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# Small business verification – Finding the hard-to-finds





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## Introducing:

- **Per Sorensen**  
Interline Brands, Inc.
- **Alan Tsang**  
Experian
- **David Huizinga**  
Experian



# Agenda

- Diagnose the problem
- Regulatory environment and drivers
- Key aspects of the Enhanced Business Verification online platform
- Live demonstration
- Testing results
- Client feedback
  - ▶ Per Sorensen, Interline Brands, Inc.
- Status and roadmap
- Q&A





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## The problem

Small businesses can have very small footprints





# Challenges inherent in business verification

Small businesses, smaller footprints



**Many small businesses are challenging to find and verify**

- New
- Lack credit history
- Renamed
- Moved
- Owner vs. business

**No hit rates across bureaus can hit 50%+**



# Increased regulatory scrutiny

The regulators are coming!

## Bank Secrecy Act – “anti money laundering” general provisions

- Board approved program
- Compliance procedures

## Patriot Act Section 326 (CIP Program)

- Name, address, ID number

## CFPB

- Increasingly interested in small business lending

## CDD: Customer due diligence

- Lack of industry standards
- Challenges determining when enhanced due diligence is necessary
- Lack of industry standards around these definitions





# Increased regulatory scrutiny

## Client concerns

“

I need to have solid record-keeping for possible future audits.

Verifying the business owner and not the business itself is not sufficient

”



Consumer Financial Protection Bureau



# Business verification

## Problems

- Too many bureau no hits
- Cumbersome manual verification process
- Difficulty interpreting and complying with CIP / KYC regulations
- Good potential customers being left behind
- Customer friction
- Record-keeping
- Staying ahead of the fraudsters







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# Enhanced Business Verification platform

Proof of concept





# Enhanced Business Verification platform

## What is it?

Online verification platform supporting single, batch and multi-user queries

## What does it do?

Find and verify many of those hard-to-find small businesses

## How could it help?

- Fewer “no-hits”
- Minimize client friction
- Streamline manual verification processes
- Data transparency – know more about all the matches Experian finds
- High degree of configurability to your businesses’ needs
  - ▶ Data sources
  - ▶ Record-keeping capabilities

## Enhanced Business Verification

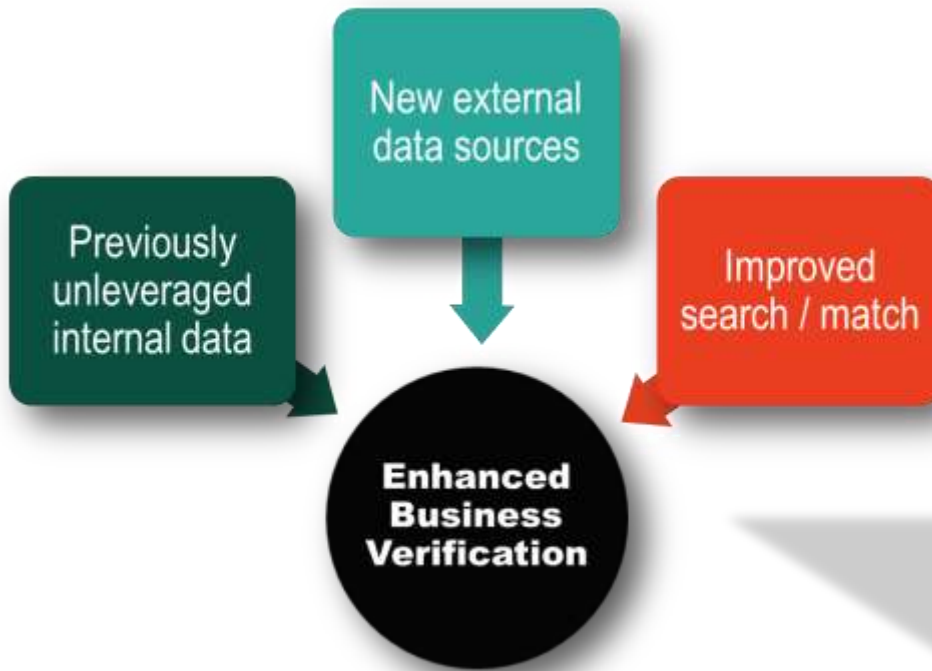
## Current status

- Successfully on-boarded multiple clients into testing / production
- Created system to support retro analysis
- Continuous interaction with end users and monitoring experience / results. Iterative development and improvement



# Enhanced Business Verification platform

How does it work?



**AJCC HOLDINGS**  
1710 EVERGREEN AVE  
AUSTIN, TX 78704

Search query on Google

92

Chart

Match score

- Name and Address Matches
- Unique Source Matches
- Phone Match
- Tax ID Match

Score	Database	Business Name	Address	Phone
90	Commercial DB	AJCC HOLDINGS LLC	1710 EVERGREEN AVE AUSTIN, TX 78704	(512)391-6258
79	Marketing DB	A J C C HOLDINGS LLC	1710 EVERGREEN AVE # B AUSTIN, TX 78704	
70	Marketing DB	AUSTIN JAVA COFFEE & CATE	1710 EVERGREEN AVE AUSTIN, TX 78704	(512)472-5262

# WHAT'S THE KEY?

“ Data! Data!  
Data! I can't make  
bricks without clay! ”

— Arthur Conan Doyle



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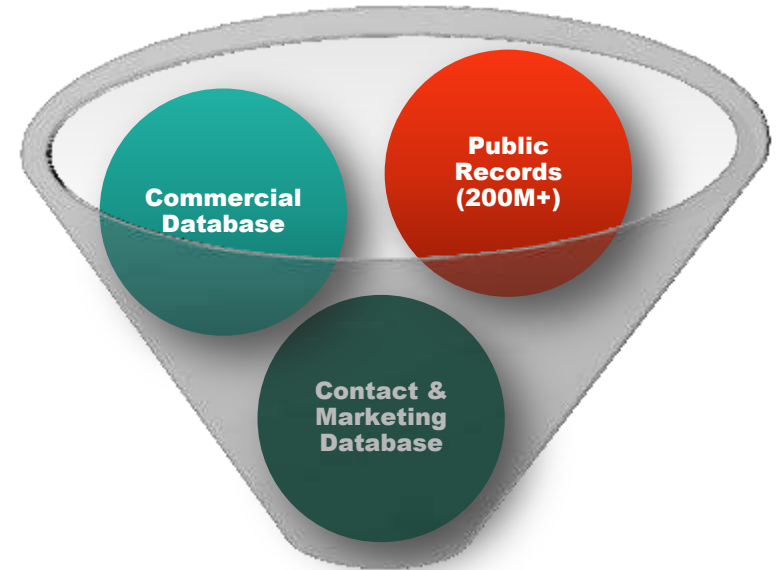


# Enhanced Business Verification platform

Unprecedented data access

## Data availability

- 400 million+ records
- Sources continually being added
  - ▶ Example: Additional Tax IDs
  - ▶ 100 million+ contact name database
    - All linked to business records
- “UnBINned data”
  - ▶ Most robust business identification database solution



**Enhanced Business Verification**

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# Live demonstration

**Alan Tsang**  
Experian





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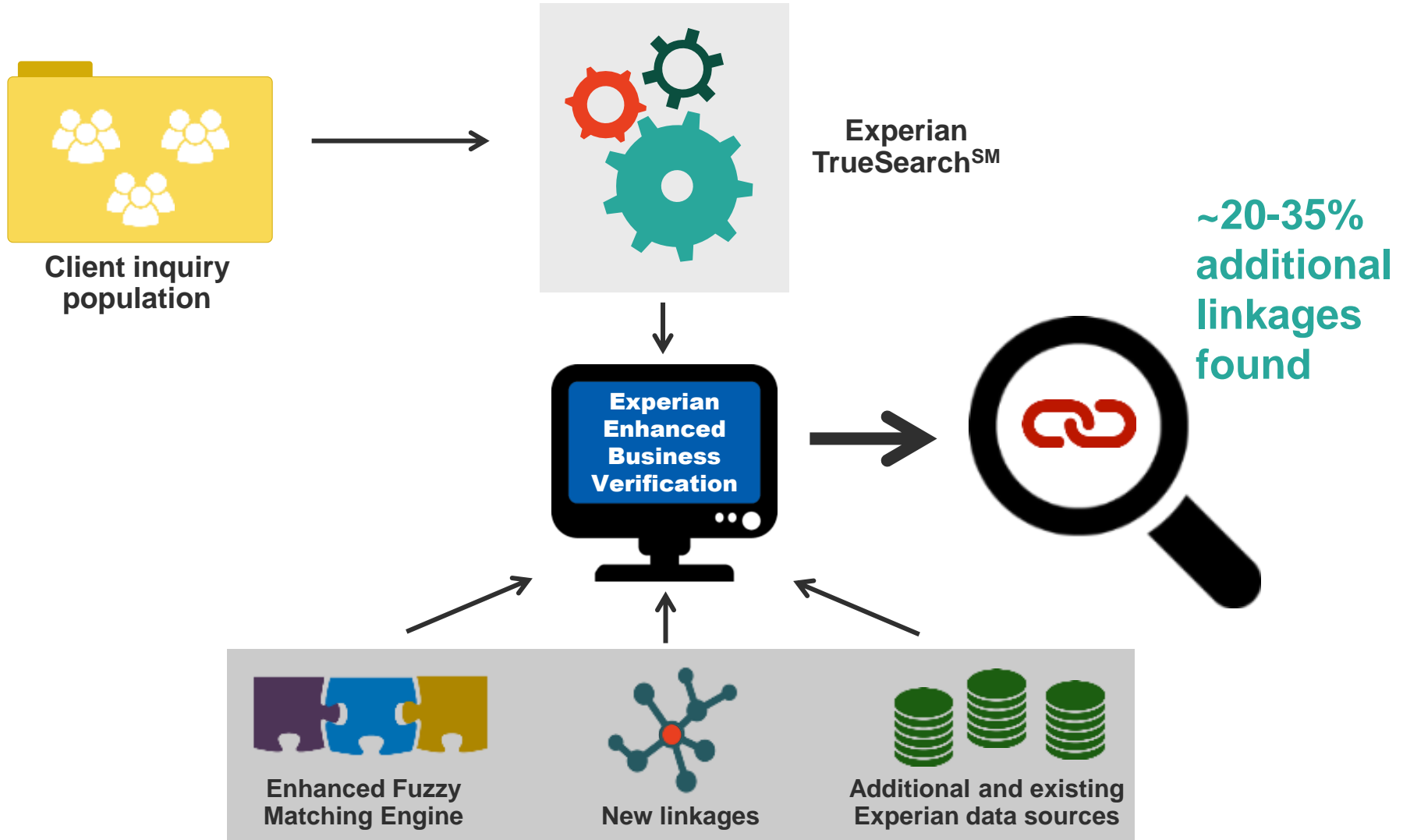
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# Proof of concept (POC) testing





# Testing process







# Sample test results



## Top 5 Insurer:

- Total records: 32,611 (online no-hits)
- Overall match rate  $\approx$  **28%**

## Top 5 Financial Institution:

- Ongoing pilot
- Total verification rate on no hits of  $\approx$  **30%** of no-hits to bureaus
- Operational efficiencies in their manual verification process being realized



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## Per Sorensen

Vice President of Credit, Collections  
and Risk Management





## Interline Brands introduction:

Big expertise – bringing scale, capabilities and solutions together like no one else

- Interline Brands is redefining facility maintenance supply value. Approaching \$2 billion in sales, we're a large-scale, national distributor delivering maintenance products, solutions and focused expertise to three customer segments:
  - ▶ Institutional and commercial facility owners and service contractors
  - ▶ Multifamily apartment owners and property managers
  - ▶ Residential service contractors and retailers / resellers
- The truly value-added difference that we make for our customers is rooted in our scale, capabilities and solutions. We call it **Big Expertise**

SupplyWorks

**Wilmar**  
Our Focus Is Your Advantage.

Maintenance  
**USA**

**Barnett**  
Pro Contractor Supplies

Copperfield

Hardware  
**Express**

**Leran**  
GAS PRODUCTS

**U.S. LOCK**  
Security Hardware & Access Control

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# Business authentication pain points

## Pain points during onboarding:

Lack of easily accessible information

No “one-stop data shop”

Having to request documentation from business owners

Delaying and potentially damaging the customer relationship

Concerns around fraud



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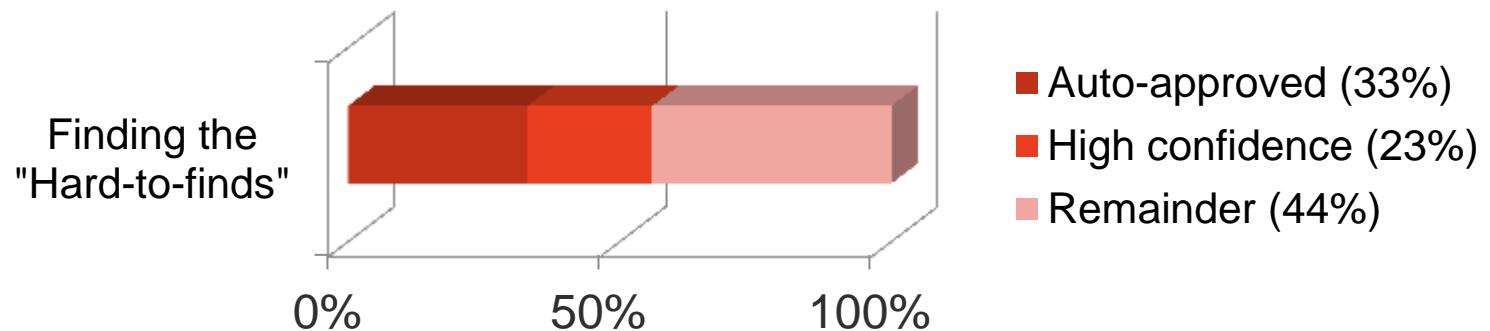
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# Key needs and proof-of-concept test results

<b>Key needs</b>	“One-stop data shop”
	Manage process flow centrally and effectively
	Clear match confidence indicator
	Increased data source transparency
	Configurable requirements (data sources, match confidence requirements, etc.)

## Results through April 22nd, 2016:





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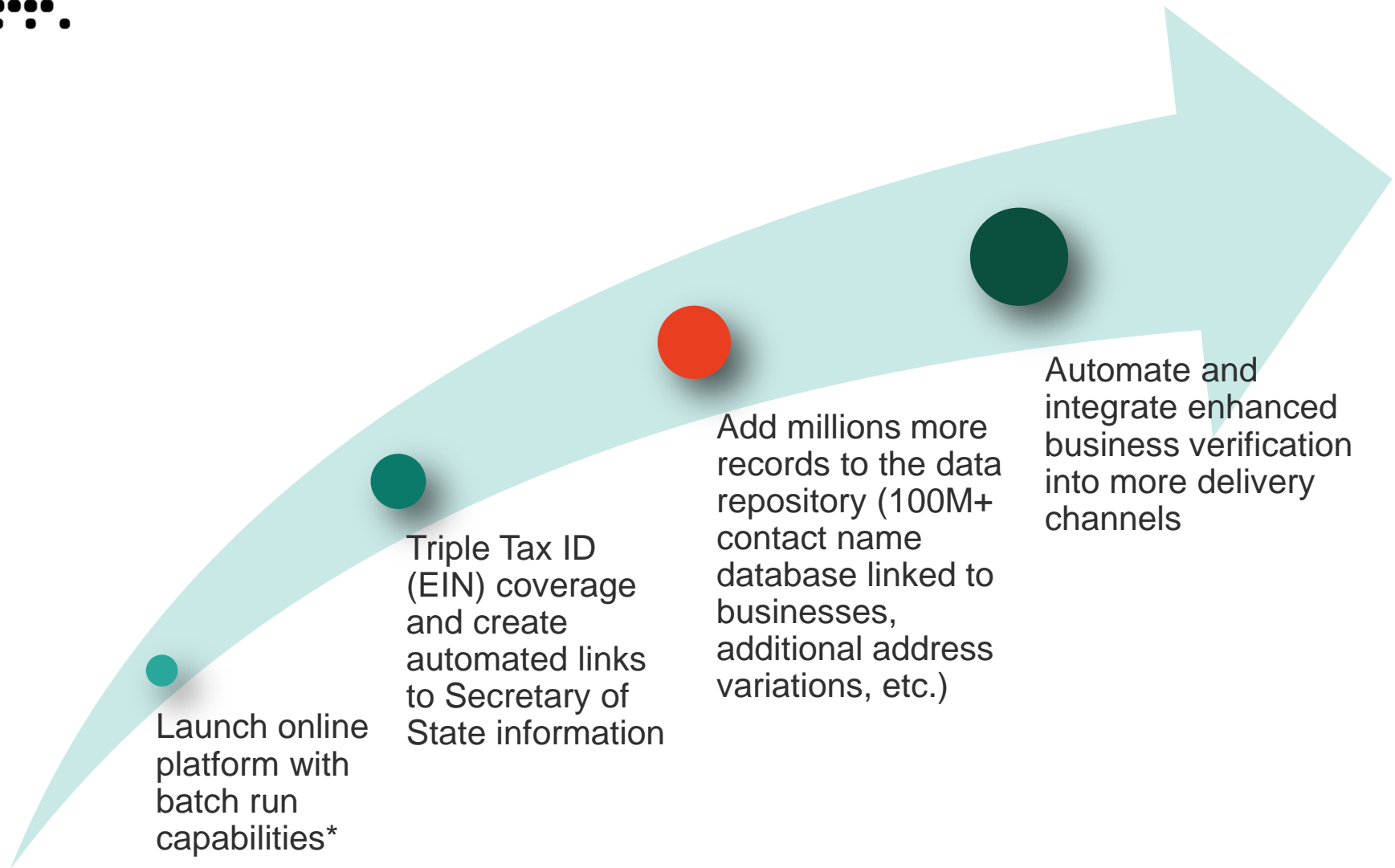
# The future

Enhanced Business Verification





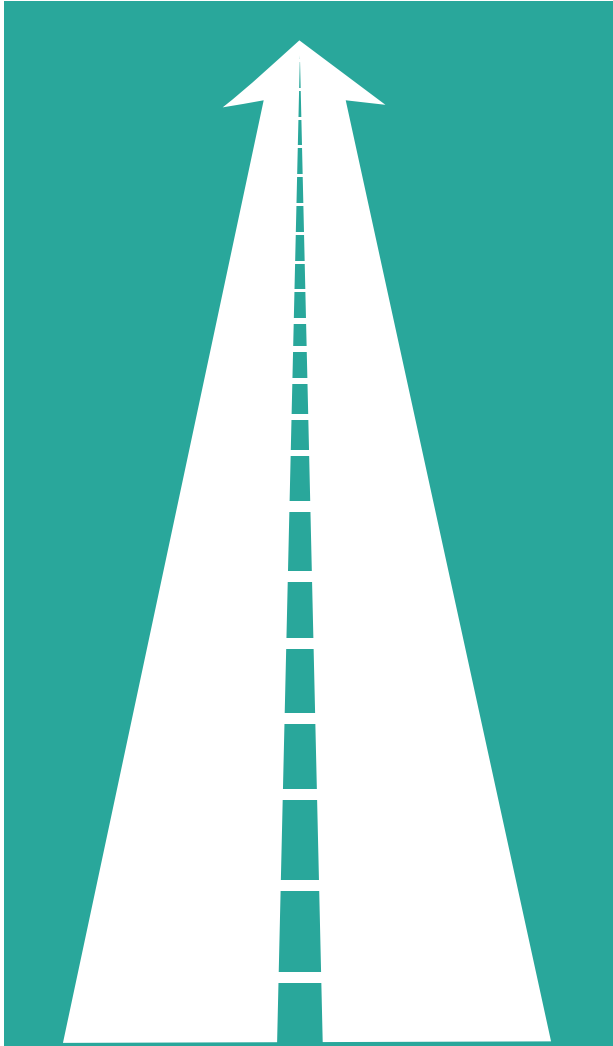
# Roadmap



\* Pending funding



# Summary



- Customer Identification Programs around small business face increasing regulatory scrutiny
- Clients need to improve small business manual and batch verification processes
  - ▶ Faster
  - ▶ More data transparency
  - ▶ More client configurability around data sources and match quality
  - ▶ Access additional data for the highest possible verification rate
- Very positive testing (POC) results to date
- Seeking additional client testers
- Q&A

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1 Select the Survey button and complete

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Vision Conference  
Breakout Session Survey

Experian

1. How would you rate the presenters' knowledge?  
 Excellent  Above average  Average  Below average  Poor

2. How would you rate the presenters' delivery?  
 Excellent  Above average  Average  Below average  Poor

3. How would you rate the presenters' time management?  
 Excellent  Above average  Average  Below average  Poor

4. How useful was the session information?  
 Very useful  Somewhat useful  Neutral  
 Somewhat not useful  Not useful

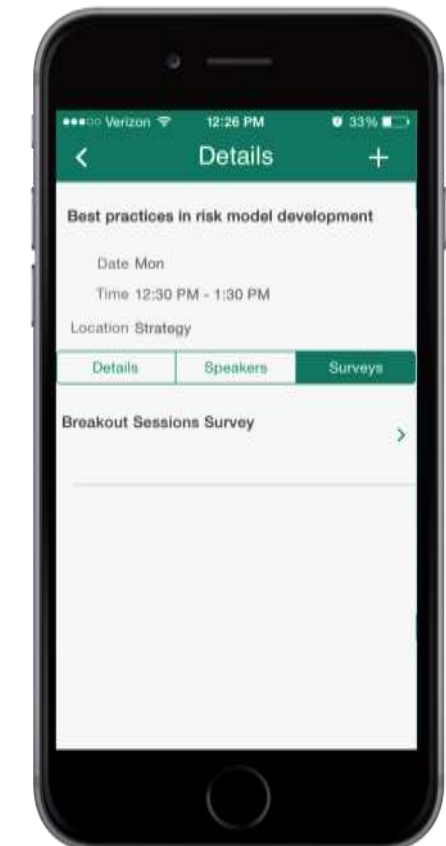
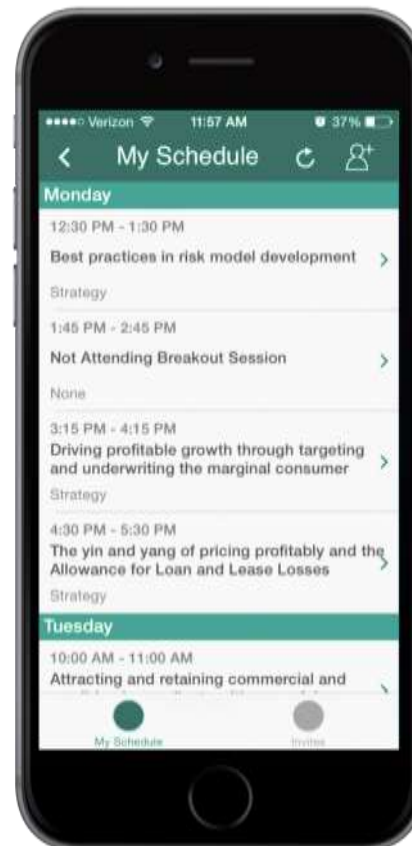
5. How would you rate the session on being current?  
 Very current  Somewhat current  Neutral  
 Somewhat not current  Not current

6. How relevant was the session content to the title and description?  
 Very relevant  Somewhat relevant  Neutral  
 Somewhat not relevant  Not relevant

7. How would you rate the level of content?  
 Too advanced  Just right  Too basic

8. Why did you attend this session? (Check all that apply)  
 Relates to my business  The presenter(s)  Interest in new product  
 Compelling session description  Increase product knowledge

9. Do you have any additional comments?  
\_\_\_\_\_  
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