



Alleviating (some) Chaos in the ARM Industry

What is holding back the ARM industry? Incoherent government regulations, labor-intensive processes, and outdated technology, to name a few factors. While each of these issues creates different challenges, the missing piece that will benefit the industry the most and solve many of these challenges is data standards. Not what you had in mind? Then this is a good place to stop reading.

Let's face it - every player in the industry seems to believe that a significant amount of their secret sauce lies in the form and format of the data they are exchanging. Truth is, there are hundreds of non-standard standards. Each aim to exchange the same data differently. There's no secret to the format of the data. The ARM industry is set to gain more by creating data standards, and thereby eliminating operational waste, rather than continuing to try to protect inadequate intellectual property.

Collecting debt is labor-intensive. How can we solve this? Automation. Get ready for the buzz words: robotics, machine learning, artificial intelligence. These technologies can only thrive if the foundation they rest on is stable. With a litany of ever-changing non-standard data standards, contemporary technologies lose their luster. Getting every party in the industry – credit issuers, debt buyers and sellers, agency and at-

torney servicers, and third-party services – to adopt the same data standard is far more important than the industry cares to understand. With standard data dictionaries and structures come enhanced automation, streamlined processes, and the alleviation of chaos brought on by the inconstant nature of “data standards” today.

Imagine driving up to a gas station and finding the nozzle doesn't fit your car. Impossible, right? All cars in the United States have the same size fuel filler neck, and all gas stations have the same size fuel nozzle. This is not an accident! It's a standard, adopted by fuel and car industries once they realized none of their secret sauce lay in the shape, size, or material of the nozzle. It has saved everyone tons of money!

Now, let's think about the New York City subway system. From 1904 to 1940, each subway line was independently owned and operated. Tunnels were dug and the tracks laid, all by different crews. Since standards didn't exist, each track size differed. This lack of standardization has resulted in an incredible amount of wasted capital on maintenance, research, and development to the Metropolitan Transportation Authority and New York City taxpayers. Maintaining disparate systems is labor-intensive, costly, and inefficient.

In the late 80s, as volumes increased for Vertican clients (who collect on behalf of thousands of creditors, debt forwarders, and senders), they began looking for faster and easier ways to place their claims. Snail mail and floppy disks were not cutting it anymore. The concept behind You've Got Claims (YGC) and the YGC Standard was simple: let's not reinvent the wheel every time new senders enter the market.

Standardizing the mechanisms behind the movement of data from senders to servicers and back eliminates operational waste and streamlines business processes. Vertican, then YGC, defined a comprehensive data standard, released it into the public domain for anyone to use, and sold complementary services such as data delivery, data validation, analytics and reporting, and storage. Today, tens of millions of claims are processed by YGC. Even more claims are sent using the YGC Standard – simply because it is in the public domain for anyone

to use. While YGC has been successful, it has barely scratched the surface. YGC is responsible for only a small fraction of the claim volume being worked by ARM industry clients. This means most of the data is being exchanged in one of the more than 300 non-standard standards. The problem with YGC was that it did not centralize processing for any other non-standard standards. This left servicing attorneys, agencies, and their software vendors to deal with the disparate data flowing to and from their systems.

So, where do we go from here? We can all agree how inefficient and costly it is to continuously support multiple electronic data interfaces. Now we can take the necessary steps to move forward. The first step is to start a conversation. We need to address how our data is gathered, processed, moved, stored, and how standardized data will benefit the ARM industry. This will lead to a realization where, like the gas pump, debt records being exchanged will conform to a standard. It is very unlikely this realization will take place today or even a week from now. Until then, Vertican will continue centralizing data transformation processes for its clients.

Allow me to explain –

Each time a creditor, debt buyer or third-party servicer makes a change to a form in which they exchange data, every downstream software vendor must dedicate duplicative time and effort to modify their respective software. Our industry still thinks there is a secret ingredient in moving the same data dif-

ferently. It is expensive, wasteful, and not consumer friendly! Every added expense and burden imposed onto the servicing attorneys and agencies breeds negative results for the consumers, collectors and creditors.

My vision for the industry is to create a centralized data clearing house where the data can be normalized, sanitized and standardized. The government is well positioned to solve

this problem and would do right by stepping in and creating a standard. But as an industry, we cannot wait. We need automation much more urgently than the government can provide. Of course, it would be best for all industry members to natively adopt a standard (government imposed or otherwise). But that is at best years away, and at worst a pipe dream. This does not mean that we can't help the servicing agencies and law firms standardize the complex data transfer processes imposed upon them while also empow-

ering their creditors and debt buyer clients with powerful tools. With the creation of vExchange, my goal is to standardize all the non-standard standards at once (a data clearing house). This will eliminate tons of waste and free industry-wide resources to focus on building tools that will further advance the industry. This will alleviate the chaos by allowing technology vendors to add real value by creating state-of-the-art technology and services that work. Now, aren't you glad you didn't stop reading?

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Isaac Goldman is a third-generation Accounts Receivable Management industry member. He joined Commercial Legal Software, Inc. (CLS) in 2010, bringing with him an expertise in Business Operations, Mergers and Acquisition, and Product Development. Isaac led CLS in its transformation into Vertican Technologies, and led Vertican's growth from 2013 to the present through several acquisition and business expansion strategies. Isaac uses his philosophy training, innate entrepreneurial spirit, and pragmatic approach to problem solving to eliminate operational waste and increase efficiencies, ROIs and profits at Vertican Technologies. Simply put, Isaac is a leader who rethinks and redeploys conventional wisdom to improve and invent.