CAS INSIGHTS

TECH-ENABLED OUTSOURCED BUSINESS SERVICES MARKET REPORT

ASKING THE RIGHT QUESTIONS

THIRD QUARTER 2020

PHILADELPHIA 100 ENTREPRENEURS FORUM of Greater Philadelphia
Connect • Learn • Profit
2020 WINNER

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A WELCOME MESSAGE FROM MICHAEL LAMM

Welcome to CAS INSIGHTS Q3 Tech-Enabled Outsourced Business Services (OBS) Market Report! I hope all is well during these uncharted times.

M&A is always a roller coaster ride, but this year's ride is one I will not forget. From market volatility to a "Zoom" deal environment, and of course, the trials and tribulations of working remotely, our firm and the tech-enabled OBS sector we specialize in have been incredibly resilient. As our cover headline suggests, to get the right answers you have to begin by asking the right questions. We have been heartened to see so many firms asking the right questions.

As we close the books on Q3 2020, M&A continues to be "alive and well" in our coverage markets. 39 deals generated north of $2.5B in deal value during Q3 2020, compared to Q2 2020 when we saw only 16 deals at a combined value just shy of $1B, according to a proprietary CAS database.

Multiples for OBS companies with more than $3M in adjusted EBITDA remain strong. However, we are seeing more scrutiny around "sustainability" and how to appropriately adjust for COVID-19 financial and operational impacts to the business.

Additionally, if the business is being viewed as a platform for Private Equity, it is becoming more critical to have a defined organic and add-on acquisition strategy in place for future growth. Technology (particularly AI) remains top of mind for buyers who are buying platforms in OBS, who want to drive exit valuation by being a turnkey technology enabled platform for their clients. As we are forced to shift to the work-from-home environment, the focus on leveraging technology is greater than ever.

In any market change like we have seen with the pandemic, there will always be "winners and losers." Businesses that have been able to pivot under these market conditions to grow top and bottom line financial performance, along with reinvesting in market-leading technology, have been attracting private equity and strategic buyers on a global scale. Despite the market and regulatory headwinds, as well as the pending Presidential election, the tech-enabled OBS sector is poised for significant growth as we head into year-end and 2021.

CAS closed its 5th transaction in Q3 2020 when we assisted a global venture fund enter the debt buying arena. We are hoping to complete several more M&A transactions by year-end.

Additionally, CAS was named a Philadelphia 100® 2020 winner. The project, which is run by The Entrepreneurs Forum of Greater Philadelphia, identifies and honors the 100 fastest growing, privately held entrepreneurial companies in the region. All members of our team share this recognition for entrepreneurial achievement.

Despite all of the market changes, CAS continues to help our clients adapt and successfully navigate these turbulent times we are in. We are helping these clients to ask the right questions as together we work towards the correct answers.

As always, your feedback to our enclosed report is very much welcomed!

Sincerely,

Michael Lamm

Michael Lamm
Managing Partner
Phone: 202-904-7192 | E-mail: mlamm@corpadvisorysolutions.com

SELECT WEBINAR AND PODCAST ACTIVITY

- **Opus Connect Webinar**: "COVID-19's Impact on Healthcare Investing"
  - o Michael Lamm and three other expert panelists discuss private equity investment in the healthcare industry and the impact of the COVID-19 pandemic.
  - o Listen to the FREE webinar here!
- **PACE ACX Virtual Remix**: "M&A in the Contact Center Industry – Post-COVID-19"
  - o Michael Lamm focuses on how companies are being valued in the market today, what types of buyers are out in the market and how "work at home" has impacted buyers' interest in this market.
  - o Watch the FREE session here!
- **FLOCK Specialty Finance Podcast**: "Stay Fighting"
  - o Michael Lamm offers advice to companies countering COVID-19, during his discussion with Michael Flock of FLOCK Specialty Finance.
  - o Listen to the FREE podcast here!
- **NCBA 2020 Executive Experience**: "Mergers & Acquisitions; The Price Is Right: Selling & Buying a Firm Is No Game Even Before COVID-19"
  - o Michael Lamm and Chris Couch, of Couch, Conville & Blitt, provide analysis, concepts, and strategies all firm owners need to take into consideration before they explore selling, buying, or merging their law practices.

SELECT PODCAST ACTIVITY

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

Get the Most Out Of Industry Conferences

Once the COVID-19 crisis has passed, conferences and trade shows will again be extremely valuable learning and networking opportunities for your company. Tune into **Getting the Most Out Of Industry Conferences** on "Leadership Fuel with Michael Lamm," featured on ACA Cast, to hear about the value of in-person and online learning, especially for industry up-and-comers, and how to use the information learned going forward.

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SELECT ARTICLE ACTIVITY

- **ACA Daily:** "Work From Home Model to Become a Permanent Change in the ARM Industry"
  - o Michael Lamm forecasts advances in technology and escalations caused by the COVID-19 pandemic will cause the expansion of the WFH model to become a permanent change and a worthy alternative to traditional operations for most ARM businesses in the 7/31/2020 ACA Daily.
  - o Read the FREE article here!
- **ACA Daily:** "How the Pandemic is Transforming Payment Structures for the Health Care Industry"
  - o Michael Lamm reports the pandemic is facilitating a movement away from fee-for-service reimbursement toward value-based payments for providers in the 8/5/2020 ACA Daily.
  - o Read the FREE article here!
- **ACA Southwest Collector Connector:** "ARM Alert – Q2 2020 Review"
  - o CAS reviews Q2 2020 ARM M&A activity in Summer ACA Southwest Collector Connector.
  - o Read the FREE article here!
- **insideARM:** "Work From Home Agents Are Now Table Stakes; How You Handle This Will Help Define Your Future"
  - o Michael Lamm and Joann Needleman, of Clark Hill PLC, predict how companies solve WFH will help to determine which have a future, in the 7/28/2020 edition of inside ARM.
  - o Read the FREE article here!

CAS KNOWLEDGE CENTER

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

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

- Managing Partner Michael Lamm reports as we close the books on Q3 2020, M&A continues to be "alive and well" in CAS' coverage markets. 39 deals generated north of $2.5B in deal value during Q3 2020, compared to Q2 2020 when we saw only 16 deals at a combined value just shy of $1B, according to a proprietary CAS database.
- 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, podcast and article activity.
- Daniel Shapiro discusses why South Africa is ranked as a top destination for Global Business Services.
- Bryan Ten Broek discusses why collections needs flexibility and omnichannel communications now more than ever.
- CAS has completed more than fifty transactions since its founding only seven years ago. We include our most recent transactions on page 6, and five transactions completed during the pandemic on page 7.

National Creditors Bar Association 2020 Executive Experience

Michael Lamm joined with Chris Couch, of Couch, Conville & Blitt, at the 2020 EXECUTIVE EXPERIENCE in Phoenix, Arizona to provide analysis, concepts and strategies all law firm owners need to take into consideration before they explore selling, buying or merging their law practices.

Click here to download their presentation.

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

A start-up debt purchaser entered into a lending agreement with a national investment firm

The undersigned served as M&A advisor to the **National Investment Firm**

September 2020

Investment Group sold its interest in the Philippines operation of a multinational BPO Company

The undersigned initiated the transaction and served as M&A advisor to the **Investment Group**

March 2020

VALOR Intelligent Processing

ACQUIRED SELECT ASSETS OF

CPA Credit Protection Association

The undersigned initiated the transaction and served as M&A advisor to **Credit Protection Association.**

August 2020

KATABAT

MERGED WITH

Katabat Holdings, LLC

OWNED BY

Tritium Partners · Terminus Capital Partners

The undersigned served as M&A advisor to **Collections Marketing Center, Inc. (dba Katabat)**

August 2020

(Securities transactions conducted through StillPoint Capital, LLC Member FINRA/SIPC, Tampa, FL)

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.**

May 2020

(Securities transactions conducted through StillPoint Capital, LLC 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**

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**

ARCADIA RECOVERY BUREAU

ACQUIRED THE ASSETS OF

MEDCONN

The undersigned initiated the transaction and served as M&A advisor to **MedConn Collection Agency**

FLEXPOINT FORD

ACQUIRED

TRAK AMERICA

The undersigned initiated the transaction and served as M&A advisor to **Flexpoint Ford.**

September 2019

(Securities conducted through StillPoint Capital Member FINRA/SIPC, Tampa, FL)

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tsi

ACQUIRED THE ASSETS OF

NCC BUSINESS SERVICES

The undersigned initiated the transaction and served as M&A advisor to **NCC Business Services, Inc.**

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.**

SINGLEPoint

ACQUIRED

GENERAL REVENUE CORPORATION

The undersigned initiated the transaction and served as M&A advisor to **SinglePoint Group International.**

(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.**

(Securities conducted through StillPoint Capital Member FINRA/SIPC, Tampa, FL)

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tsi

ACQUIRED

Altisource Portfolio Solutions S.A.'s Financial Services Business

Altisource

The undersigned initiated the transaction and served as M&A advisor to **Altisource Portfolio Solutions S.A.**

(Securities conducted through StillPoint Capital Member FINRA/SIPC, Tampa, FL)

VITALSOLUTIONS

ACQUIRED

NRC

The undersigned initiated the transaction and served as M&A advisor to **Nations Recovery Center.**

ProCo A WINDHAM PROFESSIONALS COMPANY

WAS ACQUIRED BY

Windham PROFESSIONALS

The undersigned initiated the transaction and served as M&A advisor to **Windham Professionals.**

McCARTHY, BURGESS & WOLFF

WAS ACQUIRED BY

ELI GLOBAL

The undersigned initiated the transaction and served as M&A advisor to **McCarthy, Burgess & Wolff, Inc.**

(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.**

(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.**

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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.**

(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.**

(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**

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.**

(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.**

(Securities conducted through StillPoint Capital Member FINRA/SIPC, Tampa, FL)

VITALSOLUTIONS

WAS ACQUIRED BY

FUSION

The undersigned initiated the transaction and served as M&A advisor to **Vital Solutions.**

(Securities conducted through StillPoint Capital Member FINRA/SIPC, Tampa, FL)

PENNCRO ASSOCIATES, INC. A FINANCIAL SERVICES COMPANY

WAS ACQUIRED BY

radius

The undersigned initiated the transaction and served as M&A advisor to **Penncro.**

(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.**

RENTCOLLECT GLOBAL Debt Management Services

WAS ACQUIRED BY

ASSURANT®

The undersigned initiated the transaction and served as M&A advisor to **Rent Collect Global.**

(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.**

(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.**

(Securities conducted through StillPoint Capital Member FINRA/SIPC, Tampa, FL)

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*Includes only transactions that have been publicly announced.

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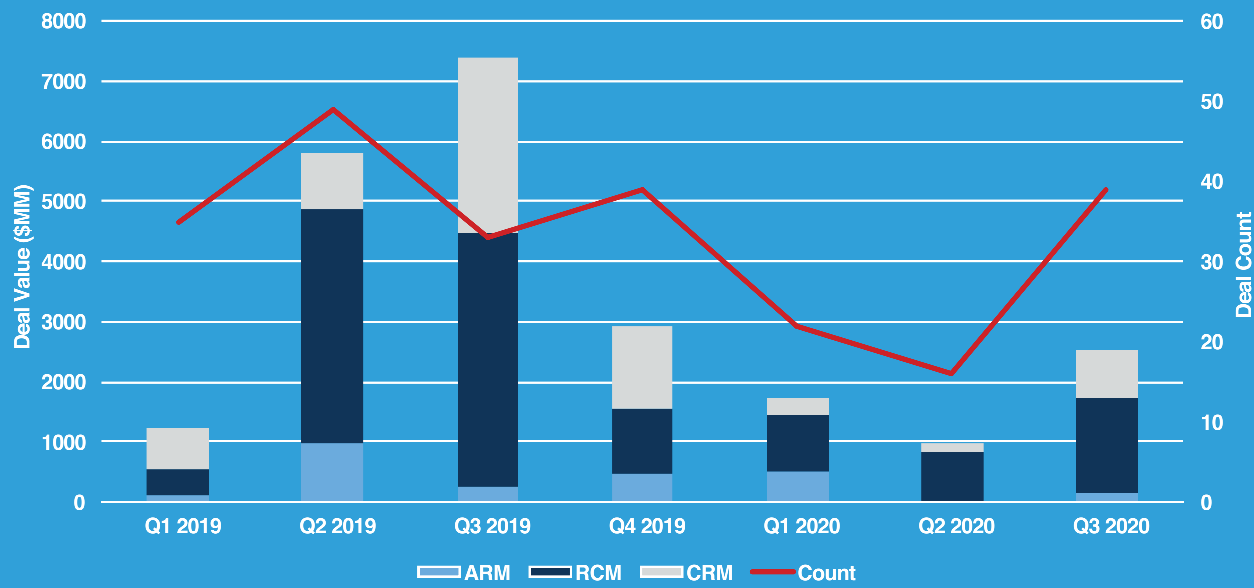
CAS CLOSES 5 TRANSACTIONS DURING THE PANDEMIC

Although the challenges we have faced during the pandemic have been unprecedented, we have successfully closed five transactions in the Tech-Enabled Outsourced Business Services (OBS) space by working virtually and without many of our familiar business processes. We are hoping to complete several more M&A transactions by year-end.

If you have any questions about M&A during the pandemic, please contact Managing Partners Michael Lamm at 202.904.7192 or mlamm@corpadvisorysolutions.com or Mark Russell at 301.404.5757 or [mrussell@corpadvisorysolutions.com.](mailto:mrussell@corpadvisorysolutions.com)

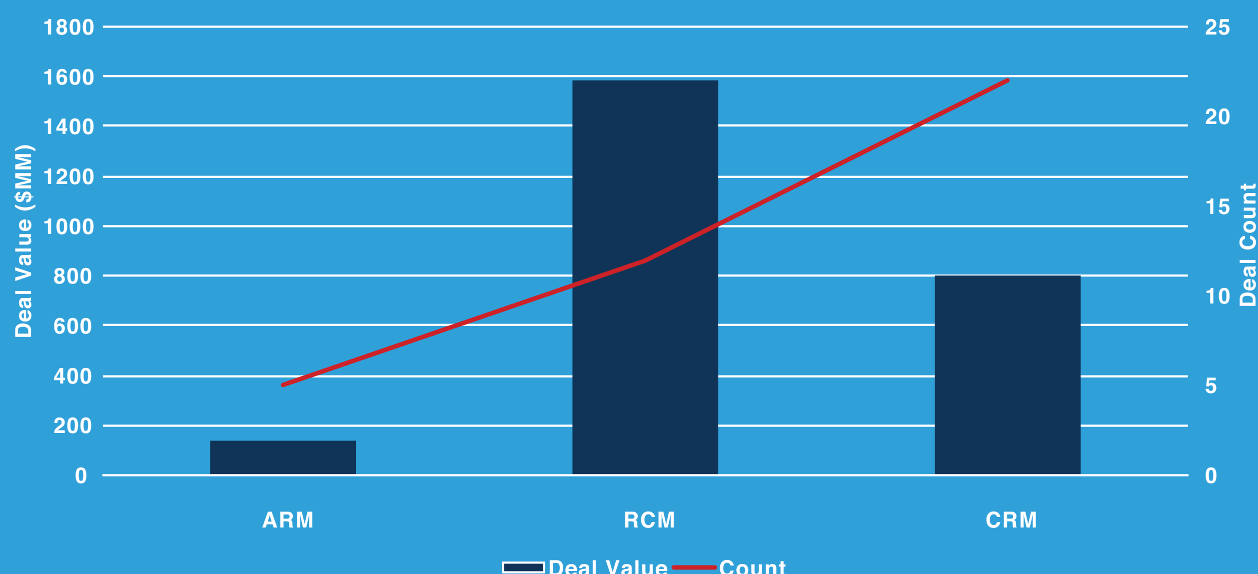
KATABAT	MERGED WITH	**KATABAT HOLDINGS, LLC** OWNED BY Tritium PARTNERS · Terminus CAPITAL PARTNERS Securities transactions conducted through StillPoint Capital, LLC Member FINRA/SIPC
LIBERTY	MERGED WITH	ASPIRION
VALOR Intelligent Processing	ACQUIRED SELECT ASSETS OF	CPA LP CREDIT PROTECTION ASSOCIATION an ETAN company
INVESTMENT GROUP	SOLD ITS INTERESTS IN	**PHILIPPINES OPERATION OF A MULTINATIONAL BPO COMPANY**
A START-UP DEBT PURCHASER	ENTERED INTO A LENDING AGREEMENT WITH	**A NATIONAL INVESTMENT FIRM**

Outsourced Business Services (OBS) Market Overview



Source: Proprietary CAS database

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.



Source: Proprietary CAS database

Accounts Receivable Management (ARM)

As we continue to navigate through the pandemic and our "new normal" sets in, we've noted increased M&A activity this year. This activity appears to be continuing heading into Q4 2020.

We are aware of several ARM companies that have either already entered the market or will soon be entering the market as sellers, and there are strategic and financial buyers who remain interested in pursuing deals with good companies. CAS expects this market trend to continue into 2021, and buyer interest to remain focused on companies who weathered the pandemic and sustained their performance. However, we have also been receiving multiple calls from larger ARM companies who would be very interested in acquiring under-performing, smaller ARM companies with attractive clients. With the ongoing pandemic and upcoming Presidential election, there is greater uncertainty for the regulatory environment and liquidation impact. This is making forecasting for 2020 and 2021 increasingly challenging. Buyers will continue to look to alleviate the difficulties of forecasting performance for 2020 and 2021 with greater levels of deal structure. The election also creates a unique dynamic for timing as Joe Biden's campaign has proposed to apply a 39.6% rate on long-term capital gains tax (for income over $1M), which is a large jump from the current 20%. This can potentially lower the net proceeds of sale of companies, prompting some companies to accelerate their plans to close before the new tax rates go into effect.

It is expected that the number of defaulted accounts will increase despite total household debt decreasing in the last quarter. The outstanding debt levels were aided by a number of temporary measures, including a decline in consumer spending as a result of the pandemic, increased forbearances provided by the Coronavirus Aid, Relief, and Economic Security (CARES) Act, and temporary financial relief from various government stimulus programs. Short-term prospects are not as positive with greater uncertainty regarding further stimulus and modest improvements in unemployment levels, which are currently at 7.9% (compared to 4.4% pre COVID-19 in February). An uptick in delinquency is expected to be fueled by moratoriums slowly expiring. As an example, according to a press release by the National Energy Assistance Directors' Association (NEADA), more than 20 percent of customers are late on their utility bills. This could increase when moratoriums in 9 additional states are set to expire in October (currently 21 states and DC have utility shut-off moratoriums in place).

While CAS has witnessed that many ARM servicers and debt buyers in the space maintained strong performance through Q3 with consumers/businesses having extra disposable income during the pandemic, liquidations have started to decline in certain markets. This trend may continue until further stimulus is provided and/or the unemployment rate drops. Still, we anticipate that the increase in client volume will likely offset any declines in liquidations for the foreseeable future.

After weeks of meetings and dialogue, White House and Democratic Congressional negotiators have yet to reach a deal over the details of a new economic stimulus package. On October 1st, a revised HEROES Act was passed in the House of Representatives that includes the second round of stimulus checks (something desired on both sides of the aisle) but also maintains components of the original HEROES bill that would impact credit reporting and debt collection restrictions for those in the ARM industry. While it's unlikely to pass in the Senate or even find agreement before the election, some of the key components that CAS will closely watch include suspending

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negative consumer credit reporting during COVID-19 (and other major disasters) and the following 120 days, providing temporary moratoriums on consumer debt collecting during COVID-19 and the following 120 days (except for mortgage loans covered by the CARES Act); and ensuring reasonable repayment options for consumers when payments resume after the moratorium.

In July, the CFPB released its Spring 2020 Semi-Annual Report to Congress to summarize its principal rulemakings and initiatives covering the Bureau's work from the previous year. It was noted that the proposed debt collection rule is expected to be finalized in October, addressing a number of key issues when communicating with consumers about their debts around safe-harbor for voicemail messages, text messages and email. This has been a closely-watched area, as we've covered in previous CAS Market Reports, as the decisions will be important for promoting the use of new technology in the ARM industry. This also signals positive news, particularly for ARM companies who have already started adapting digitalization and modernized collection practices with COVID-19 and work-from-home mandates. With October already winding towards a close at the time of writing, this is something CAS will continue to keep apprised of. We are anticipating an announcement before the election.

Following the passing of Supreme Court Justice Ruth Bader Ginsburg in September, President Trump has nominated the Hon. Amy Coney Barrett to fill the resulting vacant seat on the U.S. Supreme Court. This could potentially signal good news for ARM companies, as Judge Barrett – who currently sits on the U.S. Court of Appeals for the Seventh Circuit - has previously ruled with favorable interpretations for ARM companies who use robocallers as recently as February 2020. In the critical case of "Gadelhak v. AT&T Services" regarding the TCPA (Telephone Consumer Protection Act) and ATDS (Automatic Telephone Dialing System), Judge Barrett found that the definition of an ATDS is narrowly defined as equipment that utilizes a random or sequential number generator to determine numbers to be called. This greatly limits the TCPA to be applied in private lawsuits against alleged 'robocalling', with a definition that explicitly defines random-number generating over more intelligent call-automation solutions. Conversely, should Judge Barrett's nomination be delayed or even challenged during the election period, the impacts of alternative judgements with broader definitions of ADTS would introduce further potential roadblocks to ARM companies leveraging automated calling solutions. It's also important to consider a majority conservative court may lead to more business-friendly rulings, including independent regulatory agencies designed to protect consumers (i.e., CFPB).

One of the biggest news updates this quarter for ARM companies located in California (or collecting debts from California residents) was that two new pieces of legislation were signed and approved by California Governor Gavin Newson on September 25, 2020. This makes official proposals for new debt collection licensing requirements and the creation of a state consumer protection agency. The Debt Collection Licensing Act (SB 908) means California joins those states requiring a license for debt collection, with said licenses to be obtained from the Department of Business Oversight (DBO). It also requires those businesses to comply with additional examination and reporting for regulatory oversight from DBO. The DBO will be creating a Debt Collection Advisory Committee to advise the Commissioner on matters of debt collection, and is going through preparations required to perform its regulatory duties by January 1, 2022. The second piece of law signed in is the California Consumer Financial Protection Law (AB 1864), nicknamed the "mini-CFPB". This will rename the DBO as the "Department of Financial Protection and Innovation" and will be responsible for the execution and upholding of new licensing regulations, including the authority to bring administrative and civil actions against unlawful or unfair practices.

Also during Q3 2020, the Office of the Comptroller of the Currency (OCC) announced a proposed rule to help clarify the "true lender" doctrine, a legal test used by regulators and courts to determine whether the actual

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lender in a credit transaction is a bank or a non-bank partner. This is being proposed to address a number of problematic areas of identifying a loan's "true lender," by providing a unified definition amidst different state laws and various bank-to-non-bank partnering and funding structures. The proposal first tests if the bank is named on the loan agreement at origination (resulting in the bank as the "true lender"), or second if a bank funding the loan at origination is deemed the "true lender" for having a "predominant economic interest in the loan." Once the "true lender" is established, it does not change, even if the bank transfers the loan. Supporters of the proposal highlight that this means reduced uncertainty and regulatory clarity for non-bank partners, while critics are quick to highlight the potential to be used as a loophole for bypassing state-imposed interest rate caps, as consumers could be purchasing a payday loan from a local storefront while the partnered national bank is not subject to the state's laws.

Company	Description	Recent News/Trend
attunely	Attunely, founded in 2017, offers a proven, compliant, and trustworthy ML platform for receivables recovery with dynamic scoring models. Their solutions support collection agencies, debt buyers, financial institutions, healthcare, and higher education verticals.	In September 2020, Attunely raised Series A VC funding of $9M. The funds will be used to expand the team with an emphasis on data science, data and security software engineers, client success resources, product/program management, and marketing.
COLLENDA	Collenda is one of Europe's leading providers of digital solutions for credit management, loan origination, and receivables management. Their software provides solutions for banks, corporations, and agencies.	Collenda acquired S4Dunning, a fast-growing supplier of receivables management SaaS solutions to European corporates, in September 2020.
SYMEND The science of engagement™	Symend is a debt recovery software platform combining automation, predictive analytics, and positive collections tactics. Symend provides workflow and campaign automation with proven approaches in behavioral science to drive higher engagement rates.	Symend has announced its rapidly expanding team has more than tripled in size within the past eight months, with plans to continue to grow by over 75 percent globally in the next quarter and a total of five times by the end of 2020.

Notable Transactions

- Katabat merged with Katabat Holdings, LLC owned by Tritium Partners and Terminus Capital Partners. CAS advised Collections Marketing Center, Inc. (dba Katabat) on the transaction.
- Valor Intelligent Processing acquired select assets of Credit Protection Association LP. CAS advised Credit Protection Association on the transaction.

Customer Relationship Management (CRM)

Customer Relationship Management (CRM) software as a service (SaaS) is thriving, with promising projected development in this industry.

What's more, it is expected that continued investment in state-of-the-art software solutions will boost industry revenue. Technology-enabled CRM providers providing omnichannel and artificial intelligence (AI) empowered capabilities are central to continued growth.

The United States CRM System Providers industry, consisting of nearly 900 players, produced an aggregate $26.5 billion in revenue in 2019. The industry is characterized by very high revenue growth, with an annual growth rate of 16.8% in the previous five years. Over the past five years, companies have moved towards heavy investment in software to improve the quality and efficiency of their business processes, and operators enhanced their SaaS systems to attract even more customer and investor interest.

The global COVID-19 pandemic has permanently changed the way brands engage with customers, as people increase their reliance on e-commerce, home delivery, subscription services, and staying local. The customer experience and digital experience have converged rapidly in a digital transformation rush, particularly in the retail, higher education, and healthcare verticals, which have been forced to move huge portions of their operations to virtual. Digital-first, cloud-based CRM providers are in high demand to support this transition, and businesses of all sizes, including small businesses, have increasingly invested in CRM software solutions to simplify client management, centralize customer data, increase sales, automate target marketing, improve client retention, and raise sales productivity and accuracy.

According to the Contact Center Satisfaction Index 2019 from CFI Group, customer satisfaction with contact centers has been on the decline in recent years. This trend that has accelerated with the COVID-19 outbreak, due to the unprecedented spike in overall call volume (particularly in healthcare, government, and financial services) and the transition to the work from home (WFH) environment. While some have succeeded in re-evaluating their contact center strategies and channel mix (live chat, voice channels, etc.) to support the heavier volumes, many are still struggling to adapt. The rapid transition to virtual workplaces has exposed critical shortcomings in legacy contact center technology, leading most organizations to rethink fundamental strategy decisions like adopting cloud telephony, automation, and other digital and interactive mobile technology on an accelerated schedule.

The implementation of omnichannel CRM—the ability to consistently and seamlessly interact with customers through their preferred channels, be it mobile, call center, online, text, email, or live chat—is proving itself key. Amid the rise of e-mail, text, live chat, and bot communications, optimal service delivery and support are no longer voice-based only. Return on investment and back-end savings are significant for firms instituting

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omnichannel functionality. Furthermore, investor interest is highly focused on these technology-oriented CRM features. While large CRM companies are keen to this trend, small and mid-sized firms have significant room to grow into full omnichannel functionality. Contact centers that provide customers a choice of channels need to embrace advanced routing capabilities to ensure that every contact, irrespective of channel, is paired with the right agent for a better experience and issue resolution. Not only does omnichannel functionality improve back-end savings and bottom lines, but these digital platforms can also help agents conveniently flex between brick-and-mortar and WFH technologies, an important advantage in today's changing work models.

AI-driven infrastructure for contact center workflow management is also at the forefront of this technology-enabled growth. Self-service, real-time analytics, and post-call analytics, as made possible through AI and machine learning (ML) schemes, are surging in value and adoption. For example, large players such as IBM and Google have implemented in-house contact center capabilities with a focus on AI- and ML-driven workflow management, and Amazon Web Services made Contact Center Intelligence (CCI) solutions available in August 2020. CCI is available through partners such as Genesys, Vonage, and UiPath and provides a combination of services that enables companies to integrate contact centers with AI functionality to improve service and reduce operational costs by implementing self-service, real-time analytics and agent assist, and post-call analytics. These capabilities also have powerful applications for the sales pipeline, by analyzing and prioritizing customer prospects, selecting those with preferred attributes, monitoring and scoring inbound leads, and managing e-mails with natural language processing (NLP). Leveraging ML features such as transcription, text-to-speech, translation, enterprise search, chatbots, interactive voice response (IVR), business intelligence, and language comprehension into current contact center environments is widely recognized as the future of successful CRM, with a projected 75% of organizations adopting AI by the end of 2024.

While the transition to WFH was initially a challenge in the CRM industry, remote work is now expected to be a new normal in the industry. WFH has reduced the need for permanent infrastructure, increased productivity, and made staffing models more flexible. WFH is projected to become permanent in a hybrid model in most markets, particularly CRM. This transition will require significant investment in productivity tracking and automated data analytics to maintain agent productivity and workflow efficiency, but those who have emphasized WFH workflow infrastructure have observed productivity levels in line with or above pre-pandemic levels. When properly supported, WFH has supported growth of SaaS CRM on a global scale.

The pandemic has created unprecedented disruption in all areas of customer relationship management. As in previous recessions, recovery solely focused on cost reduction is known to be shortsighted. Companies that act with urgency to invest in future capabilities will be able to capitalize on pent-up demand in 2021, when consumer spending is expected to grow at an average annual rate of 22.6% in H2 of 2020 and beyond. CAS anticipates that companies that master this balance between short-term cost reduction and forward-thinking investments in growth and innovative adaptation will flourish during and after COVID-related disruptions subside.

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Company	Description	Recent News/Trend
	Sharpen Technologies is a customer experience technology provider that offers a cloud-native, agent-first, omni-channel contact center platform.	Sharpen sales grew more than 200% in 1H 2020, with recent customer wins from the mid-market and enterprise sectors across multiple verticals, including retail, telecommunications, outsourcers, and financial services.
	Sprinklr is an AI-enabled customer experience management platform providing a unified SaaS-platform with omni-channel capabilities across 23 social channels, 11 messaging channels, chat, SMS, and email.	Sprinklr recently closed a $200 million funding round in September 2020, adding to a $2.7 billion valuation.
	Talkdesk Inc. is a modern cloud contact center solution employing AI and data analytics to optimize customer engagement and workforce engagement.	After being recognized as leader in 2020 Forrester Wave for Contact Center as a Service, Talkdesk raised $143 million in Series C funding this quarter.

Notable Transactions

- ConvergeOne made a strategic acquisition of Altivon.
- TTEC Holdings, Inc. (NASDAQ: TTEC) signed an agreement to acquire VoiceFoundry.

Healthcare Revenue Cycle Management (RCM)

The COVID-19 pandemic has upended the way providers deliver safe, effective care and how they collect revenue for such care.

Financial losses related to COVID-19 will have lasting effects on healthcare providers, but accelerated trends leveraged during the pandemic have built a more resilient healthcare revenue cycle that is anticipated to sustain after the pandemic has subsided.

Canceled surgeries, volume decreases of inpatient procedures, personal protective equipment costs, workforce support, and other expenses have already cost hospitals $50.7 billion per month between March and June 2020, according to estimates from the American Hospital Association (AHA). Hospitals are projected to lose at least another $120.5 billion in 2020 from pandemic-relates expenses, updated projections from AHA show. This revenue loss has resulted in cost reductions across the healthcare sector, with some hospitals resorting to layoffs, furloughs, cancelling planned capital projects, and other workforce changes. A surge in hospital consolidation is expected post-pandemic due to huge COVID-related revenue losses, $323 billion in total by the end of 2020, and an increase in Q3 2020 healthcare merger and acquisition (M&A) activity reflects this transition toward consolidation and partnerships to maintain financial stability.

One particular challenge to revenue streams that is expected to persist post-pandemic involves significant changes in payer mixes. According to the Urban Institute, approximately 2.9 million individuals will become uninsured by the end of 2020 because of job losses related to the pandemic. Many more will also lose employer-sponsored coverage, resulting in more Medicaid beneficiaries. Hospital finance leaders expect their payer balance will shift more toward Medicaid and individually insured self-pay patients, while commercially insured patients will decrease over the coming 12 months. Due to Medicaid's lower payment rates and the high out-of-pocket costs of individual-market plans, this payer shift will have a negative impact on healthcare revenue streams. To combat the lost margin, hospital may need to shed less profitable services or press commercial insurers for rate increases.

Furthermore, the pending confirmation of President Trump's recent Supreme Court nominee, Amy Coney Barret, may likely result in the repealing of the Affordable Care Act (ACA), or parts of the ACA, should Barret's nomination pass in Congress. This action could revoke coverage for nearly 30 million Americans who are insured under the ACA, also withdrawing coverage for individuals with pre-existing conditions. In general, leaders in healthcare tend to be unsupportive of the prospect of repealing the ACA, given the major disruptions this action would have on the healthcare payer industry.

Despite the short- and long-term challenges that have arisen so far in the healthcare revenue cycle, the forward-facing outlook is optimistic given a number of accelerated trends that have provided adaptive

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resilience for healthcare revenue cycles. At the core of this resilience is technology-enabled capabilities that clean up back-end collections and billing and improve front-end operations for a price transparent, consumer-focused approach to medical revenue cycle management (RCM).

Most notable among these trends is the surge in telehealth utilization, which will indeed become the "new normal" to some degree post-pandemic. More than 9 million Medicare beneficiaries received care via telehealth during the early stages of the COVID-19 pandemic, with a weekly increase in virtual visits from 13,000 pre-pandemic to nearly 1.7 million in April. Similarly, telehealth utilization among the privately insured population skyrocketed, as indicated by an 8,336% increase in telehealth claim lines from April 2019 to April 2020. This refocus on telehealth is also reflected in surging investor interest in telehealth solution providers, as well as movements in Congress to permanently expand telehealth coverage by loosening federal restrictions on telehealth guidelines in terms of billing and other security privacy guidelines. The implementation of virtual care and healthcare IT strategies is largely responsible for the rebounding patient volumes and improved revenue streams reported in Q3 2020. Hospitals are now relying on health IT platforms with RCM and zero-contact patient engagement capabilities to revive patient volumes and streamline workflow. Healthcare IT platforms and tech-enabled RCM have also supported the rollout of the telehealth strategy.

However, whether permanent widespread telehealth utilization is feasible depends on payer policy and various obstacles related to reimbursement models, billing and coding.

It is uncertain whether telehealth adoption can continue without widespread changes in fee rates and reimbursement models, particularly in the direction of value-based care. Telehealth is a challenge financially, as current reimbursement rates do not support the level of investment needed to fully develop capabilities. Many payers increased telehealth reimbursement rates during the pandemic, oftentimes on par with payments for in-person care. Providers are still unsure if payments will be enough to keep robust telehealth utilization going. Providers of fee-for-service care—which still remains the most popular reimbursement model despite the push toward value-based care—will be heavily disadvantaged if telehealth adoption persists post-pandemic. Preliminary research has already shown that providers engaging in alternatives to encounter-based payments had a head start with managing the COVID-19 surge by leveraging triage call centers, remote patient monitoring, and population health data management more than their peers in the traditional model. Anecdotally, providers in value-based contracts have also said they were able to more quickly pivot operations at the start of the pandemic by relying on a more predictable and flexible source of revenue in the face of falling volumes. Private payers are more likely than their public counterparts to be participating in value-based reimbursement models, and restrictive Medicare reimbursement models may also be an obstacle for telehealth growth. In summary, the permanent adoption of telehealth has significant implications for current reimbursement models and healthcare revenue cycles.

Hospitals will be required to post their individually negotiated health plan rates online starting January 1, 2021. The prioritization of price transparency, while optimal for consumers, presents challenges for healthcare providers. In general, this congressional mandate comes as bad news to health systems, as it puts pressure on hospital pricing, particularly during a time of widespread financial challenge for healthcare systems. Price transparency also presents logistical challenges: 30% of hospital finance leaders say they are unprepared for

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this transition toward mandatory price transparency, while only 12% say they are fully prepared, and many say they currently lack the data infrastructure to make rate-posting possible, in a survey by the Healthcare Financial Management Association (HFMA). This creates a surging demand for patient financing partners implementing patient payment plans, which have already been very successful in improving patient collections and maintaining financial well-being during the pandemic. The role of outsourced RCM providers will be crucial as hospitals make this transition towards full price transparency.

The role of tech-enabled RCM providers will also be crucial in the realm of medical coding. Hospital finance leaders identified clinical documentation and coding as their greatest revenue cycle vulnerability in 2019. Recent events like the COVID-19 pandemic, new CPT codes, and increases in value-based reimbursement have only made medical coding more vulnerable to lost or decreased revenue. While some challenges with medical coding quality stem from the fact many medical coders work remotely, providers can still improve quality and accuracy of coding and reimbursement by leveraging technology (including electronic health records and computer-assisted coding solutions), performing coding compliance audits, and creating a robust education program.

The final major impact that the pandemic has had on RCM involves the institution of remote working arrangements. 48% of hospital finance leaders plan to continue remote working arrangements that were established for the pandemic, while only 12% plan to return to pre-pandemic work arrangements, per a survey by HFMA. Large hospitals and health systems plan to permanently move more RCM operations out of the office and to work from home (WFH), hoping to improve bottom lines, combat revenue losses, and maintain the high levels of employee productivity observed so far during the pandemic. The transition will require heavy investments in technology, automation, data security and data analytics for productivity metrics.

Although in many parts of the country, patient volumes are recovering to normal or near-normal levels, providers in emerging COVID-19 hotspots have already seen patient volumes decline once again, and the collision of the pandemic with the upcoming flu season could negatively impact volumes in the near future. With practices already struggling to recover from devastating volume and revenue losses earlier this year, preparing for a potential second wave of shelter-in-place orders or even a decreased demand for in-person care will be critical to protecting the bottom line.

To adapt to the many changes taking place in the realms of telehealth, coding, reimbursement models, coverage, and remote work during the COVID pandemic, the role of outsourced RCM providers—particularly those providing tech-enabled solutions—has never been more crucial. Healthcare systems with such RCM partnerships already in place have proven the most operationally efficient and financially resilient so far, and CAS anticipates this increase in outsourced RCM demand and responsibilities to endure.

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Company	Description	Recent News/Trend
	Waystar is a leading provider of healthcare payments software, providing a cloud-based RCM software with predictive analytics for claims management, denial mitigation, revenue integrity, and more.	Waystar announced a definitive agreement to acquire eSolutions, a revenue cycle technology company with unique Medicare-specific solutions. In bringing these two industry leaders together, Waystar will be the first technology to unite both commercial and government payers onto a single payments platform.
	Revint is a leader in technology-enabled revenue integrity solutions for healthcare providers.	After achieving tremendous growth and acquiring Praxis Healthcare Solutions in August 2020, Revint announced in September 2020 its merger with Triage Consulting Group, one of the nation's premier healthcare revenue integrity companies. With this merger, Revint continues to invest in its technology and product solutions that recover revenue through a guaranteed ROI model.
	MedEvolve is a data-driven, AI-empowered software and services platform providing healthcare solutions in analytics automation, workflow automation, physician practice fundamentals, medical billing services, practice management software, and patient engagement solutions.	In alignment with the current demands of the RCM market, MedEvolve recently announced its AI-powered Financial Clearance Workflow Automation platform to maximize transparency, automation, and accountability for healthcare organizations.

Notable Transactions

- R1 RCM Inc. (NASDAQ: RCM) entered an agreement to acquire Cerner RevWorks.
- Radiation Business Solutions reached an agreement to acquire MBR Medical Billing, Inc.
- Sunstone Partners announced an investment in RSource Healthcare

Specialty Finance

In this Q3 Market Report we are breaking out Fintech Lending and Debt Settlement.

Fintech Lending

As players across all verticals move operations online, the digital payments sector is booming during the COVID pandemic. COVID-19 and its economic impact perfectly align with fintech capabilities to rapidly leverage cloud technology and scale quickly to adapt to changing circumstances in an internet-based, contactless world.

Fintech lenders are disrupting the small business market in particular, as small businesses are increasingly turning to non-bank digital platforms for financial support. While some fintech firms will continue to help incumbent banks to accelerate digital transformation, others have advanced beyond these efforts. Typically, fintech business loans carried higher rates than bank credit but appealed to small business owners for their ease of application and 24/7 online portals.

The advent of the US Paycheck Protection Program provided fintech lenders with a speed pass to the front of the competitive line, as nonbank online lenders offered tech-enabled fast access to PPP funding; indeed, fintech lenders were among the top PPP lenders, providing billions of PPP loans during the pandemic. For example, Kabbage, a small business fintech lender recently purchased by American Express, ascribed $7 billion in PPP loans and claimed to be the second-largest PPP lender by loan application lender. Intuit reported that its QuickBooks Capital operation had facilitated $1.2 billion in PPP loans. The sizable role non-bank lenders had in PPP lending is significant proof of the fintech sector's ability to compete with legacy providers by leveraging its advanced tech-enabled capabilities, personalized data-driven risk models, and rapid adaptability.

Americans are also relying more on fintech for processes such as check deposits and money transfers, putting pressure on incumbent financial institutions to expand their digital road maps. Even before the coronavirus pandemic hit, financial technology companies comprised approximately 38% of the consumer loan market, compared to only 5% in 2013, making fintech lenders largely responsible for the surge in personal loans to reach a record high in 2019 of $128 billion.

As the recession drives high unemployment, smaller non-traditional fintech lenders are growing in prevalence and are expected to thrive in a recession amid higher interest rates and growing default rates for subprime loans.

In response to the surging demand for Fintech banking solutions, Congress is continually considering expanding banking regulations to accommodate more technology firms providing financial services. In late September, the Congressional Fintech Task Force, a subunit of the Financial Services Committee tasked with examining financial technologies, heard arguments evaluating the legal framework governing which firms can lend and process payments in the fintech age. The committee considered loosening the rules of banking to decentralize banking to involve emerging fintech lenders, but regulators remain hesitant to issue official legislative guidance on fintech.

In terms of the 2020 presidential election, the fintech sector is overwhelmingly backing Democratic candidate Joe Biden in terms of campaign contributions, though the Biden campaign has released relatively little in the way

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of plans for the fintech sector.

Between the surging need for contactless, digital solutions, and the demand for non-traditional lenders driven by the projected recession, the coronavirus pandemic has created an ideal environment for lasting fintech growth. As many fintech providers rise to the occasion, industry leaders await a legislative framework for their projected growth.

Debt Settlement

Debt settlement is a rapidly growing industry in which companies help consumers resolve unsecured debts by negotiating directly with creditors on their behalf. The market generates annual revenues of approximately $438.6 million and is comprised of over 226 firms, with 14 companies assuming 67% of all debt settlements. The market is fragmented with firms playing various complementary roles, often through exclusive partnerships or diversified in-house capabilities. These fragments include front-end lead generation, which pursues data-driven, direct-to-consumer operations via direct mail, internet origination, and opt-in telemarketing; back-end settlement firms, which focus on the multi-step process of settling consumer debts with creditors; independent trust account managers, which hold consumer funds and act as independent third party payment processors for enrollees in settlement plans; and affiliated consumer lenders, which accelerate debt relief revenues by providing a loan option to enrollees.

All fragments of the debt settlement sector are undergoing a technology overhaul to maintain compliance with the changing regulatory standards, decrease back-end account servicing costs, and increase margins in every product offering associated with debt settlement. Many firms are increasing investment in various software as a service (SaaS) technologies specifically created for the debt relief industry to optimize processes and improve transparent interaction with customers.

In particular, debt settlement customer relationship management (CRM) technologies, which provide a variety of services to support client communication and workflow management in the front- and back-end, are successfully optimizing settlement processes and improving transparent interaction with clients. Advanced CRM technologies feature leads and prospect services (such as dialer integration, contact management, income and expense reporting, cost estimates, and enrollment management), marketing services (such as automated analytical reporting and data-driven targeted campaigns), customer portals, document management services, and end-to-end settlement services. Increasingly, the most advanced of these CRM technologies are empowered with interactive voice solutions, chat-bot solutions, text and email capability with the consumer, and predictive analytics on consumer data.

Market-specific Fintech technologies are also penetrating the debt settlement industry at an accelerated rate. Technology-enabled payment processing and account management services are essential to the settlement process. These platforms provide escrow account management, deposit management, creditor payment support, and online interaction portals and reporting. Amid very close supervisory monitoring of debt settlement practices, operational transparency and consumer interaction are essential to maintaining compliance standards and avoiding complaints. Technology solutions streamline regulatory compliance while also optimizing front-end operations, cutting back-end operational costs, and improving bottom lines.

The debt settlement market is countercyclical and thrives during periods of economic downturns as household debt increases. A wave of charge-offs and delinquent receivables is expected in the near future, leading to a significant up-tick in the volume of potential consumers for the debt settlement industry. While the federal stimulus funding provided under the CARES Act has delayed this wave, President Trump said recently that he is calling off a second round of stimulus negotiations with Democrats at least until after the election. Debt settlement companies are

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preparing for an increase in account volume when government benefits expire, and, since a second round of benefits is unlikely, firms can expect this wave of delinquencies and charge-offs to come sooner rather than later. Creditors and collection agencies have already begun staffing and building out workflow plans related to an increase in charge-offs and delinquencies. This will increase the demand for services such as debt settlement as a large portion of the credit economy will be experiencing its first downturn in economic activity (i.e. Generations X, Y and Z consumers, etc.). Most predict a two to three-year timeline to fully clean up COVID-related charge-offs and delinquent receivables.

Beyond the realm of federal stimulus funding, the political environment—particularly the 2020 general election—has sizable implications for the debt settlement industry. President Trump and Democratic Candidate Joe Biden maintain differing positions with regards to regulation of debt relief practices, particularly related to the jurisdiction of the main regulatory force in the debt relief space, the Consumer Financial Protection Bureau (CFPB). The CFPB was established under the Obama-Biden administration as part of the Dodd-Frank Wall Street Reform and Consumer Protection Act (2011) and was originally proposed by Sen. Elizabeth Warren. In a decision affirmed by conservative judges, the Supreme Court recently ruled (Seila Law v. CFPB, June 2020) that the President has the authority to remove a CFPB Director at will. Since the CFPB Director is awarded sole control of the agency, this decision implies that the CFPB's leadership and agenda is likely to reflect partisan control. The removal of the Director's 5-year tenure protection de facto renders the Bureau less independent and more sensitive to political pressure and partisan control.

More broadly, President Trump has already made efforts to rollback government regulation of financial institutions. The administration has opposed widespread student loan forgiveness, bankruptcy reform, and debt-free college, and Trump has proposed privatizing the federal student loan systems. Additionally, his Economic Growth, Regulatory Relief and Consumer Protection Act exempted 25 large banks from the CFPB's jurisdiction, making it the most significant rollback of Dodd-Frank since its enactment. In sum, Trump has taken action to weaken or at least reform and refocus the CFPB. Some members of the CFPB have accused Trump of "abandoning the very consumers the CFPB is tasked by Congress with protecting," while many others believe the CFPB has historically been too eager to regulate and has used flawed and nominal research to underpin rulemaking in the past and support Trump's efforts to reduce its jurisdiction to do so.

On the other hand, Democratic Candidate Joe Biden has already adopted Senator Elizabeth Warren-endorsed plans on personal bankruptcy, Social Security, and student loan debt, and there is widespread speculation that Senator Warren—the CFPB's founder—may have direct policy involvement in the Biden administration. Additionally, former director of the CFPB Richard Cordray has taken an advisory role for Biden thus far. While Biden himself is recognized for his moderate ideals, it is likely that supporters of aggressive financial regulatory action by the CFPB will significantly influence his approach to financial institutions, including debt settlement firms.

While federal politics have substantial effects on the debt settlement space, debt relief regulation is also a state issue that does not always abide by partisan lines. 61% of households have full access to debt settlement firms. Debt relief services are not available in Connecticut, Georgia, New Hampshire, Vermont, Oregon, Kansas, South Carolina, Maine, and West Virginia, and nine other states have regulations in place that restrict widespread availability of debt settlement. Specific debt collection details (including statutes of limitations, maximum interest rates, and wage protection) vary by state. Leaders in the debt relief space are particularly concerned with proposed bills in California and North Carolina banning debt settlement services within those states, and these bills have bipartisan support. In North Carolina, for example, House Bill 1067 was sponsored by two Republican and one Democratic representatives and received bipartisan support in the North Carolina House legislature, while North Carolina Senate Republicans and Democrats alike have halted the legislative progress of the bill.

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Current technological, macroeconomic and political trends leave the debt settlement sector in flux. Despite political and regulatory uncertainty, leveraged technological solutions as well as higher demands related to increased delinquencies and charge-offs place the debt relief market on a positive trajectory.

Company	Description	Recent News/Trend
Kabbage	Kabbage, based in Atlanta, GA, is a fintech lender enabled by a platform that uses machine learning algorithms to assess and loan money to small business owners. Kabbage has provided more than $2 billion in funding to more than 84,000 businesses.	Kabbage was the second-largest PPP lender by loan application during the federal stimulus relief funding and was recently purchased by American Express.
CLEARBANC BY FOUNDERS FOR FOUNDERS	Clearbanc is the world's largest eCommerce lender providing growth capital for online businesses, with $1 billion invested in 3,300+ online businesses. Clearbanc emphasizes the use of AI to provide identity-blind investment decisions.	After massive growth during the COVID pandemic, Clearbanc has launched in the UK to invest nearly $650 million in British startups.
beyond	Beyond Finance is a FinTech debt settlement service provider with a heavy investment in data, technology, and innovation for tailored financial solutions. The company is a leader in data science, credit, servicing, and marketing withing the debt relief space and provides a tech-based strategy to analyze debt, negotiate, and reduce debt.	In the past quarter, Beyond Finance has been recognize by multiple sources as a top Fintech startup to watch as they continue to pave the way for the innovative applications of technology in the debt relief industry.

Collections Needs Flexibility and Omnichannel Communications Now More Than Ever

Bryan Ten Broek, Vice President Business Development & Marketing, Nordis Technologies

The collections rules for communicating with consumers keep changing. Take 2020:

1. **COVID-19 prohibitions.** New rules on collections during the pandemic vary by state, making compliance complicated as companies get up to speed and adapt their communications processes.

2. **No more robocalls.** The U.S. Supreme Court has blocked the last group of allowable robo-callers – those seeking collections for government-backed loans, including mortgages and back taxes.

3. **Digital vs. phone.** The Consumer Financial Protection Bureau is finally going to announce in October long-anticipated new rules that are expected to allow electronic delivery for compliance correspondence, such as validation letters, that currently must be mailed. But it's also expected to limit weekly collections calls and how collectors handle recorded conversations.

Connecting with consumers

In some cases, these rule changes simply reflect better ways to connect with consumers these days. People spend a lot of time on their mobile phones, tablets and computers. They like the convenience of communicating and paying digitally. Even payment by smart voice assistant is becoming popular. A study by Transaction Network Services (TNS) found that 26% of consumers who own smart voice assistant devices have used them to make a payment.

At the same time, paper documents sent by regular or certified mail will remain a vital part of collections for the foreseeable future.

Omnichannel agility

Adapting to changing rules and managing consumer expectations is easier and more effective with the right omnichannel communications platform. Customer communications management technology lets companies quickly change documents and delivery channel preferences.

Of course, moving from print documents to email and text does take some planning and updating. Collections companies need to make a host of decisions about how they will present, send and promote the availability of digital communications. Do you:

- Include disclosures in the cover email or in the link to the document itself?

- Add digital opt-in offers on all print communications?

- Automate the capture, updating and management of delivery preferences?

Customer Communications Management (CCM) technology helps you execute all your communications programs quickly, easily, accurately and securely. In addition, it enables:

- **Simplified compliance.** Present only state and federal disclosures and disclaimers that apply to each individual customer and quickly revise as needed to meet changing state and federal rules.

- **Secure e-delivery.** Send various types of emails, including secure emails that require user authentication and manage consent for electronic delivery.

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- **Automated record retention**. Set archive duration based on unique program requirements and easily update to meet legal requirements with archiving feature.
- **Lower barriers to payment.** Add text/SMS messaging, email and digital wallet payment reminders that include links to payment portals and numbers of call centers.

CCM delivers the flexibility to adapt to compliance changes and take advantage of all legal communication channels. As phone calls become less viable, CCM can change the dynamic between collectors and consumers, making it fast and easy to communicate and pay–boosting recoveries.

Bryan Ten Broek is Vice President Business Development & Marketing of Nordis Technologies, an innovator and leader in offering technology solutions to improve customer communications and payments.

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South Africa Ranked as Top Global Business Services Destination

Daniel Shapiro, Director and Founder, Alefbet Holdings

South Africa's ranking as a top destination for Global Business Services – or offshoring business processes – has been reaffirmed as the country ranked as the second most preferred Global BPO offshore destination in 2020 for the third consecutive year. South Africa overtakes the Philippines and was only just beaten by India, which has a mature BPO sector. According to industry standards, South Africa's growth over the past four years is at twice the global growth rate and increasing three times faster than past industry leaders, India and the Philippines.

South Africa's Global Business Services (GBS) sector drew $250 million (R4 billion) worth of investments during the past financial year and has continued to thrive during the Covid-19 lockdown. The sector is primed to employ 500,000 people in the next 10 years according to Business Process Enabling South Africa (BPESA) and is a significant contributor to GDP.

"It's good news for South Africa, and it's very good news for youth employment, an area where some 50% of young South Africans are unemployed. South Africa's GBS sector provides a crucial lifeline for thousands of people, notably previously disadvantaged and disabled young South Africans – who find meaningful and stable employment in South Africa's burgeoning GBS sector, and an opportunity for career progression and personal development," explains Daniel Shapiro, a director and founder of Alefbet Holdings which owns numerous collections and customer service BPO providers including iContact and Shapiro Shaik Defries and Associates (SSDA).

iContact is a BPO specialising in inbound and outbound sales and support services, customer retention and loyalty management, lead generation and back-office fulfilment. SSDA is a leading specialist collections and accounts receivables business with over $500 million under management. Alefbet Holdings has head offices in Johannesburg and recently Cape Town, which is currently the fastest growing BPO region in the country and employs some 1,500 full time employees across both regions.

"South Africa is an increasingly attractive destination for global businesses to offshore their business processes. Global giants like Amazon have already recognised this potential and recently set up customer service operations here. As a country we have thousands of educated young South Africans in need of gainful employment; our IT and telephony structures are world-class at 99.9% digital and includes the latest in fixed-line wireless and satellite communication; we have a stable political environment and one of the best constitutions in the world; our English accent and linguistic capabilities are amenable across many geographies including the US, UK and Australia; and our exchange rate makes it a particularly cost-effective exercise. If you consider that the US minimum wage is US$15/hour, we are able to provide our services in South Africa, fully loaded and including management time at US$10-11/hour - making SA a very attractive option for outsourcing at a time when businesses across the globe are under enormous cost pressures due to the Covid-19 pandemic. SA is currently the third largest offshore location for UK and Australian organizations which enjoy up to 60% cost savings compared to onshore service delivery, along with a comparable if not better quality of service, cultural affinity and great work ethic of our people," adds Daniel.

Impact Sourcing potential is huge

While South Africa's GBS sector has enormous employment and investment potential, it is also a significant role

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player from an 'impact sourcing' perspective. Many global organisations find themselves in a position to make a profound difference within disadvantaged communities through what is known as 'impact sourcing'. Also known as socially responsible outsourcing, it refers to an arm of Global Business Services that employs socio-economically disadvantaged individuals as principal workers in business process outsourcing centres.

"Alefbet's Impact Sourcing Institute of South Africa is at the forefront of helping businesses unlock and develop a new pool of talent, uplifting the quality of life for disadvantaged communities and creating a powerful future workforce. Our model bridges the gap by sourcing people who struggle to access the labour market – either because they are outside traditional recruitment pipelines due to their lack of access to networks, or because transport costs from townships to jobs are high, or because they face physical disabilities which prevent their integration into the mainstream workforce. South Africa faces a burden of massive structural, youth unemployment. We believe that with the right leadership, investment and training, this large untapped pool of South African talent has the potential to be groomed into successful call centre agents serving both international and local customers, delivering great results for the Global Business Services sector, and uplifting communities, families and livelihoods in the process," explains Daniel.

The Impact Sourcing Institute of South Africa focuses on upskilling and creating opportunities for society's most vulnerable individuals, with an offering that includes the recruitment, hosting, training and eventually full-time employment for these individuals within the Alefbet ecosystem and extended client network.

"We work with learners to equip them with the required equipment to learn and work safely from home with support from work-and-learning-teams who engage with them daily. Over the course of 12 months, learners gain valuable work experience and a qualification upon course completion. Additionally, learners are upskilled with the life and soft skills required to succeed in a corporate environment. At the end of the learnership, they are offered full-time employment with the option to maintain their work-from-home structure. A key benefit of working with the likes of the Impact Sourcing Institute is that our clients get to support a programme whose outputs align with the UN's sustainable development goals while at the same time developing a skilled workforce for long-term employment within the BPO sector," adds Daniel.

South Africa's BPO sector has a key role to play in South Africa's economic recovery by providing cost-effective, consistent and high-quality 24/7 BPO functionality to multinational organisations and those that have been forced to relocate services due to the global pandemic. Expanding undersea and fibre cable networks, increased Government support, growing broadband bandwidth capacity, advanced business intelligence tools, data analytics capabilities and a large, educated skills pool with strong English language skills are culminating to super-charge South Africa's GBS sector – bringing together the best of economics, quality and socially responsible supply chains.

Daniel Shapiro is a Director and Founder of Alefbet Holdings, a privately owned investment company which owns numerous collections and customer service BPO providers including iContact and Shapiro Shaik Defries & Associates (SSDA). Its range of Global Business Services includes collections, accounts receivables, education and training and customer service.

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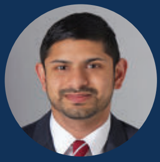

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