

# PAYGo Performance, Reporting and Measurement (PerfoRM) Subcommittee meeting Operational Performance KPIs

18 April 2019

# Goal and context of today - Existing KPIs

The KPI WG is responsible for finalizing the existing KPIs:

- Portfolio Size
- EBITDA Breakeven
- Standards Compliance
- FX exposure

Meeting objectives of the WG meeting on Existing KPIs:

- To agree upon the proposed next steps.

# Goal and context of today – Operational Performance KPIs

The Operational Performance KPIs will be a new, to-be-added, set of KPIs to the existing financial framework. The goal is to allow for operational performance benchmarking and for identifying operational sector trends. This will lead to increased data transparency and opportunities for further improvement of the entire sector

Meeting objectives of the WG meeting on Operational Performance KPIs are as follows:

- To agree upon the needed dimensions of the KPIs
- To agree upon a first set (3-4) KPIs.
- To agree upon a first definition/calculation of these KPIs.

# Existing KPIs

## Summary Analysis of KPIs

<b>Summary of Existing KPIs</b>				
<b>Criteria</b>	<b>Portfolio Size</b>	<b>EBITDA Breakeven</b>	<b>Standards Compliance</b>	<b>FX Exposure</b>
<b>Relevance (Crucial and Important)</b>	68%	32%	16%	21%
<b>Keep the KPI</b>	89%	79%	95%	84%
<b>Agree on definition</b>	63%	58%	84%	63%
<b>Relevant to all PAYGo business models</b>	84%	79%	79%	89%

# Outcomes per KPI

Portfolio Size	EBITDA Breakeven	Standard Compliance	FX Exposure
Keep this KPI	Although a large % wants to keep this KPI, it is also understood that this KPI is hardly relevant on its own	Keep this KPI	Keep this KPI; although it was also argued that this is more company specific for DD and not as part of KPI set
TO DO: Definition should be revised	It is a metric to understand cash flow and profitability, but other KPIs might be better suited	Definition is largely agreed upon	Focus should be on the definition and on benchmarking with other sectors; so as a sector KPI how are we performing compared to other sectors
Descriptive KPI to understand the type of business, particularly for benchmarking	TO DO: decide whether EBITDA break even definition should be revised, or if the KPI should either be replaced by or strengthened with additional KPIs such as EBITDA margin, net income margin or other more descriptive / operational KPIs	Quality and the costs of warranty services / performance are not really tracked	TO DO: decide on which level of information this KPI should give; company specific or sector overall and then follow up on how to shape this
Helps in grouping relevant cohorts			
TO DO: Define building blocks of this (and other) metric			

# Proposal on Finalizing the existing KPIs

- Keep all 4 KPIs as is.
- The main challenge with these KPIs were that they did not provide additional information without a relevant context.
- The context will be drawn by the set of Informative KPIs (as discussed 11/ April 2019) as well as by the set of Operational Performance KPIs (to be discussed today).
  
- PLEASE GIVE YOUR CONSENT

# Operational Performance KPIs



## 4 Dimensions to measure Operational Performance suggested

- Customer Services
  - Credit Management
  - Logistics
  - Sales
1. For each dimension, we propose a set of KPIs.
  2. We will ask your input on the set of these KPIs.
  3. In a follow up meeting, the exact definitions should be defined.

# Customer Services 1/2

O.P. KPI nr.	Name	Definition	Remarks / Questions for discussion
1	Cost of Service per Client	Cost of the support provided per client	is discussed in the UE / Costs WG => use their input
2	Rate of Technical Issues per System	Ratio between the systems with technical issues among all systems sold	
3	Average Customer Distance from Service Center	Average customer distance from the nearest service center	
4	Average Time to Resolve Technical Issue Per System	Average time spent to resolve a technical issue reported by a client	
	Warranty Service Period Provided	Average warranty period provided per system sold	This is also already in the Informative KPIs / What section; That is where we propose to add this KPI and not as Operational Performance KPI

# Customer Services 2/2

O.P. KPI nr.	Name	Definition	Remarks / Questions for discussion
5	Number of Clients per Customer Service Agent	Ratio between the total number of customer service agents and the overall number of systems installed	
6	Number of calls received	Number of calls initiated by the clients	
7	Number of missed calls	Number of calls initiated by the clients but not answered by customer service agents	
8	Any others?		Are we missing other KPIs that are relevant in this section? Are we focusing on the right ones with right definitions and possible answers? Would you be willing to share this information and keep it updated on a regular basis?

# Credit Management

Please note that KPIs 8 and 12 are also discussed in PQ Working Group, thus the input and output must be aligned.

O.P. KPI nr.	Name	Definition	Remarks / Questions for discussion
9	Cash Collection Rate	Ratio between the cash collected and the amount expected to be received	
10	Average Contract Length	Average length of the contracts	
11	Average Actual Length of Full Repayment	Average length of the actual full repayment period	
12	Repossession Rates	Ratio between the systems repossessed and the overall number of systems installed	
13	Utilization / Activation Rate	Ratio between the systems active and the overall systems installed	Would cash collection rate be linked to this and maybe even be the same ? Or different KPIs?
14	Average Repayment Rate of Churned Clients	Average final repayment rate from the clients who have churned	
15	Average Seniority of Churned Clients	Average seniority of the clients who have churned	
16	Any others?		Are we missing other KPIs that are relevant in this section? Are we focusing on the right ones with right definitions and possible answers? Would you be willing to share this information and keep it updated on a regular basis?

# Logistics

O.P. KPI nr.	Name	Definition	Remarks / Questions for discussion
17	Inventory Turnover	Ratio of how many times a company has sold and replaced inventory during a given period	
18	Average Residual Value After Repossession	Average value of the systems repossessed	Please note that this KPI is also discussed in the UE WG and input and output need to be aligned
19	Any others?		Are we missing other KPIs that are relevant in this section? Are we focusing on the right ones with right definitions and possible answers? Would you be willing to share this information and keep it updated on a regular basis?








# Sales

O.P. KPI nr.	Name	Definition	Remarks / Questions for discussion
20	Number of Systems Sold	Total number of systems sold	are already shared for GOGLA sales date; might be able to connect
21	Average Selling price	Average selling price of the overall system sold	are already shared for GOGLA sales date; might be able to connect
22	Customer Acquisition cost	Cost of acquiring a customer	UE WG is also looking into this so input and output needs to be aligned
23	Distribution of Sales per Outlet	Average weight of sales per hub in the total number of systems sold	
24	Number of Sales per Sales Agent	Total number of systems sold divided by the number of sales agents	
25	Sales Agent Churn Rate	Ratio between the sales agents that have churned and the total number of sales agents	
26	Any others?		Are we missing other KPIs that are relevant in this section? Are we focusing on the right ones with right definitions and possible answers? Would you be willing to share this information and keep it updated on a regular basis?

# FINAL CHECK

- Will this set of KPIs be helpful
  - To you as a company?
  - To you as an investor?
- Will you as a company be able to report against all of these KPIs? / Do you track all relevant data?
- Would you, as a company, be willing to share these data?
- Will it enable an increase in transparency?
- Will it help you as a company in benchmarking your performance against the sector and finding areas for improvement?
- Do you think the number of KPIs is reasonable?
- What else is needed to reach the goals we set for this set of KPIs?

# Details Required per Indicator – as reminder

	DEFINITION. A concise explanation for what the indicator represents.
	WHY DOES IT MATTER? Analytical insights of each indicator that make each indicator, as defined here for standardized reporting, useful for analysis by companies and investors.
	CALCULATION. How to generate the indicator from data inputs.
	NOTES. Considerations for using each indicator, including commentary on what is included in the definition and calculation, as well as practical considerations for use with real data
	Considerations by BUSINESS MODEL.
	WORKING GROUP. (i. Which Technical WG is it allocated to and ii. Status of being discussed across the WG (i.e. feedback consolidated across KPI WG)
	STATUS. Is it agreed and final or subject to discussion? (red/amber/green)

Over time we may include results and feedback/ tips from piloting exercise.



# Next steps

1. Prioritize the KPIs per dimension.
2. Check the KPIs included in UE and PQ WG and share our inputs with them for follow up.
3. Follow up call next week to define details for the most important indicators per dimension that are not yet covered by the other groups.

# PAYGO PERFORM



[paygoperform@gogla.org](mailto:paygoperform@gogla.org)

[www.findevgateway.org/organization/paygo-perform](http://www.findevgateway.org/organization/paygo-perform)