

ROM's Services Reduce Receivable Levels and Financing Costs

Twenty-four hours a day, seven days a week, the Associated Press writes an average of 20 million words a day for its thousands of members. AP founded in 1848, is the largest and oldest news organization and wire service in the world. From its headquarters in New York, AP provides news, photos, graphics, audio, and video for 6,000 radio and television stations and 1,700 newspapers in the United States. With another 8,500 newspaper, radio, and television subscribers in 112 countries worldwide, AP is the backbone of the world's news information system.

Given this volume, the Pulitzer Prize-winning news organization has to focus on its core business to get the job done. "As opposed to hiring people when the collections volume backlogs or gets high, we need an outside source to conic in and handle the accounts accordingly" says W. Scott Johnson, AP's assistant treasurer and credit manager. So in 1996, AP began temporarily outsourcing its collections to Receivables Outsource Management, Inc. (ROM). "We basically gave them an entire package of instructions that they used to make phone calls and resolve the problems with the account in question," says Johnson.

Working from off site, ROM's collection staff contacted AP members and focused on providing service to members with outstanding accounts, rather than overly aggressive collections. "AP has a symbiotic relationship with its members," says John Healy ROM vice president. "So alienation was their biggest concern." ROM's staff would contact the members to see whether payment had been made or misapplied, address account disputes, and give members copies of their outstanding invoices or statements.

And AP's customers responded well to ROM's service-oriented approach." It was an excellent

situation for us — well worth it, without a doubt," says Johnson. "We got clear of a lot of volume that was causing us a backlog, and that's the main reason that we brought them in. Once they cleared it up, we were able to handle it more efficiently on this end."

Portfolio Analysis and Long-Term Partnering

More than just outsourcing, ROM provides an integrated set of services and assessment tools that improve operating systems. ROM's professional staff uses quantitative analysis and research, strategic development, structure and process dissection, and perspective and decision-making evaluations to help companies permanently improve their operating effectiveness and performance — not just to solve an immediate need.

Whether a company is liquidating, attempting to turn performance around, trying to develop a long-term strategy for customer satisfaction, working to identify cash application problems in the short term, or staffing up for cyclical or seasonal growth, ROM's professionals can perform portfolio reviews to uncover the source of the problems. "Each engagement is unique," says Healy. "We work to identify what the problems are and bring our expertise of the receivables end to resolve a client's problem area."

Receivables Outsource Management, Inc.

330 Seventh Avenue
New York, NY 10001
(212) 868-2810
fax (212) 239-9076
<http://www.owdso.com>

ROM dramatically reduces Days Sales Outstanding (DSO):

Client	Initial DSO Levels	Resulting DSO Levels	Reduction in DSO Levels	Percentage Reduction in DSO Levels
Magazine publisher	68 days	36 days	32 days	47%
Big Six accounting firm	101 days	68 days	33 days	33%
Multi-national media company	64 days	52 days	12 days	16%
Printing equipment manufacturer	71 days	41 days	30 days	42%
Average	76 days	49 days	27 days	35%

Based on these statistics, ROM could help a customer with \$25 million in accounts receivables realize a gain in working capital of almost \$9 million. At an average interest rate of 8 percent, this translates into almost \$700,000 annually in interest savings alone.