

Want to Collect Money at a Lower Cost?

By Susan Maurer

Has your company been debating whether online collection service (OCS) systems are worth the investment? If so, read on and I believe you will decide to get off the proverbial fence and find the right system for you. In this issue of *Collection Advisor*, the following companies were reviewed: Apollo Enterprise Solutions, Debt Resolve, Global Collection Systems, and Online Resources. Each company sees this service as the emerging technology tool for the collection industry.

While conducting the interviews during the demos, common themes were repeated. They were able to collect more money at a lower cost, collect on higher debts than by traditional methods at faster rates, reach more debtors with online OCS systems than by phone, and maintain customer relationships for first-party collectors in order to retain the customer.

Online Resources recently conducted a Delinquency Survey of billers and consumers. A key finding of both surveys is billers are out of sync with how consumers would prefer to make their delinquent payments. The majority prefer the web channel for making delinquent payments, but only eight percent of billers offer online collection services that would allow consumers to fully resolve their delinquency.

Apollo Enterprise's Chris Imrey stated that 80 percent of consumers with delinquent accounts want to reach a settlement payment. Global Collection Systems website states: "Over 80 percent of debtors prefer online debt collection, a study shows."

Although the success rate of online negotiations is over 80 percent according to a recent survey, not all sessions result in successfully negotiated payment

plans. All companies stated they provide reports that show number of hits on the system, when a debtor left the system prematurely, the number of successfully negotiated payment plans, total dollars, and other valuable information customized for each biller.


Online Resources shared the following information on Virtual Collection Agent, their flagship large lender product, which has been up and running for more than two years now.

Their 2005 pilot study of web-based collections (with a top three card issuer) showed a loss reduction improvement of 310 bases points—which would translate to an annualized savings of \$3.1 million for an organization with \$50 million in delinquent outstandings.

A national collection agency client experienced liquidation rates three times greater than the portfolio average, compared to "traditional" collection methods; their website visitors also paid at a rate four times greater than the average.

Additionally, debtors who used the web to "self-cure" their delinquent status had a 57 percent higher balance than users of other collection methods.

Almost half of the website users had never been contacted and two-thirds of them were "late-stage" accounts—as you can imagine, this would be a terrific boon to subprime and other lenders, many of whom do not have right-party contacts for their delinquent accounts.

With statistics like decreased collection expenses, increased collection dollars and rates, and more debtors reached, what biller can afford to not immediately look at the OCS systems available and find the one that best fits their company's needs? Read on and see if you find one you like in this issue. 

Top 4 Virtual Collection Solutions for 2008



Virtual Collections

Apollo Enterprise Solutions Intelligent Debt Solutions	42
Debt Resolve DebtResolve	43
Global Collection Systems Virtual Collector/Smart Negotiator	44
Online Resources VCA Advantage	45



Virtual Collections

Reminders Sent to Debtors Who Schedule Future Payments

In the IDS Portfolio Manager, debt pools may be automatically migrated to predefined settlement criteria based on client-defined variables.

By Susan Maurer

Apollo Enterprise Solutions, LLC, was founded in 2003 and is headquartered in Irvine, California. It provides enterprise-class web-hosted solutions for creditors, collection agencies, debt buyers, and legal recovery firms for debtor self-payment and self-settlement of delinquent and current accounts. The company is currently expanding into Europe and Asia.

Features

Apollo Enterprise Solutions provides three applications: IDS Pay, IDS Collect and IDS Recover. IDS Pay is for current account payment and management. IDS Collect is for late/delinquent payments and early-stage collections. IDS Recover is for late-stage collections and recovery of charged-off accounts.

At the center of the Apollo IDS system is the IDS Decision Engine™ that calculates each offer based on real-time information obtained at log-in from the debtor's current account information, customized scoring models and a current credit report.

The debtor logs in and enters their security information before proceeding to their account information. After verifying the debtor's account information and updating their contact information, the debtor is presented a screen where they enter the reason(s) for the account's delinquency. By using real-time information in the decisioning process, the Apollo IDS system presents the debtor multiple payment or settlement offers with flexible payment terms.

Note: In the IDS Portfolio Manager, debt pools may be automatically migrated to predefined settlement criteria based on client-defined variables.

Once a payment plan has been selected by the debtor, the payment screen is displayed. Apollo's fully-integrated payment processing solution makes multiple payment options available to debtors, including ACH, MC, VISA, Discover, Amex, Pay Pal and Western Union. Unique to Apollo's system, debtors can choose multiple types of payment options. Reminder notices are sent to debtors who

schedule future payments.

Enhanced communication with the debtor and documentation throughout the settlement process ensures compliance with the laws, results in fewer returned items and lowers recovery costs.

Apollo's Application Service team is comprised of highly skilled professionals who assist in customizing and implementing the system for the client; setting up collection campaigns and provide marketing consulting services for direct mail and e-mail campaigns; and designing and integrating customized reporting applications.

Testing the System

A full feature online demo was provided through the debtor screens followed by an overview of the back-office. Navigation was easy and clear. The debtor is guided through the process at each step. The back-office is more complex, but the support team provides full initial analysis of the customer business process with training. Additional ongoing training is provided as needed.

Support

Support is offered 8 a.m. to 9 p.m., Pacific Time, with after-hours, fee-based pager services from 9 p.m. to 8 a.m. for non-training issues. Support is anticipated to go to 24/7 in the future.

Summary

This system is very sophisticated and implements cutting edge technology. The cost for this system is a percentage of the amount collected online. As an industry leader, Apollo Enterprises is strategically pursuing the global market.

Apollo Enterprise Solutions

www.apolloenterprise.com
949-399-1000

Enhanced communication with the debtor and documentation throughout the settlement process ensures compliance with the laws, results in fewer returned items and lowers recovery costs.

Tips Option Offered to Debtors For Making Offers

The history of the offers is maintained at the top of the screen thus assisting the debtor with their next offer.



By Susan Maurer

Debt Resolve, headquartered in White Plains, New York, was founded in January 2003 and went live in February 2004. Debt Resolve provides the ability to collect more dollars at a lower cost through the use of a patent-based online bidding process.

Features

The Debt Resolve system is comprised of five modules. ^{DR}Prevent is for early-stage collections. ^{DR}Settle is for late-stage and charged-off accounts. ^{DR}Pay is

DebtResolve™
Resolved. With Dignity.

the online payment module. ^{DR}Mail is a secure method of communicating with

the debtor through email without any specific information regarding their debt or payments. ^{DR}Control provides real-time administrative access to the system and the client's account information from their desktop.

Debt Resolve starts the process by issuing the debtor an invitation through an email or the traditional demand letter. In the ^{DR}Settle Module, security is ensured through the invitation code, the debtor's name and last four digits of their social security number. If the entered information matches up to the record's data, the debtor is requested to update their contact information. Next, the debtor selects a password for accessing the system in the future. As an added feature, the debtor has the option of viewing a demo of the settlement process before entering into the actual process.

Next, the debtor is presented with their debt information and provided with their first opportunity to pay their debt. If they select to enter into bidding of a payment plan, the client's treatment options are presented. The debtor is provided three rounds (chances) to make an acceptable settlement offer, with a possible fourth ('bonus round') if they come close to the a minimum payment plan offer. If the debtor has rejected offers, the history of the offers is maintained at the top of the screen thus assisting the debtor with their next offer. For each rejected pay-

ment plan offer, the debtor is offered the option of clicking on 'Tips' for making offers.

The ^{DR}Pay module is customized by the client to accept payment types and payment dates once the customer has successfully negotiated a payment plan.

^{DR}Control, the administrative module of Debt Resolve, is where the client sets up the administrative roles, customizes reports, and sets up collection strategies and treatments.

Customization can even temporarily vary payment periods based on campaigns (i.e., shortening payment dates offered toward the end of the month).

Testing the System

A live walk-through was provided where all the options were navigated showing the ease of using the system. Each screen had prompts to encourage the debtor through to a successful payment plan. The support staff was very knowledgeable and experienced.

Support

Clients are supported from 8 a.m. to 7 p.m., Eastern Time. After-hours support is available 24/7 through a pager service with escalation to appropriate staff, based on need.

Summary

Clients selecting Debt Resolve can expect to have the system up in a test environment within days and running in real-time soon after. Debt Resolve is a well-designed and easily navigated system.

Debt Resolve

www.debtresolve.com
914-949-5500

The debtor is provided three rounds (chances) to make an acceptable settlement offer, with a possible fourth ('bonus round') if they come close to the a minimum payment plan offer.



**Virtual
Collections**

Smart Negotiator Uses Real-Time Information For Evaluation

GCS's modular design provides for easy customization and integration of new modules.

By Susan Maurer

Global Collection Systems (GCS) has been providing online debt negotiation and payment services to the financial services industry since 2003 and is located in Aliso Viejo, CA.

Prior to joining GCS, team members have extensive experience in commercial database designs, collection scores, and advanced machine learning data analysis concepts.

Features

Virtual Collector and Smart Negotiator modules comprise GCS's ASP-hosted system. Smart Negotiator uses real-time information to evaluate the repayment plan proposed by the debtor.



Screens are fully customizable for color, font and text. They display in the familiar 'tabbed' format where the debtor is presented with Account Information, Plans, Payment and Receipt tabs.

When the debtor enters the website, they are presented an overview of the online process they will be navigating on the Welcome screen. A feature that immediately improves communication with the debtor since it gives them a comfort level of what to expect during the process.

On the Login screen, they enter their assigned account number and last four digits of their social security number as security measures. The Account Information Screen next displays where the debtor can select to either update their contact information or continue on to explore their options. This is the final step of account verification.

The debtor has the choice to pay or enter into the Smart Negotiator process. If the debtor chooses to enter the Smart Negotiator process, they enter a payment offer. Smart Negotiator takes the debtor situation information, payment plan offer and predefined collection treatments and evaluates the offer. If the debtor's offer is rejected, they are presented with a rejection reason and alternative offers may be presented. If the offer is accepted, the debtor is pre-

sented with the client's acceptable payment options. GCS is set up to accept ACH, Credit Cards, and checks by mail. Soon PayPal will be available. After the debtor has completed their payment information, a receipt is displayed showing the payment and any future payments scheduled.

GCS's modular design provides for easy customization and integration of new modules. The new client is given a form to complete that the support team uses to customize the modules for the client's business model. GCS provides a standard service package. If a client needs specialized services requiring advanced customization, those services are provided on a case by case basis and additional contract negotiation is required.

Testing the System

An online test of the system was performed using two accounts the support team had set up. Contact updates, payment negotiations and payment selection are simple data entries. The screens present in the traditional tab layout with navigation from screen to screen accomplished through option selections using a mouse.

Support

Clients are supported Monday –Friday, 8 a.m. to 5 p.m., Pacific Time, with after-hours fee-based pager support available as needed.

Summary

The GCS application offers an easy and quick integration with a client's system. Easy navigation and payment plan negotiations based on real-time information make this system one worth exploring.

Global Collection Systems

www.globalcollectionsystems.com
949-425-1451

If a client needs specialized services requiring advanced customization, those services are provided on a case by case basis and additional contract negotiation is required.

Maintains Customer Contact Through Secure Messaging

Integration with Online Resources' card and ACH payment services provides debtors a seamless experience.



By Susan Maurer

Online Resources was founded in 1989 and is headquartered in Chantilly, VA. As an Application Service Provider (ASP) of hosted applications, Online Resources got its start servicing large financial institutions. Clients include banks, credit unions, billers, card issuers and asset receivables management companies. In August 2007, Online Resources launched Virtual Collection Agent (VCA) Advantage. VCA



Advantage targets creditors of any size, but was created specially for small to mid-sized clients. VCA Advantage is able to manage any type of debt and is a highly configurable and scalable system.

Features

In VCA Advantage, the debtor accesses the system and submits their account number and social security number to verify their identity and meet security requirements. The Account Summary screen provides payment history, when the account was last updated, and provides options for the debtor to select.

Before proceeding to settlement offers, a survey requests the debtor to provide the reason for their delinquency. The debtor is then requested to make a best offer to settle their delinquency. Based on the predefined treatment rules, the survey answers provided, and real-time information, VCA Advantage determines whether the debtor's offer is accepted. If not, then other options are presented to the debtor until a payment plan is successfully negotiated. The debtor is presented with the payment screen with an encompassing selection of payment options including: check, savings account, signature debit card and credit card.

VCA Advantage maintains customer communication through a secure messaging service, updated customer contact information, and the customer's ability to request an appointment to speak to an agent.

On each screen, Print and Help buttons are avail-

able to the debtor. Online Resources also offers debtors credit education, bankruptcy information and a budget calculator within VCA Advantage.

VCA Advantage is highly customizable, which is handled through the Client Workbench. There are five areas within Client Workbench, each denoted with a tab at the top of the screen: Account Manager, Site Manager, Strategy Manager, Report Manager and Access Manager.

Testing the System

A robust online demo was provided with full support staff to answer all questions. Navigation of the system is provided through on-screen selections or clicking on the menu located on the left side of the screen. Screen navigation flowed smoothly and logically.

Support

Support for clients is made available for all critical issues through account managers during normal business hours. Additional 24/7 support is available to assist with any issues that may come about through the site. All other issues are supported based on the negotiated package. Because clients deal with debtors directly, vendor support is limited to client training and site issues. Full disaster recovery is provided.

Summary

Online Resources brings years of financial industry experience and practice to bear in their design and development in VCA Advantage. Online Resources states that their Service Level Agreements are the contractual backbone on which they build trust-based relationships with their clients. VCA Advantage is a product worth considering for all types and sizes of debt collectors.

Online Resources

www.orcc.com
703-653-2468

Online Resources also offers debtors credit education, bankruptcy information and a budget calculator within VCA Advantage.