



AUTOMATION AND ARTIFICIAL INTELLIGENCE

DRIVING A BETTER CUSTOMER EXPERIENCE IN DEBT COLLECTION

ASX: CCR | **BELL POTTER DECODED**

8 September 2022

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A hybrid collections offering

Scan here for a
product demo



Modern Approach

Fundamental transformation in the collections industry is accelerating the need for a **hybrid collection service** offering (digital supported by traditional), with an increasing focus on technology, digital solutions and customer experience

AI Powered

Credit Clear's modern approach to collections is about more than a digital message, it requires deep integration with our clients backed by **artificial intelligence, machine learning and our teams messaging and collection experience**

Customer Experience

Treatment of customers is a key performance metric for Credit Clear. Our Net Promoter Scores are significantly higher than other financial service providers. Customers love the freedom, flexibility and options that Credit Clear provide

Significant Market

Industry tailwinds are significantly supporting Credit Clear to **disrupt the market and gain market share**, noting a **total addressable market of \$2.5bn¹** in Australia and New Zealand

Empowering customers to take control of their own financial well-being



Investment highlights: FY22



GROWING REVENUE

- Growth in revenue to **\$21.5m¹** up **95% YoY**
- Monthly revenue record set in June with **\$3.1m**
- Revenue run rate climbs to **\$37.4m²** p.a.



GROWING PROFITABILITY

- Consecutive **operationally profitable³** months in May and June FY22, continued into Q1 FY23
- Growing **operational leverage** with increasing revenue generating gross profit
- 27% of additional revenue flowed to normalised EBITDA



GROWING CLIENT FOOTPRINT

- **215 new clients** added in FY22, with **99% client retention rate**
- Several clients added during the year expected to become **top 10 clients by revenue**
- Ability to onboard multiple tier-1 clients simultaneously shows the **scalability of the technology**



GROWING TECHNOLOGY ADVANTAGE

- AI software has delivered a **35% uplift** in collections
- Surpassed **\$100m in digital payments** through the platform

RECOGNITION OF TECHNOLOGY

- **Best use of AI** by a Fintech in 2021 and again in 2022
- ANZIIF Insurtech Award finalist



Credit Clear: Our mission

Our mission is to dramatically improve the customer experience during the debt collections process and thereby enhance the collections outcome for our clients.

Customer quotes

”

- *Easy, quick simple. Please have this sent out the day before the bill is due.*
- *Easy to understand and simple to choose options and an easy process.*
- *Very easy and got the info where I wanted it. Thanks*
- *Easy as on the go method when busy at work or travelling*
- *Easy and simple quick to solve and didn't take up much of my time*
- *I liked this digital thing. More easy and convenient*
- *Have 4 kids and it's not always easy to remember to call places, this was quick and easy.*
- *Super easy to use! Thanks for reaching out to me via sms, it's extremely useful... sometimes emails end up in the junk folder*

+47

Across
97,089
respondents

The First Wave: Proof of digital product success

OPTIMISER TEST FOR ARMA

Demonstrates the power of the Optimiser module and also the depth of knowledge Credit Clear has in optimising digital strategies based on over 59k different variations in treatments we've sent.

Improvements to the initial ARMA digital messages and workflow has delivered:

22%	uplift in collections
32%	uplift in engagement,
16%	uplift in NPS
20%	Reduction in time to recover

SOUTH EAST WATER OPTIMISER CASE STUDY

The purpose of this case study is to demonstrate the effectiveness of digital collection strategies against non-digital or traditional phone call and mail collection strategies.

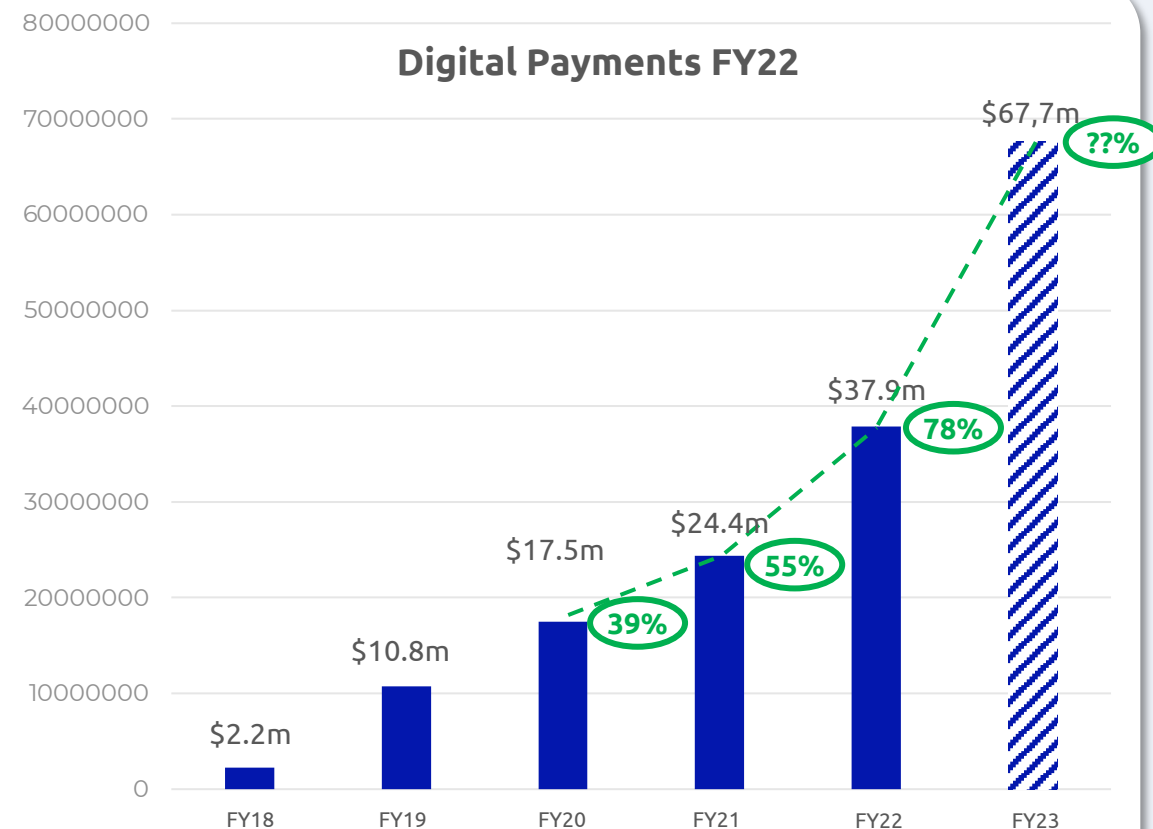
From the results of this experiment, collection strategies for SEW utilizing digital collections are more likely to produce higher rates of conversion relative to non-digital strategies. The higher conversion rates from digital collection strategies lead to an increase in amount recovered due to the increase in the number of referrals making repayments.

31%	uplift in conversions
23%	uplift in collections
+43%	NPS
36%	Reduction in time to recover

The First Wave: Digitise the process

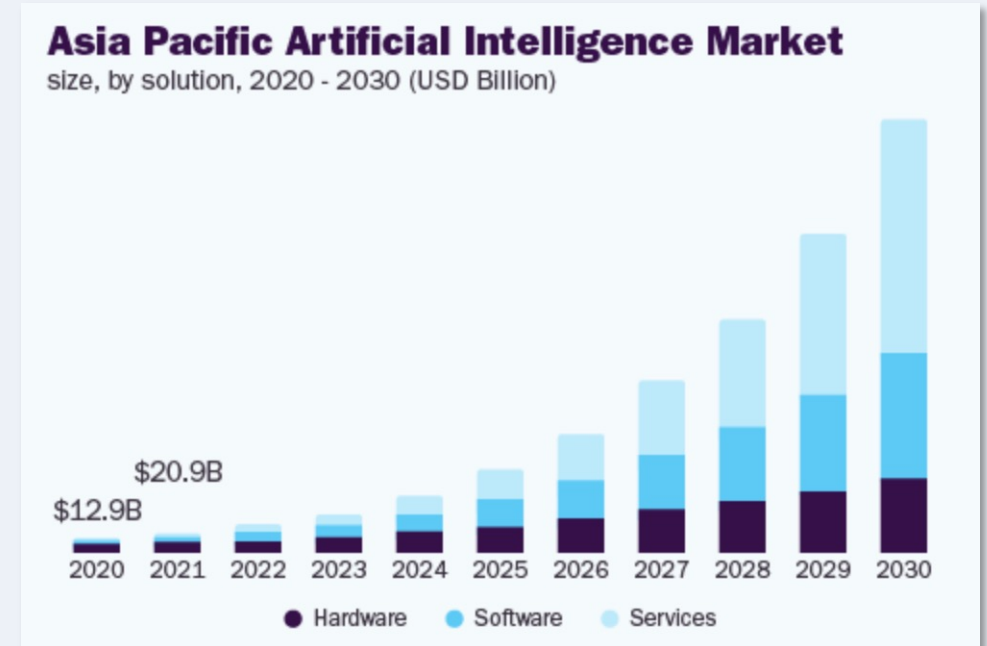
To deploy powerful artificial intelligence across the collections industry we first needed to digitise the industry

- May, June, July and August have been four consecutive months of record digital collections
- In August we have surpassed \$5.64m in digital payments for the month (annualised digital payment run rate of ~\$67m)
- The first wave is now a tsunami, what comes next?
- Materially larger and more sophisticated clients: ASX 20 Companies (e.g. big four banks), Federal Government (e.g. ATO, Centrelink), Insurance Giants
- International opportunities:



The Second Wave: AI

- In any industry, digitisation precedes AI and we see a second wave forming with high potential to drive value
- Credit Clear is already rapidly leveraging digital capabilities through machine learning, data analytics and artificial intelligence
- But leveraging AI is not easy, in fact 85% of AI projects fail to deliver. Access to data and operationalisation are the challenges.
- Credit Clear's data is a strategic asset that cannot be easily reproduced by a competitor



**45% APAC Market
CACR 2022 – 2030¹**

The Second Wave: Proof of AI success

TOLL ROAD OPERATOR – ARTIFICIAL INTELLIGENCE

- AI experiment achieves a **35% uplift** for a major toll road operator
- Case study clearly shows the power of Credit Clear's AI which predicts the next best channel, message and timing
- Importantly, it demonstrates improvement over Credit Clear's already **optimised hybrid workflow**
- Both the champion and challenger were workflows using SMS, Email and dialler calls. Both workflows were using the CCR platform and both using the same templates
- **The differentiator was the use of our AI** to decide which action to take next for a particular customer, based on what had already happened to date



Credit Clear: FY23 Outlook

Strong revenue growth continues in FY23

- Existing customers referring **more business with higher average debt**
- Significant **new client wins** in H1FY22 adding material new volume
- Growing revenue trajectory has accelerated into H1FY23

Strong financial position

- **Strong balance sheet** with cash at bank of \$10.2m (30 June, 2022)
- Consecutive **operationally profitable** months in May and June FY22, continued into Q1 FY23
- Reinvesting in sales, client onboarding and technology

International expansion

- South African partnership progressing well with long-term commitment and deep integration
- A UK opportunity with large multinational BPO and associated collection agency on a “partnering and teaming” basis
- SE Asia licencing agreement in negotiation

New business pipeline

- Larger client opportunities in Financial Services (Australian banks) and Insurers (tier 1 Australian Insurers)
- Multiple large utility opportunities in progress, with growing pressure on customers due to higher inflation
- Addressable market expanding due to hybrid end-to-end capabilities along with strong counter cyclical economic tailwinds



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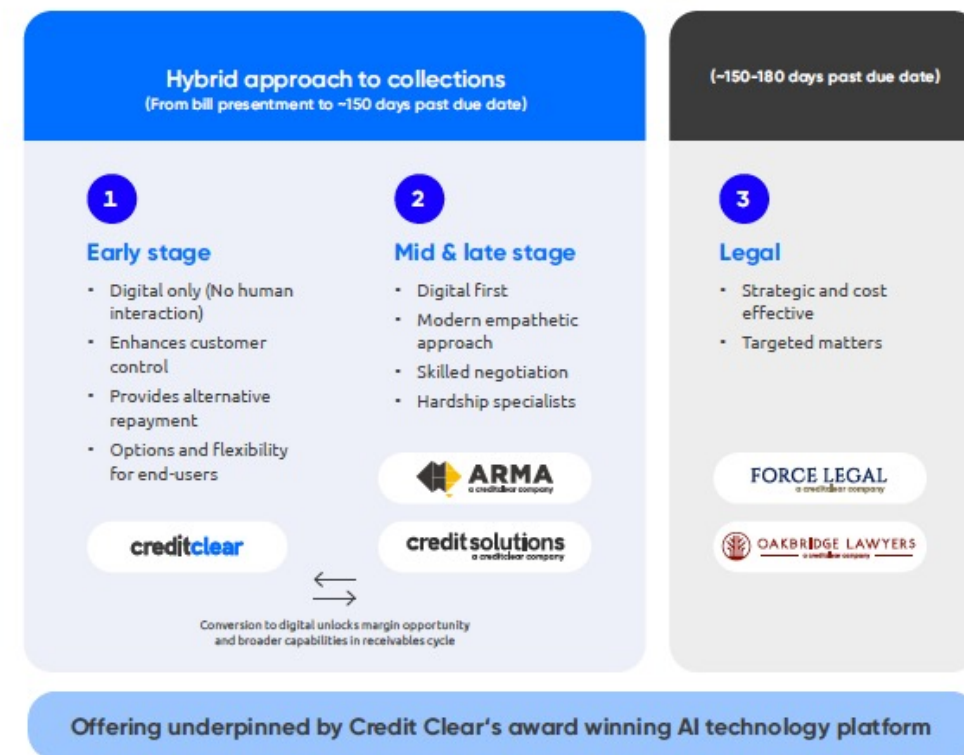


Enhanced market position

The combination of Credit Clear Limited and ARMA Group has delivered:

- Multi award-winning and highly-scalable technology
 - Best use of AI in Fintech Awards (2021/2022)
 - Payments on the digital platform up 55% and achieving new records on monthly basis for the past four months
- Unmatched collections optimisation, adaptive workflows and artificial intelligence
 - Scientifically proven 35% uplift in collections using AI, time to collect 67% faster and customer experience of +47 NPS
- ARMA's industry penetration, sales team and operational efficiencies
 - 215 new clients this year accelerating significantly post acquisition
- Expanded addressable market with end-to-end hybrid service offering for clients of any size in Australia, and as a technology partner to global operators
 - Increasingly winning white-label early-stage work

More efficient
collections,
larger
addressable
market



Receivables Management timeline (illustrative)



Industry landscape, **fewer competitors**

- Digital only providers have struggled to gain traction, clients do not want stand-alone digital services
- Debt purchasers competing for a shrinking pool of available assets, companies less likely to sell debt than pre-2020
- Other contingent debt collection providers have struggled with integrating technology and their own internal operational issues
- Our technology advantage translates into international markets



DATAROOM

Illion's Milton Graham merges with Recoveries Corp

[Companies](#) [Financial Services](#) [Debt collection](#)

[Print article](#)

Insolvency fears at Collection House 6 months before administration

[Finance](#) [Business](#) [Technology](#)

Start-up sacks 40 employees amid \$200 million valuation

Socioeconomic environment **providing tailwinds**

- Material increase in volume of debt, built up during 2020/2021 and elevated further into 2022 with cost-of-living inflation and muted wage growth
- Paradigm shift from companies from pursuing debt towards helping customers to make repayments aligns exactly with Credit Clear's approach to collections



Why the debt collection industry is heating up: Robert Gottliebsen

Australia's inflation rate hits 6.1% as cost of living crisis deepens

By Louis Allen - July 27, 2022