



TRANSFORMING IT FOR BUSINESS SUCCESS

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OPINION

How Axactor enabled dramatic growth with a bleeding edge strategy

Axactor had an aggressive growth plan and realized it needed a unique IT strategy to succeed. Did this strategy work? You bet it did... here's the story of how it evolved.

Companies with an aggressive growth strategy require a unique IT strategy. This was the case in December 2015 when two entrepreneurial-minded executives with broad experience in the debt collection industry founded Axactor, a debt collection and debt purchase company headquartered in Stockholm and Oslo. I was made aware of Axactor through a mutual friend and spoke with their CEO and COO to find out more.

What Axactor accomplished and the business and IT strategy developed is an interesting lesson we can learn from. Axactor's strategy was based on the following three principles

- Growth through aggressive acquisitions
- Competitive advantage with efficient IT infrastructure and customer-facing processes
- Totally outsource IT

The third principle was a critical key to Axactor's success. We're not just talking about outsourcing the infrastructure-the traditional view of outsourcing- but also all client facing and operational applications that drive the business. The CEO, COO and EVP for Strategy & Projects chose Miratech Group, a strategic IT services company, based upon their previous successful execution of strategic outsourcing projects at Lindorff, a major European debt collection company, and other global clients.

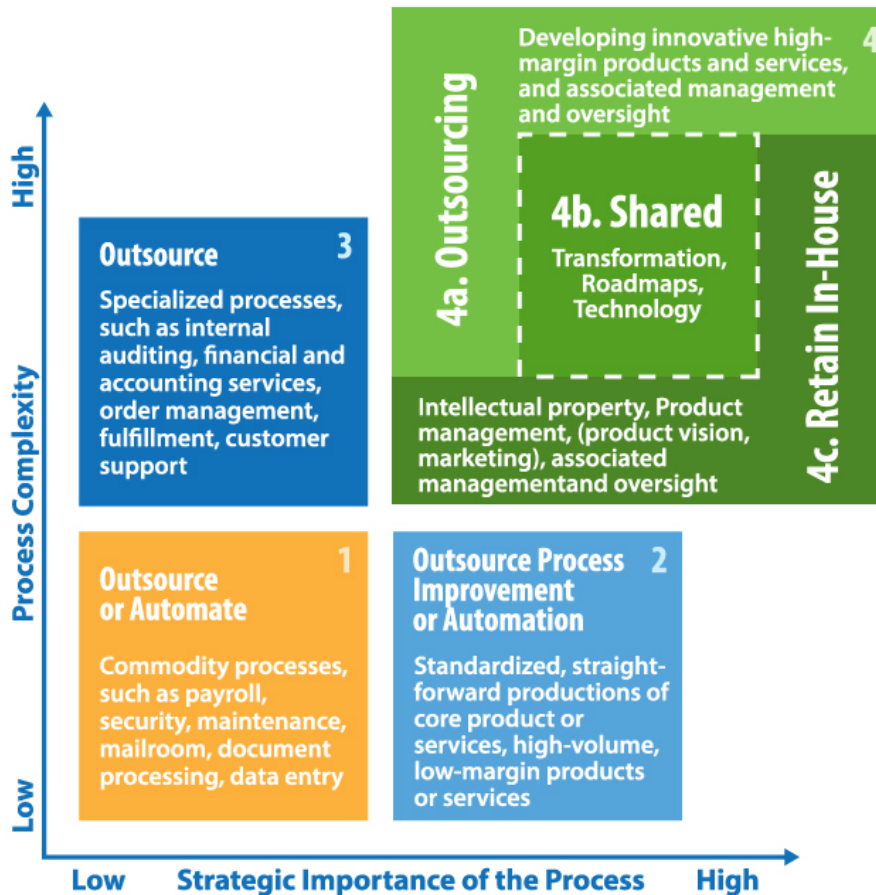
The IT strategy employed at Axactor was enabled by Miratech's Turn-Key IT®. The key differentiator was outsourcing the entire IT function, including the CIO.

Under this unique approach Miratech and Axactor co-developed an IT strategy, roadmap, executional framework, and improvement options model, Quadrants 1,2,3 in the graphic below are based upon the Datamark process-strategy matrix drawn from Paul Harmon's methodology. The 4th quadrant was transformed by Miratech to reflect their *Turn-Key IT*® Solution.

Did this strategy work? You bet it did...here's the story of how it evolved and succeeded.

miratech

VALUE INNOVATION MODEL



Axactor
Miratech Value Innovation
Partnership Model

In late 2014 Endre Rangnes (CEO), Oddgeir Hansen (COO) and Johnny Tsois (EVP Strategy & Projects) were at the top of their careers at Lindorff, a major player in the European debt-collection industry. At the time, one of the key issues facing the debt collection industry was the complicated IT infrastructures and customer-facing processes used by key industry players to support multi-country debt collection regulations. These inefficiencies occur due to each European country's unique set of rules and regulations regarding debt-collection; who you can contact, when you can contact, how to communicate, and a host of other regulations that are incorporated into legacy IT systems and business processes.

After a few months, they got together and thought about opportunities where they could combine their skills for new challenges. With their expertise in the debt collection industry they decided to co-found Axactor that now operates in five countries (Spain, Norway, Italy, Germany, Sweden),

employs 900 people, and continues to grow at a rapid rate. This remarkable growth rate is the focus on acquisitions and creating a unique IT strategy that enables efficient debt collection and fuels Axactor profits.

Rangnes had an idea. He scheduled a meeting with Miratech's CEO, Valery Kutsyy. Rangnes remembered how well Miratech performed on a Lindorff strategic outsourcing project that was selected by the European Outsourcing Association as the best IT Outsourcing Project of the year in 2015.



Axactor
Andre Rangnes, CEO
Axactor

Rangnes viewed Miratech as a strategic partner he trusts, incorporates out-of-the-box thinking as part of their culture, views IT as a strategic enabler and disrupter, has skilled IT personnel, and incorporates a robust set of methodologies that enable efficient execution of multiple strategic projects running in parallel. During their meeting, Kutsyy shared a recent engagement with Nightingale, a health care provider in Canada, where the

company entrusted their engineering, maintenance, and support functions to Miratech. Rangnes also knew from many previous discussions with Kutsyy that his view of IT was strategic and not tactical. Kutsyy sees the world of outsourcing changing. He says that *"client requirements are more sophisticated now. Information technology became both critical-to-success and difficult-to-manage functions. Therefore, the organizations recognize they need a competent strategic partner who can own the whole technology function"*.



Axactor
Valery Kutsyy, CEO
Miratech Group

This is exactly the thinking that Axactor needed from a strategic partner. Miratech was a perfect fit and Rangnes engaged Miratech in a strategic relationship as Axactor's IT outsourcing partner that Miratech calls *Turn-Key IT*[®]. And thus, began a very exciting win/win relationship.

Hansen-an operations guru- with years of experience in IT Services and debt collection envisioned Axactor as an organization *"...with efficient processes and systems that enable us to drive revenue and profits. But to do so required us to quickly develop an efficient IT infrastructure and effective client facing operational applications."* Hansen realized that Miratech could provide the solution he was also looking for. Hansen was not eager to hire a CIO and build an IT organization from scratch. It would take time and, more importantly, focus away for building a client base. He recognized that Axactor required a strategic partner who they trusted, and who would efficiently

execute a strategic IT vision. Miratech fit the bill perfectly. Axactor even sought out Gartner for advice and said, *"Gartner wasn't familiar with this strategy and was eager to find out more, should Axactor pursue it"*.



Axactor
Oddgeir Hansen, COO
Axactor

Miratech selected Alexander Latenko to lead the Axactor IT organization as CIO. Latenko has an engineering degree, deep technology expertise, and understands the complexity of the debt collection industry. Most importantly, he has a relentless focus on achieving business outcomes by leveraging technology as a strategic enabler. Further, Latenko is very process oriented, one of the core cultural traits of Miratech personnel. This fit in perfectly with Hansen's One-Axactor Strategy, which *"...requires us to roll out common processes and systems as quickly as possible...what Latenko brought to the table is a business executive who understands the strategic relevance of technology"*. More importantly, Latenko realized that speed of execution,

transparent communications, process excellence, and strategic leadership are key for the partnership to succeed. Following are some examples of how Latenko made magic happen at Axactor for each of these critical success factors.



Axactor
Alexander Latenko,
CIO Axactor

Speed: Axactor's first acquisition was in Spain but their collection system, the engine that drives the business, had technical issues. Miratech personnel have diverse industry experience and Latenko brought in a project manager with debt-collection experience who quickly resolved the technical issues and improved the performance of the acquired IT organization. Axactor was very impressed with the speed and efficiency of how Miratech addressed the challenge. *"When Miratech got involved everything changed rather quickly."*

This was the start of what Hansen called *"a good strategic relationship"*.

Communication: Hansen and Latenko quickly developed an excellent working relationship and recognized that communication was an absolute necessity for Axactor to succeed at their aggressive growth-through-acquisition strategy. Hansen said, *"We have a transparent operating model and partnership where we each know exactly what's going on in each other's operations. I must be involved because when we travel together and conduct operational reviews technology always is a discussion point. Otherwise we will lose speed and flexibility. We have to move fast and can't let layers of organization bureaucracy get in the way."*

Process: Latenko's process focus aligns very well with Hansen's *One Axactor* strategy where common processes and discipline are key critical success factors. When you have the COO and CIO working hand in hand, this initiative gets done quickly. Hansen said *"together we developed a governance process that includes templates, financial reviews, process improvement initiatives, key performance indicators, and number of other factors to ensure that we proactively work together to anticipate issues and mitigate them before they occur."*

Here's an example. *"When Axactor acquired a German company Latenko's organization performed a quick IT and process assessment that Axactor's country manager acknowledged was on track and the recommendations would result in real positive changes."*

Leadership: When Latenko first joined Axactor as CIO, he and Hansen developed an IT strategy and they quickly formed a great partnership. Hansen summarizes it this way. *"Latenko has done a superb job of developing and leading an IT team that focuses on achieving significant business outcomes with relentless speed and efficiency. The IT team can accomplish this because Latenko views on of his major roles as a "...mentors and coach to help improve their skills and experience".* He also relies on Miratech's Managed Competence Center® to fill key roles when needed, keeping the core IT team at minimum levels. *"We don't have to train anyone. The skills availability is ensured by the Miratech Managed Competence Center™".*

Summary

Axactor has made remarkable progress during its first 18 months of operation and continues an aggressive growth-through-acquisition strategy. Oddgeir sums it up as follows. *We could not have achieved this using the traditional insourcing model. It would be more expensive, taken longer achieve, and limited the speed in standardizing our business processes and operations, a key differentiator for Axactor* As a result of this partnership Axactor is on track to achieve the following:

- Production release of new collection system in all countries
- Roll-out of Payment Services in Sweden, Italy and Germany
- Implement standard IT platform and systems
- Incorporate Business Intelligence/Data Warehouse
- Acquire additional NPL Portfolios through acquisition

When Rangnes, Hansen and Tsois founded Axactor they recognized that a strategic IT partnership was a key enabler to their success and *“we couldn’t have accomplished this without the Miratech Turn-Key IT® solution”*, said Hansen. Rangnes added. *“we knew from the outset that our experience with Miratech and their relentless pursuit to provide superior service would enable us to achieve our aggressive growth strategy. Following are operational improvements/systems implementation that enables us to standardize our business model.*

*Phil Weinzimer is president of Strategere Consulting and works with clients to develop business and IT strategies that focus on achieving business outcomes. He has written two books, the most recent, *The Strategic CIO: Changing the Dynamics of the Business Enterprise*. , focuses on how strategic CIOs leverage information and technology for competitive advantage. Additionally, he writes articles on strategic IT, including one for CIO Magazine, co-authored a Harvard Case Study, conducts video interview series for Sarder TV-IT Strategic Thought Leaders-and for Accelerating IT Success-The Strategic CIO: Managing in the 21st Century, as well as speaks at CIO events on IT Strategy and How Strategic CIOs are Changing the Dynamics of the Business Enterprise*