

**Direct Loan eServicing High Level Design
Phase 1 Deliverables
Software Release 1.0
Section 1.0 – Introduction**

Direct Loans

William D. Ford Federal Direct Loan Program

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1 eSERVICING INTRODUCTION

1.1 Introduction

The purpose of this binder is to document and describe the findings of Phase I of the eServicing Project. This document includes the requirements with proposed solutions, assumptions, process flows, glossary, technical architecture, and screen flows for the electronic Customer Relationship Management (eCRM), Electronic Bill Presentment and Payment (EBPP), and Online Correspondence (OC) capabilities.

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1.2 Overview of eServicing

1.2.1 Background

To improve student financial aid services nationwide, the Higher Education Amendments of 1998 established Student Financial Assistance (SFA) as the first federal Performance-Based Organization (PBO). SFA, as a PBO, is dedicated to providing outstanding customer service while simplifying, integrating, and reducing the cost of administering federal student financial assistance programs.

SFA is in the process of transforming from today’s environment to the target structure as

documented in the Modernization Blueprint, the Customer Service Task Force Report, and the Five-Year Performance Plan. The structure illustrates the vision to deliver top-notch customer service—reaching customers who, in some instances, do not have computers—through partnerships with schools and the loan industry, an empowered work force, and modern technology.

As part of SFA's transformation, the organization has realigned according to traditional commercial business segments in an effort to more effectively address the wants and needs of its customers. One of these new business segments, the Students Channel, is responsible for providing high-quality service to potential and current borrowers and for aiding recipients, while ensuring that students and parents understand their options to finance education. To accomplish this, the Students Channel must perform the following functions:

- Customer Service and Call Center Support
- Aid Awareness
- Application Processing
- Loan Repayment

The Direct Loan Servicing System (DLSS) tracks loans from their origination, through the in-school and repayment phases, until they are paid-in-full by the borrower or are handed off to the Debt Collection System. The DLSS has been operational since July 1994. Since then, loan volume has grown from fewer than 500,000 loans in the first year to more than 17 million loans serviced today, with an outstanding balance of more than \$66 billion. This loan volume represents a borrower base of 5 million students and parents. In addition, customers include more than 1,200 schools delivering the loans. The Direct Loan Servicing Centers (DLSC) in Utica, New York and Bakersfield, California are staffed by more than 1,000 Customer Service Representatives (CSR).

Loan servicing activities include:

- Electronic receipt and booking of new loans
- Ongoing maintenance of balances and demographics
- Regulatory and ad hoc correspondence
- Invoicing and payment processing
- Borrower counseling
- Administration and application of entitlements
- Customer service

1.3 Vision

The eServicing vision is to provide world-class customer service anytime, anywhere. By implementing eServicing, SFA will be the first in government to use this approach. The components are:

- Electronic Customer Relationship Management (eCRM)
- Electronic Bill Presentment and Payment (EBPP)

- Online Correspondence.

Each of these components will provide significant customer satisfaction improvements and tangible cost savings. By integrating these three components, DLSS will provide a uniform and high-quality customer service experience for our borrowers regardless of how they choose to interact with DLSS—via the Internet, the Voice Response Unit (VRU), or CSR.

The eServicing solution will provide a scalable platform that accommodates the growing portfolio, using commercial-off-the-shelf (COTS) software and industry best practices. The solution will be modular and will allow for advances in technology such as voice over the Internet.

1.3.1 eCRM (Electronic Customer Relationship Management)

The objective of the eCRM application is to meet the direction outlined by the SFA to increase customer satisfaction, increase employee satisfaction and reduce costs. The eCRM application will increase customer satisfaction by providing CSRs with a front-end application that effectively services the Direct Loan customers by providing key information associated with their loans, payments and general information efficiently. The eCRM will also streamline the service provided to the DL customer by enabling CSRs to view web pages seen by the customer to allow the CSR to better answer questions. Scripting will be provided to CSRs to aid in the delivery of complete and accurate information.

By replacing the current character-based front-end with a GUI (Graphical User Interface), CSRs will immediately benefit from an intuitive, user-friendly application that allows them to communicate effectively with the DL Customer. The increase in CSR effectiveness will reduce cost in overall operations and training.

The eCRM application will be the customer service platform of the future and will create the foundation that can be expanded beyond loan servicing to move SFA toward a customer-focused organization. Student loan information will be delivered and managed over the Internet, through a VRU, to a CSR in a call center, and via paper correspondence. A single user front end will display information customized for students, schools, or CSRs. The customer will receive the same experience regardless of the channel used.

1.3.2 EBPP (Electronic Bill Presentment and Payment)

Direct Loan borrowers will be able to receive their bills and make payments over the Internet. This will provide the borrowers with the flexibility to choose when to pay as well as which bank account to use. Internet billing will also diminish mailing and fulfillment costs and delays. Internet Billing is comprised of two components: electronic bill presentment and electronic bill payment.

1.3.3 Online Correspondence

Today the DLSS produces more than 200 different letter types to over 5 million borrowers

annually. In the current servicing environment borrowers receive these notifications, accounts statements, and bills via the US Postal Service. With the implementation of eServicing borrowers will have the option of receiving some of their Direct Loan correspondence through the Internet. By providing this state of the art service customer satisfaction will be increased and information will be delivered to borrowers more efficiently in a mode selected by them.

1.4 Scope

1.4.1 eCRM Scope

The eCRM application will deploy Siebel 2000 to inbound and outbound CSRs in the Utica and Bakersfield Direct Loan Servicing Center (DLSC). The scope for the first release will focus on providing the key functionality needed to service calls to and from DL customers and delivering a value-added application for CSRs to quickly realize increases in customer and employee satisfaction and cost reductions.

1.4.2 EBPP Scope

Electronic Bill Presentment and Payment application will be designed and developed with the end user in mind, the Direct Loan borrower. During the requirements gathering and design phase, the eServicing team explored the possibilities of offering electronic bill presentment and payment through both the Direct Loan Servicing Web site (Direct Model) as well as through leading commercial billing service providers (Aggregator Model) to provide borrowers with the flexibility of selecting the model that best fits their needs.

Under the Direct Model, the eServicing team would establish an electronic billing capability on the Direct Loan Servicing Web Site, which will provide borrowers with their billing information, and the capability to make payments directly from the Direct Loan Servicing Web Site.

In the Aggregator Model, a service provider will consolidate electronic bills from different (types of) billers so that the borrower has a single site of access for viewing billing information and making bill payments electronically. Under this model DLSS would forward borrower's billing information to one or more service providers that accumulate electronic bills from a variety of billers.

1.4.3 Online Correspondence

Under Online Correspondence scope, the eServicing team will look at re-engineering the delivery process of certain DLSS correspondence, potentially utilizing the same method that will be used for EBPP. Borrowers that enroll in EBPP will be required to provide a valid email address and will be informed during the enrollment process that they will begin to receive email notifications in lieu of postal mail for their bills.

The delivery of correspondence via the Internet will not be limited to borrowers enrolled in EBPP. This new customer service will be offered to all borrowers who are interested in receiving email notifications related to their Direct Loan account. There are a number of factors

that will dictate which correspondence can be considered for email delivery, such as: the Privacy Act, security of electronic data exchange, Direct Loan Regulations, and borrower preferences.

Another opportunity that is being explored is providing borrowers with the option of receiving electronic notifications in-lieu of paper mail for transactions that originate from the Direct Loan Servicing Web Site. Specifically, when a borrower completes a transaction online or completes and/or submits a form online the borrower will be given the option of receiving future notifications related to that event via email.

1.5 Approach

1.5.1 eCRM Approach

The eCRM approach to designing a customer relationship management system can be broken down into four major steps. The first step has been to work closely with the knowledge experts at the Utica DLSC to define “as-is” processes and functionality for each department. The “as-is” processes were documented by process flows and requirements to ensure that all existing requirements of the call center were identified. With a comprehensive list of requirements, the application can deliver functionality that spans departments, allowing the eCRM deployment to a larger number of CSRs and easily scalable to incorporate responsibilities beyond incoming calls.

The second step involved a gap analysis of the Siebel Service 2000 software package. The analysis reviewed each functional requirement defined in Step 1 and determined whether the requirement could be met through the vanilla COTS package or would require customization of the Siebel Service 2000 software. By performing the gap analysis, we were able to better estimate the work effort required to deliver each requirement and determine which requirements would be done in the first release of the application.

The third step involves defining “to-be” processes for the eCRM application by incorporating industry best practices in customer relationship management systems and the capabilities of the Siebel Service 2000 package. The eCRM guiding principle is to expand upon the DLSC functionality today, to provide a best-in-the-business solution for customer service.

The last step has been to coordinate with the current DLSS release schedule to ensure seamless integration of eCRM into the legacy environment. Any eCRM modifications to the legacy systems will not disrupt the continued operation of DLSS or other systems relying on that interface.

1.5.2 EBPP Approach

Based upon an analysis of the industries best practices, the eServicing team will conduct a vendor selection process for the best COTS package. The team will discuss with several vendors their ability to implement the Electronic Bill Presentment and Payment capability. The discussions with the vendors will highlight the vendor’s existing capabilities in order to limit the time and risks to implementation.

The eServicing team is working closely with Direct Loan experts from ACS and AFSA to identify functional requirements for the EBPP capability. Throughout the project, the eServicing team will also be working with Department of Education personnel to review and strategize about the scope and direction of the eServicing project, as well as leverage the expertise of past implementations such as EDA.

1.5.3 OC Approach

In parallel to the EBPP vendor analysis, the eServicing team will analyze several vendors for the Online Correspondence capability. The team will discuss the vendor's ability to implement the Online Correspondence capability with an existing COTS package, ideally with the ability to deliver an integrated solution with the EBPP effort. Again, the eServicing team will be working closely with Department of Education personnel to determine the scope and contents of the Online Correspondence capability.

For both the EBPP and OC capabilities, a marketing campaign will be conducted to inform borrowers of new services provided by the Direct Student Loan program.