Tech Mahindra

Re-inventing Credit Collections Process for Utilities
Enhancing CX and Customer Loyalty

Connected World
Connected Experiences

Abstract

Businesses that have not yet transformed and adapted to the changes will be left behind in the utility business, as COVID presented additional challenges for the meter-to-cash (M2C) process. Utility businesses who re-invent or re-engineer their credit and collections processes could position themselves well in advance to avert a downturn to identify and secure benefits - improving customer experiences (CX) and customer loyalty, hence improving ROI.

Creating awareness of debt prevention methods is lacking with most of the utilities as no digital proactive programs or campaigns are being run to educate the customers on all available and eligible options as per their current credit score and auto credit-scoring is a missing link from age old systems used by utilities organizations.

Tech Mahindra Business Process Services (BPS) focuses on business process as a service (BPaaS) and BPO services across various industries. Our approach goes beyond cost reduction leading to process optimization and ownership through automation and productivity improvements.

Introduction

British households owe almost £19 billion in utility bills. Consumers owe water companies £2.2 billion, and electricity and gas providers, £1.1billion.

US utilities have billions in unpaid customer balances. The most logical question here would be to ask - just who is responsible for the unpaid balances? According to Ofgem, by June 2021, the average variable tariff for a dual fuel customer was £1,131 per year, which is nearly 4% of the average UK household budget. The average monthly utility costs in the US are electricity $114.44, water $70.93, natural gas $63.34, and trash recycling $14.03.

Tech Mahindra in collaboration with Qualco can enhance the performance of utilities receivables management processes by establishing intelligent customer journeys to prevent and limit debt exposure.

Challenges Faced by Utility Organizations

- Cannot abruptly suspend services
- Increasing cases of fraud and non-payment
- High customer churn rate
- Lack of digitization and automation
- Lack of self-help / billing options
- Competitive market
- Poor affordability due to economic downturn
- Mixed metering capabilities, low data quality, estimated readings

Lack of Customer Education and Awareness

Creating awareness of debt prevention methods is lacking with most of the utility's organizations, as no proactive programs or digital campaigns are being run to drive awareness and educate the customers on all available and eligible options as per their current credit scores. Auto credit-scoring is a missing link from age-old systems which results in lesser ROI.

Our Solution

A matter of immense relief for utilities is that there is a one-stop solution to this problem...

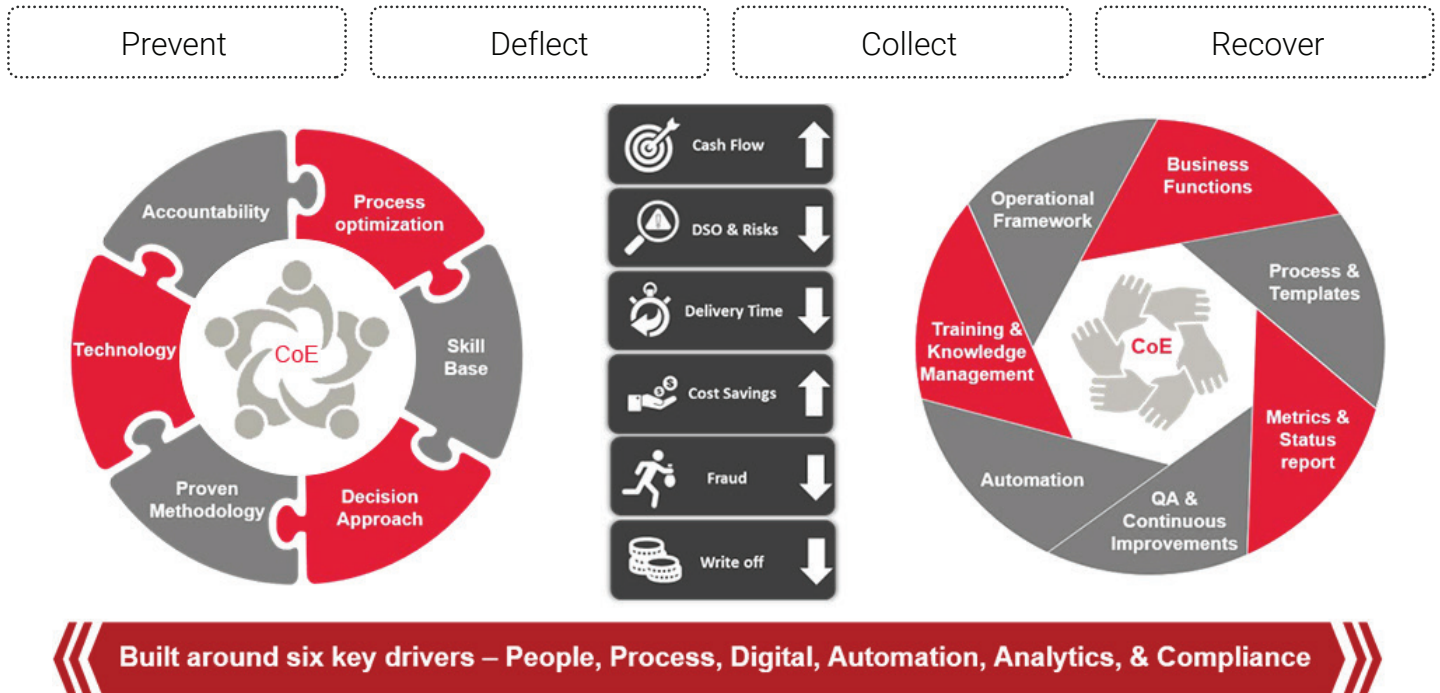| Prevent	Deflect	Collect	Recover

Fig 1: TechM's digital collections delivery framework for utilities

This means:

- Aggressive collection agents are no longer needed
- We do not have to hammer the customer with non-stop dialer-based collection calls
- We must move away from team members who are not willing to take ownership to resolve customer disputes – right first time
- Empathy is the keyword to build customer relations
- Digitizing collection efforts is foremost and paramount
- Collect with care is the new motto
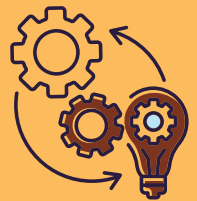
Our debt collections framework promises:

Early Mitigation of Risk	Effective Communique Covering Collections Cycle	Optimum Utilization of Resource	Adherence to Regulatory Compliance	Improved CX / EX
Reduced Cost to Collect **(~35-40 %)**	Reduced Cash Conversion Cycle **(~25-30 days)**	Increased Working Capital Availability **(~25-30%)**	Improved Collections in Early Buckets **>25%**	

Transforming Debt Collections with Automation

Automation improves both – the debt recovery time and efficiency of the collection process. Debt collection is an aspect of bills management and digital solutions that makes it more advanced and efficient for businesses to achieve the desired outcomes with faster turn-around.
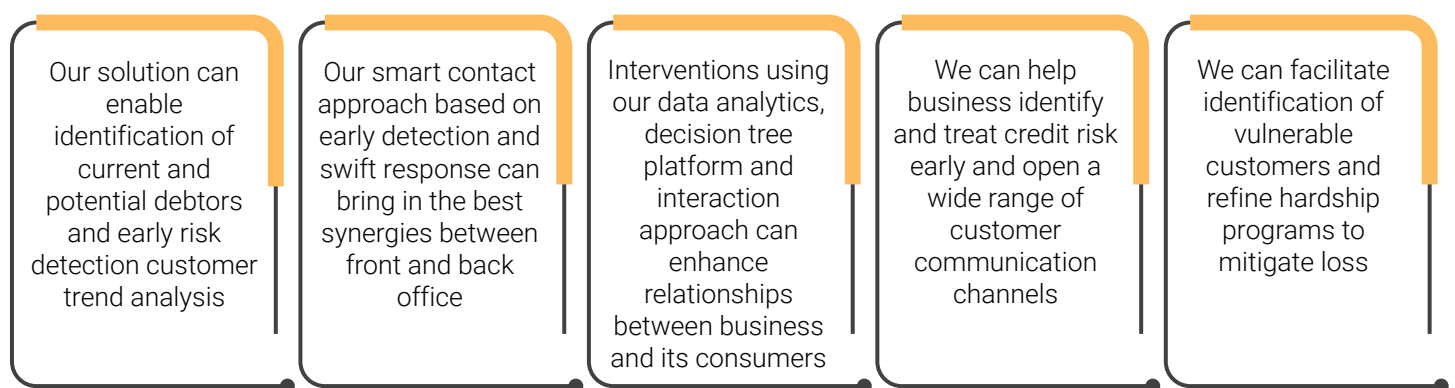
- Risk quantification and mitigation models are used to optimize collections and recoveries performance
- Updated KYC to avoid cases of fraud. This will also help to identity and eliminate theft cases.
- Using analytics across the spectrum in debt recovery and collections

  a) Customer profiling/scoring and micro segmentation will reveal insights on self-cure accounts vs non curable accounts
  b) Past payment-based credit ratings and hardship plan offerings personalized at an account level
  c) Incorporate behavioral analytics into the collections and recovery's function
  d) Digital self-help modules to reduce manual intervention and support (reduces cost as well)

- Easy tracking of collector's performance (KPIs) – DSO, RPCs, PTPs, CEI, and profit per account
- Data-driven insights on customers, collection efficiency, and team performances can help decision-makers evaluate return on investment (ROI) and eliminate bottlenecks from the collection funnel
- With smart dashboards, actionable insights on borrower profiles, agent performances, active liabilities, pending payments, ongoing payment activities, and more are at disposition for leaders

TechM-Qualco Collections Offerings for Utilities

Strategic partnership with Debt Collections Expert

Tech Mahindra together with Qualco proactively optimize collections process across utilities customer journey. Our joint data-driven intelligent approach enhances the overall CX, considering the financial well-being of customers while assisting them with the most suitable payment models. We utilize the most suitable contact channels and then offer contextual solutions that ensures customer and business sustainability while enhancing the value of collections.

Approach to tackle the collections situation across utilities

Our solution can enable identification of current and potential debtors and early risk detection customer trend analysis	Our smart contact approach based on early detection and swift response can bring in the best synergies between front and back office	Interventions using our data analytics, decision tree platform and interaction approach can enhance relationships between business and its consumers	We can help business identify and treat credit risk early and open a wide range of customer communication channels	We can facilitate identification of vulnerable customers and refine hardship programs to mitigate loss

Benefits

From end-to-end portfolio management with maximised productivity, enhanced workflow to analytically focused digital offering, we empower business users to use analytics to identify solutions and apply machine learning to determine the best next steps for maximum effectiveness. Moreover, minimise vendor involvement with a set of vendor independence tools (including talent data integration, criteria builder, UI tool for agent screen), for complete operational flexibility.

Our process SMEs along with Qualco's D³E (Data Driven Decision Engine) takes the collections processes to next level of performance, as below:

Proactive Identification of High-Risk Customers	Better Contact Management with Targeted Collections Strategies	Maximize Collections Efforts & Lower The Cost To Collect	Agile Decision-Making Insights of Customer Segmentation and Behavior	Risk-based Collection Insights from Multiple Inputs

D³E is an automated modelling system driven by analytics that can predict likely collections, activity behaviour, and outcomes thus putting the power in the hands of the business. Together, we enable businesses to:

Determine the Best Outreach Channel	Social media Strategy helps in connecting and understanding target audience on a personal level	Automate Outreach Strategy to maintain regular contact and connects with customers	Customer Profiling & Segmentation will help in personalizing strategies
Humanize messaging with a personalized or handwritten note	Repeat Efforts to maximize recovery	Record all actions with 100% Audit Trail	

TechM's analytics-based model can deliver

>25% Increased Collections (Early Buckets)	<50% Reduced Delinquency Rates	~3X More Cases Handled per FTE	>65+% Collections Effectiveness Index	~15% Reduction in Disputes
~85% Increased Liquidity Rations	End-to-end Coverage of Collections Cycle	Skill-based and Automated Third Party Case Allocation	High NPS / CSAT Scores	Increased User Experience

TechM NXT.NOW™ Advantage

TechM's renewed digital approach in managing debt collections is a 'one stop solution' that leverages automation-led, cross industry debt management experience covering B2C and B2B customer segments. Our automated dialler-based services and proactive bots can enable any vertical to manage large portfolios in a simple and efficient manner through customizable and scalable modules.

Our approach is built around six key drivers - people, **process, digital, automation, analytics, and compliance.** Our executives undergo rigorous pre-process, process and on the job training to understand customer sensitive circumstances and deliver collections efficiency.

As a part of our debt collections offering, we proactively optimize collection processes across multiple verticals. Our soft collections approach is simple, data-driven, and intellectual, that positively influences the overall customer experience and engagement, considering the financial well-being of business and consumers.

Debt Collection Best Practices Incorporating Collections Effectiveness Index Approach is what sets TechM Apart in Delivering Seamless Operations

Compliance and Security	Multi-channel Support	Process Optimization	Decision Support	Proven Excellence	Best-in-class Technology Tools	Best-in-class Training	Analytics Based MIS Reporting

Tech Mahindra has partnered with Qualco to maximize the performance of receivables management. Our joint solution approach will enable an intelligent customer journey to proactively prevent and limit debt exposure. Together, we have developed a complete range of financial technology software and services that helps you radically decrease your non-performing exposures and help clients grow and thrive through the power of technology, analytics and data driven solutions.

Qualco's **Data Driven Decision Engine (D³E)** can monitor debt portfolios throughout the debt collection lifecycle, but also monitor performing portfolios for likelihood to default. It can also be used to monitor and predict the performance of communication strategies, collections teams, messaging, and diallers, including benefit in predictions of third-party data such as credit bureau data, open banking data, property valuation data, contact data and more.

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