

CollectionStrategyScoreSM



Increase cash flow by identifying future consumer risk

PredictiveMetrics' CollectionStrategyScoreSM statistical decision model predicts the probability that an existing customer will become severely delinquent, go to loss, or bankruptcy.

CollectionStrategyScore leverages the predictive power of your FREE internal A/R and collection performance data and delivers results through via secure FTP Internet, minimizing IT resources with considerable cost savings.

CollectionStrategyScore Benefits

- ◆ **Increase cash flow through early identification of future delinquency**
Reduce delinquencies and losses by focusing on accounts likely to go bad; bringing in the cash quicker!
- ◆ **Reduce collection costs**
Develop collection strategies to segment and prioritize collections based on cost, effort, and impact.
- ◆ **Score and decision all accounts**
No bureau or personally identifiable information is required to produce accurate scores. Leverages internal performance data, which is proven to be the most predictive data for this type of score, and it's readily available and it's FREE.
- ◆ **Increase efficiency of collection operations**
Optimizes your valuable collection resources and personnel most effectively.
- ◆ **No new software required to implement**
Minimizes IT resources. Scoring outputs delivered through secure FTP Internet - SAS 70 II.
- ◆ **FREE validation analysis to test the score on your portfolio**
No risk, no obligation offer that highlight the level of delinquency and risk in your portfolio to quantify how well the score predicted future customer payment behavior - you know what to expect.

CollectionStrategyScore Features

CollectionStrategyScore for consumer accounts receivable portfolio management predicts the probability that a customer in good standing today will become severely delinquent, go to loss, or file for bankruptcy within 6 months from the score date. PMI applies advanced statistical technology to your historical A/R and collection performance data and combines it with a sophisticated payment behavior model.

Only data needed to produce and validate the CollectionStrategyScore:

- ◆ Monthly aging dollars
- ◆ Monthly balances
- ◆ Indicator of loss or bankruptcy
- ◆ Account number

We are so confident in the predictiveness CollectionStrategyScore will provide to you that we will validate it on your portfolio based on your bad definition for FREE using your company's internal performance data only.

CollectionStrategyScore Output

1. Scores usually are on a scale of from 0 to 100
2. The probability that the account will go bad within 6 months from the date of score (PBAD)
3. The account's Risk Class, which is used as the basis for applying collection strategies
4. Dollars at Risk (DAR), the dollar value of an account's outstanding balance that is at risk
5. Multiple Adverse Reason Codes that explain why the account scored the way it did

Validation Results by Risk Class

- ◆ For more efficient operations, 6 risk groups are utilized and accounts assigned based on their score.
- ◆ In the Extreme Risk category, the probability of an account going BAD was 40.3%. We could expect, therefore, that about 2 of every 5 accounts will not pay on a timely basis.
- ◆ On the other hand, in the Very Low Risk category, the probability of an account going BAD was 1.7%. Therefore, we could expect that only about 1 of every 59 accounts will not pay on a timely basis.
- ◆ Note that the odds of payment are primarily a function of the account's inherent risk as determined by its CollectionStrategyScore and PBAD and not of the account's aging or the amount of money due.

ANALYSIS OF COLLECTIONSTRATEGYScore OUTPUT

Average Number of Accounts per Month in Validation Sample - 42,074

Risk Class	Score Range	Average Number of Accounts in Risk Class	Percent of Accounts in Risk Class	Cumulative Percent of Accounts Through Risk Class	Number of BAD* Accounts in Risk Class	BAD* Rate in Risk Class	Cumulative Percent BAD* Through Risk Class
Extreme	≤ 21.19	1,422	3.4%	3.4%	916	64.4%	15.8%
Very High	21.2 to 32.93	2,423	5.8%	9.1%	1,164	48.0%	35.8%
High	32.94 to 43.92	4,784	11.4%	20.5%	1,323	27.6%	58.5%
Moderate	43.93 to 60.5	10,300	24.5%	45.0%	1,380	13.4%	82.3%
Low	60.51 to 64.62	5,739	13.6%	58.6%	400	7.0%	89.2%
Very Low	> 64.62	17,406	41.4%	100.0%	630	3.6%	100.0%

Who is PredictiveMetrics?

PredictiveMetrics turns probabilities into profits. We specialize in providing industry and finance specific predictive scoring and analytical decision technology to help companies reduce costs and increase cash flow. Our analytical team is comprised of Ph.D. and master's level econometricians and statisticians that have expertise developing advanced scoring models to help you understand risk in your portfolio.

For more information about PredictiveMetrics' CollectionStrategyScore,
Call 732-530-9303 and ask to speak with a consumer sales representative.



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