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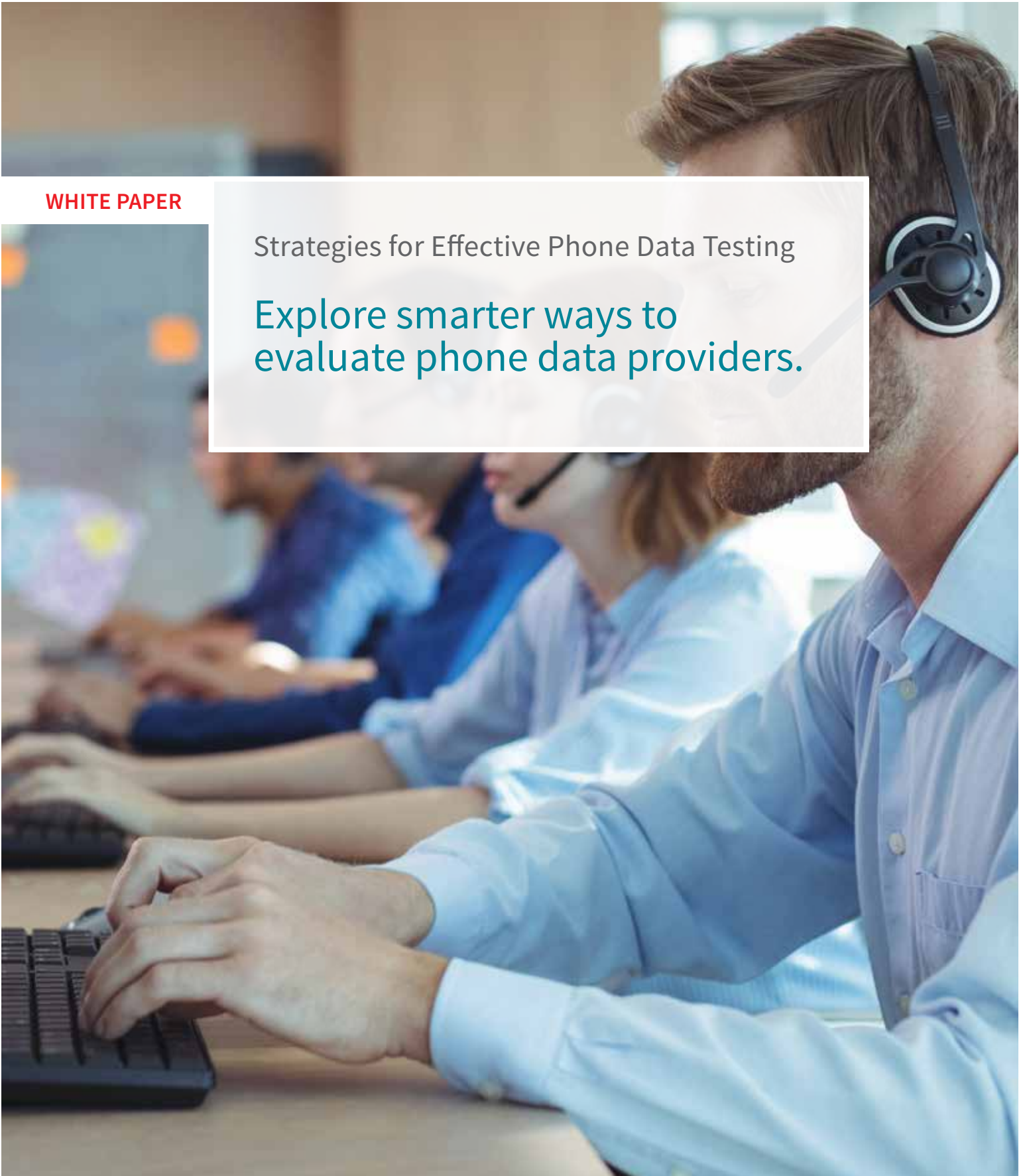
Strategies for Effective Phone Data Testing

Explore smarter ways to evaluate phone data providers.

Employing an effective debt-collection strategy—with the right information solutions provider—helps increase Right- Party Contacts (RPC) and drive operational effectiveness for any company, large or small. The rise of consumer sophistication, government regulations and client work standards continues to PROPEL the demand for effective collection processes—and strategic alliances with information solutions providers are a critical element to success. Your data vendor is an extension of your operation and picking the right one has never been more critical.

When it comes to choosing the right provider, however, the first rule of thumb is to realize not all partners are created equal. Effectively evaluating potential data partners is a critical step to fully leverage their resources for optimal success. During the evaluation process, it's important to peel back the layers on the prospective partner's processes, technology and databases, in order to choose the vendor that best meets your individual needs.

Employing an effective testing strategy with your information solutions providers will enable you to evaluate their strengths and weaknesses and empower you to get the most value from the data you receive.

Not all vendors are created equal – vendor due diligence is the first step to phone testing

Qualifying Data Vendors

It is critical to properly vet prospective data vendors before beginning the testing process. Some important points to consider include:

Financial Stability

- Evaluate track record of financial stability and experience serving the collections market

Regulatory compliance

- Understand if vendor can deliver solutions that are capable of meeting new and evolving compliance regulations

- Carefully review established processes designed to insure the protection and privacy of consumer data

Critical Business Practices

- Reliability
- Timeliness
- Accuracy
- Availability
- Customization

- Deliverability
- Product usability
- Complimentary products
- Data Security practices

Creating a test plan, and including your vendors in the plan will get everyone on the same page prior to the start of the test

Conducting an Equitable Evaluation

Once you've narrowed the field to a handful of quality prospective vendor partners, the next step is to perform some comparative tests that will help you make your final selection. Consider the following areas to conduct an equitable evaluation:

- **Type of Phone Data:** It is important to understand what type of data you are comparing and what types of filters may need to be selected to ensure a fair comparison. Be clear on whether you want to include home, cell and/or work phones. Also define whether you only want phones for the consumer or if you are open to receiving phones that are strong leads to the consumer. These leads could include relatives and associates, such as a spouse, parents or co-resident.

- **Test Sample:** It's imperative that each vendor receives the same file of accounts. Sending different accounts from different files to different vendors may not result in a fair side-by-side test. Additionally, the pool of accounts selected must be considered outside any existing vendor waterfall process that may be in place so that bias can be eliminated. Additionally, it's impossible to do a true ROI calculation if you don't send the same accounts to each vendor.

- **Test Sample Size:** It is important to only test the number of phones that you can realistically call in a two to four week window once you have the results from all vendors. For example, if you are testing 5,000 accounts with three vendors, and are asking for three phones per account, you could receive 45,000 phone numbers back. You will need to be able to coordinate efforts across your collectors to make sure they have all information for the same consumer consolidated within their notes so they can accurately call and credit each vendor with correct statistics on the call.

- **Definitions of a Phone "Match":** It is important that you set clear matching guidelines upfront. Is a "hit" defined as phone number for the consumer only or can it include the consumer's nearest relative? Is a right-party contact defined as the consumer being reached at the phone number or is getting the consumer's voicemail good enough?

- **Filters:** Sophisticated vendors have the ability to filter or flag different categories of data (for example, relatives or cell phones). Less sophisticated vendors will have difficulty. They may even be unable to distinguish phones and addresses belonging to a consumer's relatives. It is important to understand that if one vendor doesn't have the ability to filter specific data, they may be automatically including data that another vendor has excluded. If any of the testing vendors are unable to filter, then all vendors should set their processes to deliver under the same criteria.

- **Duplicative Data/Input Phones:** Most vendors have the ability to provide unique phones compared to the data that was submitted. Most vendors can "de-dupe" up to 10-15 phones. However, it is not recommended to use de-duping functionality during the test. If the best phone for the consumer is a phone you already have, it is good to be able to test how a vendor will treat that phone.

- **Meta Phone Data:** Using metadata information associated to both the consumer and the numbers provided allows you to better understand whom you are calling, the type of phone number you are dialing and provides information vital to strategically target talk offs. For example, if vendor appends a code to classify the phone numbers (Primary consumer, closest relative, co-resident or possible spouse), then your collectors can call with confidence. Or if vendor appends data to identify real time ownership of a cell phone, then you can mitigate Telephone Consumer Protection Act (TCPA) risk associated with calling cell phones.

When testing, it is recommended to test 3 phones per account. This will give you a good idea of each vendor's phone depth and their ability to put the phones in the most productive order.

- **Number of Phones Returned / Phone Ordering:** There is a point of diminishing return when it comes to the number of phone numbers you request to be returned. When testing, it is recommended to test 3 phones per account. This will give you a good idea of each vendor's phone depth and their ability to put the phones in the most productive order. Some vendors have simple ordering methods like just using Last Seen Date. Top vendors will use sophisticated scoring models to order phones

and if done well can dramatically improve output order (which is incredibly important once you move to production). The number of phones you get returned in production should depend on your post-batch skip tracing philosophy.

Setting Up Key Testing Parameters

To conduct a test that helps you objectively evaluate vendors, equitably compare their performance and make decisions driven by your specific business goals you should consider the following testing metrics parameters:

- **Should Tests Match the Real World?**

  Tests do not need to match the real world. They need to compare like data and they require processes that are unbiased and equitable. The results achieved in a test probably will not translate directly to the live collection environment, but they will be more than sufficient in making a vendor selection and/or vendor position decision.

- **What Are the Best Metrics by Which to Evaluate Each Vendor?**

  1. Right-Party Contact Rates

  2. Unique Right-Party Phone Rates

  3. Disconnect Rates

  4. Hit Rates

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An information provider's main goal is to provide their clients with good data; therefore, evaluating Right-Party Contact Rates is the best criteria followed by Unique Phone Rates. If other metrics are considered, they should only be evaluated in concert with Right-Party Contact Rates. For example, it is not recommended that you evaluate dollars collected in the process. If you do, you are inserting another variable into the process. The data provider has no control over the collector, so analysis is compromised. Rather than evaluate only Unique Phone Rates, Disconnect Rates, Hit Rates, we recommend driving decisions off of Right-Party Contact Rates.

Take for example a batch phone test. A client may give one vendor a set of 10,000 records and another vendor a second set of 10,000 records. The parameters of the test are to process each set of accounts through each vendor's best phone process returning up to three phones per account. The resulting phones will be dialed for each vendor for one month and the vendor that has the highest right-party contact rates will become the preferred vendor. Now consider these additional factors:

1. **Account Pre-Process:** Are you sure the accounts going to each vendor are fresh accounts or have they been processed through another vendor and filtered for no-hits?

2. **Definitions of a Match:** Have the same definitions of a phone hit been applied?

3. **Filters:** Have the same filters been applied? For example, are cell phones being flagged or are relatives being excluded?

4. **Known Bad Numbers:** Are input phones that are known bad numbers being included to evaluate each vendor's ability to de-dupe them?

5. **Input Phones:** Were the same input phones provided to both vendors?

6. **Overlapping Data:** Are phones being provided on input and have they been provided by another vendor? If so, a de-dupe process should not be engaged. The process should flag any phone that matches input instead. This will allow each vendor to get credit for overlapping data that results in a right-party contact.

7. **Dialing:** Will all phones for each account be dialed within the agreed upon timeline?

8. **Day and Time of Call:** Calling during dissimilar times of the day could lead to disparity in right-party contact rates.

Because of these gray areas, you need to be aware of the potential for skewed processes, and therefore, skewed results. To avoid this issue, make sure you are testing each vendor with exactly the same parameters, including the same account, the same sources of the data, the same filters and de-dupe options.

To ensure best results, send the same records to each vendor, at the same time, and require results back in the same timeframe

Additional Test Set Up Considerations

- **How Many Records?**
  Select the number of records so that the dialing can be completed within 2-4 weeks. This ensures that the testing doesn't extend beyond a reasonable timeframe. For example, 5,000 accounts can generate up to 45,000 phone numbers if multiple vendors are being compared.

- **Which Accounts Should be Selected?**
  Test the same type of accounts. This way you can evaluate the coverage that each vendor provides for this universe of accounts. Since, each vendor's data is highly unique there may only be 30% of overlap. Note: Batches should be run on each vendor within a 24 hour period and with the exact same search terms.

- **How Should the Accounts be Dialed?**
  Leveraging a third-party verification firm that would be able to dial beyond one phone per account, if a contact was made, is the preferred approach. Third-party verification firms have greater flexibility than collections agents when it comes to regulations and compliance. By using a third-party verification firm to determine contact rates, it increases right-party contact rates overall, eliminates bias incurred by giving vendors different accounts and enables a more in-depth analysis of a vendor's strength by evaluating unique RPC rates. For best results, at least three dials per phone should be conducted but dialing up to five times per phone yields slightly better results.

  If you are unable to leverage a Third Party verification firm, then the next best option is to send same accounts to both vendors. When the file is returned, cross reference it to identify overlap and unique numbers. When dialing to validate numbers, you will have to stop calling numbers after you make your first contact. Be sure to use this first contact to validate other numbers that had been provided to contact the consumer. You can use this verbal validation in lieu of physically calling the numbers.

  As a third option, you can send each vendor an equal number of accounts pulled from the sample set. The accounts should be dispersed at random. The challenge with this approach is that the sample size needs to be large enough to make the results statistically relevant. The file usually has to be too large to be able to efficiently run an adequate test.

  And finally, determine what your talk-off will be. Since your phone vendor cannot control that piece of the test, make sure to have a solid talk-off strategy with your callers. Most consumers who are in a collection situation are good at evading calls, so you may need to be creative to confirm you are talking to the correct consumer. For example, when someone answers the phone, instead of

saying "Is this John Smith", perhaps say "Hi John". If a woman answers and you are trying to reach John, say "Hello, is this Mrs. Smith" instead of asking if this is John's number or if John is home.

- **Unique Hits Aren't Always Better**
  Most customers use multiple vendors because they have found that each vendor provides highly unique data. Many customers set the number of unique records as a key criteria for evaluating vendors. It is important to understand the amount of unique data, but it is more imperative to validate the quality and usability of the unique data by evaluating unique data from the perspective of right-party contacts. We have found that up to 70% of each provider's data may be unique to another provider. Therefore, understanding the right-party contact rates for their unique data is a critical evaluation metric.

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- **Types of Analysis for Equitable Evaluations**
  All vendors should be evaluated on the same performance metrics which should be clearly outlined before the test process begins. It is important to consider your specific business objectives and goals when determining which metrics you will use to assess the testing results. Below is a list of key performance indicators that have the most impact on collections success in real-world phone data scenarios. For your analysis of the results, you can utilize all of these metrics or a combination of metrics that best matches your specific business priorities.

- **Account Level RPC Rates** = Calculates the number of accounts with an RPC / total number of accounts

- **Account Level Unique Rates** = Calculates the number of accounts where a vendor provided a unique phone vs. a phone that matched.

- **Dial Status Summary** = Evaluates the number of Phones for each dial status:

  RP = Consumer Reached via phone provided or 3rd party confirmed consumer could be reached at phone provided

  WP = Incorrect phone number

  Disc = Disconnected Phone

  Possible = No Answer or Machine

- **Cost and ROI Analysis** = Calculates Cost Per Hit, Cost Per RPC and Value of Data Investment

- **Customer Service Analysis** = Evaluates critical business practices such as:

  Ease of data transmission set-up

  Turnaround time

  Ability to receive different layouts

  Availability of batch contacts at the vendor

  Reporting capability.

See the tables on pages 9 and 10 for sample tables that demonstrate how performance data should be summarized to analyze key performance metrics.

Ultimately ROI is king – know how you are going to determine success prior to starting the test

Securing significant return on your data investment

A well-designed vendor data testing process can help your business select a vendor that complements your collections objectives, as well as your company processes, culture and operations. Securing the best return on your data investments means calculating the overall value of the phone data. Net costs, including labor costs associated with using the data and the cost of the data itself must be considered to get an accurate idea of the actual return on investment. Phone data that doesn't include enough right-party contacts can quickly minimize margins by creating the need for additional research or agent work to locate the right number to call. Understanding true profitability on the dollars collected requires a holistic viewpoint that accounts for operational costs and data costs.

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Successful vendor testing requires up-front planning, careful consideration of key parameters and an intelligent test design that delivers the metrics you need to effectively evaluate phone data vendors. The investment of time and efforts pays dividends in the end by enabling your business to clearly evaluate phone data vendors and objectively select a vendor that will positively impact your productivity and profitability.

Interested in testing your phone vendors against key performance metrics? Contact a LexisNexis representative for a free demonstration of our interactive ROI tool. if you realize your provider can't set up a test to meet your standards, then they should be disqualified from consideration. Making an exception for a provider will invalidate the test and shows they are not capable of meeting your needs in production.

Sample tables to analyze key performance metrics

The data in the tables below is only for demonstration purposes and does not represent actual test results.

Account Level Right-Party Contact Rates

Pre-Qualified Vendors	Sample Size	# of Hits	Hit Rate (at least one phone)	# of Right-Party Contacts of 1st Phone	Right-Party Contact Rate of 1st Phone	# of Right-Party Contacts Overall	Right-Party Contact Rate Overall (Up to 3 phones)
Vendor A	2,500	2,350	94%	420	18%	600	26%
Vendor B	2,500	2,450	98%	270	11%	400	16%
Vendor C	2,500	2,400	96%	285	12%	350	15%

Account Level Right-Party Phone Rates

Pre-Qualified Vendors	# of Unique RPCs in 1st Phone	# of Unique RPCs Overall	# of A's Matching B's RPCs First Phone	# of A's Matching B's RPC Overall
Vendor A	200	250	15	25
Vendor B	15	25		
Vendor A	200	250	3	5
Vendor C	10	20		

Dialing Status Summary

Pre-Qualified Vendors	Right-Party Contact Rate Overall (Up to 3 phones)	Wrong Party Rate	Disconnect Rate	Possible: No Answer Rate	Possible: Answering Machine
Vendor A	26%	20%	24%	16%	14%
Vendor B	16%	20%	30%	18%	16%
Vendor C	15%	30%	35%	9%	11%

Cost and ROI Analysis

This can be a complicated calculation. Contact LexisNexis if you'd like to leverage our easy to use online ROI tool.

Customer Service Analysis

Pre-Qualified Vendors	Ease of Data Transmission Set-Up	Turnaround Time	Ability to Receive Different Layouts	Availability of Batch Contact	Reporting Capabilities
Vendor A	A+	A	A+	A	A
Vendor B	B	B	B	B	A+
Vendor C	B+	C	B	C-	C

For More Information,
visit risk.lexisnexis.com or call 800.869.0751

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