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WHITE PAPER

Before You Sign

A Collateral Management Platform Diligence Guide

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FROM THE AUTHOR

Before AIO Logic, I sat on the lender side of the platform decisions I now help other lenders evaluate.

At a top-5 U.S. bank, my work spanned vendor selection, RFPs, workflow-fit testing, platform delivery, enhancement prioritization, and the transition from a live collateral system toward a future-state operating model.

That vantage point changed how I look at AI-capable lending technology.

A platform decision reaches far beyond functionality. It changes where work happens, what the system prepares, what the human still owns, where controls sit, how exceptions are reviewed, how evidence is retained, and how roles evolve as more preparation, comparison, mapping, and monitoring work moves into the system.

That is the lens behind this guide.

A strong evaluation should test how the platform supports the operating model today, what controls need to surround AI-enabled workflows, and how the lender wants the work to evolve over the next five years.

WHY THIS IS DIFFERENT

In ABL, collateral is the operating heart of the business. Availability, eligibility, borrower reporting, exception handling, monitoring cadence, controls, and funding confidence all move through the collateral function. Replacing the collateral management system is closer to heart transplant surgery than a routine software change: one operating system is removed, another is put in its place, and the business has to keep running throughout the transition.

That is why the work has to begin before the contract is signed and continue after go-live. Before the transition, both sides need a clear view of the current condition, compatibility risks, assumptions, and dependencies. After go-live, the implementation plan has to include the operating discipline that helps the new system take hold.

HOW THIS GUIDE IS ORGANIZED

It opens with what goes wrong when diligence is incomplete, then works through the discipline in four phases. It closes with the lowest-friction way to begin: a BBC Health Check on one real borrower.

SECTION 1

WHAT CAN GO WRONG

The recurring failure modes when diligence is abbreviated or the vendor controls the evaluation frame.

SECTION 2

PRE-OP WORKUP

Document the current condition and require vendor disclosure before any evaluation begins.

SECTION 3

DIRECT DISCLOSURE

Three questions to ask before any demo begins. A vendor who redirects has not answered.

SECTION 4

COMPATIBILITY TESTING

Test the platform on your actual data. Document every assumption and deferral in writing.

SECTION 5

ANALYST ADOPTION

Confirm your team can operate the platform independently before the contract is signed.

SECTION 6

THE SURGICAL PLAN

Convert every diligence finding into a specific written disposition before signature.

SECTION 7

ANTI-REJECTION WORK

Monitor adoption after go-live. A platform can be technically live and still be rejected by the operation.

Intended for ABL executives, collateral operations leaders, and platform evaluation stakeholders.

What Can Go Wrong When Diligence Is Incomplete

Most ABL platform replacements fail for reasons that have little to do with the technology. The selection process never surfaced whether the new system could absorb the lender's credit structure, eligibility logic, analyst workflow, and borrower file conditions. The following failure modes are the recurring patterns when diligence was abbreviated or the vendor controlled the evaluation frame.

The platform is technically installed but the business cannot absorb it

The system is live, but the workflows it was built around do not match how the lender's analysts actually operate. The gap between the platform's model and the lender's credit structure throws exceptions immediately and constantly. The platform works fine. It just does not fit how this lender runs its book.

Workarounds return to spreadsheets

The vendor said the rule was configurable. Every complex rule became an implementation discussion after the contract was signed. The lender had spreadsheet overlays before the transition. The new platform has the same gap. The workarounds return within weeks.

Controls that should live in the system move back outside it

The platform cannot document analyst overrides or generate an audit trail for exception dispositions. Analysts revert to email. Examiners find the control environment fragmented. The platform produces a number, but the process that produced it does not survive scrutiny.

Implementation timelines stretch significantly

The proposal showed a 90-day implementation. Items deferred during the evaluation, such as ineligible subcategory logic, cross-aging configuration, or concentration rule structure, surface in week three as unscoped work. The timeline extends and the cost increases after the lender has already signed.

Borrower friction increases

Borrowers use the portal when the file is clean and email a spreadsheet when it gets complicated. Nobody brought the borrowers into the communication plan. Now weak portal adoption is a collateral risk the lender has to manage, and no amount of technology fixes it.

Leaders lose confidence in the availability number

The best analyst can explain availability. The system cannot. The platform produces the number, but the lender cannot fully explain how it was calculated, how overrides were treated, or how it ties to the borrower's submission. The borrowing base math may be fine. What is missing is anyone who can stand behind how that availability was produced.

The evaluation is where these are won or lost. I have watched capable lenders give the outcome away during selection, long before go-live, because the process let the vendor set the terms. The symptoms above trace back to a shorter list of process failures.

WHY IT HAPPENS

01 **Trusting the scripted demo**
The vendor drives a clean, prepared path, and the hard parts of your book never come up.

02 **Accepting "it is configurable"**
A promise with no worked example turns into unscoped implementation work after the contract is signed.

03 **Deferring items with nothing in writing**
Anything parked verbally returns as surprise scope once the vendor controls the schedule.

04 **Testing on demo data instead of your real files**
Clean sample data hides the cross-aging, ineligibles, and reserve logic that break platforms in production.

05 **Single-threading the decision**
One champion and one point of view, with no one pressure-testing fit against how analysts and borrowers work.

> *Diligence has one job: surface the credit, operational, and implementation conditions that decide whether the new system can carry your eligibility rules, ineligibles, reserves, and the judgment your analysts apply today, once the old one is gone.*

Pre-Op Workup: Document the Current Condition

In a heart transplant, the surgical team needs to understand the actual condition before the procedure begins. The pre-transition workup for a collateral platform replacement works the same way. Both sides need a shared operating picture before either side commits.

Before any vendor conversation, the lender needs to document the current operating environment. Before the demo, the vendor needs to disclose the current platform state.

WHAT THE LENDER NEEDS TO DOCUMENT

- → Credit structures the current system supports natively versus approximates
- → Eligibility logic: cross-aging rules, debtor-specific treatments, inventory subcategories, reserve structures that live in spreadsheets rather than the platform
- → Borrower behavior: submission frequency, format variation, exception frequency, portal compliance
- → Manual controls: where analyst knowledge outside the system fills gaps the platform cannot fill
- → Exception patterns: how often, what type, who resolves, what documentation exists
- → Concentration calculations or covenant tests that run externally because the platform does not support them natively
- → Areas where confidence in the availability number depends on analyst judgment rather than system enforcement

WHAT THE VENDOR NEEDS TO DISCLOSE

- → What the platform supports today versus what requires custom configuration or implementation work
- → What has not been tested on the lender's specific credit structure or borrower profile
- → What dependencies exist: third-party integrations, additional modules, data feeds
- → What the historical roadmap shows, what was committed, what shipped, what slipped
- → What has been deferred from the evaluation and needs a written disposition before signature
- → What implementation team members will be working on this engagement and their ABL operations experience
- → What could create risk after conversion if not documented and scoped before the contract is signed

OPERATOR CHECKPOINT

Before any vendor presentation: have you documented the workarounds, spreadsheet dependencies, and exception patterns that define your current operating condition? Have you identified which specific scenarios the vendor must demonstrate on your data?

Direct Disclosure Before the Demo

Every vendor runs a prepared demonstration optimized for the platform's strengths. Before the demo begins, put these three questions to the vendor and require direct answers. Each is written the way you would ask it in the room, so "your" refers to the vendor across the table. A vendor who redirects to a different scenario has not answered the question.

Show me how you handle this.

Present the scenario that most reliably exposes a gap in your current system. A vendor who works through it directly, including naming where the platform has a limitation or requires configuration, is demonstrating the transparency that a major commitment requires. A vendor who produces a generic BBC workflow without addressing your scenario is telling you something about how the post-sale relationship will work.

What does your roadmap show, and did you deliver on it?

Ask to see the roadmap from 18 months ago. What was committed? What shipped on schedule? What was removed? When a commitment slips, does the vendor communicate proactively or do customers discover the delay when a feature they were depending on is absent from the release?

How do your customers influence what gets built?

Ask for the specific mechanism. Who on the product team has direct experience running a borrowing base or maintaining the manual controls that fill the gaps in a collateral platform? If nobody on the product team has operated the workflows they are designing for, the roadmap reflects a secondhand understanding of the work. That gap shows up in the things the platform does not do, the small things analysts depend on that never made the roadmap.

OPERATOR CHECKPOINT

Did the vendor address your specific scenario directly, including any limitations? Did they walk through historical roadmap specifics rather than redirecting to the current roadmap? Did they identify a specific mechanism by which lender requirements reach product decisions, with delivered examples?

Compatibility Testing: Test Platform Fit on Your Data

Can the platform process the lender's actual data, eligibility logic, and exception cases?

Compatibility testing determines whether the replacement system can function inside this lender's operating environment: its credit structures, borrower files, eligibility logic, exception patterns, controls, and analyst workflows. A platform that performs well on clean, simplified demo data may perform differently on the lender's actual collateral files, credit agreement terms, and cross-aging structures.

Provide the vendor with your actual files: AR aging with the cross-aging structure, inventory with location and eligibility complexity, the credit agreement with the ineligible categories your current system approximates rather than enforces. Make them show the full calculation, worked line by line: assumptions made, exclusions applied, configuration required, and any items they could not finish inside the evaluation window.

- Items the vendor cannot complete represent implementation exposure and belong in contract scope, the implementation timeline, or the decision about whether to proceed
- A deferral not documented before signature will surface after signature as unplanned scope, when the vendor controls the schedule
- What you want back is a vendor-prepared readout of fit against your current portfolio, one that spells out its assumptions and gaps and shows the work behind the numbers

> *Compatibility should be tested on the lender's data, eligibility logic, exception cases, and controls, on the same data the system will manage after go-live.*

OPERATOR CHECKPOINT

Did the vendor complete the calculation on your data within the agreed timeframe? Are all assumptions and deferrals documented in writing? Does the return reflect your actual eligibility logic, or did the vendor simplify to fit platform defaults?

Analyst Adoption and Implementation Support

Can your team operate the platform without ongoing vendor support?

A platform compatible on paper can still fail in the operation if the analyst workflow does not fit. This stage generates specific evidence about whether your team can operate the platform independently before the contract is signed.

How deep you take this is a decision with a cost. You can push for a fuller dive on operating-model fit, and for a material replacement that is often worth undertaking. It means a longer engagement, one that puts your users inside the system and through training, and it carries a price tag that moves with how complex your book is and how collaborative you need the vendor to be. Scope it and price it deliberately, the same way you would any other part of the commitment.

A paid, hands-on evaluation aligns incentives. It should be modest relative to implementation cost and credited against implementation fees if the lender proceeds. Your analysts work directly in the system: configuring actual loans, running BBC calculations, testing borrower portal submissions. During this evaluation, observe:

- Where does an experienced analyst require vendor assistance versus resolve the question independently? That difference identifies training issues versus workflow design issues. The latter does not improve with more training
- Does vendor support dependency decrease across configurations? The same assistance on the third setup as the first indicates a workflow fit problem
- When a configuration gets complex, does the vendor SME resolve the issue or schedule a follow-up call? That pattern repeats during implementation, when the lender's ability to push back is reduced
- At the end of this evaluation, can your team onboard a new borrower without vendor involvement? If not, the implementation timeline will run longer than the proposal reflects

> *A workflow that requires vendor support on the third configuration will require vendor support during implementation, when the cost and risk of that dependency are higher.*

OPERATOR CHECKPOINT

Did analyst independence increase across successive configurations? Was the vendor SME effective when configurations became complex? Can the team complete a new borrower onboarding without vendor involvement?

Adopting AI, at your pace

You do not have to cannonball into AI on day one. Adoption happens in steps, borrower by borrower, and you start where the proof is easiest to show. A capable platform lets you move at that pace instead of forcing everything at once, and a capable vendor comes in with a plan to walk you through it and stays with you the whole way.

REPLICATE

Keep the borrower's current BBC package. Run the lender-side calculation in the platform and prove it against your process, your rules, and your evidence trail. Nothing about how the borrower reports changes yet.

REFINE

The platform learns each borrower's file through controlled mapping. Analyst prep shifts from shaping data to reviewing exceptions.

TRANSFORM

For the borrowers who are ready, the submission itself changes. Raw AR, inventory, and AP files move through automated extraction and review.

The question to put to the vendor is a fair one: do they have a real plan to take you from replicate to transform on your timeline, or are they counting on you being all in on AI the day you sign? The right partner meets you where you actually are and helps you move from there.

The Surgical Plan: Convert Findings Before You Sign

The diligence findings are the foundation of the implementation plan. Every open item from compatibility testing, every configuration gap from the adoption evaluation, every deferred commitment, each needs a specific written disposition before signature. A known issue that sits in meeting notes becomes an unplanned liability the moment the contract is signed.

Before signing, each open item should convert into one of the following:

IMPLEMENTATION SCOPE

Written into the statement of work with a completion criterion and responsible party.

TIMELINE COMMITMENT

A specific delivery date written into the contract, down to the day.

CONFIGURATION REQUIREMENT

Documented in the configuration plan with the specific logic, the analyst who validates it, and the test case that confirms completion.

CONTRACT LANGUAGE

A written obligation, captured in the contract, with defined consequences if the commitment is not met.

REMEDIATION PLAN

If the platform cannot support the requirement natively, a documented workaround with an owner, a timeline, and a review date.

COST IMPACT

If resolving the gap requires additional work, the cost is priced before signature.

OWNER AND RESOLUTION DATE

Every open item has a named owner on both sides and a date by which resolution is expected and reviewable.

DECISION TO PAUSE OR NOT PROCEED

If an item cannot be resolved to the lender's satisfaction before signature, that is the decision point, and it belongs before the contract.

OPERATOR CHECKPOINT

Does every open item from compatibility testing and the adoption evaluation have a specific written disposition, scope, timeline, contract language, cost impact, owner, or a documented decision not to proceed? Have you reviewed the implementation plan against the diligence findings to confirm nothing was carried forward unresolved?

After Go-Live: The Work That Prevents Rejection

A platform can be technically live, data flowing, calculations running, users logged in, and still be rejected by the operation it was built to replace. Rejection shows up quietly at first. An analyst builds a spreadsheet to handle an exception the platform cannot document. A borrower submits outside the portal because it is slower than emailing a spreadsheet. A concentration calculation runs externally because the platform only reflects the position at BBC submission. Each workaround is a signal. Together, they describe a system that is technically live but not operationally absorbed.

The anti-rejection work is an ongoing operating discipline that starts at go-live and keeps running. It includes:

- **Parallel validation before cutover**, running the new system and the old system side by side until calculations align and differences are understood and documented
- **Analyst training tied to real borrower scenarios**, specific training on the credit structures, borrower file types, and exception patterns that define the lender's portfolio, keyed to how this book actually runs
- **Documented treatment for legacy workarounds**, every spreadsheet overlay from the pre-transition environment should have a written disposition: absorbed into the platform, eliminated, or explicitly preserved with a review date
- **Controls for overrides and manual adjustments**, defined process for when an analyst overrides the platform, who approves, how it is documented, and how it appears in the audit trail
- **Issue triage with named owners and resolution timelines**, a structured process for logging and resolving issues that arise after go-live, with clear escalation paths for items that affect availability confidence
- **Regular review of whether the platform is reducing manual control burden or recreating it**, a check on whether the manual controls that existed before the transition have moved into the platform or simply moved to a different spreadsheet

The measure of a successful platform replacement is whether analysts trust it, controls live inside it, borrowers use the portal consistently, and leaders are confident in the number it produces. That outcome is built in the months after go-live.

Sample RFP Questions That Change the Evaluation

The questions below are designed to surface platform fit before the contract is signed. A vendor who can answer them specifically, with demonstrations, documented configuration examples, and named implementation experience, has shown the capabilities that matter in ABL collateral operations. A vendor who redirects has identified the gap.

The full question tracker, with vendor response fields, risk levels, and owner assignment, is in the companion evaluation scorecard.

Question	Evidence to request
Can the platform ingest borrower-provided collateral files in non-standard formats and map them to the lender's template without manual cleanup per submission?	A documented file-mapping workflow, exception flagging, human review path, and audit trail. If confidence scoring or automated classification is represented, ask where it is available today and how it is validated.
Can the system calculate lender-side availability from support files and compare it to the borrower-submitted BBC?	Lender-side availability calculation from source files, side-by-side comparison to the borrower submission, variance calculation, and documented assumptions.
Can the platform explain why calculated availability differs from the borrower submission, broken out by category and driver down to the reason for each difference?	Variance attribution by eligibility rule, reserve treatment, concentration limit, debtor treatment, or data issue, with the reason behind each difference.
Can the platform support lender-specific eligibility logic, cross-aging rules, debtor-specific treatments, inventory subcategories, reserve structures, without spreadsheet overlays?	Configuration path demonstrated on the lender's actual eligibility logic, with any required spreadsheet overlay, workaround, or custom configuration documented before signature.
Does the platform monitor collateral between submission cycles, or only process availability at BBC submission?	Examples of what the platform can monitor between formal submission cycles, what requires configuration, and what remains outside the system.
How do lender requirements reach the product roadmap, and what specific examples have shipped from customer input?	A formal input mechanism, product team members with ABL operational experience, and named examples of lender-identified requirements that were prioritized and delivered on schedule.

After completing the evaluation, you have specific evidence on a defined set of questions: whether the platform can support your credit structure on your data, how your team operates inside it, how the vendor performs when configurations get difficult, and whether their track record on commitments matches current representations.

A lender who proceeds without that evidence will encounter the same questions during implementation, when the contract is signed, the vendor controls the schedule, and the cost of discovering gaps is higher than it was during selection. Collateral is the operating heart of the ABL business. The platform that manages it deserves the same evaluation discipline you bring to the credit decisions it supports.

WHERE TO START WITH AIO LOGIC

None of this requires a formal RFP to begin. You can start with one real collateral package: the borrower-submitted BBC, supporting AR aging, credit agreement terms, and the eligibility or reporting conditions your current system approximates rather than enforces.

A BBC Health Check returns a documented view of:

- what mapped cleanly from the borrower's support files
- what required assumption or review
- how lender-side availability compared to the borrower submission
- where variances came from, by category
- which eligibility rules, reserves, concentrations, or borrower file conditions created complexity
- what would require configuration, implementation scope, or further review

That is evidence of platform fit, produced before the evaluation becomes theoretical, and it is the lowest-friction way to begin. Here is how the engagement runs.

HOW IT WORKS

1. **Send one real collateral package.** One borrower. AR aging, borrower-submitted BBC, credit agreement terms, and any eligibility or reporting conditions your current system approximates rather than enforces.
2. **We run the BBC Health Check.** Your one package goes through the platform against your actual credit agreement treatment: what mapped cleanly, what required assumption or review, where lender-side availability differed from the borrower submission, what drove each variance, and what would require configuration or implementation scope before go-live.
3. **We walk through what we found, and what implementation would look like.** A working call to talk through the Health Check on your one borrowing base: where availability differed and why, what would need configuration, and what standing this system up would actually involve for your operation. This is a hands-on working review of your evidence.
4. **You receive the written findings.** After the call, we send the documented Health Check: what we found on your borrowing base, the variances by category, and what to weigh before the commitment gets larger.
5. **Apply the scorecard.** The Core Questions in the companion scorecard map directly to what the BBC Health Check produced. Use the Expanded Questions to compare any additional vendors on the same standard.
6. **Ask other vendors to meet the same bar.** The rubric is vendor-neutral. Any platform that cannot produce the same documented evidence from one real BBC package before a contract conversation is telling you something about how implementation will go.

AIO Logic works with ABL lenders to test collateral platform fit using actual BBCs, AR agings, credit agreement terms, borrower file formats, and known implementation assumptions.

To start with a BBC Health Check, share one real collateral package. We will run the BBC Health Check, walk you through what we found and what implementation would look like for your operation, and send you the written findings: what mapped cleanly, what required review, where variances appeared, and what to address before the commitment gets larger.

Contact lydiat@aiologic.io or request a BBC Health Check.

SCAN TO BOOK
30 MINUTES