

insideARM
Think Differently: Pairity

Transcript of conversation between Stephanie Eidelman, CEO of The iA Institute
and Greg Allen, CEO of Pairity
Published May 8, 2020

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 Greg Allen, CEO of Pairity and also a member of the IA Innovation Council. Greg, thanks so much for taking the time out what I know is a busy day to talk with me.

Greg Allen

Thanks for having me. My pleasure.

Stephanie Eidelman

For anybody who isn't familiar with Pairity, give me some context.

Greg Allen

Pairity is primarily an AI company. We built a data ingestion and analysis engine to help power agencies and lenders to make decisions based on machine-learning in order to help automate a lot of their workflows.

We're headquartered in New York City. We have an office in Boston, Massachusetts, as well as in Cambridge. We're between 20 and 30 employees right now. We're all kind of bunkered up, like everybody else.

Stephanie Eidelman

How has your business been impacted lately?

Greg Allen

There have definitely been changes. Right now, we're live with really two products. One is our analytics and AI engine that does everything from automating workflows to just basically account scoring, data enrichment, skip tracing, scrubbing. The other is an online marketplace for matching buyers and servicers with originators and debt owners.

The AI, our analytic piece, has definitely slowed down. A lot of agencies have paused some of their scoring, some of that type of work while trying to regroup, in a sense, and set up remotely. We've definitely been feeling the pain there on that side.

On the other side, the marketplace has really started to prosper during this time. There are a lot of agencies that are looking for new business and new work. There are debt buyers and lenders that are in need of good, reputable agencies. That's what our marketplace was designed to do. We've seen an influx drastically, of over \$2 billion in debt flock to our marketplace just since all of this happened. It's been a little bittersweet for Pairity. We saw one business slow down, but another one speed up.

Stephanie Eidelman

Well, this speaks to differentiation, which is working for you. Is there anything you didn't expect about the creditors and what they're looking for on the marketplace? Do they have specific criteria that's new?

Greg Allen

Nothing new yet. We've heard talks of some starting to look for agencies or companies that are going to somehow be able to quantify a more compassionate approach toward collections in this crisis. But as of yet, there have not been any major changes thus far. We've been working with some of the lenders and debt buyers, too, to come up with some kind of impact report on accounts based on locational data with respect to COVID-19.

We've also been talking about the need to really improve a digital strategy. We built our solution to power a digital strategy, but the core software is not something that we offer currently, but have been talking about, with a group of agencies who are looking for more of custom solution to build it, or build upon it.

We're really exploring partnerships in order to prepare for six months from now, 12 months from now, what are going to be the needs. How are we going to create efficiencies on a whole new level while still having a level of compassion that is going to be necessary for navigating the landscape. A lot of interesting conversations around that.

Stephanie Eidelman

You have access to a lot of different companies because you have many clients as opposed to a collection agency which only know themselves. I was thinking about whether you've seen new or best practices or developing things that maybe weren't developing even just a month or two ago. You started to allude to that a little bit with maybe the digital strategy, but also developing something that isn't even out there right now.

Greg Allen

Yeah. That's kind of what we've been hearing a little bit just in terms of, like you said, it's not just the digital strategy. It's about also creating a different experience for consumers in a post-pandemic world. There are some great solutions out there, but to really be able to fully leverage a sophisticated system with a degree of automation that's necessary to keep the margins high enough and the costs low enough is not necessarily there right now without kind of combining a few different vendors that are out there. Those are a lot of the conversations that we've been having.

From the lender side, we've been having conversations about how are they going to actually ensure that their customers are there, their consumers, are being treated that way if we are going to have this influx of charge-offs, or how are we going to handle this appropriately? The idea is to really, not necessarily have more control, but to be able to keep accounts within a similar ecosystem where if they want to—they've talked to us about placing accounts on our marketplace, but then what happens after that? Where do they go?

What software are they using? Are you guys integrating with FICO? Are you integrating with Ontario? Who are you integrating with? How can we make this really work? These are the different discussions that we're having. It's kind of what spawned that concept of creating something else, something that's not quite there in a way that can be cost-effective, which is really important.

As a technology company, we do have a budget for development, so if we can leverage our budget to help our existing clients by providing them with some AI services in the short-term while building a solution that they need in the longer term, that 6-12 month term, it could be a win-win for both.

Stephanie Eidelman

It's a great tee-up, really, for what the Innovation Council is meant to be -- a place for collaboration, where companies come together and solve problems that are hard to solve by any one company alone because everybody brings something different to it.

Greg Allen

Absolutely. I don't think any of these conversations would have been possible without the work that you've laid down for the industry -- with the Innovation Council and the CRC. All of these companies coming together and talking have made people feel more comfortable about it and realized that we are stronger as a team and can really innovate on a different level if we collaborate. I would even attribute it to what you've done and be happy to bring it back over there.

Stephanie Eidelman

It's so exciting because it is a very hard line to walk. Obviously it's a competitive industry and people feel that there either is a secret sauce or a secret to their execution or they're developing something and maybe don't want people to know yet because they want the opportunity to have that runway. But like you said, there are some things that are just too big for any one company alone to do. That's what we look for, is those opportunities.

Greg Allen

Absolutely. I think this is one of them.

Stephanie Eidelman

What's keeping you up at night these days?

Greg Allen

I'm a builder. That's what I do. I build technology—when I see a problem, I try and build a technology solution for it, but I see a pretty big problem ahead of us and I don't see enough tools

out there. I'm worried I won't be able to build it fast enough. That's why I want to collaborate with other people in partnerships because there is going to be a huge need for collection agencies to step up in a way that I don't think they ever have or been looked to do.

There are companies like TrueAccord, and I see others, even at American Profit Recovery that talk about good experiences they have with consumers. I think that is going to be incredibly important as we go forward, but doing that in a cost-effective way is very difficult. It requires a level of technology that I'm worried doesn't really exist in the industry yet. It's coming and it exists in different pieces, but all those pieces need to come together.

I think it's up to technology leaders in the industry to partner up to get solutions out faster and agencies to collaborate so we can get your input on what you need operationally. We can build the technology, but we need input.

Stephanie Eidelman

It's obviously going to be some tough road here for the coming months for a lot of agencies and those that can make it until the economy recovers and as they say, the volume will probably increase, but if nobody has a job, they may not be able to pay, regardless of how high the volume is. You've got to be able to make it long enough for that cycle to wash through.

Greg Allen

Exactly.

Stephanie Eidelman

Those companies that do are going to have to be some pretty innovative organizations. We will probably see a lot of change. I know for us, we've definitely had to pivot and think a lot about what our business looks like. Our business doesn't look like anybody else's in the industry, but what's the future of live events, for instance, is certainly something that we think about. The face of our business may change significantly, too.

Greg Allen

Yeah. That makes sense. I think if people aren't pivoting in some way, it's a mistake. I know at Pairity, I've moved all of my engineering teams from separate projects all to one as opposed to developing speculative products, we are just focused on building out more of our core engine that we'll hopefully be able to engineer with other technologies and reserving our budget for—I call it speculative development, but it's really just R&D and new product development for when we can get into a more collaborative kind of situation. We're trying to reserve our cash, be a little frugal and put our best foot forward to build the solutions that are actually needed right now.

Stephanie Eidelman

Of course, the theme of this series is thinking differently. We've written articles about thinking differently. You've been involved in that, too. Now, we've got this video series. I wanted to focus on how companies are thinking differently. Certainly, the collaborative idea is different. Any other way that either you are thinking differently or you see clients thinking differently about the world these days?

Greg Allen

I think a lot of things you touched on earlier about definitely the consumer experience. Internally, we're thinking differently about transparency around our technology because I still don't like that there's this mist around AI and machine-learning. We are trying to work on—we had like a little fun project where we created like a movie trailer to Pairity that flashes glimpses of our backend system working, like what is AI, what is machine-learning. How do we make it fun because true artificial intelligence, it's not sexy. It doesn't look cool.

It's literally just like lines of code running and maybe some monitoring certain processing power and different memory that's being utilized. We try to make it look cool because it's really not. Having a nice dashboard looks nice, but it's not really what AI is, so how do we show that to the world, to our customers? What's going on? What are you doing to my data? I get it. It's machine-learning. You need data, but then what? That's what we've been trying to do. Maybe I'll share it with you, actually show it.

It's funny more than anything. I want to encourage anybody in the machine-learning space, in the artificial intelligence space, to start opening up about what they're actually doing. What is happening? I don't want, "What is your AI doing?" That's kind of how we're trying things differently because if it's going to be adopted, which I think it needs to be in order to create the efficiencies necessary to implement the strategies that are going to be possibly required going forward, we need to have—it has to be an open book. I don't think you have to display your code base, but show what tools you're using. What algorithms are you running? What the hell are you doing? We don't want that question to come to us anymore.

Stephanie Eidelman

It really is a challenge. I know whenever I've tried to dig in and learn about it and understand what it is to maybe facilitate discussions at Innovation Council, it very quickly goes up here [makes "over my head" gesture] because you get into statistics and different statistical models. Those of us who were theater majors very quickly glaze over when it gets to that. I'm smart person, but in some ways, my brain just doesn't work. Taking that which is really very mathematical and scientific, if you will, and making it accessible for folks who have chosen other career paths is a challenge. I look forward to seeing the movie.

Greg Allen

I'll show you the movie trailer and then, maybe we'll actually make a movie about it. I don't know. Probably not, but it was a fun project. We're trying to make it fun, relatable and not so mysterious.

Stephanie Eidelman

That sounds like a great goal. Wonderful. I appreciate your time and want to acknowledge that folks probably only want to listen to something that's so long. I think this was a good conversation and I look forward to continuing another time.

Greg Allen

Thanks so much. I really appreciate you having me on.

[General appreciations]

[End of audio]