

The background image shows two men in an industrial setting, likely a construction or energy site. They are wearing white hard hats and high-visibility orange safety vests over grey long-sleeved shirts. They are leaning over a table, looking at a laptop screen and some papers. The background is filled with yellow metal scaffolding or structural elements, and the lighting is bright, suggesting an outdoor or well-lit indoor environment. In the top left corner, there is a decorative pattern of overlapping triangles in shades of blue and grey.

Sopra Steria Financial Services

How we help Energy and Utilities organisations to put in place a Debt Management approach which reduces operational costs, improves collections rates and makes sure debtors are cared for at every stage of the collections lifecycle

The world is how we shape it

sopra  steria

DEBT MANAGEMENT IN ENERGY AND UTILITIES

At Sopra Steria we believe Energy and Utility organisations need to develop a debt management approach which improves the collection rate of outstanding debts earlier in the customer lifecycle and takes into account different types of debtors. If successful transformation of the debt management process is going to happen the fundamentals need to be put in place. This means starting with the customer journey and understanding each and every touchpoint they have with your organisation, their data, their expectations, their likelihood to repay and making sure relevant information, educational materials and opportunities to repay are available at each stage of the process.

KEY CHALLENGES Energy and Utility organisations are facing in relation to Debt Management



Incorrect data being collected at the start of the collections lifecycle



Broken customer journeys in terms of digital repayment options



Silo'd focus on collections by different departments



Too much emphasis on late stage costly litigation and enforcement action



Contact strategies still reliant on letter/phone calls not digital methods



Automated decision making processes not fit for purpose



Collections department KPI's not linked to organisational objectives



Over 2 million households struggling to pay household bills in a timely manner with levels of vulnerability rising



Due to poor data debtors cannot be segmented by persona with personalised repayment journeys set up for them



Over - reliance on legacy IT systems for processing repayments



Recruitment and retention of the right staff to enable each stage of the debt recovery process



Caught in a complex regulatory environment which is extremely customer focused in relation to collections

Understanding the Debtors viewpoint

The beliefs a debtor holds affects their ability to pay and their relationship with an organisation they owe money too. Usually resulting in one of the following responses:

Those who want to pay and can

Those who want to pay and can't

Those who won't pay whatever the circumstances

Treating the customer fairly

The FCA has stated that:

- **50%** of UK adults display one or more characteristics of vulnerability
- Expectation that financial difficulties will increase as a result of Covid-19 and so will bad debt
- All customer groups will need to be handled differently
- Organisations need to ensure customers understand the types of debt help available to them

What areas should **ENERGY AND UTILITY** organisations focus on to improve collection rates and their debt recovery process?



Build data and analytics capabilities to identify risks and tailor interventions



Make digital transformation and automation a reality



Create the right communication channels to improve responsiveness



Develop a Debt Management strategy with debtors at the heart of it



Make sure access to the right tools, skills and capabilities are available



Identify and manage the right performance indicators



Digital Ethics is a systematic way of defining principles of right and wrong with regards to the impacts of digital technology on society.



DEBT RECOVERY DONE DIFFERENTLY

At Sopra Steria we have designed a Debt Management process which takes into account an organisations needs in terms of timely collection and a debtors requirements at each stage of the lifecycle. Our model can be implemented or tested at any stage and contains 5 distinct parts:

THE ETHICAL BUILDING BLOCKS OF OUR PROPOSITION

Accuracy

Customisation

Collaboration

Accessibility &
Service Quality

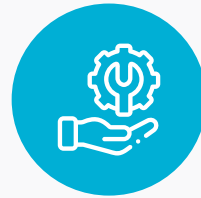
Efficiency & Effectiveness



Technology ethics



Data ethics



Service ethics



Treating Customers
Fairly



Principles on AI
Guidelines for
Measuring Trust



WEF Ethical AI
Guidelines



European Commission

Ethics guidelines for
Trustworthy AI



Standards for
Ethical Technology



Enhanced Analytics

- Business enhancing MI
- Performance measures and indicators
- Cashflow and strategy focus
- Configurable to match client needs



Strategic Advice and Guidance

- Understand collections department drivers, policies and Procedures
- Risk appetite and debt structure
- Flexible service options
- Provide expert advice, guidance and challenge



Early Stage Debt Recovery

- Maximise recovery using automated processes prior to delinquency status
- Targeted recovery strategies
- Use of behavioural insights
- Debtor and client behaviour
- Risk profiles



Later Stage Debt Recovery

- In house DCA function
- Minimising costs and maximising control
- Appropriate payment Plans
- Risk vs Recovery



Litigation and Enforcement

- Using industry experts
- When absolutely necessary with Client Agreement
- Strategy driven
- Risk vs Recovery

OUR SERVICES

Every clients requirements are different and we recognise this by ensuring end to end service options are available, individually tailored to meet client needs.



Data Cleanse Activity



Review of System Configurations



Dunning Letters -
Tone and Content
(Email capability)



Phone Calls
& Text Message



Instalments and
Payment Methods



Enhanced Collection
Service



Intelligent MI and
Reporting



Legal Route
(Litigation)



Enforcement



Debt Policy Advice
and Guidance



Bad debt and Provisions

By working with Sopra Steria Financial Services to create the right Debt Management approach Energy and Utility organisations will unlock a number of benefits including:

- Tailored intervention approaches for different customer groups
- Improved data, information and reporting for management teams
- Better accuracy of predictions on who is likely to default at different stages of the collections process
- Understand where digital transformation initiatives can help improve debt management models and processes
- Identify areas in the debt management value chain to reduce operating costs related to collections activities
- Build the right educational literature and offer support channels to customers early in the debt management cycle
- Maximise recovery using automated processes prior to delinquency status
- Implement different collection methods through a CX strategy aligned to debtor's persona
- Use data and analytics to understand can't pay vs won't pay debtors
- Make sure fair customer outcomes are at the heart of the final collections decision process
- Offer opportunities to pay through digital channels



Sopra Steria Debt Management Services

Total care for Debtors and Clients throughout the collections lifecycle

At Sopra Steria the digital transformation solutions we put in place help our clients drive real business change, resulting in achieving better strategic, financial, customer and employee outcomes. Our vision is to become the market leader in End-to-End debt management services. With a clear focus on ethics and vulnerability, making sure we exceed the baseline requirements of the FCAs Treating Customers Fairly (TCF) agenda.

For more information on the Debt Management services we provide to Energy and Utility organisations please email pscomms@soprasteria.com and one of our experts will be in touch.

We look forward to working with you.

The world is how we shape it

sopra  steria