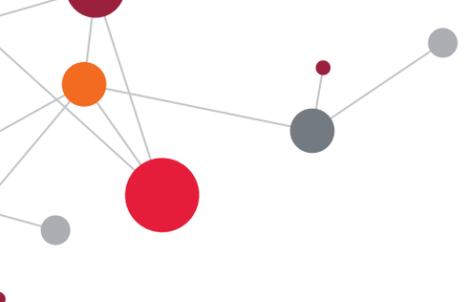# HOSTING AND APPLICATION MANAGEMENT OUTSOURCING FOR DEBT COLLECTION OPERATIONS

Increase business value while reducing IT costs and risks

Introduction

Hosting and application management services pay big dividends to companies ready to break away from "we've always done it this way" thinking and dramatically transform their IT practices. Outsourcing the hosting and application management of discrete business functions like debt collections offers a number of business advantages, including greater operational agility, faster time to market, and maximized business results without the risks, distractions and headaches of managing IT processes in-house. It also delivers these important advantages at a 10 to 15 percent lower total cost of ownership.

In a traditional hosting and application management engagement, the client organization outsources control of all or part of IT to a third-party provider. While the concept of outsourcing is not new, the recent shift to a laser focus on using IT outsourcing for application-by-application value creation is incredibly important. Service levels go up while the client's monthly support expenditures go down. The client can then use the savings to invest in innovative new product and service offerings, new market entry or expansion, and other more strategic business pursuits and optimization activities.

Once contracted, the IT service provider delivers pre-specified outcomes related to levels of service and performance at a defined price— and assumes the risks that this represents. The provider mitigates these risks by investing heavily in its ability to ensure service delivery excellence, including rigorous processes, tools and documentation, by balancing workloads across its workforce, and by fulfilling services throughout a global delivery model. Clients benefit from higher service levels, including service that is more responsive, better change management and ready access to domain expertise.

How can hosting and application management outsourcing dramatically improve an organization's debt collection operations? When properly understood as a business domain, aligned with other key business functions, and supported by best-of-breed technology, an outsourced approach which links application expertise with infrastructure delivery has the potential to transform dramatically a company's overall collection performance results.

CGI

Why are in-house IT approaches to supporting debt collections so difficult?

A company's in-house IT environment faces the ongoing challenge of maintaining collection systems subject matter experts and focused resources who are otherwise busy supporting multiple lines of the business and responding to an array of competing priorities. Supporting debt collections requires a constant focus. It also can consume scarce budget resources while yielding results that often fall short of management's expectations.

Debt collections is a critical part of maintaining and expanding the financial health of an organization, and the stakes involved in collecting and recovering legitimately owed financial obligations are enormous. According to the Federal Reserve Bank of New York, the second quarter of 2018 marked the 15th straight quarter of rising household debt, reaching $13.29 trillion.[1] In addition, 4.6% of outstanding debt—or $605 billion—is in some stage of delinquency.[2]

Yet even against the backdrop of rising debts and rapidly changing regulations, many credit-granting companies struggle to optimize their collection operations to achieve higher levels of performance. Debt collection is a complex operational process that requires a flexible, reliable and sophisticated collections application, backed by focused technical and operational subject matter experts to maximize both productivity and revenue recovery, maintain customer loyalty, and react quickly to the ever-changing regulatory and compliance landscape. Reaching these ambitious goals requires collection operations with the appropriate tools and support to fulfill the mandate of delivering collections excellence.

CGI: Unsurpassed technology delivery

CGI, a global technology leader, maximizes its high impact approach to hosting and application management outsourcing by:

- Committing to delivering pre-specified outcomes, not levels of activity or support – By agreeing to produce actual outcomes rather than conduct a set of activities, the CGI approach eliminates any ambiguity about what constitutes "results," tying the outsourcing directly to the delivery of overall business (not IT department) value. Additionally, CGI has developed the systems and established the essential platform support requirements; no one can support our systems more efficiently and effectively than we can.

- Serving as a trusted business partner with more than 35 years of collections expertise – We're not a vendor simply interested in meeting program requirements or growing account opportunities. Outcome-based pricing also provides CGI clients with greater cost elasticity, allowing IT expenditures to decline with declining service demands.

- Shifting performance risk from the client to CGI – Having assumed delivery risk at a fixed cost, CGI Is able to deliver service excellence leveraging highly structured and documented business processes, and proven standardized methodologies and tools.

- Using a global delivery platform that provides rigorous documentation and standardized tools and methods to operate at scale – As a result, CGI hosting and application management services can meet client-defined outcomes reliably with fewer, more productive resources and at a lower cost.

- Operating at scale and serving multiple clients from multiple locations – Maintaining diverse client portfolios allows CGI to maintain a deep bench of business and technology experts. As their needs evolve, clients gain access to CGI experts with greater domain knowledge, more extensive technical skills and richer technology solutions.

As a result, moving debt collections and other business functions to CGI can help close the value gap between a company's IT expenditures and its ability to produce an adequate return on that technology investment. Unlike the ambiguity too often encountered in attempting to determine in-house IT support costs and return on investment results, hosting and applications management outsourcing with CGI creates a clear "line of sight" from business needs to IT service delivery, performance outcomes and attendant costs.

In addition to these substantial benefits, working with CGI offers clients two other major advantages. First, CGI operates a world-class technology platform. Second—and unlike other platform providers—CGI Collections360 is its own seamless, industry-proven debt collections solution with a proven track record of success. With this powerful combination of platform and IP capabilities, CGI hosting and application management services have helped hundreds of clients transform collections operations while cutting collections related costs.

CGI

CGI platform technologies and technical capabilities

- CGI data centers provide optimal outsourcing service delivery with best-in-class IT infrastructure services—from facilities management, physical security, physical networking and client connectivity to SAN, data backup, infrastructure monitoring, help desk and incident management teaming.

- CGI's multiple, interconnected data centers ensure effective disaster recovery by enabling scalability across large, distributed environments. Disaster recovery services include a disaster recovery plan and annual exercise, virtual machine replication, as well as standard service levels for incident acknowledgment, incident remediation, and disaster time and point objectives.

- CGI security services provide around-the-clock, end-to-end protection against cyber attacks with robust capabilities for anti-virus, network intrusion detection, host intrusion detection, file integrity monitoring, event access logging and reporting, critical security patching, external vulnerability scanning and penetration testing.

- Application management virtualization platforms deliver a wide range of application management services, including application maintenance, 24/7/365 operational support, monitoring, incident and change management, software currency and patching, and bundled discretionary hours.

- Disciplined and proven governance and management frameworks, incorporating industry best practices, reduce delivery risks through a dedicated services delivery manager, rigorous communication processes, service monitoring and requests, change control and incident resolution, clear escalation plans, and monthly scorecard reporting.

- A wide range of talented, dedicated experts bring a wealth of knowledge to ensure the most effective use of IT in debt collections, including the latest skillsets needed to support applications effectively in today's most in-demand, mid-range and Java-intensive computing environments.

CGI

CGI Collections360

CGI Collections360 is a comprehensive collections and recovery solution that combines software, business processes and IT services to manage and improve the debt collections life cycle. CGI Collections360 components include the following:

- CACS Enterprise is an integrated, single platform for debt collections that enable creditors to eliminate their own redundant systems, gain a unified customer account view, and make fewer mistakes in the collections process. Its multi-user processing hierarchy and built-in, role-based security also provide new levels of control over the management of multiple collection and recovery vendors. The solution uses flexible, table-maintained rules to define workflows and treatments, make collector and third-party assignments, and monitor performance and regulatory compliance.

- Strata Enterprise is a comprehensive decision management solution for monitoring and analyzing customer data, as well as developing and testing strategies designed to reflect each customer's specific preferences and performance. Strata Enterprise helps eliminate decision inconsistencies that can lead to costly and time-consuming collection mistakes. It also provides feedback on the effectiveness of business rules so that users can better understand the impact of business rule changes on bottom line results.

- Web Promises is a web agent and self-service portal for "agent-less" collections activity, including most aspects of debt negotiation, commitments, payments and settlements. Web Promises delivers on-target customer preference alignment, 24/7 availability, fast implementation, low cost, near real-time processing, flexibility and scalability.

- CGI Gateway360 is the one-stop data gateway providing access to industry leading third-party credit information services as well as secure file and document exchange capabilities. From supplying sophisticated data analytics for better, faster credit decisions to delivering third-party partners updated account information via an integrated vendor portal, CGI Gateway360's robust capabilities lead to more effective debt collections.

- CGI Insight provides tools for end-to-end default management reporting and operational capabilities, producing comprehensive information at the transaction, account and agent level. With the ability to drill down and gain insight through robust and concise visualizations, factors inhibiting optimal performance are quickly identified and evaluated, clearing the way for lower cost, higher yield collection operations.

- CACS Recovery Accounting brings full financial processing to bear for assessing fees and interest, tracking payments, judgments and settlements, maintaining complete account histories, integrating collection results with general ledger systems, and recovering outstanding debts in a regulatory compliant manner. It enables automatically placing, recalling and replacing accounts with collection agencies based on specific account characteristics.

- CGI Connect delivers advanced analytics for optimized, preference-based setup of customer contact channels, helping to ensure full compliance with rapidly changing regulations.

CGI

Summing up: Key benefits of CGI hosting and application management outsourcing

Moving from in-house IT support to CGI's hosting and application management services offers numerous business process transformation and value creation benefits, including:

- Enhanced operational agility and faster time to market

- Maximized collections efficiency and effectiveness

- Greater velocity in responding to regulatory and marketplace changes

- New insights into third-party agency performance and collection strategy trade-offs

- Heightened cost-efficiency—10 to 15 percent reductions in the total cost of ownership

- Unsurpassed access to expertise in hosting, application management and debt collections

- Proven, structured service delivery processes for consistently meeting expectations, adhering to standards, managing incidents and reducing risks

- Operations based on the latest collections application version (software currency) to leverage the latest functionality improvements and compliance updates

- CGI's proven implementation methodology to ensure a successful solution deployment through transition, pre-deployment, and steady state activities.

In addition, unlike other hosting and application management service providers, CGI's own software engineers and subject matter experts designed and built the company's proprietary CGI Collections360 solution, which enables CGI clients to conduct debt collections at an unparalleled level of business and technical sophistication and effectiveness.

Naturally, some companies are concerned that a decision to outsource a business function like debt collections means the loss of control or the loss of detailed institutional understanding about how such systems and functions operate. While understandable, this concern is overstated. The client retains full rights to its intellectual property, which it can access at any point during a CGI hosting and application management engagement. At the same time, the interests of both parties advance as CGI works with clients to eliminate unnecessary business processes and system complexities, as well as enhance quality.

With outcomes specified and execution commitments secured, a client's IT executives can shift more of their focus from the technical details of day-to-day operations to the most productive, innovative and valuable uses of IT overall. They can eliminate overspending on unnecessary or excessively specified performance requirements. Along the way, companies also can reduce the size of their in-house IT outlays or re-direct these human and capital resources to addressing more mission-critical business concerns.

With CGI hosting and application management outsourcing services, debt collection operations become more predictable, less expensive, scalable based on actual business demand, and less risky. As a result, they are able to deliver increased business value.

Conclusion

Moving debt collections and other business functions to CGI's hosting and applications management platform can help close the value gap between a company's IT expenditures and ability to generate an adequate return on its technology investment. Hosting and applications management outsourcing directly connects business need to IT service delivery, outcomes and costs.

CGI

About CGI

Founded in 1976, CGI is among the largest IT and business consulting services firms in the world. Operating in hundreds of locations across the globe, CGI delivers an end-to-end portfolio of capabilities, from IT and business consulting to systems integration, outsourcing services and intellectual property solutions. CGI works with clients through a local relationship model complemented by a global delivery network to help clients achieve their goals, including becoming customer-centric digital enterprises.

Learn more at **www.cgi.com**.

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