

# 5 reasons we are able to guarantee business transformation outcomes

How we guaranteed business outcomes for a leading UK financial services client, reducing their risk (and stress) during transformation.

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# Business transformation doesn't have to be hard and stressful



The outcome: **reduced risk and stress for our clients.**

In a survey by Firstsource, 100 senior leaders scored a recent transformation initiative they'd led against a range of different factors. One of the factors was stress. On a scale of 1 to 5, 65% of leaders rated their initiative a four or five for stress. Leaders compared the level of stress to the stress associated with starting a new job or moving house.

The research also identified five factors in business transformation that particularly require senior executive attention. One\* of these five factors was Creating a genuine partnership with key suppliers. The research identified 10 good practices for this and you read more about it here.

One way we show our commitment to partnership is by guaranteeing business outcomes for transformation. For instance, in the case study highlighted here, we guaranteed our banking client cost savings.

**Section 1** of this ebook describes the business transformation that we helped drive. Section 2 covers our capabilities and methodologies that empower and enable us to guarantee business outcomes.



# Featured case study: **Business transformation for a financial services client**

The commercial finance division of a leading banking group provides factoring, invoice discounting, asset-based lending and asset financing. The operations were supported from eight different sites across the UK, with processes running on inflexible mainframe and windows-based legacy platforms with limited reporting capabilities. As a result, their client-service team had to work with 26 different "green screens" reports to manage client servicing, account maintenance, cash allocation and risk management. **All of this led to:**

Inconsistent client experience across the eight sites, stemming from varied processes and practices.

High cost-to-serve due to the highly manual nature of the work.

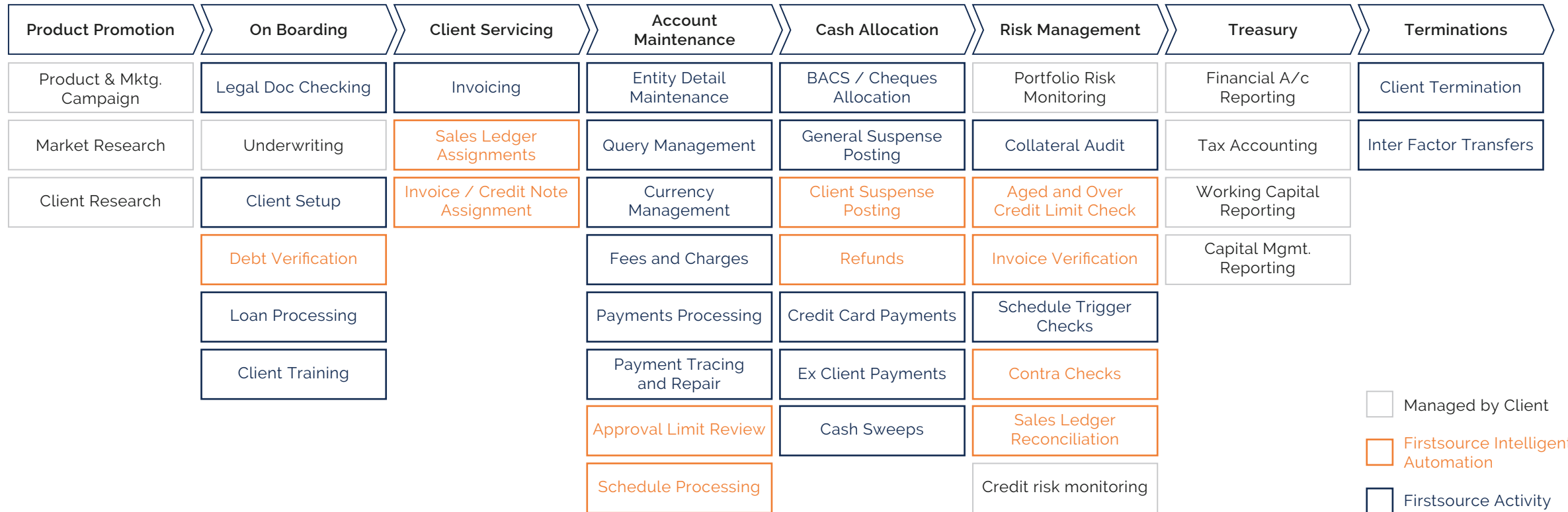
Poor visibility into service activity and risk exposure, hampering effective decision making by senior management.

**Our client sought to introduce consistent, "gold standard" practices and reduce cost-to-serve and compliance risk, while enhance lending visibility, risk analysis and customer experience.**



# The Target Operating Model

Our client outsourced its factoring and invoice discounting service operations to Firstsource. This included a TUPE transfer of 400 employees handling activities relating to client on-boarding, client servicing, account maintenance, cash allocation, risk management and terminations (see diagram). The business catered to several thousand clients and handled over 30,000 lending transactions each day.



- Managed by Client
- Firstsource Intelligent Automation
- Firstsource Activity

# The transformative solution was based on a new Target Operating Model that covered

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Consolidating eight sites down to two.

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Re-engineering key processes to make them leaner.

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Deploying an Intelligent Automation (IA) solution that combined RPA, machine learning and data extraction tools.

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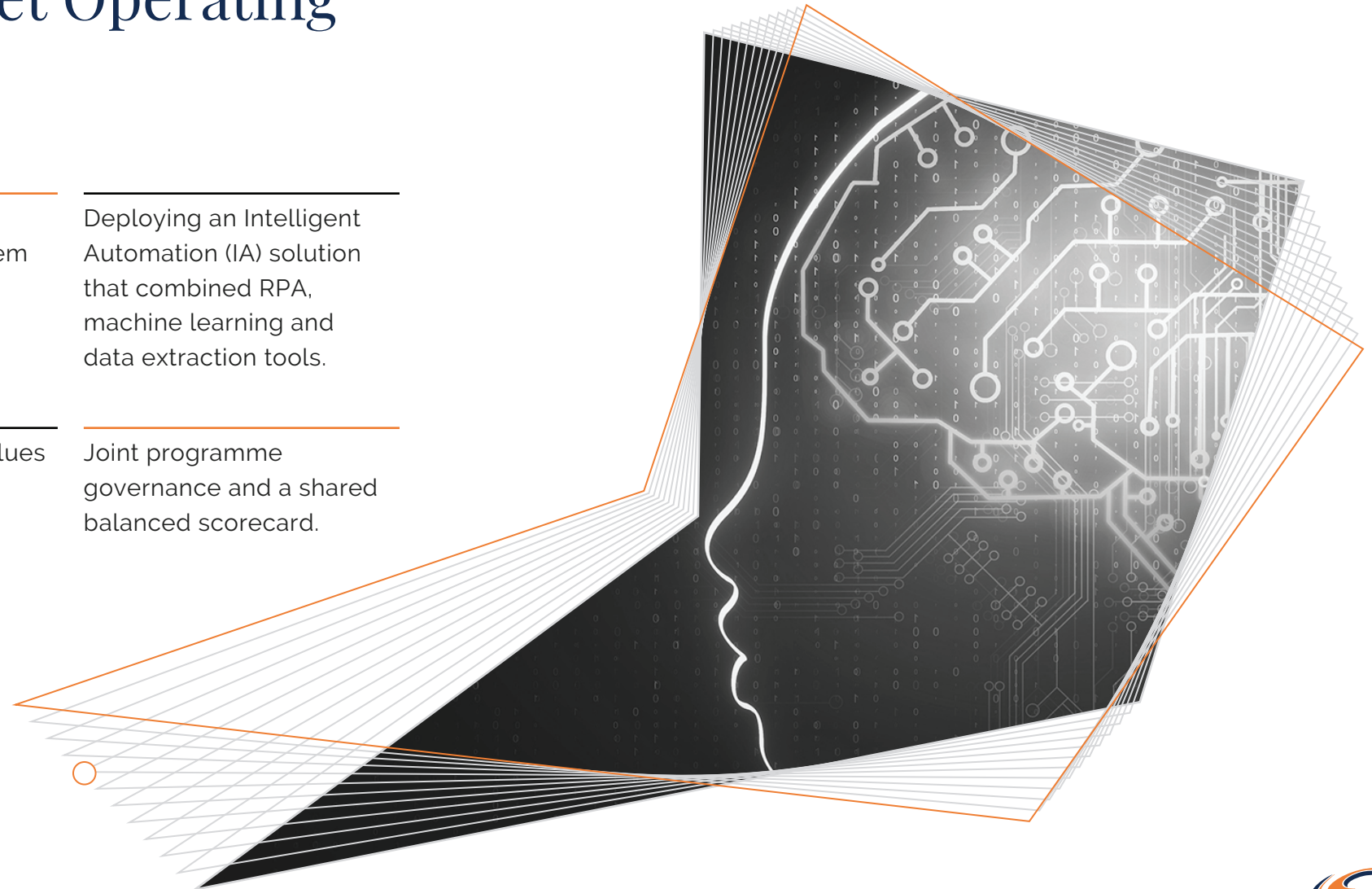
Deploying workflow and case management tools.

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Aligning with client values and behaviours.

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Joint programme governance and a shared balanced scorecard.





# Results achieved

Implementation of “**gold standard**” processes across the company ushered in clarity and efficiency in addition to:

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## Faster and more consistent service

- Net Promoter Score (NPS) up from +31 to +45.
- 50% reduction in complaints within scope of services outsourced to Firstsource.

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## Mitigated risks

- £3.5m reduction in risk exposure owing to inaccurate reserves.
- Faster execution of month-end risk controls: completed within 24 hours of month shutdown compared with 48-72 hours prior to automation.
- Improved visibility, quality, and compliance on all activities.

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## Optimised costs

- 25% reduction in cost-to-serve, contractually guaranteed, equating to £20m over 10 years.
- Higher employee productivity, as automation allows them to handle a larger client portfolio.

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## Streamlined operations

- 40% reduction in turnaround time for reconciliation processes, as human activities are supported by automation.
- Payment accuracy up from 98.3% to 99.6%, and cash allocation accuracy from 98% to 99.8%.



# What made us willing to guarantee business outcomes? **The five factors that gave us confidence**

**#1**

We deployed lean enterprise software

**#2**

We used Intelligent Automation

**#3**

We helped humans and bots work together

**#4**

We focused on carrying our people with us

**#5**

We walked in our client's shoes





# #1 We deployed lean enterprise software

We realised that, an enterprise workflow suite would be critical for this client. We needed something to:

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Prioritise activities for service employees by collecting data from 14 different sources and applying business rules to identify high-risk items.

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Automate work allocation based on agent experience and client portfolio.

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Provide unified view of consolidated data from different mainframe reports, reducing the effort needed to find and access information.

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Automate first contact with late payers.

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Enable real-time reporting at individual, team, site and business level.

The trouble with a majority of enterprise software is it's designed to do everything for everyone. This makes licensing and support expensive, implementation more time consuming, and the risks of project cost overruns much more significant. All this can kill a business case.

Our response to this is lean, purpose-built software. Our workflow automation suite and CRM system were designed, built and maintained by the people who actually perform these activities – for real live clients. The software does what it needs to, without the bloating.

More importantly, this takes out operational risk. The operational risk that comes from complex software that requires armies of consultants to build and configure.





## #2 We used Intelligent Automation

The automation challenge on this engagement was to:

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Extract unstructured data in emails and PDFs to integrate with the automation.

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Automate sales ledger reconciliation.

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Automate email debt verification emails to debtors.

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Automate risk management activities such as aged- and over-credit limit calculations.

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Automate month-end risk analysis, sales ledger and creditor analysis, and application of client rules and system updates to ensure funding rules are in place.

The trouble with RPA (Robotic Process Automation) deployments is the results often disappoint. Companies invest in expensive licences, "automate" their processes, but at the end of it all, don't see costs come down.

**The challenge:** RPA implementations are often impeded by simple things such as forms in multiple versions and formats, unstructured data, low quality images and perfect records. One such challenge on this project was matching client business names in varied formats and on different. The result of all this is you end up with so many exceptions, your productivity benefits are lost.

**Our solution?** We integrated an intelligent automation solution with RPA, workflow, artificial intelligence (AI) and Machine Learning (ML) to automate 30 processes across factoring and invoice discounting. Automation penetration varied from 50% to 100%.



## #3 We helped humans and bots work together

There are some activities where humans and automation technology need to work together. One such example on this engagement is the reconciliation processes. Humans still lead the reconciliation activity but are supported by Digital FTEs.

Essentially, our approach involved deploying teams made up of both people and Digital FTEs (bots), where our people know how to work alongside Digital FTEs. They are supported by team leaders with the skills to manage the human-bot collaboration. This is as much a long-term programme of cultural change as it is as short-term technology deployment.

We know our solution is working when we see mundane, repetitive tasks driven out from frontline roles, freeing up humans for more complex tasks involving judgement, empathy, listening to customers and recognising when a situation warrants a different approach.

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**In this instance, humans and bots working together allowed the entire reconciliation activities to be completed in 60% of the time.**



## #4 We focused on carrying our people with us

One morning soon after the contract was signed, 400 of our client's employees learned they would be TUPE-transferring over to a new employer, and one they'd likely never heard of. It is natural for employees in these situations to have many concerns and fears, and it was important to us to make them feel welcome and part of the way forward.

We launched a broad array of activities to welcome these employees. Activities included roadshows, followed by smaller drop-in sessions and one-to-ones spanning several months. Our management team was visible and available. Our global CEO also visited the main site.

HR and Senior Management met with impacted employees to explain what was happening to help them feel reassured and informed. Employee feedback confirmed that this approach gave them a great amount of comfort and helped them successfully navigate the change. The people side of the transformation programme included rewards and recognition programmes, events, performance and development management, and a quarterly recognition scheme run jointly with our client.

We did not stop there. We introduced a dedicated training and development team to develop the skills and knowledge of the team through refresher courses and disseminated content on new process changes and ongoing risk activity.





## #5 We walked in our client's shoes

To ensure a 'single team' approach, we implemented several initiatives in conjunction with the client

At the management level, we instituted a joint programme team with unified governance. The relationship was strong – one reason why the client chose us – which meant both parties had an informal avenue for candid conversations at the senior level. And Firstsource's willingness to guarantee cost savings genuinely put us both together in the same boat.

We took measures to imbibe our client's culture, for instance, by becoming associate members of the UK Finance and Invoice Finance and Asset Based Lending (IFABL). And we aligned our staff policies with our client's, for example their Customer Treatment Policy, Social Media Policy and so on.



**Firstsource** is a business process management company specialising in digital customer experience management, intelligent back-office processes for financial services and healthcare, and automation and analytics.

For more information about our approach to transformation visit: [firstsource.com](https://firstsource.com) or contact us at [marketing@firstsource.com](mailto:marketing@firstsource.com).