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NOT ALL WEB COLLECTIONS SYSTEMS ARE THE SAME

The 'next big thing' looks set to be web collections, but what exactly does this mean, and how can it work for you?

By Adrian Gluck and Phil Walker

OVER the past couple of years more and more credit grantors, debt buyers and collections agencies have been inundated with promises of a brave new world: web collections.

In an era when everything 'web' sounds good, advanced and powerful, it is natural that many are thinking of taking the big bold step.

While their intent is steeped on long promises and great dreams, making them a reality has proven to be somewhat different and elusive. Promised features that were never delivered, deadlines that were not met, performance and 'lift' that never materialised, are the norm rather than the exception.

But does it have to be this way? Is there a way to minimise risk, while enjoying the promised benefits of web collections? The answer is an emphatic 'yes', provided, however that potential buyers of such systems and services understand what they are, how they are different from each other, what their advantages are, and what the expectations should be.

What is it?

It all starts with the definition of 'web collections'. The first question one needs to ask is whether the web collection system or service is active or passive?

Is it a system that requires you to operate and maintain it, or is it a turnkey service requiring minimal technical, operational and maintenance effort?

Does it simply provide little more than a website reminder channel and link to a payment portal? To illustrate, does it merely prompt debtors and remind them to call a collection agent or tell the debtor to go to a website and simply make a payment?

Or is it 'active' and invites, and indeed drives, them to go to a website, where various payment or settlement offers are made, with a clear call to action?

We see all of these web collection alternatives in the market. However, think of them as generations. Initially web collections was a passive process, with consumer-facing websites offering debtors advice and guidance, encouraging them to contact live collectors.

The second generation puts the credit granter or collector more in control. Using analytics and modelling it pushes offers to customers based on what is historically known about them and in line with pre-approved collections policies.

The third, and the latest, generation, proactively gets the customer to the website. Then, once there, uses real-time data and business rules, new external information provided by the customer, just-in-time real-time credit scores and other credit information to drive a series of customised offers to the customer.

The offers are wrapped with clear incentives, calls to action, and offers new financial services that could be made available once the current debt is settled.

The most promising of these modalities, but also the most complex, is naturally the latter, with multiple payments or settlements offers, all in full compliance and meeting the lenders' criteria.

Intuitively, it appears to be most effective. After all, what debtor would not be more receptive to a set of offers versus just one?

Potential pitfalls

While very attractive, this modality has its problems, mostly technological and operational. First, do we give all debtors the same set of offers, or do we custom-tailor each set of offers to each debtor,

depending on their profile? Of course, custom-fitting offers to each debtor, just as good collections agents do, would be best, but can we really do that?

Since the system never knows which debtor will arrive next, either it must have all sets of custom offers pre-calculated and ready to go, in the eventuality that they will be needed, or the system must wait and calculate them at the instance the debtor arrives on the web site.

Therein lies the biggest challenge to the most advanced web collections systems: you are damned if you pre-prepare the custom settlements due to the enormous batch processes involved; and you are damned if you do not, preferring instead to do the calculations on the fly, because of the complex, exacting computer processing involved and the extreme security concerns.

These challenges are being met by developing and patenting third generation web collections services, driven by technologies that mitigate the concerns associated with real-time customised settlement offers on an individual debtor basis.

These technologies include creating multiple data zones within the system, continuous monitoring and re-assignment of data ports, built-in intruder traps with instant alarms, and accelerated data transfers to minimise exposure to data in motion and data in transit theft.

When properly implemented, the latest generation of web collections can be everything they have been hoped to be.

Most importantly, in these financially difficult times, they provide a kinder, gentler way for debtors to meet their obligations with the respect and dignity they deserve, while reflecting the way today's consumers are preferring to do business. **CCR-2**

Adrian Gluck is executive vice-president and chief operating officer, and Phil Walker is senior vice-president UK/EU, at Apollo Enterprise Solutions
E-mail: ??