CEO CFO

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The Most Powerful Name in Corporate News

B2B Credit Risk Management Analytics

Lori Frank
President & CEO

"Argos Risk offers an affordable solution with cutting edge technology for businesses of all sizes to manage and easily understand their credit risk exposure and to take actionable steps to protect their vulnerability. There are three primary industries served by the company: financial services, manufacturing and service-related companies."
- Lori Frank

Argos Risk

For more information visit:
www.argosrisk.com

Contact:
Lori Frank
952-314-1291
lfrank@argosrisk.com

CEOCFO: ***Ms. Frank, what is the focus today at Argos Risk?***
Ms. Frank: Argos Risk is a (B2B) credit risk management analytics company. We specialize in helping businesses of all sizes manage credit risk exposure. We have three primary industries that we currently serve: financial services, manufacturing and service related companies.

CEOCFO: ***Would you give us an example of an engagement for each of those industries?***
Ms. Frank: Financial institutions today are under tremendous regulatory pressure to ensure they "Know their Customers" (KYC, KYCC). The regulatory requirements under Dodd-Frank are demanding and difficult to meet without the support of a strong technology platform that delivers business and financial insights on businesses that they serve.

As an example, financial institutions are required to monitor all vendors they do business with ("Know Your Vendor"). There are vendor management requirements, which means that they have to know the stability and financial wherewithal of any vendor that they do business with because if that vendor cannot supply them with the information, systems or services that could affect their customer base, as well as affect the bank's ability to remain open to service their customers.

Our product is a critical part of that "Know Your Vendor" process. Argos Risk compiles and provides complete financial and business information, synthesizing it to help banks and financial institutions quickly and easily understand the business health and financial stability of their vendors.

In manufacturing, an example would be a company that buys parts from a number of other sources and has to fulfill orders for their downstream customers. In this case, the manufacturer needs to know the financial stability of both their suppliers and their clients. Hence, if any of those companies are not able to fulfill an order, it could jeopardize their ability to service their customers, and in turn receive payment in a timely manner.

CEOCFO: ***How does Argos Risk score and evaluate the financial stability of businesses?***
Ms. Frank: We gather the data, and present the information in an easy to understand format that allows subscribers to review all of the information collected and analyzed from over 250 different sources. We analyze the data and normalize it, delivering the information via the Argos Risk "at a glance" dashboard that features red, green and yellow methodology, similar to a stoplight. Red means that you need to stop and really look deeper into this relationship. Yellow means that there are some interesting things here; not necessarily bad, but you should look deeper. Finally, green means good, and that this is a very reliable, stable company that pays their bills on time, has had credit extended to them and has no lawsuits or bankruptcies pending. Therefore, by all means, use them as a vendor.

CEOCFO: ***Do you know if many of your customers take action based on what they see from you?***
Ms. Frank: Absolutely! Our subscribers tell us repeatedly that they depend on the information we provide and they appreciate the timely and easy to understand format. Not only do we provide subscribers information on what has changed, but we also recommend what actions that they should take regarding that change. We have had excellent media coverage about our product and how it truly makes a difference for businesses. One example is a news video on The Huffington Post, featuring one of our subscribers who shares their story about avoiding a catastrophic business – the subscriber credits Argos Risk with saving their business by providing intel that allowed them to avert a major financial disaster. Here is a link to the story: http://www.argosrisk.com/resources

CEOCFO: ***What is the competitive landscape?***
Ms. Frank: The benefit of working with Argos Risk is that we offer greater flexibility in terms of the service and attention we can provide to our subscribers. We have the ability to work closely with them to help them understand what the data means and the potential impact to their company. We also offer a high level of support to subscribers in helping them vet their customers.

CEOCFO: ***Have those types of companies been looking for a better way or even realize that there is a better way?***
Ms. Frank: Argos Risk identified a huge gap in the industry and we are proud to be successfully providing a better solution for clients who are unable to afford the expense of legacy data and the confusion of trying to interpret complex reports. We have found that a majority of companies do not understand the reports they receive from the large legacy data providers. They embrace the fact that Argos Risk provides critical information in an easy to understand, usable format. The simplified methodology allows subscribers to implement the information and utilize it as a business solution.

We are often invited to speak at conferences, as experts on teaching people how interpret credit information. We also host training webinars to educate and train companies on how to protect and grow their businesses by understanding the wealth of information that is available. It is tremendously rewarding to be considered industry leaders and we receive a number of our new subscribers through referrals from current subscribers, as well as trade association relationships.

When businesses learn about our services and what we can do for them at such a reasonable price, they are grateful to find a solution that fits their individual needs and is not ‘one size fits all’.

CEOCFO: ***What has changed since you first launched your product? What have you learned that makes the offering better today?***
Ms. Frank: When we first launched the company, our vision was that of a self-serve platform. However, we quickly realized that the marketplace in which we are catering to and servicing is in need of much more assistance than a self-serve platform can provide.

We listened to the needs of our customers and our business has evolved into a model where we spend a great deal of time educating our customers and offering training sessions. We have learned that our customers wanted more information, in a simplified manner. This caused us to enhance our platform significantly and we re-released it at the beginning of 2015.

We now have a number of additional data sources and data fields that we did not have in the past, to give subscribers a deeper, broader look of what the companies they monitor are doing. For example, we now conduct news searches, monitoring keywords and coverage of clients and their industries. We provide an analysis, organized by local news, national news, court news and press releases.

Another feature we have added is the Argos Risk ‘Address Analysis’. When monitoring companies for subscribers, not only is it important to gather information to understand who the companies are, but also who their surrounding neighbors are. The Address Analysis can uncover many things, including whether a company is masking their true identity by being registered under what appears to be a legitimate name but also running suspicious businesses out of the same office or building. The best way to illustrate how Address Analysis works is with the example of one of our financial institution clients was doing business with a company who stated they were an accounting firm. Through our Address Analysis we realized that there were two pornography companies registered at the same address. By utilizing our Street Analysis and Mapping Analysis, we were able to get a picture of the storefront, and saw it was actually a check cashing facility as well, which is an industry that many financial institutions opt not to do business with. Our client immediately terminated their relationship with this company, saving them potential regulatory embarrassment.

CEOCFO: ***Does social media fall into what you monitor?***
Ms. Frank: We monitor sites like Ripoff Report, Yelp, and other reputation companies, but it is more important that you have third party vetted and trusted data, verses self-contributed data, such as social

media. This is because there is a great deal of damage that can be done by social media, both promoting and degrading a company.

CEOCFO: ***How is business these days?***
Ms. Frank: 2015 has been a record year for us. The regulatory environment is such that financial institutions are under a tremendous amount of pressure to meet regulatory compliance, particularly in the area of 'Know Your Customer' and 'Know Your Customer's Customers'. That has fueled a great deal of activity for us. On the manufacturing side, our education and market awareness programs have resonated and built awareness with manufacturers, resulting in name recognition and growth for Argos Risk in this customer segment.

CEOCFO: ***What is your geographic range?***
Ms. Frank: Our geographic reach is nationwide, with customers all across the United States.

CEOCFO: ***What might be different a year from now for Argos Risk?***
Ms. Frank: We are forecasting that our subscriber base will experience exponential growth and we will continue to release industry driven enhancements. We will see more specific industry requests coming in, but for the most part, we will be leveraging the intense database that we have today and our expertise in helping customers reduce the risk associated with their customers.

CEOCFO: ***Do you need to be on top of the regulatory requirements from different agencies and different states or is that up to your clients?***
Ms. Frank: It is ultimately the responsibility of our clients, but as an organization, we stay on top of and abreast of regulatory changes. Therefore, we strive to make sure that our product is up to speed with compliance. A good example is that NACHA announced a requirement that will go into effect in September, requiring banks to analyze unauthorized return rates on ACH transactions with a tighter percentage rate. That announcement was made in February and we quickly modified our platform to be able to calculate all of those percentages of returns and we have already released the changes to our subscribers. In this case, we are way ahead of the regulation, and because of that, many of the banks are looking at us because other companies may not have not gotten there yet.

CEOCFO: ***Does that surprise you?***
Ms. Frank: It does not surprise me because the regulatory world is very complex. We have consultants that work for us and advisors who are part of our company, constantly reviewing changes and making us aware of what is happening. We are actively work with trade associations and organizations involved in regulatory changes. Therefore, we are on the leading edge of what is changing in regulations, particularly in financial services.

CEOCFO: ***What has surprised you as the company has grown and developed?***
Ms. Frank: It is amazing how much information is available in the marketplace, and what a challenge it is to pull it together for the average client. This is why businesses need a company like Argos Risk, to gather, analyze and present the information so that it is easy to understand and to act on. There is so much information available today,

but how do you normalize that? How do you take in and make sense of all of that information, without a full time analyst? The reality is that most companies cannot afford that. We always knew that there was a wealth of data, but there is much more information than we even expected.

CEOCFO: ***How are you able to provide an affordable product?***
Ms. Frank: We are able to make it affordable because of our technology platform. We have an incredibly robust piece of technology that performs all the data collections and analysis electronically. It goes out, grabs this information, analyzes it and scores it. You could not do this on a manual basis or through multiple systems. In addition, because of our buying power, we are getting the data in larger volume than a small manufacturer could, and we are spreading our cost. It is a traditional model of buying in bulk and spreading our costs among many smaller constituents.

CEOCFO: ***Put it together for our readers. Why choose Argos Risk?***
Ms. Frank: Every company has risk with their vendors, clients or suppliers. Companies need to assess and monitor their financial risk daily. With Argos Risk you can accomplish this in an affordable, easy to understand and actionable manner. You are receiving excellent information in an easy to understand dashboard, at a price that anyone can afford. The information is updated each night to provide full surveillance on the companies you are monitoring, vs. just a one-time snapshot. We even alert you via email to any changes you need to focus on. We help companies reduce their losses!

CEOCFO: ***Final thoughts?***
Ms. Frank: Argos Risk is proud of the contributions we have made to the industry, and the integral role we play in helping businesses protect their interests by monitoring and assessing the credit risks of their partners, vendors and customers. Our company values the role we play in educating companies on how to leverage their credit analytics and guiding them on how to best act on this important information. We provide free webinars to support the business community, teaching them how to incorporate best practices into their organizations. My team and I have an 'open door' policy to help answer questions and suggest solutions, even if someone is not a subscriber. I invite your readers to visit Argos Risk at www.argosrisk.com or to contact me personally at Lfrank@argosrisk.com or 952-314-1291.

Interview conducted by: Lynn Fosse, Senior Editor, CEOCFO Magazine

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