

## OVERVIEW

Early stage delinquency management is arguably the critical stage in the collection lifecycle. By identifying and implementing key strategies early in the cycle, organisations can cure accounts quicker, improve roll rates, prevent additional and unnecessary collection costs, and provide a better customer experience. Organisations often make changes to their collection operations only to find that the changes have produced unanticipated and unwanted results.



## THE CHALLENGE

A major Canadian telecommunications company implemented revisions in their adjudication process, changing the rules that determined who got credit and how much. When they introduced the changes, they did not anticipate their negative impact as their bad debt expense rose quickly.

## THE SOLUTION

Neptune Innovations conducted a thorough analysis of the portfolio and discovered certain segments were underperforming against historical metrics. We proposed a number of changes as a results of our findings:

- Accelerate commencement of collection activity by 5 days
- Accelerate service discontinuation by 10 days
- Alter collection strategies to focus on underperforming segments as approximately 80% of their charge-offs came from 20% of their portfolio

## THE RESULT

- Bad debt expense as a percentage of revenue improved 10% (2.31% to 2.09%)
- A/R % under 60 days improved 9% (8.48% to 7.69%)
- Revenue grew 4.5% in the first 3 months of implementing Neptune's recommendations