



TAKING THE RISK OUT OF
SMALL BUSINESS LENDING

PayNet, Inc. Fact Sheet

PayNet, Inc. Background

PayNet Inc. is the leading provider of credit assessments on small businesses enabling lenders to achieve optimal risk management, growth and operational efficiencies. PayNet maintains the largest proprietary database of small business loans, leases and lines of credit encompassing over 23 Million contracts worth over \$1.4 Trillion. Using state-of-the-art analytics, PayNet converts raw data into real-time marketing intelligence and predictive information that subscribing lenders use to make informed small business financial decisions and improve their business strategy.

PayNet's Business Solutions

With a range of financial risk rating tools designed to grow assets, reduce costs, and avoid losses from defaults, PayNet helps banks, commercial finance companies, and alternative lenders expand credit access for small business. PayNet's small business capabilities range from historic credit-reporting, automated credit-scoring, and default forecasting to detailed strategic business reviews that include portfolio risk measurement, peer benchmarking and industry trend analysis.

Among PayNet's custom solutions for lenders are:

- In-depth "Credit History Reports" to assess applicants' financial risk for credit, including the empirically derived PayNet MasterScore®
- AbsolutePD® - a revolutionary portfolio risk management and default forecasting tool that incorporates borrower financial condition, experience, industry sector, geography, and overall economic factors
- Comprehensive "Strategic Business Reviews," based on competitor/peer benchmarking along 75 critical metrics, to analyze and optimize lender's performance

PayNet's Powerful Database and Small Business Lending

Real-time access to small business credit data with superior quality, depth, and robustness assures that commercial lenders consistently make better credit granting and portfolio management decisions. PayNet gathers small business data from one or more repositories consisting of term debt, loan/lease, line of credit, and trade data. Data is uploaded monthly from a broad base of member companies, cleansed and aggregated for analysis, scoring and small business credit assessment.

This borrower information is extraordinarily comprehensive. It covers extensive borrower factors including delinquency, industry category, time in business, growth rate, financing practices, liabilities, pay-down, historic regional risk, and local economic conditions – the critical factors that are most predictive of payback performance.

Term debt data on small businesses is critical to commercial lending decisions. PayNet provides an unmatched breadth and depth of term debt information to assist clients in making consistently better informed decisions.

- According to Federal Reserve estimates, Commercial & Industrial loans exceed \$2.0 trillion (as of December 2016)

PayNet's Members

A broad sector of progressive commercial lenders contribute data and use PayNet's tools for their loan-originations and portfolio management, as well as to analyze and review their credit processes and performance against industry norms.

PayNet, Inc. History

PayNet, Inc., which founded this industry-first "Payment Information Network" in 1999, is headquartered in Skokie, Illinois. The company began as a data repository to replace the manual telephone call for obtaining credit references for equipment lenders, which is a national industry representing more than \$1 Trillion in net assets.

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Executive Management

Thomas Butler, *Chairman and Chief Executive Officer, PayNet, Inc.*

Mr. Butler brings more than 15 years of new venture and business operating experience to PayNet. Before joining PayNet, Inc. Tom Butler was President and COO of Discover Card from 1986 until 1998. During that same period, Mr. Butler was also Chairman of the Board for Discover Bank. Prior to 1986, he was Director of New Ventures and Corporate Planning for Sears, Roebuck & Co. Sears' strategy for Discover Card and its business plan were part of his responsibilities. In his 12 years as president, he took Discover Card from start-up losses of over \$100 million per year to net profit of \$550 million in 1998. In this period the Discover Card grew to 38 million consumer accounts, \$33.0 billion in outstanding receivables and 3.6 million accepting U.S. merchant outlets. Tom is a graduate of the University of Notre Dame with a Bachelor of Arts and holds an MBA from Northwestern University.

William Phelan, *President and Co-Founder, PayNet, Inc.*

Prior to co-founding PayNet, Mr. Phelan managed an investment portfolio of fixed income securities for Trustmark Insurance Company in Lake Forest, IL. In this fiduciary role at Trustmark, Mr. Phelan managed asset and mortgage backed securities and corporate bonds to achieve policy holder goals of total return and safety of principal. Mr. Phelan worked at Dain Rauscher Securities helping pension funds, banks and asset managers meet their clients' investment needs. As a consultant at Ernst & Young, Mr. Phelan advised privately-held companies on acquisitions and valuations to help them expand their business and conduct estate planning. Previously, Mr. Phelan worked for International Business Machines Corp. and started his career as an operations director in the retail industry. Mr. Phelan earned the designation of Chartered Financial Analyst from the CFA Institute. He completed a Masters in Business Administration from Loyola University Graduate School of Business where he was a member of the Dean's List and received the MBA designation with a concentration in Finance. He has a Bachelor of Arts degree from Carleton College in Northfield, MN.

Paul Tennola, *Chief Financial Officer, PayNet, Inc.*

For over 29 years, Mr. Tennola has held a variety of financial leadership positions specializing in corporate strategy, finance, operations and M&A/corporate development. Prior to joining PayNet, Mr. Tennola served as Global Head of M&A for TransUnion during their IPO process. He served as Executive Vice President, Corporate Development, Tax & Accounting Division of Wolters Kluwer. Mr. Tennola became Group Vice President of Business Development for SunGard Data Systems, Inc. from the divestiture of DerivaTech Risk Solutions, Inc. As the Chief Operating Officer/Chief Financial Officer of DerivaTech, he led strategic planning, budgeting and organizational process improvements. He holds a bachelor's degree in finance from Indiana University. He completed the Chicago Management Institute's Executive Program from The University of Chicago, Booth School of Business, and the Six Sigma Master Black Belt program at GE.

Thomas Ware, *Senior Vice President, Analytics and Product Development, PayNet, Inc.*

Mr. Ware has 26 years of experience in banking and equipment finance, including Senior Vice President, Operations & Chief Credit Officer of American Express Equipment Finance and Vice President & General Manager of a billion-dollar business unit at CNH (Case) Capital Corporation. In 1987 he founded Sequa Credit Corporation, which is today a subsidiary of Hypercom. His experience includes independent, bank and captive lenders/lessors and covers equipment types ranging from office equipment, telecom, computer and medical to transportation, construction and agricultural. He also has extensive experience with securitization, structuring transactions with rating agencies and surety providers. Mr. Ware received a BA with Distinction in Mathematical Economics from Dartmouth College and began his career as a modeler with a consulting firm now part of Mercer Management Consulting. He subsequently earned an MBA from Harvard.

J. Douglas Cleveland, *Vice President, Marketing*

Mr. Cleveland brings over 47 years of multinational experience in Financial Services, International Trade and Merchandising to the firm. Mr. Cleveland has held senior management assignments domestically and overseas in six diverse companies within Sears, Roebuck and Co., ranging from start-ups to multi-billion dollar divisions. His experience encompassed Product Development, Procurement, Sales and Marketing as well as Human Resources, Leadership Development and Quality Process Management. Beginning with Sears Merchandise Group, Mr. Cleveland proceeded to broaden his business expertise through a progression of key assignments with Sears Roebuck of Spain, Sears World Trade, Sears Mortgage Corporation, Coldwell Banker and Discover. He joined PayNet as the Vice President, Marketing in June 2007. Mr. Cleveland holds an MBA from the University of Chicago and a bachelor's degree from Drake University.

Craig Odegaard, *Vice President Technology and Operations*

Mr. Odegaard is responsible for the management and oversight of information technology related to Development, Integrations, Operations, Infrastructure, Quality and Corporate Security. He is instrumental in helping the Company to introduce new products to new markets, grow in the current market and enhance PayNet's technology capabilities. Mr. Odegaard began at PayNet in 2001 as a software developer, later moving into leading roles in Development and Infrastructure, and became Vice President Technology and Operations in April 2011. Prior to PayNet, he was a senior consultant for the Revere Group and a software developer for Tecnova. Mr. Odegaard has a Bachelor of Science degree from Milwaukee School of Engineering.