Self-service nets higher pay rates in utility collections

How a top utility company realized a substantial lift in payments by engaging delinquent customers through automated interactions

Challenge
– Reach more delinquent customers and generate more payments at a lower cost than manual outreach without burdening the contact center.

Solution
– Personalized, automated interactions to customers whose accounts are past due with timely reminders and self-service payment options.

Results
– Increased monthly payment rates by 6 to 9% equating to $5.3-$6.6 million in revenue.
– Improved invalid numbers by 22%, adding 3.27% more customers to self-service
– Improved live answer rate by 15% by adjusting calling window
– Saw a 34% lift in engagement as a result of script changes
– Realized a 4.5% monthly return on investment

Public Service Electric and Gas Company (PSEG) is New Jersey's oldest and largest publicly-owned utility with more than 2 million customers and one of the largest utility companies in the U.S. PSEG first started working with Nuance in 2007 to automate customer interactions. Prior to that, the company didn't have an adequate means for contacting all their delinquent customers, relying on mailings and part-time staff to make outbound calls. With the costs of labor rising, the utility wanted a better way to reach more of their delinquent customers at a lower cost and with the greatest business impact.

"The first month we made that change, in check payments alone, not including credit cards, the result was an additional 1,337 payments."

Christy Barone, Strategic Analyst Credit Collections Team
Public Service Electric & Gas

Maintaining call center efficiency
PSEG's goal with self-service was to collect more from past due accounts without causing an influx of calls into the contact center. "With collections, it's a constant battle because the contact center doesn't want an increase in call volume," explains Christy Barone, Strategic Analyst with PSEG's Credit Collections Team.

"We tested the correlation between the outbound calls generated through Nuance and inbound call volume, and the impact was negligible," she adds. "Any calls that did come into the contact center as a result of Nuance were customers looking to arrange payment, which ultimately is our goal."

Improving reach and self-service
PSEG bases its collections strategy on level of risk—low or high. Newly delinquent customers now receive a friendly remind call with four self-service options:

– Promise to pay
– Set up direct deposit auto payments
– Transfer to the IVR to pay by credit card
– Make a payment by check.

Nuance Locate was used to identify invalid numbers or bad data, search for the correct record and validate right party. Customers were then taken down the self-service path and Nuance delivered validated customer data back to PSEG. Using this technology, Nuance validated 22% more valid contacts and treated an additional 3.27% of PSEG customers through self-service.

Measuring effectiveness
As part of their service to PSEG, Nuance conducts Quarterly Business Reviews (QBRs) on application performance.

Engagement Rate

	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug

.80
.78
.76
.74
.72
.70
.68
.66
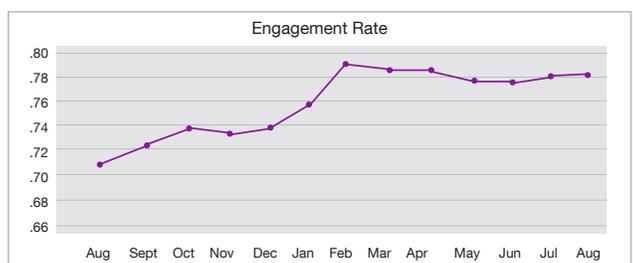
"Month over month, as we make these changes, our results are continuing to trend upward... Everything is moving in the right direction."

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During those reviews, Nuance takes a close look at PSEG's data to see how the solution is performing and makes recommendations to evolve and optimize performance.

"In collections, it's key to change up what you do," explains Barone. "If you apply the same strategy over and over, people get used to it and stop paying attention."

Best Practices leads to better results
"Nuance has a lot of best practices and we work really well together," acknowledges Barone. "We do analysis on our strategies and Nuance suggests minor tweaks that make a big difference."

Two of the suggestions Nuance made were to adjust the "best time to call" window to 9 to 11 a.m. and change the input file delivery time from the night before to first thing in the morning. These changes led to a 15% improvement in live answer rates.

"Our goal is to get the highest percentage of live answers that we can. If you get a live answer, you can get the customer to resolve their bill right then and there," explains Barone.

"The first month we made that change, in check payments alone, not including credit cards, the result was an additional 1,337 payments, which had a value of $64,500."

Nuance also suggested script modifications that led PSEG to realize a 34% lift in engagement, which translated into an additional $83,772 in check payments.

"Month over month, as we make these changes, our results are continuing to trend upward—the number of check payments, the percentage of transfers to the IVR—everything is moving in the right direction."
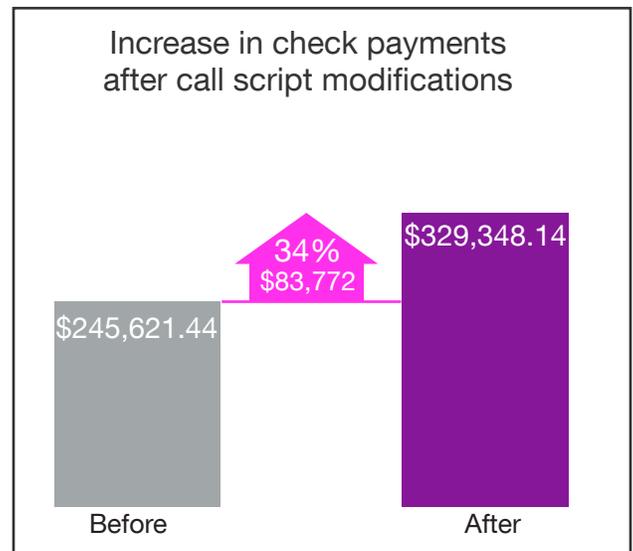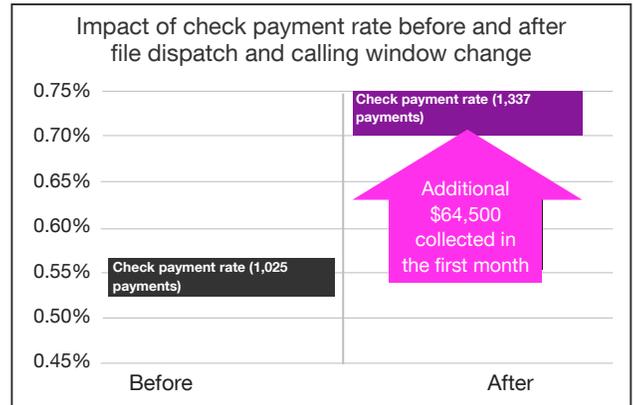
Proven performance
"When we switched to Nuance, we had to prove that it wouldn't impact our inbound call volume," says Barone. "We also had to show that the calls were effective in doing what they were intended to do."

To illustrate this, she orchestrated a six-month study to evaluate the effectiveness of the Nuance interactions, setting up two groups of customers where one received Nuance calls and one group did not.

After the first month, payments made by customers who received Nuance calls were 9% higher than those who were not contacted. This difference equated to an additional $6.6 million monthly. After six months, the impact was still significant, with 6% higher payments ($5.3 million) made by customers receiving Nuance calls.

Leaving a lasting impression
Years later, Barone says Nuance is still generating positive outcomes. In May 2011, she ran another comparison study. Results showed that Nuance interactions generated $300,000 more payments—a 4.5 percent return on the company's investment.

Impact of check payment rate before and after file dispatch and calling window change

Check payment rate (1,337 payments)

Additional $64,500 collected in the first month

Check payment rate (1,025 payments)

Before   After

Increase in check payments after call script modifications

$329,348.14

34% $83,772

$245,621.44

Before   After