



Credit Risk Mitigation: A New Perspective, Starting with the Credit App



Bectran



Sean McCaffrey

Business Development Manager

Experience

Sean is a Corporate Account Executive at Bectran. Over the last 4 years, Sean has focused on consulting with companies to uncover their pain points in the Credit/AR departments and implement the necessary tools needed to streamline their order-to-cash cycle.

Education

Sean graduated from Marquette University College of Business with a bachelor's degree in Finance. Prior to working at Bectran, Sean worked for another company that also distributes Software as a Service (SaaS) technology to its customers to mitigate risk and automate daily, manual tasks to improve efficiency.

Projects

Sean is also responsible for managing Bectran's Business Development team while also working with his team on numerous enterprise level projects.



Dominic Biegel

Director, Sales

Experience

Dominic has been with Bectran for the last 10 years. As Director, Sales he is responsible for the entire Bectran sales process and sales team. Dominic also works to establish Bectran's national presence through credit organizations and handles direct sales for Enterprise level accounts.

Education

Dominic graduated from the University of Illinois Urbana-Champaign with a Bachelors in Economics.

Projects

Dominic has worked directly with 100s of companies to onboard Bectran. He is also responsible for leading the growth of Bectran from its early stages to the industry leader in O2C software it is today.

Agenda

About Bectran

- Media Success Stories

Risk Mitigation

- Types of risk: intentional and unintentional
- Best practices in credit risk management
- Risk mitigation strategies (including fraud protection)
- Credit application considerations to aid your risk management strategy

Risk Management using Credit Technology

- 5 Roadblocks of Credit Management
- Benefits of implementing a credit application tool
- Enhanced evaluation, scoring principles and guidelines
- Automation strategies to improve risk management
- Case Study: SRS Distribution

Q & A



Introducing Bectran



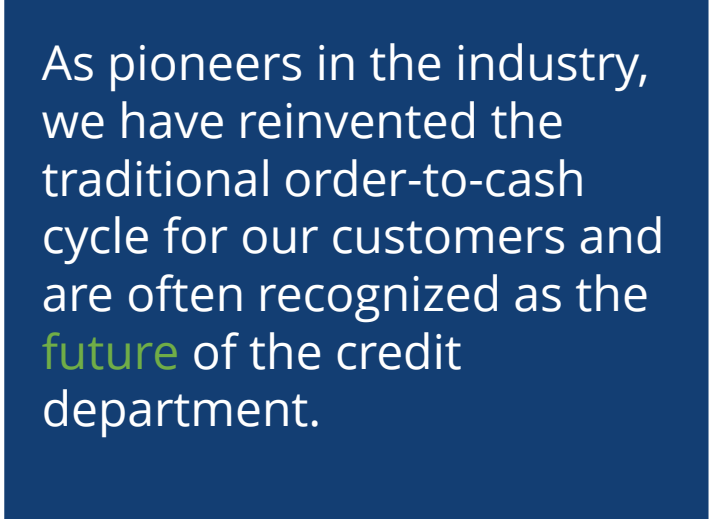
About Bectran

Bectran, the industry leading SaaS platform, has grown rapidly over the years to become the companion toolkit for the credit department just as CRM is for the sales department.

Bectran's clients, SMEs to Fortune 500 companies, enjoy the **ease, speed and cost-effectiveness** of adopting the Bectran platform.

Bectran by the numbers

- Cuts down the time to process and approve credit by over 90%
- Over 80% of collections management tasks fully automated
- New clients are on-boarded in a matter of days or weeks.
- Reduces the cost of collections by as much as 60-90%
- 100% automation of bank and trade reference checks without phone calls, faxes, or emails



As pioneers in the industry, we have reinvented the traditional order-to-cash cycle for our customers and are often recognized as the **future** of the credit department.



Here are just a few of many companies
that **trust** Bectran:



Media Industry Success Stories



OUTFRONT



altice



Intersection



**GRAHAM
MEDIA
GROUP**



HEARST



ampersand



GroundTruth



**BONNEVILLE
INTERNATIONAL**



"The economics of a cloud-based system and SaaS is really quite favorable for us. We're able to...Partner with a company that's an expert in this kind of area... We can take Bectran and easily integrate it into our own processes."

Paul White | Senior Vice President | Outfront Media



Bectran



Risk Mitigation

Why risk mitigation matters

- According to Merchant Savvy, **global payments fraud went from \$ 9.84 B in 2011 to \$ 32.39 B** in 2022
 - Approximate Increase of 70%
- By 2027, it is estimated that that **fraud will cost companies \$ 40.62 B**
- **B2B fraud has increased by 10%** from during COVID (Yahoo Finance, 2022)
- Companies **lose between 2%-3.6% of annual revenue** dealing with fraud



Types of risk: intentional and unintentional

Intentional: malicious attacks & risky customers

- Cyberattacks
- Impersonation
- Legal disputes
- Corporate theft
- Low quality customers

Unintentional: mistakes or inconsistencies that result in loss

- Misunderstanding policies & procedures
- Inconsistent review processes
- Human error in repetitive tasks
- Mistakes in technology setup



Best practices in credit risk management

1

Educate your staff

- Company credit policy
- Procedural steps in credit evaluation
- Trends regarding fraud

2

Hold everyone accountable

- Hold your teams accountable for mistakes
- Implement robust risk mitigation strategy that works for you

3

Utilize intelligent technology

- Use the tools available to help build & support a high-performance team
- Enforce proper controls and empower your team



Update
security policy



Educate
employees



Enforce the principle
of least privilege



Monitor
employee activity



Risk Management Using Credit Technology

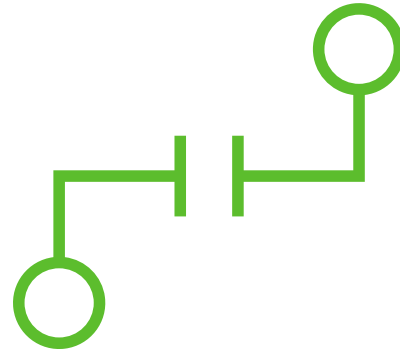


5 Roadblocks of Manual Credit Applications

Roadblock #1: Organizational Structure

Roadblock

- Credit and collections siloed from organization (*Difficult to obtain a decision*)
- Credit decisions, not a priority (*Disconnect between credit & sales*)
- Sales opportunities are given preference regardless of risk (*Collections-focused vs. credit*)



Roadblock #2: Response Time

Roadblock

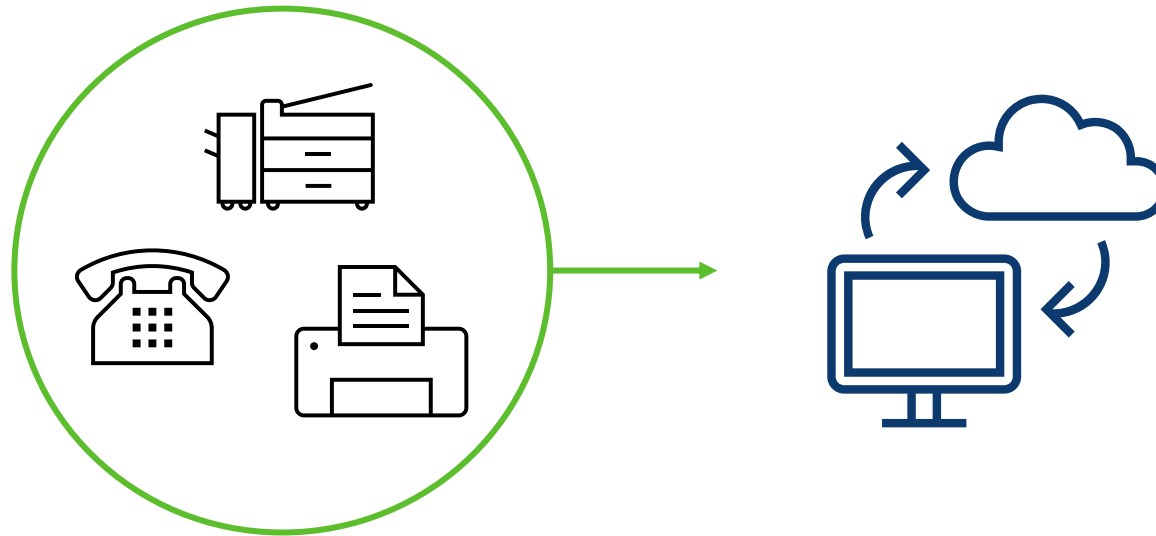
- Manual nature of the process is too time-consuming (*Missing info, bad handwriting*)
- Volume of applications is overwhelming (*Manual tasks vs. analysis*)
- Correct decision is reached, customer places order elsewhere



Roadblock #3: Workflow and Process

Roadblock

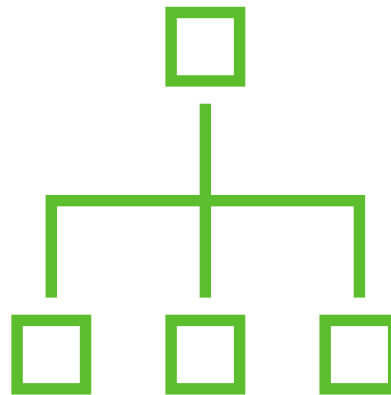
- Inefficient methods for gathering data (*Manual workload vs. analysis*)
- Phone calls, faxes, paper document gathering, scanning, filing
- Time consuming and prone to error, unsecure (*Misplaced documents, warehouse*)



Roadblock #4: Decision Analytics

Roadblock

- High volume businesses: risky shortcuts
- Large dollar amount: manual ad-hoc, error prone analysis
- No succinct way to aggregate data sources, *(Ex: DNB, references, financials, etc.) (Passing data along)*
- Existing accounts left for “spare time”



Roadblock #5: Technology

Roadblock

- Dated excel spreadsheets (*Errors / manual entry*)
- ERP or Legacy Systems with high IT support/cost (*Fear of change*)
- Still many manual procedures (*Built by non-accounting personnel*) (*Data entry of paper*)



Benefits of implementing a credit application system

Streamline Data
Collection &
Validation

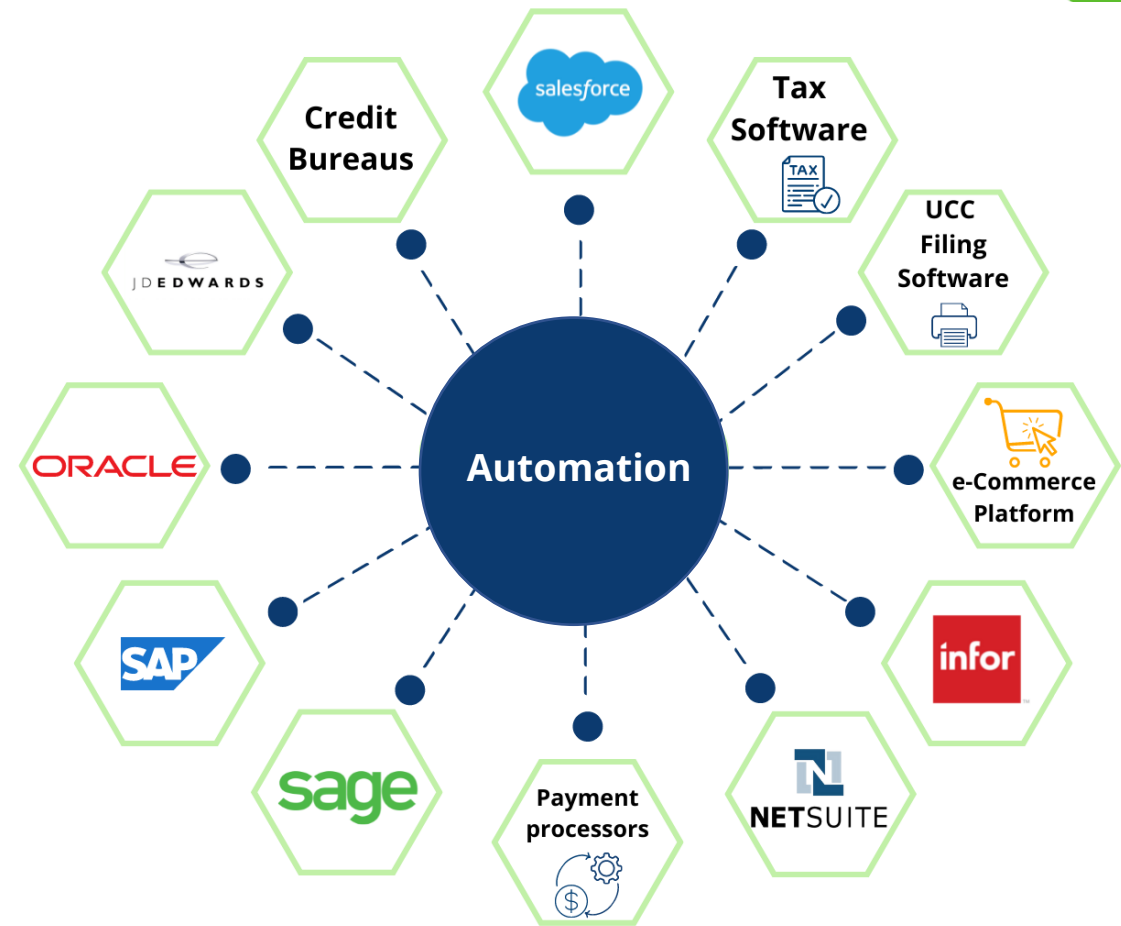
Automation

- **Upfront collection** of critical prospect data
- **Corporate registration verification (SOS)** to ensure accurate legal entity and owner information
- **Address validation** of customers corporate, shipping and billing addresses
- **ACH data verification** to verify customer payment methods
- **Driver's license verification** for an additional layer of authenticity & security
- **Fraud prevention & alerting** for identifying suspect credit applications (EKATA)
- **Bank Reference Validation** – Instant pull of data from customer's bank
- Value add by **reducing high volume, repetitive, manual** tasks
- **Avoid incorrect setup** of customer master data or direct payment methods
- **Streamline new customer setup** and customer maintenance

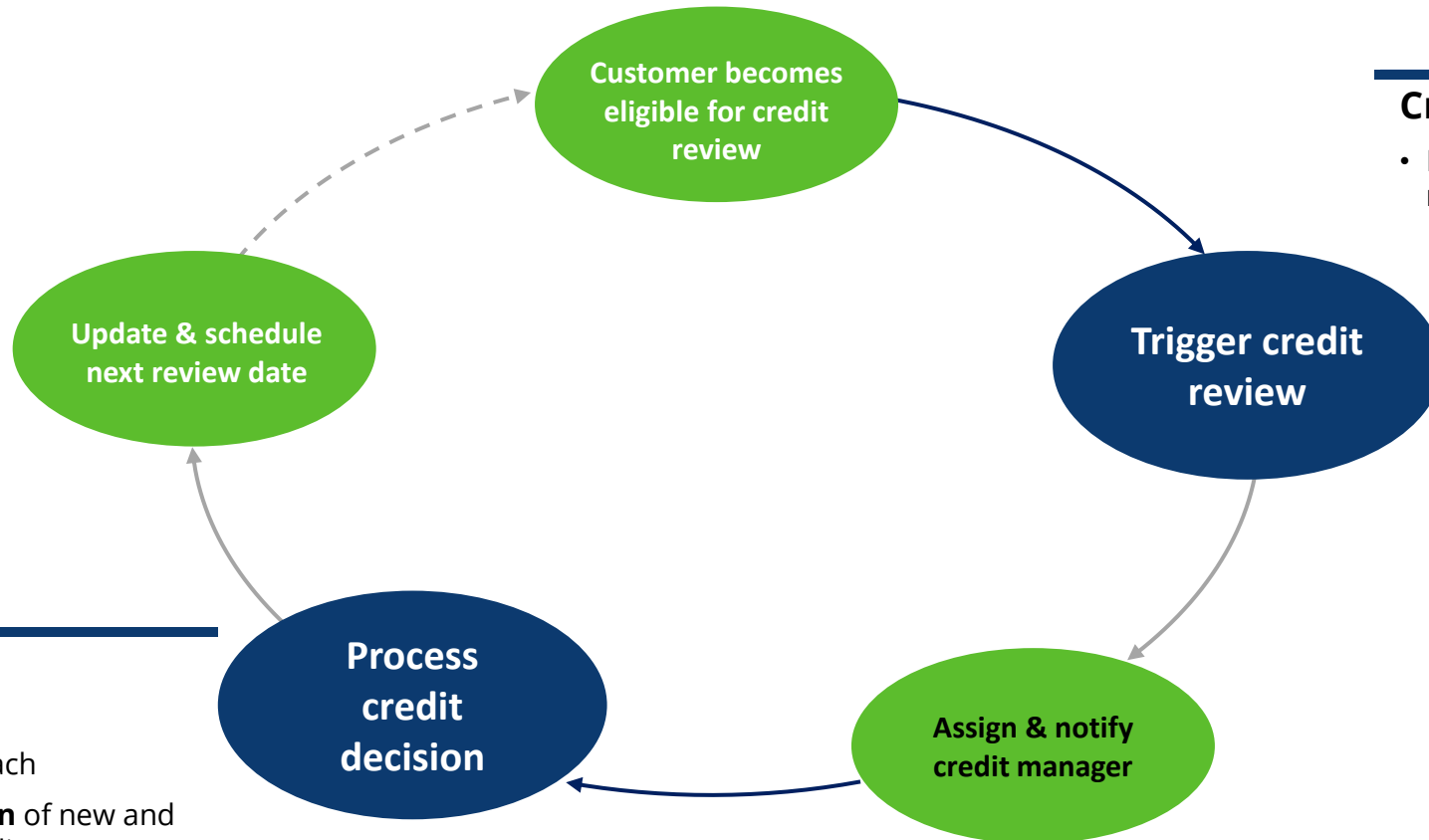
Enhanced evaluation, scoring principles and guidelines

Get data-driven insights instantaneously delivered from the companies you trust most.

- **Credit bureau integrations** provide real-time credit data, payment history and past due information to the credit department
- **Consistently review and evaluate** prospects' credit histories
- Provide a **robust framework** to produce consistent recommendations



Automation strategies to improve risk management



Credit Review Automation

- Established criteria to **trigger a credit review** of an existing customer
 - Scheduled next review date
 - AR data-based reports (credit limit utilization, past due balance, risk scores)

Instant Decision Management

- **Scoring-based** approach
- **Consistent evaluation** of new and existing customer credit requests

Implementation

- Stand-alone: easy as 3-4 weeks
- ERP Integration: 8-12 weeks
- Mirror current credit application
- Master data project
- Customer and sales encouragement
- Faster decisions, improved customer and sales satisfaction



Immediate Results

- Faster decisions, improved customer and sales satisfaction/relationship
- Instantly approve and create accounts
- NO PAPER
- Improved visibility across company portfolio (*Know the number of apps*)
- Better comprehension of risk and opportunity (*Using credit as a sales tool*)



SRS Implementation Overview

3 companies

> 8K credit
requests/
month

Low \$, high
volume

SRS Success Metrics – By The Numbers

1 day to
process
credit
apps/jobs

Fully
integrated
system

Close to 50%
automation

SRS – Automation Success Metrics

57% credit
approval rate

> \$10M
approved via
automation
monthly

Over 2000
FTE hours
saved
monthly



Q & A **Be**ctran

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