CREDIT AND COLLECTIONS MANAGEMENT

Performing Credit and Collections Management with the SAP for Utilities Solution Portfolio

Utilities companies must navigate a treacherous set of financial and operational challenges unique to the industry. The SAP® for Utilities solution portfolio can help by making your credit and collections processes more flexible, efficient, and profitable. SAP for Utilities will help you mitigate the risk of delayed payments and bad-debt losses, strengthen customer relationships, and gain greater efficiencies in financial business processes.

Utilities companies, both public and investor owned, face a distinct set of challenges. You must retain existing customers, gain new ones, and increase profitability while – as a highly visible entity in the public eye – maintaining brand equity and a positive image. Intense competition, privatization, deregulation, and a more fluid and demanding customer base bring to bear additional pressures. And amid times of economic downturn, customers increasingly tend to default on payments, contributing to the risk of high day sales outstanding (DSO) and bad-debt losses.

The SAP for Utilities solution portfolio can go a long way to help your organization streamline and improve credit and collections management. Powered by the SAP NetWeaver® platform, SAP for Utilities enables enterprise-wide visibility for better decisions, improved responsiveness, and operational excellence. This means you can strengthen customer relationships, gain greater efficiencies in financial business processes, and stay ahead in a dynamic and challenging environment.

Putting the Focus on Revenue Assurance

Utilities companies in both regulated and competitive markets need better ways to deal with delayed payments and unpaid bills. Such delays and defaults can have serious ramifications, such as constrained self-financed expansion possibilities and the need to raise prices and reduce services.

Addressing debt-side activities proactively is critical, and a "one size fits all" approach no longer works. You need to assess individual customers and evaluate the probability of on-time payment. And you must deploy fast, efficient, innovative collections strategies, along with all appropriate legal measures, using multiple communication channels to interact with customers. To move at the modern speed of business, you need to perform these activities in a highly automated and flexible manner, dealing with special cases and working across department and even system borders.

SAP for Utilities offers cutting-edge, scalable, quantifiable solutions that deliver fast results and improve your ROI. You'll be much better equipped to see the larger picture and mitigate the risks of uncollectible revenues.

Credit Scoring and Segmentation

SAP for Utilities provides sophisticated credit-scoring capabilities that enable you to make a solid risk-based segmentation of your customers. You can use credit scoring to ascertain the right terms and conditions to offer a given customer, confident in the information backing up your decisions and driving your collections activities. This is crucial to differentiating your approach in dealing with customers throughout your relationship, from contract and order management to collections. Good information, of course, is essential to accurate credit scoring. To this end, SAP for Utilities facilitates the integration of your system with the following data sources:

- **Data from external credit bureaus** – Especially when dealing with new customers and prospects, you need a trustworthy assessment from an external credit bureau or rating agency. With the open interface of SAP for Utilities solutions, you can seamlessly integrate data from a number of leading agencies.

- **Sociodemographic information** – With SAP for Utilities, you can assess a range of factors including income level, address, profession, and other lifestyle data to build customer and prospect profiles.
- **Financial and payment history** – Once you have an existing relationship with a customer, internal knowledge of payment behavior becomes extremely valuable – and integrating this knowledge with external data provides you with a more complete picture.
- **Negative and premium customer lists** – SAP for Utilities gives you the tools to collate data that helps determine customers for preferential treatment, handling with extra caution, or denial of service altogether.

SAP for Utilities enables you to set up rules to calculate your own internal credit scores and categories of risk. You can define different limits for customer services for a centralized and aggregated view of your data – or, for that matter, a granular view. As a result, you can treat customers as individuals, a great benefit both to your operation and your customers themselves.

Powerful Tools for Devising Collections Strategies

Utilities companies typically have large customer bases, making manual intervention into problem cases difficult and costly. SAP for Utilities facilitates automation of follow-up processes, helping you handle large amounts of data with maximum flexibility. Features such as automated alerts for required manual intervention increase efficiency.

SAP for Utilities provides mechanisms for adjusting your collections strategy dynamically to a customer's current situation. You can use preset as well as customizable parameters to determine what collections actions to take for the most appropriate, efficient, and effective approach with each customer. You can enact multiple collections strategies, combine sequential and parallel treatment actions to optimize your efforts, and maintain control over internal collections activities. You can also keep tabs on any related legal proceedings and monitor the progress of external collections agencies.

With SAP for Utilities, you can perform a range of automated, semiautomated, and manual tasks, as follows:

- Issuing reminders
- Sending e-mails, short message service (SMS) messages, or telephone (dialer) calls
- Triggering workflows and disconnection orders
- Blocking accounts for collections
- Putting accounts on specific work lists
- Scheduling on-site technicians for work

And with the integrated SAP® xApp™ Mobile Asset Management composite application, your company technicians can also use mobile equipment such as personal digital assistants for convenient, efficient on-site data collection.

A Role-Based Work Interface

Role-based access through a user-friendly Web interface gives employees access to the information they need to perform their duties. For example, collection agents will have a single point of access to granular information on individual customers as well as an overview of their work and the progress of collections efforts.

And while processes run automatically, mainly in the background, credit managers have all key data at their fingertips. They can intervene manually at their discretion while enjoying easy, user-friendly access to the data and tools they need to make well-informed decisions in a timely and efficient manner.

Integrated Analytics for Strategic Reporting

SAP for Utilities helps you close the loop with your credit and collections capabilities, connecting crucial data and turning tactical procedures into powerful analytical tools. Analytics functionalities let you monitor credit exposure and risk, report successful collections, compare collections strategies, oversee the progress of external collections agencies, and analyze write-offs. You can compare your company against industry benchmarks, refine your scoring algorithms, adjust your collections strategies, and change policies.

A Fully Integrated Solution

Because SAP for Utilities is powered by SAP NetWeaver, which unifies technology components into a single platform, you can easily integrate third-party systems. That means you can incorporate credit data from a variety of sources and work seamlessly with legal organizations and external collection agencies. By connecting front- and back-office processes, the necessary information is on hand to facilitate online credit checks during contract and order creation. You can also take advantage of interaction center capabilities to integrate telephony and customer interaction history. And assigning customers to categories of credit risk can be a valuable source of information for marketing campaigns, allowing you to address only paying customers for up-selling initiatives.

A More Profitable Way to Do Business

In short, SAP for Utilities gives you a more complete picture of your company's credit risk and enables you to respond to business events with speed and flexibility – individual events as well as broader trends that can influence your strategies. This state-of-the art solution portfolio helps you do the following:

- Perform contract accounts receivable and payable activities
- Make a comprehensive and ongoing assessment of the creditworthiness of new and existing customers, based on information from a variety of internal and external sources
- Treat your customers fairly and flexibly, based on their creditworthiness, sociodemographic status, and lifestyle data
- Cut costs and increase efficiency in credit and collections processes by automating routine tasks
- Lower risk by identifying problems before they escalate
- Improve customer relationships and retention by applying proactive, preventive measures

- Reduce write-offs by imposing stricter terms and conditions on customers with bad scores or by avoiding doing business with them
- Decrease your DSO and accelerate cash flow by using the most effective approach to get payment
- Increase ROI and realize cost reduction benefits quickly thanks to fast and seamless integration into your existing infrastructure
- Improve your overall operations with risk-optimized collections processes

Find Out More

To find out more about how SAP can help your organization with its credit and collections management, call your SAP representative or visit us today on the Web at **www.sap.com**.

Powered by SAP NetWeaver

SAP for Utilities is powered by the SAP NetWeaver platform. SAP NetWeaver unifies technology components into a single platform, allowing organizations to reduce IT complexity and obtain more business value from their IT investments. It provides the best way to integrate all systems running SAP or non-SAP software.

SAP NetWeaver also helps organizations align IT with their business. With SAP NetWeaver, organizations can compose and enhance business solutions rapidly using enterprise services. As the foundation for enterprise services architecture (ESA), SAP NetWeaver allows organizations to evolve their current IT landscapes into a strategic environment that drives business change.

THE BEST-RUN BUSINESSES RUN SAP™

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