

**Overcoming Human Resource Limitations:
Appropriate Use of Virtual Agents
in Accounts Receivable and Collections**



WHITE PAPER

Contents

[Introduction.....2](#)

[Human Resource Challenges.....2](#)

[Previous Options.....3](#)

[Evaluating Solutions.....4](#)

[A Virtual Agent Solution Alleviating Human Resource](#)

[Limitations6](#)

[The Ammina™ Virtual Agent.....7](#)

[Implementation.....9](#)

[Summary.....9](#)

[InterProse Marks.....10](#)

Introduction

Accounts Receivable departments, collection agencies, and collection attorneys struggle with the constant challenge of balancing available human resources. Account coverage is critical to the success of sufficiently conducting effective collection contacts. Human resources are always stretched to capacity and when employee turnover occurs the problem is exacerbated by the loss of a trained individual. By supplementing a highly effective and available Virtual Agent, businesses can create effective collection solutions, stabilizing cash flow and deploying more experienced personnel in more complex problem solving roles.



Human Resource Challenges

Businesses conducting accounts receivable or bad debt collection face significant human resource challenges that can hinder effective account resolution and collection.

Employee Training: Businesses invest significant time and monetary resources into the training of new employees and continued training of experienced employees on new policies and procedures. When a trained employee leaves the company a significant investment goes out the door with them never to be recovered.

Adherence to Company Policy and Procedures: With the ever increasing complexity of policies, procedures, and

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best practices guidelines, it is often overwhelming for an employee to retain all of the necessary rules required to stay within legal boundaries as well as administrative policies to maximize productivity.

Productivity Loss Due to Employee Absence: In businesses where human resources are stretched thin the absence of an employee either scheduled or unscheduled creates a negative shift of workload to the remaining staff causing reduced productivity and loss of revenue.

Limited Availability of Human Resources: There are two circumstances where the limitation of human resources is unavoidable. 1) Accounts receivable departments, collections agencies, and collections attorneys are tightly regulated by FDCPA rules limiting how and when a customer/debtor can be contacted, reducing the available work day. 2) Even while working within federal guidelines businesses must load balance their human resources by shifting work to have the best possible coverage. This spreads employees thin in all shifts causing reduced productivity in the enterprise.

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Previous Options

Making provisions to compensate for human resource challenges has always had its own set of shortcomings.

Interactive Voice Response (IVR) solutions: Utilizing telephony broadcast messages with IVR predictive dialers can provide more collection coverage without human resources and has been a useful tool. Some of its limitations are no answers, answering machines, hang-

ups, and FDCPA inconsistency in defining what is a valid right part contact. All of these events generate no income but carry an associated expense.

Non-Intelligent Web Sites: Many companies have created web sites with the object of driving their customer/debtors to it in hopes of collecting a payment or to gather information for issue resolution, thus spreading the utilization of human resources. Though somewhat effective, without intelligence and a warmer more human interface, the sites often fall far short of expectations.

Adding Staff: For many years this has been the first source for creating more productivity bandwidth. While increasing staff may provide a partial solution it is often the case that by increasing headcount individual productivity tends to decrease.

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Evaluating Solutions

While evaluating solutions to human resource limitations, seeking a solution that is cost effective, scalable, and achieving business goals, should be the primary considerations prior to implementation. Let's look at these points individually.

Cost Effective: It would seem obvious that cost is usually the first consideration in any implementation. However, the metrics to consider should include: total capital expenditure (setup costs), monthly maintenance fees, transaction fees, commissions, and support fees. All of these costs should be taken into careful consideration when determining the time necessary to recover your initial investment and whether the process provides the anticipated cost benefit over previous options. Setup costs can vary from free to \$25,000 - \$30,000 depending on the provider and the breadth of their solution. Regular

monthly service, support and transaction fees should be calculated in with the setup costs to determine true ROI. Before you sign on the dotted line make sure you understand how the provider will make their money and what your options are if their solution doesn't meet your needs or expectations. Some providers will do the setup for free but then charge you a commission percentage of payments collected. Again, make sure you crunch the numbers to take into consideration the total cost impact of using their solution. For example, if you collect \$20,000 in payments and your average fee rate is 25%, and the solution provider is charging you 10%, your net earnings are \$13,000. So you have to ask yourself, "is this solution cost effective?" It probably is not. Looking for a solution that charges flat maintenance fees and transactions fees will most likely be more cost effective initially and will scale well because most providers offer a tiered pricing model where the per transaction cost go down as volume rises.

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Scalability and System Stability: When considering a solution you should look at the implementation of their platform. Will it integrate well with my system if we continue to grow? As I drive more customers/debtors to the site will system performance remain constant? What are the limitations in customizability for one of my market segments or specific clients? These questions are critical because if you find a great solution and continue to drive your customer/debtors to the site you must have confidence that it can handle all that you send its way. Because in a perfect world, if you could send all of your customer/debtors to the virtual agent your profitability would soar! Ask the provider questions about uptime ratios, is it at least 99.99%? How often are system maintenance updates run, and what is the maximum time

of system unavailability? Do they have a failover system and disaster recovery plan?

Achieving Business Goals: This aspect of using a virtual agent is where the rubber really meets the road, in that even if the first two requirements are met but you aren't meeting or exceeding your business goals then why go through the hassle? The whole idea is to utilize your human resources where they are most effective and use intelligent virtual agents where they can do what efficient collectors do namely, collect on accounts, create payment plans, resolve account issues, and offer settlements; all done in a dignified and respectful manner. Anything less is a waste of time and money. People, good people, are a businesses most precious resource and it is a wise business person that masters the art of having the right resource in the right place doing the right thing that is the difference between just setting goals and achieving them.

“The whole idea is to utilize your human resources where they are most effective and use intelligent virtual agents where they can do what efficient collectors do...”



A Virtual Agent Solution Alleviating Human Resource Limitations

So here you are, knowing that in order to maintain high levels of profitability you are going to have to collect more money with less people. A daunting task! Where do you start? Looking into a virtual agent solution might be a great place. Finding a solution that can accommodate your type and style of business is critical to a good fit. Check out several of the vendor providers, take a guided demo, ask about setup costs, customization, (and the cost to customize!), transactions or commission fees, and time to deploy. Then sit down with your calculator and crunch the numbers looking at years one, two, and three to determine if the cost to deploy would be significantly

less that a human resource solution. If it is, then make your move!



The Ammina™ Virtual Agent

InterProse's virtual agent solution brings together the best technologies of the day and a cost effective solution for human resource limitations. With a powerful real-time decisioning engine and customer friendly avatar Ammina is the next best thing to hiring a new person. Here are some of the reasons you should look at Ammina first.

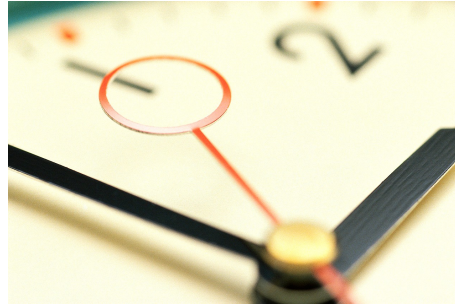
Making Each Contact Count: When a customer/debtor logs in to manage their account or make a payment you want to insure that you can present the same tactics that a live agent would use to get the highest and best results. With Ammina™ you can take the standard treatment script that a live agent would use and create the same process with a series of questions, gathering of additional data, and making decisions in real-time. Think about it... a friendly face and voice, a concise handling of the account, no arithmetic errors, and no violations of FDCPA guidelines or company policy.

More Data, Better Decisioning: Ammina utilizes the industry leading host system synchronization software WebAR® Connector. Utilizing both host system data and data entered by the customer/debtor in real-time Ammina can present optimized opportunities for the customer/debtor to make payment, payment arrangements, or resolve issues with the account.

24/7/365 Availability: Ammina never gets sick, is never late for work, never takes a vacation, and doesn't sleep. So if your customer/debtor wants to pay on their account

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at 4:00AM on Sunday morning, Ammina is there and ready to serve. This availability accommodates shift workers, and customers spread across several time zones. Ammina is always available.



Your Wish is Her Will: With a powerful GUI designer tool Ammina can be constructed to meet your collections requirements. Using a flow chart visual representation of the steps a customer/debtor will follow can be easily laid out and modified. Ammina utilizes task “nodes” that provide the functionality to ask the user questions, gather input data, make mathematical calculations, process logic tests, offer multiple options, etc. See Figure 1.

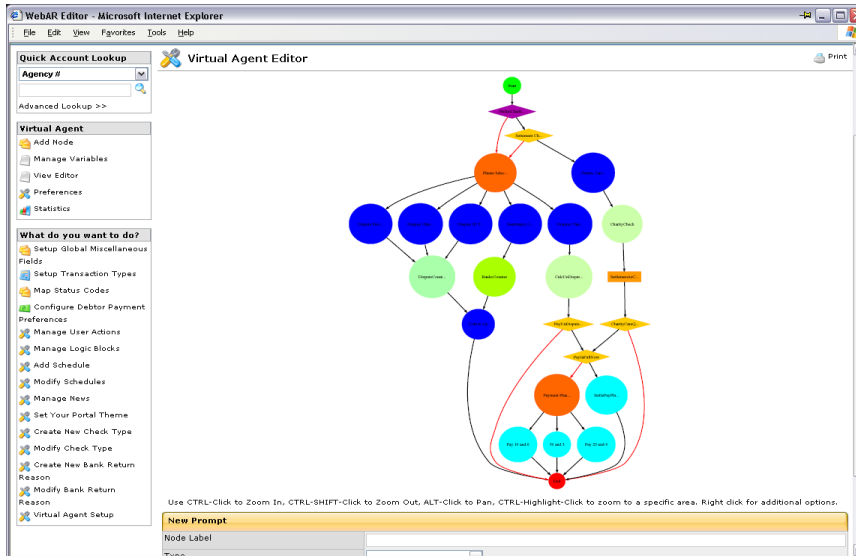


Figure 1: Easy as 1-2-3
Create a node, Set the properties, then Link them together to define the customer/debtor treatment.

Putting Your Best Face Forward: Utilizing a friendly face and a non-judgmental voice can greatly enhance the collection experience. Though not generally thought of as an experience anyone looks forward to, a professional, efficient, and reasonable persona can make the process less stressful. Ammina provides the ability to create an

avatar that meets the requirements of the audience you will be addressing. Figure 2 represents a friendly professional woman designed to give the impression of a compassionate guide to assist in the process.



Figure 2: Present the customer/debtor with a persona that will put them at ease and enhance the quality of the experience.

Implementation

After assessing the human resource needs of your business in particular current needs and anticipated growth defining how and when to implement a virtual agent solution should become self evident. If your business is in a limited market with little anticipated growth adding a virtual agent is probably not a cost effective solution. If however your companies markets are broad, growth is moderate to aggressive, and staffing with competent collectors is a challenge then our Ammina Virtual Agent may be a perfect solution.

Summary

Finding the best solution to effective staffing is always a challenge, at InterProse we have spent years developing solutions to maximize human resources and create tools to make them more effective. To find out more about the InterProse WebAR® Ammina™ Virtual Agent solution, visit us at <http://interprose.com/products/webar/virtual>.

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