



## COLLECT FULL PAYMENTS FROM DELINQUENT ACCOUNTS

How a natural gas utility\* used BlastPoint's Customer Balance Risk Zones to generate a **47% follow-through rate of full payments from overdue customer accounts** during COVID-19.



### Overview

The large, Mid-Atlantic gas company\* used BlastPoint's Customer Balance Risk Zones during COVID-19 to accurately discover, target and engage 4k Payment Plan customers who had historically paid on time but, during the pandemic, fell behind on their payments. With the right messaging and through the appropriate channels, the gas company successfully **prompted nearly half of the targeted customers to pay off their overdue balances in full**, allowing the company to recoup thousands of dollars in lost revenue and keep those customers connected to power.



### Company Profile



Large, mid-Atlantic U.S. natural gas provider



1 million customers across three states



Adheres to strict state & federal regulations



Competes with other gas & alternative heat providers



12.5% of customers live below the poverty line



Spends 2.5% of operating revenue on debt writeoffs

### Company Goals

- Recoup late or missing payments from as many customers as possible
- Reduce the amount of time and money being spent on Collections
- Keep historically reliable-paying customer accounts in good standing (i.e., keep as many customers in the Green Zone as possible)
- Ensure positive communication with customers during a time of extreme difficulty

*\*This case study has been anonymized for privacy and regulatory purposes.*



## Record Number of Delinquencies; Unprecedented Global Pandemic

Thousands of historically good-paying (i.e. Green Zone) customers seemed to have suddenly hit hard times, showing uncharacteristically overdue balances and risking future termination if their bills went unpaid.



Presumably thousands of the gas company's customers had lost jobs or were facing health crises during the Spring of 2020 as COVID-19 took its toll.



Government shut-off and late fee moratoriums meant the company could not collect unpaid balances through traditional measures or turn people's service off.



The gas company needed to stay solvent to get through the economic downturn, maintain positive engagement, and remain a trusted provider to its customers during severe uncertainty.

## Analyze Customer Balance Risk

## The Solution

With BlastPoint's predictive **Customer Balance Risk Zone** analysis, the gas company could sort its customers according to their typical payment behaviors:

### Green Zone

Customers typically paid in full, on time. During COVID-19, they carried balances between ~\$0 and \$300.

### Yellow Zone

Customers typically made partial payments, occasionally paid late, and showed some variation in their ability to pay depending on the season. During COVID-19, they carried balances between ~\$300 and \$1K.

### Red Zone

Customers typically paid late or not at all, and were frequently involved in the dunning process. Throughout COVID-19, their balances ballooned to over \$1K, making them most susceptible to service terminations.

## Key Findings



**Income levels didn't always determine customers' risk zone.** Many low-income households paid on time year-round, especially those on programs like Budget Billing, which offered fixed monthly payment amounts.



**Households with higher monthly bills were at higher risk of moving quickly from green to red.** This correlated with higher square footage or older homes with poor weatherproofing. BlastPoint recommended these households as ideal candidates for outreach about energy efficiency programs.



**Late balances had a seasonal rhythm with extremes in the summer or winter.** Comparing different regions showed variations in late customer balances based on area climate patterns, local housing stock and average household energy usage.

## Customer Balance Risk Zones let the gas company quickly:

- **Perform risk analysis** to uncover sudden variations in billing patterns among different customers, flagging those who needed outreach immediately to keep their accounts in good standing.
- **Identify customers in need** who had a history of consistent payments but then began paying late or not paying at all, indicating a COVID-related job loss or health crisis.
- **Target 4K customers through their preferred communication channels** to successfully engage them about paying any amount they could.
- **Determine the right messaging** that would yield at least a partial payment and keep those customers' accounts in good standing.
- **Recoup thousands of dollars in lost revenue** that would have accumulated into millions over subsequent months.



**47% paid in full!**

BlastPoint's analysis allowed the gas company to conduct an initial outreach campaign which combined some emails and some cold calls to the 4K identified Green-to-Yellow Zone customers with mounting balances. **47% of those who were reached not only committed to making a payment, but followed through promptly by paying their bills in full.**



**Data-backed, targeted outreach engaged at-risk customers who may have otherwise fallen deeper into delinquency.**



**Full payments of delinquent accounts brought in thousands of dollars in lost revenue that the company needed to continue operations.**



**During a global pandemic, the gas company maintained superior customer relations, keeping service on for thousands of people.**

*"In this current crisis, we all know that some families are really struggling....Through our work with BlastPoint, we can predict who might fall into this category and reach out to them proactively." --Anonymous Gas Co. Representative*



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