

insideARM
Think Differently: DAKCS

Transcript of conversation between Stephanie Eidelman, CEO of The iA Institute
and Andy Shumway, President and Lex Patterson, VP Sales of DAKCS
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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 Andy Shumway, CEO and Lex Patterson, vice president sales at DAKCS and members of the iA Innovation Council. Andy, you're relatively new to the industry. But Lex, we've known each other for ever maybe, certainly 20 years or so, I think. So I've been looking forward to revisiting with an old friend and also getting to know a new one a little bit better. So, welcome. All right. I think most of the industry is familiar with DAKCS, but just as a brief introduction, why don't one of you take this and just describe who you are, what you do and who your customers are?

Andy Shumway

Great. Thanks Stephanie. DAKCS has been in the accounts receivable management industry for the last 40 years, which is a long time for any company, let alone a software company. Our primary offering is a suite of software products that support accounts receivable and we have customers that are spread across a wide variety of accounts receivable companies, legal healthcare, retail and just about every aspect of the industry. We're located in Ogden, Utah and we have about 100 employees or less than a hundred employees. So we're still categorized as a small business.

Stephanie Eidelman

Okay, great. And so, all right. The world has changed quite a bit in the last six weeks. What are you hearing these days from your customers?

Lex Patterson

Well, I guess I can take that one. Yeah, so a connection with our customers has always been very important, Stephanie. We mobilized early when this hit and I'm happy to say that we've been in touch with nearly all of our customers through either one on one conversations, we have a LinkedIn group, we've done some chats like we're doing right now and some areas what we're finding are some areas across the country are hit quite hard, by Covid-related regulation, mandates through the government, even some new kind of kneejerk legislation that's going on. And I recently found a powerful post on LinkedIn, by Chris Messina. You might want to check it

out. It's called different boats, same storm. And it says, I heard that we were all in the same boat, but it's not like that we're in the same storm, but not in the same boat.

Your ship could be shipwrecked, mine might not be, or vice versa. And then it goes on to say how important it is right now, especially to have and show empathy and you know, each of our experiences is different in this. I think it's that way both in business and on the personal side. And so what, what I think that the key is, if I think about this, is just the ability to listen, to evolve and most importantly to react.

Stephanie Eidelman

Yeah. So given your access to many organizations right now as opposed to any one company really is only familiar with what they're doing, what insights or lessons have you taken from the broad group of customers that you've been interacting with?

Lex Patterson

Well, I feel like it's evolving, right? But here's what we know or what we're seeing at this point, Stephanie. In the short term customers have been looking inward to mitigate risk. You know, a lot of them are dealing with staff reductions, possible staff reductions, which has been I think really hard for some of them because a lot of our customers are very tenured. You know, a long time with DAKCS and a long time in the business, multigenerational businesses and having to make those choices have been really hard for some of them. And they're also working to try and reallocate underutilized staff and do what they can to share.

You know, we had business continuity plans that included a whole bunch of other things, but not necessarily a pandemic. And, so it's different. So it's all right now, push you out, everything's out there. You know, so they had to deal with phone types of things like, okay, you're on a cell phone, you transfer that call. But then what caller ID gets broadcast or, just, third party concerns.

And dealing with some of this legislation, you know, being able to key on those accounts and move them and change the treatment cycles based on where they were was a challenge. And, that's what they're going through in the short term. Then, of course preparing for different outbound calling, shifting the outreach to letters and email and texts and those kinds of things. And then I think the other thing in the short term, that's back to my point about the empathy is really the change in the talk off-

Remote work I think is here to stay. I think at least what we're seeing, it'd be interesting to do even surveys as part of this and find out, you know, what other people think about that. But from what we're seeing, I think business is going to evolve. And so office space changes. Having flex space and where you can go and still get together and maintain culture and do some of those things, it's going to be important. But also as we talked earlier, Stephanie, you know, being able to focus in certain times is something that's been a little bit different. At least for me. I mean, you know, it's changed what I think about that. So I think that's something. I think another big differentiator is data analytics and being able to quickly identify trends and also problems and opportunities.

So having that data accessible and being able to react quickly is important. And then probably the biggest thing, that I think is coming is the capacity planning because as this situation moves forward, our feeling is that the challenge is going to shift from how do we survive more into how do we deal with the title wave that's going to come with all of the backup that's happening in the rev cycle. So, placements will rise I believe later in 2020 and preparing for that increase with, you know, I mean here we've got companies that are laying off. So you've got onboarding and

training, you've got outsourcing as a potential option there. I think we've got some companies that are looking at that outsourcing to prepare for that shift. And then also how can you use technology, including intelligent automation, which we term as more real time and being able to react quickly, which is a differentiator that our system does.

Self service portals, mobile contact opportunities, using different channels, email, texts, those kinds of things I think. And then IVR and dialing actually come back into the picture, which is very interesting to me. So we've seen trends where we know that those tools are starting to help people already. And I think that will just increase as this thing evolves. Personally, I believe that as the situation progresses our country is going to need our industry more than ever and we just have to weather the storm and be ready.

Stephanie Eidelman

Yeah. The ability to work on both the short-term crisis and also plan for the long term at the same time amidst a lot of unknown is a big challenge. But those companies that are able to do it most effectively will certainly reap the benefits at some point in the future. We don't know how far in the future that will be, but as you say, that wave will be coming. Whether it's later in 2020 or into 2021. Or those companies that can pivot to working pre-charge off accounts. Right. What I've heard from many is that, creditor clients are calling and saying, "Hey, can you take on, the extra volume for us," because they don't have the capacity. So, being able to do that sort of thing in the short term while staying viable for the long term is definitely important.

You also mentioned work from home is here to stay. And I think a lot of people believe that that's the case. Certainly over time we'll have to see how regulations fall out from a third party perspective. We're working on that in the Innovation Council to try to figure out a, a standard work from home set-up and way of managing work from home agents that can be compliant and satisfy clients and regulators as well. So that's something that we're really focusing on because many people think that that's going to be important. And also many people have liked it. There are some folks that don't like working from home, or they can't because maybe they don't have a private enough space. And of course it's even harder without childcare. Hopefully in the future that won't be such a problem. But there are many who like it and are more productive there. And so to the extent that the industry can keep that on as a component, that'll be important. Andy, it looked like you wanted to add something there.

Andy Shumway

I was just going to say it's not all bad news. We've had some of our customers that have seen an increase in productivity from work from home environments, and there are some unique aspects to that and certainly within the regulatory side of our business that we have to pay attention to. But there are also some benefits that could be harnessed from this too. Being able to work in large chunks of uninterrupted time is at a premium here in work from home environments and so we've had quite a few customers that have looked to try and take advantage of some of the aspects of it in order to increase the efficiencies of their business.

Stephanie Eidelman

So the theme of this series is thinking differently and I know many of us were already starting to think differently over the last year or two and now I think a lot of thinking has been accelerated. And so how are you guys either thinking differently or just sped up what you had been thinking about or have you pivoted in any way based on what's gone on?

Andy Shumway

As Lex mentioned, we were part way down the road on approaching our work in our software suite differently before Covid hit. So we had already undergone some, and had started to think differently about the problems that our customers face. Covid has accelerated that. There's a completely different wave of issues, challenges, problems and pain that we're seeing in the industry than we had two to three months ago. And so there are things that we were working towards, but we've had to accelerate how we've approached them and how we're handling them. We've found that it's important and this is true regardless of whether we're in the middle of a crisis or not, but being able to be tied in with our customers closely is very important. And it's something that's been reemphasized in the last month and a half as well. As Lex mentioned, we've had a chance to contact almost all of our customers and have conversations about how things are going in their business, what other problems or issues they have and how we can help throughout this process.

Lex Patterson

Stephanie, to further what Andy saying there too is with us the need to change the platform. A lot of systems in this space have been around a long time and we're no exception to that. We're a 40 year company. So changing the platform, being able to move more quickly, to adapt to change more quickly is a part that we feel like is going to be a differentiator. And so we're investing heavily in those platform type changes. The other thing I wonder about and I don't really have an answer -- It's more of a question than an answer. But you know, for years and years we battled the legislation and the fight of outdated laws if you will, and even laws point at each other and make it really difficult for this.

Lex Patterson

And yet I see this wave coming, this perfect storm, if you will. And I just wonder if this won't in a way be a catalyst to finally make some ground there. The other thing too that I think is that as we're moving through this we're coming a long way with technology and we talk about artificial intelligence.

Stephanie Eidelman

Yeah, those are some great points. One thing that I want to end on, that I thought, based on something you said was that as we've been working on contributing to the rulemaking process at the CFPB, which started more than five years ago, six years ago, really. What I noted was that from the time of the advanced notice of proposed rulemaking - the question period - to several years later when we had proposed rules for the first time, things actually really changed. And then since the small business hearing that happened, there was a whole new situation that came on with call blocking and labeling and robocalling and the whole problem that we're facing now that didn't even exist when we started to work on these rules.

Stephanie Eidelman

And that changed so much. And now here we are again, since the notice of proposed rule making came out last year. Again, the world literally has changed so much that it makes some of what the rules are either moot or needing to accelerate in a way that we didn't anticipate. It's such an interesting lesson when you look at the process of government and how laws and rules need to stand the test of time, the pace of change is so much quicker. So that's interesting. I didn't even realize I was thinking differently about that.

Lex Patterson

Yeah. And also the laws are one thing, but people's fear of that because what we're seeing in some of these interviews that we're having with customers and through the usage that Andy was talking about when he was talking about the spikes in productivity and product usage and whatnot, is, you know, we're having people now that are scared to death. So the dialer, and they're saying in certain pieces of this now, still there's, there's things you gotta be careful from. You know, so I don't mean this as legal advice or anything, but I do know that I've had customers say directly to me, I don't know why I wasn't using this tool more before because it is so effective right now. And, you know, being able to route in and have an IVR, for instance, take a payment that is PCI compliant and that is automated is awesome, you know, but people were scared because it was dialing technology.

Stephanie Eidelman

We will see if all stakeholders in the whole ecosystem are thinking just a little bit differently now than maybe they were recently. So, I look forward to seeing how that plays out. All right, gentlemen, I think we've overstayed our welcome, or at least we've fulfilled our welcome from the listeners. So thank you again for joining me. I look forward to working with you through the Innovation Council in the weeks and months and years to come. And, I hope you have a great day and a really nice weekend.

Lex Patterson

Thank you. You too. Be well.