

Case Study

From in-house debt collection to value-delivering lead management and collections operation

A US-based subprime auto dealer and lender transforms their business development and collections operation using a right-shore approach

Solution Overview

Increase capacity and dexterity, assume and rebadge onshore staff, recruit top talent for a new offshore unit, bring new technology to the fore, improve ROI on new business through risk assessment

Results



35%
cost savings achieved
at 170 dealer locations



\$6.3 mn
in savings
over five years



New lending risk
assessment enables larger
loans to select customers



Improved lead
management and dealer
sales performance

Challenges Summary

- Rebadge dealer's employees and pair with new offshore team
- Modernize the dealer's technology with no CapEx outlay
- Build a culture of success to unify onshore and offshore teams

Business challenges

The client is a large "buy here pay here" auto dealer in the US with more than 40 company and 150 franchise locations in the East, Midwest and Southeast.

The client sought an experienced collections partner to assume responsibility for 80 US-based employees and to create additional collections and business development capacity offshore. Firstsource was selected for our experience, business knowledge and ability to quickly ramp up collections capacity.

Following recruitment and talent development of the Manila-based team, Firstsource set out to unify the two operations in a common culture of business success and service to the customer.

Technology integration and modernization was required to ensure efficiency and collaboration between the two teams. Firstsource committed to a five-year agreement with a guaranteed cost savings over the term.

Add capacity and create dexterity in collections

The client sought an outsourcing partner that could assume employment of their existing staff of 80 people and supplement it with additional FTE located offshore. This was intended to create additional capacity in collections while enabling a complementary business development role supporting the client's dealer locations and its franchisees.

In addition to debt collection, the client envisioned the new unit could improve lead management and sales performance at its dealerships and franchisees.

Solution Synopsis

- Rebadge dealer's employees to reduce fixed labor expense
- Form a new business development and collections team offshore
- Apply a right-shore support model
- Redesign new business sales and first line collections
- Deploy Firstsource proprietary CRM and workflow solutions

Create a new offshore unit, increasing capacity and adding talent

Step two involved recruiting, training, and equipping a new Manila-based team to complement the onshore operations. A dedicated and tenured management team spent six months embedded in US operations to familiarize themselves with the client's business practices.

The management team created a talent development plan that facilitated knowledge transfer in collections and business development practices.

Modernize the client's technology using Firstsource workflow solutions

The final step involved expending effort to improve workflow technology, critical for two reasons: the platform would bridge the onshore and offshore teams and enable seamless coordination and handoffs of tasks and assignments; second, the technology would enable workflow improvements that would ultimately enable Firstsource to achieve the cost reductions required by the client.

The technology integration was intricate and involved integrating the client's systems with Firstsource proprietary collections workflow to support the business objectives.

Improve ROI on new business through rigorous risk assessment

As a part of our engagement, we developed a more robust risk assessment approach that enabled the client to increase new loan balances to customers on a selective basis. This improved the asset level carried by the client as well as revenue from P&I payments on outstanding balances.

Results

- \$6.3 million in savings over five years
- Average loan amount increased
- No CapEx or OpEx impact on the client

Outcomes

All in all, the shift from a wholly US-based collections operation to a more diverse onshore/offshore model has been wildly successful for the client. At the enterprise level, the client enjoyed improved financials resulting from the shift to an outsourcing model. Also, dealers and franchisees enjoyed cost savings from lowered cost of collections, the ability to originate loans with higher balances, and improved sales efficiency resulting from the Firstsource team's lead generation and inquiry handling.

Specifically, the client enjoyed:

- A \$6.3 million expense savings over five years, contractually guaranteed by Firstsource
- A run-rate reduction of 35% in collections expenses, a three-point improvement over target
- Modernized CRM and collections workflow systems at no CapEx cost

Since the initial agreement term, we have expanded employment across the teams to 82 FTE and now handle four lines of business for the client.

What's your challenge?
Let's work together to solve
it. To speak to our experts
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