

Collections Analytics

Strategies for Receivables Recovery



The primary goals of a sound collections strategy are to maximize accounts receivable recovery and improve customer retention, with minimal costs associated with collections.

Collections agencies and departments commonly use techniques to achieve these goals based on a **Debtor-type strategy**. They narrowly focus on debtor history by segmenting customers based on their likelihood to pay. Once segments are identified, collections agents then target and approach them methodically, starting with the most likely to pay. This strategy can be ineffective and time consuming; it reduces the likelihood of collecting on debts as accounts move from early (30 to 60 days past due) to late stage (90 days past due) without receiving interim attention.

Angoss provides collections agencies and departments with software tools and expertise to create **Stage-based predictive strategies** that optimize collections return on investment.

Collections Strategies

Angoss StrategyBUILDER™ allows credit and collections analysts to track multiple variables over time— rather than focus on the single variable, likelihood to default.

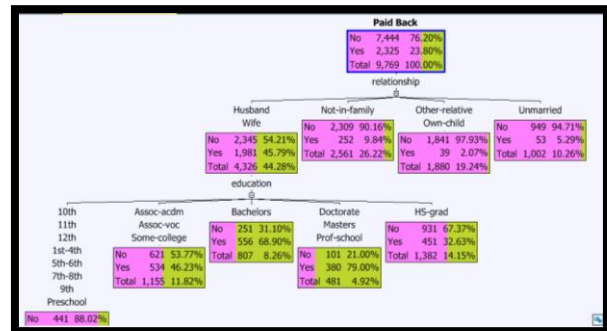
Analysts are able to factor in multiple customer statistics, such as scorecard reports, purchase history and payment history, as well as debtor behavior across customer segments. Debtor segments can be created that reflect each segment’s true behavior.

StrategyBUILDER also provides analysts with the flexibility to apply specific actions to each debtor segment. Actions can depend on multiple variables and key performance indicators.

Collections agencies and departments are able to create Stage-based collections strategies that take into account a debtors payment history, likelihood to default, and the potential recovery estimate.

Debtor segments can receive different actions, depending on their stage of collections: early stages focus on those least likely to pay; late stages focus on debtors with higher recovery values that are more likely to pay.

Stage-based strategies are proven to enable collections teams to maximize accounts receivables recovery, improve operational efficiency and customer retention (by reducing stress on lax payers and focusing on truly delinquent customers).



Collections Analytics Process

With Angoss predictive analytics software, analysts can **prepare and profile** their data using data preparation tools and graphical charts that identify significant debtor segmentation— providing better insights into the characteristics of their data.

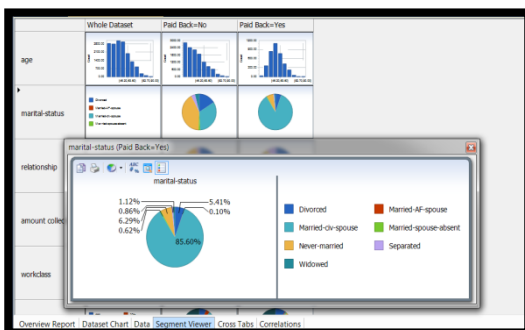
Analysts can then **model** their data using Angoss' best-in-class Decision Trees to intuitively display and explore segments. Logistic regression, scorecards, and multi-layer neural network models can also be applied.

Finally, analysts can **validate and deploy** their collections strategies. Models can be validated using historical data before applying them to current accounts. Once deployed, it is easy to apply them to new datasets, or deploy them to commonly used platforms.

Accounts Receivable Recovery

Managing collections efficacy, costs and staff productivity is essential to maximize collections return on investment. Angoss predictive analytics software includes data analytics tools and interactive, graphical reports to explore key performance indicators (KPIs) related to recovery performance, both by team members and stages of default. These trends are important indicators of the success of recovery strategies.

Reports are designed to increase the productivity of collection teams by identifying accounts that are likely to repay earlier, and in greater amounts. This ensures that accounts which otherwise would default end up paying their debts in full or in part.



Dynamic reporting and interactive dashboards provide powerful tools to both develop and monitor collections strategies:

- Business-friendly dashboards and reports highlight trends in A/R balances, team and collection stage productivity.

- Portfolio segmentation and recovery scoring allows teams to quickly and easily identify pockets of accounts that have high balances and high recovery probability.
- Trend analysis reports allow you to monitor recovery strategies.

Customer Retention

It's important for collection teams to manage each overdue account with an appropriate protocol in order to avoid customer churn. StrategyBUILDER segments and identifies accounts that will self-cure, cure with engagement, improve, remain stable, or grow more delinquent.

Individualized actions (by segment) ensure that collection teams are distinguishing "lax" debtors from those under economic hardship or potential cases of fraud.

Moreover, strategies can be interfaced with customer interaction and dialing systems to enhance productivity by automating existing systems and integrating and deploying strategies with existing tools and platforms.

Prioritized call lists can be developed and interfaced with existing dialers or internal client interaction management systems, improving collections productivity and leveraging your existing investments.

About Angoss

Angoss is a global leader in delivering predictive analytics to businesses looking to improve performance across risk, marketing and sales. With a suite of big data analytics software solutions and consulting services, Angoss delivers powerful approaches that provide you with a competitive advantage by turning your information into actionable business decisions.

Many of the world's leading organizations in financial services, insurance, retail and high tech rely on Angoss to grow revenue, increase sales productivity and improve marketing effectiveness while reducing risk and cost. Headquartered in Toronto, Canada, with offices in the United States, United Kingdom and Singapore, Angoss serves customers in over 30 countries worldwide. For more information, visit www.angoss.com.

COLLECTIONS ANALYTICS HIGHLIGHTS

- Maximize accounts receivable recovery by identifying accounts that will benefit the most from collections efforts, and those more likely to pay during late stage collections.
- Create flexible collections strategies designed to overcome shortcomings of debtor-type models.
- Improve customer retention by reducing the strain on debtors that are more likely to self-correct, while applying appropriate protocol to accounts.
- Prepare and profile data to identify customer segments and key performance metrics.
- Visualize debtor segments with intuitive, easy to understand Decision Trees.
- Angoss' Strategy Trees track multiple KPIs across segments, and assign individualized actions to debtor account types.
- Performance reports help focus efforts on accounts with higher likelihood to pay for team productivity.

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