

**Client:**

TransUnion Africa

Industry:

Credit bureau and other information services for consumers and businesses in South Africa and across parts of Southern Africa.

Country:

South Africa and neighbouring States

Challenge:

To effectively transition three largely disparate operations to an outsourced model that will deliver significant cost savings and outstanding customer service

Solution:

Comprehensive operational assessment and outsource backed by a phased transition programme and plans for operational redesign

Results:

- 7-year partnership contract
- 146 full-time and contract staff retained and transferred
- New convenient and cost effective facility
- Key operations outsourced
- Transition to new facility within four months
- Improved management information
- Leverage central service functions
- Upgraded and integrated telephony system
- New software and hardware
- Career progression opportunities for staff
- Change management programme and training for staff

Strategic change enabled via seven-year partnership

Merchants supports TransUnion's objective to transform into an integrated matrix organisation

Client Overview

TransUnion serves consumers and businesses across multiple lines of business in South Africa and in selected neighbouring states. Operating in a fiercely competitive industry, the organisation is focused on evolving its business from a holding company model with discrete, self-contained business units to an integrated shared services model that is able to support go-to-market activities for each line of business.

The objective behind these changes in operations and business structure is to become a more customer centric organisation that provides improved customer service and efficiencies, optimised use of data and enables growth through focus and simplification.

Business Challenge

TransUnion recognised that its core business centred on servicing its customers via the management and procurement of data. It also acknowledged that its Contact Centre and Business Process Outsource Services are disciplines in their own right which require expertise and experience for optimal service delivery. In recognition of these factors and the strategy adopted to enable such change, TransUnion made the decision to outsource the operations for three key lines of business to an appropriate partner.

TransUnion's criteria for selecting an outsource partner were based on the following:

- Specialist supervisory and

managerial skills that are focused on ensuring customer service excellence and efficiency

- Strong cultural alignment between TransUnion and the prospective outsource partner
- A specialist approach to learning and development
- Career management opportunities for current and future TransUnion personnel
- Focused and effective HR practices related to the nature of the work

TransUnion engaged Merchants to deliver a convincing business case as part of the outsource partner selection process. Merchants was asked to demonstrate the cost benefits of outsourcing, and to illustrate how it could deliver improved customer service and benefits to the greater TransUnion business.

TransUnion identified three lines of business that would need to be outsourced and operational requirements would include the transfer of 146 permanent and contract staff members from the Credit Bureau (CB), Automotive Info Systems (AIS) and Cheque Guarantee Services (CGS) in South Africa.

The Credit Bureau targets consumers and commercial businesses and is strictly regulated and governed by the National Credit Act. Auto Information Solutions provides automotive industry data to auto dealers and Cheque Guarantee Services assesses the risks related to cheque payments and provides guarantees for approved cheques.

Along with operational requirements, TransUnion had an existing outsourcing strategy driven by shareholders in North America to offshore and outsource to India. For this reason, the proposed Merchants solution needed to demonstrate the comparative benefits and business value of outsourcing to Merchants in South Africa as opposed to India.

Solution Provided

Assessment

Merchants commenced its engagement with TransUnion by conducting a four-week due diligence assessment of the operations of CB, AIS and CGS. The assessment provided key insights into existing business practices and processes, and Merchants consultants were able to identify re-engineering opportunities and areas for improvement to achieve operational efficiencies and improvements in customer service.

The analysis and assessment exercise involved meeting executives and senior managers across the relevant business areas and engaging several subject matter experts in the process. In order to meet the TransUnion's requirements for a full business process outsource, the team ensured they had an in-depth understanding of the complexity of the client's operations, its business drivers and its strategic objectives.

Business Case

To achieve TransUnion's objectives of eliminating duplicate overheads and driving operational efficiencies through shared services, the insight gained through the Assessment provided Merchants with an opportunity to propose an end-to-end solution that would support the business case for what was a large transformation initiative.

The Merchants team presented a solid business case explaining the implications of the alternative option of offshoring South African business operations to India. Perhaps most importantly, it included the 'softer' elements which were critical to TransUnion such as job retention and service execution in South Africa.

Issues around language are important to TransUnion and would have required operations to be split and Merchants provided proof of these offshoring realities, layered with operating models to demonstrate the challenges.

People

The cornerstone of the Merchants value proposition centred on TransUnion's commitment to its people and the development and retention of jobs onshore. Compared to the cost differential offered by other offshore destinations, the team highlighted issues around the capabilities of existing staff under the strategic operating model and certain core competencies required to provide services in Southern Africa. The team also identified a higher than average proportion of staff with long tenure and a lack of career progression opportunities, which placed the loss of intellectual property at risk.

Process

The decision to outsource a third of its operations to a strategic partner involved the crucial move away from a silo-based approach to a shared services model that could be provided by Merchants. The team also identified weak management information and reporting, and issues around quality and day-to-day staff management.

Facilities and Information Technology

The existing premises were expensive and staff members were located across different buildings. The Merchants assessment identified largely disparate technology systems that were outdated and no longer fit for purpose. The new location is central, close to amenities and cost effective for staff in terms of travel. The new working environment is more comfortable and all staff will be located in one building. TransUnion branding of the new operation will ensure staff feel the same sense of belonging as before.

In addition, the solution adopted by Merchants incorporates an integrated telephony platform across all three business units.

Phased transition Programme

The assessment resulted in a well-defined roadmap for improvement that included a three-step phased programme beginning with a transition phase, followed by two business improvement phases.

How we Delivered

Following TransUnion's review of the assessment and commercial proposal, Merchants was awarded a seven-year contract to provide BPO services. The contract entails outsource services provided over a seven year period, supported by a comprehensive service level and penalty framework.

Once the contract was awarded, the Merchants team began the transition process and finalisation of relevant contracts between both parties. Both the unique nature of the relationship and the TransUnion business has seen Merchants make considerable

investments to ensure the smooth transition and setup of the new outsourced operations.

Once Merchants had conducted a demographic study of staff density in relation to where they lived, it identified a modern facility in a central location and work began almost immediately to begin fitting it with new technology and hardware.

The first phase of the transition is well underway and will see the operation moved to an outsourced environment by September 2011. A dramatically improved IP-based telephony system will be implemented in the new facility.

With its focus on the transition of staff, the first phase is centred on change management, new premises, new systems and a staggered go-live.

In outsourcing its core operation, the Merchants team is keenly aware of mitigation of risk and the requirement for sound change management. Using its considerable expertise in people management, Merchants is leading the change management process and is assisting with the task of staff support through the transition.

The transfer of staff is governed by section 197 of South Africa's Labour Relations Act and communication and consultation with staff has begun. With 75% of the contract costs relating to people, Merchants has also invested in the recruitment of new dedicated support staff and additional management to complement the transfer of TransUnion's 146 staff members. Merchants has also offered career progression opportunities to staff in recognition of the intellectual property retained by these individuals.

With a dedicated change management team including a dedicated HR professional, planning

has been thorough and precise and all TransUnion managers and supervisors have undergone a change management training session.

Staff have to date been extremely positive about the changes and once fully transitioned, all staff will undergo a Merchants induction programme and training on soft skills to build on existing skill sets. Refresher training will ensure staff are brought up to speed on quality management and coaching to enable improved performance.

Where to Next

Merchants' partner relationship with TransUnion will remain transparent and open to support TransUnion's transformation vision, and to ensure the solution remains appropriate and responsive to its business needs.

TransUnion and Merchants executives will continue to review the success of the outsourcing operation to review further business process outsourcing initiatives both in South Africa and abroad. Using Merchants wide range of diverse skills and expert resources, the parties look forward to optimising the entire business process operating model in future phases to deliver against TransUnion's current and future critical business objectives