2021 SECOND QUARTER MARKET INSIGHTS

Global Tech-Enabled Outsourced Business Services

CAS Corporate Advisory Solutions

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2021 Second Quarter Market Insights

Contents

Welcome Letter 3

Resources 4

Market Overview 6

Accounts Receivable Management Insights...7

Customer Relationship Management Insights...10

Revenue Cycle Management Insights..13

FinTech and Debt Settlement Insights 16

Industry Insights..20

A WELCOME MESSAGE

FROM MARK RUSSELL

Hi everyone,

We at CAS are delighted to share our Q2 2021 newsletter with you! This newsletter is chock full of interesting data and market trend updates. As Michael Lamm and I are packing our bags to head out to Las Vegas for the upcoming annual ACA International conference, we look forward to seeing everyone and sharing our perspectives with you. There is a lot to talk about, both from an M&A and market trend perspective! I will also be attending the RMAi Executive Retreat immediately afterward in Stowe, VT, so please let us know if you will be attending either event and would like to meet with one or both of us.

Q2 was a remarkable quarter from an M&A perspective, as deal activity within the Global Tech-Enabled Outsourced Business Services (OBS) sector soared to pre-pandemic levels. In Q2, 60 transactions were consummated representing almost $6.6 billion in total deal value. These statistics incorporate several large transactions, which are noted within the specific OBS industries covered in our newsletter: Accounts Receivable Management (ARM), Customer Relationship Management (CRM) and Healthcare Revenue Cycle Management (RCM). The level of quarterly M&A activity since Q4 2020 has met or exceeded pre-pandemic volumes and total deal value, clearly indicating not only a re-established comfort among both strategic and financial buyers to consummate deals, but a motivation driven by emerging business and market trends. CAS is proud to announce their advisory role in the sale of Professional Credit to Tonka Bay Equity Partners.

The increased level of M&A activity this year has been driven by certain positive market trends unfolding within the Tech-Enabled OBS sector, which have motivated financial and strategic buyers to pursue platforms and add-on acquisitions. Within the ARM industry, the servicing vendors have proven their resiliency and innovativeness as they have faced ongoing shifts within the political and technological landscapes, despite pressure from regulators and lawmakers. We believe these trends will motivate further consolidation, particularly between larger and smaller ARM companies. Larger ARM companies who have developed/invested into artificial intelligence/machine learning solutions and have appropriate regulatory compliance systems in place will continue to be active buyers of smaller ARM companies who cannot afford these investments but currently service attractive clients. Financial buyers noting these trends are showing stronger interest in financing the larger ARM players to help stimulate this consolidation. We expect this M&A dynamic to continue throughout 2021 and into the foreseeable future.

In the CRM industry, Q2 supported a significant increase in M&A activity driven by multiple large transactions. This M&A surge was driven by increases in business activity as a result of economies opening up and businesses/consumers conducting greater call/communication interactions. Like the ARM industry, technological transformation will continue to shape and evolve the CRM industry for the foreseeable future, motivating further M&A activity as well.

Healthcare RCM has also enjoyed similar market trends to CRM, as physicians and medical facilities have re-opened their doors for face-to-face visits, and non-emergency procedures have been reinstituted at most locations. Technology is slowly transforming the healthcare provider and servicing vendor landscapes, and we anticipate another round of M&A consolidation in both markets in the not too distant future.

FinTech has received more than its fair share of attention from both investors and regulators year-to-date, and it remains to be seen who will ultimately be the winners and losers of these market trends. The Debt Settlement market has proved its resiliency despite the headwinds created by lawmakers and regulators that threaten to suppress its growth.

There are other potential market trends and law changes, such as President Biden's proposed new plans, which could impact business and M&A activity within the Global Tech-Enabled OBS sector. Michael and I would enjoy catching up with you over the next week in Vegas and/or Stowe, VT to further discuss these trends and your business interests. If you are not planning to attend one of these events, please let us know a convenient time to speak with you.

Sincerely,

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RESOURCES

ARTICLES

Entrepreneurship and Empowerment: "Meet Michael Lamm"

- Introduces Michael Lamm, Co-Founder & Managing Partner of CAS (corpadvisorysolutions.com). CAS (Philadelphia, PA) is a boutique investment & merchant banking firm specializing in the tech-enabled outsourced business arena.
- Read the article here!

PODCASTS

How Investors Would Analyze Your Contact Center with Michael Lamm

- Marc Bernstein and Michael Lamm discuss the convergence of technology and humans, how contact center technology can kill an acquisition, and offshore/near-shore best practices.
- Listen to the 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 sessions here!

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!

WEBINARS

ARM M&A Deal Talk: How Hunstein and Tax Code Changes Are Impacting ARM M&A Market

- In this webinar, Michael Lamm discusses the Hunstein ruling out of the Eleventh Circuit Court of Appeals.
- Watch the webinar here!

ARM M&A Deal Talk: M&A ON THE RISE '21

- Michael Lamm and Mike Gibb discuss how 2021 is proving to be a great year for M&A activity, the trends that have been seen so far in the year, and more.
- Watch the webinar here!

Investment Banking Deal Making in 2021: Using Technology and Relationships

- Join Michael Lamm as he discusses their shift in operations and leveraged technology to adapt to these market changes, win more mandates, and utilize relationships to shape opportunities.
- Watch the webinar here!

M&A and Valuation Trends in Debt Settlement: Navigating Through "COVID-19 and the New Normal"

- Watch the webinar here!

CAS CLOSES AN ARM TRANSACTION IN Q2 2021

Continued adaptations in response to challenges brought up this past year and evolving strategies to fit decreasing restrictions have helped the CAS team close an ARM transaction the second quarter of 2021.

Read more about the recent transaction here.

If you have any questions about M&A during the pandemic, please contact our Managing Partners.

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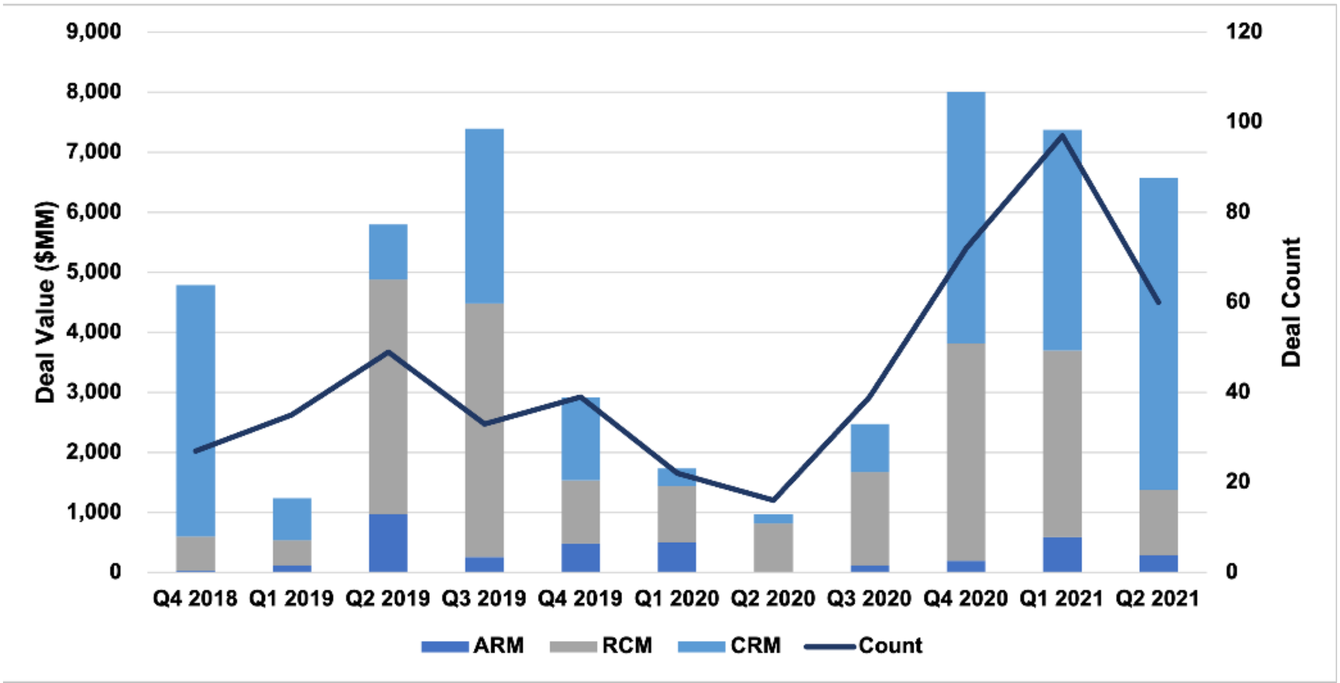
UPCOMING INDUSTRY EVENTS

ACA International Convention & Expo 2021
July 28-30
Las Vegas, NV/ Virtual

RMAi Executive Summit 2021
August 2-4
Stowe, VT

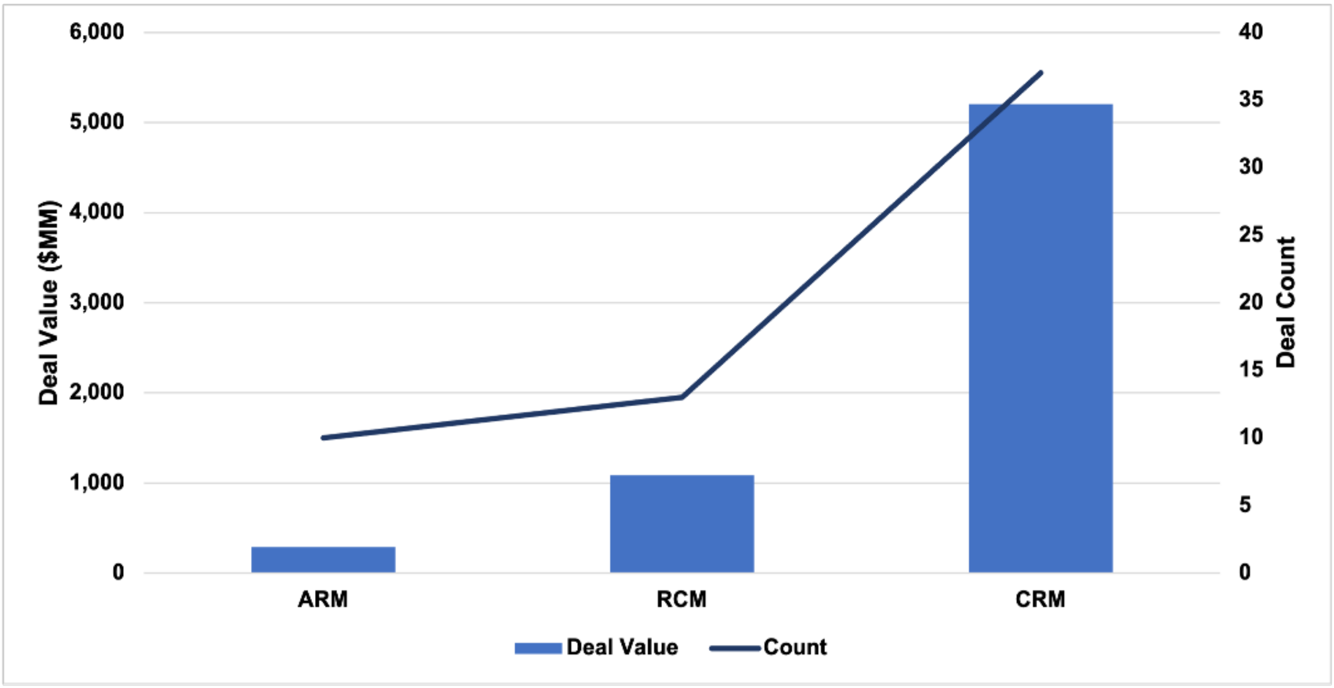
M&A East 2021: ACG Philadelphia
October 25-27
Philadelphia, PA

Total OBS Deals - Stacked Bar Chart with Total Number of Deals Overlay Line



Source: Proprietary CAS Database

Deal Value and Count Broken out by Sector



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 tranforms our markets, they should be included in our deal count.

Accounts Receivable Management (ARM)

ARM industry players have endured interesting shifts in the political and technological landscape and have proven to be resilient and innovative despite headwinds induced by lawmakers. CAS predicts that the industry would further consolidate in the second half of 2021.

In Q2 2021, CAS witnessed a revolutionary adaptation of ARM players to regulatory changes on a federal and state level. Despite headwinds from new rulings that affected the ARM industry, companies are rebounding from the impacts of COVID-19 and prospered in parts due to the timely stimulus checks. More importantly, mergers and acquisitions (M&A) activity experienced a strong growth spurt and multiple tech-enabled ARM startups raised capital in Q2. Looking onward, CAS predicts a continuation of the consolidation trends in the second half of 2021 with the Biden tax proposal and new final rulings such as Huntstein.

President Biden announced three plans for tax increases on high-net-worth individuals and changes on capital gains tax: The American Jobs Plan proposes $2.3 trillion in spending towards infrastructure and job creation; the American Families Plan designates an additional $1.8 trillion to education, childcare, and support for women in the work force; finally, the Made in America Tax Plan proposes tax increases on many corporations and businesses with international operations that could raise over $2 trillion in tax revenues in the next 15 years. In further detail, this tax plan would increase the corporate tax rate from 21% to 28% and raise the levy on long-term capital gains from 20% to 39.6% for taxpayers whose income exceeds $1 million. Overall, the Biden's tax plans would reverse the 2017 Tax Cuts and Jobs Act and could lead to a sweeping surge in M&A volumes as companies seek to "cash out" prior to the implementation of the higher tax rates. While consolidation activity has been strong in the first half of 2021, CAS projects a sustained upward trajectory in the number of M&A deals in the latter of 2021 and early 2022.

On a federal level, ARM companies met the implementation deadline to Telephone Robocall Abuse Criminal Enforcement and Deterrence (TRACED) Act on June 30th, 2021. Signed in late 2019, the First Order of the TRACED Act outlined the STIR/SHAKEN authentication framework, mandating that originating and terminating voice service providers must uphold the standards in the IP portions of their networks and take reasonable measures to implement the framework in the non-IP portions of their networks. In the face of rising mistrust and high levels of fraudulent and scam calls, consumers were not picking up phone calls; as a result, they also missed legitimate and critical calls from ARM call centers. The TRACED Act was a necessary measure to help protect consumers and regain their trust for the industry. To decipher if a call is unwanted or a scam, reputational analytics would continue to exist in the mobile and app ecosystem. The STIR/SHAKEN framework would provide additional datapoints to improve the accuracy of reputational analytics but would not replace the technology used today to display calls as Potential Fraud or Scams. As a result, ARM companies would still need to address call blocking and labelling in their efforts to reach consumers.

Relating to consumer protection from fraudulent and scam calls, the Supreme Court released the Facebook, Inc. vs Duguid's final ruling, which unanimously agreed that Facebook did not violate the Telephone Consumer Protection Act (TCPA) by maintaining a database that stored phone numbers and programming its equipment to send automated text messages. To further elaborate, the Supreme Court decided that Facebook's technology was not an Automatic Telephone Dialing System (ATDS) because it did not use a "random or sequential number generator." The Facebook ruling was a helpful clarification on the TCPA regulations as it means that accounts receivable companies do not require prior expressed consent to call or text an individual. Although the decision appeared to be a sweeping win for the industry, we should still tread carefully as TCPA attorneys may still leverage the perceived holes in the Facebook case and dress up former TCPA claims to legally pursue ARM entities.

ARM (continued)

In the second quarter, debt collection was affected by the Hunstein v. Preferred Collection and Management Services, Inc. court ruling. On April 21st, via the Hunstein decision, the FDCPA defined "communication" as "the conveying of information regarding a debt directly or indirectly to any person through any medium." In other words, unanswered calls do not fall into a form of "communication." As a result, the court held that "information regarding a debt" was communicated neither directly nor indirectly to the consumer by the receipt of the unanswered call. In holding that unanswered calls are not a communication, the court noted that no "information regarding a debt" was conveyed directly or indirectly to the consumer by his or her receipt of unanswered calls. This decision was further fortified in the Southern California's ruling in the Pearson v. Apria Healthcare Group, Et al case. In addition, the Huntstein decision stated that debt collection must not exchange any information relating to the debt with any party other than the consumer. This decision would require ARM entities to insource services in which they do not have the technological acumen and expertise, such as direct mailing. Not only would the shift pressure ARM firms' profitability and operating margins, but also negate the experience of consumers as they no longer can enjoy the fully automated transactional mailing and mail tracking that the third-party servicers offer.

House also passed the Debt Collection Improvement Act, which consists of eight bills to curb the rising number of consumer complaints against debt collectors. Among other things, the Act would prohibit collectors from threatening a servicemember, restrict the use of confessions of judgment for small business owners, require the discharge of private student loans in the case of permanent disability of the borrower, require companies to give consumer notice about their rights under the FDCPA and the FCRA prior to the collection of medical debt, and prohibit text messages and emails if the collector has not acquired prior consent from the recipients. The Act was introduced by House Financial Services Chairwoman Maxine Waters to prevent abusive and predatory debt collection practices, especially during the pandemic crisis.

As states lifted their respective lockdown measures, the moratorium on foreclosures and forbearances also reached their end. On May 5, a federal judge invalidated CDC's moratorium. However, the Biden administration requested the judge to consider an emergency stay for the tenants, which was granted. Since then, the moratorium was maintained and has since expired on June 30, 2021. The CARES Act, which is the federal moratorium for student loans forbearance and deferral, is still set to expire September 31, 2021.

In technology trends, CAS witnesses an increasing implementation of cryptocurrency in accounts receivables payments. Early adopters of this digital currency are allowing consumers to pay their bills with bitcoin by leveraging bitcoin debit cards, direct-to-biller crypto payments, crypto bill pay platforms such as Coinsfer and Bity. Such platforms automatically convert cryptocurrencies to dollars and even enable customers to set up recurring payment schedules. Payment options such as direct-to-biller also help payers avoid service and conversion fees. Recently, Arizona passed a legislation that verify crypto payments as a valid form of payment for state and local taxes. Meanwhile, other states such as Illinois and Georgia are considering allow Bitcoin for payments of state taxes as well. From public exchanges to day-to-day payments, crypto had been gaining popularity among consumers, and accounts receivable could be where the trend pervade.

As an overview, the ARM industry has endured interesting shifts in the political and technological landscape. Nevertheless, firms have proven to be resilient and innovative despite various challenges from lawmakers. Especially with the new tax proposals which are likely to come into effect in 2022, the ARM industry would continue to consolidate with high volume and sizes of M&A deals. CAS is well-equipped with information and expertise to guide industry leaders in these turbulent and exciting times.

ARM Spotlight

Company	Overview	Insights
Ophelos	London-based Ophelos is a customer-centric debt collection platform that marries machine learning technology with ARM to digitize, simplify, and automate the debt collection process. The company uses AI and behavioral science to optimize and digitize customer communications, offer more affordable debt repayment plans and achieve more accurate vulnerability detection.	June 18, 2021, Ophelos closed a $2.3 million (nearly £1.6 million) pre-seed investment round co-led by Connect Ventures and Fly Ventures to continue building its customer-centric debt management platform, whilst growing the engineering and customer operations teams.
nuevacollect	NuevaCollect is an Omni Channel debt collection platform to build collection strategy and help execution. Platform helps to enhance overall productivity of the process. Using automation intelligence, the company works with financial institutes to improve their efficiency and increase the overall recovery rate while simultaneously reducing the collection operational cost.	NuevaCollect's omnichannel platform centralizes all communications between companies and consumers in one place and helps eliminate the silos. The company's AI-based Rule Engine integrates automatic processing and communication codes for faster recovery and reduction in operation cost. The system also possesses superior intelligent outreach and collection strategy, which speeds up collection process and increases customer coverage. The proprietary technology automatically captures, tracks and stores all customer historical interactions and conducts a complete profiling of customers. Finally, the system scores all of the communication done by agents with customer to have quality assurance and enhance customer experience.
Applica	Applica leverages proprietary artificial intelligence automation to automate text-intensive workflows. Its technology can bypass languages, sentence structure, and layout to extract meaning from structured and unstructured documents and chats. One of its most exemplary use cases is in the automation of legal debt collection process.	March 31, 2020, Applica raised its most recent financing round for an undisclosed amount from Plug and Play Insurtech. Prior, the company received a total of $8.5 million grant from the European Commission for their innovative "no-code" AI and was named the "Top 10 Artificial Startups in Poland."

Customer Relationship Management (CRM)

In Q2 2021, the CRM industry experienced a surge in M&A activity in both deal value and volume. CAS sees exciting trends in technological transformation and expansion of CRM into the emerging cannabis industry.

CRM was among the most expansive tech-enabled industries in the first half of 2021 thus far, characterized by strong M&A deal flows and revenue growth. Consolidation activity saw a surge in deal volumes and deal sizes in Q2 2021. In total, there were 84 transactions. Arguably, the noteworthy transactions were: Allied Global BPO's acquisition of CallTek BPO, Inc., and Sykes Enterprises (NASDAQ: SYKE)'s definitive merger with Sitel Group. Recently, Zoom also announced its acquisition of the cloud contact center Five9 in an all-stock deal worth $14.7 billion.

While lower brick-and-mortar retail traffic in Q1 spurred a surge in e-commerce sales, Q2 enjoyed a massive rebound in consumer spending and corporate profits, which drove industry demand and call volumes for CRM centers. According to IBISWorld, revenue for CRM system providers would likely increase 4.6% industry-wide by the end of 2021 as the shelter-in-place order comes to an end. Rising vaccination rates are bolstering the American people's confidence to leave their homes as the economy reopens. Household savings and government stimulus checks boosted disposable income well above pre-pandemic levels and many families are itching to increase spending. As a result, in May alone, recreational spending spiked by 3.5% as compared to the numbers in April. As top-line revenue grows steadily, clients of CRM companies are now also looking to improve their margins by moving to in-house call center specialists. Traditionally, third-party, offshore, and near-shore centers have been used extensively because of their clear cost and time saving advantages. However, companies have been seeing revenue benefits in additional value-add services with in-house centers. Instead of simply answering questions that customers have, the internal call center representatives leverage their extensive knowledge of their own products to upsell and cross-sell services. Many firms reported that inhouse specialists have contributed to an increase in revenues. As a result, inbound call centers not only provide a cost-cutting opportunity but also generate an additional source of revenues and profits. While this could threaten industry growth, CAS also views this as a vital catalyst for existing CRM providers to revamp their technological platform and further reduce operating expenses for clients. Furthermore, we expect more CRM companies to consolidate in the coming year as they become coerced to gain auxiliary competitive advantage and capital to improve their platforms.

To bolster clients' conviction that outsourced CRM platforms provide superior cost savings and revenue generation benefits to inhouse specialists, CRM platforms are obliged to leverage the full extent of omnichannel capabilities and voice automation in their services. Omnichannel user experience (UX) refers to an operations strategy in which all touchpoints of the user experience lifecycle are integrated into one seamless source. In other words, customers can now assess social media, live chat, follow-up emails, phone calls, and live assistance via one singular site, with intuitive and conversational UX design. Secondly, technologies such as Interactive Voice Response (IVR) and Intelligent Virtual Assistant (IVA) continue to empower voice automation in CRM systems. IVR can direct customers to live agents or other digital channels. IVA acts as a digital agent that listens to customers and allow them to self-service. These assistances have the capability to filter through convoluted sentence phrasing, decipher accents, and even bypass background noises to deliver customers' requests. As result, customers have a seamless experience and grow increasingly satisfied with the implementations for this intelligent automation.

Another crucial trend to highlight in the CRM industry is the intimate connection between call centers and the cannabis industry. Despite the coronavirus pandemic, cannabis sales hit a record for in 2020. According to a new report, legal sales across the United States breached $17.5 billion, which grew by over 46% as compared to 2019. By 2026, BDSA projects that the legal U.S. canna-

CRM (continued)

bis market would exceed $41 billion in annual sales. CAS predicts that CRM implementation would be vital for the cannabis industry’s aggressive upward trajectory. Already, there are myriad connections between cannabis operators and call centers. First, cannabis and hemp have short shelf lives, meaning that the industry players require extensive direct marketing to keep their products flying off the shelves. As a result, the cannabis industry is not only ripe for CRM integration but also desperately need expert call center specialists to help consume their rising customer inquiries and call volumes. Second, the consumer base of cannabis and hemp also skews younger, which indicates that their customers expect a seamless user experience from companies’ websites and customer care assistance. Additionally, cannabis companies also are under high scrutiny and must adhere by strict calling and messaging regulations relating to consent, recordkeeping, interstate calling concerns, conflicting state and federal law, and ad hoc state-based regulatory landscape; many industry players may not also be familiar with or aware of the TCPA. Therefore, CRM providers, with their wealth of industry expertise, would be critical to the new cannabis industry operators.

Overall, the CRM industry experienced healthy consolidation activities in Q2 2021. We will continue to see the trend continues, with more companies leverage joint resources to improve their technological platforms and expand into new markets such as cannabis. CAS observes that leading CRM providers would leverage automation such as IVR, IVA, AI, and omnichannel capabilities to streamline customer experience and improve their services, similar to other tech-enabled business service industries.

CRM Spotlight

Company	Overview	Insights
benemen Part of enreach	Founded in 2007 in Helsinki, Finland, Benemen is a provider of customer experience and enterprise communications management software. The company leverages data-driven voice services to facilitate call center optimization, customer experience services, and sales management within its proprietary product Benevoice. BeneVoice is designed to support and complete contact center and omnichannel type multichannel customer service while ensuring data privacy, security and access controls are managed with various measures.	May 17, 2021, Benemen was acquired by Enreach. The acquisition was part of Enreach's expansion plan to new markets in the Nordic and to target higher-end mid-market and enterprise customers. Benemen brings significant added value to Enreach's unified communications-as-a-service ('UCaaS') and contact centre-as-a-service ('CCaaS') solutions with off-the-shelf integrations to key ecosystem players such as Salesforce and Microsoft. Its cloud-based communication solutions include fully native fixed-mobile integration which is enabled by Benemen being a mobile virtual network operator (MVNO) in its key markets of Finland, Sweden and Poland.
LIVEVOX	Created by two communication and healthcare revenue cycle veterans, LiveVox (NASDAQ: LVOX) unites omnichannel capabilities, CRM, artificial intelligence, and workflow optimization into one innovative contact center solution. The company's secure cloud-based platform minimizes friction in customer experiences with its AI-enabled LiveVox bot, CRM, and WFO capabilities. In addition, the platform mitigates risks with embedded compliance controls including CTIA, CAN-SPAM, CFPB, PCI.	June 21, 2021, LiveVox went public via a SPAC called Crescent Acquisition Corp. With this IPO, the company plans to utilize the additional capital, which is worth approximately $123 million, to boost workforce by 40% and increase investments in sales and marketing. Prior, the company grew via partnership with REPAY as well as acquisition with its purchases of SpeechIQ and Teckst.
CANNASOFT	BYND Cannasoft CRM ("Beyond Solutions") (CSE: BYND) is a provider of CRM technology for small- and medium-sized to optimize sales, workforce, and asset management as well as contact center operations. Although the company's client portfolio is well-diversified in a range of industries including insurance, healthcare, and IT, Beyond Solutions aims to become the leading provider of CRM systems to the medical cannabis industry with its designated platform.	July 5, 2021, Beyond Solutions announced its private placement of 2,000,000 common shares at an issue price of $0.92 per share. The company will be utilizing the additional capital raised to finance the construction of its proposed cannabis farm in Israel and for general working capital purposes.

Revenue Cycle Management (RCM)

CAS witnesses the RCM industry undergo extensive technology enablement to resist pressing margins, improve staff education and adapt to patients' everchanging preferences.

In the first half of 2021, the coronavirus pandemic had spurred fewer mergers and acquisitions within the Healthcare RCM industry; however, what the M&A activity lacked in volumes, it made up for in magnitude. The deal sizes were larger than average, according to a study from Kaufman Haul. In Q2 2021, a noteworthy transaction is R1 RCM's acquisition of venture capital-backed VisitPay for $300 million. CAS also witnessed a recurring trend of "soft" consolidation in Medicare ACOs, in which practices are not formally acquired by a healthcare system. Although these softer consolidation strategies are permissible under federal antitrust laws, a study out of Harvard University indicated that these arrangements may also be inflating prices for patients, as compared to what happens after the more formal healthcare M&A deals. Next to consolidation activity, COVID-19 and healthcare consumerism also have a long-lasting impact on hospitals' and healthcare systems' operations and technology. As a result, Healthcare RCM calls for the accelerated implementation of technology such as interactive voice response, artificial intelligence (AI), and visual experience for heightened customer experience and convenience in payment.

With the wake of new initiatives such as hospital price transparency and patient financial responsibility, hospital and healthcare systems face immense pressure to revamp their financial experience and patient collections strategies. Consumers require companies to have revenue cycle strategies that mirror their growing sophistication. To do so, successful RCM companies must gain acute visibility into data, learn consumer payment patterns, and acquire a thorough understanding of patients' demands and hardships. According to a new research from the Kaiser Family Foundation, patients are owing more out-of-pocket for their healthcare expenses than ever: New data from the study indicates that the burden of deductibles across all covered workers had increased by 111 percent in 2020. This abrupt increase in deductibles was triggered by a spike in both the number of workers enrolled in plans with deductibles and the average deductible amounts. This sets the challenge for RCM to maintain quality of service while consuming higher volumes of patients.

Secondly, RCM automation no longer is a nice-to-have capability but instead has grown to be expected by patients, especially in healthcare systems with convoluted data, regulations, and claim denials. While the need for technology implementation is there, many RCM companies are struggling to elevate their platforms while maintaining accuracy in account management. The challenge only intensifies for traditional center specialists who struggle to handle the heightened call volumes. Healthcare revenue cycle still succumbs under manual management, especially in claims management and follow-ups. Patients deem traditional collection strategies to be archaic and dated as they seek modernized bill options to pay their providers. As a result, identifying methodologies for patients to self-pay their balances in ways that match their preferences would not only improve cash flows but also raise satisfaction ratings. For patients who prefer the option to call in, leading RCM platforms have leveraged automation, such as interactive voice response (IVR), to streamline customer service experience. For those who prefer to pay online, establishing a centralized digital portal with electronic consolidated statements have grown to become the new industry standard.

Additionally, revenue cycle systems must also keep up with the upward trajectory of claim denials from payers, which was further accelerated by the recent pandemic. An analysis by Change Healthcare reported the average rate has increased by 23 percent in 2020 compared to the rate from four years ago. According to a recent report by AHA, claim denials not only negate hospitals' revenues but also erode quality and accessibility of patient care. However, the good news for RCM companies that a significant percentage of claim denials could be preventable with strategies such as staff education and automation such as artificial intelligence (AI). Research has shown that AI empowers the human decision-making process, allows technology to take over redundant tasks, and allow healthcare staff to foster patient relationships. A study by Phillips indicates that AI would soon supplant telehealth to become the most sought-after investment priority as optimization of accounts receivable management is now one of the strongest use cases for innovative AI solutions. By leveraging AI, RCM automation can identify and direct account follow-up while tracking patient payment patterns to maximize revenue recovery success. According to another survey by KLAS and the Center for Connected Medicine, the most quintessential technologies in revenue cycle management improvement are AI, predictive analytics, chatbots, and automation.

Although leveraging automation is necessary, it does not mean RCM companies do not face challenges in implementation. Firms must be cognizant of increased cyber security risks. In fact, healthcare is the hardest-hit sector by the dollar amount when it comes to data vulnerabilities. According to IBM's latest *Cost of a Data Breach* report, these cyber weaknesses cost the healthcare industry $7.13 million annually. Moreover, in implementing artificial intelligence, there are increasing concerns over patient privacy protection. It is common knowledge that healthcare data is highly coveted, especially for AI companies. However, many of these technology firms do not seem to mind disregarding code of ethics to acquire patient information. As a result, RCM systems would need to be vigilant in protecting patient privacy so as to adhere to HIPAA regulations. The second challenge that healthcare faces in leveraging automation is the high upfront cost, especially as low margins continue to beleaguer hospitals' revenues. A study by Kaufman Hall reported that the median operating margin has fallen to a slow as 1.4 percent because of the recent pandemic. Looking forward, Kaufman Hall projects hospital margins to decrease as much as 80 percent and revenues down as much as $122 billion compared to pre-pandemic levels as hospitals continue to feel the dire repercussions of COVID-19.

In a major win for hospitals, CMS is pitching a mandate that would abandon a plan that requires hospitals to disclose certain negotiated rates it reaches with Medicare Advantage organizations. The rule would also update some data collection requirements for hospitals, adjust quality metrics collected and changes regarding COVID-19. On another news, HHS secretary Xavier Becerra also sent on a letter reminding healthcare providers and insurers that coronavirus vaccinations and tests must be free of charge for patients. The agency requires group health plans and health insurers to cover coronavirus diagnostic tests without cost-sharing, and that those who fail to comply may be reported to state insurance departments or to CMS for possible enforcement action. Healthcare RCM industry should also anticipate surprise billing and consumer collection laws. Soon, new federal law would alter the way consumers are billed for emergency care and being treated by out-of-network providers when they are within in-network facilities. As a result, it is critical that healthcare organizations ensured their debt collection partners and practices align with the upcoming regulations. The most recent Consumer Financial Protection Bureau (CFPB) rule, effective Oct. 1, 2021, would dictate new rules for electronic communications with consumer, which would impact digital medical debt collection strategies: "The final rule, among other things, clarifies the information that a debt collector must provide to a consumer at the outset of debt collection communications and provides a model notice containing such information, prohibits debt collectors from bringing or threatening to bring a legal action against a consumer to collect a time-barred debt, and requires debt collectors to take certain actions before furnishing information about a consumer's debt to a consumer reporting agency." Additionally, although lawmakers have been focused on passing a law to prevent surprise billing, organizations should still prepare for unexpected legislation.

Overall, Healthcare RCM is undergoing an exciting evolution with extensive technology enablement in an everchanging regulatory and political environment. Successful revenue cycle systems

RCM (Continued)

would be ones who embrace automation, improve staff education, and adapt swiftly to patient preferences to become true patient-centric platforms.

RCM Spotlight

Company	Overview	Insights
AKASA	Leveraging artificial intelligence, AKASA simplifies revenue cycle management in healthcare with its Unified Automation™, which is a flexible AI-based solution that automates complex operational tasks, and Trust & Security solutions. The platform promises hospitals and healthcare systems no disruption to their staff and easy integration of the RCM system. The company boasts a powerful executive team of healthcare RCM industry experts and AI entrepreneurs from Google, Andreseen Horowitz, Stanford, and IBM.	March 23, 2021, AKASA secured $60 million from its Series B capital raise with renown venture capital firm Andreseen Horowitz, along with participation from Bond and Costanoa Ventures. Previously, the company had raised $20 million also with Andreseen Horowitz and Costanoa Ventures, along with participation from Jim Momtazee.
HEALTH GORILLA	Founded in Silicon Valley, Health Gorilla is a leader in clinical data application programming interface (API). The company provides secure interoperability solution that enables the entire health care ecosystem – patients, payers, providers, digital health solutions, and labs – to seamlessly share health data and aggregate each patient's entire clinical history in one place. With enterprise-grade patient identity matching, an unparalleled patient index, and best-in-class security, the Health Gorilla network makes it easy for providers to pull their patient's information from any other clinical records system.	In Q1 2021, Health Gorilla announced its Series B capital raise worth $15 million. The financing round was led by IA Capital and Nationwide. The additional capital was said to be used in the acceleration of its expansion into new business verticals, including insurance, life sciences, and government organizations, and to introduce new APIs for medical record access, payer-to-payer data sharing, and data quality assessments.
SUNWAVE	Sunwave Health is a unified platform that allows healthcare organizations to operate across its integrated Customer Relationship Management, Electronic Medical Records, Revenue Cycle Management, and Alumni Management solutions. The company specializes in providing full-suite RCM solutions that Substance Abuse Treatment centers to manage their CRM, EMR. HR, and Billing operations in one platform.	Jan 1, 2021, Sunwave raised an undisclosed amount via its Series B with Level Equity Management. Prior, the company raised $6 million from Blueprint Equity during Series A.

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FinTech and Debt Settlement

While FinTech experiences revolutionary shifts with the decentralization of finance, the Debt Settlement industry proves its resilience against the downward pressure from lawmakers and regulators who threaten to suppress its growth.

FinTech & FinTech Lending

Many of us may remember the notorious GameStop trading scandal, in which a Reddit subsidiary thread WallStreetBets short-squeezed several hedge funds in Q1 2021. The incident not only lost these funds billions worth of dollars, but also exposed the centralization on stock trading, as almost all brokerages paused trading on the GameStop stock, allegedly due to downward pressure from Wall Street. Former hedge fund manager and CEO of Galaxy Digital, Mike Novogratz said, "In a decentralized trading market, no one would have that power." Many people share the same notion as Novogratz as they believe that traditional banks are failing to provide trustworthy, accessible, and transparent financial systems. As a result, decentralized finance, or DeFi, is growing in popularity and is becoming the next big thing in FinTech.

With DeFi, anyone and everyone in the world can borrow, lend, send, and trade assets using digital wallets without having to go through intermediaries such as banks, brokerages, and institutional lenders. Essentially, DeFi is an ecosystem of products and services that were enabled by smart blockchain contracts, which execute autonomously when set conditions are met. As a result, transactions could be executed without the traditional middlemen while boasting superior transparency and automation. Users could either conduct rudimentary financial tasks like peer-to-peer borrowing and lending, or even trade unorthodox derivatives, crypto assets, and leverage unusual forms of insurance. There are also extensive opportunities for profits as DeFi relieve users of the transaction fees and regulations that accompany traditional financial intermediaries.

Beyond their transparency, DeFi also offers many benefits to users with their low barriers to entry, rigorous risk assessment, and modern infrastructure. The Ethereum-based applications are "permissionless" and share the same database, which in turn allows users to "fork" (or copy and adapt) code bases. Therefore, end consumers are the ones who enjoy the most benefits as DeFi projects must face fierce competition among each other on fees and user experience. The process of innovation is also highly accelerated in a decentralized system. For example, during the development of "exchange aggregator" applications, app builders accessed multiple liquidity venues, split orders across myriad platforms; as a result, they were able to provide users with the optimal exchange rate in just a few months, a process that would have taken traditional systems and formal regulation years to complete. Next, decentralized financial system foster transparent accounting and rigorous risk assessment. Platforms mimic the model of repurchase agreements and allow users to enter secure peer-to-peer lending arrangements, where they can verify the quality, accuracy, and leverage of a collateral portfolio at any time. This means that services under DeFi is almost always under high scrutiny by its users. Thirdly, the modern infrastructure of DeFi systems enable superior accessibility: Settlement could be autonomous, transaction fees would be minimal, and the financial system would operate 24/7.

However, while DeFi systems boast myriad advantageous, many critics still believe that it lacked the practicality for mainstream adoption. For example, the current infrastructure of Ethereum does not yet have the bandwidth for the billions of transactions that occur daily; currently, it is already processing at its maximum capacity of 1.5 million unique transactions per day. However, developers and investors alike are working to develop multiple scaling options, promising to alleviate Ethereum's burden while maintaining its security and decentralization. Second, the crypto ecosystem is limited in geographies and is burdened with skyrocketing transaction fees, along with the currently devastating cost to the environment. The onboarding process of DeFi requires excessive technical acumen for the average user. Additionally, there is also significant regulatory risks as lawmakers

FinTech and Debt Settlement (continued)

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Although DeFi still faces many frictions in its mainstream adoption. However, despite what its skeptics say, the movement is already here and it may be here to stay. Today, Ethereum hosts thousands of transparent and permissionless platforms and supports trillions of dollars of worth of transaction value. The platform also serves as the infrastructure for legacy financial giants and has vastly contributed to cutting edge cryptography research.

Debt Settlement

With improving macroeconomic environment, debt settlement enjoyed a boost in revenue and rising settlement amounts. However, the industry still is under downward pressure from lawmakers and opposing regulations that threaten to stifle its growth.

In Q2 2021, the U.S. economy tread closer to recovery with a declining rate of unemployment, and higher per capita disposable income. Unemployment edged down to 6 percent in March, down considerably from its recent high in April 2020 but is 2.3 percentage points higher than its pre-pandemic level in February 2020. The number of unemployed persons, at 9.7 million, continued to trend down in March but is still 4 million higher than in February 2020. The central bank maintains a relatively muted forecast for lower unemployment rate this year despite very strong economic rebound. However, the participation rate, or the total number of people or individuals who are currently employed or in search of a job, is expanding. The labor force participation rate edged up to a 3-month high of 61.5 percent. Fed Chair Jerome Powell describes the participation rate expanding and the unemployment rate holding up as a "highly desirable outcome," since that means people are reentering the labor force steadily and not risking the economy overheating. Treasury yield on the 10-year note stood at 1.74% by the end of March 2021. Upon positive private payroll data, the yield on the benchmark 10-year Treasury note dipped to its current rate of 1.58%. The yield on the 30-year Treasury bond was flat at 2.26%. According to IBISWorld, per capita disposable income in the U.S. is projected to increase to $48,982 by the end of 2021. The disposable income of Americans rose by 67%, compounded annually, during the first quarter of 2021—the largest such jump ever recorded. This happened thanks to the pandemic relief bills passed in December and March, which disbursed relief payments and topped up unemployment benefits. Economists estimate households have accumulated at least $2 trillion in excess savings during the pandemic. Overall, the lockdown order has not left a significant impact on the disposable income of households.

More importantly, there was a significant increase in the total debt balance, which signals positivity for debt settlement operators. Aggregate household debt stands at $14.56 trillion at the end of Q4 2020, which is $414 billion higher than 2019. Mortgage debt reached a record high of $1.2 trillion. On the flip side, a historical low of 30,000 individuals having a new foreclosure notation added to their credit reports in the second half of 2020 – the lowest documented due to the CARES-provisioned moratorium. Credit card debt decreased by $108 billion to $820 billion at the end of 2020, stemming from the weakened consumer spending and paydowns by cardholders. Auto loan

FinTech and Debt Settlement (continued)

balances increased to $1.37 trillion. Outstanding student loan debt stood at $1.56 trillion. About 6.5% of aggregate student debt was 90+ days delinquent or in default at the end of 2020. The lower level of student debt delinquency reflects a Department of Education decision to report current status on loans eligible for CARES Act forbearances. Delinquency rates by product continued to decline, and new transitions into early delinquency declined across the board, continuing to reflect the various borrower assistance programs available. The share of student loans that transitioned to delinquency continue to fall, as the majority of outstanding federal student loans are covered by CARES Act administrative forbearances. With federally-backed mortgages also eligible for forbearances, the share of mortgages that transitioned into delinquency fell to 2% in the fourth quarter, down one and a half percentage points since the fourth quarter of 2019. Auto loans and credit cards also showed continued declines in their delinquency transition rates, reflecting the impact of government stimulus programs and bank- offered forbearance options for troubled borrowers.

Data from the CDC also shows that the number of new daily cases is declining steadily since February 2021. As of now, 58.7% of adults are vaccinated with at least one dose. This concludes a successful vaccine rollout, and the economy is primed for a full reopening. Current-dollar personal income decreased by $339.7 billion in the last quarter of 2020. This decrease was more than accounted for by decreases in personal current transfer receipts and proprietors' income that were partly offset by increases in compensation and personal income receipts on assets. In March 2021, U.S. personal income skyrocketed, increasing by 21.1% and signaling a return to the "new normal" for the economy.

From the regulatory front, the debt settlement industry is under upward pressure from lawmakers with introduction of bills and potential cancellation of student loans. Recent bills have made material impacts on debt settlement as well as the valuations of industry operators. First, the introduction of Assembly Bill No. 1405, which would have enforced a fee cap for debt settlement in California, threatened to suppress profit margin of companies in the state. Fortunately, the Consumer Debt Relief Initiative (CDRI) successfully persuaded the sponsor of the bill to accept their amendment and removed the referral fee. According to our source, the organization was able to make four amendments to the original bill before it moved in front of Senate, which protected the debt settlement industry from the most impactful detriments. However, in North Carolina, the House Bill 76 had recently passed. The regulation would potentially incinerate the right to choose debt settlement from residents in this state. Secondly, the industry also anticipates a portion of student debt to be removed as advocates for student loan borrowers continue to press the Biden administration for nationwide education debt cancellation. The administration announced that Education Secretary Miguel Cardona will be exploring potential legal authorities that could be the basis for widespread student loan forgiveness, implemented through executive action. The Department of Education will review possible legal avenues for student loan forgiveness using executive authority. In the meantime, most federal student loan payments, interest, and collections efforts have been temporarily halted under the CARES Act until September 30, 2021.

Despite pressure from policymakers and impacts from the coronavirus crisis, the debt settlement industry still proved to be highly resilient. Industry organizations have made significant strides to lobby and advocate for the health of debt settlement operators. CAS will continue to monitor material shifts in the regulatory and macroeconomic environment, as well as provide strategic advisory to foster growth for companies in the industry.

FinTech and Debt Settlement Spotlight

Company	Overview	Insights
Celsius	Founded in 2017, Celsius (CRYPTO: CEL) is a British Blockchain-based marketplace platform that enables members to gain access to unorthodox financial services. The company specializes in the fields of consumer lending, fintech, and financial services. With a goal of disrupting the traditional finance industry, the company offers curated services that have been long abandoned by big banks, including but not limited to fair interest, zero fees, and instant transactions.	One of the revenue streams developed by Celsius Network is the company's crypto mining operations. According to an early June announcement, the company invested $200 million in North American Bitcoin mining firms Core Scientific, Rhodium Enterprises, and Luxor Technologies, and its CEO would redistribute the profits made from this investment to the customers that deposited their funds on the platform. The crypto lender aims to become one of the largest United States investors in cryptocurrency mining enterprises.
PEERIQ a cross river company	PeerIQ is a New York-based financial information services company that is creating tools to analyze, access, and manage risk in the peer-to-peer lending sector. The platform pools detailed loan data to provide authoritative, independent analytics and benchmarks that institutional clients can use to price instruments, value loan portfolios, develop investment views, and manage risk. PeerIQ aims to strengthen the P2P sector by increasing transparency, enabling efficient risk management, and providing analytics that support better investment decision-making.	June 23, 2021, Cross River Bank acquired PeerIQ for an undisclosed amount. The peer-to-peer lending system has partnered with the bank for over two years and agreed to merge after seeing potential synergies. Prior, PeerIQ raised $12 million in Series A from Hearst's Financial Venture Fund and four other investors.
kiva	Based in San Francisco, Kiva is an international non-profit organization that specializes in providing microloans to entrepreneurs in emerging economies. Over its sixteen years in operations, Kiva has crowdfunded over $1.6 billion in transaction dollars via microloans to over 4 million company founders in 86 countries.	June 2021, ARM operator Cedar teamed up with Kiva through its nonprofit arm NewBoCo. The partnership would create a statewide program called Kiva Iowa, which aims to help underserved entrepreneurs and small business owners in the state gain access to much-needed capital.

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INDUSTRY INSIGHTS

Building Scalable Sales Operations

By Jason Cutter, CEO of Cutter Consulting Group

The process of building scalable sales operations can be equated to the iceberg concept. In sales, the tip of the iceberg is the closed deal. All the systems below the surface, including technology support, marketing, sales operations, leadership, and team development, contribute to the closed sale. It is possible to close a sale without all these elements, but these pieces all fit together for scalability to be consistently successful.

Looking at the big picture, building scalable sales operations is creating something that's going to achieve reliable results where some amount of input will equal some amount of expected output. A successful scalable operation should be consistent, predictable, and capable of growth to reach the target goal. The key is having a system that supports your salespeople in doing what they are there to do—have conversations with prospective clients that lead to a profitable level of closed sales. Their focus should be on moving prospects forward. Your focus as their leader is to put everything you can in place that facilitates their success.

Recipe for Success

Key ingredients for successful scalable sales operations are consistency, predictability, and having systems and processes in place. A scalable system has a good CRM and system in place, and anything in it that can be automated should be. By creating this system, it allows the salesperson to focus on their one highest best use—conversations with other people and closing the deal. The salesperson takes on the consultative advisor role no matter what they are selling, and they provide the knowledge and wisdom the customer needs. Most of the time, salespeople are hired without any or very little training and they end up distracted or they procrastinate with other tasks. It takes them away from their focus—conversations with other people.

Once scalable sales operations are built, continual motivation is necessary. To successfully motivate your sales team, you need to avoid extrinsic motivators. In sales, it's avoiding the carrot and the stick approach. The carrot is the bribe, and the stick is the consequence. The trouble with the carrot and the stick is people get desensitized to it and unmotivated. With the carrot, when offering a salesperson a certain amount of money today to close a deal and then trying to offer the same amount the following day, it's not going to work. With the stick, the ultimate consequence is terminating people, which results in an empty sales team. The better alternative approach is using intrinsic motivators. Identify what people want for themselves, why they want to be successful in sales, what are their goals, and what they would put on their vision boards. By using these internal motivators, you are holding them accountable to their goal, not yours, and the action steps they said they want to take to achieve what's important to them.

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Building the Best Sales Team

First, understand what is being sold, to whom it's being sold, and what type of person will be the best fit for selling it. Once that is established, recruitment can begin. In the recruitment process, the goal is to find the best-fit people from an attitude and behavior viewpoint instead of solely based on skill. It's important to find the right people who fit the culture, who are open and willing to learn, and who are teachable. There should be a shift away from hiring rockstars to hiring trainable people. When only looking to hire rockstars, you can never get enough, and it doesn't work. When hiring trainable people, think about the model McDonald's uses. They hire mostly entry-level teenagers, paying them minimum wage to produce a consistent product no matter what McDonald's you go to worldwide. Learning from this, we can McDonaldize the sales team. This means hiring someone who has the right attitude and work ethic and wants to go where the company is going without being a superstar. You can plug them into your system, and you know you're going to get consistent results on the backend in a matter of time.

For a successful sales team, you want to build a good onboarding training program and then focus on continuous education, mentorship, and coaching. The best way to establish a sales team is to treat it how a professional sports team treats their athletes. Athletes have time when they are on the field, receiving coaching and training, and preparing for the next game. Whereas, salespeople are usually thrown into the big game without any preparation. In this model, there's a large turnover rate and high cost per acquisition, and it's a painful process. To build the best sales team, the right people need to be hired, the right onboarding and continuous training process must be in place, and coaches and mentors must be involved; otherwise, it will not work.

The Pandemic Impact

The pandemic has been an invaluable way to show companies whether or not they have built a scalable system. In the traditional management model of sales teams, everyone is in the office with a manager walking around motivating and energizing the team. The working remotely model does not provide these tools that salespeople are used to. When a scalable team is in place, everyone can go remote because, again, you're motivating people based on their intrinsic reasons instead of the carrot and the stick approach. When scalable systems are in place, management can hold their sales team accountable, have oversight, and know that everyone is producing what they're supposed to be producing. If not, systems are in place for holding people accountable and getting them back on track.

The hybrid model where part of the team is remote, and part of the team is in the office is the most challenging. The people working from home do not receive the tips, best practices, and ideas that are shared in the office. In the hybrid world, companies must be ultra-intentional to keep everyone on the same page, communicate, and ensure nobody is left out of the conversations occurring.

Jason is the founder of Cutter Consulting Group, a sales operations-focused advisory, consulting, and training firm, author of Selling With Authentic Persuasion: Transform from Order Taker to Quota Breaker, and the A Sales Consultant's Guide To: series, and host of the Authentic Persuasion Podcast. With a degree in Marine Biology, years of experience tagging sharks, then time spent at Microsoft on the tech support team, Jason did not really know what he wanted to do with his life. Then he fell into sales at 27 years old, following the path of so many people - no plans on being in sales, no training, no coaching, no real leadership. After 18 years he has seen so many sales teams struggle across various industries and has made it his mission to empower over 1 million people to become AUTHENTIC PERSUADERS.

White Paper:
Automation is Key to Collections Success

Telrock
ENABLING BETTER INTERACTIONS

Collections Operations everywhere now need to substantially increase their level of collections automation. Why? Because the cost of collections is at an all-time high for both 1st and 3rd party collections entities. If you are a collection agency, the situation may be even more dire given higher collection costs are making profit margins razor- thin. The situation is not expected to get any better in the near term given employee wages are on the rise, and new regulatory requirements are coming forward that are sure to impact collections costs. Also, there is an increase in collections volume expected later this year after COVID-19 virus-related financial relief programs are discontinued.

It is important to note that during the pandemic, many collections operations added a lot more manual processes to an already overburden amount. The general thinking has always been that going "manual" was a quick and simple way to remedy a given collection situation. Unfortunately, these one-off manual processes or actions have quietly accumulated into an inordinate amount. These manual efforts - when viewed individually - are generally innocuous endeavors and entail minimal human effort. However, when taken in the aggregate, they collectively represent a major labor drain, as well as a drag on efficiency, and a substantial impact on overall operational expense.

Considering the above, raising your level of collections automation is one of the best ways to counter rising collections costs. The results can be immediate and have a dramatic positive impact on the financial bottom line. Not to mention, automation generally enables you to "do more with the same or less" and can help improve overall collections performance and compliance. Therefore, when it comes to upping your level of collections automation, you need to consider two important things: 1) Key Areas of Automation to Focus on, and 2) Collection Software System Automation Capabilities.

Key Areas of Automation to Focus On

Collections and Recovery Workflows
Reduce/remove manual actions within workflows and processes. Especially regarding "special handling" workflows that tend to entail a large amount of manual effort (disputes, repossessions, bankruptcy, deceased, legal). Also, seamlessly integrate workflows to enable the easy movement of accounts and information between workflows automatically.

Agent Desktop Activities
Minimize the number of agent keyboard strokes and mouse clicks by automating more of the agent's workload. This includes certain activities such as data entry, information lookups, agent "next steps", taking payments, and setting up payment plans. Additionally, creating and sending customer follow-up communication and documents (letters, emails, texts, billing statements), and viewing prior collection actions are all agent activities that can be automated. Lastly, automate agent commission/bonus tracking that is done manually by agents working in outdated collections software.

Data Transmission / Integration Points
Automate the process of receiving and sending data files associated with new delinquent account

onboarding, host system updates, and with external data/service providers (data scrubs/appends, letters, and other 3rd party collections related services). Also, where possible, establish real-time integration between the collection system and other platforms/applications using modern APIs that provide a more timely and frictionless exchange of information (PSPs, dialers, digital channel messaging).

Reporting / Tracking / Monitoring
Establish automated data extraction programs periodically throughout the day to support more automated report generation for timely insights and analysis. Automate manual monitoring, tracking activities, and associated manual alerts/notifications (broken promise, NSF, missed due date, bankruptcy/deceased, repossession, consent status).

Compliance
Remove desktop compliance sticky notes, and collection rules cheat sheets to establish automated rules policies and/or guidelines that systematically drive agent compliance requirements and screen pop-ups for each account.

Customer Contact / Engagement
Automate digital outbound/inbound messages (1 & 2-way SMS messages and emails) within workflows and at the agent’s desktop. Integrate and automate communication channel control and orchestration previously performed manually by agents and communication system managers. Automate efforts to count, track, and manage all contacts and consent.

Agentless Collections
Establish a highly interactive consumer self-serve collections portal that automatically provides the consumer with information about their delinquent account, repayment options, and associated documentation. Enable debtors to easily drive their debt repayment or settlement plan with the same options and parameters offered by agents. Leverage interactive Chatbots to automatically guide and interact with customers to provide initial collection assistance via chat windows.

Collection System Automation Capabilities

A key factor when it comes to raising your level of collection automation is the automation capabilities of your collections software system. While all collections software systems offer some level of automation, the degree and ease of automation that they can provide varies widely. It is a function of the collections software system’s underlying technology and designs that dictate the degree of automation. Many legacy systems with outmoded technology are not likely to have the requisite features and functions needed for the higher levels of automation most collections operations will need going forward. In these situations, collection operations often go the custom development route, which has its benefits and risks. The drawbacks are cost, development time - and most importantly - the risk of the custom work falling short of the expected automation capability.

In order to move to a higher level of automation, collection systems should have several key features and functions that are generally found in more modern collections software systems, such as:

- System-wide Interoperability (throughout and across collections and recovery capabilities)
- Robust Centralized Strategy / Rules Engine
- Broad DIY System Configurability
- Omni-Channel Integrated Communications
- Embedded Digital Channel Communications
- Seamless Integration with other Platforms, Applications, Vendors, and Service Providers

- Real Time Processing / Updating
- Highly Flexible & Extensible Database
- Customer Centric Collections Enabled
- Interactive Consumer Self-Assist Collections Portal
- Advanced Analytics and Decisioning Tools (Machine Learning / AI) Compatible

Note that certain legacy collections systems may be able to support a higher level of automation, but it could also require time, resources, and costs that can be restrictive. Therefore, it is always important to weigh the effort and cost to automate a specific process or activity against its expected benefit, as well as its broader impact on moving to a higher level of automation. Just remember when doing this time, resources, and cost-to-benefit analysis that you do not fall into the trap of being "penny-wise and pound-foolish"...or you may end up in the manual process nightmare you were intending to leave behind.

Conclusion

Collection costs are at an all-time high and increasing. At the same time, the number of manual collections activities in place and being added is exceedingly high and more than leadership may realize. Therefore, the need to up your collections automation game has never been greater and can no longer be "put on the backburner". The situation is only going to get worse with the arrival of additional collections challenges materializing in the near term. The time, resources, and cost to significantly increase your level of automation are tied to the capabilities of your collection system. Older systems are less likely to have what it takes to support higher levels of automation, while modern systems such as Optimus by Telrock, have the requisite capabilities, and more.

Ultimately, there is a cost for moving to higher levels of collection automation - be it a function of enhancing your existing system or moving to a more modern system. In any event, moving to a higher level of collection automation can provide tremendous savings and productivity gains. Going forward, your level of collections automation will be the key to collections success, and for many a necessity for survival.

About the Author

Robert Fite has compiled over 30 years of experience in the credit & collections industry with extensive expertise in decision management software tools, credit data, risk scoring, and collection technology. He has held leadership positions with Experian, Fico, and LexisNexis Risk Solutions, working with hundreds of lenders of all types, sizes, and credit products throughout North America. He can be reached at rob.fite@telrock.com or found on LinkedIn at www.linkedin.com/in/robert-fite- 3003494.

About Telrock

This article has been brought to you by Telrock, a global technology provider of modern cloud-based collections software built new from the ground-up for creditors and 3rd party consumer collections organizations. Telrock leverages open-sourced technology, powerful cloud computing, and more intelligent designs to provide the broadest and richest set of Software-as-a-Service (SaaS) capabilities. We deliver and support our solutions in North America from our Atlanta, USA office and in Europe, Middle East, and Africa (EMEA) from our London, UK office.

Telrock's key solution serving the collections market is Optimus, a modern cloud-based collections software platform that offers advanced capabilities, enhanced compliance, higher performance and delivered as a SaaS solution.

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