CAS INSIGHTS

TECH-ENABLED OUTSOURCED BUSINESS SERVICES MARKET REPORT

LOOKING AHEAD

SECOND QUARTER 2020

CAS
Corporate Advisory Solutions
INTEGRITY • CONFIDENTIALITY • EXPERIENCE

A REASSURING NOTE FROM MARK RUSSELL

Welcome to CAS INSIGHTS Q2 Tech-Enabled Outsourced Business Services Market Report!

The mergers and acquisition (M&A) market within the Outsourced Business Services (OBS) sector has become more active this quarter over the first quarter, despite the pandemic's ongoing impact. Both financial and strategic buyers seeking attractive acquisition opportunities have driven this increased activity.

This resumption of deal activity is partly due to buyers continuing to be motivated to find good opportunities at fair prices, and sellers either needing to or being motivated to pursue an exit under acceptable terms. While platform acquisitions continue to occur with financial buyers, based on our deal activity and what we are seeing in the market *it appears that a greater area of focus is coming from the strategic buyer community.*

While M&A interest level was greater in Q2 than it was at the end of Q1, the M&A market we knew pre-pandemic has all but disappeared. The current market is more reflective of what we experienced during the 2007-2009 recession, in which valuation multiples declined and deal structure increased to reflect market uncertainty.

To be clear, there are absolutely buyers and sellers wishing to consummate transactions today, but market valuations are no longer what they had been even six to twelve months ago, and transactions are typically incorporating some portion in deal structure to bridge valuation gaps between buyers and sellers.

While the primary reason for the change in valuation multiples is due to market uncertainty and buyers' needs to mitigate against future downward trends in performance, a secondary reason is due to lenders taking a more conservative stance regarding their underwriting standards. We anticipate these trends to continue into next year and possibly the following year, as the U.S. economy evolves and eventually improves post pandemic.

As if the pandemic wasn't enough, the upcoming Presidential election is also causing some concern for owners and clients of OBS companies, particularly with the concept of the Democrats winning the election and potentially both houses of Congress. While not a strong likelihood, this possibility creates worries of a shift back to a more intense regulatory environment among other potential changes.

We at CAS do not anticipate a significant increase in regulation regardless of who wins the election. However, a Democratic administration could potentially be more proactive in pursuing greater regulatory oversight for collection and related activities targeting certain types of accounts including out-of-statute and student loans.

Enough of the doom and gloom!!! Ladies and gentlemen, I have been involved in the OBS sector as an M&A advisor for almost 20 years. I have seen the impact of various types of macro-economic conditions, government regulatory changes and technological innovations/disruptions.

(continued on next page)

I have learned throughout this time the OBS sector is resilient. I distinctly remember back in the early/mid 2000s when Do Not Call legislation was passed. Everyone believed the outbound telemarketing industry was finished. Well, based on the number of times my home and mobile phones receive telemarketing calls, I am here to tell you this industry is alive and well!!! The same holds true for every other OBS service and market. Individuals and companies will come and go, but the OBS sector will continue to exist and thrive despite adverse conditions and changes.

We at CAS understand this and are here to assist you in navigating through these periods of uncertainty. We understand you have various opportunities to consider when determining what to do with your business. If you wish to confidentially discuss your business needs and interests, we would be delighted to hear from you. Please contact me at 301.404.5757 or mrussell@corpadvisorysolutions.com or Michael Lamm at 202.904.7192 or mlamm@corpadvisorysolutions.com directly.

On behalf of the entire CAS team, we hope you enjoy our Tech-Enabled Outsourced Business Services Market Report and look forward to speaking with you.

Sincerely,

Mark Russell

Mark Russell
Managing Partner
Phone: 301-404-5757
E-mail: mrussell@corpadvisorysolutions.com

Here are some key highlights of what you will find in this OBS Market Report

- Managing Partner Mark Russell reports the M&A market within the Tech-Enabled OBS sector has become more active during the second quarter, despite the pandemic's ongoing impact. Both financial and strategic buyers seeking attractive acquisition opportunities have driven this increased activity.
- Overview of the M&A Market for the OBS subsectors (ARM, RCM and CRM). Included in the overview: a breakdown of completed OBS transactions, OBS sub-sector overviews, Specialty Finance highlights and noteworthy transactions.
- A current listing of CAS webinar and podcast activity.
- A list of Twitter handles for members of the OBS media community.
- Michael Lamm joins with Joann Needleman to discuss why Financial Services firms must continue their expansion into technology post pandemic.
- Elizabeth C. Terry, Executive Director of the National Creditors Bar Association, reviews the CARES Act's implications for the collections industry.
- Olivia Potter, Investment Banking Intern of CAS, lists remote productivity management software options to collect valuable information on employee productivity as companies adjust to the new off-premise environment.
- Thirty representative CAS transactions

Transaction Highlights

We are pleased to profile CAS' closed transactions during this unprecedented time.

CAS completed a transaction within the healthcare revenue cycle management sector in May 2020, despite the pandemic temporarily putting most M&A activity around the world on hold. CAS served as exclusive sell-side representative[1] to Liberty Billing and Consulting Services to assist with their combination with Aspirion Health Resources, which is backed by Aquiline Capital.

The transaction was viewed as a true strategic fit. Both companies expanded their service offerings within the complex claims segment of healthcare revenue cycle management and improved their geographic presence around the country. The timing of the deal created specific unprecedent nuances, such as virtual management meetings necessitated by "stay at home" orders as well as unique dynamics in the hospital end market with COVID hospitalizations.

However, despite the challenging backdrop, Liberty and Aspirion were motivated to continue and with the help of CAS were able to work up solutions to help the transaction close, integrate and succeed. We are excited by the fit between the two businesses, especially considering their respective reputations in the space, and look forward to witnessing the future growth of the combined businesses.

CAS feels this transaction set a blueprint for transactions taking place in the "new normal" of M&A in 2020 and we are motivated by anticipated future activity happening throughout the Tech-Enabled Outsourced Business Services sector.

The link to the press release can be found here. Additionally, CAS closed a transaction in the accounts receivable management sector in March 2020 at the beginning of the pandemic. CAS advised an Investment Group on selling its interest in the Philippines operation of a multinational BPO Company.

(1) Securities transactions conducted through StillPoint Capital, LLC Member FINRA/SiPC

CAS IS PROUD TO HAVE SERVED AS AN ADVISOR ON THESE OBS TRANSACTIONS*

- LIBERTY MERGED WITH ASPIRION, A PORTFOLIO COMPANY OF AQUILINE CAPITAL PARTNERS LLC. The undersigned initiated the transaction and served as M&A advisor to Liberty Billing and Consulting Services. CAS Corporate Advisory Solutions. May 2020 (Securities conducted through StillPoint Capital Member FINRA/SIPC, Tampa, FL)
- JH Liquidating Trust I sold its charged-off consumer debt portfolio assets to Reviver Financial LLC. The undersigned initiated the transaction and served as M&A advisor to JH Liquidating Trust I. CAS Corporate Advisory Solutions
- SECURITY CREDIT SERVICES PURCHASED THE ASSETS OF a Mid-Atlantic Debt Purchaser. The undersigned initiated the transaction and served as M&A advisor to the Mid-Atlantic Debt Purchaser. CAS Corporate Advisory Solutions
- ARCADIA RECOVERY BUREAU ACQUIRED THE ASSETS OF MEDCONN COLLECTION AGENCY. The undersigned initiated the transaction and served as M&A advisor to MedConn Collection Agency. CAS Corporate Advisory Solutions
- FLEXPOINT FORD ACQUIRED TRAK AMERICA. The undersigned initiated the transaction and served as M&A advisor to Flexpoint Ford. CAS Corporate Advisory Solutions. September 2019 (Securities conducted through StillPoint Capital Member FINRA/SIPC, Tampa, FL)
- tsi ACQUIRED THE ASSETS OF NCC BUSINESS SERVICES. The undersigned initiated the transaction and served as M&A advisor to NCC Business Services, Inc. CAS Corporate Advisory Solutions
- Windham Professionals ACQUIRED THE ASSETS OF AMS Allen Maxwell & Silver. The undersigned initiated the transaction and served as M&A advisor to Windham Professionals, Inc. CAS Corporate Advisory Solutions
- SinglePoint ACQUIRED General Revenue Corporation. The undersigned initiated the transaction and served as M&A advisor to SinglePoint Group International. CAS Corporate Advisory Solutions (Securities conducted through StillPoint Capital Member FINRA/SIPC, Tampa, FL)
- Professional Recovery Consultants WAS ACQUIRED BY LaSalle Capital. The undersigned initiated the transaction and served as M&A advisor to Professional Recovery Consultants, Inc. CAS Corporate Advisory Solutions (Securities conducted through StillPoint Capital Member FINRA/SIPC, Tampa, FL)
- tsi ACQUIRED Altisource Portfolio Solutions S.A.'s Financial Services Business. The undersigned initiated the transaction and served as M&A advisor to Altisource Portfolio Solutions S.A. CAS Corporate Advisory Solutions (Securities conducted through StillPoint Capital Member FINRA/SIPC, Tampa, FL)
- Vital Solutions ACQUIRED NRC. The undersigned initiated the transaction and served as M&A advisor to Nations Recovery Center. CAS Corporate Advisory Solutions
- ProCo WAS ACQUIRED BY Windham Professionals. The undersigned initiated the transaction and served as M&A advisor to Windham Professionals. CAS Corporate Advisory Solutions
- McCarthy, Burgess & Wolff WAS ACQUIRED BY ELI GLOBAL. The undersigned initiated the transaction and served as M&A advisor to McCarthy, Burgess & Wolff, Inc. CAS Corporate Advisory Solutions (Securities conducted through StillPoint Capital Member FINRA/SIPC, Tampa, FL)
- Johnson Morgan & White HAS MERGED INTO altus Global Trade Solutions. The undersigned initiated the transaction and served as M&A advisor to Johnson, Morgan & White. CAS Corporate Advisory Solutions (Securities conducted through StillPoint Capital Member FINRA/SIPC, Tampa, FL)
- RMB Inc. WAS ACQUIRED BY Wakefield & Associates. The undersigned initiated the transaction and served as M&A advisor to RMB, Inc. CAS Corporate Advisory Solutions (Securities conducted through StillPoint Capital Member FINRA/SIPC, Tampa, FL)
- altus Global Trade Solutions WAS ACQUIRED BY NewSpring Capital, Spring Capital, Evergreen. The undersigned initiated the transaction and served as M&A advisor to Altus Global Trade Solutions. CAS Corporate Advisory Solutions (Securities conducted through StillPoint Capital Member FINRA/SIPC, Tampa, FL)
- Affinity Global WAS ACQUIRED BY ELI GLOBAL. The undersigned initiated the transaction and served as M&A advisor to Affinity Global. CAS Corporate Advisory Solutions (Securities conducted through StillPoint Capital Member FINRA/SIPC, Tampa, FL)
- The Encino California law firm of Bleier & Cox has merged with the Law Offices of Patenaude & Felix, APC. Patenaude & Felix A.P.C. The undersigned served as advisor to Patenaude & Felix, APC. CAS Corporate Advisory Solutions
- Allied Account Services, Inc. WAS ACQUIRED BY Monarch Recovery Management, Inc. The undersigned initiated the transaction and served as M&A advisor to Allied Account Services, Inc. CAS Corporate Advisory Solutions (Securities conducted through StillPoint Capital Member FINRA/SIPC, Tampa, FL)
- RevSolve WAS ACQUIRED BY USCB America. The undersigned initiated the transaction and served as M&A advisor to RevSolve, Inc. CAS Corporate Advisory Solutions (Securities conducted through StillPoint Capital Member FINRA/SIPC, Tampa, FL)
- Vital Solutions WAS ACQUIRED BY Fusion. The undersigned initiated the transaction and served as M&A advisor to Vital Solutions. CAS Corporate Advisory Solutions (Securities conducted through StillPoint Capital Member FINRA/SIPC, Tampa, FL)
- Penncro Associates, Inc. WAS ACQUIRED BY radius. The undersigned initiated the transaction and served as M&A advisor to Penncro. CAS Corporate Advisory Solutions (Securities conducted through StillPoint Capital Member FINRA/SIPC, Tampa, FL)
- NSA North Shore Agency WAS ACQUIRED BY Broad Street Holdings LLC. The undersigned initiated the transaction and served as M&A advisor to North Shore Agency, LLC. CAS Corporate Advisory Solutions
- RentCollect Global WAS ACQUIRED BY ASSURANT. The undersigned initiated the transaction and served as M&A advisor to Rent Collect Global. CAS Corporate Advisory Solutions (Securities conducted through StillPoint Capital Member FINRA/SIPC, Tampa, FL)
- SRA Associates WAS ACQUIRED BY Global IT Sales. The undersigned initiated the transaction and served as M&A advisor to SRA Associates, Inc. CAS Corporate Advisory Solutions (Securities conducted through StillPoint Capital Member FINRA/SIPC, Tampa, FL)
- PRS Professional Recovery Services, Inc. WAS ACQUIRED BY CreditControl. The undersigned initiated the transaction and served as M&A advisor to PRS. CAS Corporate Advisory Solutions (Securities conducted through StillPoint Capital Member FINRA/SIPC, Tampa, FL)
- Integrity Solution Services, Inc. WAS ACQUIRED BY Oakville Consolidated Limited. The undersigned initiated the transaction and served as M&A advisor to ISS. CAS Corporate Advisory Solutions (Securities conducted through StillPoint Capital Member FINRA/SIPC, Tampa, FL)
- Kadent WAS ACQUIRED BY ARB Arcadia Recovery Bureau. The undersigned initiated the transaction and served as M&A advisor to Kadent Corporation. CAS Corporate Advisory Solutions (Securities conducted through StillPoint Capital Member FINRA/SIPC, Tampa, FL)
- Leading Edge Recovery Solutions WAS ACQUIRED BY Affinity Global, Connecting People with Solutions. The undersigned initiated the transaction and served as M&A advisor to Leading Edge. CAS Corporate Advisory Solutions (Securities conducted through StillPoint Capital Member FINRA/SIPC, Tampa, FL)
- Berlin-Wheeler, Inc., A Receivables Management Company WAS ACQUIRED BY Wakefield & Associates. The undersigned initiated the transaction and served as M&A advisor to Berlin-Wheeler, Inc. CAS Corporate Advisory Solutions (Securities conducted through StillPoint Capital Member FINRA/SIPC, Tampa, FL)

*Includes only transactions that have been publicly announced.

CAS
Corporate Advisory Solutions
INTEGRITY • CONFIDENTIALITY • EXPERIENCE

SELECT WEBINAR ACTIVITY

- **Nightmare on Post-Merger Acquisition Street – And How To Avoid It**
  - Michael Lamm and Christa Heibel, CEO and Founder of CH Consulting Group, provide step-by-step directions on how to make the most of your newest business acquisition and avoid the nightmare of post-merger strategies that could cost a fortune.
  - Listen to the FREE webinar here.

- **The Future of the ARM Industry: What Will Be the New Normal In the Post-Pandemic World**
  - Michael Lamm, Managing Partner of CAS, joins with Joann Needleman, member of Clark-Hill, to discuss where they think the ARM industry is headed during the Coronavirus crisis.
  - This free one-hour webinar covers important subjects for members of the ARM and Healthcare industries who are charting a strategic response to the pandemic, including legislative and regulatory changes, M&A Financing, consolidations, exits and overall market trends.
  - Click here to listen to the webinar.

- **COVID-19 Impact on Valuation**
  - ACA International's Today's Daily Huddle featured Michael Lamm, Managing Partner of CAS, who joined with Mike Ginsberg of Kaulkin Ginsberg to discuss the impact COVID-19 is having on the value of companies.
  - Click here to listen to the webinar.

- **Loans From the SBA & CARES Act: How the ARM Industry Can Benefit**
  - CAS cosponsored this free webinar and PowerPoint presentation explaining how government programs announced in the past weeks can financially help companies, especially small businesses, during the coronavirus pandemic.
  - This free webinar and PowerPoint presentation help businesses understand the different government programs, how they work, and how to apply for them. This includes the H.R. 748 CARES Act and Paycheck Protection Program. Listen to this webinar and download the PowerPoint to learn how your company can access government financing.

    Loans from the SBA & CARES Act: How the ARM Industry Can Benefit.

    CARES & SBA Assistance: A tool at your disposal.

Work From Home (WFH) Employee Productivity Tracking Software

See page 25 for a list of remote productivity management software options for industry managers seeking to collect valuable information on employee productivity as they adjust to the new off-premises environment.

SELECT PODCAST ACTIVITY

- **Credit Eco To Go:** "You Snooze You Lose: Why Financial Services Must Continue Its Expansion"
  - Michael Lamm joins Joann Needleman, Clark Hill PLC Member, Leader, Consumer Financial Services Regulatory & Compliance Practices Group, Philadelphia on the Credit "Eco" to Go podcast to discuss how financial services companies who are making significant investments in technology now will be winners in the future.
  - Listen to the FREE session here!

- **Pencils Down**
  - Host Federico Baradello, Founder and CEO of Finalis, and guest Michael Lamm discuss Michael's journey into M&A, important lessons he's learned along the way, opportunities to tech-enable more of the ibanking business, and trends he's tracking this year.
  - Listen to the FREE episode here!

- **ARM M&A Deal Talk with Michael Lamm**
  - An ongoing, podcast by Mike Gibb with Michael Lamm on a different ARM subject during each session
  - Listen to all the FREE sessions here!

AccountsRecovery.net | RepoPulse.com ℗ & © 2018 ARM M&A Deal Talk with Michael Lamm

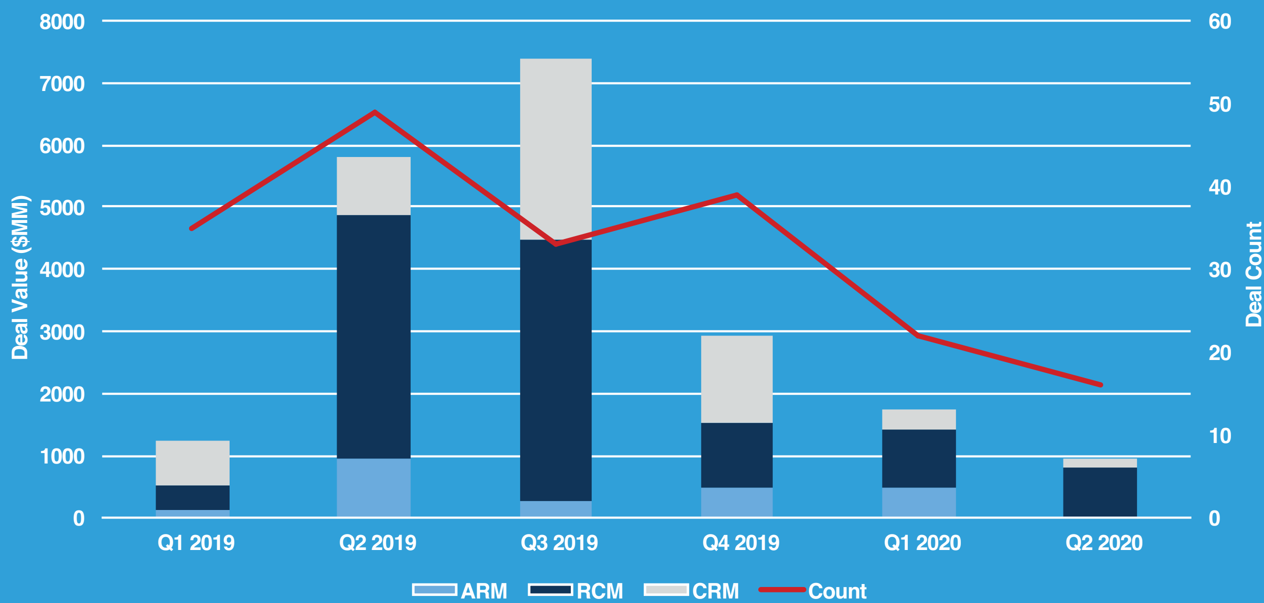
- **Leadership Fuel with Michael Lamm**
  - *Leadership Fuel* is a podcast series produced by ACA International featuring Michael Lamm. This series shows how building and maintaining strong leadership skills is a lifelong process that requires ongoing training and a commitment to greatness.
  - Listen to the most recent podcast here!

ACA INTERNATIONAL
The Association of Credit and Collection Professionals

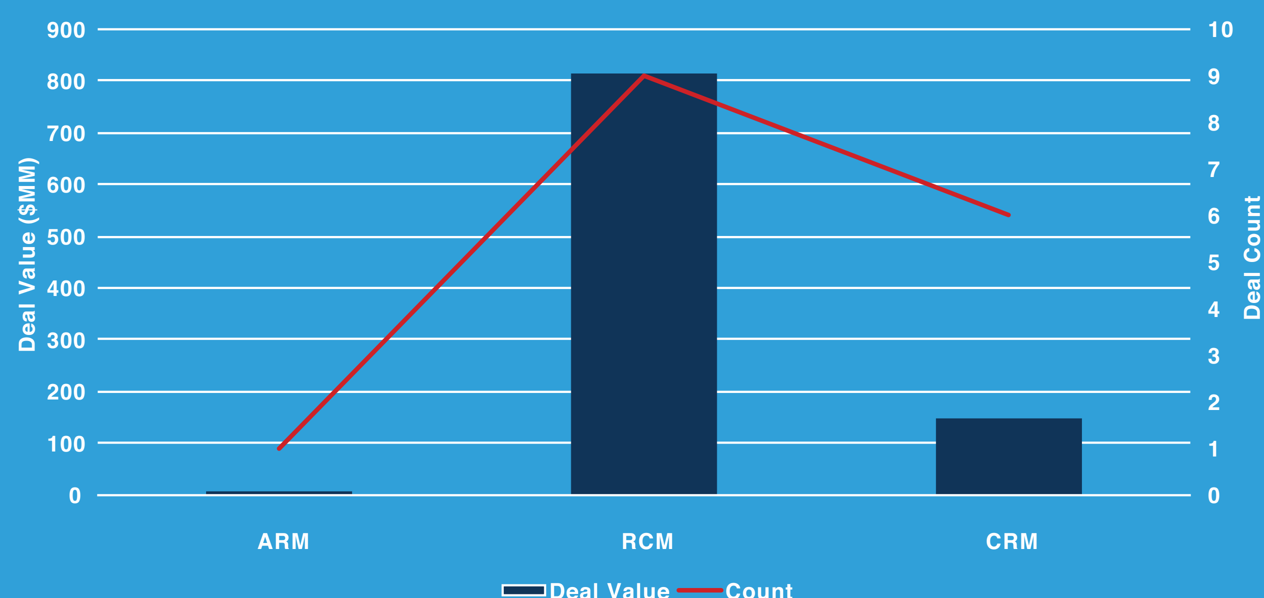
CAS KNOWLEDGE CENTER

- **Check out our industry resource on the CAS website, a series of informative blogs in the KNOWLEDGE CENTER under Resources!**

Outsourced Business Services (OBS) Market Overview



We continue to reflect technology companies that service our coverage markets in the OBS Market Overview chart above. We began to include technology service companies in Q1 2019. CAS believes these companies characterize similar companies we have represented in the past. As technology transforms our markets, they should be included in our deal count.



Accounts Receivable Management (ARM)

The pandemic has had an outsized impact on the ARM industry, creating major ripples in operations and M&A activity.

Most ARM providers shifted to a work-from-home environment and will continue this operation until further guidance as they monitor the situation and take necessary actions. In select states a reduced staff is permitted in the office. Creditors across the market have begun to mandate new work standards and regulatory measures restricting agencies from pursuing certain collection strategies (i.e., prohibiting lawsuits, restricting outbound call activity or halting placements altogether).

It is anticipated the addressable market for ARM outsourcing services will expand as the net charge-offs have increased 14.9% in Q1 of 2020 compared to a year ago, and CAS forecasts further charge-off activity beginning in Q3 and Q4 of this year. The uncertainty around the outlook and client/regulatory requirements has led buyers to modify their market valuation ranges and require a greater level of structure to mitigate their downside risk. In certain situations, buyers have also restructured deals, or in some cases put their deals on hold, that were agreed to pre-pandemic as a result of the uncertainty caused by the pandemic.

Despite the uncertainty surrounding the pandemic, certain ARM providers are having record months, stemming from liquidation boosts driven by government stimulus packages and a higher volume of inbound calling. Where outbound calling is permitted, agencies are experiencing greater contact rates as consumers and business owners are easier to reach while at home. Consumers are looking to take control of their finances and to mitigate potential future risks, and with stimulus funding they have the current wherewithal to pay down certain debts. That said, we are witnessing various outcomes from sellers as some are experiencing record months while others are being impacted more severely.

Certain aspects of commercial ARM (B2B) have seen a downtick in business volumes due to business closures, although this may be alleviated once states re-open post pandemic. Business credit cards are seeing an uptick in delinquencies and charge-offs, and a downtick in liquidations similar to consumer credit cards.

Debt buying sector has continued to perform well, as noted by PRA Group's (NASDAQ: PRAA) announcement that they outperformed their expected COVID-adjusted cash collections by 27% in May, and Encore Capital Group (NASDAQ: ECPG) reported record collections of $527 million in Q1 2020.

During the quarter there were several critical Supreme Court rulings. On June 26, the Supreme Court held that the structure of the Consumer Financial Protection Bureau (CFPB) violates the Constitution's separation of powers. While the decision allows the CFPB to continue to operate within its authorities, it also enables the President to remove its Director at will. This means the winner of the 2020 Presidential Election will have the power and authority to appoint a new CFPB Director, likely shifting the Agency to fit his political and economic policy.

For the financial services industry, the verdict provides additional justification for the CFPB to rescind mandatory underwriting and to modify payment provisions. In July, the Supreme Court overturned a government debt

(continued on next page)

collection exemption for autodialing cell phones and granted Facebook's petition to review what is classified as an Automatic Telephone Dialing System under the Telephone Consumer Protection Act.

Work-from-home mandates have changed the landscape of the ARM market. Some companies are adapting to COVID-19's unforeseen consequences through digitalization and cloud software, creating stronger transaction infrastructure for companies and their clients. Firms are offering tailored solutions to enhance collection probability across various industries and consumer groups. Such platforms promote modernization in the ARM market through enhanced collection capabilities.

The economy is recovering despite somewhat mixed COVID results across the US and globe. In the U.S., Weekly jobless claims spiked to 3.3 million in March, while consumer spending declined 6.6%. Despite its negative projections, employment rebounded with 2.5 million jobs in May, reducing the unemployment rate to 13.3%. Moreover, consumer spending jumped 8.2% as future estimates indicate a quick recovery as individuals continue to adjust to volatile conditions and increase spending in coming months.

One of the key items we are tracking is the HEROES Act. Adding to the $2 trillion economic relief package in late March, the HEROES Act seeks to assist consumers by prohibiting debt collection during the COVID-19 pandemic. The HEROES Act influences the ARM industry's ability to help creditor clients, including small businesses, financial institutions, and hospitals, and places restrictions on consumer debt collection with limiting fees, interest, and the statute of limitations. Despite the intention to help consumers, industry organizations feel the bill would provide minimal benefit considering 85% of the ARM industry is comprised of small businesses. Proposed provisions would affect small collections companies and credit cycles, stopping the normal function of the credit and collections system and pressuring hospitals and utility companies during uncertain times. To date, the HEROES Act has not been voted on in the Senate and is unlikely to be enacted.

Under U.S. Generally Accepted Accounting Principles, loss reserves were recognized when incurred, which does not consider economic forecasts, industry cycles, or borrower creditworthiness. Current Expected Credit Loss (CECL) requires recognition of all losses expected over the life of a financial instrument upon origination or purchase. CECL applies to all banks, savings associations, credit unions, and financial holding companies that file regulatory reports conforming to U.S. GAAP. The new accounting standard was effective December 15, 2019 for most SEC filers; all others are effective beginning fiscal years after December 15, 2022.

For debt buyers, CECL's impact is mostly in reporting. Severity depends on the classification and type of securities, such as assets-for-sale, held-to-maturity, or purchased credit-deteriorated, held in a portfolio. Creditors like banks and credit unions are largely impacted, but alternative lenders could also experience challenges given less regulation. If alternative lenders hold financial assets, they might have larger organizational shifts to ensure models are compliant. The Accounting Standard enables institutions to give quality estimates on lifetime credit loss exposure, incorporating reasonable expectations about the future.

Volatility remains a prominent concern of CECL due to estimates grounded in macroeconomic forecasts. Additionally, economic fallout makes it more challenging to extrapolate credit losses, considering widespread forbearance to help consumers facing financial difficulties. Lenders with longer-lived assets and higher expected losses may experience larger increases in credit loss reserves and higher earnings volatility than those institutions with shorter-lived assets and less risky portfolios.

(continued on next page)

Company	Description	Recent News/Trend
encore CAPITAL GROUP	Encore Capital Group (NASDAQ: ECPG) purchases or services portfolios of receivables from major banks, credit unions and utility companies to provide debt recovery solutions	Despite implications of COVID-19, Encore Capital Group reported record global collections of $527 million in May, representing a potential rebound across the ARM market.
REPAY Realtime Electronic Payments	Repay is a leading provider of vertically-integrated payment solutions, including credit and debit card processing, ACH processing and instant funding.	In June, Repay earned its spot in the US Small-Cap Russell 2000 Index. Inclusion may increase the Firm's exposure to larger investors and accelerate its growth strategy.
GENESYS moments connected	Genesys is a leader in contact center solutions providing software, automated routing, email, chat and messaging services to enhance customer experiences.	In June, Genesys added a Workforce Engagement Management (WEM) business unit and new Chief Marketing Officer Joyce Kim. The WEM business unit is designed to enhance employee engagement and become an integral part of the Genesys portfolio.

Notable Transactions

- Asta Funding, Inc. entered into an amendment to the merger agreement under which the Stern Group will acquire the outstanding publicly held shares of common stock of Asta through the merger of Asta with a wholly-owned subsidiary
- Symend, a technology platform based in Canada that helps consumers "self-cure" their debts, has raised $52 million to, among other things, help the company expand into the United States.

Customer Relationship Management (CRM)

Despite current international turmoil, the CRM industry remains positive about the future, with annual market growth forecasted at approximately 3 to 5 percent annually.

Everest Group, a management consulting and research firm, has projected 4.7% yearly growth in 2020, which will allow the industry to reach a market size of $92 billion by the year's close. Additionally, Adroit Market Research projects the global contact center outsourcing market will exceed $131 billion by 2025, demonstrating the potential expansion that will continue to develop. Viewing the industry, it remains highly fragmented, with the ten largest firms accounting for approximately 25% of the total market share. Geographically, North America, which remains the largest region, accounts for 44% of total industry revenues, but the Asia Pacific and Latin America regions exhibit the highest growth.

Technological changes remain a vital area of discussion as to what role advancements will play in reshaping the industry's tried and true practices. In 2020, experts have witnessed technology innovation pushing most contact center models away from voice-based, manually intensive tasks and towards services that utilize integrated data, omni-channel interactions, and digital tools. This trend has not been lost on industry practitioners as Deloitte's May 2019 Global Contact Center Survey found that 75% of surveyed companies are actively planning to invest in technology to improve agent performance, lower costs, gain valuable consumer behavior insights, and elevate the customer experience.

Artificial Intelligence's role has been the focal point in these discussions as many have historically feared substantial job loss will occur if such technological advancements are successfully implemented; however, most industry analysts view the large-scale implementation of these technological advancements as a "longer-dated" trend that will not become a possibility for years to come.

According to Deloitte, AI's primary uses will likely be limited to automating customer engagement, assisting customer service representatives, and providing advanced operational and strategic analytics and insight. In other words, AI will be working in tandem with human operators as opposed to against them as its benefits are leveraged to improve the call center experience for customers and employees alike.

Coronavirus' effect on this growing technological trend cannot be overstated as it has dramatically increased discussion and focus on how to leverage Artificial Intelligence (AI), robotic process automation (RPA), and chatbots effectively. Much like AI, chatbots, despite being highly useful tools, are expected to be used only to empower human agents rather than substitute for them altogether.

Looking towards the future, contact centers will be leveraging AI-driven technologies like enterprise-grade intelligent voice automation (IVA) across service channels so that deployment can meet an outsized

(continued on next page)

demand. The utilization of IVA will mean thousands of questions can be answered simultaneously, allowing a business to scale their response without increasing headcount. In conclusion, agents will be able to focus on more complex and emotive transactions as AI will automate basic tasks, thus increasing a business's self-service capabilities.

Thanks to support from advances in technology and escalations caused by the COVID-19 pandemic, the expansion of the work-from-home (WFH) model has become a permanent change and a worthy alternative from traditional operations for most businesses.

Before the global pandemic, WFH was a minor topic of conversation and not a noteworthy trend in the market; however, the past few months have reshaped the industry's perspective entirely. For example, Inktel, a global call center provider, has moved 90% of its 1,500-person workforce to a WFH model following the pandemic and TTEC Holdings' Engage division, one of the largest call center operations in the world, transitioned 80% of their employees to WFH as well. The difference in priority on a company-to-company basis compared to the beginning of the year is astronomical. According to a client survey by Alorica, only 14% of clients were interested in WFH as a long-term strategy, and 90% of companies had little to no WFH outsourcing experience prior to the pandemic. After COVID-19, demand has skyrocketed, with 90% of Alorica's clients using globally staffed WFH models.

Additionally, companies are reporting that agent productivity and customer experience WFH results have been in line or better than brick-and-mortar results. Although this massive and sudden change has been considerably successful considering the initial hurdles that were in place, this market shift has demonstrated that the model will require a reengineering of the entire operational value chain to continue to succeed long after the pandemic subsides.

As coronavirus, especially in the United States, continues to persevere, lingering uncertainty around its presence will drive organizations to demand WFH solutions for contact centers. At the same time, the gig economy and Gen Z and Millennial-focused workforce are expected to sustain its movement forward. In fact, industry estimates have predicted an approximately three-fold increase in WFH in the United States due to this continuation of coronavirus fears. Additionally, it is forecasted that 75% of all organizations will soon possess a WFH strategy, while 30% of a company's future outsourcing mix will be WFH.

The coronavirus pandemic's effects on the call center industry have been substantial and widespread as nearly all consumers have had to significantly alter their day-to-day routine in the wake of the "new normal." E-commerce has been the primary driver of this trend as it has surged drastically above "holiday levels" for the month of May by growing 78% in total. Based on actual spending versus prior projections, the pandemic has led to $52 billion in extra online spending, with May hitting a record of $82.5 billion.

With this skyrocketing increase in online traffic, call volume has similarly grown. The complexity of the calls has also surged as consumers dial in due to more varied and involved issues regarding the pandemic. Due to this call complexity, AI and other similar technological alternatives have been demonstrated as ill-fitting substitutes to the classic brick-and-mortar call center model because they are unable to answer

(continued on next page)

the difficult questions many consumers are now asking. It is not just e-commerce that is driving this trend, as many Americans have fallen on financially tricky times citing job loss and extra strain due to the pandemic.

Because of this harsh new reality, mortgage and insurance companies have witnessed an increase in demand for deferred payment opportunities, as customers can no longer meet payment obligations. Due to public pressure, firms have little choice but to be forgiving to delinquent consumers and, as such, have seen an increasing need to speak and resolve issues over-the-phone directly.

Company	Description	Recent News/Trend
ttec	TTEC Holdings, Inc. is a leading global customer experience technology and services company focused on the design, implementation and delivery of transformative customer experience.	In June 2020, TTEC Holdings announced it has significantly strengthened its FedRAMP-authorized cloud contact center solution to include best-in-class WFO, CRM and AI applications. In addition, TTEC announced it has pending IL4 (FedRAMP+) authorization to offer clients an even deeper level of security and data protection.
ATENTO	Atento is a global provider of customer relationship management and business-process outsourcing services, including customer care, sales, collections, back office and technical support.	In May 2020, Riot Games, an American company that develops and publishes games like League of Legends, signed a partnership with Atento to provide services to Brazilian players. The project, which will cover different fronts, was fully structured, including stages such as recruitment, selection and training 100% remotely due to the events caused by the COVID-19 pandemic. Among the several reasons that made Riot choose Atento as a partner is the company's ability to create environments that refer to the partner's culture and to hire, manage and maintain specialists of the appropriate profiles
sitel group	Sitel is a privately-owned contact center company headquartered in Miami, Florida that provides outsourced sales, technical support, customer service, and other business processes for large companies.	In response to the COVID-19 pandemic, Sitel has launched MAXhubs: global physical development centers, bringing a hybrid blend of in-office and home working, dedicated to helping employees who seek in-person collaboration, training and development. As a physical extension of Sitel MAX (My Associate Experience), MAXhubs is designed to deliver a consistent and connected employee experience for all Sitel Group employees, whether they are on-site or working from home.

Notable Transactions

- APC Holdings acquired a majority stake in Sequential Technology International
  An investment consortium compromised of HPS Investment Partners, GIC, and Farallon Capital Management acquired Bain Capital's equity stake in Atento

Healthcare Revenue Cycle Management (RCM)

Despite the significant impact the coronavirus pandemic has had on hospitals and healthcare systems, it has also accelerated new opportunities and growth for medical technology, data analytics, and revenue cycle management providers to drive revenue and prioritize patient satisfaction.

The healthcare industry has endured serious losses due to the suspension of revenue-generating "elective" surgeries and procedures in order to accommodate COVID-19 patients, compounded by significant expenditures on COVID-related supplies and technological investments to support remote services. Over 40% of medical groups and health systems expect it will take a year or more to return to pre-COVID stability, but about a quarter are still unsure when or if they will ever return to pre-COVID levels.

Physician practices, as well as large health systems, have had to furlough providers, eliminate positions, and reduce staff compensation. At least 42 hospitals have shut down or entered bankruptcy so far this year, and the hospital cash crunch caused by COVID may lead many more hospitals to follow suit in the coming months. The American Hospital Association estimates a collective $200 billion revenue loss between March 1 and June 30, but hospitals are making necessary spending reductions, implementing telehealth visits, and receiving funds from the Coronavirus Aid, Relief and Economic Security (CARES) Act—which provided $175 billion in relief funds to hospitals and healthcare providers—to combat the high expenditures and collapse of non-COVID patient volume.

Additionally, overall demand for elective care has in general decreased. Mileage and motor vehicle accidents have fallen by 50-80% during the pandemic. On-premises work has been paused for some time, resulting in fewer work injuries. Furthermore, individuals who have been injured in car accidents, work injuries, slip and falls, and construction site accidents may still not qualify for urgent, high-priority medical treatment or may be hesitant to seek care for concern of COVID contraction and financial restrictions. As a result, medical claims due to motor vehicle accidents and work-related injuries have declined sharply.

There are two silver linings to this decline in medical claims, however. First, practices are encouraging individuals to take full advantage of telehealth options, which most primary care physicians and insurers have quickly embraced. Second, the country is already reopening in many areas, so healthcare systems can expect claims to increase in the near future.

Some of these changes are regionally trended. The American College of Surgeons (ACS) recommends a decrease in incidence of COVID cases for at least two weeks before elective surgery is resumed after suspending them on March 17, 2020. In late April and throughout May, 30 states allowed or announced plans to allow healthcare providers to resume elective surgeries.

The first states to resume elective procedures were those with fewer COVID cases, particularly in the

(continued on next page)

Southern and Southwestern regions of the US, while Northeastern states that were initially COVID hotspots were last to permit elective surgeries. As a result, healthcare systems in the New England and Mid-Atlantic regions suffered a greater initial revenue loss of more than 25% in Mid-March due to the virus.

However, reports as of June 20 indicate an increase in cases in the South East, South Central, and South West/Cost regions, while states in the New England, Mid-Atlantic, and Midwest areas report a decrease in positive cases. Nationally, COVID cases and hospitalizations are rising. As northeastern states, such as New York and New Jersey, begin to recover and perform revenue-generating healthcare procedures, Southern/ Southwestern states, such as Texas and Arizona, are partially or completely pausing elective care.

Despite the financial setbacks, the coronavirus is also proving to be an opportune catalyst for positive change in the healthcare and revenue cycle industries. The pandemic has forced healthcare and revenue cycle industries to rapidly embrace and implement improvements, particularly technological solutions, that had been slowly growing for a decade.

First and foremost among these opportunities is the rise of telehealth, which has proven to be the bedrock of financial survival in the industry. Utilization has jumped from 10-15% to wide-scale adoption in a matter of months.

Digital health stocks are surging as health-tech companies, public and private, are seeing increased investor interest, with consumer behavior shifting rapidly in their direction. Though expensive, medical leaders identify telehealth as the priority investment going forward. Governments are supporting this trend by relaxing regulations on telemedicine during the pandemic. For example, doctors can now practice across state lines, they are reimbursed equally for virtual and physical visits, and the Centers for Medicare & Medicaid Services (CMS) has established coverage and payment under the Physician Fee Schedule for telephone evaluation and management (E/M) services.

Insurance payers and HCP professional associations have supported the transition to telehealth services during the pandemic. Telehealth is billed with regular codes for face-to-face services, when provided by eligible providers under approved circumstances. Industry leaders have appeared before Congress to lobby for permanent policy change and maintain the momentum toward telehealth, and some states have already ordered to permanently reduce telehealth regulation by waiving access rules and coverage allowances. Some insurers have also announced permanent coverage of virtual visits with in-network providers. Telehealth, along with contactless payment, mobile scheduling and check-in, personalized communication methods, data automation, and more payment convenience, are expected to be the 'new normal.'

Industry leaders are also using the crisis to promote wider transformation in payment structure. The healthcare system is moving away from fee-for-service reimbursement toward value-based payments as many practices face the challenge of provider compensation under the fee-for-service model. For example, fee-for-service does not offer equal pay for virtual and in-person care outside of the pandemic. Whether payers decide to make payment parity permanent or not, value-based payments can help fund telehealth and other value-adding capabilities developed during the pandemic (such as triage call centers, remote patient monitoring,

(continued on next page)

and population health data) while ensuring a more predictable source of income for practices moving forward.

As the country begins to reopen, the healthcare revenue cycle will have to adjust to a 'new normal.' Unemployment and economic uncertainty are high. In response, healthcare systems are implementing short-term strategies for patient collections, including short term payment plans, suspended billing for 30 to 60 days, forgiven monthly payments, paused surprise billing, holds on placing accounts with bad debt agencies, and suspension of any legal action normally taken against those with delinquent accounts.

Medical providers have been forced to develop collection strategies in the era of high-deductible health plans and cost-sharing arrangements; many are waiving patient cost-sharing; easing network, referral, and prior authorization requirements; and covering diagnostic testing for physician-ordered COVID testing.

More than ever, healthcare organizations are motivated to select patient financing partners providing front-end engagement with patients; pre-bad debt programs; aged accounts receivables conversions; interest-free programs; dedicated medical call centers; upfront price transparency; contractual guarantees; convenient remote payments options online, by phone, or by mail; and, importantly, automated data analytics to improve patient billing and increase enrollments, patient collections, and program satisfaction.

Despite the losses hospitals have suffered during the coronavirus pandemic, the RCM market is expected to surge in value as the medical industry leverages technology-enabled financial solutions for revenue recovery. Due to the rise of telehealth predicted to continue long after COVID and the reopening of elective care, payers foresee an influx of claims in the next year as healthcare systems seek to recover revenue and manage reimbursement complexities. RCM providers that prioritize patient transparency and data technology will be crucial for crisis recovery in this rapidly changing environment.

(continued on next page)

Company	Description	Recent News/Trend
Olive	Olive is an AI-enabled robotic process automation solution for RCM, finance, accounting supply chain, human resources, and IT in the healthcare industry. Olive offers the only healthcare-specific AI as a service (AIaaS).	Olive received $51 million in funding to accelerate its AI workforce for healthcare.
cedar	Cedar is a consumer-facing technology platform facilitating patient-centric financial engagement with end-to-end billing services, convenient online payment solutions, and a data-driven transparency approach to medical billing.	In June 20202, Cedar raised $102 million in venture capital funding, with $77 million in venture capital investments from a group led by Andreessen Horowitz and $25 million in venture debt invested by JP Morgan. The company also announced it has partnered with Novant Health, a leading healthcare system, to deliver an innovative, personalized financial experience for Novant Health patients.
CLARA analytics	CLARA Analytics is a Silicon Valley-based provider of artificial intelligence (AI) technology in the commercial insurance industry.	CLARA Analytics Raises $25M in Series B Funding to Transform Commercial Insurance with AI.
ALPHA	Alpha Health, a leader of RCM automation, provides Unified Automation, a single solution for RCM, to health systems across the US. Unified Automation is an AI platform that uses proprietary machine-learning technologies, human judgement and subject matter experts. The company uses HIPAA- and HITRUST-compliant web and cloud services and encrypts data in transit and at rest.	In June 2020, Alpha Health secured $20 million in Series A funding, led by Andreessen Horowitz. The funding will support the company's ability to accelerate sales and marketing activities. Alpha Health will be a restorative force in managing medical reimbursement complexities.

Notable Transactions

- Liberty Billing and Consulting Services merged with Aspirion Health Resources, a portfolio company of Aquiline Capital Partner, LLC. CAS advised Liberty Billing and Consulting Services on the transaction
- R1 RCM Inc. (NASDAQ: RCM) acquired SCI Solutions
- Healthcare Management Solutions (HMS) acquired Comp One, Ltd
- Change Healthcare (NASDAQ: CHNG) acquired PDX
- MTBC, Inc. (NASDAQ: MTBC) acquired Meridian Medical Management, a former GE healthcare IT company.

Specialty Finance

The Fintech market is expected to continue its growth as a result of digital commerce expansion, while increased demand for debt relief programs will also pose opportunities for debt settlement companies.

Fintech market value is expected to reach $309.98 billion through 2022 with a compound annual growth rate of 24.8%. Growth in the digital payments sector is pushing the market globally, making payments faster, easier, more convenient, and cost-efficient. Clearly, the rapid expansion of digital commerce played a vital role in the digital payments sector. Companies like Square and Stripe provide Point-of-Sale systems that can process touchless payments such as Apple Pay, along with credit cards and some cryptocurrencies. As an increasing number of businesses adopt digital payment systems, the demand for fintech solutions increases and drives growth in the market.

The way Americans spend has shifted radically due to job loss, government subsidies, and an inability at times to leave home. This new atmosphere has altered credit card spending irreversibly as more Americans prefer to use money that is available to them rather than take out a new line of credit. According to data from JP Morgan Chase, average American household credit card spending fell 40% YTY across all income levels as of the second week in April where nearly all the total spending decline can be accounted for by spending cuts to non-essential goods and services such as retail, restaurants, and entertainment. As credit card usage sharply declines, debit-card usage has grown 12% for Visa, which is forecasted to drive away $100 billion annually from credit to debit cards.

Even as the United States begins the slow process of reopening, many banks are still providing comprehensive relief to customers struggling financially, whether that be by waiving late-payment fees, deferring interest charges, or not reporting missed payments to the credit bureaus. As the pandemic persists, banks are expected to keep these measures in place as to do so otherwise would create a significant public backlash. For example, Apple and Goldman Sachs have announced, for the fourth month in a row, an extension of the Apple Card Customer Assistance Program allowing users to skip their June payments without penalty.

Current financial instability and growing consumer debt offer huge market opportunity for debt settlement companies, but debt relief programs must prioritize transparent, accurate advertising amid government regulation and legislative investigation of the industry.

To combat current economic hardship, the US Federal Reserve reduced interest rates to near-zero levels in mid-March and expects to maintain rates at basement levels through 2022. When the Fed lowers the interest rate, credit card prime rates decrease and credit card APRs drop. One can expect credit card interest rate to decrease slightly (by roughly 0.5%) from the latest Fed cuts. Cutting the interest rate, among other federal relief efforts, provides some aid to cardholders, and in turn has a negative impact on debt settlement profits.

However, any effect a lower federal interest rate may have on credit card rates pales in comparison to overall consumer debt mounting as a result of the current economic slowdown. Overall debt settlement industry growth rates are positively correlated with consumer debt. During the 2008 financial crisis, for example, the market blossomed. Although governments have since introduced some regulations on debt settlement, a similar surge of

(continued on next page)

enrollments can be expected during this economic slowdown as consumers aim to reduce debt amount (particularly of medical debt), avoid bankruptcy, and avoid the hassle of creditors and collectors.

Widespread unemployment and economic hardships from COVID-19 will create a credit crisis that will push millions into debt. As debt delinquencies rise and consumers search for repayment plans, individual calls to the debt settlement companies have already skyrocketed.

As debt settlement companies take advantage of the demand for debt relief programs, they must prioritize accurate, transparent advertising of their guarantees as governments continue to crack down on debt settlement firms. The North Carolina state legislature is working on a bill to put debt settlement companies out of business in North Carolina. North Carolina would join 18 other states that restrict debt settlement practices. New York Attorney General Letitia James secured nearly $3.6 million in restitution for New York consumers who claimed they were misled about savings they could achieve through Freedom Debt Relief, the nation's largest debt settlement company. Washington State Attorney General Bob Ferguson filed a consumer protection lawsuit against the national debt collection corporation Convergent Outsourcing for pushing consumers into "settlements" to resolve old debts that were past the statute of limitations for a collection lawsuit. The National Foundation for Credit Counseling has enlisted about 80 nonprofit US credit counseling agencies to launch a nationwide program for people in financial distress from the coronavirus to create a simple solution for consumers.

The debt settlement industry is one of the few that can benefit from economic recessions, as their revenue is positively correlated with consumer debt. To safely benefit from this instability, debt relief companies must act with caution using truthful advertising methods and prioritize transparency and compliant behavior for consumers.

Company	Description	Recent News/Trend
LendingClub	LendingClub is a peer-to-peer lending platform from San Francisco, and the first of its kind to register with the Securities and Exchange Commission. They dynamically connect borrowers to lenders, and offer loan products such as personal, education and patient finance, small business and auto.	LendingClub recently announced an expansion to their platform offering, adding the new ability for investors to analyze, price, and bid on loans at the time the loan is originated (pre-issuance), meaning that the loans do not hit the company's balance sheet and help preserve liquidity.
splitit	Splitit allows consumers to split payments into monthly installments using their existing credit card.	Splitit have announced a multi-year deal with Mastercard, integrating directly with Mastercard's technology to provide their services at checkout both in-stores and online, while also developing new installment offerings and products together.
GDC™ GLOBAL DATA CONSORTIUM	Global Data Consortium (GDC) is a Data-as-a-Service company from Raleigh, NC, with a cloud-based platform for global electronic identity verification.	Experian – a multinational consumer credit reporting company – recently announced their partnership with GDC to use GDC's identify verification services as part of their customer onboarding to strengthen security checks, particularly for international and new-to-country customers.

National Creditors Bar Association Advocates for Consumers and Creditors During the Pandemic

Elizabeth C. Terry, Executive Director — National Creditors Bar Association

Before discussing the impact of the CARES Act on the Collections industry, it is worth noting that in recent conversations with the Consumer Financial Protection Bureau, they indicated it is likely Director Kraninger will wait to conclude the process of gathering comments on the Supplemental Proposed Rulemaking on Time-Barred Debt before issuing one comprehensive final rule on debt collection. We anticipate a final rule will not be released until September at the earliest, as the comments to the supplemental rule are not due until August 4, 2020 and the agency routinely waits at least 30 days prior to issuing a final rule.

The CARES Act was drafted, filed and passed by members of Congress to help offset economic damage caused by COVID-19. The Act was also developed to support workers and consumers affected by job loss and health concerns.

At first blush, this all seemed positive for US industry, including the collections industry. After all, the collections industry represents many small businesses across the country and is, itself, composed almost entirely of small businesses.

However, not long after the first legislation was passed, wish lists of additional policies were proposed. One, in particular, jumped out as being of concern to lawyers practicing creditors rights law. That policy would impose a blanket moratorium on debt collection during the current state of emergency and for 120 days thereafter. Additionally, in some versions of the drafted legislation a moratorium on debt collection would automatically apply to any future declared state of emergency as well.

As we have seen from the patchwork of State regulations placing “stay at home” orders and restriction on commerce, the impact of the pandemic is not the same across the country. A “one-size fits all” regulation would not only be harmful, but it would not help the economy, small business, consumers, or the general credit eco-system. Removing options that allow attorneys to help “Main Street” businesses collect their receivables would only exacerbate problems caused by COVID-19.

The National Creditors Bar Association (NCBA), a trade association representing more than 500 creditors rights law firms, immediately went to work to highlight the safeguards our members already offer to consumers facing hardships.

- In March, NCBA asked all members to utilize their hardship policies, already in place, to assist consumers affected by COVID-19.

NCBA is also hard at work educating legislators and advocating for our industry.

- In addition to emails, virtual meetings and ad hoc conversations with Congressional offices and other leaders, we sent letters to the White House and Congressional leaders voicing our concerns with a blanket moratorium. We called on our members to also send letters voicing their concerns. Through this grassroots effort, more than 5,000 letters were sent to Congress.

NCBA also came out early to advocate for consumer protection regarding the exemption of CARES Act stimulus payments from any judicial garnishment or bank attachment. In addition to adopting a formal policy on this

(continued on next page)

issue, we sent a letter to the Treasury Department to establish regulations to preclude these payments from garnishment.

Members of the US Senate agreed with NCBA's position on exempting stimulus funds from garnishment and on May 21, 2020 filed a bi-partisan bill (S.3841) that instructs the Treasury Department to code the stimulus payments as protected funds, much as they do with other forms of aid, such as Social Security.

NCBA's work continues.

The U.S. House of Representatives recently passed the 1,800-page HEROES Act. This Act passed, primarily on party lines, and was seen by many congressional observers as a messaging bill. Unfortunately for our industry, this Bill still contains the worrisome debt collection moratorium language. However, it now adds to the proposal a credit facility to be made available to segments of the industry negatively affected by the moratorium. The credit facility is essentially a bailout program offered to those harmed by the moratorium on collections (think the Main Street creditors and small businesses). From everything we have seen, the Senate does not have an appetite for such a bill, and it has been decried by many as a "wish list" of policies, some of which were being advocated long before the pandemic became the driving force behind such legislation.

You Snooze You Lose: Why Financial Services Must Continue Its Expansion Into Technology

Michael Lamm, Managing Partner of Corporate Advisory Solutions LLC, joined Joann Needleman, Clark Hill PLC Member, Leader, Consumer Financial Services Regulatory & Compliance Practices Group, Philadelphia on Clark Hill's Credit "Eco" to Go podcast to discuss how financial services companies who are making the significant investment in technology now will be winners in the future.

The COVID-19 pandemic has affected all sectors of the economy. For a few companies, including those in the digital media, in-home exercise and online delivery spaces, there has been increased opportunity. Survival has hung in the balance for many other companies, as they have had to reimagine the concept of the workplace seemingly overnight.

When the pandemic first hit, many of the Tech-Enabled Outsourced Business Services (OBS) Mergers & Acquisitions (M&A) assignments Corporate Advisory Solutions (CAS) was involved in were placed on hold.

Companies both on the buy and sell sides of the transaction couldn't figure out what the new environment would look like. The question for many was, "Am I buying or selling?" **Now that we have settled into the new normal more than three months later, M& A transactions have been picking back up.**

The clear driver behind this increased M&A activity has been the movement to "work at home." In all of our practice areas – Call Centers, Healthcare CRM, FINTECH, Debt Collection, Buying and Selling Accounts Receivables, the "work at home" concept has presented clear challenges. These challenges have included data security, information flow, human resource management and capital allocation.

The road ahead will include people working from home.

During our work with companies entering the M&A space, none of them has expressed the opinion the "work at home" concept will go away after the pandemic is either solved or diminished either by herd immunity or a vaccine.

What we are hearing from these companies is the "work at home" concept is here to stay.

How companies solve the "work at home" concept will help to determine which have a future.

Companies that were not able to get work at home fully established, as the pandemic spread through the economy – and then going further to add the bells and whistles needed to be successful today – will have issues going forward.

Companies that were able to pivot and quickly get up to speed on the "work at home" concept have won a key battle. They are growing and getting more client opportunities, which are leading to greater profitability.

Since mature businesses such as Call Centers and Debt Collection, unlike debt burdened-revenue challenged IPOs, are valued based on how much profit they generate each month and each year, ***this is leading to higher valuations.***

Don't waste the COVID-19 crisis.

No good crisis should be wasted, including COVID-19. Even as the pandemic eventually decreases, double down on your "work at home" learnings and capabilities. What's more, challenge yourself, your business partners and your staff to expand upon these capabilities. While this may have been an unwelcome education, it can prove to be a valuable one.

Fast forward technology.

Prior to the pandemic, technology had been an afterthought for many companies. It was not considered to be a

(continued on next page)

driving force for the business. Following the initial days of the pandemic, technology has become the primary area of focus for companies in the Tech-Enabled OBS space.

Any Tech-Enabled OBS company doing work for a large financial institution will watch its business slip away if technology isn't among its priorities. Financial institutions will list it as a priority.

Choosing the what, how, when and legality of technology.

Technology is expensive and complicated, so you will want to get it right. A major challenge for Tech-Enabled OBS companies is to figure out what is the right technology to deploy and how to deploy it.

Technology can also be controversial. In choosing technology, companies will need to not create a lot of legal action as a result of trying to do something that is more innovative. Even with all the omnichannel options available from technology providers, what you can use and when can you can use it is the big question on the debt collection side.

What can we expect from a change in the White House?

Companies won't have a choice but to continue automating and figuring out how to leverage technology. At the end of the day, whoever is occupying the Oval Office, the consumer is driving new communications strategies. If consumers don't want to be spoken to over the phone, and prefer to communicate via text, chat or e-mail, they will drive how the market shifts.

I don't see us going backwards, regardless of administration. This will certainly be true for people working from home. I see consumers increasingly wanting multiple communications as an option, in particular for the debt collection area.

Privacy concerns should remain at the forefront.

While consumers may be driving the market to provide greater convenience through technology, privacy considerations compel companies to guard against data leakage and theft. This is and will continue to be a delicate balancing act for companies. Consumers want speed and convenience while also wanting their confidential information to be kept safe.

Joann Needleman provides counsel, consultation, and litigation services to a wide array of financial institutions, law firms, credit reporting agencies, as well as venture capital firms looking to invest in the fin-tech space. A former member of the Consumer Financial Protection Bureau's (CFPB) Consumer Advisory Board, Joann has been able to provide her clients with useful strategies in order to prepare for new areas of regulatory scrutiny.

To get in touch call 215-640-8536 or e-mail at jneedleman@clarkhill.com

Michael Lamm is a Managing Partner at Corporate Advisory Solutions (CAS), a boutique merchant bank headquartered in Philadelphia, serving the Outsourced Business Services Sector.

If you would like to explore a sale of your Outsourced Business Services company and to confidentially discuss your business interests, please contact Michael Lamm at 202-904-7192 or mlamm@corpadvisorysolutions.com

Work From Home (WFH) Employee Productivity Tracking Software

Olivia Potter, Investment Banking Intern, Corporate Advisory Solutions

Before the coronavirus pandemic forced companies in the Accounts Receivable Management (ARM) industry to send employees home to work, off-premises work was already a minor but growing trend in the ARM industry, with about 15% of ARM service providers already working from home.

Currently 87% of service providers are off-premise, and 9% plan to increase their remote footprint in the future. The Work From Home (WFH) order has led industry executives to reevaluate whether WFH is actually more efficient than on-premise work, but the industry remains undecided on the effects of WFH on aggregate productivity. While many report off-premises work offers fewer distractions, shortens commute, and increases productivity for some, the WFH mandate raises obstacles of insufficient technological investment, security compliance, decreased guidance for newer staff, and a lower level of accountability and professional structure.

The effect these competing benefits and detriments have on overall productivity, customer approval, and employee satisfaction remains uncertain. However, these factors will be crucial as some states reevaluate policy regulating on-premise collection work and as ARM service providers consider remaining off-premise even after COVID mandates lift.

Fortunately, the ARM industry was already measuring Key Performance Indicators (KPIs) and productivity in detail prior to coronavirus, providing an opportunity for companies to compare aggregate WFH productivity with on-premise standards. So far, surveys report that productivity metrics have become bipolar during the pandemic, and employee monitoring technologies already put in place by ARM providers is emerging as the distinguishing factor.

Accurately tracking and frequently reporting employee efficiency—particularly script adherence, utilization time, wrap-up time, and conversion measurements—during COVID can allow executives in the ARM industry to make informed decisions regarding working structure after the pandemic dissipates.

It is already becoming clear that automated data analytics, cloud-based software, and artificial intelligence-based technology will be crucial to sustained productivity as remote working trends accelerate.

Corporate Advisory Solutions (CAS) has put together the following list of remote productivity management software options for industry managers seeking to collect valuable information on employee productivity as they adjust to the new off-premise environment. These Software as a Service (SaaS) technologies not only track working time but generate comprehensive analysis reports on the quality of employee productivity. Basic plans range from $5-$12 per user per month.

- **Time Doctor** uses time tracking, automated screenshots, attendance tracking, and time use alerts to generate detailed reports about employee productivity. Time Doctor reports an average 22% increase in productivity after companies adopt the software.

- **DeskTime** calculates daily productivity using URL and app tracking, automatic screenshots, time tracking, and project cost calculation. DeskTime projects a 30% boost in productivity.

(continued on next page)

- **TimeCamp** is a cloud-based time tracking solution and billing app with a large number of possible integrations. TimeCamp allows project managers to collaborate, track billable work hours and monitor project status.

- **Toggl** is a simple and easy-to-use timer-based time tracking system trusted by Amazon, Google, Microsoft, and Adobe to monitor progress by creating estimated timelines and budgets for each project. It is well-suited for firms with basic, less intensive time tracking needs.

- **Hubstaff** provides robust time tracking capabilities, employee monitoring, and project management features, including GPS tracking features to monitor employee productivity everywhere.

- **Tick** is a project-based time tracking software that compares progress with estimated project timelines and budgets. Managers can create a task, assign team members to a project, and monitor progress in real time. Users pay for this software on a project-by-project basis.

- **Harvest** is both a time-tracking app and expense monitoring tool that collects data, creates reports, and allows users to send invoices to clients from the app.

- **RescueTime** generates productivity scores using URLs, programs, and apps. This software is ideal for individual time management, rather than employers seeking to monitor their team, since the app does not automatically send updates to managers. Users can categorize productive and unproductive webpages to maintain efficiency.

In addition to the 3rd party solutions outlined, proactive outsourced business services (OBS) companies are also developing solutions in-house and customizing tools to optimize their specific workflow. For example, Fusion BPO developed FEMS, an internally-developed work force management (WFM) tool recently awarded as "Best WFM System/Tool Award" in June 2020 by Chartered Institute of Global WFM, Canada. FEMS provides modular, indigenously developed tools to increase productivity and effectiveness of agents and internal support as well as multiple functional modules from recruitment and attendance management to payroll enabled for all Fusions sites, giving a unified system across the board.

While the coronavirus pandemic raises new challenges for all businesses, it also presents opportunities for higher levels of productivity and efficiency. CAS can be a resource for ARM companies seeking to optimize performance and plan future strategy as they adjust to this new work environment.

FOLLOW THE EXPERTS

We are grateful to these media professionals who work hard to gather and share information about the industry sectors we cover. You can follow them on Twitter by clicking on their Twitter handles.

Kimberly Coghill
@Kimberly Coghill
Healthcare Communications Professional

Stephanie Eidelman
@seidelman
CEO at The iA Institute. Bringing parties to the table for candid conversation.

Mary Kathleen Flynn
@MKFlynn
Editor-in-Chief, Arizent's Mergers & Acquisitions @themiddlemarket – we advance the middle market community, including private equity investors.

Mike Gibb
@mikegibb

Erika Grotto, CHFP, CRCR
@ErikaGrotto
Editor at #HFMA, voice of Voices in Healthcare Finance.

Garry Lenton
@GarryLenton_RE
Managing Editor Central Penn Business Journal and Lehigh Valley Business, Editor.

Katie Mulligan
@Take2Mulligan
Editor-in-Chief of Middle Market Growth magazine @ACG_MMG, published by the Association for Corporate Growth I Podcast host I Runner I Super-recognizer

Mark Neeb
@ACAMarkNeeb
CEO of ACA International, dad, entrepreneur, investor, runner, golfer.

Sarah Pringle
@sarspring
I cover healthcare private equity deals for @Buyouts.

Ryan Sharrow
@rsharrow
Editor, Philadelphia Business Journal.

Jan Stieger
@JanStieger
Executive Director for @RMA_Intl

Collector Magazine
@acacollector
Collector magazine is the monthly industry news publication of @ACAIntl

WE GET DEALS DONE.

Contact CAS to confidentially discuss your growth and exit interests. Contact Allie Baurer at abaurer@corpadvisorysolutions.com to submit an article or advertisement.

Michael Lamm, *Managing Partner,*
TEL: 215-717-8719 • CELL: 202-904-7192
mlamm@corpadvisorysolutions.com

Mark Russell*, *Managing Partner*
301-404-5757
mrussell@corpadvisorysolutions.com

Nick Ciabattone, *Senior Associate*
609-203-7602
nciabattone@corpadvisorysolutions.com

Mickey Kaiser, *Associate*
570-242-5644
mkaiser@corpadvisorysolutions.com

Drew Sacher, *Analyst*
631-603-2280
dsacher@corpadvisorysolutions.com

Lauren Cha, *Analyst*
703-313-1439
lcha@corpadvisorysolutions.com

* Certain members of CAS are registered with and securities transactions conducted through StillPoint Capital, LLC, Tampa, FL. Member FINRA/SIPC. StillPoint Capital is not affiliated with Corporate Advisory Solutions, LLC.

CORPORATE ADVISORY SOLUTIONS
2001 Market Street
Suite 2500
Philadelphia, PA 19103
215-717-8719

www.corpadvisorysolutions.com

MEDIA INQUIRIES

CAS
Corporate Advisory Solutions
INTEGRITY • CONFIDENTIALITY • EXPERIENCE