



# Do More With Less Fraud Management and Revenue Assurance

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# Webinar Agenda

- Introduction
- Typical Reaction to Downsizing
- Outsourcing – Description and in Telecoms
- Understanding Outsourcing
- Suitable Outsourcing Activities
- Benefits
- Risks
- Conclusion
- Q & A

# Introduction

- ‘Do more with less’ – a phrase we have all heard
- Generally associated with shrinking operational budget and a reduction in resources
- Applies to most industries including telecommunications
- Within Telecoms, Fraud and RA Departments are not immune



# Some Reactions to Reductions

- In some cases Fraud and RA Managers will try and achieve the same results with less resources
- There will be an expectation that those who have retained their roles will take on more responsibilities
- Those who don't push back may maintain this additional workload for some time
- In some cases, they will risk burnout, suffer poor morale and eventually decreased productivity

# The Reality

- The new reality is doing more with less means adding outsourcing to your portfolio
- It is about letting things go and re-arranging resources to gain activities in other areas
- This provides the Fraud and RA Manager with opportunities to make some smart changes
- With planning, these changes will increase results, reduce pressure on remaining staff and improve morale



# Outsourcing

- An obvious consideration in these circumstances is outsourcing Fraud and RA, typically to a Managed Service.

## DESCRIPTION

Outsourcing is described as a task, operation, job or process that could be performed by employees within your company, but is instead contracted out to a third party for a significant period of time.



# Outsourcing in Telecoms

- Outsourcing within the Telecoms industry has been commonplace for over 10 years
- Some of the earlier outsourcing programs were not hugely successful
- Through inadequate planning they often resulted in increased costs, reduced service levels and a loss of specialist resources
- This was a learning experience and today these arrangements are safeguarded by robust controls

# Outsourcing in Telecoms

- Fraud and RA Managers have generally been slow to accept the value and benefits of outsourcing
- This view is gradually changing
- Fraud functions in some other industries appear to have identified the benefits of using managed services much earlier, examples are;
  - Insurance
  - Financial Services (Banks, Credit Cards)
  - Online Retailers
  - Benefit Providers

# Understanding Outsourcing

- Often the Managed Service concept is misunderstood
- Not all providers offer the same services, and the choice of what and how much is yours
- A key question is how you are going to accept the prospect of outsourcing;
  - A sound strategic move to ensure the function continues to deliver value, or
  - Simply a tactic of Management to reduce staffing levels



# Understanding Outsourcing

- In many cases, outsourcing may be in response to a cost cutting initiative
- Employee costs generally account for 30-40% of a companies total expenses
- Most middle managers are not comfortable recommending staff cuts
- However, savings from reduced headcount costs can be channelled into outsourcing activities
- Outsourcing will likely deliver more value and release remaining staff from some activities to concentrate on other work

# Activities Suitable for Outsourcing

- Fraud Management System operations including;
  - 24x7 analysis of alerts
  - Management of system rules and lists
  - All system maintenance/support
- 24x7 Analysis of NRTRDE records
- Recording and disseminating fraud intelligence that is available from these outsourced activities

# Activities Suitable for Outsourcing

- Monitoring real time alerts from point of sale transactions to detect fraudulent applications
- Subscription fraud screening of new applications
- AML and sanction screening to meet legal requirements of mobile money transfer services
- Any other process driven fraud management activities, particularly those that would benefit from 24x7 analysis

# Benefits Arising from Outsourcing

- Reduced staff costs, particularly when considered as the complete cost of employment
- Ongoing savings achieved by deploying some staff from process driven to higher skilled proactive activities around prevention and awareness
- Reduced time required for staff and performance management, managing coverage during sickness, annual leave, bank holidays etc



# Benefits Arising from Outsourcing

- Ensuring performance targets are met through contract obligations
- The ability to accurately identify fraud monitoring costs over a full year period
- Consistent and accurate fraud reporting
- Reduced fraud losses and increased savings
- Providing the ability to maintain a centre of excellence in Fraud Management



# Perceived Risks of Outsourcing

- These are generally overstated and can be managed through:
  - Planning
  - Effective Relationship Management
  - Sound negotiated contracts
- The experiences from early outsourcing arrangements provided valuable lessons
- Operator Supply Chain Management are generally well experienced in establishing these relationships

# Risk Mitigation and Recommendations



# Risk Issues and Considerations

Outsourced  
Provider  
accessing  
confidential  
information

- Implement standard security precautions such as non-disclosure agreements
- Ensure Provider has an effective pre-employment screening policy
- Only allow access to information required to complete the outsourcing arrangement
- Ensure Provider has a zero tolerance policy in respect of staff dishonesty
- Ensure robust information security controls, such as single sign-on, password policy etc

# Risk Issues and Mitigation

Legal  
restriction  
preventing data  
from being sent  
off-shore

- May not impact all outsourced activity, for example NRTRDE analysis – data being analysed is typically already off-shore
- Some permit outsourced analysts to have secure access to in-house systems to perform roles to prevent information from being sent off-shore
- In some instances, it may be possible for authority to be obtained from the Regulator or Information Commissioner
- Investigate options before making this decision

# Risk Issues and Mitigation

Reduction in  
Service Levels  
and increased  
costs

- Ensure Outsourced Provider has a team of trained and suitably skilled analysts
- Negotiate robust performance measures and ensure these are monitored
- Consider financial penalties if these are not achieved
- Ensure a robust and accurate reporting methodology is established

# Risk Issues and Mitigation

Loss of in-house specialist knowledge

- If outsourcing is part of a planned strategic organisational change, this will ensure key people are retained
- Freed from process driven activities, remaining staff will increase their skill levels through involvement in new prevention, detection and investigation activities
- Depending on the duties outsourced, in-house staff will develop a relationship with outsourced analysts
- This relationship is likely to result in increased fraud intelligence becoming available

# Last Thoughts

- If the 'Do More With Less' discussions are starting in your organisation develop an outsourcing strategy for Fraud and RA
- There are benefits for you and your team to try and meet this challenge on your terms
- This should also be considered as part of Fraud and RA's annual planning round
- Outsourcing means more than just improved operational effectiveness and is not limited to specific areas of the business
- Introduce discussions recommending 'Do Less with Less' In-house with more activities being carried out by external providers
- Seize the opportunity to make these changes on your terms

ANY  
QUESTIONS

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Thank You!

