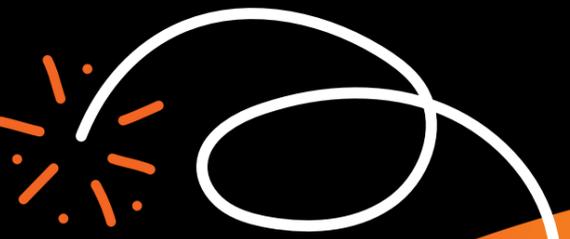
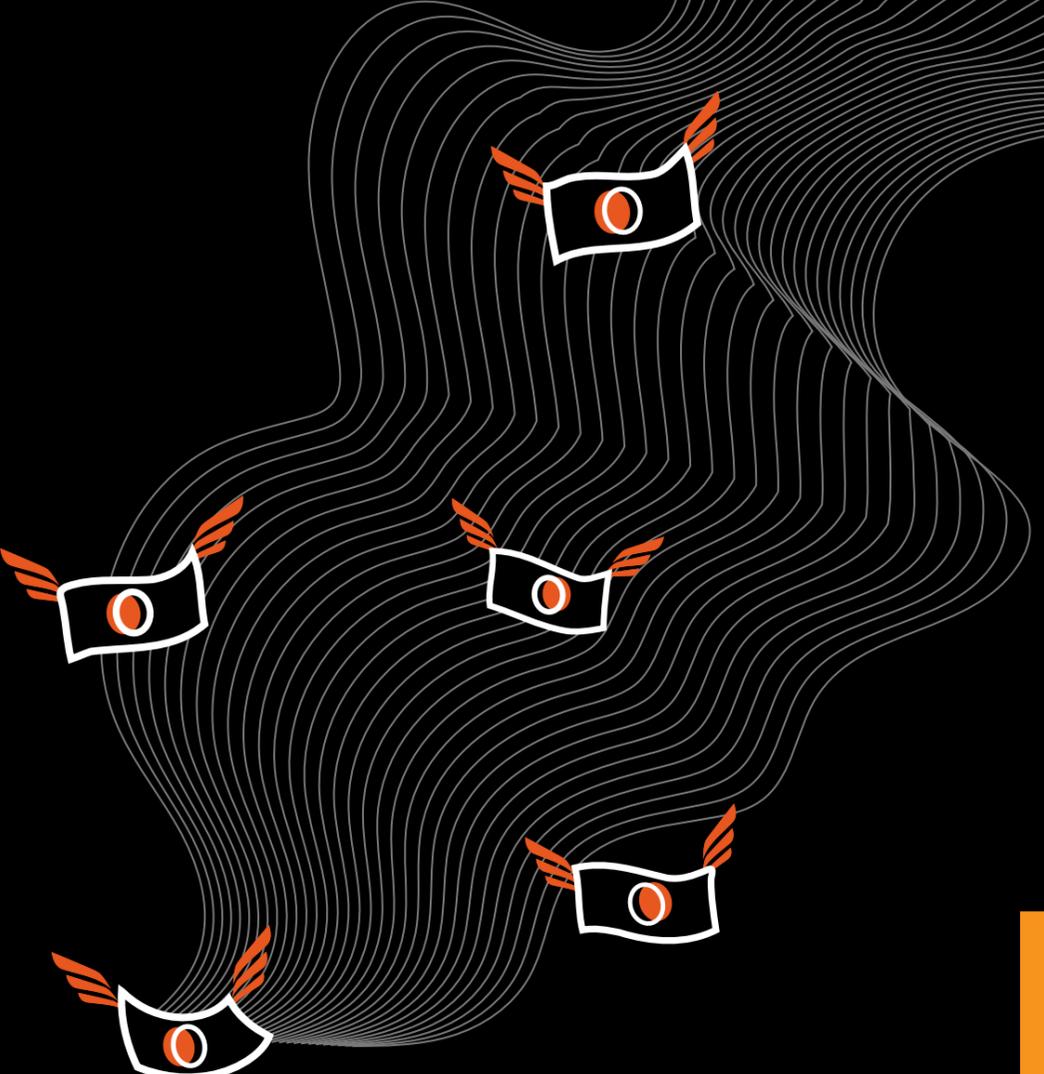


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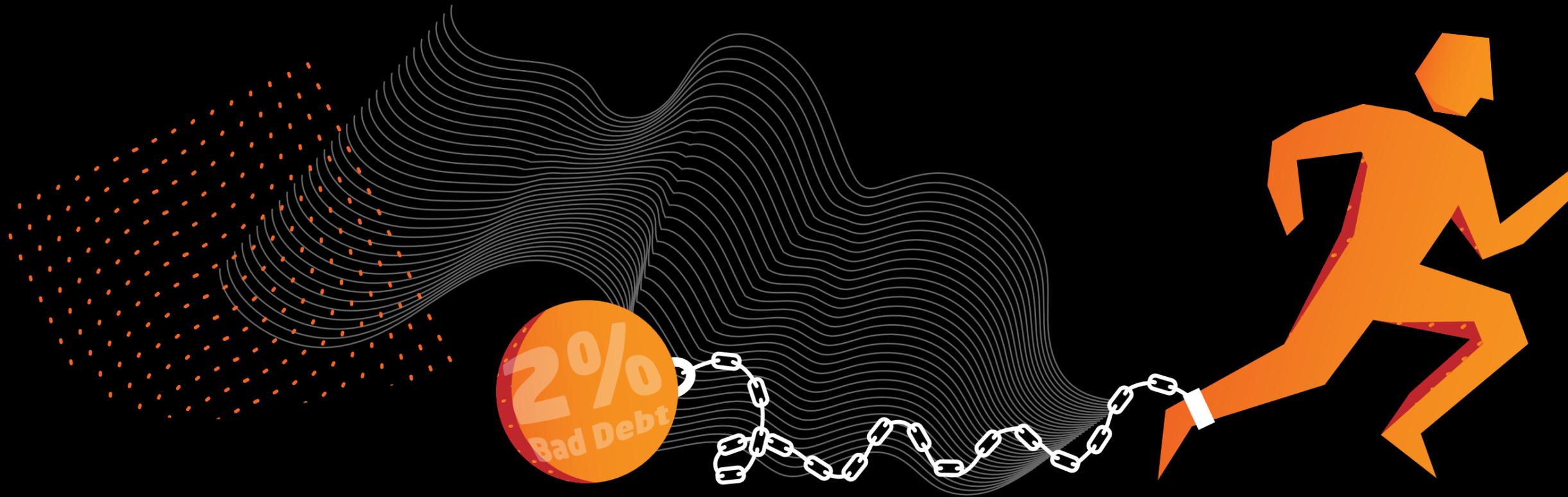
# TOP 5 CHALLENGES OF DEBT COLLECTION IN THE TELECOM INDUSTRY



# TABLE OF CONTENTS

	<i>Page</i>
Why should you read this paper?	03
<i>Top 5 challenges of debt collection in the telecom industry:</i>	
<b>1</b> Automation should factor in the entire collections lifecycle	04
<b>2</b> An ounce of prevention is worth a pound of cure	05
<b>3</b> Rethink how you link interactions to each customer's unique personal circumstances	06
<b>4</b> If things go wrong, keep calm and bring the external agencies onboard	07
<b>5</b> Bad debt can be a symptom of hidden fraud	08
Conclusion	09

# — Why should you read this paper? —



Every business depends on payments for goods and services from its customers. Unfortunately, as telecom companies well know, not all subscribers make payments as they should, and losses due to customer bad debt can be as high as 2% of total revenue.

The time is ripe for telecom companies to take a strategic look at their collections operations. They need to examine what additional changes can be made to better align collections with the achievement of the organization's overall business goals including: increased profitability, improved customer experience and regulatory compliance.

Improving the robustness of systems and operational controls around the collections process will not only improve recovery rates, but also promote fair and consistent treatment of subscribers.

In this paper you will learn some of today's top five challenges of debt collections in the telecom industry, and the opportunities you can explore to successfully overcome them.

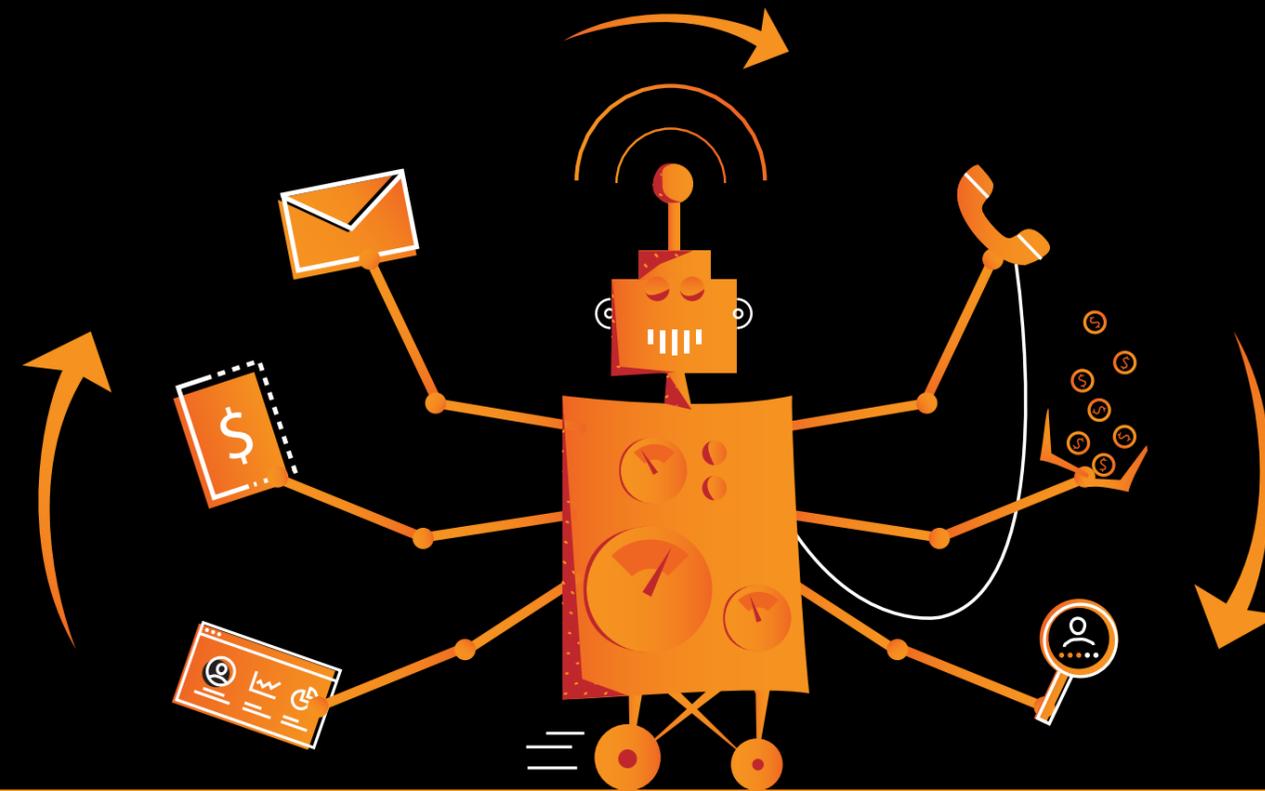
# 1

## Automation should factor in the entire collections lifecycle

We are in an age of technology that is enabling new levels of automation that are impacting practically every industry. Automation is helping organizations of all types to reduce costs and become more efficient by streamlining and improving their business processes.

In telecom, the debt collection process includes a range of activities that are ripe for automation. Yet despite its potential, communication service providers (CSPs) have failed to recognize the sea change that automation represents, and have instead approached 'collections' as a tactical opportunity that requires multiple steps and manual processes. For many CSPs, their current processes were developed organically over a long period of time, so process flows are not always rational or efficient in meeting today's demands for greater agility. In fact, in many cases, operational structures would typically need to be redesigned before automation and decision support could be enabled.

Depending on how a process is distributed across business units, users may want to take different approaches to automating their collections activities. For instance, it's often found to be easier to initially focus on automating a single stage of the collections process, let's say collections management, than to coordinate all stakeholders to align on a truly end-to-end, game-changing approach.



For instance, by automating the credit scoring process, CSPs can be assured that even if a subscriber's risk score changes, the credit scoring system will be updated in real-time and the subscriber will be handled according to the newly defined strategy for his collections scenario.

But even with a step-wise approach, it is advisable to have an overarching plan from the outset, to ensure projects get prioritized in a way that is best for the organization and will work cohesively in the end.

**A**ssess the level of automation you are employing today to confirm that it covers the end-to-end collections process, so you can achieve maximum revenue with minimum effort.

## An ounce of prevention is worth a pound of cure



Everyone knows the old adage, but CSPs may find it difficult to live by. In the telecom industry, operators often overlook the risk profile of their customers, pointing their gears exclusively to initiatives focused on growing the customer base. In doing so, they often lose sight of the potential for reduced margins from taking on these risky customers. Carriers need to realistically account for the likelihood of a subscriber to pay its debts, so that they can ultimately account for their potential lifetime value as well.

With the advent of modern statistics and big data analytics, appropriate models have been developed to assess each subscriber's credit risk based on past known behaviors - or given the resemblance of his/her characteristics to those who

have already defaulted in the past.

While many operators use this approach when signing up new subscribers, they often neglect to explore it to its maximum potential by carrying these concepts and guidelines further into the customer lifecycle. As customer profiles evolve, so should customer credit scoring.

When used as part of an iterative process, credit scoring should work seamlessly with the credit control and collections system, fed by ever-evolving feedback from OSS/BSS events, such as billing, usage and customer care. This organic integration into the collections process becomes a foundation for the credit control and collection strategies that unfold.

**D**on't be caught off guard - start harnessing the predictive power of credit scoring.

## Rethink how you link interactions to each customer's unique personal circumstances

The rise of social media has shown the power of relationships and how sharing experiences and opinions exerts a growing influence on others. This holds true for telecom bill collections as well. When subscribers feel dissatisfied or harassed by collectors and share those feelings with their social networks, it will likely have negative repercussions on a CSP's reputation.

Respecting a subscriber's communication expectations implies an effort from the CSP to understand those needs and preferences. Given the communication channels that CSPs have available to interact with their subscribers, this should be an achievable mission.

Provide your customers with a seamless experience across all channels and devices without loss of context. 'Omni-channel' management lets your customers connect with you whenever they want and wherever they go, across online interfaces, mobile



devices, and social networks.

By leveraging technology, collections representatives can personalize each customer interaction, recommend relevant, optimal payment plans in real-time, and be guided through the delivery of targeted risk management strategies. The result is consistent, compliant interactions across multiple accounts and channels that allow CSPs to be customer-centric, while increasing collection rates and improving operational efficiency.

**S**ervice providers are sitting on pot of gold when it comes to customer data and customer touch-points. Make the best use of this opportunity to create a positive collection experience for your customers.

## If things go wrong, keep calm and bring the external agencies onboard

External debt collection agencies (DCAs) are considered by many as the silver bullet solution to collect arrears. When bad debt cases escalate, CSPs may want to bring DCAs on board and give them the problem cases to keep an internal focus on those accounts with a higher probability of recovery.

A common mindset is that debt collectors are making calls for their own benefit. This can be verified as the clear majority of collection agencies in the U.S. work on a contingency, third-party basis; meaning they are paid only when they collect on accounts owned by the CSPs. But to help improve results for both parties, communication needs to flow between the carrier and the DCA. Articulating disjointed pieces of information can be challenging, and managing the various bits of information of collections is a prime example. But at the very minimum, you will want to be able to communicate, share documents, and collection status through the collaborative tools available in your collections software.

Collections processes that involve external DCAs require a diverse number of stakeholders, each using their own systems, and each producing their own output. However, by implementing external workflows and performance metrics it is possible to bridge the gap between the internal and

third-party collections teams. This, in turn, can fuel real-time collaboration between the CSP and the DCA to which the debt package has been allocated to. Effective collaboration translates into seamless allocation of debt to DCAs and real-time monitoring of performance from a single interface. It also streamlines DCA's task by enabling easy and immediate access to customer account details and updated information on customer credits, usage and debt.

Developing automated processes to link CSP operational data to third-party activity can be very beneficial in distributed environments.

**R**eview your workflow automation and third-party collaboration processes. With the right functionality in place, CSPs can ramp up efforts to collect arrears with DCAs seamlessly integrated into the process.

## Bad debt can be a symptom of hidden fraud

When looking at new subscribers, telecom operators face the challenge of correctly identifying individuals. Are they really who they say they are? Are they using fake identities to subscribe to new services without any intention to pay for them?

In today's world, CSPs must assume that everyone has been the victim of some sort of data breach and that their information has been accessible to criminal elements.

Therefore, CSPs cannot indiscriminately trust the information they receive without receiving supporting data to its legitimacy.

As bad debt can be the outcome, and potentially delayed consequence, of fraud that occurred in the subscriber acquisition process, it is critical to not enable fraudsters have access to abuse your service in the first place.

Modern collections have responsibilities that span beyond just dealing with fraud after the fact. It is imperative to start from the beginning by articulating subscriber identity validation through credit scoring and by implementing proactive fraud detection.

**A**ssess your true exposure to risk due to bad debt. Addressing this exposure will result in smarter decisions that ultimately will translate into better financial health and heightened brand trust from your subscribers.



# Conclusion

With margins continuing to tighten, it may be a good time to take a fresh look at your end-to-end collections process:

*Do you have an overarching plan for automating and optimizing processes and procedures?*

*Are you enabling your third party DCA partners to be as effective as possible?*

*Is your organization overly exposed to bad debt and risk?*

*And lastly, are you working to make debt repayment as convenient as possible for your subscribers?*

By answering these questions and putting a plan and the right tools in place today, you will be starting the year off in the right direction.

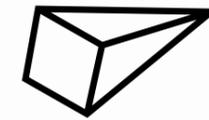
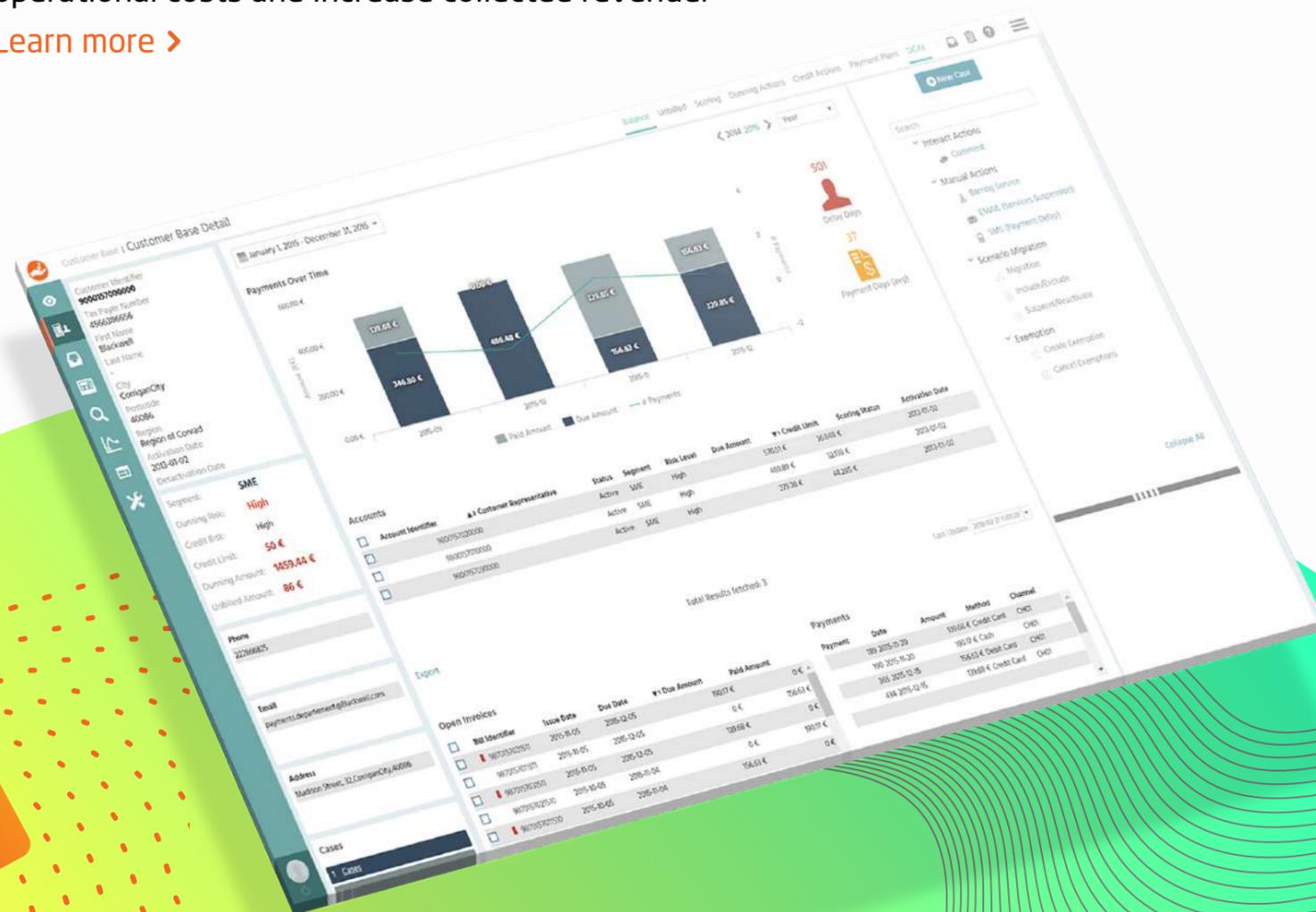
To learn more about WeDo's Technologies debt collection software, please [visit the RAID Collections webpage.](#)



# Accelerate cash flow with fast, cost-effective collections and dispute management

WeDo Technologies provides an end-to-end Credit Scoring and Debt Collection solution, tailored to the telecom industry, that enables telecom operators to reduce operational costs and increase collected revenue.

[Learn more >](#)



**RAID Collections**  
Collect more money with less effort



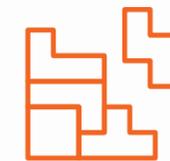
## COMPLETE

End-to-end solution that automates all collection processes including allocation to external debt collection agencies, without 3rd party integrations.



## EASY TO USE

Intuitive interface that makes it easy for users to configure collection workflows and interactions according to business needs without IT support.



## MODULAR

You can choose which modules to implement according to your specific needs, and grow as you go.



## HIGH PERFORMANCE

RAID Collections' architecture and technology is ready for all deployment sizes without affecting the performance of other systems.

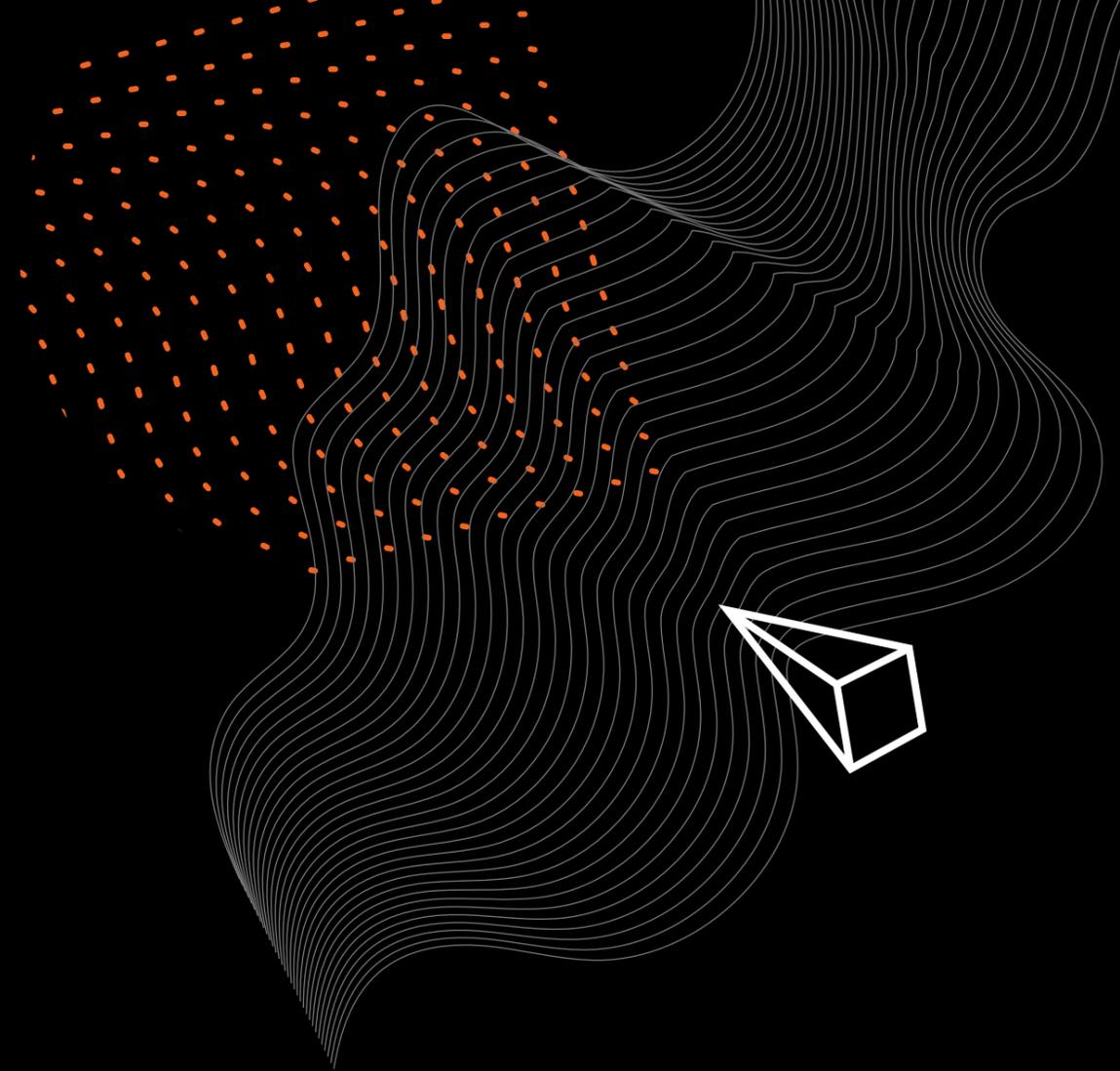
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Wedo Technologies provides software and expert consultancy across 105+ countries, through a 600+ network of highly-skilled professional experts, present in the US, Europe, Asia-Pacific, Middle East, Africa, Central and South America.

WeDo Technologies' software analyzes large quantities of data allowing to monitor, control, manage and optimize processes, ensuring revenue protection and risk mitigation.

With over 180 customers - including some of the world's leading blue chip companies - WeDo Technologies has long been recognized as the constant innovator in assuring the success of its customers along a journey of continuous transformation.



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