

RECEIVABLES

ASK YOUR TECHNOLOGY PARTNERS THE HARD QUESTIONS

The COVID-19 pandemic and resulting market turmoil is uncharted territory for everyone, including credit and collections departments. But it's already clear that credit and collections managers will have to rely more heavily on technology to navigate the continued economic uncertainty and market volatility.

It's easier than ever to find credit and collections management technology solutions. The hard part is selecting the right credit and collections technology partner. Before you make any decisions, ask your potential partners the hard questions to protect your investment and ensure that you have the transparency, stability and leadership you need for long-term success.

TRANSPARENCY

If you are private equity-owned, when was your company last acquired? When are you expecting your next liquidity event? And can you provide financial statements?

⇒ **Why you should care:** When it comes to choosing technology, one of the single greatest hazards is vendor counterparty risk. Many corporate credit and collections manager have incurred considerable costs by having to replace credit and collections technology that has been divested or sunsetted by private equity-owned technology companies that acquired the solution provider.

The COVID-19 pandemic and resulting market disruption may increase this risk. Already many private equity firms have acted to mitigate liquidity risk – for example, by having portfolio companies draw down credit facilities to prevent working capital shortfalls. As a result, technology investment within private equity-owned companies has been significantly reduced, and in some cases, it may lead to the sunseting of more technology solutions.

A lack of transparency in financial statements or uncertainty around exactly when and how the next major liquidity event will occur should raise serious red flags.

Do you charge based on volumes of fluctuating variables such as bank files, transactions or ERP items?

⇒ **Why it's important:** Transaction-based pricing models are inherently unpredictable. In many cases, you'll be double charged for statements and payments by both the technology provider and your bank. And should your company banking structures change or your company grow, either organically or through acquisition, you can expect your monthly pricing to rise drastically. You need a vendor that offers predictable pricing models.

STABILITY

Has your system had a serious outage or mass-SLA breach in the past year?

⇒ **Why it's important:** System outages are an indicator of platform instability and insecurity. The inability to access the system can be especially harmful to the day-to-day operations that rely on the system for transaction processing and liquidity management. Be wary of technology vendors with recent outages and SLA breaches.

What technology and how many staff are focused exclusively on cybersecurity?

⇒ **Why it's important:** Cybercrime rates are higher than ever and growing. Your technology partner should have staff and technology dedicated to protecting your credit-to-cash function.

LEADERSHIP

How long have you been serving this market? What's the average tenure of your staff?

⇒ **Why it's important:** The quality of an implementation is dependent on the experience of the product developers and the personnel helping you to implement it. Ask vendors direct questions about the tenure and experience of their implementation and support teams. Ensure they have a local presence to support your business and that their team has direct experience running credit and collections departments.

Can you describe your most recent investments and enhancements to the solution?

⇒ **Why it's important:** Ongoing product innovation and enhancements demonstrate an ongoing investment in the solution and often indicate a trend of client growth and strong financial performance from the technology vendor. And, of course, as the credit and collections landscape continues to evolve, it's critical for your partner to continually improve their solution.

CONTACT US TO SEE HOW WE'RE ANSWERING THESE QUESTIONS.