

TRADE CREDIT RISK ANALYSIS

The AvantGard Receivables GETPAID solution offers companies an integrated suite of order-to-cash management software with the unique ability to combine credit risk management, collections, dispute resolution, cash application and electronic invoicing.

Within the AvantGard Receivables suite, the Credit Risk Management component helps companies assign a risk grade to their accounts by configuring a scoring method for all accounts, automating daily credit processes, monitoring fluctuations in risk, assigning accounts for review, and facilitating compliance by applying repetitive, consistent and auditable policies to all accounts.

Make Faster and More Accurate Credit Decisions

Routinely evaluating and scoring all accounts in the portfolio helps organizations reduce bad debt expense, improve collections and adhere to regulations.

The solution allows companies to access and evaluate internal and external data such as payment history and disputes in their evaluations and scoring models delivering a comprehensive corporate credit risk assessment.

Customer-specific data provided for credit decisioning & scoring includes:

- » Trending and analysis of payment history
- » High credit and average balances
- » Weighted average days to pay / past due days
- » Balance aging
- » Disputes open & closed
- » Disputes closed with cash vs. credits

External data can be combined with internal data:

- » Third party bureau data
- » Trade group data
- » Financial statements / SEC filings
- » Bank / trade references

Create Custom Credit Score Cards

The automated scoring capability lets you generate a custom score for every account in your portfolio. It supports multiple score cards, provides options for handling data availability, and lets you use any combination of internal and external data. Your scoring is now customized to address differences in larger distributor network customers vs. smaller "mom & pop" customers.

Key Challenges

- Unable to proactively monitor risk
- Lack resources to process volume
- Need to link credit with collections
- Poor organization of credit data
- Require Sarbanes-Oxley compliance

Credit Risk Management

Integrate management of credit risk with collections and dispute resolution for improved decisioning.

Use a rules engine to automate manual processes and drive workflow.

Benefits

- Improve collection effectiveness
- Increase staff productivity
- Manage credit risk by exception
- Establish audit trails for compliance
- Faster credit decisioning
- Decrease bad debt expense

Combining Predictive Metrics for Statistical Modeling

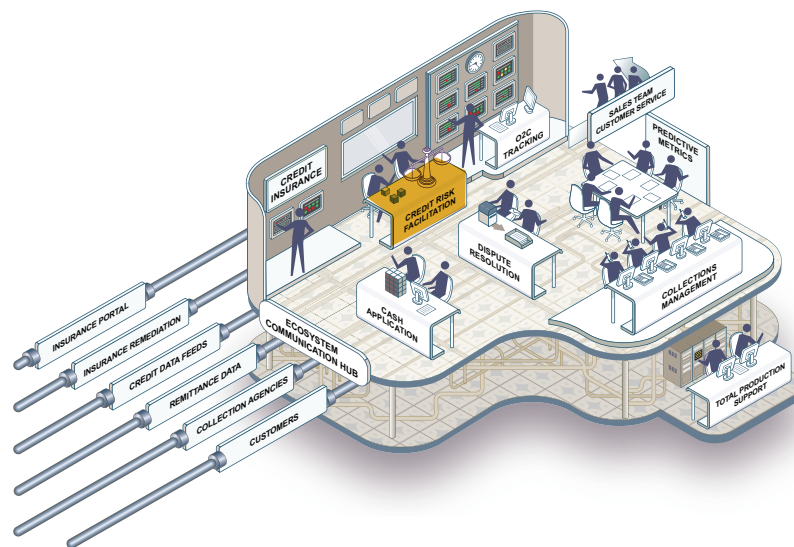
Pro-actively monitoring customer accounts and reviews, collections prioritization, and credit lines on an ongoing basis can be highly time-consuming. For this reason, AvantGard offers predictive functionality that helps customers to utilize statistical-based credit scoring as the basis for the development of risk-based collection strategies. This custom and industry specific predictive scoring model can help corporations to automate portfolio risk decisions, better estimate bad debt reserves and reduce write-offs.

Proactively Review Credit for All Accounts

Using a rules engine, the solution establishes credit review work queues and automatically reviews accounts. Credit analysts are presented with a queue of accounts to review based on a schedule and changes in variables that trigger reviews. Using this approach, companies can manage by exception and maximize resources.

Improve Collections Effectiveness with Integrated Risk Grades

Within AvantGard, risk grades can be used to determine the appropriate collection strategy to apply to each account. Each collection strategy consists of a series of configurable steps (calls, emails, faxes and letters) that are executed as an invoice ages. By incorporating risk grade, companies can move accounts to more aggressive call strategies for higher risk accounts, and to automated strategies for lower risk accounts - allowing companies to maximize resources.



Improve Efficiency, Eliminate Redundancy and Reduce Error with Centralized Access

By using a centralized repository of data, automated processes and pre-built correspondence templates, AvantGard helps companies reduce manual processing, leading to a more productive and proactive credit department.

- » Centralized repository to store information such as bureau data, financials, SEC filings and trade / bank references
- » Custom online credit applications for customers to complete and automatically transmit to the AvantGard system for reduced error and quicker decisioning
- » Correspondence templates for requesting and sending references, obtaining sales projections or getting credit limit changes

For more information, contact us at avantgardinfo@sungard.com