

TECHNICAL TENDER CRITERIA

Debt Collectors for KZN, NW & FS



- Eskom requires the services of specialized debt recovery agencies who can partner with Eskom to enhance revenue collection by ensuring that Eskom's non-paying customers honour their payment obligation.
- Debt collection agencies will utilize specialist collection strategies (such as a “soft” collections or “hard”/legal collections) to maximise Eskom's collections.
- Furthermore, these debt collection agencies also have a wider access to customer databases /credit bureaus. Their expertise in data mining enables the agencies to enrich the information received from Eskom, easily tracing the customers thus enhancing the probability of recovery, because they perform collection services for other credit providers as well. This activity cannot be performed in house as Eskom does not have the systems and tools for these activities. It will also require additional resources, which Eskom will not be able to appoint at this stage.

- **The work comprises:**
- Debt collection service on active and terminated accounts (LPU and SPU) in the KwaZulu-Natal, Free State and North West Operating Unit/s. The requirement is for the debt collection agencies that specialize in debt collection, to collect debt on active and terminated accounts and adverse list the defaulting customers
- Furthermore, the agencies must have a valid registration with Council for Debt Collectors (CFDC) and use an integrated debt collection system/software.
- The agencies must have a wide access to data to trace customers.
- Conduct adverse listing on Credit Bureaus.
- The customers must pay directly into the designated Eskom bank account – not into the agencies bank accounts.
- Have a Call Centre, where customers can be phoned to remind them of payment that is overdue
- Have an in-house “legal department/attorney” who will manage the debt collection process.

- Have an audit trail of all interactions with customers including voice recordings (i.e. Query management).
- Produce performance reports timeously and client to have easy access to online reports promptly.
- Write off management, i.e. recommend accounts for write off three months after hand over date if tracing or recovery is no longer feasible.
- Maintain confidentiality of Eskom's information by ensuring that it is only used for Eskom benefits.
- Commission to be based on recoveries only, at 10%.
- The service provider must also take cognisance of Eskom's performance requirements for debt collection as Eskom reserves the right to withdraw handed over accounts or stop handovers if performance is below target.

Eskom requires the following services on accounts handed over for collection:

1. Perform 'Soft Collections' on Large Power Users (LPU) and Small Power Users (SPU) customers in arrears through the service provider's Contact Centre – payments to service provider will be based on payments received

- Hand over active accounts which are in the 15 – 30 age bracket for LPU's and the 31-60 days age bracket for SPU customers - this is more for a reminder to customers to pay and to change the behaviour to pay on the due date.
- Hand over active accounts to the value of more than R10 000 where payment was not received on the due date (R-value open to the discretion of the OU, not less than R10 000).
- Hand over all terminated accounts at Debt Management's discretion.
- Preparing letters of demand and dispatching same on behalf of Eskom via registered mail
- Service provider to be paid based on the number of successful payments received
- Lodging claims against the deceased and liquidated estates on behalf of Eskom.
- Query management

2. Perform hard collections on all LPU and SPU accounts - In the event that the 'soft collection' has not yielded desired results, the service provider shall, in consultation with Eskom, follow the process as outlined below:-

- Perform an assessment on the debtors' ability to pay or means to pay and advise Eskom on the appropriate debt collection strategy and likelihood of recovery.
- Produce a tracing report on debtor listing, current address, employment etc.
- Determine and advise Eskom on the estimated legal services costs based on the following processes:
 - Registered Letter of Demand
 - Issue and Serve Summons
 - Lodge Default Judgement
 - Warrant of Execution
 - Attaching Property
 - Section 65A (1) notice to appear in the relevant court
 - Court Appearance
 - Emolument Attachment order
 - Instruction letter to debtors employer

- Eskom shall apply standard charges as gazetted for the “Proceedings of Magistrates/ High Courts of South Africa” for debt collection costs.
- Where a matter is defended and the debt value ranges from R100 000 up to R1 000 000.00, the debt collector shall inform Eskom and is expected to handle the matter to completion.
- Where a matter is defended and the debt value exceeds R1 000 000.00; the debt collector shall inform Eskom and the matter will have to be referred to Eskom Legal for further actions.

- The technical tender criteria has been defined in order to determine the Tenderer's capabilities for the purpose of executing the required scope of work.
- Demonstration of compliance to all technical **Gatekeepers** will be required for the submission to be evaluated further.
- **If the gatekeeper is met** then the mandatory evidence will be evaluated.
- The technical evaluation for the mandatory evidence is **scored out of 100% (75 marks)**. Partial scoring applies where indicated. The threshold is set at 80% (60 marks) to pass.
- The final scores for all submissions will be ranked from highest to lowest and the top 3 scores will be selected.
- Site validation visits will be conducted on the Top 3 submissions in order to validate the results of the technical submission, prior to contract award. The results of the site validations supersede the results of the technical evaluation.

Criteria	Evidence Required
Proof of validity and registration as debt collectors	<p>Valid registration with Council for Debt Collectors (CFDC).</p> <p>The Certificate of Practice must not be expired. It must be valid on date of tender close.</p>
Legal Department for Litigation	<p>Proof of the existence of a registered Legal Department that can handle litigation, which is a part of the Tendering Company's Organisational plan, or structure.</p> <p>Evidence will be the</p> <ol style="list-style-type: none">1. Admission Certificate as an Attorney2. Proof that you are registered as a Practicing Attorney/Entity3. Membership to the relevant Law Society.

Criteria	Evidence Required
Debt Collectors/Attorneys will have to provide proof that they are allowed by law to do debt collection	<ol style="list-style-type: none"> 1. Membership to Council for Debt Collectors or LSSA Code of conduct 2. Valid Fidelity Fund Certificate
Debt Collectors/Attorneys to provide proof of an integrated & secure debt collection system/software	Valid Registration/ licence
Debt Collectors/Attorneys to provide proof of capability to adverse listing on the Credit Bureau(s)	Proof of Registration/affiliation to Credit Bureau(s)
Debt Collectors/Attorney to provide proof of capability to Trace customers	Proof of Registration/affiliation to a tracing service

Demonstration of compliance to all technical Gatekeepers will be required for the submission to be evaluated further.

NOTE WELL!!!!

Remaining evidence will only be evaluated if the gatekeeper is passed. If not passed, the submission will not proceed further!

- All Mandatory Evidence criteria has a score assigned.
- The technical evaluation for the mandatory evidence is **scored out of 100% (75 marks)**.
- Partial scoring applies where indicated.
- The threshold is set at 80% (60 marks) to pass.
- The final scores for all that pass the gatekeeper submissions will be ranked from highest to lowest and the top 3 scores will be selected.

Technical Criteria – MANDATORY EVIDENCE

FUNCTIONALITY					MARKING METHODOLOGY					RULE OF MEASUREMENT
Criteria	Requirement	Evidence Requirements	Outcome	Score						
Ability for Adverse Listing	The Debt Collector Agency must be able to adverse list/delist customers on National Credit Bureaus & provide feedback reports	<p>Minimum 2 Listing Tools is required, eg Trans Union, CompuScan, etc</p> <p>Copy of software license or contract for use of the software or print screen from the software showing the license information.</p>	Requirement Met	15	0	7.5	15			<p>If 0 systems 0 score, if 1 system 7.5 score, if 2 systems 15 score (Proof to be in the form of contract / registration / ownership)</p>
Systems/Software for Tracing	The Debt Collector Agency must provide Proof of tracing capabilities/software tools available for data cleansing &/or data mining.	<p>Minimum 2 Tracing systems are required, eg Traceps, CPB, Columbus, WinDeeds, etc.</p> <p>Copy of software licence or contract for use of the software or print screen from the software showing the license information.</p>	Requirement Met	15	0	7.5	15			<p>If 0 systems 0 score, if 1 system 7.5 score, if 2 systems 15 score (Proof to be in the form of contract / registration / ownership)</p>

Technical Criteria – MANDATORY EVIDENCE

FUNCTIONALITY					MARKING METHODOLOGY					RULE OF MEASUREMENT
Criteria	Requirement	Evidence Requirements	Outcome	Score						
Debt Collection Reporting systems	<p>The Debt Collector Agency must be able to do the following:</p> <p>1. Risk Assessment / Risk Profiling Tools i.e. perform “debt collection scoring” and debt</p>	<p>1. Feasibility/Affordability Analysis Report</p> <p>2. Monthly Status report at account level</p>	Requirement Met	10	0	10				<p>If no report 0, if report provided 10</p>
Call Centre Setup	<p>Customers to be contacted for the settlement of the debt.</p> <p>Customers to pay directly into a designated Eskom's bank account and not into the Agency's bank account</p>	<p>Evidence will be the organogram showing the call centre structure (managers, supervisors, agents as a minimum) and job profiles within the structures of the Tendering Company. It is critical to also include the number of available debt collection agents in order to meet the evidence requirements</p>	Requirement Met	20	0	5	10	15	20	<p>Proof of Call Centre provided, 5 for less than 5 agents, 10 for between 5 and 10 agents, 15 for between 11 and 15 agents and 20 for more than 15 agents</p>

Technical Criteria – MANDATORY EVIDENCE

Proven track record in the Collection industry	References of Companies rendering services to	Proof/Confirmation from the companies, debt collection services are rendered to by the Debt tenderer. Evidence will be email or reference letter from a previous contracts. Minimum of 1 required.	Requirement Met	5	0	5				Proof in the form of a letter from the Company providing a service to, then 5, if no letter, 0
Experience in the Debt Collection/Credit Control environment	Company profile	Number of years operating in a Debt Collection business demonstrated through a company profile document or suitable evidence	Requirement Met	10	0	5	10			more than 5 years= 10 between 1 and 5 years= 5 less than 1 year = 0
			Pass Mark	60						
			Result	Passed						
			Maximum Score	75						

- Technical submissions will be evaluated:
 - ❑ First to determine if the gatekeeper has been met,
 - ❑ Only if the gatekeeper has been met will the mandatory evidence be evaluated and a score allocated to the submission.
- Once all submissions have been evaluated and scores allocated, the final results will be ranked.

Thank you

