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High time to out-source?

Dear Editor,

When I read Paul Schofield's excellent article in the July issue about data sharing (Opinion, p31), it made me reflect on an idea I had been pondering for some time. He is absolutely right, the resources required to manage large data warehouses are phenomenal and local authorities would be advised to follow his advice and begin collaborating more closely.

One of the positive aspects of a recession is the way it forces us to innovate and identify new ways of working to become more cost efficient. I believe credit providers in the private sector will need to follow a similar model to that proposed by Schofield, in order to gain better economies of scale in their back offices.

If you analyse the processes involved, most finance companies are doing exactly the same

things; putting a live contract on their books, invoicing, collecting, accounting and reporting. They are also managing a brand and corporate identity, which in reality is their major differentiator. So why aren't they outsourcing to a single administrative expert who can provide an efficient hub to service their back offices, with a structure in place to ensure data confidentiality and security? Skipton did it with their household mortgages and the model worked well. And by outsourcing non-strategic, admin functions, this allows the provider more scope to focus on what's really important – differentiating their brand and building a reputation for excellence. Just a thought...

Philip Davies

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