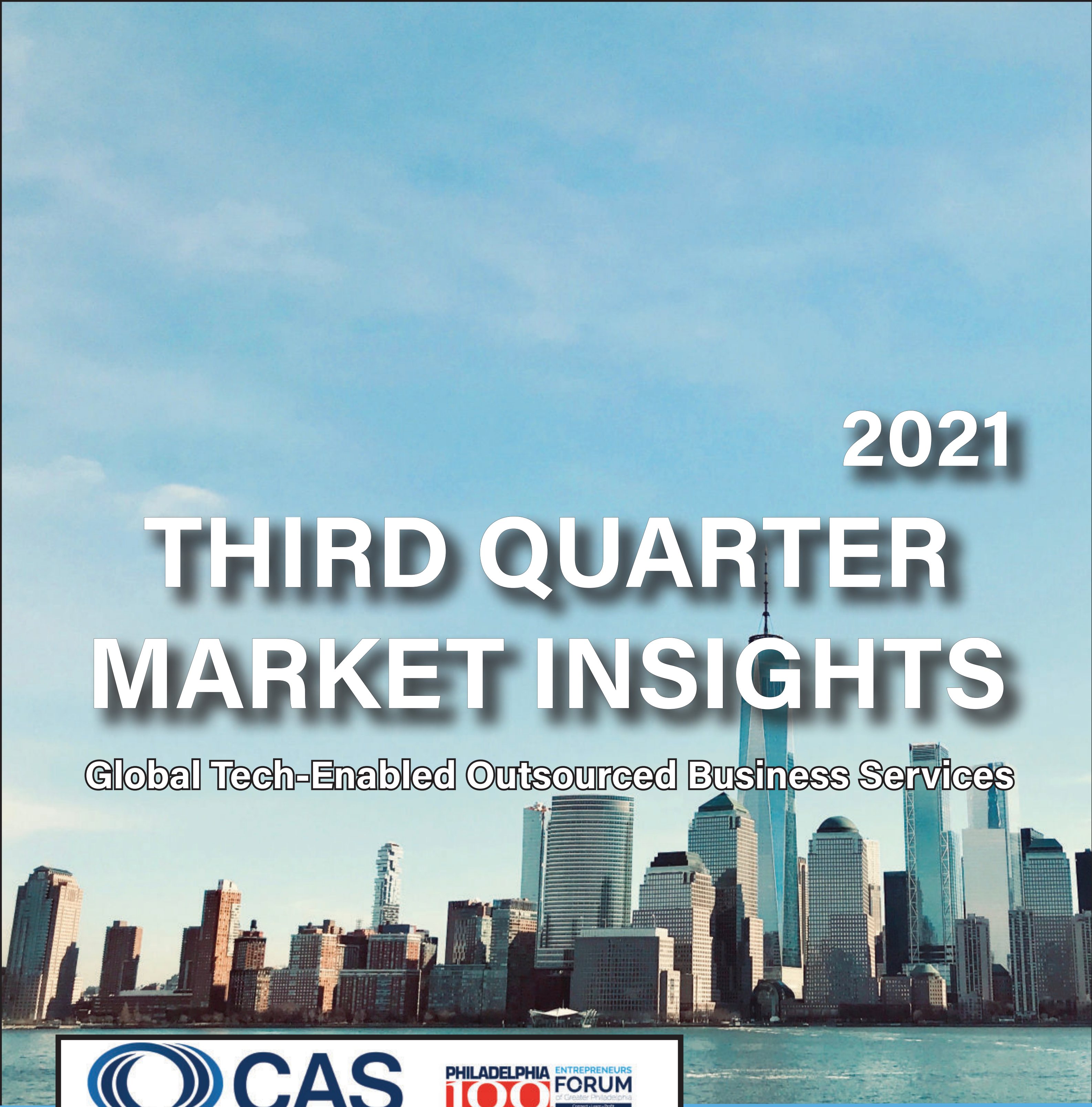

2021 THIRD QUARTER MARKET INSIGHTS

Global Tech-Enabled Outsourced Business Services

CAS
Corporate Advisory Solutions
INTEGRITY, CONFIDENTIALITY, EXPERIENCE

PHILADELPHIA 100 ENTREPRENEURS FORUM of Greater Philadelphia
2020 WINNER

corpadvisorysolutions.com

2021 Third Quarter Market Insights

Contents

CAS
Corporate Advisory Solutions

A WELCOME MESSAGE

FROM MARK RUSSELL

Hi everyone,

Welcome to CAS' Q3 newsletter! This quarter our clients and contacts have been busy working to get into compliance with Regulation F, which is scheduled to begin on November 30th. While this has created some stress and anxiety both internally as well as with clients, it has also further enhanced certain relationships between clients and vendors most notably within the Healthcare market.

CAS Managing Partner Michael Lamm attended the October Commercial Collection Agencies of America conference in Florida and will be representing CAS speaking at the ACA Conference in Chicago, IL on November 5th.

The Huntstein case continues to generate legal activity for certain tech-enabled Outsourced Business Services (OBS) constituents, to modify their role in using data to communicate with consumers. Some companies have decided to internalize their letter distribution processes, while others have continued business as usual.

From an M&A perspective, deal activity declined roughly 30% from Q2 to Q3, which was not a big surprise given how active the market was in the first half of the year. Deal value increased due to a couple of large transactions closing in the CRM sector. Please check out our sector write up for further details. Buyers and sellers remain interested in doing deals, and are keeping tabs on discussions pertaining to tax rate changes that may go into effect later this year or next year.

Based on our interactions with clients and contacts within the OBS sector, this year so far has produced mixed results in terms of financial performance as well as growth opportunities. We have seen decent to strong performance within financial services and related markets, particularly with regard to legal servicing activity, while healthcare and certain niche markets like property management have under-performed either due to a decline in placements or challenges associated with liquidations generated by market conditions and/or labor shortages. We are active in the market and sellers/buyers are trying to close deals by year-end.

With that said, we anticipate the rest of this year to remain relatively stable compared to Q3. As always, we are looking forward to keeping in touch with you and are available to confidentially discuss your business interests.

Sincerely,

Mark Russell
Managing Partner
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E-mail: mrussell@corpadvisorysolutions.com
LinkedIn

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

How to Boost Your Profit Margins

• A panel of leading executives from across the ARM industry will share their tips to help their peers and colleagues boost their profit margins.

• Watch the webinar here!

The Talk Off

• Michael Lamm and Mike Gibb talk with a industry professionals discussing news and changes in ARM.

• Watch the webinar here!

Investment Banking Deal Making in 2021: Using Technology and Relationships

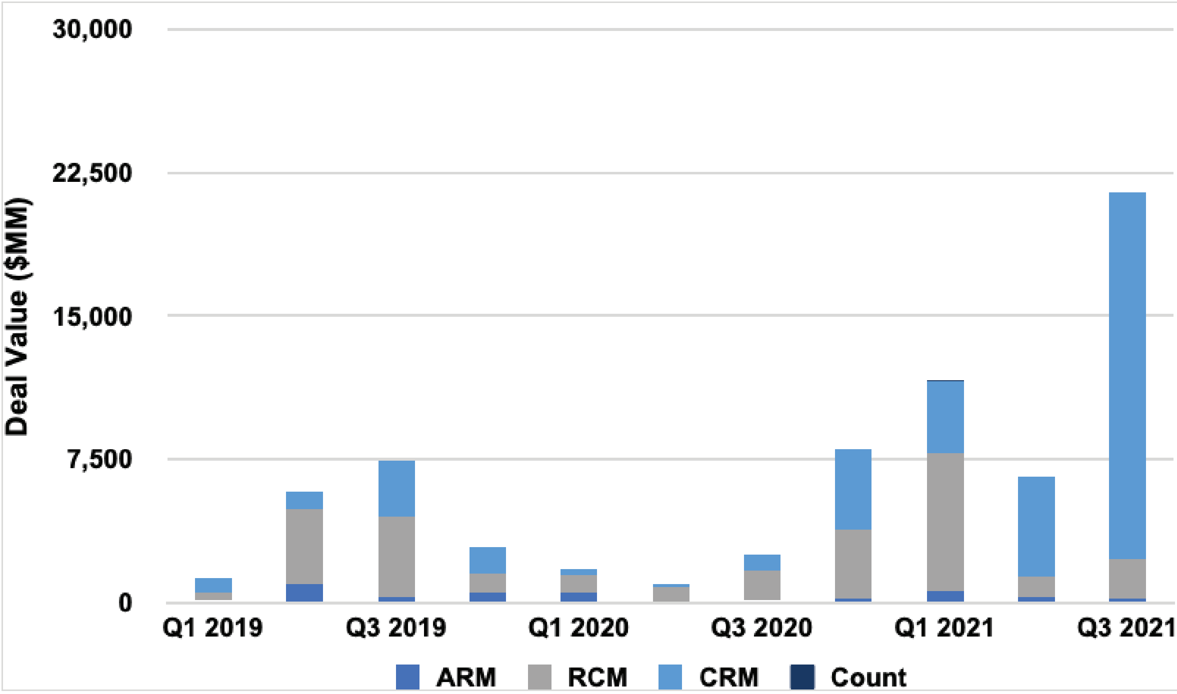
• Join Michael Lamm as he discusses their shift in operations and leveraged technology to adapt to these market changes, win more mandates, and utilize relationships to shape opportunities.

• Watch the webinar here!

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

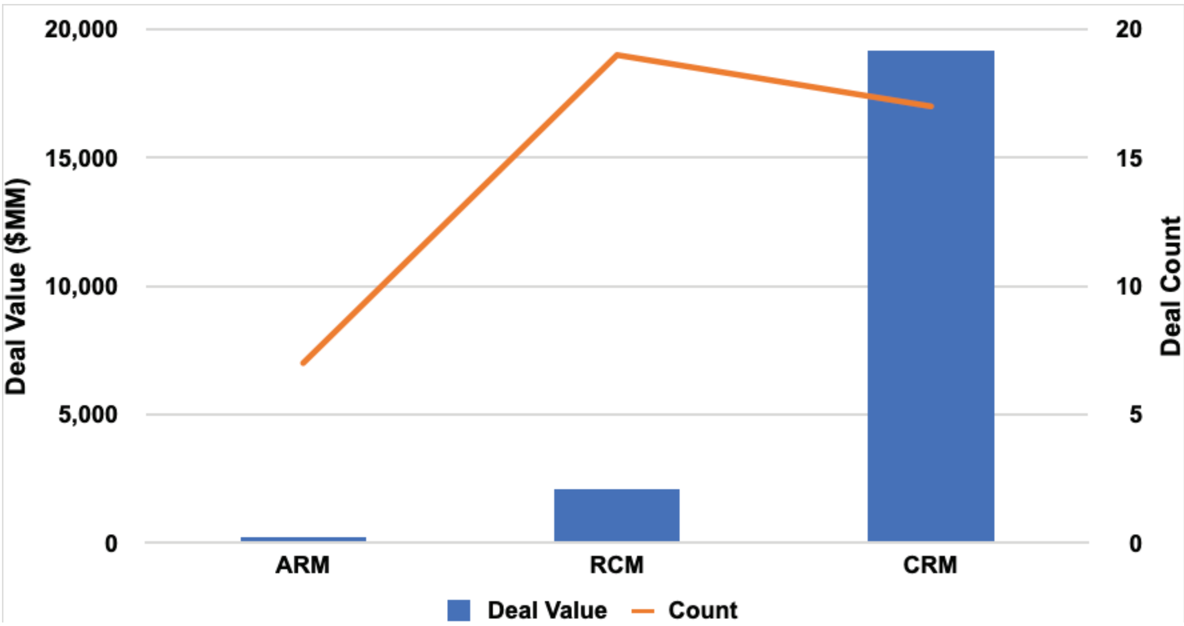
• Watch the webinar here!

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.

CAS Corporate Advisory Solutions

Accounts Receivable Management (ARM)

Regulation F is coming!

In Q3 2021, CAS witnessed ARM players dedicate a significant amount of time and resources to prepare for the implementation of Regulation F on November 30, 2021. This is a massive regulatory overhaul that will have reverberations across the industry (and be discussed in this newsletter) for quarters to come.

To start, one of the largest announcements of Q3 is the CFPB announcing the implementation of Regulation F on November 30th. This regulation addresses communication in connection with debt collectors and lists prohibitions on abuse, false representation, or unfair practices in debt collections. With this action going into place, a number of changes are expected to occur, particularly in regard to how companies collect payment and their efficiency. The first is the importance of inbound calling and capitalizing on their chance to collect payment. Many companies can use their existing technology with outbound communication efforts (i.e., text and email communication tools) and translate it to an inbound communication stream. One of the initial ways companies may do this is by identifying the caller before and connecting them straight to an agent rather than an interactive voice response. As a result, customers can easily resolve their debt with the agents and spend less time on hold.

Another modification that is likely to develop is the idea of valuing consumers' preferences where outreach is concerned. In general, individuals who do not pick up their phones are usually not trying to avoid payments; rather, they do not wish to feel pressured by a phone call. A study performed by Intelligent Contacts shows a higher rate of preference for emails with a link that the recipient can click to pay. McKinsey also led a study with 1,000 delinquent customers and found that compared to digital channels (i.e., text and email), traditional outreach methods (i.e., voice and letter) elicited 18 percent fewer responses with accounts 30 days past due. With increased regulation under Regulation F, companies can focus on prioritizing the means of outreach that best suits their customers, which helps gives companies the highest probability of receiving their payment while reducing the outbound outreach.

In terms of M&A activity, Regulation F could lead to an increase in a company's spending, specifically in the technology and compliance realms. Companies will likely look to invest more capital into their technology solutions in order to comply as well as optimize their outreach strategies. To ensure they are adhering to the new policies, companies might also be more inclined to invest in their compliance and legal teams. CAS expects to see a continuation of consolidation within the ARM industry as the costs become too burdensome for smaller agencies.

Additionally, ARM companies were seeing inflation begin to impact prices of goods/services and liquidation rates. On an annual basis, according to the New York Times, the consumer price index (CPI) rose 5.4% in September from a year ago, mainly driven by supply chain issues. In terms of cash availability, consumers have been in a relatively stable position due to stimulus checks, saving during the pandemic as regular life was put on pause, and Federal Reserve Chair Jerome Powell announcing low-interest rates (below 2 percent for the immediate term). Looking to the future, the Fed indicated that they would raise rates if they saw evidence that the economy is experiencing higher inflation. If interest rates are to increase, consumers may not be willing to take on more debt.

The CFPB issued their analysis, "The Consumer Credit Card Market" in September 2021, which showed that credit card debt declined by more than $100 billion between 2019 and 2020, as cus-

ARM (continued)

tomers paid down their debt. The same analysis from the CFPB illustrated the technology driven communication strategies taken by credit issuers surveyed for the study. In the 2019 version of the survey, less than 66 percent of the credit issuers were pushing text or email communication strategies to delinquent consumers. By comparison, in the 2020 issuance, that number grew closer to 100 percent.

Facebook announced that it will launch a new program, Facebook Invoice Fast Track, to help small businesses collect on unpaid invoices. Potentially, this program could be a future entry into the consumer debt collection industry. Facebook has stated that they will give immediate cash for services invoiced while charging a 1 percent fee from the funds they collect. With Regulation F stating that debt collectors can start communication with individuals via social media, Facebook or other larger technology companies with massive consumer footprints may begin to enter the ARM space.

Furthermore, another large federal development that has arisen is that student loan servicers are exiting the federal system. Navient (NASDAQ: NAVI) became the latest servicer to reveal its plans to exit the system, stating that it will transfer all of its loan accounts to Maximus. Some speculation exists around why Navient departed, but the most probable answers are current Federal Student Aid Chief Operating Officer for the Department of Education (and first appointed Director of the CFPB) Richard Cordray's plan to strengthen oversight of the industry. Moreover people such as Senator Warren are pressuring student-loan companies for bad practices. In terms of future outlook in the industry, President Biden announced students will begin paying their student loans as of February 1, 2021. Many borrowers may not be eager to repay their loans, as they believed they can disappear under the mass student loan forgiveness program. This may lead to overhauls in collections in Q1 2022 and is an area of focus for all of the ARM vertical.

On the state level, California will now begin to accept applications to confirm that ARM service providers are in compliance with the newly enacted Debt Collection Licensing Act (DCLA). DCLA requires anyone engaging in debt collection within California to be licensed. Prior to this law, California was one of 16 states that did not require licensed debt collectors. By adding this law, borrowers can file complaints and enforce violations the Department of Financial Protection and Innovation (DFPI) finds necessary. In addition, the DFPI provides a single location to check whether companies are licensed or not while also listing license suspensions or revocations. All of these updates benefit the consumers and allow them to safely ensure they are making payments to a trusted individual or company. Likewise, debt collection companies are now going to be forced to accurately track their collections to ensure they are not breaking any laws. As with the trend at the federal level, this increase in cost could lead to consolidation in the ARM vertical if this practice is adopted by additional states.

Along with the DCLA going into place, one of the key court cases of Q3 was Holmes vs Crown Asset Management. In the last few years, various consumer attorneys have taken advantage of Utah's vague licensing statute by stating that debt buyers cannot file against consumers without holding a debt collection license, as they violated the FDCPA. However, the new federal interpretation of the Petitions Clause in the US Constitution gives debt buyers a means of disposing of similar lawsuits. Nonetheless, there is still an abundance of filings being made by consumer attorneys which are very similar to this case. This court decision should lead to less liability on behalf of companies and less money spent on legal defense – a rare win for the ARM industry.

Parlaying off a major topic in Q2 Market Report, the ARM industry is still feeling the reverberations of the Hunstein vs. Preferred Collection and Management Services, Inc. Originally the case had the potential to be a "sky is falling" moment for the ARM industry, but the tenor has since changed. Because the ruling only impacted the States in the Eleventh Circuit jurisdiction (Alabama, Florida,

ARM (continued)

and Georgia), the actions taken by most agencies have been concentrated to that footprint. We have witnessed some agencies insourcing all of their lettering in those states. We have also observed a unique strategy whereupon some agencies are sending letters to counsel who are then, in turn, passing along to the letter vendor. In continuing to monitor the nuance to this ruling, we expect that agencies will discuss with the appropriate resources to minimize risk as we troll through this period of legislative uncertainty.

The ARM industry has been everchanging with the enactment of Regulation F as well as new technological trends. With these changes, now seems to be a better time than ever to pursue M&A activity. Consolidation will keep occurring both due to new legislation and a need to keep spending on technology and compliance to keep up with competitors. In addition to the aforementioned, there have been labor/employee shortages throughout the country. Salesforce estimates that missing about 350,000 workers will cost their company $223 million by the holiday season. This is a high-paying technology company experiencing that shortage. In this time, it is more difficult than ever to find new employees, and due to inflation, burnout, and labor strikes, it becomes an even larger investment to obtain top talent. As the labor and cost issues remain prevalent, companies could look to M&A to find quality candidates, which may be less complicated than hiring in the current market.

ARM Spotlight

Company	Overview	Insights
TransUnion	TransUnion is a global information and insights company that makes trust possible between businesses and consumers, by ensuring that each consumer is reliably and safely represented in the marketplace.	TransUnion has agreed to acquire Neustar for $3.1 billion in cash. The company is currently owned by an investment group led by Golden Gate Capital that took the company private in 2017 in a deal valued at $2.9 billion. The deal is expected to close in the 4th quarter of this year. TransUnion said the acquisition expands its digital identity capabilities through the addition of Neustar's distinctive data and analytics, enabling consumers and businesses to transact online with greater confidence.
Prodigal	Prodigal Technologies provides AI-driven actionable insights and tools to maximize collections revenue, increase agent productivity and minimize compliance risk.	Prodigal raised a $12M Series A led by Menlo Ventures. The new funding allows Prodigal to expand its suite of intelligent workflow and optimization products that enable clients to boost productivity.
finvi	Ontario Systems, a leading provider of enterprise workflow automation software and accelerate revenue in the ARM industry, announced the company will change its name to Finvi.	Earlier in Q3 2021, Ontario Systems (Finvi) announced their acquisition of Katabat, a leading cloud-based debt collection platform providing cutting edge solutions to debt resolution for lenders and borrowers.

Customer Relationship Management (CRM)

Technology and Automation Continue to Fuel Growth in the CRM Vertical as Company's Flex Towards Customer Demand

During the third quarter of 2021, the CRM industry continued to see an increase in M&A and capital raising activity. Noteworthy transactions include: Salesforce (CRM) completing its acquisition of Slack Technologies, Perficient's acquisition of Talos Digital, and Black Knight's acquisition of Top of Mind Networks. With the world continuing to become more virtually oriented, companies are now looking to advance their customer management and engagement experience to keep up with the increased demand for their online services. To accelerate growth, companies are pursuing M&A activity; this allows them to quickly expand the number of customers they are able to serve and provide access to new technology. These acquisitions will also grant companies the ability to consolidate their existing technologies to extend a larger and differentiated mix of service offerings.

In Q3 2021, the continuing trends of technology adoption and the expansion of the work from home environment, have contributed to the ongoing M&A activity in the CRM industry. Over the course of the pandemic, CRM firms have played a critical role as the world shifted to more of a virtual setting. Companies around the world recognized the value of shifting their approach to communicate more effectively with their customers and offer a high-quality customer service experience (in the channel of their choosing), further increasing the demand for diversified services.

Global customer relationship management is expected to grow at a compound annual growth rate (CAGR) of 10.6 percent from 2021 to 2028 per Grandview Research, representing an attractive opportunity for CRM companies to capitalize on continued industry growth and find new avenues to generate revenue. The projected growth can be attributed to several factors. During Q3, rising demand was reported for automated engagement with customers, improving the scope of digital operations. In addition, improving customer experience and services are the factors driving the demand for CRM solutions across various industries globally.

Developments in cloud computing technology, the emergence of serverless computing and hybrid cloud computing, and the availability of various service models such as SaaS, Infrastructure as a Service (IaaS), and Platform as a Service (PaaS) are projected to drive the CRM market growth over the forecast period. The development of new technologies is imperative for companies in the CRM industry to grow, given that the industry is based on the ability of companies to tailor to the needs of their demanding customers.

Along with the sector specific factors, the effects of COVID-19 and the work from home environment continue to shape the future of the CRM market. Government mandate of Work from Home (WFH) policies has driven organizations to focus on more effective ways of engaging with clients and consumers in a remote working environment. This is anticipated to drive the adoption and implementation of CRM solutions, as businesses look to adopt or further utilize these service offerings to serve buyers, drive sales engagement, and increase employee productivity.

The CRM sector is also experiencing new and enhanced types of technologies. Features like text, chat functions, and interactive virtual assistance (IVA/IVR) via AI bots are continuing to be upgraded by companies to make customer service a more quick, convenient experience. Cloud computing, which enables users to gain access to virtual servers over the internet, is being implemented on a wider scale. This is the basis of SaaS solution(s), where businesses and clients can access the CRM software over the internet. Given the trend of working from home, the advancement of accessing CRM software over the internet provides customers exactly what they need in order to work effectively from home. Customers may shift their spending to companies who provide this

CRM (continued)

service. Social media monitoring is also being implemented by many companies in the sector. More CRM developers are adding features to their systems that can monitor conversations that are happening about their company on social media websites (e.g., Facebook, Twitter, and LinkedIn). Since social media is used by many consumers as a platform for evaluating companies, it seems sensible that companies are beginning to listen to the customers in their market to shift their strategy and develop technologies which tailor to their customer preferences. Other trends include things like chatbots and active listening, such as natural language processing (NLP), natural language understanding (NLU) fueling natural language generation (NLG), and conversational tools to further improve customer interactions. Customers want to solve their issues quickly and with ease in a format that they prefer, hence why companies must prioritize developing a seamless omnichannel solution for connecting with their customers.

Another crucial trend to highlight in the CRM industry is the emphasis on automation, which has also made an impact on headcount for customers. For customer care teams dealing with high volumes of incoming communications, expectations for shorter response times, difficulty finding and hiring good agents, and seasonal traffic spikes to contend with, call center automation has become a highly sought after solution. According to Harrison Interactive, 89 percent of consumers have switched to doing business with a competitor following a poor customer experience. For companies to handle large amounts of inbound calls, they need to switch to an automated virtual solution that can support this high amount of incoming call traffic. The use of automation will also reduce reliance on finding workers to manually connect with customers, allowing for firms to create a quality customer experience for more customers. Without the ability to automate when it comes to customer service, customers will simply use another company. For eCommerce and digital marketing teams, quick and seamless replies to incoming emails is also important. Forrester research has shown that over half of U.S. shoppers will abandon their online carts if they cannot find a quick answer to their question. To succeed amongst other companies, marketers need customer support automation as their secret weapon. Providing answers and resolutions that are quick and accurate make a big impact on shoppers’ experiences and loyalty.

Overall, the CRM industry continued to see consolidation via M&A activity. CAS expects companies to consolidate via M&A activity to expand and manage increasing customer service demands. In addition, CRM companies will continue to innovate via automation and virtual customer interactions to create better and more convenient customer experiences.

CRM Spotlight

Company	Overview	Insights
ResultsCX	Headquartered in Fort Lauderdale, Florida, ResultsCX provides automation-enabled customer support, acquisition, enrolment, retention, membership assistance, technical support and transaction processing services to companies across the healthcare, telecom and cable, media and retail industries. With approximately 20,000 employee and 25 delivery centers globally, ResultsCX delivers comprehensive, omni-channel, resolution-centered customer experience.	ResultsCX, a premier customer experience partner to Fortune-100 and Fortune-500 companies worldwide, announced a change in its ownership from One Equity Partners to ChrysCapital. The change in ownership will enable ResultsCX to expand their global presence and increase their investment in emerging technologies.
SharpSpring	SharpSpring is a cloud-based automation platform for marketing agencies and small to mid-sized businesses that rivals top competitors with its features, functionalities and performance. SharpSpring is among the most flexible platforms on the market, offering native or third-party CRM integration, universal CMS compatibility, and additional integrations with hundreds of applications.	Constant Contact, an established leader in online marketing, backed by Clearlake Capital Group, L.P. and Siris Capital Group, LLC, completed its acquisition of SharpSpring. The acquisition will enable Constant Contact to expand their capabilities for current customers and offer a broader set of opportunities for new customers.
callcare	CallCare is your outsourced contact centre and customer service partner. Enhancing your customer experience, aiding productivity, and supporting you build a stronger future for your business. Since 1998, CallCare have been supporting organizations, from both the public and private sectors, with omnichannel customer experience solutions, round the clock. By outsourcing calls to CallCare our clients benefit from more time and flexibility to focus on core business, safe in the knowledge that their calls are handled by our professional operators, 24 hours a day.	July 5, 2021, Beyond Solutions July 25, 2021, Call centre operators CallCare and alldayPA merged in a £300 million deal. alldayPA has also seen a rise in demand for their telephone answering and virtual receptionist services, with the generally increased reliance on online services. Shopping habits have also extended beyond traditional working hours, as customers seek support all day every day. The acquisition will allow alldayPA to tailor to the needs of their customers by providing quality service experience, while handling the increased demand for their services.

Revenue Cycle Management (RCM)

Reverberations of the Ongoing COVID-19 Pandemic are Fueling Change in the RCM Industry as we Adapt to a New Normal

The reprieve for hospital systems was unfortunately short-lived as the resurgence of COVID cases late summer and fall 2021 has once again led to major disruptions for U.S. hospitals and health systems. After bottoming out in late June 2021 (6/25/21), new admissions of patients with confirmed COVID-19 across the U.S. only two months later (8/27/21) increased north of 6.7x to 3.71 per 100,000 population (from 0.55), per data from the CDC. This figure has since been cut in half to 1.85 per 100,000 but still represents elevated capacity [and does not take into account existing patients – considering the average stay typically ranges from 7-14 days and can extend 30 days or longer if put on a ventilator (Source)]. Despite providers having greater knowledge of treatment strategies, the influx of patients continues to cause issues for health systems, as capacity and bed utilization create a strain on other resources.

Similar to trends we witnessed early in the pandemic, elective surgeries are being put on hold in select regions, which takes a major toll on providers revenue streams. States like Washington and Idaho who dealt (and are dealing) with hospitals being overwhelmed with coronavirus patients, had reduced capacity for patients with other ailments (including elective surgeries). These deferred procedures (as illustrated earlier in the pandemic) are expected to negatively impact referral volumes of more profitable accounts and have had a material impact the bottom line for providers. Part of resource strain stems from being understaffed – something we are seeing across the entire labor market – and a dynamic that is only intensifying as a result of vaccine mandates. In New York, about 84 percent of all New York hospital workers have been fully vaccinated, but still tens of thousands of healthcare workers are at risk of losing their employment because of their choice to not get the vaccine.

Given the dynamics created by the pandemic, technology and automation have become increasingly important and even more so within the RCM department. A recent survey from AKASA, which surveyed around 400 chief financial officers and revenue cycle leaders at hospitals and health systems in the United States, showed that the number of health systems using revenue cycle automation has increased by 12 percent since last year alone. The critical factors leading to adoption have been administrative task automation and improving the consumer experience. As a point of reference, the 2020 InstaMed Trends in Healthcare Payments Report outlined that around half of consumers surveyed reported that they preferred electronic communication for bills and paying the bills online. The hope for implementing such technology solutions is to create an easier process for consumers to view and pay statements (and increase the likelihood of cash receipts). Compared to other industries, despite the slow adoption rate of technology for health systems, technology and automation have become essential to optimizing recoveries.

Technology adoption has also become critical to influencing the trend towards revenue integrity. Revenue integrity is the goal of using ethical business practices and policies to achieve three critical organizational imperatives: operational efficiency, compliance, and optimal earned reimbursement and payment. Within the last five years, Navigant conducted a study of 125 hospitals found that around 25 percent of healthcare CFOs and revenue executives feel that revenue integrity is a major priority for them. CAS predicts that this figure has only increased since the study was conducted. One way that companies are increasing their revenue integrity is through AI solutions. AI is an important part of the RCM process because it allows providers to collect reimbursement and process data in a faster manner. AI can sift through data and make tasks more efficient for companies. One company that has taken a major strategic initiative toward AI solutions is 3M with their partnership with Waystar. Waystar has data on over 500,000 providers and 40 percent of the U.S.

RCM (continued)

population with its claims processing platform, representing a wealth of data. CAS forecasts this trend to only accelerate further as automation becomes vital during a time when the labor force and operating margins are stretched thin.

The inevitable trend of automation is being pushed to the forefront in part due to the labor shortage in the United States. Healthcare providers are turning toward automated revenue collection processes to augment lower staffing levels – a gap being filled by RCM technology providers. For a point of reference, David Ralston, who is a Vice President of Revenue Cycle at Jackson Hospital in Montgomery, Alabama, feels that less people are pursuing careers in RCM and there is an increasing need for automated RCM solutions. Ralston hopes that over time that providers will not only implement RCM solutions to help their front-end processes (automated bill payment and collection), but also their back-end solutions to send out more accurate claims that will have a lower denial rate. Ralston's view on automating their RCM solutions is not unique and will likely pave the way for more healthcare providers to implement RCM solutions because of the efficiency it provides and need it fills.

Despite the urgency and focus on staffing shortages and efficiency improvements, RCM departments are also diverting attention to the new ruling from the HHS (Department of Health and Human Services), which sets forth the maximum penalty for violations of patient-billing regulations that take effect January 1, 2022. The goal of the new ruling is to increase the transparency between providers and consumers. The new ruling, which was initiated through the No Surprises Act, sets new guidelines and penalties for violations of the No Surprises Act. The enforcement of the new ruling will come from the state level with a maximum penalty of $10,000 for each violation. For the providers, this measure can be partially solved with additional automation to maximize compliance to the standards. Currently, 33 states have comprehensive or partial surprise-billing protections for consumers before this ruling was proposed. Creating smart and logical processes that are enhanced by technology (internally or externally) is becoming increasingly important to providers.

Furthermore, healthcare remains a highly politicized topic, which creates an environment ripe for additional regulation and changes. In a study published by JAMA, which was conducted from 2009-2020, it found that the majority of the medical debt in collections is concentrated in low-income neighborhoods, southern parts of the United States, and states that refused to expand Medicaid coverage under the Affordable Care Act. On the opposition, in the past 12 months, Medicaid expansion states have seen a sharp decrease in medical bills sent to collections. Researchers estimated that 26 million Americans still lack healthcare coverage mainly because of state legislators' refusal of the Affordable Care Act. The high costs of hospital stays related to COVID are providing an example of the high cost of care. The lack of healthcare coverage leads to high out of pocket expenses, but even those with insurance are still experiencing large copays and high deductibles. This has been a topic of focus for Congress, including the $1.9 trillion American Rescue Plan, which provides subsidies for insurance premiums. While Congress remains busy with a host of agenda items they wish to tackle, new policies around healthcare subsidies and regulation would not be out of the realm of possibilities.

CAS continues to see the strong pathway for M&A within the healthcare RCM market as technology utilization becomes increasingly critical to maintain compliance, margins and standards of care. Traditional service-based RCM businesses – event those that are well-tenured with their clients – are being forced to quickly adapt to ensure they remain competitive among the new technology products being offered to healthcare providers. This dynamic continues to bring new entrants and buyers into the market in an effort to solve what has become an increasing market opportunity. We anticipate this trend to continue well into next year (and beyond).

RCM Spotlight

Company	Overview	Insights
Equalize RCM	EqualizeRCM Services is a leading provider of Revenue Cycle Management services to physicians, hospitals, ASCs, labs and other healthcare providers and investors throughout the United States. They have a team of over 900 employees and provide expert consulting, credentialing, medical coding, billing and collections, and denials management services. EqualizeRCM has been in business for over 16 years and has a successful track record of cash collection as well as changes in the healthcare industry.	March 23, 2021, AKASA secured EqualizeRCM had a busy quarter, completing 3 acquisitions in Q3 with MYR Corporation, Practice Resource Network and A Cord Billing & Business Solutions. The acquired businesses offer point-solutions focused in various geographies around the country, which expand the combined entity's offerings in new geographies and clientele. This playbook follows the general industry 'roll-up'/'tuck-in' trend we have continued to witness with RCM M&A (highly synergistic acquisitions with cross-sell opportunities).
KOVO	Kovo HealthTech Corporation (CVE: KOVO) is a publicly traded Canadian based healthcare technology company that specializes in RCM services and software for U.S. healthcare clinics, hospitals, and private practices. The Company's growth is primarily focused on acquiring profitable RCM related businesses and systems within the U.S.	Kovo HealthTech Corporation announced it has completed the acquisition of Midwest Medical Billing, Service Inc. (which marks its 9th acquisition). The latest of which recorded annual revenue just north of $1M. This continues their strategy of acquiring small business with stable contracts and converting them over to their platform. As we have seen around the broader M&A market for lower middle market M&A, clients are key to value (especially in healthcare).
GeBBS® HEALTHCARE SOLUTIONS Forward Thinking	GeBBS Healthcare Solutions is one of the largest RCM and HIM solutions providers today (backed by a leading Indian private equity firm, ChrysCapital). GeBBS has over 9,500 employees and has its headquarters based in Los Angeles, California. For a point of reference, they have been named as Inc. 5000 America's Fastest Growing businesses for 13 straight years.	GeBBS announced the acquisition of Aviacode a Salt Lake City, UT based provider of medical coding and compliance services to Hospitals and physician groups. Private equity backed strategics continue to lead M&A in the sector. Complementing domestically operating businesses with strategic offshore and nearshore locations continues to fuel growth and margins/synergies.

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INDUSTRY INSIGHTS

Compliance and Performance in Healthcare

Healthcare Compliance & Speech Analytics

As possibly the most regulated industry there is, for healthcare, compliance is a major concern. For this reason, it is essential that healthcare businesses have systems in place to ensure patient privacy, data security and care monitoring. The necessity to improve these standards has many healthcare businesses turning to creative solutions.

When you think of technology that could facilitate compliance efforts in healthcare, speech analytics is not likely high on the list. However, you may be surprised to learn that many healthcare providers are turning to this technology to deal with compliance issues and as a buffer against potential legal action. speech analytics technology is well suited to assist the healthcare industry in meeting and exceeding their compliance, security and quality assurance needs.

It's common knowledge that call monitoring with speech analytics is a powerful tool for quality assurance, yet it can also be indispensable in negating litigation arising from patient disputes. When medical care or advice is provided, this technology can eliminate the likelihood of compliance errors due to incorrect or false claims. It can facilitate both care and financial processes in the healthcare industry by providing an authentic record of communications. Having these records makes it easy to trace claims back to their point of origin, especially given that searching through call logs is a fast and efficient process.

Employing speech analytics technology not only helps to safeguard the healthcare organization – It protects the patients.

- Reduced Liability
- High-Level Data Security
- Simple and Efficient Auditing
- HIPAA and HITECH Compliance
- Data-Rich Report Generation for Training, Evaluation and Process Enhancement

How It Works

You may already be familiar with some of the ways speech analytics systems can impact performance: improving coaching, creating efficiencies, supplying clear trend data and process analysis, but there is a lot more to be said for how you can utilize this technology. The Voiz-Trail®
speech analytics platform system processes audio in two separate channels, one for the agent and one for the consumer, so analysis can dial in on both perspectives offering the highest level of emotional intelligence. Aside from providing agents with better training, this provides you with the data necessary for targeted mentoring. Your healthcare system is given insight into not just the weaknesses of individual agents that need improvement but also their strengths that can be exploited. For instance, are one of your agents particularly skilled in talking a consumer out of a dispute? Our speech analytics platform can help you identify that.

Bottom line…The best speech analytics platforms will analyze spoken content for keywords and emotional cues such as pitch, tone, and volume. It will be able to measure the space in-between, the length of the call and even “dead air.” The resultant audio data is captured and stored so that it can be searched and used to generate critical reports.

Patient Satisfaction & Speech Analytics

A proper speech analytics platform can give healthcare providers direct control of the patient satisfaction. It can provide a clear impression of patients’ needs as well as the service areas that need improvement. Additionally, the platform should offer a variety of fail-safes for patient data management and protection, while automating processes which would otherwise be prone to human error, including the ability to:

- Record/Monitor 100% of patient interactions.
- Access custom-quality scorecards and detailed reports.
- Make use of advanced keywords and phrase monitoring.
- Program unique compliance parameters.
- Predict behavior with emotional analysis
- Use two-channel audio for analysis of both staff and patients.
- Draw on trend data that is presented in straightforward reports.
- Provide advanced storage and security technology.
- Automatically redact sensitive patient data.

Key Performance Indicators

“If you can’t measure it, you can’t improve it. “
– Peter Drucker, “The Business Thinker” Management Consultant, Educator & Author

Key Performance Indicators, (KPIs), are an indispensable tool in measuring the successes and failures of an organization overall and/or within individual departments.

KPIs for Patient Satisfaction

Because the price healthcare providers have to pay for dissatisfied patients is high, the measuring of patient expectations of health care is central to improving patient satisfaction and delivering patient-centered care.

While calls, chats, emails and records of physicians and nursing staff can be recorded, uploaded, stored and analyzed, some of the most overlooked departments for accessing patient satisfaction are Registration, Scheduling, Insurance, Financial Assistance, Billing and 3rd-par ty vendors. All are significant contributors to patient satisfaction. All feed into the collections, conversions, critical processes, productivity, accuracy and patient satisfaction domains that are standard healthcare KPI benchmarks.

In the chart below, we demonstrate a few simple examples of the types of compliance elements and keyword(s)/phrase(s) that can be mapped into the speech analytics platform so communications can be monitored for adherence to both industry regulations and your healthcare facility's internal policies as to the standard of care that patients should receive from all departments:

Registration
Did agent ask patient to verify the patient's full name?
Did agent ask patient to verify date of birth?
Etc.

Scheduling
Did agent schedule / reschedule / confirm the appointment correctly?
Did agent confirm patients' preferred methods for future communication?
Etc.

Insurance
Did agent explain the insurance benefits?
Did agent inform patient out-of-pocket costs may vary from estimates?
Etc.

Financial Assistance
Did agent refer patient to a financial counselor?
Did agent inform patient about the programs & grants available?
Etc.

Payment
Did agent offer to set up a payment plan?
Did agent provide payment options?
Etc.

It all begins and ends with communication – The speech analytics platform can collect, sort, and report the findings needed to determine whether a healthcare facility has succeeded or failed to meet their KPIs. It can both monitor compliance of industry regulations as well as ensure that internal policies are being adhered to.

Behavioral Analytics in Healthcare

Though the study of consumer behavior has been popular for many years, the application of behavioral analysis to consumer behavior is a fairly new endeavor. The capability of modern technology to utilize big data has propelled interest in applying behavioral analysis to business processes and redefining the concept of patient engagement. While the aim of applied behavioral analysis for therapy and business may be drastically different, the processes and core principals remain very much the same.

Behavioral Analysis Module

Early on, KG Hawes, the developers of VoizTrail® Speech Analytics, developed the first-of-its-kind Behavioral Analysis module, one that organizes your patient data to offer insights into a patient's behavior. Within the module, patients can be grouped into behavior types. This gives you valuable information about the patient experience and what drives their behavior, so that your healthcare system can target strategies that will generate the best patient results.

The behavioral analysis module also allows the user to create behavior templates and compare various groups. With this functionality, you can compare behavioral analysis of patient behavior groups, client groups and even individual representatives or departments. Behavior comparisons allow your facility to discover commonalities and differences that can be used for strategy development and support data-driven decision making.

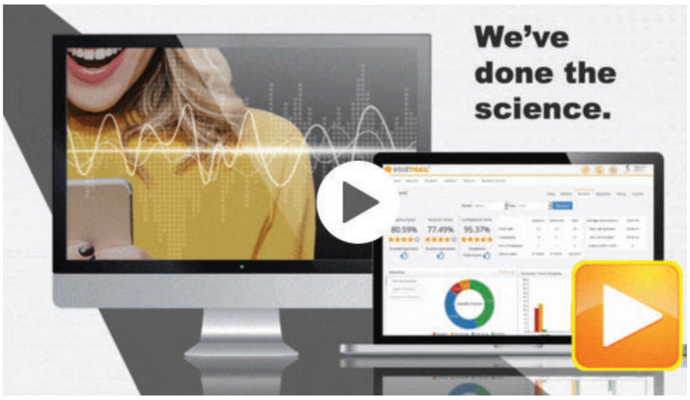
One of the most valuable features of the behavioral analysis module is the “results” screen. Here you can track the call outcomes for each behavior type. With VoizTrail®, you finally have a simple way to link patient behaviors to results, taking the guesswork out of call drivers, while giving your facility the ability to accurately predict future behavior.

The application of behavioral analysis also gives healthcare facilities a simple method for creating brand equity. Speech analytics makes it easy to discover the voice of your healthcare brand, and tailor consumer experiences to get the best results. This strategy fulfills the cycle of success; by optimizing consumer relationships, the agency sees better returns and reduced repeated calls which results in maximizing ROI while lowering overhead. This success is passed on to your patient, further strengthening your healthcare system as a whole.

The Next Level of Sophistication

Emotional and behavioral intelligence is the cornerstone to improved consumer interactions. Don’t let inferior speech analytics vendors waste your precious voice data by leaving out this next level of sophistication and insight. The VoizTrail® Speech Analytics platform brings the power of behavioral science integrated with unsurpassed data analysis in our Behavioral Science Module, and exposes hidden emotional data through agent, team, and call scoring.

Video Introduction to VoizTrail®



Free Trial

Experience what it’s like to automate your quality assurance, while exploring the insights you can gain from analyzing all your calls. Now it’s possible with a [FREE Trial of VoizTrail® Speech Analytics.]

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Is your QM stuck in the 90s?
What You Need to Know

Nathan Anderson, Senior Strategic Consultant, SuccessKPI

I first entered the collections industry in the 90s as a collector collecting on bad checks. Back then quality management (QM) processes were almost 100% manual, if they existed at all. By the early 2000s, QM marginally improved with technologies like speech recognition and speech analytics but was still very new and too undeveloped to make significant impact on automating any actions or processes with reliable accuracy. And in the 2010s, commercial quality management offerings to the call center market started to find fit as QM technology advanced. Even with this, only select companies embraced the technology. Surprisingly, this still holds true today.

With the recent emergence of text-based digital communication channels like SMS, Email, and Webchat as well as a broader use of automated chatbots and intelligent virtual agents, quality management is ready to help the industry make a big leap forward. CFPB reports that more than one in four Americans have at least one debt in collections, and according to the Boston Consulting Group, in the US not only are calls to contact centers increasing, but web and app self-service tools are increasing at an even higher rate, with 80% having a positive experience with these digital options. With this rise in preference for digital communication, complexity for understanding and reporting on these conversations increases.

A core industry question remains: will companies evolve their QM processes in time to adjust for the changing ways consumers want to communicate? And how long can this digital transformation provide a competitive advantage before it becomes status quo to thrive?

While this transformation hasn't been adopted on a broad scale yet in this industry, my opinion is that two things will eventually happen that will force the hand of even the staunchest traditionalists. First, originators will require quality management processes for digital channels at or even above the traditional speech QM processes. Second, regulators will either be a key driver for the originators to make this shift or react to any blowback from the public once digital communications in debt collections explodes. Either way, in the very near future, originators and regulators will most likely force anyone in their ecosystem, which of course includes the collections industry, to have the same or better controls currently being used for traditional channels like calls and letters in place to oversee every digital channel as well. Questions are already being asked by Attorney Generals and companies that were born with a digital first DNA, like Fintech companies, are requiring partners to have a robust QM process around digital communications just to do business with them. Eventually, Quality Management must evolve with everything else.

If you ask almost anyone in the collections industry, "what is your QM process for your digital channels?" the answer you will commonly hear is that they have an SOP (Standard Operating Procedure) and that is all their clients have required. This works when digital communications make up less than 5 percent of total consumer interactions, but what happens when this goes to 10%, 30%, or 50%? SOPs and manual trackers may be the accepted minimum today but my guess is that this will change faster than many are prepared for.

What trajectory is your quality management on?

I’ve recently joined SuccessKPI and am invigorated by the conversations I’ve had these past few months about QM. Please reach out if you’d like to learn more about our capabilities.

About SuccessKPI:

SuccessKPI’s next-generation Speech AND Text Analytics platform seamlessly integrates a powerful and robust Business Intelligence tool, built for the contact center. It sits on top of an enterprise-level data warehouse and data lake that effortlessly blends multiple disparate data sources of conversation data to provide a single source of truth for your business. In addition, the SuccessKPI platform also provides a complete and user-friendly Quality Management tool that can measure and track traditional AND digital channels giving you the ability to have deep and documented insights into all your conversation data.

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