

Midpoint Resolution Group: Raising the profitability bar with LexisNexis® Collections Solutions



Overview

Midpoint Resolution Group, based in Buffalo, NY, provides a full range of collections services including pre-collection, skip-tracing, contingency recoveries, commercial collections, letter series, bankruptcy and probate services and litigation and arbitration services. In early 2007, Midpoint set a goal of increasing revenue and expanding its client base. The company expected to benefit from the growth in demand for collections services stemming from the dramatic increase in consumer, corporate and government debt.

The Challenge

While the collections industry continues to grow due to the increase in debt, that growth has spurred greater competition and produced debt-savvy consumers who are adept at subverting collections efforts. These trends combine to drive down margins, increase operating expenses and lower contingency fees, thereby making it essential for agencies to work smarter and more decisively to locate debtors and recover delinquent debt.

As Midpoint reviewed the market, and its prospects for growth, it knew that success hinged on identifying and employing the right research and skip-tracing tools. Midpoint already subscribed to a pair of competitive solutions to aid its skip-tracing work and identify right party contacts (RPCs), including LexisNexis® Accurint® for Collections.

Accurint for Collections provides collections agencies with comprehensive data on people, businesses and assets. The solution aggregates data from thousands of sources and features state-of-the-art link analysis technology to deliver the answers collections agencies need to locate debtors and shorten the collection cycle.

Over the years Midpoint had fallen into the habit of minimizing usage of Accurint in favor of Acxiom® Insight. In early 2007, they decided to test the two systems to determine which solution was the right tool to stimulate and support growth.

“In a head-to-head comparison we found that Accurint delivered a substantially higher right-party contact rate and enabled us to collect 40% more money than the competitive solution.”

“We are a growth-oriented company,” said Alex Kowton, Managing Partner of Midpoint Resolution Group. “The market demands that we continue to find ways to improve our collections efforts and increase efficiencies. We embarked on this evaluation with the goal of ensuring that our agents were using the best research and skip-tracing tool available.”

Finding the Right Solution

Midpoint generated a large placement file and split it in half with equal parts going to Accurint and Acxiom Insight. Midpoint collected on these files for three months and then created a report detailing how each solution performed in terms of the number of RPCs generated, the rate of payment and the gross dollar figure collected.

Accurint vs. Acxiom® Insight

	Acxiom Insight	Accurint	Lift
Right Party Contacts (RPC) Generated	4.05%	11.19%	176%
Relative Matches Appended	31.00%	66.00%	113%

Using Accurint data increased RPC's and relative matches resulting in a 40% increase in \$'s collected.

Results

The results of the test were striking. From a pool of 3,548 debtors, Accurint produced 397 RPCs — Acxiom Insight produced only 144 RPCs from its pool of 3,553 debtors. These numbers translate into an RPC rate of 11.19% for Accurint, compared to a rate of 4.05% for the Acxiom Insight. Overall, Accurint generated 176% more RPCs than Acxiom Insight.

In addition, Midpoint evaluated the two systems on their ability to produce contact information for relatives of debtors. Contacting relatives is often a powerful way of finding delinquent debtors. The results of the test showed that Accurint was able to return contact information for debtor relatives on 66% of its contacts. Acxiom Insight was able to return relative contact information on fewer than 31% of its contacts.

As a result of this test Midpoint selected Accurint as its preferred research tool for skip-tracing and the identification of RPCs.

Benefits

Because Accurint produced more RPCs than Acxiom Insight, Midpoint estimates that it collected 40% more money from the pool of debtors researched with Accurint than from those researched with Acxiom Insight.

“In our testing, we found that LexisNexis Accurint for Collections produces better and more reliable information than competitive solutions,” said Kowton. “In a head-to-head comparison we found that Accurint delivered a substantially higher right-party contact rate and enabled us to collect 40% more money than the competitive solution.”

A Success

By May 2007, Midpoint had transitioned all of its collections professionals to Accurint. The change has helped Midpoint attract several new marquee accounts, including one of the nation’s largest prime auto lending institutions.

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“LexisNexis collections solutions have allowed us to generate industry-leading liquidations for our clients and are an instrumental driver in the growth of our company,” said Kowton. “Over the course of nine months we have attracted some of the top clients in the industry and have grown from 15 employees to 50 as a result of our increased efficiency and the better results we have received from our searches.”

As a result of this success, Midpoint has begun evaluating additional LexisNexis solutions, including LexisNexis® RecoverScore® — a unique tool that helps agencies identify the most collectable accounts by predicting which debtors are likely to pay.

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