

Case Study

From US-based collections operation to modern, offshore collections and lead generation center at a fraction of the operating cost

A US-based debt investor transitions to an offshore collections center and dramatically improves profitability, opening the door to increased investment

Solution Overview

Applied expertise, offshore operations, technology modernization

Results



300%
reduction in
collections cost



20%
gain in
collections effectiveness



20%
cut in printing and
postage expense



0
capital
expense spend

Challenges Summary

- Lower debt recovery costs
- Recruit and train staff sufficient to support the entire portfolio
- Build collections proficiency across multiple products
- Synchronize and modernize onshore and offshore technology

Business challenges

The client is one of the largest debt buyers in the US and concentrates on investing in consumer charge-off and bankruptcy accounts.

The client sought to reduce debt recovery costs by outsourcing their entire debt recovery operation consisting of 187 FTE. The cost to collect prior to the engagement ranged from 35% to 42% across their US-based agency network or own operations. Firstsource established a dedicated collections center in India and designed an operations model to staff it.

The client serviced a variety of products and in various stages of post-charge debt, from primes and seconds to out-of-status debt. This required familiarity with and training in collection practices unique to each product.

The client maintained a US-based technology platform that supported account servicing and phone dialers, which the India operation had to access to support the First Party model.

Applying more than three decades of collections experience

Firstsource was selected by the client in large part for our collections experience. In addition to a seasoned management team located in the US, the company maintains onshore and offshore collections centers that are led by experienced operations managers.

The client sought to partner with a specialist that could not only deliver on cost savings and collections performance, they sought an innovator that has pioneered advances in collections technology and business practices. Over the course of its 30-year history, Firstsource has consistently improved on their clients' debt recovery performance. Its reputation in the category is sterling.

Solution Synopsis

- Debt collection operation created offshore
- Recruitment and training in compliant collections practices
- Client technology integrated with Firstsource CRM platform
- A predictive response model improved lead generation

Forming the dedicated offshore operation

Our solution included a Firstsource-managed collections team located in India and managed by tenured, dedicated staff. Firstsource developed an operations model that addressed recruitment, training, and technology integration of Firstsource's workflow solutions. At the heart of the plan was a strategy to build a partnership based on a culture of performance and success.

We began with 15 associates in April 2015, which we have since grown to 187. We are increasing staff quarterly as the client expands our responsibility and grows their servicing portfolio.

Creating new business leverage

The arbitrage produced by offshoring combined with the lift in recovery performance has produced compelling value for the client, who was eager to increase their debt holdings to take advantage of the new performance leverage.

We also enabled digital lead generation for the client, where we were able to mass email offer strategies and dunning messages, reducing their printing and postage expenses.

Aligning offshore operations and technology with onshore systems

The technology integration was intricate and enabled our associates to log into client systems onshore and engage customers using a first party model. Integrating Firstsource's proprietary workflow solutions enabled new efficiencies in managing collections.

The technology alignment required no capital expense outlay by the client.

Results

- Cost of debt recovery fell by 32 percentage points
- 20% gain in collections performance
- Printing and postage costs cut by 50%

Outcomes

Outsourcing the collections activity to an offshore operation has created tremendous leverage for the client. This augurs well for their ability to expand investment in debt, as the business margins have dramatically improved. Specifically:

- A 50% cost savings within one year
- From 15% to 20% improvement in collections performance across purchased portfolios
- The cost to collect metric has fallen from 35-42% to a seasonal low of 10%
- More than \$5mn in annual savings from transitioning collections offshore

While the initial solution was designed for recovery collections, the client soon replaced several in-house practices to the Firstsource Mumbai center. Firstsource now manages Quality Assurance, Credit Reporting Inquiries Management & Response, and the Payment Rewards program.

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