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Leveraging Technology for a Successful Bankruptcy Administration

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Advances in technology have improved the efficiency and productivity of our personal lives. Yet the business world is often more resistant to change, becoming mired in how “things have always been done.” The businesses and professions supporting judicial processes and procedures are certainly no exception to that trend. Nonetheless, bankruptcy courts, traditionally more conservative in approving the use of new technology, have begun to embrace the use of technology and new forms of communication for case administrations. By harnessing recent advances in technology, bankruptcy administrators can provide a far more efficient and cost-effective administration of chapter 11 cases, while balancing the lofty and important concept of effective due process.

Generally, a company seeking to effectuate notice utilizing electronic or other non-traditional means should seek court approval



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for the use of technology as part of its administrative platform, especially if there is no precedent for its use. Earmarking a time at the outset of a bankruptcy case to discuss the potential uses of technology to ease administrations will allow all parties to implement comprehensive technological platforms and capture the synergies these platforms provide throughout the entire case, taking into consideration

the particular circumstances surrounding the debtor, the creditors and all affected parties. Even more importantly, companies and their counsel must consider the security and access of confidential information, which administrators can address, among other ways, by providing customized logins for certain platforms. Here are a few current examples of how companies are using technology to improve the efficiency and cost of their bankruptcy administrations:

Electronic noticing

Electronic notice is rapidly replacing hardcopy service. Not only have certain bankruptcy courts embraced electronic mail service, such as service of pleadings, many jurisdictions allow parties to elect to receive service via email only or even to receive service via the electronic case filing notifications generated whenever a party files a pleading on the court docket. This allows

for a quicker notification process, which compared to hardcopy service also reduces both cost and the impact on the environment. Experienced administrators know that understanding the communication preferences of claimants and other parties in interest is key to the success of any program. Careful consideration of the use of electronic notice vs. more traditional hardcopy notice is a must.

Case websites

Companies and their administrative agents are using case administration websites as an effective and real-time central repository of targeted information on the case for their vendors, employees, creditors and other parties in interest. Many case administration websites will host a public claims register, post certain key pleadings, and even the entire bankruptcy court docket, to provide access for any creditor or interested party in the bankruptcy matter. Taking it one step further to post press releases, FAQ sections or links to investor

relation sites of the filing entities or other third party sites will measurably reduce the burden on the company and the companies' attorneys and agents of handling inquiries from interested parties throughout the case.

Online filings

Online filing of proofs of claim via case administration websites is perhaps the most exciting development in bankruptcy administrations. Not only does this allow creditors access to a more efficient process, it also reduces the cost of processing paper claim forms, from the simple matter of reducing the amount of paper coming through an intake center to completely removing the need for any kind of data entry of a paper claim form. Electronic claim filing also reduces errors in proofs of claim, because the filing portal will not accept claims with calculation errors or certain other deficiencies.

In addition, during the solicitation of a proposed chapter 11 plan, voting parties can submit their vote on a proposed plan via the case administration website,

again increasing efficiency in the process for the creditor but also reducing the cost and burden on the company and its agents in processing paper forms. With these increased efficiencies comes an increased focus on security and privacy, of course. Add a thorough and informed security conversation to your checklist for early technology discussions.

These are just a few examples of how current technology can provide cost savings during a bankruptcy administration by providing a more efficient process. Future possibilities are as endless as the technology innovations being developed every day. Looking ahead, noticing through social media, claim filing and monitoring through the use of apps, and real-time mobile phone video communication are just around the corner.

*For more information on the latest technology development in bankruptcy administrations, contact **Angela Ferrante** (angela.ferrante@gardencitygroup.com) www.gardencitygroup.com*