CAS INSIGHTS

EXPERTS IN OUTSOURCED BUSINESS SERVICES

5th ANNIVERSARY

FIRST QUARTER 2018

CAS
Corporate Advisory Solutions
INTEGRITY • CONFIDENTIALITY • EXPERIENCE

EXECUTIVE SUMMARY

When Mark Russell and I formed Corporate Advisory Solutions five years ago, we knew it would take more than hope and a dream. We needed to rely on members of the debt and lending community for their support. It was only with their generous support that we could confidently leave secure jobs for our entrepreneurial adventure.

To celebrate our five year anniversary, we would like to thank our friends, colleagues, strategic partners and clients for their generous support. We share what success we have achieved with you.

As we embark on the next stage of our journey, we have commissioned a new, clean design for the CAS Insights Newsletter. We chose this design for ease of reading and navigation, making it easier to locate information that is important to you, which we are always striving to make better. We really love the new look and feel of this newsletter and hope you do, too!

With spring, a young man's fancy turns to baseball (and hockey and basketball) and, well, deals. It has been an all hands-on deck kind of quarter for CAS and we are excited to report this prominent deal closing:

- **In March, RevSolve, Inc. and USCB America, two recognized leaders in the growing healthcare revenue cycle management industry merged. CAS advised RevSolve, Inc. in this transaction.**

To help us help you, we are happy to report both CAS offices, in Philadelphia and Washington, D.C., have staffed up with bright, high-energy interns. Through the Drexel co-op program, we welcome Trey Swanson to the Philadelphia office, in Washington, D.C., we welcome Zachary Wilkes from American University, Amol Lotia from Rutgers University, and Logan Rowley from Southwestern College (San Diego, CA).

Economic Overview

In economic news, the focus seems to have moved from the repeal of the Affordable Care Act, to tax reform, to now, the trade deficit. How this impacts the ARM industry will be determined by how it impacts the global economy. The president who hates trade deficits is about to increase them massively. In its latest World Economic Outlook, the International Monetary Fund (IMF) predicts global growth of 3.9 percent in 2018 and 2019. That is an upgrade of 0.2 percentage points since the fund's last round of forecasts and would be the best outcome since 2011. The levels of debt in most major categories, per the Federal Reserve, have been rising steadily since the fourth quarter of 2015. Aggregate household debt is expected to continue to grow through 2022, resulting in an increase in potential revenue sources.

President Trump's stimulus will generate strong growth at home but it has large global effects because the U.S. is already so close to full employment. His tax cuts and spending plans mean the U.S. is on course for budget deficits of around 5 percent of gross domestic product. As a result, this creates a whole lot of

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pent up demand when there are few unemployed Americans to satisfy it and the natural result is to suck in imports. The stimulus may also force the U.S. Federal Reserve to raise rates, in order to prevent the economy from overheating, which will mean higher interest payments on debt to foreigners. As a result, the IMF forecasts the U.S. current deficit will widen by a full percentage point between 2017 and 2019, to 3.4 percent of GDP. It is an inescapable consequence of President Trump's policies.*

Outsourced Business Services (OBS) Market Overview

2017 saw many business owners taking a wait and see stance, the early activity of 2018 would indicate CEOs who want to sell, or build their business by way of acquisitions, are waiting no more. Within the OBS industry, we are continuing to see high levels of deal activity, with ten completed deals in ARM, 4 completed deals in RCM and 3 completed deals in CRM, the first quarter of 2018. The CFPB, with its acting director, Mick Mulvaney, has taken a regulatory step-back to re-evaluate much of its previous proposed rule changes. States are gaining autonomy as Mulvaney allows states to regulate consumer protection laws. However, the CFPB compliance management system remains one of the industry's most onerous government regulations.

This is an exciting time for technology in OBS, with all three sectors, ARM, CRM and most notably, RCM, adapting and utilizing artificial intelligence (AI), speech recognition, predictive analytics, complaint management systems, cloud computing and Electronic Transaction Systems (ETS). And, of course, technology to support CFPB compliance, which most agencies are developing internally.

We are excited about the services we are able to provide our clients and are available to confidentially discuss your interests. We are always available by phone or email, and will be attending the upcoming ACG Washington Insights conference, HFMA ANI and the ACA International Annual Convention. We hope to see you at one of them.

Sincerely,

Michael Lamm

Michael Lamm
Managing Partner

* *Financial Times, 2018*

SELECT CAS CONFERENCE AND EVENT ACTIVITY

Please connect with us at these conferences/conventions that will be attended by CAS team members:

- May 21-23, 2018 – ACA International Washington Insights 2018 Conference
    - Click here for full description and to register.
    - The Madison Washington DC
    - Attended by: Michael Lamm and Mark Russell*

To schedule an appointment with Michael or Mark, contact Elaine Rowley

- June 24-27, 2018 – HFMA Annual Conference
    - Click here for full description and to register.
    - Venetian-Palazzo Sands Expo, Las Vegas, NV
    - Attended by: Mark Russell*

hfma
Leading and inspiring the business of healthcare

To schedule an appointment with Mark, contact Elaine Rowley

- July 23-25, 2018 – ACA International Convention and Expo 2018
    - Click here for full description and to register.
    - Omni Nashville & Music City Center, Nashville, TN
    - Attended by: Michael Lamm and Nick Ciabattone

To schedule an appointment with Michael or Nick, contact Elaine Rowley

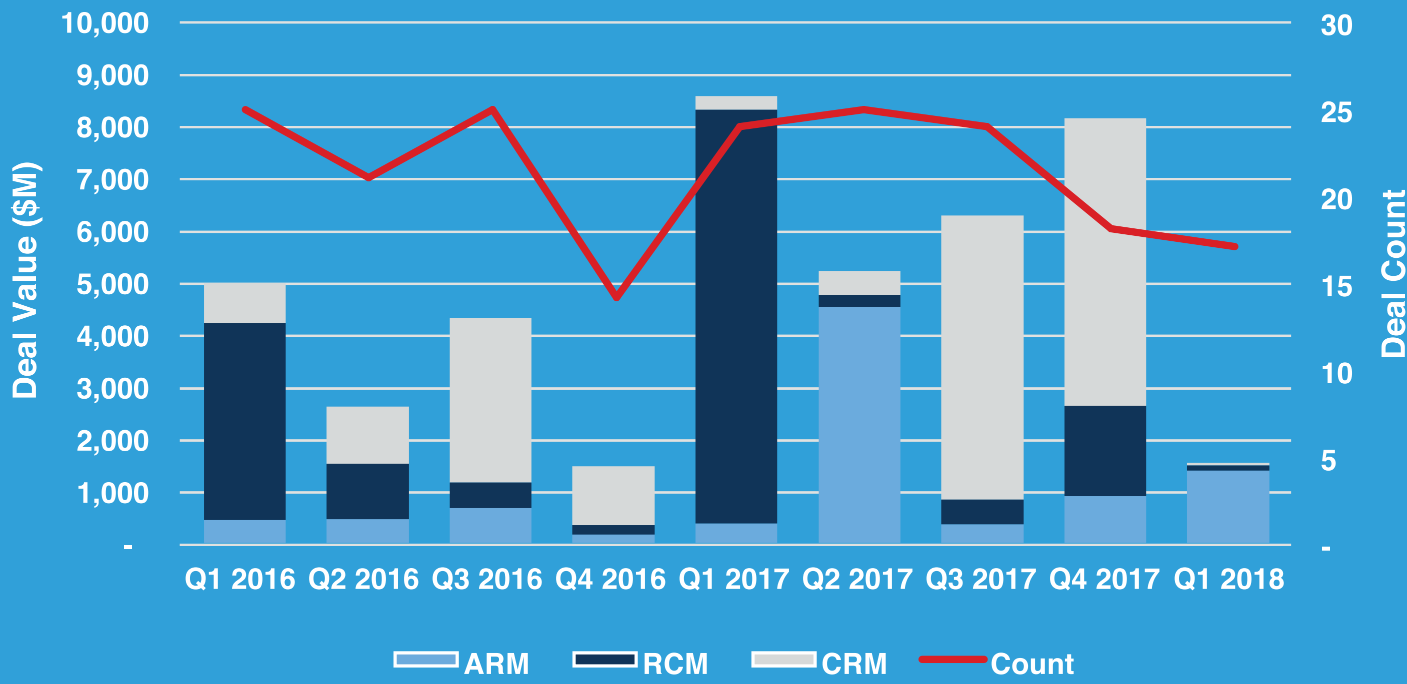
*Corporate Advisory Solutions, LLC is an RMA Authorized Audit Provider.

Certain members of Corporate Advisory Solutions, LLC are Registered Representatives of StillPoint Capital, LLC, and securities transactions are conducted through, StillPoint Capital LLC; Member FINRA/SIPC. StillPoint Capital is not affiliated with Corporate Advisory Solutions, LLC.

Here are some key highlights of what you will find in this newsletter:

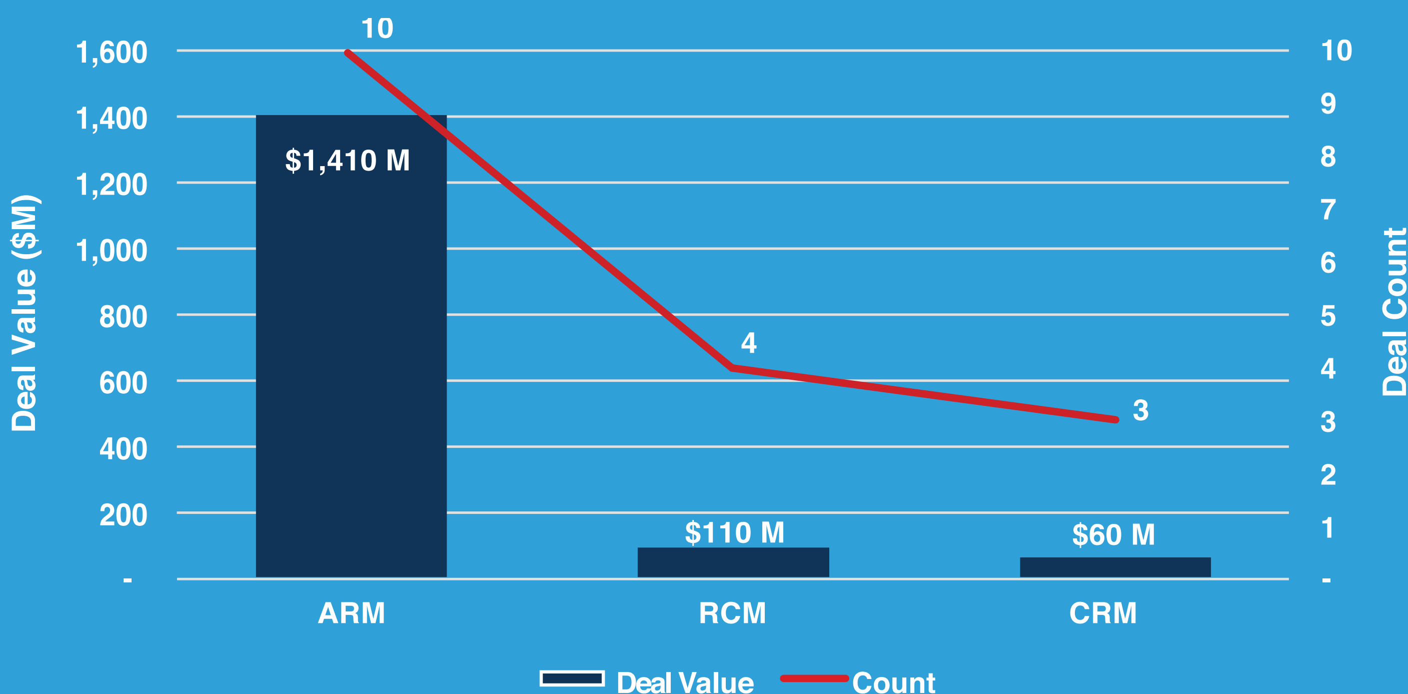
- Overview of the M&A market for OBS sub-sectors (ARM, RCM and CRM). Included in the overview: a breakdown on completed OBS transactions, leverage analysis for completed M&A transactions, OBS sub-sector overviews, public comparable research and details surrounding noteworthy transactions within each sub-sector.
- Specialty Financing Industry Highlights. Overview of some of the largest publicly traded specialty finance companies, key industry trends and noteworthy transactions.
- ARM Regulatory Update from CAS team member Elaine Rowley detailing the latest government news, regulation and compliance activities in the ARM sector.
- An article by new ACA International CEO, Mark Neeb, and an interview with industry expert, Gordon Beck by Dan Fox, Senior Manager of Field Marketing at Interactions.

OBS Deals in Q1 2018



*As a note, the large difference in deal value between Q1 2017 and Q1 2018 was due to two large deals that closed making up 91.4% of the total deal value in Q1 2017. Team Health holdings was acquired by the Blackstone Group for $6.1 billion in February of 2017, and Change Healthcare was acquired by McKesson Technology Solutions for $1.25 billion in March of 2017, making up $7.35 billion of the $8.04 billion in total deal value for the quarter.

OBS Deal Breakout by Sector in Q1 2018



Accounts Receivable Management (ARM)

The ARM market realized ten completed deals representing $1.4B in enterprise value. The ARM market continues to demonstrate high levels of deal activity.

- Mick Mulvaney, the Acting Director of the Consumer Financial Protection Bureau (CFPB), is suggesting that Congress implement changes in legislation that will ensure whomever holds the position of Director is not able to arbitrarily use their influence to harm consumers, destroy businesses, or manipulate American financial markets.

- States are gaining autonomy as Acting Director Mick Mulvaney allows states to regulate consumer protection laws, with court rulings providing direction for the industry.

- Education Secretary Betsy DeVos plans on preventing states from exercising power over student loan servicers. DeVos claims the CFPB is overstepping its boundaries by expanding its authority "into areas Congress never envisioned."

- In the pivotal case, ACA v. FCC, the court concluded that the "FCC improperly treated every American who owns a smartphone as a potential robocaller." This ruling was a victory for the ACA, but there is still progress to be made.

- According to the American Bankers Association, delinquency rates for eight closed-end loan categories fell in Q4 2017 for the first time in six years.

- Bankruptcy within small subprime auto lenders is increasing, creating a buying opportunity for the debt purchasing market as these lenders seek liquidation within their portfolios. These losses are at levels similar to those during the subprime mortgage crisis in 2008.

- The tax revision implemented in January 2018 has improved tax rates for corporations and also includes a modest increase for individuals, increasing delinquent payors propensity to pay.

Trends we are watching in 2018

- The use of Artificial Intelligence (AI) among ARM servicers. AI is helping companies reduce staffing costs, increase profitability, and reduce compliance risk.

- Given the 'hands-off' approach taken by CFPB Acting Director Mulvaney, we expect debt sales to increase as more payday lenders and creditors grow their presence in the market.

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- The House Financial Services Committee approved a measure excluding law firms and licensed attorneys involved in activities related to legal proceedings from the definition of debt collection in the Fair Debt Collection Practices Act.

- Bloomberg is predicting higher profit margins for debt collectors, foreseeing Encore Capital Group Inc. increasing revenues by 31% this year. These analysts also expect the five largest credit-card issuers-JPMorgan Chase & Co., Citigroup Inc., Capital One Financial Corp., Bank of America Corp. and Synchrony Financial to increase their debt write-offs by 8.8%.

Notable ARM Transactions

- J.C. Flowers & Co. LLC acquired Jefferson Capital International, one of the large purchasers of charged-off and bankruptcy consumer debt in the United States, from Flexpoint Ford, LLC.

- Intrum (STO: INTRUM) divested Remedy business units to Lowell on March 20, 2018 for EUR 730 million. Intrum is excited about the deal, as they prepare for future growth in their newly positioned financial wellbeing.

Public Comparables:

Analysis of Selected Publicly Traded Accounts Receivable Management (ARM) Companies
($ In Millions)
All Data as of 3/31/2018

Company Name	Ticker	Price	Market Cap (1)	TEV (2) (4)	LTM Revenue	LTM EBITDA (4)	LTM Net Income	TEV/ Revenue	TEV/ EBITDA	TEV/ Net Income
Arrow Global Group, PLC (3)	LON:ARW	4.91	860.34	858.94	444.97	132.35	51.34	1.93x	6.49x	16.73x
Collection House Limited (3)	ASX:CLH	1.06	143.64	206.33	97.83	27.01	13.35	2.11x	7.64x	15.45x
Credit Corp Group Limited (3)	ASX:CCP	14.82	706.98	875.51	209.15	73.62	45.78	4.20x	11.93x	19.19x
Encore Capital Group	ECPG	45.20	1,166.35	4,543.14	1,187.04	375.36	83.36	3.83x	12.10x	54.59x
Intrum Justitia (3)	STO:INTRUM	28.30	3,722.60	7,925.78	939.76	318.56	169.98	8.43x	24.88x	46.63x
Performant Financial Group	PFMT	3.00	154.08	172.93	132.05	3.80	(12.73)	1.31x	45.49x	--
PRA Group	PRAA	38.00	1,718.57	3,749.64	813.57	90.49	162.27	4.61x	41.44x	23.11x
Mean (ARM)			1,062.17	2,619.32	483.56	145.88	64.06	3.52x	21.42x	29.28x
Median (ARM)			783.66	878.51	327.06	90.49	48.56	2.97x	12.10x	21.51x

Notes

(1) - Market Cap equates to total shares outstanding multiplied by the price per share

(2) - Total enterprise value consists of market cap plus debt less cash

(3) - Converted to USD from Pitchbook using exchange rate as of 3/31/2018

(4) - Information not available for certain businesses

Source: PitchBook

Revenue Cycle Management (RCM)

The RCM market is projected to reach $50.9 billion by 2022. Much of the growth is due to implementation of cloud-computing and web-based marketing, which consume roughly 43.1% of the global RCM market (Data Bridge Market Research)

- RCM is facing a favorable economic environment, as healthcare expenditures are predicted to steadily increase by 5.8% per year, to a total $4.1 trillion in 2019 (Data Bridge Market Research)

- Settlement claims and value reimbursements are two factors attributing to RCM growth. Artificial intelligence has played a role in this growth, simplifying electronic transactions and bill paying. Artificial intelligence is improving bill paying systems, through automation, speeding up payment cycles, and allowing large hospitals to effectively communicate internally and externally.

- RCM outsourcing is predicted to continue as healthcare facilities utilize outsourced vendors to reduce expenses, however, healthcare facilities with well-developed electronic health records are more suited for internal servicing capabilities.

Trends we are watching in 2018

- The adoption of new technologies and longevity of healthcare have helped create a lucrative RCM market as financial acquirers continue to enter a market, well-poised for disruption and favorable macroeconomic drivers.

- With the increase in cloud computing and artificial intelligence, hospitals are outsourcing certain RCM services to further cut costs.

- Electronic Transaction Systems (ETS) have allowed hospitals to effectively distribute bills and collect bill statements.

Notable RCM Transactions

- Cognizant (NAS: CTSH) has agreed to acquire Bolder Healthcare Solutions, a provider of RCM solutions. Cognizant hopes to capitalize on digital payments and business process service software by utilizing Bolder Healthcare Solutions' innovative set of digital solutions.

- RevSolve merged with USCB, a provider of business process outsourcing and accounts receivable management solutions. The merger allowed USCB to expand their services, while retaining experienced employees from both companies.

- Intermountain Healthcare has acquired $20 million stake in R1 RCM, in a move to reduce expenses with greater outsourcing efforts.

Public Comparables:

Analysis of Selected Publicly Traded Outsourced Revenue Cycle Management (RCM) Companies
($ In Millions)
All Data as of 3/31/2018

Company Name	Ticker	Price	Market Cap (1)	TEV (2)	LTM Revenue	LTM EBITDA	LTM Net Income	TEV/ Revenue	TEV/ EBITDA	TEV/ Net Income
HMS Holdings Corp.	HMSY	16.84	1,395.89	1,552.58	521.21	100.50	40.05	2.98x	15.45x	38.76x
Allscripts Healthcare Solutions, Inc.	MDRX	12.35	2,197.71	3,658.40	1,806.34	96.40	(196.46)	2.03x	37.95x	–
Cerner Corporation	CERN	58.00	19,290.64	19,011.59	5,142.27	1,536.93	866.98	3.70x	12.37x	21.93x
Huron Consulting Group Inc.	HURN	38.10	854.11	1,179.70	807.75	(153.80)	(170.12)	1.46x	–	–
Quality Systems Inc.	QSII	13.65	869.70	885.34	527.63	67.42	17.88	1.68x	13.13x	49.51x
Mean (RCM)			4,921.61	5,257.52	1,761.04	329.49	111.67	2.37x	19.73x	36.73x
Median (RCM)			1,395.89	1,552.58	807.75	96.40	17.88	2.03x	14.29x	38.76x

Notes

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(2) - Total enterprise value consists of market cap plus debt less cash

Source: PitchBook

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Customer Relationship Management (CRM)

The CRM market realized three deals completed ($60 million in enterprise value). The CRM market continues to adapt with technological disruptions and a movement towards outsourcing.

- The call center market generated $23 billion in 2017, and is projected to grow by 4.2% over the next four years, according to IBISWorld Industry Report 56142, August 2017.
- With new FCC Chairman Pai, there are favorable conditions for the CRM market, as Pai seeks to overturn several Obama-era regulations that once threatened the CRM market.
- CRM companies are moving towards digitization/automation as a means of customer service, incorporating cloud-computing, artificial intelligence, and non-voice call systems.
- Technology advancements are fueling increased M&A activity and continue to create operational efficiencies and cost saving opportunities.

Trends we are watching in 2018

- CRM companies are transitioning from traditional customer calls to non-voice systems, leaning towards artificial intelligence.
- The U.S. Call Center Worker and Consumer Protection Act will be impactful if passed, creating massive roadblocks to call centers with an offshore presence.
- CRM companies are rapidly brainstorming ways to configure their current business models with changing trends within young consumers, such as the shift to digital channels and more tech service/product offerings along with Alternative Intelligence.
- The telecommunications end-market continues to experience volatility. Failed product launches, such as Apple's latest iPhone release, as well as fee reductions have led to lower customer care volume than anticipated. With pending mergers between AT&T and DirecTV as well as Sprint and T-Mobile, vendor consolidation could be largely impacted.

Notable CRM Transactions

- Startek (NYS: SRT), a business process outsourcing company, agreed to merge with Aegis Global, a technology centered provider of customer experience management.
- West Corporation, backed by Apollo Global Management, is acquiring Marketwired from Nasdaq. West Corp. has received clearance from Nasdaq to buy the company for roughly $335 million.
- Sykes Enterprises' (NAS: SYKE) acquisition of Clearlink and Teleperformance's (PAR: RCF) acquisition of Language Line are two more examples of the trend towards adopting technologically innovative companies, to stay competitive in this market.

Public Comparables:

Analysis of Selected Publicly Traded Customer Relationship Management (CRM) Companies
($ In Millions)
All Data as of 3/31/2018

Company Name	Ticker	Price	Market Cap (1)	TEV (2) (3)	LTM Revenue	LTM EBITDA (3)	LTM Net Income	TEV/ Revenue	TEV/ EBITDA	TEV/ Net Income
Atento SA	ATTO	7.80	576.49	929.90	1,885.00	199.72	9.81	0.49x	4.66x	94.81x
Convergys Corporation [4]	CVG	34.22	518.87	–	165.39	–	94.30	0.32x	–	0.18x
Genpact Ltd.	G	31.99	6,145.58	6,865.99	2,736.93	447.23	263.11	2.51x	15.35x	26.10x
StarTek, Inc. [5]	SRT	9.78	158.43	181.90	292.60	10.97	(1.28)	0.62x	16.58x	–
Sykes Enterprises. Incorporated	SYKE	28.94	1,229.86	1,161.12	1,586.01	165.86	32.22	0.73x	7.00x	36.04x
TTEC, Inc. *(Formally TeleTech Holdings, Inc.)*	TTEC	30.70	1,408.41	1,684.95	1,477.37	164.29	7.26	1.14x	10.26x	232.21x
WNS Global Services	WNS	45.33	2,280.19	2,175.36	714.65	83.40	56.91	3.04x	26.08x	38.23x
Mean (CRM)			2,610.59	3,444.26	1,836.76	278.21	108.18	1.13x	11.38x	69.55x
Median (CRM)			1,229.86	1,423.04	1,586.01	182.79	32.22	0.73x	12.35x	32.01x

Notes
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(2) - Total enterprise value consists of market cap plus debt less cash
(3) - Information not available for certain businesses
(4) - Revenue, EBITDA and Net Income ratios calculated using Market Cap
(5) - Startek acquired by Aegis

Source: PitchBook

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Specialty Finance

- Point-of-sale financing is gaining in popularity. Instant financing has increased buying power through the simplicity of purchasing, resulting in a direct correlation with spending more money.
- Widespread adoption of technological advancements and popularity in FinTech platforms continues to force traditional financial markets to adapt their model and increase their breadth of technology offerings.
- Beginning April 16, 2018, the 3 major credit bureaus removed all tax liens from consumer credit reports, allowing risky borrowers to appear more credit worthy.

Trends we are watching in 2018

- The average charge off rates for smaller banks is near an 8-year high at 7.74%, much higher than big banks at 3.48% (WSJ). This situation creates a potential consolidation opportunity for large banks and possibly financial technology companies.
- Online lending platforms are disrupting traditional business practices, forcing major financial institutions to adapt their model or acquire capabilities to remain competitive. Credit Bureaus aren't going to be replaced anytime soon, alternative data is forcing them to adapt their model.
- Borrowers will benefit from the new spending bill signed into Congress, as Business Development Companies (BDC's) can borrow up to $2 for every dollar of assets they own, creating a competitive landscape for banks. This will also create space for alternative lenders since market share will become attainable in the middle market lending space.

Notable Transactions

- Credit reporting giant Experian (LON: EXPN) acquired credit startup ClearScore in a $385 million deal. ClearScore is an innovative financial technology company that allows Experian to diversify its clientele and absorb the younger company's appealing web interface.

Public Comparables:

Analysis of Selected Publicly Traded Specialty Finance Companies
($ In Millions)
All Data as of 3/31/2018

Company Name	Ticker	Price	Market Cap (1)	TEV (2) (3)	LTM Revenue	LTM EBITDA	LTM Net Income	TEV/ Revenue	TEV/ EBITDA	TEV/ Net Income
LendingClub Corporation [4]	LC	4.13	1,713.41	–	598.92	–	(158.84)	0.35x	–	–
Navient Solutions Inc. [4]	NAVI	13.32	3,503.32	–	2,208.00	–	292.00	0.63x	–	0.08x
OneMain Holdings, Inc. [4]	OMF	25.99	3,517.74	–	2,940.00	–	183.00	0.84x	–	0.05x
Credit Acceptance Corp.	CACC	323.48	6,246.47	9,262.97	1,110.00	720.40	470.20	8.35x	12.86x	19.70x
Mean (Specialty Finance)			3,745.23	9,262.97	1,714.23	720.40	197.84	2.54x	12.86x	6.61x
Median (Specialty Finance)			3,510.53	9,262.97	1,659.00	720.40	273.50	0.73x	12.86x	0.08x

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(3) - Information not available for certain businesses
(4) - Revenue, EBITDA and Net Income ratios calculated using Market Cap

Source: PitchBook

Last week, the Federal Trade Commission filed a lawsuit against Lending Club, for allegedly misrepresenting the fees it charges to originate loans. While there are not immediate collection-related issues today, debt purchasers and ARM services should stay abreast of LendingClub's and other alternative lender's business practices.

CAS is pleased to provide a link to the Site Selection Group's *Location Intelligence Newsletter*

Site Selection Group is a leading, conflict-free location advisory, economic incentive and corporate real estate services firm providing solutions to corporations and communities across the world. We offer four core services to our customers: Location Advisory Services, Economic Incentive Services, Corporate Real Estate Services and Economic Development Consulting. Our mission is to align the needs of corporations with the optimal locations in order to provide the absolute maximum economic benefit.

Click HERE for the latest *Location Intelligence Newsletter.*

ARM REGULATORY RESOURCE

Elaine Rowley | Corporate Advisory Solutions, LLC
Chevy Chase, Maryland
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The *ARM Regulatory Resource* is the CAS quarterly Newsletter feature focused on government news, regulation and compliance so you are informed of the latest activities of government agencies with oversight over the ARM sector. Your comments and suggestions are welcome!

Highlights:

- On March 20th, the Consumer Financial Protection Bureau (Bureau) and the Federal Trade Commission (FTC) reported on their 2017 activities to combat illegal debt collection practices. The annual report to Congress on the administration of the Fair Debt Collection Practices Act (FDCPA) details the agencies' efforts to stop unlawful debt collection practices, including vigorous law enforcement, education and public outreach, and policy initiatives.
- A recent bill introduced in the US House of Representatives would require the CFPB to issue guidance on federal consumer financial laws, and also provide a framework for civil money penalties. H.R. 5534 would create the Give Useful Information to Define Effective Compliance Act or GUIDE Compliance Act. The bill was introduced by Representative Sean Duffy (R-WI) and is co-sponsored by Representative Ed Perlmutter (D-CO).
- The CFPB has issued a request for information that seeks comment on its handling of consumer complaints and inquiries. Comments on the RFI must be received on or before 90 days after the date the RFI is published in the Federal Register, which the CFPB expects to occur on approximately April 16, 2018.

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- The CFPB issued a rule amending certain Regulation Z mortgage servicing rules issued in 2016 relating to periodic statements. These amendments revise the timing requirements for servicers transitioning between modified or unmodified periodic statements and coupon books in connection with a consumer's bankruptcy case.

- The CFPB is finalizing amendments to its rule governing prepaid accounts under Regulations E and Z that make modifications to several aspects of that rule and extend the overall effective date of the rule to April 1, 2019.

- On March 9, 2018, the Receivables Management Association (RMA) International Certification Council formally adopted version 6.0 of the Receivables Management Certification Program (RMCP), after a seven-month deliberation, drafting, and review process. One of the most significant enhancements in version 6.0 is the addition of more than 14 specific data and document elements for the purchase and sale of auto receivables, including deficiencies and secured auto.

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For the latest agency reports and information, click on the icons below!

CFPB

FTC

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IRS

Introducing Mark Neeb, ACA International's New Chief Executive Officer

I am so honored to be ACA's new CEO! The unique opportunity to lead the association after having owned an agency and having been an agency member for over two decades was one I just couldn't pass up. Being able work every day with my credit and collections "family" is perhaps the best way I can serve our industry and further practice servant style leadership.

Our industry is rapidly changing. The number of participants continues to shrink as companies merge, yet the amount of bad debt continues to expand. This environment presents unique opportunities for a trade association that has existed for almost 80 years. First and foremost, providing the best education opportunities for members at all levels within their organizations is something I want to focus on. Many of our courses have recently been converted to electronic workbooks and contain links where referenced material "pops up" when clicked. Gone are the paper workbooks of the past. We've created new courses for MAP attorneys that will surely be a hit! And soon, we will be offering courses intended to help small business owners with critical learning opportunities on how to better run their companies. At convention in July we will present the first example of this; a course on strategic planning. Far too many people spend their days working "in" their businesses without working "on" them. We want to help members run their businesses more successfully and control their outcomes. In short, the return of Campus ACA, combined with several new designations in addition to those we've previously offered, position ACA International as the leading source for ongoing education.

On the advocacy front—we can't let up. We must continue striving to keep our seat at the table. New relationships at the CFPB will help us maintain a position of influence as much-needed rulemaking to clarify the FDCPA occurs. Surely, a different approach by Acting Director Mick Mulvaney is a welcome contrast to the past few years whereby the new goal is to enforce law, not promulgate it. We will continue to sponsor the writing of amicus briefs in an attempt to influence outcomes in lawsuits that serve no public good and threaten our industry. And, of course, we are still awaiting a decision from the D.C. Circuit in ACA Int'l v. FCC, an important lawsuit which challenges the misguided clarifications in the 2015 TCPA Omnibus Declaratory Ruling and Order related to autodialers, reassigned numbers and revocation of consent. Finally, ACA is actively advocating to ensure that efforts to thwart unlawful robocallers, such as call blocking and call labeling technology, have effective mechanisms in place to avoid interfering with time sensitive, legitimate business calls.

I would be remiss if I didn't add that for every dedicated staff member at ACA, there are dozens of involved members who give their time and talents to help serve on committees and the board, develop training materials and provide leadership and wisdom for the benefit of all ACA members. It's really quite remarkable, and for that we should all be thankful.

Lastly, we coined a new phrase at ACA. One that succinctly describes what the mission of our staff is. Very simply, we are ***Helping Members Succeed!***

Mark Neeb, *ACA International's Chief Executive Officer, has nearly 40 years of corporate strategy experience, including 28 years in the credit and collection industry. Previously, Neeb served as CEO/President of neebEDU and The Affiliated Group. He is a longtime ACA International member, having served as 2011/12 ACA president and 1998 Minnesota Association of Collectors president. He received his BA in accounting from St. Cloud State University and MBA in Management from the University of St. Thomas. Contact Mark at* neeb@acainternational.org or (952) 259-2140.

Collections & Artificial Intelligence: An Interview with Gordon Beck

Dan Fox, Senior Manager of Field Marketing at Interactions, recently sat down with Gordon Beck, CEO of Diversified Consultants, Inc.

Gordon Beck is the CEO for Diversified Consultants, Inc. where he has been employed for 20 years. Under Gordon's leadership over the last two decades, DCI has been the recipient of many industry related awards including 32 "Agency of the Year Awards" for their respective clients and the 2009 National Agency of the Year at the Dennis and Judy Hammond Debt Connection Symposium out of 6,600 similar companies.

We had a chance to sit down with Gordon recently to discuss DCI's new technology initiatives in Artificial Intelligence.

1. How has technology changed the collections industry?

In the credit and collections world, the clients we represent want to bring the strongest ROI and the largest margins back to their organizations. Collections is a competitive world that requires aggression and efficiency in order to win. Plus, you don't want to short-change full-time employees because they recover the dollars based on the technology you use.

In our world of telecom recoveries, the margins and the unit yields are some of the lowest in the industry. We survive through sheer volume, but regardless, we have to have technology that puts the best account in front of agents at the right time and eliminates unnecessary work. At the end of the day, we're in business to make money while being productive for our clients. If an agent has a great margin but isn't producing on the scorecard, then that's all for nought. So, the question is, how do you do both? Technology is the answer.

We look to technology vendors to give us products that make us efficient at a cost-effective price point.

2. What are DCI's Artificial Intelligence initiatives?

We're deploying the collection industry's first Intelligent Virtual Assistant to interact with consumers in a natural conversation over the phone. We're working with Interactions LLC to optimize our agents' time while keeping the company compliant. We want to put our agents in revenue-producing situations that would require live interaction.

Some people will look to artificial intelligence as a way to drive down costs with their full-time employee base. At DCI, we look at it in the exact opposite way. Right now, 30% of our agent's day is handling accounts that don't drive revenue, i.e., payment arrangements, line of credit extensions. Now, Interactions handles those conversations, giving back that time to our agents. This allows us to not only boost our margins but to also hire more people.

The Intelligent Virtual Assistant handles transactions in a failproof, compliant manner, allowing DCI to focus on the dollars without having to worry about the liability.

(continued on next page)

3. **When you're evaluating technologies, how do you determine which technologies are going to produce the biggest effect?**

   It's important to test everything. We've seen great technologies go into a test environment and prove they would not be worth the expense. We've also found others to be more valuable than we ever imagined. The best thing to do when looking at new technologies is to consider a few things:

   1. ***People**. Artificial Intelligence is an enhancer to an organization, but people still have to recover the dollars. People still have to put their personal touch on the phones and provide a great customer experience, so you have to think about how this will affect employees and staff.*

   2. ***ROI**. When you tally up the amount it will cost to launch the technology, how does that correlate to your return? You might have the best technology in the world driving great results for your clients, but it might be too expensive and deliver a negative return for your business.*

   3. ***Customer experience**. Like keeping your employees top of mind, it's also important to consider the impact on your customers. How will your client base react to a new technology? How will consumers feel about the experience they have?*

From top to bottom, it has to be a good play for your employees, your clients and your bottom line.

Dan Fox serves as Senior Field Marketing Manager at Interactions. For the past six years, Dan has served in a variety of roles at Interactions including sales, business development and marketing communications. Contact Dan at dfox@interactions.com

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

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The Encino California law firm of Bleier & Cox has merged with the Law Offices of Patenaude & Felix, APC
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The undersigned served as advisor to Patenaude & Felix, APC
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We encourage you to contact CAS to confidentially discuss your growth and exit interests. Contact Elaine Rowley at erowley@corpadvisorysolutions.com to submit an article or advertisement.

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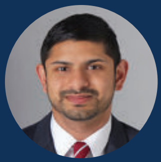

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