

## **insideARM**

### **Think Differently: Katabat**

Transcript of conversation between Stephanie Eidelman, CEO of The iA Institute  
and Ray Peloso, CEO of Katabat

Published May 22, 2020

#### **Stephanie Eidelman**

Hi, I'm here today with Ray Peloso, CEO of Katabat and member of the iA Innovation Council. Ray, our discussions are always dynamic and so I'm looking forward to the conversation today.

#### **Ray Peloso**

As am I.

#### **Stephanie Eidelman**

For people who maybe aren't familiar with Katabat, why don't you just share briefly, who are you guys, what do you do, and who are your clients?

#### **Ray Peloso**

Great, sure. Thanks for having me in for this conversation, Stephanie, I really appreciate it.

So, we're Katabat. We're a Wilmington, Delaware-based company. We've been around for roughly 14 years. We sell debt collection software to first-party and third-party ... first-party lenders and third-party agencies globally. So we're primarily in North America, but we also have a significant presence in both Australia and Europe.

#### **Stephanie Eidelman**

Okay, and software is platform software or digital communications? Is it modular? Is it something folks plug into something they already have?

#### **Ray Peloso**

Great, our platform serves multiple use cases and so the quick answer is we sell enterprise-level software, a full unified collections suite of software. So, for an enterprise bank looking for a full solution, we can provide that. But our platform is actually quite modular, so many of our clients will buy a specific component. The most frequent buy at this stage is for digital channels. So we can complement existing systems and technologies by bringing the digital omni channel capability to the client.

#### **Stephanie Eidelman**

Okay, got it. Just wanted that clarification. Okay, and so over the last six weeks, obviously, quite a bit has happened. What are you hearing from clients? What has stood out to you?

#### **Ray Peloso**

Yes, great question. So, we dubbed ourselves the patient fisherman for quite a number of years. As many will know, we just lived through the greatest economic cycle of our adult lifetime, so delinquency rates, charge-off rates near zero for multiple years.

However, with this crazy pandemic over the last six weeks, as we all know, the world literally flipped upside down and so I would characterize the last six weeks as having been easily the busiest six, eight weeks that I personally experienced in a number of years, whether it's clients calling us, prospects calling us. So, everyone is trying to absorb, digest, and navigate through this crazy situation we're in. And at this moment in particular, the products and services we sell are obviously of high interest, [to put it mildly 3:35].

### **Stephanie Eidelman**

Which is terrific for you guys. What's keeping you up at night?

### **Ray Peloso**

Yeah, so, many ways that I'm going to answer questions in these interviews is the opposite of what many Americans and citizens are going through. So I acknowledge that this is an incredibly difficult time for many, for most. We're essentially the exact opposite, so my biggest concern right now and what we tell our clients and our prospects, is capacity. And so we operate globally and virtually, like everyone else. So all of my employees are working from home. I don't have the physical processes of interviewing and hiring and onboarding. So we are 70 strong and proud employees and we've got great work we do. But if the inbound requests for work hit a certain point in the next month or two or three, I am particularly worried about the ability to scale up and to meet demand.

And so the biggest thing I worry about is how do I operate and deliver for clients and prospects in a world in which it's pretty hard for me to scale up. So we're thinking a lot about how can we expand our capabilities and our workforce to meet what we anticipate to be a lot of demand.

### **Stephanie Eidelman**

That's a great position to be in, as they say. Great problem to have. I guess it is similar to a lot of companies that have had to condense what they would normally spend months doing or even years, into weeks. And it's not exactly the same thing that they're doing as you, but it rings true to the challenge.

So, the theme of this series is thinking differently. And how would you say that, after seeing what you have in the last six to eight weeks, how does the industry or your clients need to think differently than they have even just a few months ago?

### **Ray Peloso**

Yeah, there are two things that I'm saying to everybody I'm talking to right now and I'll start by sharing that, back in 2008, I was at Royal Bank of Scotland, leading all retail default for their North Americas, which was Citizens Bank and Charter One Bank. And my very clear recollection, given the world of today, is that it probably took me four to six months ultimately to put a business case together, syndicate it to get buy-in. I had to fly over to headquarters. And so, when I talk to people today about thinking differently, it's get through the decision faster. Because, fundamentally, the business leaders know what needs to occur. And so fighting the normal, elongated cycle of decision-making is probably one thing that I encourage most people to do. Because I look back and I probably wasted three months of just trying to build a case.

The second thing is, we spend a lot of time, given who we are and the products we sell trying to make the case that a full set of outreach and touch to the customers is absolutely mandatory. I

think the evidence is overwhelming. People live through their mobile phone. Many don't answer their home. Many don't even have a landline phone. And so there's been research papers recently around no regrets moves and one no regrets move is go do something digital omni channel. Whether you do it with us or you go with another great technology vendor out there, fine. But thinking differently now is not thinking about the traditional operating model for responding to this recession.

Just, I've shared with you, we have one client who's rapidly ramping up multiple hundreds of call center collectors. Which is great, it's part of the strategy. But our view for them is don't just do that, do that and other things like omni channel and digital collections.

**Stephanie Eidelman**

Yeah, and that certainly is a trend that had been coming even before the pandemic. It's just been rushed in with the wave that is going to take place a lot faster than maybe people expected. Sort of like the idea of working from home. Not necessarily for you and I, but for call center agents in the collections arena, most of whom hadn't been at home before and didn't even think it was possible. Now all of a sudden companies are thinking it is possible. And, in fact, folks have been more effective in many cases. Unless they have small children at home, in which case [TALKOVER].

**Ray Peloso**

I totally agree. In fact, I think back to most of the conferences and events I went to in 2019 and there was a very consistent theme of not "should we," but "we must." And I feel like the tone and theme for most discussions last year before the pandemic was which strategy and how and when, not "should." So, I completely agree with you.

**Stephanie Eidelman**

Yeah, yeah. But it was taking time, for sure. And now all of a sudden there's a real catalyst to do this a lot faster. All right.

Well, I appreciate the insight. I want to keep these quick because I know people will only watch for so long, because they only have so much time these days. So, I look forward to continuing the conversation with you at another time. Maybe a few weeks from now, things look even more different and it'll be worth catching up again.

**Ray Peloso**

Absolutely. Always a pleasure, Steph.

**Stephanie Eidelman**

You bet. Thanks for your time.

**Ray Peloso**

Take care.

**Stephanie Eidelman**

Take care.

[end of audio]