OPTIMUS WHITE PAPER

Is your Collections Management Platform holding you back?

Supercharge your Collections.

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Today many collection operations feel they are collecting with one arm tied behind their back. That they're not collecting as much as they should. And this isn't just a feeling.

The consumer lending market is really complex and far too many collection operations wade into the market using little more than 'clunky', outmoded collections platforms that sacrifice both efficiency and cost. What's more, those platforms just can't keep up with increasingly complex compliance standards, and growing automation demands. Why? A key reason is many of the more widely known collection platforms in the market today are based on technologies and tools that have been around for more than a decade. Those systems, some of which may be touted as being "new" in the market, may likely consist of a patchwork of outmoded components or legacy applications that do not interoperate well or simply cannot perform requisite functions to the degree needed today.

Technologies that lend themselves to more utilization within collection platforms have advanced quite a bit in recent years. Those technologies are capable of bringing new benefits previously not achievable, including greater efficiency, effectiveness, lower cost of ownership and more expedient implementation. Collection organisations may want to consider comparing the platform they have with more advanced, recently designed platforms, ones that can provide a robust, end-to-end integrated collection & recovery system. A platform that comes with a more comprehensive set of new and expanded core features/functions can enable a higher level of process automation, control, transparency, flexibility, and collector efficiency. Also, this functionality can come at a lower cost, both upfront and ongoing.

The good news is the market has changed. There are now much stronger, more technologically sound options available and creditors might want to investigate just what they can get with a modern, fully integrated platform.

The purpose of this paper is to provide a listing of the latest core capabilities, key features, and platform considerations you should now know about when looking for any quality collection platform. Here's what you need to know.

1 Older systems may be 'clunkier' than you think.

Some organisations attempt to add new life to their aging collections platforms by "bolting on" features/functions that typically don't fit well and never fully satisfy the business requirements. Meanwhile, other creditors opted to move to a newer version of their existing platform that, until now, rarely lived up to their hype. Why? Because these seemingly new platforms were often built on legacy technology with outdated development tools from the '90s. Not only that, but these platforms were also built to meet "old school" business requirements, resulting in significant upfront costs, large IT resource demands, and lengthy implementations.

While some may consider the situation as not necessarily being new, the stakes are greater than ever, and until now, these technological problems have been difficult to solve. Moving forward, the answer to untying the proverbial "one hand tied behind the creditors' back," may lie with certain new consumer collections and recovery platforms that have only recently come to the market.

2 What are the benefits of new systems?

The benefits and differentiation stem, in part, from the tremendous advances in technology, computing power, and dramatic reductions in associated costs that have occurred in the last several years. It is now substantially more practical, easier and more cost-effective to leverage the latest technology, new architecture, and proven open-source development tools. The end result, is a broader array of new and enhanced features being more readily available and affordable for the vast majority of creditors, such as fully integrated, end-to-end collections and recovery systems, real-time work queues, advanced UI's, and improved security features. In addition, because of their underlying use of modern technology and new designs, these platforms are deployed more rapidly, and entail little to no client maintenance.

3   What should you look for in a modern platform?

A More Complete Solution

■ **Single "end-to-end" integrated collections & recovery platform.** A complete solution like this can eliminate issues and challenges associated with integration, data transmission/updates, and separate systems. Those challenges run across many different elements, including management, administration, support, hardware, and costs. The benefits of an end-to-end collection and recovery platform are improved processing efficiency and more accurate, consistent and timely information. A good platform will also reduce compliance/security risks, lower operations and IT costs. You should also find that training becomes easier and reporting improves.

■ **System of record with shadow accounting.** Many older recovery systems only provide limited accounting features and may partially rely on financial updates and calculations that reside in the creditors' host system. New System of Record capabilities should include: establishing, managing, and maintaining principal, fees, costs, charges, interest, balance segments, and an array of other "shadow accounting" features commonly necessary in special handling. Ultimately, you should be able to create, maintain and view multiple financial statuses in a more timely, accurate manner.

■ **Agency management with increased control and security.** Aside from robust traditional agency management functionality (delinquent account outplacement and associated agency activity management/reporting), you should also look for platform options to enable collection agencies and their collectors to securely and easily access the same collection system and UIs you use. You should be able to assign specific accounts and collections efforts to the outsourced collection agents for work remotely. There is an increasing regulatory emphasis on creditors being held accountable for their contingent collection agencies compliance. You will want to have real-time visibility and control of the accounts outsourced and associated specific activities, just as you do with your in-house collectors.

■ **The ability to handle any product or process.** The collection lifecycle will always be complex, especially with regard to the handling of a wide range of credit products and processes in collections. That's why you want to make sure that any new system you consider can handle ANY credit product and process, including the ability to manage different regulatory requirements for different types of products: cards, secured loans, unsecured loans, and credit lines. It should also have the ability to handle the various legal processes that must be supported, such as bankruptcy, judgments and garnishments as well as collateral-related processes, such as repossession, storage and auction. And, above and beyond all this, any new platform needs to be capable of handling all associated financial processing required. That means interest accruals, payment allocation and shadow accounting.

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NEW AND IMPROVED CAPABILITIES

- **"Embedded" Digital channel engagement capabilities.** One of the key features you should look for are the seamless inclusion of digital channel engagement capabilities (integrated text messaging, 1 and 2-way SMS, email, and self-serve payment portal capabilities). With these features in place, you can have a highly effective, efficient alternative way to engage with debtors for such activities as payment notices, reminders, account holder contact update requests, payment extensions/deferral requests and workout plans. Note that digital channel capabilities can be used alongside other communication channels (letter, dialer, live agent), thereby expanding the debtors reply options and reducing inbound calls and letters.

- **"Smart" User Interface.** A better user interface (UI) relies on several key drivers: efficiency, control and ease of use. Modern collections platforms should provide dynamic and highly responsive role-based UIs that optimize agent performance by automatically displaying all of the appropriate and most recent/updated information captured, along with the specific action to be performed, and the specific script to follow, for each account, and for each specific collection situation. These modern UIs, are designed to significantly increase agent compliance, while reducing agent key strokes – by automatically guiding/directing or advising each agent and their specific activities, interaction, and next steps, for each account. There is no need for custom fixed screens and or custom panels. The end result is not having to navigate clumsy screens, search through multiple tabs, enter extra key strokes, deal with hardcoded scripts that are difficult to change, and engage in extensive UI training.

- **Multi-language and multi-currency.** The expansion of online lending and the establishment of mobile banking by most creditors is driving the demand for more language and currency options than ever before. As such, any modern platform needs to be equipped with broad multi-language and multi-currency capabilities. This includes supporting interactive currency and language conversions as needed.

- **Advanced strategy design and implementation.** Many strategy design tools in traditional collection systems involve a multi-step process to reach the point of being executed/deployed with manual intervention necessary between visual conception and configuration. However, new modern collections platforms enable collections operations to easily move straight through strategy design, implementation and testing to deployment with no manual steps in between. The benefit of this capability is fewer steps, which in turn means faster and simpler strategy design deployment and less chance for error.

- **A more flexible reporting framework.** Older collection systems typically provide a standard set or suite of reports with limited options for modification and or new report creation. However, new modern collection platforms should entail not only a robust standard set of easily modifiable reports, but also access to a wide and deep set of data elements captured in the new collection platform database, which should be easily exported to a creditor's BI tools, enterprise reporting software, and/or a central data repository. The end result is more detailed and granular insight for virtually every aspect of a collections and recovery effort.

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■ **A modern designed, seamlessly integrated platform.** Look for today's platform to be built from the ground up rather than one that's been pieced together from old and new components. Here's why that is important. Today's collections operations need a platform that has been designed to handle flexibility, performance and value. That means modern platforms should not struggle to add additional portfolios, reorganize the enterprise, or alter work queue configurations in real-time to meet intra-day demands. A new collection platform can and should take advantage of modern features in development tools for all tiers of the solution, from UI efficiency features to database encryption technologies. It should pass along to you the reduced costs associated with replacing "big-iron" with virtual server technologies, and with replacing commercial licenses with community ("open") ones. It should be able to use modern standards for interoperability and interfacing, both within the enterprise. Lastly, it should be able to be used externally and allow collections to become a real-time business model instead of being beholden to batch functions and batch windows.

■ **Easily managed extensible database (to include any data in any UI, workflow, strategy or report).** Databases in older collection platforms are typically inflexible and have a limited ability to add new fields and/or make changes. In addition, making changes can prove to be costly and involve a great deal of time and effort. In more recent years, extensible databases have been introduced, but most of these are also highly complex, unwieldy and difficult to manage. Moving forward, modern collections platforms will continue to leverage an extensible database, however the difference is that modern database design and supporting technology allow for more flexibility, more data, and is easier to manage.

■ **Real-time strategies and work queues that cut out dreaded lag time.** The use of new technology, modern platform design, and powerful strategy/workflow engines should provide "real time" collection strategies and "real time" work queue changes/updates. This insures that the right accounts, with the right information are always in place and displayed, and that the appropriate steps and next actions to be taken are clear. Older systems may force you to deal with the ill-effects that lagging platform updates can have on work queues and collection strategies when they are not updated in a timely manner.

■ **Rapid deployment.** A feature you should be able to get with a new, well-designed platform is the ability to avoid deployment delays. New modern platforms should allow you to skip dealing with protracted implementations and/or make "trade-off" decisions associated with customization, cost and timing, in order to meet rollout deadlines. Modern collection platforms should be designed with a prebuilt process framework and multi- product workflows that are easily and quickly configured to meet your specific needs. As such, implementations can generally be performed in less than half the time, and at a lower cost than older platforms. Furthermore, these modern platforms include "smart APIs," and highly flexible database structures for quicker system(s) integration.

CONCLUSION

Keep in mind that the features and functions of the modern collection platform listed in this paper are considered the recommended "core set" needed in order for creditors to more effectively and efficiently drive their collection in light of today's demanding credit arena. However, this is not an exhaustive list. There are other complementary capabilities you may want to consider that can be easily integrated with modern collections platforms to further drive collections performance (ex: new dialer technology, and speech/collections analytics).

Also, you may find some of these capabilities listed as being already available in some older platforms. However, please keep in mind that these features and functions in the modern platform are either new or have been redesigned, and/or redeveloped using modern technology and modern tools, making them substantially improved and easier to use. What's more, is that new platforms, designed from the ground up, are not just about a specific new and/or enhanced capability or just about being built with modern technology/tools. There is a huge benefit to a platform with the same features, but one that has also been built on a single, unified platform, which can provide all these features with a newer, much higher level of ease, efficiency, compliance, control, and affordability not previously available to creditors.

Sure, certain systems in use today may include many of these features, but these features and functions are likely to have been "bolted on" over time, resulting in a bloated IT infrastructure with increased cost. Not to mention you may be faced with an environment that is overly complex, difficult to understand and hard to change.

Going forward, the "raised bar" for collections demand that collection operations look for a single solution that can address the entire breadth and complexity of collection and recovery processing required by their portfolio.

This includes all aspects of the solution (user interface, workflow, work queues, business rules, reporting, financial processing, etc.). That new platform must have the built-in core functionality you need to support the lender's entire collection lifecycle and the configurability needed to easily change with today's dynamic environment.

Modern Collection & Recovery Platform – New Core Required Features/Functions Matrix		
More Complete Solution:	**New and Improved Capabilities:**	**Technology/Tools/Architecture:**
• Single "End-to-End" Integrated Collections & Recovery Platform	• Embedded Digital Channel Engagement Capabilities	• Lower IT Costs
• System of Record with Shadow Accounting	• "Smart" Collector User Interface	• Built Modern "from the ground up"
• Agency Management with Increased Control & Security	• Multi-Language & Multi-Currency	• Easily Managed Extensible Database
• Handling any Product & Process	• Advanced Strategy Design & Implementation	• Real Time Strategies & Work Queues
	• Flexible Reporting Framework	• Rapid Deployment

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This whitepaper has been brought to you by Telrock, a global technology provider of SaaS based collections platforms and consumer credit lifecycle digital engagement solutions.

Key solutions serving the collections market include:
- Optimus, an enterprise class integrated collections & recoveries platform, and
- SmartCollect, a digital channel engagement service with self-serve portal features for collections and customer care.

Telrock serves major lenders, processors, and BPO's across Europe, Asia & North America, with offices in London, UK and Atlanta, GA.

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