

Helping you to address revenue leakage

Estimates of revenue leakage vary widely by regions, due to differences in scope, complexity of services, the maturity of the local environment, technologies and other specific market and regulatory factors. However, it is widely accepted that losses from leakage can impact an organisation by up to 5% of turnover and reduce EBITDA by up to 25%.

Many of our existing clients have great visibility of their current loss levels and understand the key processes that need improvement. At Grant Thornton we understand that others are less mature in relation to having a defined strategy to mitigate the risk of revenue leakage.

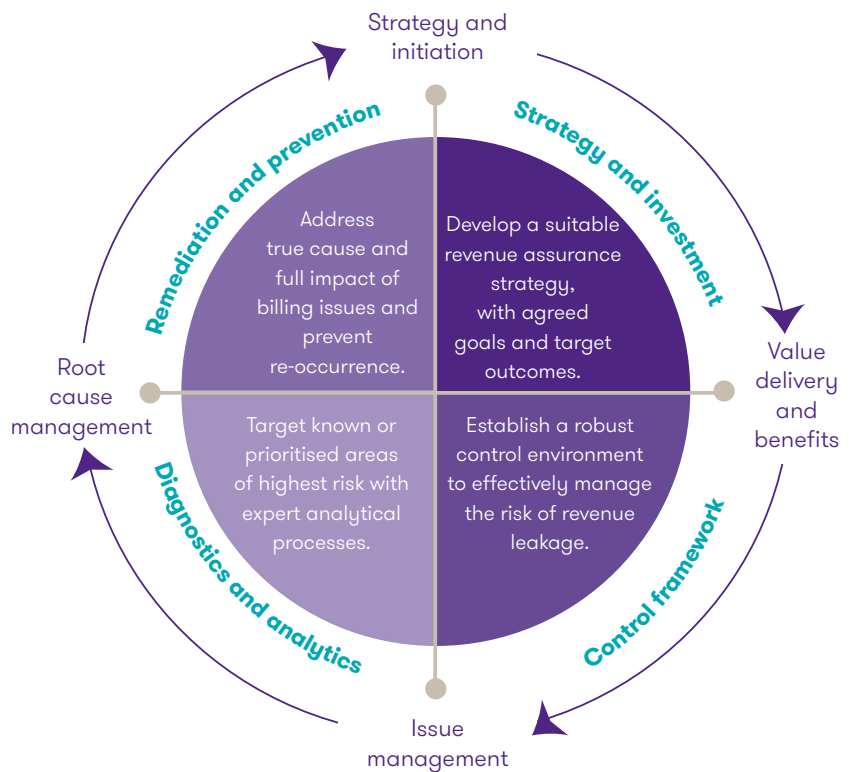
Either way, managing revenue leakage is undeniably a complex business challenge involving numerous internal stakeholders and various operational disciplines and functional experts.

Grant Thornton helps dynamic and growing businesses across many sectors and industries achieve their objectives by identifying and implementing appropriate revenue assurance strategies, embedding effective controls, policies and specialist capabilities to provide assurance and tangible business value. We are experienced in conducting detailed reviews of client's value chains, using cutting edge analytic technology. We have the insight and experience to help clients develop the right strategy for them considering the need for assurance, financial benefits, enhanced controls and compliance. Beyond this our extensive operational capability means we can provide honest best practice based feedback on a client's maturity, highlight the true underlying causes of revenue leakage and provide guidance on what action is really needed to mitigate and prevent leakage moving forward.

We deliver revenue assurance services to clients in the following industries:



Our revenue assurance model



1

Strategy and investment

Whilst overall the objective is always the same, to avoid leakage, revenue assurance strategy differs significantly from client-to-client depending on the specific needs of that business, their customers and the needs of that market. Investment in a dedicated operational team, an enhanced control framework and specialist software requires careful consideration and strong investment appraisal.

Strategy customisation and benchmarking

For many of our clients the starting point is clearly defining the what, how and who for your revenue assurance strategy. Defining your functional strategy is key to knowing how well you are actually performing and for setting your future plans for focus and investment.

Securing the business case

Using internal experiences and anecdotal evidence can provide a baseline for the initial functional and technology investment, but a fully underpinned business case with the right type of investment and a multi-year budget is more likely to deliver sustainable success. Modelling the full range of financial and non-financial benefits requires careful consideration and often an initial pilot project or two.

What, how and who?

- **what** is it you are trying to achieve with all your cross-functional efforts? To eliminate leakage, reduce churn, improve customer satisfaction, maintain compliance, deliver fast P&L benefits or all of the above?
- **what** are the boundaries of your scope? Does it include cost assurance, margin assurance, fraud, tax, payments or sales commission?
- **how** do you actually measure leakage and savings? How do you monitor billing integrity continuously? How do you validate pricing robustly?
- **who** is accountable for leakage in your organisation and who has specific control responsibility? How do you govern that interdependency? Who decides what to 'fix', what to 'write-off' and how to 'treat' customer issues?

Where clients need it, we can help with strategic definition, target setting, business case preparation, senior management engagement and ensure that the above key questions have been fully considered.

2

Establishing an optimised revenue assurance control framework

Establishing both detective and preventative controls across your end to end value chain, embedded within all its key functional areas and reaching up into your senior management is key to establishing a sustainable revenue assurance strategy.

Control risk assessment

To fully understand the way that an organisation manages its revenue and revenue assurance, you need to consider the end-to-end process and the three layers in the business where controls exist in people, process and technology. Documenting this end-to-end process can be a daunting prospect, but is key to understanding the level of control and risk that you have and to enable proper prioritisation of future risk management efforts.

Product or customer focus

It is prudent to reflect the revenue assurance risk and control landscape via separate complementary 'lenses' in order to get a clear view of where that focus is needed and by whom. Often looking at the 'customer' and 'product' lifecycle is a very sensible approach.

Alignment to other risk functions

In most organisations there are many available sources of information to exploit and leverage to establish that end-to-end view (i.e. internal audit, quality, compliance). Equally these existing systems can be critical in maintaining control moving forward and in dispersing the various operational responsibilities that underpin embedded revenue assurance. It is also important to establish revenue assurance as part of the wider enterprise risk management community, so that you can benefit from the joined up effort to address risk within your organisation.

Our flexible risk and control framework can be adapted to clients in a variety of different sectors to help clients understand their overall revenue assurance maturity and where they need to prioritise focus.



3

Diagnostics, analytics and Business As Usual (BAU) monitoring

The most commonly discussed aspect of revenue assurance is undeniably the data analytics aspect. Once a clear view of priority risk areas has been agreed, a sustainable analytics and monitoring capability is needed to explore those concerns thoroughly and then maintain control. The first step on this path is often a set of focused analytics projects to prove the existence of revenue leakage and the business case for further investment.

Targeted analytics

Choosing the right pilot project is key, especially if it is directly linked to the wider business case for revenue assurance investment. Typically successful pilot projects are tightly defined, properly resourced and well supported. There are a huge range of technologies and suppliers available to support this initial diagnostic activity, choosing the right approach is often defined by budget and internal IT policy.

The right approach will often involve a combination of internal developed and external sourced testing, auditing, exception management, reconciliation and ad-hoc analysis capabilities.

Turning analytics into BAU monitoring

In most cases that initial project leads to a commitment to invest strategically and establish a robust and efficient capability that provides flexibility, agility and is able to provide deep confidence in current and future cost and revenue streams.

This specific capability strategy may evolve over time, as the need for benefits is balanced with the need for assurance and compliance, but having a clearly defined strategy increases the chances of it being supported internally and ultimately in it being successful.

We can help with setting up and directing internal analytics projects or by fully resourcing diagnostic projects, either using our own expert teams or our specialist revenue assurance partners.

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Remediation and prevention

Remediation offers the opportunity, not only to stop issues and recover losses, but also the opportunity to understand the real root causes of the failure. Full issue remediation provides a means to mitigate future leakage risk.

Issue remediation and recovery

Whilst the initial focus upon detecting a billing issue is typically to fix it quickly and rightly so, the reality is that often much careful consideration is required to fully understand the best response to minimise the impact on customer confidence, ensure any third party claims are well supported and to ensure that the real root causes of the issue are fully understood and effectively addressed.

Root cause management

Proper root cause management requires a systematic approach that ensures that the underlying people, process and technology learnings are fully understood and the most effective preventative mitigation action is agreed and implemented. This often requires careful stakeholder management but is a key aspect of maturing any revenue assurance strategy.

Leakage prevention

Ensuring revenue assurance is embedded in change management, product development, business transformation, service procurement, process improvement and business gating is the ultimate goal in terms of securing a sustainable approach to managing the risk of revenue and cost leakage.

Supporting these key internal processes, requires a somewhat different skill set than the traditional analytical expertise that is common place in most revenue assurance teams. Our extensive operational experience means we can help clients to establish tailored remediation and prevention strategies, ensuring that your business' overall risk to leakage is being reduced.

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