

BAS Success Story Reengineering a Collection System

Engagement Snapshot

- ▶ BAS to work with client to create comprehensive Remote Deposit Capture execution plan
- ▶ Review and analyze vendor RFP responses
- ▶ Document current state of deposit processing infrastructure with client's U.S. operations
- ▶ Design future state of deposit processing infrastructure with client's U.S. operations
- ▶ Design and document detailed implementation plan

Primary Client Goals

- ▶ Redesign the collections process based on industry best practices incorporating client specific requirements
- ▶ Select a vendor to re-engineer the company's collection process

Accomplishments

- ▶ Reviewed and analyzed vendor RFP responses
- ▶ Supported Treasury Operations with interaction between vendors and banks where our knowledge and expertise benefit the client
- ▶ Supported contract negotiations (T&C's) as well as Service Level Agreement design
- ▶ Documented current state of the deposit processing infrastructure
- ▶ Created a comprehensive Remote Deposit Capture execution plan including a redesigned process and an implementation plan

BAS helps leading insurance provider select an appropriate vendor to re-engineer their collection process, enabling them to meet a strategic company goal.

About the Client

This client is leading provider of insurance, savings and retirement products and services for individuals, small business, and large institutions. The company serves 88 of the Fortune 100 largest companies and does business in over a dozen countries in Latin America, Europe and Asia Pacific regions. Through its domestic and international subsidiaries and affiliates, the company reaches more than 70 million customers around the world.

The Challenge

In 2006, this company sought to re-engineer its collection system in order to improve the revenue collection process. The focus of this restructure is to increase accuracy of bookings and alignment of deposits to investment portfolios. The benefits would be reduction in manual processing and improved use of resources in terms of depositing checks that come into the field offices. The Treasury Group was charged with redesigning this process and selecting a vendor to implement the new solution. The program was a major strategic initiative for this insurance and financial services giant.

While the company had a formal

request for proposal (RFP) process that included tools for collecting relevant data to guide their decision-making, the RFP the Treasury Group actually issued was fundamentally flawed. To begin with, the group didn't have a clear understanding of what it needed to achieve from a new solution. As a result, the group issued an RFP that included 215 questions, of which 150 invited the potential vendors to respond in free-form text. The team received responses from thirteen vendors. The tremendous amount of textual data – 1,700 discrete text answers – didn't allow for easy comparison between vendors, and offered no means for measuring tangible differences.

It soon became clear to the team that it would be unable to review the proposals and recommend a vendor within the timeframe established by the company, putting at risk the success of the company's strategic initiative.

But an inefficient RFP process was only part of the problem: the company's organizational structure and corporate culture proved to be an impediment to success. Moreover, the lack of compelling platform that could drive adoption

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meant the Treasury Group faced a continuous internal selling process that was often confronted with cultural barriers.

Board Advisory Services Develops a Methodology for Vendor Selection

The IT organization that supported the Treasury Group invited Board Advisory Services (BAS) to help the team address the problem. Concern for the vendor selection was a key issue for the IT department, as the process had already begun and there were many technical implications to the solution design.

BAS has extensive experience in business-oriented contract negotiation and management of the vendor selection process. Because the vendor-selection process had been chaotic, strong organizational skills were needed to impose order and serve as a basis for making a rational decision. Additionally, the exceptional payment systems subject matter expertise of BAS was needed to design an optimal solution that included banking and payment system elements.

To properly assess the problem at hand, BAS decided to obtain a thorough understanding of how a newly engineered collections system would affect the entire organization, not just the Treasury Group. BAS met with the company's Treasurer and his staff, as well as the executives of each line of business to better understand their functions' needs. They also interviewed the vendors who had submitted proposals, along with leaders in the industry who were familiar with current best-practices for revenue collection systems. BAS used this data to modify the current situation and create an RFP process that would better meet the company's needs.

Time was of essence. The company had very limited time to select a vendor, as the project was already in danger of missing its deadline.

Proposed Solution: Criterion That Measures Impact and Results

BAS developed a framework and methodology for evaluating the RFP respondents. Emphasis was

placed on generating clarity and transparency as to which vendor was best suited to meet the critical success factors of this project.

The framework for vendor selection and analysis had two principal drivers. The first dealt with the potential relationship between the vendor and the Company. Would the Treasury Group have sufficient ability to influence the vendor? The other driver focused on the assessment of the product's robustness and quality.

BAS analyzed each vendor within this context, and plotted each on a spectrum, where the vendor relationship was one access, and Remote Deposit Capture (RDC) capability was the other. The ideal vendor would fall within the top right quadrant. Any vendor in this quadrant was automatically moved to phase two of the process. Vendors falling into the bottom right quadrant may also be able to provide the company with the right level of commitment. To move to the next phase, they needed to demonstrate comparable experience in the Financial market including Insurance and Investment Services, and if the economics of their bid warranted additional due diligence. Vendors in the top left quadrant may be able to provide the company with the right functionality, if they could partner with an appropriate technology provider.

After a qualitative analysis, BAS

was able to present the company with a clear comparison of vendors, based on documented internal business requirements. Working closely with the client, BAS ensured that the project team delivered a fully designed solution, one that encompassed system architecture, a fully formed business process incorporating all departments that were touched by the collections process, and a signed contract with the selected vendor.

Tangible Results

As a result of BAS' help, the company is ready to re-engineer its collection system, allowing for the elimination of inefficien-

cies and simplifying the entire process.

The benefits of the new collections system will be company-wide. The new process will enhance the company's overall fraud protection program. It will also improve the way the company manages information for all insurance-related regulatory requirements. And it will enable the company to comply with payment-processing regulatory requirements in an automated fashion.

Thanks to the new system, the Treasury Department will be able to implement and adhere to widely accepted industry best practices for collections.

About Board Advisory Services

Board Advisory Services (BAS) offers the right level of expertise that executives need to gain insight and evaluate business operations, and to grow the knowledge base of team members so that they may step up to the continuing demands of the enterprise. Clients leverage BAS expertise—stemming from decades of experience in business management and professional consulting—to determine what their next steps should be, and then execute them. BAS offers solutions for governance, business planning, executive business coaching and compliance programs.

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