

# COLLECTION TECHNOLOGY NEWS

UNCOVERING THE OPPORTUNITIES IN COLLECTION IT

## DEBT RESOLVE UPGRADES OFFERING

**Debt Resolve Inc.** introduced an enhanced version of its Priceline-like double-blind bidding system for self-settlement. With the product, called DebtResolve, debtors have three chances to devise a settlement offer amenable to collectors.

Debt Resolve Inc.'s latest version, unfurled this month, has a new user interface with improved visual cues to guide debtors through the web site and settlement process. It also features an ad-hoc report writer for managers, which collects more data about customer visits and registrations, said **Richard Rosa**, chief technology officer of the White Plains, N.Y., company.

Companies using DebtResolve are collecting 18% more than the minimum amount they had been willing to accept, Rosa said. "The debtor never knows the floor," he explained.

Debt Resolve charges a contingency fee — generally 15% of monies collected — or a software license fee based on the number of accounts on the system.

### SELF-CURE STATS

What percentage of debtors will willingly go to a web site to settle

their debts? Statistics are scarce. In tests with clients, Debt Resolve found that 40% of debtors who willingly responded to contact by a collector chose the internet channel, as opposed to calling or mailing a check. The company could not extrapolate that percentage to apply to the industry as a whole.

For now, the greatest successes for self-settlement applications may be in merely luring hard-to-reach debtors.

**Receivables Management Solutions Inc.**, a 200-employee agency in West St. Paul, Minn., that works secondary and tertiary paper, is testing DebtResolve on customers who have been unresponsive to phone calls or collection letters, said **Howard Knauer**, the firm's president. Knauer is also president of DebtResolve's fledgling user group.

"We are not using it to compete with our normal collection efforts," Knauer said of the product. "We are trying to appeal to consumers who don't want to talk to a collection associate because they are embarrassed" about their situation, he said.

Receivables Management Solutions sends a letter with an invitation code

on it to inform debtors of the online-settlement option.

In its tests on subprime, low-balance accounts and on high-balance, bankcard paper, the firm has been getting a response rate in the low single digits, Knauer said, similar to a direct-mail campaign. In many cases, the self-settlement invitation has spurred debtors to call the agency to resolve their accounts, Knauer said. Customers are also updating their contact information when they visit the site, benefiting skiptracing efforts, he added.

Any amounts that RMS collects via DebtResolve are purely incremental, Knauer said, since there are little upfront programming costs and DebtResolve operates on a contingency fee. "It's found money," he said.

Ultimately, such systems will appeal to collection executives because they allow management to control settlements, Knauer said. "Every firm has guidelines, but you always get associates who go from offering 90% settlements to 70% settlements too fast," he said. "Being human, they are willing to take the easy way out."