

ClaimsGator for Manufacturers

Protecting Your Customers and the Bottom Line

The demand to contain costs is always there. In particular the service organization is under pressure to reduce costs, and the demands are ever more urgent in a tight economy. Complicating the challenge is the expectation that cost cuts do not compromise customer satisfaction or product reliability. In the last decade service organizations across North America have taken several steps to reduce overhead. These include setting up repair depots, implementing online claims handling, and strategic use of third party servicers to supplement the in-house service team. The high degree of automation that this brings about creates new sources of revenue leakage. Warranty fraud and abuse is one such issue that affects company profitability. Indeed, as the chart in Figure 1 illustrates, the cost of fraud in the high-tech sector is not restricted just to direct parts theft or to double billing. Every dollar lost to fraud costs a total of \$6.20 to the bottom line. Warranty fraud and abuse mitigation is one low hanging fruit that can have a significant impact to the bottom line. Ironically the biggest challenge to deploying a successful warranty abuse mitigation strategy is institutional. Most often the problem is not recognized, or if it is, it is believed to be a small and acceptable cost of doing business. Often, the service organization is so hard pressed in managing daily operations that engaging in a warranty audit is lower priority than 'putting out the fires'. Infernotions helps companies overcome this hurdle.

About ClaimsGator

ClaimsGator from Infernotions helps an organization identify and curtail warranty abuse. It is a two pronged loss prevention offering. It comprises **an audit engine** for identifying claims abuse as well as **an online business process integration portal** to take action on the discoveries. To help companies overcome the initial roadblock we offer a 'Lite' version. It is a basic ClaimsGator audit over 3-5 weeks to identify the potential problem areas in the warranty claims process. These discoveries lay the groundwork for the ongoing claims audit.

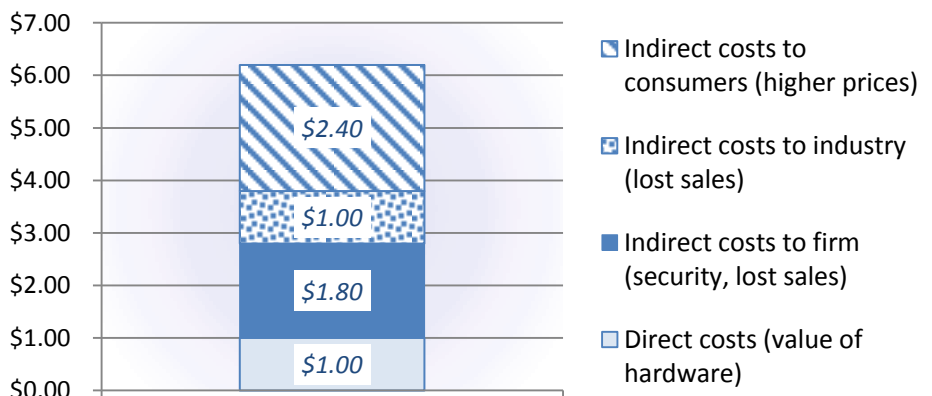


Figure 1: Direct and indirect cost of fraud in the hi-tech industry (Source: Rand Institute)

Technical challenges

1. High data volume makes individual claims audit very difficult
2. Standard audit rules cannot look across history of claims to identify unusual patterns
3. Fraudsters are constantly testing service organization controls for vulnerabilities
4. Online claim submissions and knowledge of edit validations provide opportunity for cheaters to identify gaps in processes
5. Static rule based approaches to fighting fraud become outdated and are ineffective
6. Need to balance the prevention and detection of abuse with the requirement to pay

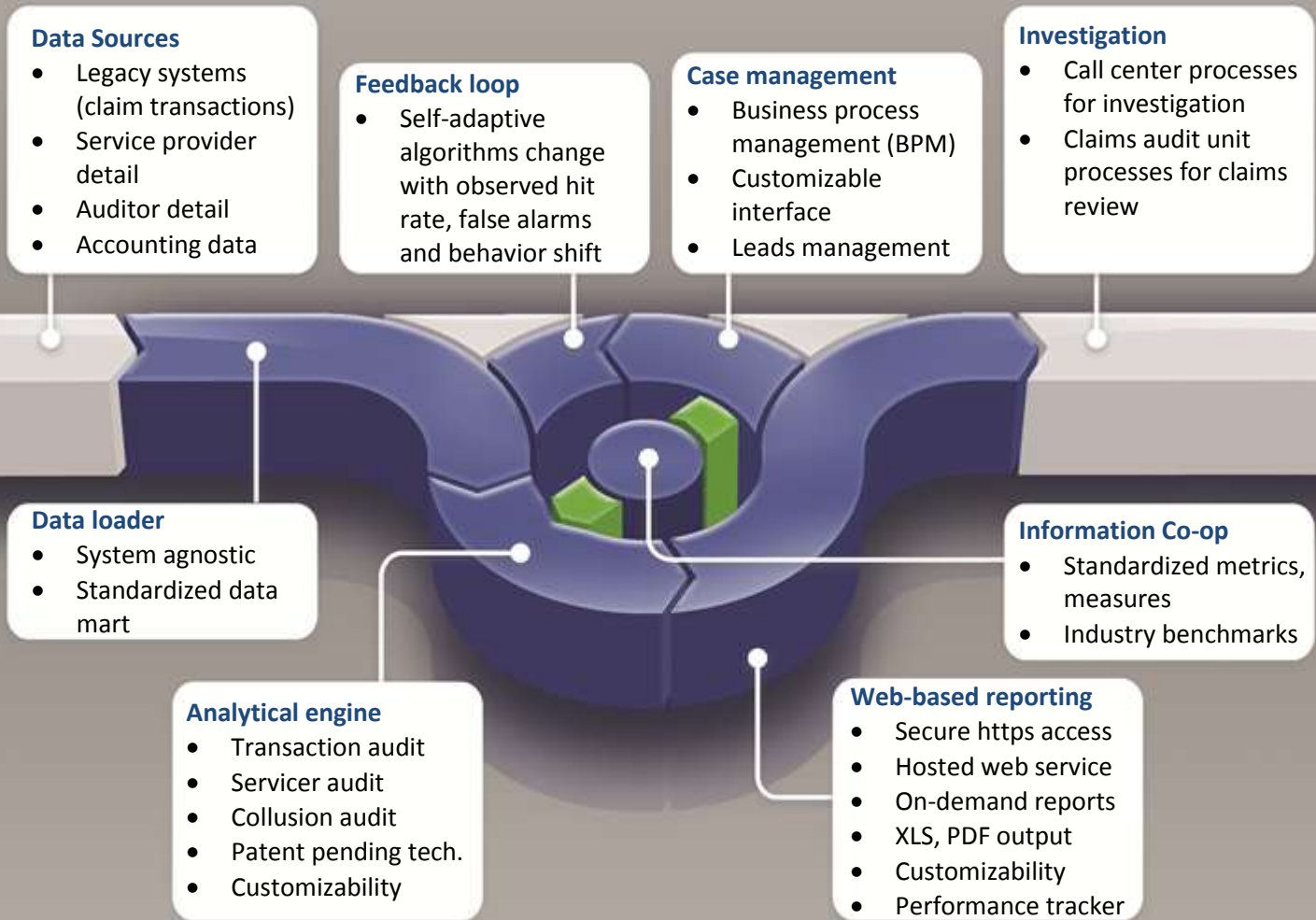
ClaimsGator capabilities

1. Technology agnostic integration with modern policy and claims management systems
2. Web delivered service
3. Business intelligence and analytics
4. Integrated predictive modeling option
5. Fraud detection technology (patents pending)
6. Business process management solution, including workflow and dynamic rule engines
7. Internet or Intranet based deployment option
8. Speed of deployment [Pilot initiatives are under two months in duration]
9. Decision support delivered in plain language. No jargon or formulas

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ClaimsGator integrates seamlessly with your existing transactions process via a state-of-the-art Data Loader and a web-based portal. The schematic below illustrates the integration.



Benefits Proposition

- Process standardization
- Timeliness and regularity
- Watchdog process and communication
- Audit "leads" (basis for auditing)
- Servicer training opportunities
- Improve cohort data quality for risk management
- Lower warranty reserves

Case study

- Audit of multi-national service organization (eight countries, eight regional service centers, over 800 service agencies)
- Servicer elimination for fraudulent activity
- Investigated others claims as identified (Call backs, audits, review of documentation and processes)
- Strengthened knowledge of claims
- Strengthened process knowledge
- Identified process savings of >\$400K USD
- ROI within first 2 months of deployment