



June 9, 2021

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## OSB Comprehensive Review

### Technology and Insolvency

We appreciate the opportunity to participate in the process. We are passionate about insolvency and how technology can improve the journey of all stakeholders.

We, as the Canadian arm of a group of financial software companies (Aryza) are leading technical advancement and innovation based on our international experience and professionally engineered processing.

Our innovation and product advancements across all products depends on a variety of integrations into our platforms, these include open banking, credit report integration, CBB black book vehicle evaluations, benefit checkers, ID verification, payment automation, Canada Post address verification, video conferencing applications, E-signature solutions.

Each of these integration elements can assist the LIT to improve efficiency and increase accuracy of data collection and reduce processing time.

It is an exciting time for the industry!



## Canada IPS – Insolvency Process System

Over the past 5 years we have been tracking a significant level of consolidation in the marketplace. Approximately, 4 years ago we viewed this as a business opportunity and planned accordingly.

In 2018 we finalized a \$1.5M investment into IPS, known as Version 8. Version 8 is specifically engineered to do more estates with less people, allowing IPS users to achieve exponential growth.

Up to that time, Trustee firms historically all processed using the cradle to grave model. However, growth of businesses using this model type is linear and in order to scale their practice and achieve exponential growth, a trustee firm would need to implement a hub or back office processing model. Something foreign to the insolvency marketplace.

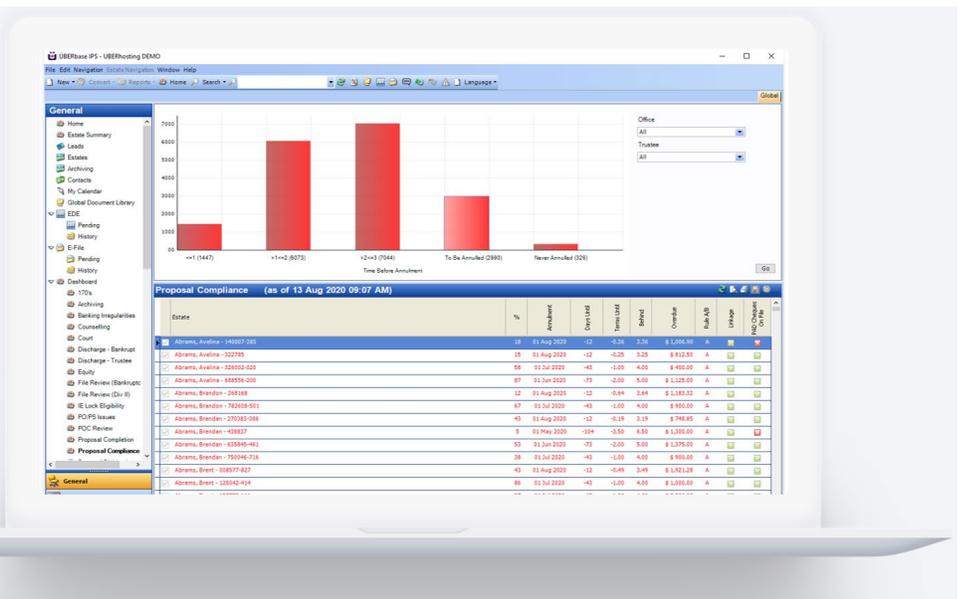
We believed then, and see in real time now, that without efficient processing, firms struggle to maintain their market share. With their processing costs rising, they end up with little or no war chest for marketing. During Covid 19, we have seen many LIT firms retract as file volumes declined. However, there are a few of our clients that have increased their market share and grown exponentially with a strong combination of engineered processing and aggressive marketing.

Today, of the LIT's that optimize the use of V8 automation whether they implement hub processing or continue with cradle to grave model, they significantly improve the quality and speed of their estate processing.

IPS V8 provides practice insight and oversight with a series of process driven dynamic dashboards. Through management dashboards, operational dashboards, and exceptional dashboards LITs are provided exacting data on the health and compliance of individual estates from a practice wide view.

# Exception based dashboard

## Proposal Compliance



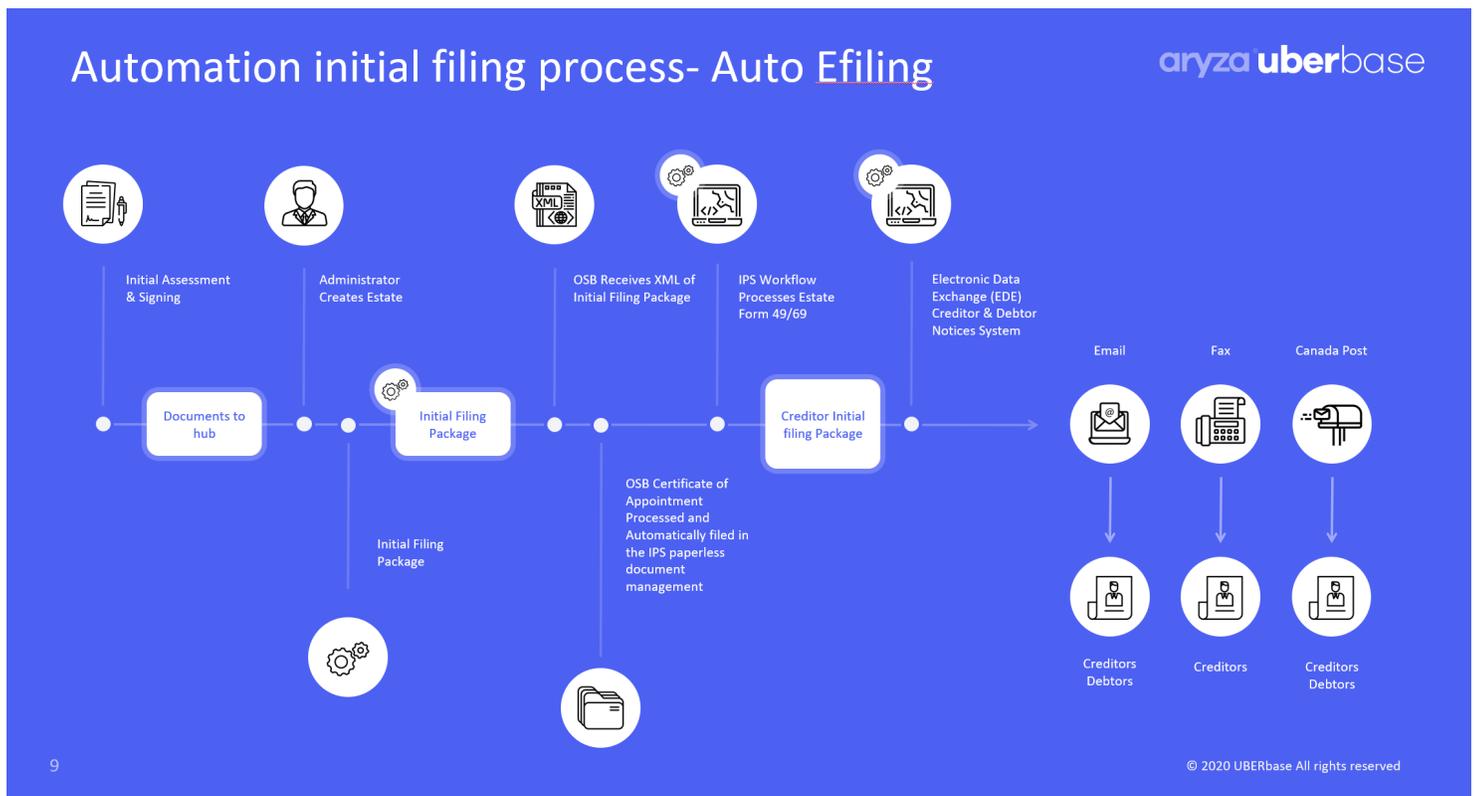
Version 8 IPS also eliminates what we call *the crazy factor*, the individual nuances that can derail what should be a standardly processed estate.

We know, 80% of estates should follow the same path beginning to end, V8 maps LIT's processing to that path, those estates become low energy and partially automated start to finish.

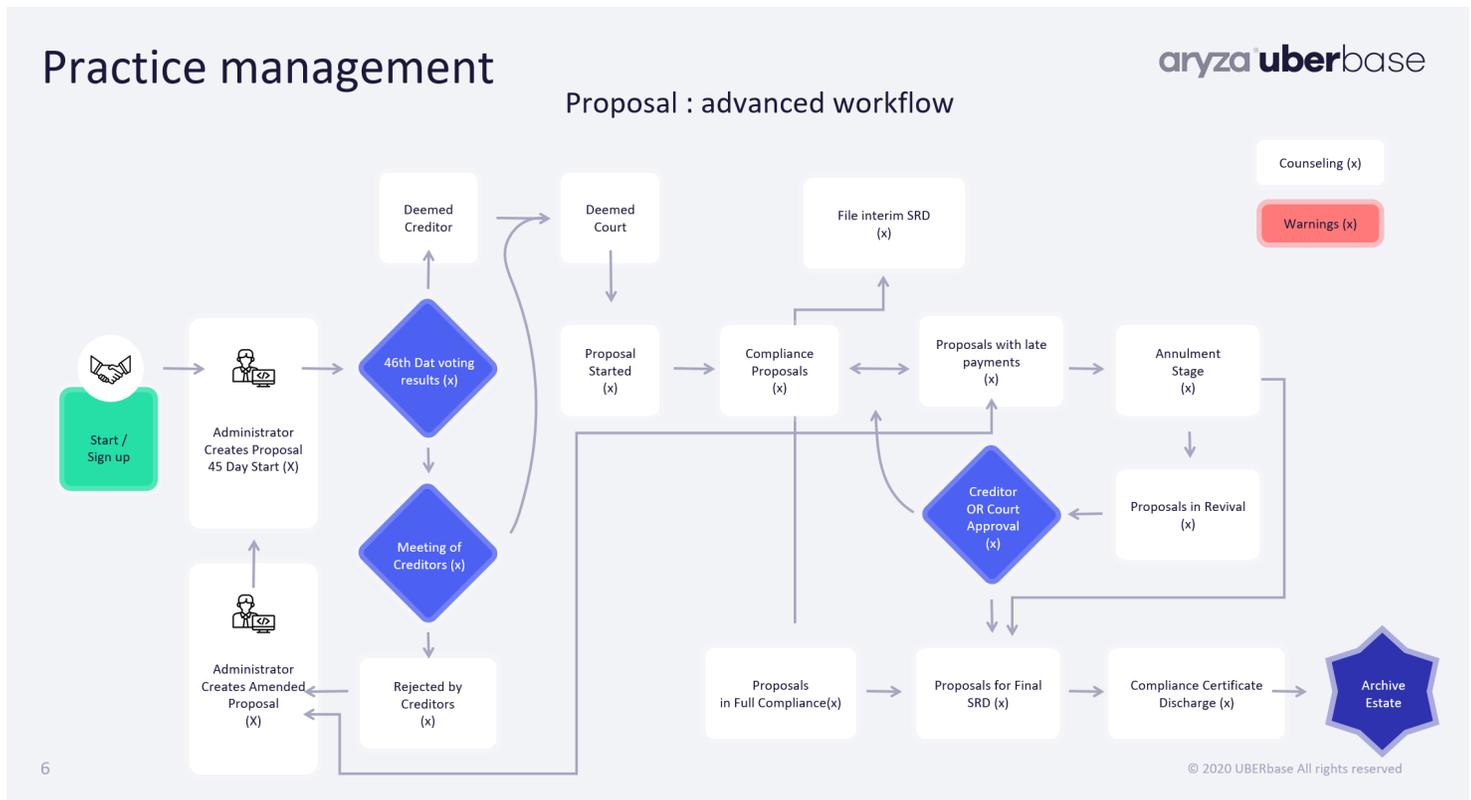
V8 is software that automatically processes specific parts of the file, for example, surplus income calculation, SR&D processing, and initial file processing with Auto E-filing.

That leaves energy and time for the remaining 20% of the estates that need special assistance. Unique estates that fall out of this process requiring a hands-on approach and more attention by the LIT.

## Automation Initial Filing



## Proposal Automation, Advanced Workflow



How do these technical advancements relate to the OSB's goal to improve compliance accuracy, increase program accessibility, and maintain integrity in the regime?

1. There is direct relationship between how the file is processed and how to manage compliance. There is a mirror image of what the OSB needs to see for compliance and what the LIT needs to see for practice management. V8 technology provides compliance insight directly to the LIT to manage their estates. What you seek derives from that same technology and same data.
2. More efficient firms can provide a responsible customer journey to more debtors with the same volume of staff.
3. Creditor impact is reduced through automation, improving the speed of repayment and the accuracy of liability.



It is important to note, that the vast majority of LIT's do not take advantage of the current tools available within our systems. Whether they are committed to their legacy processing systems, roadblock change or just do not know how to implement change it is our opinion that less than 20% of the firms have technological optimized practices.

Our path at Aryza to improve that rate is to increase training of the program through *practice management training* and *dedicated support user training*. These programs have been incredibly effective for those that participate, but without initiative at the top of firms to promote better practices, the implementation of technical solutions is mostly dead in the water.

## Technology and Security

Over the course of the last few years, we have experienced inconsistencies in database security by all level and size of LIT firms.

The database is not the responsibility of the software vendors unless there is a contract for a hosted environment.

We have noticed there has been significant gaps in the implementation of disaster recovery plans, back up restoration and database security. We encourage the OSB and stakeholders to take a more proactive approach to retention of data and back up procedures.

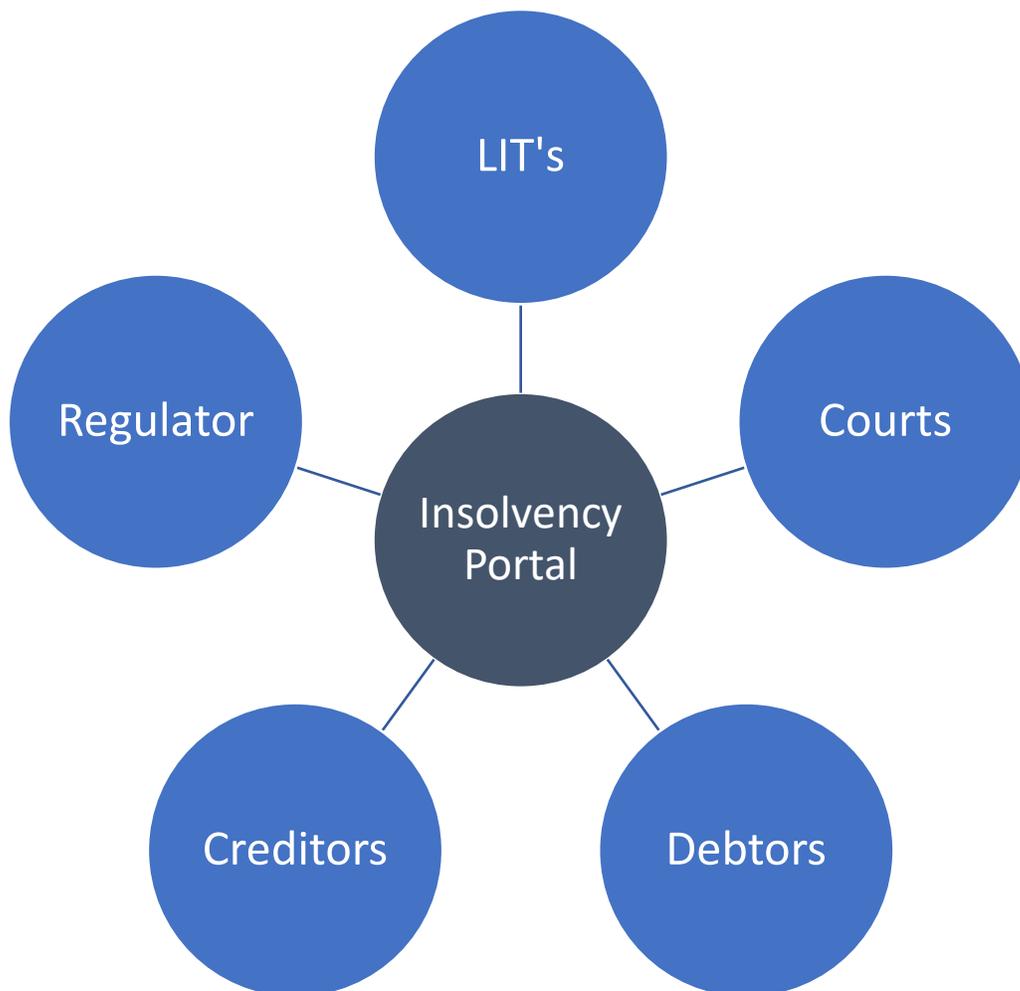
Recommendation: Perhaps the regulator considers implementing a strategy that includes a monthly copy of the LIT's database securely and centrally housed by the regulator.

## What's Next - Insolvency Portal

Our vision of Canada's insolvency system is an Insolvency Portal which will control the data each stakeholder views and provides them with a system to manage their portion of the estate.

Preprogrammed stakeholder dashboards riding over a powerful CMS that manage, automate, and monitor the significant functions in the life cycle of the estate.

This portal will provide the OSB, creditors, debtors, LITs and courts with the ability to migrate to a centralized hub. This is a highly secure, and regulated product that we have rolled out for the government of Ireland's insolvency service, each year the product evolves to include more functionality and deeper processing.





## Certification

We fully support a certification of the software systems if the business case is sound and supportive. Implementing certification cleans up what we feel is an unbalanced, tier system that currently exists between the 2 vendors and the independently owned, homemade IT platforms.

Standardization of software if completed carefully, will bring consistency in file processing across all firms and all administrators.

## Cost of Change

Innovation and integrations, web-based CMS and enhancements come with high costs. Our average annual development costs related to IPS without any special projects or initiatives will top \$350k US annually. The revenue related to the insolvency software has been flat over the past few years, any gains we have made are related to add-on services such as training and hosting, tax processing.

Canada's current fee model does not promote investment in technological advancement, it does the opposite. A race to the bottom as pricing is capped and trustees will take whatever is cheapest before they adopt whatever is best for their practice. Sadly, they focus on short term gain, not long-term win.

The simplest way to deal with costs is to control them through regulation and certification.

Recommendation: Take your lead from other countries, most EU and other Commonwealth countries allow the cost of the software to be recovered at the estate level for all case types. If the OSB changes legislation, allowing a per estate fee to be distributed, it can control the fee, control the process and achieve the goals of technological advancements.

Implementing what is common in other jurisdictions seems like a simple change to achieve the goals, without adding financial burden to key stakeholders.

Kind Regards

A handwritten signature in black ink that reads "Stephanie Harper". The signature is fluid and cursive, with the first name being more prominent.

Stephanie Harper

CEO Aryza Canada