insideARM
Think Differently: Dan Womack

Transcript of conversation between Stephanie Eidelman, CEO of The iA Institute
and Dan Womack, Senior Director of Engineering and Product Management at Ontario Systems
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Stephanie Eidelman

Hi. I'm Stephanie Eidelman, CEO of insideARM and the iA Institute. I hope you are all safe and healthy. One of the things I spend a lot of my time on is managing our Innovation Council. Even before the pandemic, organizations in the Innovation Council understood that their ability to survive would depend on thinking differently and being at the forefront of communications, analytics, payments, and compliance technology. Last fall we started an article series called Thinking Differently, to feature thought leadership in these areas by our staff and by members of the Council. We've now expanded this series into video format, as I interview various members of the Council to share with you how they are thinking differently about their businesses, and about the future of the industry. I hope you'll listen in.

[Brief video animation introducing "Think Differently"]

I'm here today with Dan Womack, senior director of engineering and product management at Ontario Systems, and also a longtime member of the Innovation Council. Dan, it's always a pleasure to talk with you, and I've been looking forward to this interview.

Dan Womack

Thank you for having me on the pleasure is mine.

Stephanie Eidelman

Great. So, I think probably most of our listeners know who Ontario Systems is and what you guys do, but why don't you briefly describe, because maybe there are some things you do that people don't realize.

Dan Womack

Yeah. Ontario in a lot of different spaces. So where most people in this market probably know us best from FACS and Artiva and TCS, our three really core primary collections platforms in our receivable space. We also have a government division which has two platforms, three platforms, I guess, in our state government. We have a federal group. We have a healthcare group as well. So we service the health care providers, as well as state and local governments, as well as the collections market, the ARM market. So we have nine platforms overall. We are heavily invested into the telephony space with our Omni products. We really have an awful lot of different programs running at the same time. So there's lots of opportunities for you to know Ontario.

Stephanie Eidelman

Yes. And I know there are lots of moving parts and you guys have just had some changes at the organizational level. Are there any new directions that makes sense to share?

Dan Womack

Really the same direction we have. We serve those same markets. We have a passion for these markets. We've got a long history in these markets. Many of our customers have been with us for 10, 15, even 20, 25 years. So we have certainly a deep commitment into these markets. We're trying to go faster is really the biggest shift and the biggest push. We've gotten a large investment behind us in being able to move quickly into servicing the markets that we're already in. So putting some additional efforts and focusing to our third party space as for your audience. And we'd be able to talk through as it really means accelerated development in our Artiva platforms, our TCS platforms, our FACS platforms. We've recently announced an acquisition in a payment space. So we have acquired a company called SwervePay, which we're really excited about. We have a new CEO, Tim O'Brien, which we're really excited about and hopefully everybody gets to meet.

Stephanie Eidelman

Yeah. So the new payment acquisition. You guys also integrate other payment solutions. So what does that mean for customers and prospects?

Dan Womack

Yeah, so we have, I'm gonna get the number wrong. I think we have seven or eight different payment companies that we are integrated with today, depending on your platform. And so those still exist. Those still have a lot of value to our customers, of course. We're trying to bring some new things that we can do uniquely now that we have a payments company in house. And so there's a really interesting roadmap that we're putting together and launching now to be able to bring the synergies of the platform and the payments mechanisms together. An example of that, we'll be launching a process of charge fee model here shortly, which is going to be a really exciting opportunity for our customers to help defray some those costs are bearing today in processing payments.

Stephanie Eidelman

Ontario Systems, above many companies, has access to what so many companies in the industry are doing, whereas many firms -- not vendors, but collection agencies, generally know only how they're approaching things. So I wonder what overall impressions have you had about how companies have adapted to the pandemic and maybe what changes have been successful and what things have been less successful, that you've seen.

Dan Womack

There's been an awful lot of the same changes repeated over and over again throughout the course of the agencies. And so, some of the changes that everyone that's listening has experienced, I'm sure, is figuring out how to work from home and figuring how to work from home quickly and figuring out how to work from home compliantly and being able to solve for all of those problems that come with that. And that's been pretty universal... That happened pretty fast. So within the first week or so virtually all the agencies had figured out how to do that. Many of whom we helped through that and other organizations in the market have helped them through that. Then it kind of pivoted into, okay, now how can we be successful this way? Not just survive but thrive. How do we figure out how to be the most we can in this situation?

And for some agencies that meant pivoting into adjacent markets, for some that meant leaning into their existing ones for others, it just meant staying the course that they were already on, maybe accelerating it. But in most cases that really meant leaning into automation and the more automation that they had already, probably the more positioned they were to be able to do that. Also, it really meant some more oversight for the agents, for their compliance teams, for their QC teams, to be able to make sure that they're adhering to their processes, procedures, guidelines, consumer protections and so on. And so we saw a lot of those things happening really, really quickly. As that kind of progressed within several weeks it really became apparent that the pandemic was changing and it wasn't like what everybody was expecting. It wasn't going to be the drop in payments.

And so we've had agencies telling us, many of our agencies are telling us these are record months for them, that they're doing. It's not exactly what they were expecting from consumer communication, inbound calls were up, outbound calls were fairly steady. We didn't see the large drop offs that we might... that the agencies thought they might see. We didn't see the large drop off in payments that many people thought they would see. They didn't see the decrease in payment amounts. Not just the quantity of payments, but the amounts of them that didn't drop off like we thought. And so largely it hasn't fallen off a cliff. There's been some decline, but it hasn't been a sharp decline and in some areas it's actually been an increase. And so it's been interesting to see the different verticals, because that's kind of a universal number. But if you look at any one pocket, for example, student loans or certain states, where anyone particular pocket we have seen in certain moratoriums, those have been pretty hard hit.

Stephanie Eidelman

What about you guys? How are you thinking differently at Ontario Systems about moving forward?

Dan Womack

Yeah, so much of what we're seeing in the market, isn't really necessarily thinking differently. This industry is largely an evolution industry, not a revolution industry. And so largely what we're seeing in the market, and probably to a large degree ourselves, is how can we go faster on the things that we had already planned on doing. And so a lot of that has to do with different communication channels, different segmentation methods, different automations that are available, different technologies that can be deployed in automation. And so a lot of that kind of really is probably the same thing that we've had, we're just moving faster. And the industry is largely doing that. A couple of areas where we might be thinking differently would be in that... Machine learning is certainly a huge area.

You had a recent article came out this week around the machine learning artificial intelligence, how that's changing the way that one agency is really dealing with their inbound calls and how they're putting more of their not agent required calls through that tool. Seeing more and more tools like that. I'm seeing more people leaning into those tools and a lot more adoption of said tools. But there's really a lot of areas where that has opportunity for it to change the game well beyond just more channels. I think that the article was entitled, collector bots, right? The rise of the collector bot. So the chat bots, the collector bots, the IVA type tools, the consumer portals, where they can do self-service.

Those are certainly all on the rise. But also where we see some more opportunity for tools like that is in workflow decisioning. Being able to have it aid in and direct the workflows that are

being done right now. So much of an agency's competitive landscape is that their operators may be better than somebody else's operators. And so as the machine learning has the ability for it to, to augment that and to help that significantly, to be able to help with the workflow decisioning.

Also certainly with segmentation, predictive analysis, things like propensity to pay scores, but also in areas, things that might scare some of the compliance folks, I think is like the dynamic settlements and plans. Being able to do predictive analysis around who might be deceased or bankrupt, or fraud detection, things like image classification. Being able to see a letter that comes in from that consumer and being able to recognize what that is and be able to parse that data and put some normalization to that data. Another area where that can really be of tremendous benefit for machine learning would be in the area of data in data out -- the ETL type tools. If we can figure out ways to normalize that data through machine learning, to be able to bring data in and have that be done largely without someone mapping it, that'd be a tremendous win for the industry. I know you spent some time on this with the Georgetown folks.

Stephanie Eidelman

Yes. I know. And I'm excited in the Innovation Council for us to take the next step on that project. So that's certainly an area we've been working at. You talked about machine learning and making the processes more efficient and, and depending less on humans, basically. I think that, you know, I hear so much about how hiring is difficult and it's certainly different in different areas of the country, but some folks are having a really hard time bringing on new people and I can see where the lion's share of expense has got to be in hiring, training, replacing -- that constant cycle. And so clearly, where you can minimize the need for that and maintaining consistency, which really helps with compliance, obviously. I know that's something you guys think a lot about, that's got to be a game changer going forward.

Dan Womack

Yeah. We have agencies that tell us, and I don't know the exact number, but I think we have many, many agencies tell us that their turnover rate is an excess of a hundred percent. That if they have a hundred people that they're likely going to have to hire a hundred new people this year, and that expense, like you mentioned, is tremendous. But the true challenge in all of that is the other costs that come along with that too. The error rate that someone makes, the QC (quality control) to be able to validate that, all the processes that go into place around ensuring the standardization, it's a very challenging space for a collector to be able to come up to speed and learn and know quickly. So it takes a lot of time and effort. As it relates to compliance. Compliance, of course, for Ontario means something very strong, very powerful.

We have who I think is one of the top minds in all of the compliance space working for us, Rozanne Andersen. She has helped us tremendously to be able to kind of view compliance as an ingredient that we bake in as opposed to something that you put on after the fact. We don't do it like so many engineering organizations out there. They would build a widget, right? Whatever the case may be, maybe it'd be like building a portal. And then, at the completion of the portal, may have a compliance review. We do things very differently, where compliance is a part of the stakeholder, part of the discussion for what we build. Every single thing that we build has compliance, right from the very beginning, figuring out what can it do? What should it do? How would it function? What's the best course for it?

And as was mentioned, as we went to go seek it, to take on payments and do more in a payment space for agencies, and even in our acquisition of SwervePay. We have an awful lot to do now

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with the compliance side of how can we do things and how can we be better? And that informs not just our roadmap, but our processes, our procedures, our staffing, our training, so much of what we do. So for us, it's such an integral part of how we think, because we see a lot of agencies are doing the same, right? It's an integral part of how they have to think and how they have to operate.

Stephanie Eidelman

It's a unique approach that's threading a needle, because I can appreciate how, when in the Innovation Council we want to really blue sky something, we have another breakout for the compliance and legal people. We invite them to have their own conversation and maybe don't get in the way of the brainstorming. And so you definitely don't want to cut off that creativity and that innovation, but taking the approach to compliance as how *can* you, as opposed to why can't you, is a nuance that's important, and obviously compliance is so critical to this market, but approaching it that way is a little bit different. And I know Rozanne very much does take that approach, and Sara and her team too.

Dan Womack

...and her whole team. They're fantastic. And they're great partners to all of us in Ontario. When we go to try and create something new, whether it's from a product roadmap side or the engineering side, or the QC side, or any of our support teams, it's really the focus of how can we be holistic, right? How do we approach a project in a way that encompasses all of those stakeholders? And we certainly don't leave compliance 'till the end.

Stephanie Eidelman

That's a special skill. So, all right. I have one final question for you, and that is, what's keeping you up at night?

Dan Womack

Well, right now as being on the West coast, probably, and then working on East coast hours, but besides that, uh, that stress of what's going to keeping us up at night, I think coming out of this, we're going to be different. And I'm trying to figure it out from a product perspective as what does different look like? Because I really love the name of the series, Think Differently. And so as we start thinking about how do we come out of Covid, how do we look into the rest of this year? How do we look into next year? How different is different going to be? Can we be doing some of the same things that we're doing just faster and get there sooner, or do we really need to be changing the game dramatically? And if so, will folks follow if we change too dramatically? And so that kind of, that balancing act of how much can we change and how much must we change and how much can't we change just yet? From a technology perspective, it's always the most exciting for us to change the most, the fastest, right? And, while maybe we're not known for that, we have a passion for that, and we have a drive to do that. And trying to find that right balance keeps me up at night.

Stephanie Eidelman

Yes. Someone has to lead, but leading often has a cost because, if people aren't ready to follow right away...

Dan Womack

That's right.

Stephanie Eidelman

Yeah. Alright. Well, fascinating as always. I love talking with you, Dan, and I hope you have a great day and I look forward to the next time.

Dan Womack

Thank you so much for having me on really appreciate it.