

Final PAYGo PERFORM KPIs v2.0: Summary Changes Guide

Portfolio Quality Indicator	Nature of Change	Modification	Comment
Collection Rate	Clarification	Guiding language to be included in technical guide for treatment of catch-up/advance payments, inclusion of active contracts before and during period, etc. For headline collection rate, recommended period of measure is 1 year.	<ul style="list-style-type: none"> • 1-year is sufficient to give a robust view of current portfolio without being too backward looking and avoiding distortion by seasonality. • While it makes sense to evaluate payments in a fixed time frame for comparing a headline collection rate, RAR should consider the collection rate since beginning of all active contracts.
Write-off Ratio	Clarification and addition of optional ancillary KPI	In addition to base Write-off Ratio which considers actual write-offs as per company policy, an optional Adjusted Write-off Ratio 180 was added which includes contracts without payment for >180 days.	<ul style="list-style-type: none"> • Due to variations in company policy, a composite risk metric (RAR + write-off) is recommended for comparison while limiting ad hoc adjustments across indicators. • A large difference between write-off and adjusted write-off 180 may indicate the need for further adjustments and analysis.
Repossession Ratio	Changed calculation	Changed from a unit-based to a value-based (average amount of receivables for repossessed units) measure.	Pre-pilot WG felt it would be challenging for companies to calculate value-based metric and unit-based would suffice, however pilot experiences indicated value-based was manageable. Still, some companies may wish to use or provide both, so a unit-based measure could be optional.
Receivables at Risk (RAR)	Clarification	Use both consecutive days unpaid and collection rate to identify risky nonpayers and slow payers with primary thresholds of CDU > 30 and CR < 50% respectively	While pilot data indicated that both methodologies are effective in identifying risk, some companies may find it challenging to calculate joint distributions using both methodologies, in which case CDU > 30 is recommended
Contractual Credit Period	Renamed	Name changed from Average Credit Period to Contractual Credit Period and calculation to Contractual Repayment Term (Days) / Number of Active Units	Includes additional clarifications (e.g., what is included vs. excluded) for proper calculation
Effective Credit Period	Changed calculation	Changed from approximation to actual - average days from unit acquisition to full payment, for all units fully repaid	<ul style="list-style-type: none"> • Pilot indicated actual would be easy for companies to track. • Approximation still useful as it considers all active contracts and can be derived from final set of KPIs (Cont. Credit Period / Headline Collection Rate).
Outstanding Receivables	Renamed	Changed from Receivables Portfolio Size	N/A
Growth in Outstanding Receivables	Renamed	Changed from Receivables Portfolio Growth Rate	N/A

Unit Economics Indicator	Change	Modification	Comment
Total Cashflow from PAYGO Customers	Renamed	PAYGO inserted to original name for more precision. New metric added for cash sales	<i>Cashflow from PAYGO customers segregated from the usually minor cashflow from non PAYGO customers</i>
Contribution Margin (Cashflow)	Renamed	'Cashflow' to replace 'Total' in original name	<i>Eliminates potential confusion regarding denominator. Cashflow to be used</i>
EBT Margin (Cashflow)	Definition clarified and renamed	Cashflow' to replace 'Total' in original name and definition modified to <i>Cashflow from Customers – Total Costs) / Cashflow</i>	<i>Modifications emphasize the inclusion of additional categories of cost added below</i>
Sales and Maintenance Cost (Cashflow)	New	(Sales and Distribution Cost + Servicing and Maintenance Cost + Other Variable Costs) / Cashflow	<i>Added to the set of ratios for a more complete view of the P&L</i>
Cost of Goods Sold ratio (Cashflow)	New	Cost of goods sold divided by cashflow from customers	<i>Added to the set of ratios for a more complete view of the P&L</i>
Fixed Cost ratio [Cashflow]	Renamed and expanded	Originally 'Total Overhead Cost as % of Total Cashflow from Customers' consisting of the next three metrics	<i>Modified definition of Total fixed costs / Cashflow emphasizes the inclusion of additional categories of cost</i>
Provision Expense Ratio (Cashflow)	New	Provision expenses of a PAYGo firm divided by total cashflow received from customers	<i>Further useful detail on fixed costs</i>
Financial Expense Ratio (Cashflow)	New	Financial expenses of a PAYGo firm divided by total cashflow received from customers	<i>Further useful detail on fixed costs</i>
Fixed Operating Cost ratio (Cashflow)	New	Other Fixed Costs / Cashflow from Customers	<i>Further useful detail on fixed costs</i>
Unit Follow On Payments	Changed calculation	Receivables Generated/the number of units sold	<i>Using receivables generated instead of sum of contractual follow on payments</i>
Unit Customer Deposit	Definition clarified	Cashflow from PAYGo Customer Deposits / Number of Units Sold During the Period	<i>Keeping the language and calculations consistent</i>
Unit Credit Cost	Changed calculation	The contractual follow on payments that will not be recognized due to the cost of credit risk on a per unit basis	<i>Provision cost more consistent over time and more representative of the risk on the full portfolio than write-off</i>
Unit Device Cost	Definition clarified	Cost of Goods Sold During the Period / Number of Units Sold During the Period	<i>Using Cost of Goods Sold as a clearer cost category flowing direct from the P&L</i>
Unit Sales & Distribution Cost	No change	Sales and Distribution Cost / Number of Units Sold During the Period	<i>n/a</i>
Unit Servicing and Maintenance Cost	Changed calculation	(Servicing and Maintenance Cost * (Effective Credit Period / 30)) / Average Active Units	<i>Improves accuracy by using the average active units</i>
Unit Contribution Margin	Changed calculation	The average profit based on variable costs on a unit basis for a particular product.	<i>Sum of calculated unit KPIs enables appropriate denominators in each of them</i>
Unit Cash Sales	New	Cashflow from Cash Sales per unit sold	<i>To capture cash from non PAYGO units</i>
Liquidity <90 days / total cost	New	Cash and liquid assets convertible to cash in the next 90 days / quarterly total cost	<i>Adopted as a useful additional metric</i>

Company Indicator	Nature of Change	Modification	Comment
Sales Model	Simplification	Split between 2 business models instead of 5, PAYGo and Cash.	<i>Recommendation following the pilot was to simplify this metric to reduce the reporting burden.</i>
Sales Distribution Model	Expanded	B2G, sales to UN/NGO and institutional sales has been taken out of the B2B sales and another bucket “other” has been added.	<i>The pilot showed that companies are making significant sales through other distribution models (5 – 30%).</i>
% Country Sales	Renamed	Name changed from Geographical area and changed definition to “Percentage (0-100%) of revenue share per country”	
Total Net Sales	No change	-	<i>The recommendation following the pilot was to remove this indicator. Yet, the WG voted to keep the indicator in the set.</i>
Repeat sales	Changed definition and calculation	Definition changed to value of all items sold to existing or past customers (repeat sales) during the calendar year expressed as a % of total sales value.	<i>The WG felt that it would be more valuable to track repeat sales for existing and past customers. The value of units seemed to be more appropriate and consistent with the other indicators.</i>
Product sales	No change	Companies can recognize a sale regardless whether it is bundled or unbundled with a SHS. It is advised for companies to give a rough % split on a global level, which can then be applied on a country level.	<i>While the recommendation coming out of the pilot was to simplify the product classifications, it was finally recommended by the WG to adhere to GOGLA standards and keep the classification as is.</i>

Performance Indicator	Nature of Change	Modification	Comment
Average Selling Price	Changed calculation	The calculation for the PAYGo model changed to Receivables generated by Sales Model During the Period / Number of Units Sold by Sales Model During the Period. The nominator for the Cash model stayed the same, Sales Revenue by Sales Model During the Period.	<i>KPI is impacted by the different revenue recognition approaches of companies. Calculating the average selling price for the PAYGo units with the Receivables Generated mitigates the impact.</i>
Sales per Distribution Channel	Changed calculation	Calculation is now based upon sales revenue rather than units sold.	<i>To align with the approach for other Sales-oriented KPIs.</i>
Sales Points Rate	No change	-	<i>It will be adopted as a second priority KPI as the pilot showed that it can be challenging for some companies to report on this KPI.</i>
Net Promoter Score (NPS)	Changed calculation	Calculation changed to taking the % of responses which are 9 and 10 and subtract the % of responses which are 0-6 responses, resulting in a score between 100 and –100.	<i>The NPS score proved to be an important factor of portfolio health. The new calculation is the generally accepted way of calculating NPS. The KPI remains challenging to adopt for companies as it is time-consuming and costly. It was adopted with a lack of better alternatives.</i>