzling energy and how to make smarter energy choices. One of our customers, Lynne Kovacs who's taking part in our national smart meter challenge, recently told us her smart energy monitor is like her new best friend, it's that invaluable to her. In the near future, people like Lynne will be able to get this sort of data on her mobile phone if she wants to, replacing that 'physical' best friend in her kitchen with a 'virtual' one in her pocket at all times.

And the same team behind Hive Active Heating are turning smart meter data into actionable insights for our customers through Smart Energy Reports. Customers can drill down by day, week and even appliance type, and compare their use to that of similar homes. We're seeing a transformed level of engagement, with people spending on average five minutes exploring their report each time. Over 70 per cent of customers say they find it very helpful and over 20 per cent return every month. Mostly, they're looking at energy use over time, comparing their use to that of similar homes, and playing around with the details about appliances to explore the difference that makes to energy use and their bills. This tool gives a level of insight never seen before.

So how do we see the year ahead?

The connected home is a new concept in the UK but it's gathering pace. The cost of hardware is coming down, and combined with the right software, we'll soon be programming our homes to act in a way that enables technology to take care of us.

I mentioned 'if this then that' earlier. This is a clever recipe that links things to trigger action – for instance IF I'm on my second to last train stop THEN send a text to my husband to let him know I'm nearly home. Or IF I leave home, THEN turn the hallway light off. Or even IF my alarm goes off in the morning, THEN turn my coffee machine on. This is the connected home of the very near future.

Our sister company Direct Energy in North America is already looking beyond just gas and electricity to other solutions that help their customers be more efficient, like smart sprinklers that know when to switch on based on the weather and soil, or sensors that sound an alarm if a cupboard with chemicals is opened in your home, perhaps by a toddler when your back is turned.

At British Gas we are focused for now on energy and developing solutions to help customers with heating, hot water, and appliances that use energy. We are already looking at connected appliances and trialling connected boilers. These can alert us directly about a decrease in efficiency or reliability, and tell us if the boiler's about to break down. This enables early detection and a first time fix – possibly before the customer even notices a problem.

As we look to the future, we have two guiding principles:

First, we want an open system so that the customer can buy and connect whatever devices and appliances they want.

And second, we will be customer led – meaning we will develop products and services that customers want to buy from us, when they are ready.

In our experience, once customers are comfortable with one part of their home being connected, they rapidly seek other services; once they have a digital manifestation of the physical, they feel more comfortable with alerts and tips.

In conclusion:

I wonder what the title of next year's conference programme will be? I do know that this is the last year British Gas will be talking about Hive Active Heating alone. Next year, we'll be offering a broader range of products that will truly make the connected home a possibility for British families. I can't tell you more today, but I can say everything we are doing is aimed at making the lives of our customers a little easier and simpler. And making their relationship with energy just that little bit warmer.

Thank you.

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