WHITEPAPER

Business Information:

a strategic priority for companies – now more than ever

iCON by coface

Smart decision-making in challenging times

We live in an era of widespread economic uncertainty. Global upheavals, arduous regulations and fragile interdependencies have made credit risks and supply chains more complex and potentially hazardous than ever before.

Against this tumultuous backdrop, it is *essential* for companies to have visibility over the financial health of their customers and suppliers.

To achieve this visibility, data must be gathered, enhanced and interpreted. This creates business information – accurate, up-to-date insight into the strength and solvency of a specific business. This business information can then be used to define risk. At Coface, we use this to establish the level of risk we're willing to underwrite as insurers.

The production of this information has been Coface's mission for the last 75 years. Working across 50 information-enrichment centres, our analysts monitor over 200 markets globally. The business information they gather, analyse and report on is incredibly valuable. We then democratise these insights, making them accessible to all.

Because by harnessing this business information, *any* company can ascertain credit risks, safeguard supply chains and, ultimately, foster growth.

We know the inherent value of accurate business information, because we rely on it too. Your risk is our risk.

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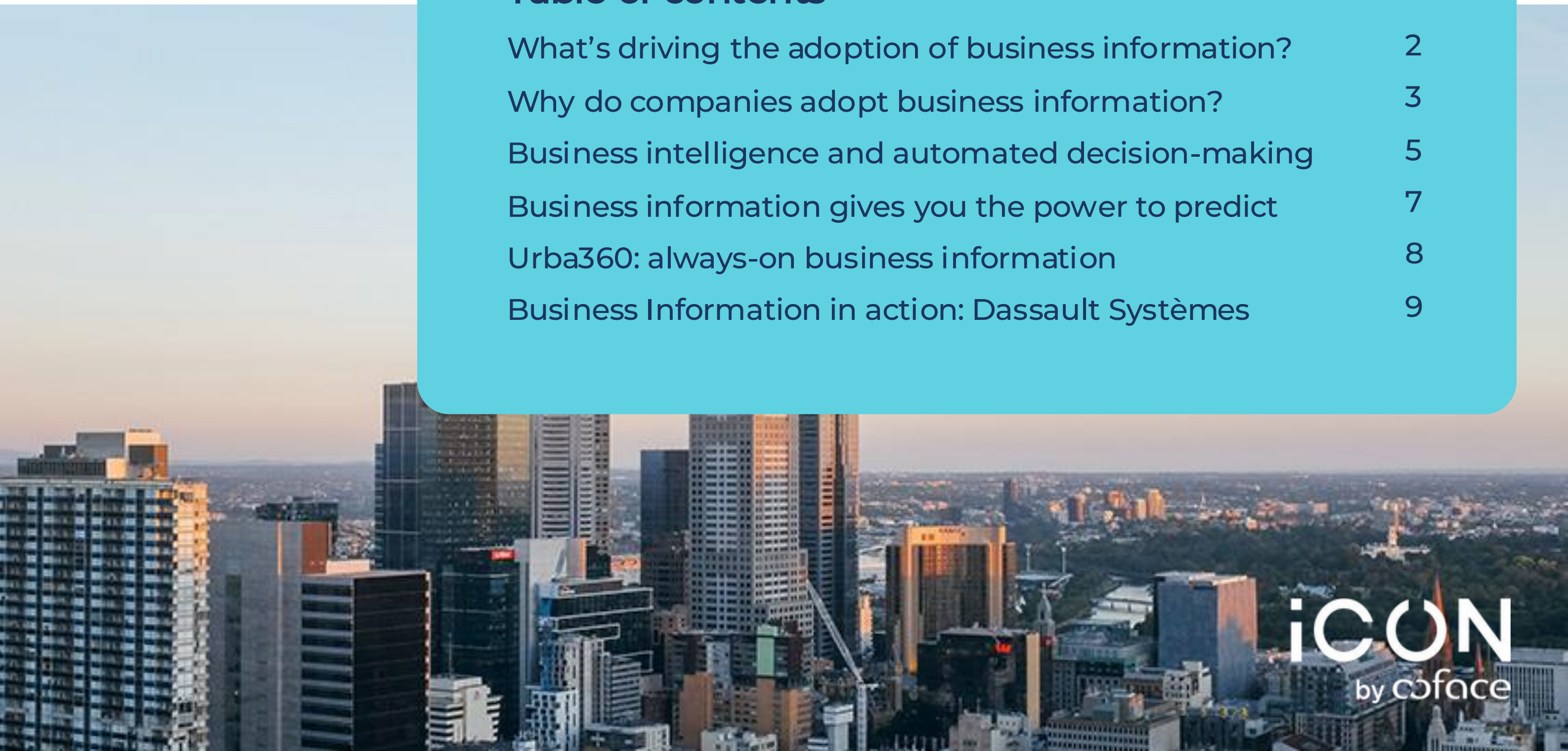

What's driving the adoption of business information?

Now more than ever, companies need steadfast confidence in the reliability of commercial partners. Using up-to-date information on the financial health of customers and suppliers, your team can feel more secure in making quick decisions. Decisions essential for growing and developing the business.

The successive worldwide crises of recent years – Covid, the conflict in Ukraine, inflation, recession, political tensions – have greatly increased the risk and rate of insolvency. Even major global enterprises haven't been safe. The 15 biggest bankruptcies of 2023 – which included cosmetics giant Revlon and Indonesia's state-owned Garuda Airlines – had combined liabilities totalling $151.62bn (source: Global Finance Magazine).

Non-payments of loans and leases are playing key roles in this increase. The inability to service debt has been exacerbated by the economic aftershocks of the Covid pandemic, which left many businesses with unsustainable debt levels, and insufficient cash flow to meet their obligations.

These widespread insolvencies are weakening companies at both ends of their value chains. Upstream, the bankruptcy of a single supplier can lead to supply disruptions and bring one or more production sites to a standstill; downstream, payment delays or defaults are now the main causes of insolvency.

Being informed about the financial health and solvency of your business partners is the best way to protect your business's value chain – both upstream and downstream. This is why the global business-intelligence adoption rate is now 26%, with over 33% of larger-sized companies employing business information in 2023. Companies using business intelligence are now five times more likely to reach faster decisions than those that do not (source: Dataprot).

54% of enterprises with 5,000 or more employees believe that **business information tools are "critical to their current and future initiatives".**[1]

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1 2024 Dresner report,

Why do companies rely on business information?

Business information is increasingly viewed as vital to ascertaining credit risks, securing supply chains and ensuring growth. Some companies, however, are still resistant to it.

According to Dataprot, 74% of employees feel “overwhelmed” when asked to work with business information, pointing to the complexity of many business-intelligence tools and a lack of user-friendly interfaces. The C-suite may see the value in business information, but those who actually have to work with it can sometimes struggle.

In a survey undertaken by Infopro Digital Études, 37% of employees said they generally found business information too fragmented or incomplete to work with. The reliability of the available information was questioned by 26%, while 24% found it difficult to access – and a further 16% didn’t know where to find it in the first place.[2]

In order to feel confident making decisions that safeguard supply chains, these employees need accurate, qualified and up-to-date business information. They also need that business information to be clearly contextualised, readily accessible and easy to analyse.

A lack of truly up-to-date data is particularly problematic for those struggling to make use of business information.

“Traditional valuation models are based on the previous year’s financial data and balance sheet,” says Andrew Share, Head of Global Solutions Engineering (Business Information) at Coface. ***“So they reveal nothing about how companies have coped with recent crises. This is why we have analysts to review the future horizon of risk, since Coface is typically 'on risk’.”***

2 Survey conducted by Coface and Infopro Études among 256 companies between October 15 and November 16, 2021.

Financial situation and solvency

The intertwined crises of recent years have had a major impact on the types of business information being requested by companies.

Companies are increasingly seeking information on the financial situations of current or potential partners. This includes information on payment histories, balance sheets and management structures.

However, data that a company is required to make publicly and freely available will often fail to accurately reflect its financial health. Consulting a company's annual report, for example, will give you an incomplete and out-of-date understanding of how stable and credit-worthy it is.

For a *true* picture of how a company is doing, you need information on less 'public' aspects of its operations. For example: the number of late payments it has made in recent times. Learn how frequently a company delays or defaults on payments, and you gain a better understanding of how much of a risk they might pose to your business.

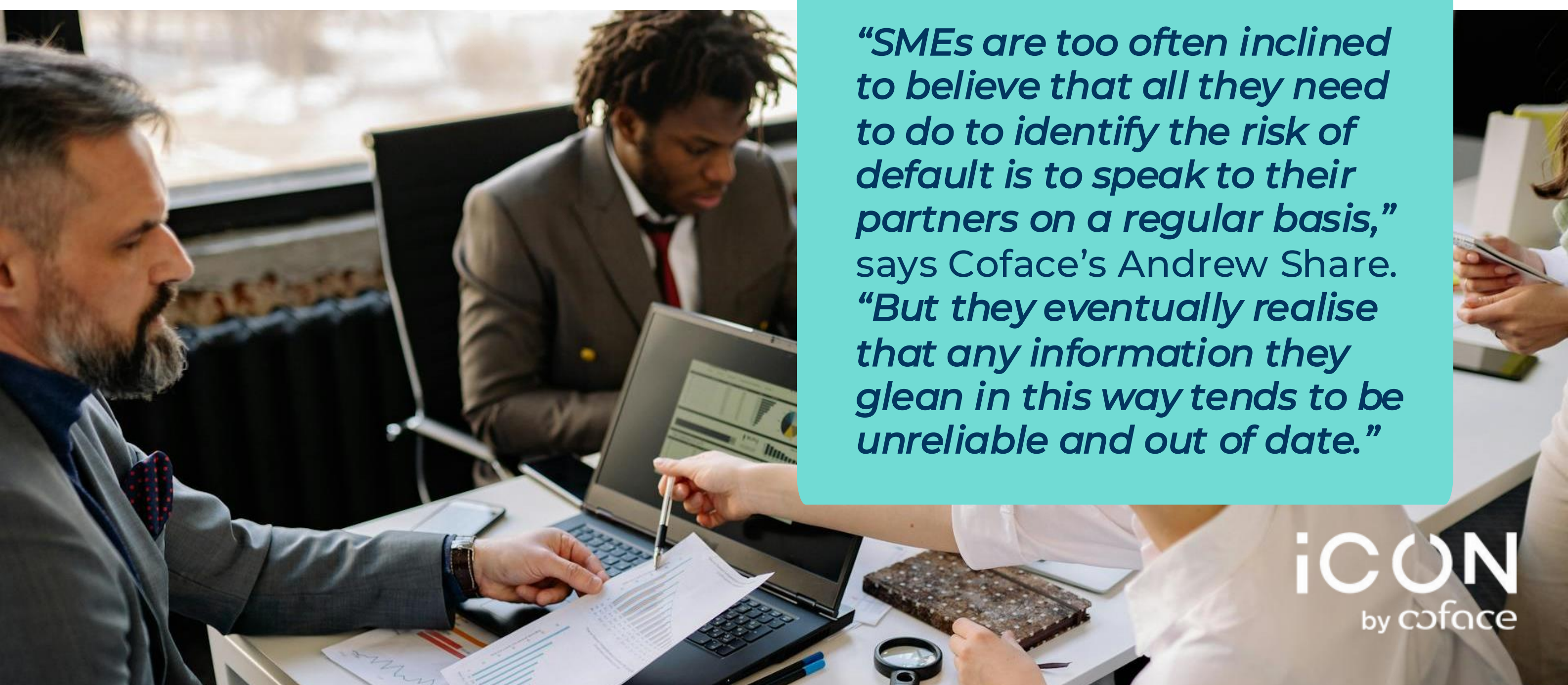
Late payments: a growing threat

Late payments can have disastrous, far-reaching consequences. In the most serious cases, late payments can bankrupt a business left with large invoices unpaid for extended periods. This, in turn, will affect the commercial partners of that bankrupted business – and the partners of those partners, too.

Instances of late payments are on the rise. In France, for example, a staggering 82% of companies suffered from payment delays during 2023. Delays were slightly less common in Poland (61%) and Germany (76%), where payment terms are generally longer (source: Coface).

In Asia, 60% of companies experienced late payments between December 2023 and March 2024, up from 57% in 2022. Ultra-long payment delays have also increased. The number of Asian businesses experiencing ultra-long payment delays across 2% of their annual sales rose from 26% in 2022 to 29% in 2023. This 2% threshold represents a very high risk of non-payment, with 80% of these payments never being made at all (source: Coface).

> ***"SMEs are too often inclined to believe that all they need to do to identify the risk of default is to speak to their partners on a regular basis,"*** says Coface's Andrew Share. ***"But they eventually realise that any information they glean in this way tends to be unreliable and out of date."***



Business information and automated decision-making

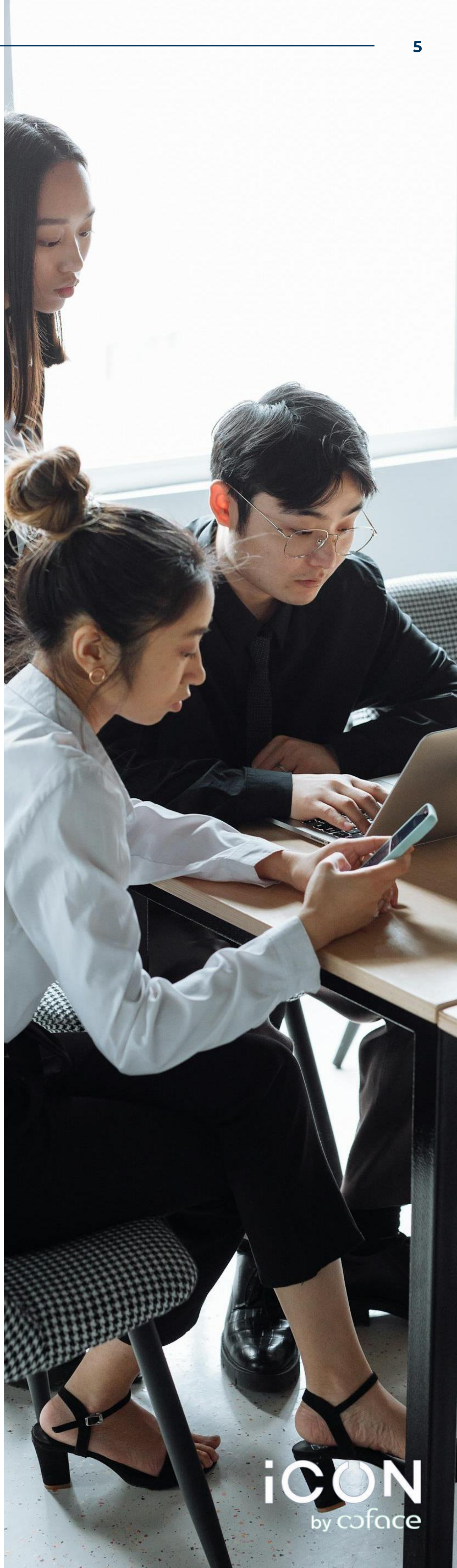
For companies looking to enhance efficiency and competitiveness, the integration of business information and data analytics into decision-making is increasingly popular – particularly in the financial sector.

Business information is increasingly used in the automation of credit decision-making processes. However, a 2024 report from McKinsey highlights that only a small percentage of banks have fully automated decisions for a majority – i.e. more than 50% – of their portfolios. (Specifically, 11% of decisions on SME portfolios and 4% of decisions on midmarket portfolios are currently automated.)

There is, however, a steady increase in the automation of SME decisions, with 30% of banks now automating more than 30% of their decisions. **This automation – underpinned by business information – has led to significant improvements in efficiency: 37% of banks surveyed report a reduction of more than 10% in turnaround time for SME portfolios.**

The automation benefits are not quite as pronounced in midmarket, corporate or commercial real-estate portfolios. Across these three areas respectively, only 13%, 3% and 12% of banks have seen more than a 10% decrease in turnaround time.

So what's holding back the adoption of business information-powered automation? According to McKinsey's report, the key challenges are: difficulties in assessing the quality of available data; a lack of employees with the necessary skill sets; and issues with validating new automation solutions.



Lowered costs and reduced risks

The automation of credit processes can yield dramatic cost savings. McKinsey estimates that these improvements can lead to cost reductions of up to 50%.

Beyond cost savings, automated decision-making can protect bank revenue by reducing leakage by anywhere from 5% to 10% (according to a 2024 report from CompTIA). Implementing real-time credit decision-making processes reduces the risk of losing creditworthy clients to competitors, due to slow approval processes.

Also worth noting: the rise of new risks – from supply-chain disruptions to market volatility – has made the use of data analytics increasingly essential in risk management. Embedding analytics across the entire risk-management process offers significant opportunities to leverage business information in valuable ways.

As outlined in a 2024 report on global insurance from Deloitte, this integrated approach allows organisations to proactively respond to emerging risks, while enhancing their risk-management frameworks overall.

It's clear, then, that the deployment of business information and advanced analytics in automating decision-making processes offers numerous benefits – particularly in credit and risk management, with regards to reduced turnaround times, cost savings and improved revenue protection.

As technology continues to evolve marketplaces at breakneck speed, the integration of business information into decision-making processes will, very soon, be a must-have for maintaining a competitive edge.

Business information gives you the power to predict

Thanks to its expertise in data collection, processing and analysis, Coface can assess the financial strength and solvency of millions of companies around the world.

Coface is a credit insurer. As a result, it's also a powerful information producer.

These two activities are inseparable. "When we grant an insurance guarantee, we take a financial risk," says Andrew Share. "We therefore assess every risk as accurately as possible, drawing on our expertise, our international network and the work of our analysts."

Our business insights are not only available to our Credit Insurance clients, but anyone can also benefit from the same data, expertise, and credit insights that underpin our trade credit insurance underwriting decisions through our business information services.

High-value commercial information

Through Coface business insights, any company can access accurate, global, up-to-date information on the financial strength – or weakness – of current or prospective trading partners.

"To give you an example: a car manufacturer with a fragmented supply chain asked us to secure its business by evaluating the financial strength of its partners," says Matthieu Garnier, Head of Business Information at Coface. "This manufacturer works with several hundred equipment suppliers. Some of these partnerships are particularly strategic: if one were to fail, the manufacturer's entire production line would grind to a halt. Coface was asked to assess the risk of such a failure occurring."

Faster, safer decision-making

Coface's business information service is provided through our Urba 360 platform. Companies can gain the same financial insight into a company or a market as used by the very best credit analysts.

Urba360 business insights are updated constantly and accessible instantly. This allows you to make strategic decisions based on a business's current circumstances – not on the accounts filed in their previous annual report.

With Urba360, you can accelerate decision-making, quickly respond to market changes, and seize opportunities as and when they emerge.

"We offer more than just information," says Andrew Share. ***"We give clients over 75 years of expertise, alongside tools to guide decision making."***

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Urba360: always-on business information

Urba360 is a platform that automates your business-information searches. Set it to monitor specific companies, and Urba360 will integrate updates into your company's own information systems.

There are three key benefits to this:

Preventing and anticipating risk

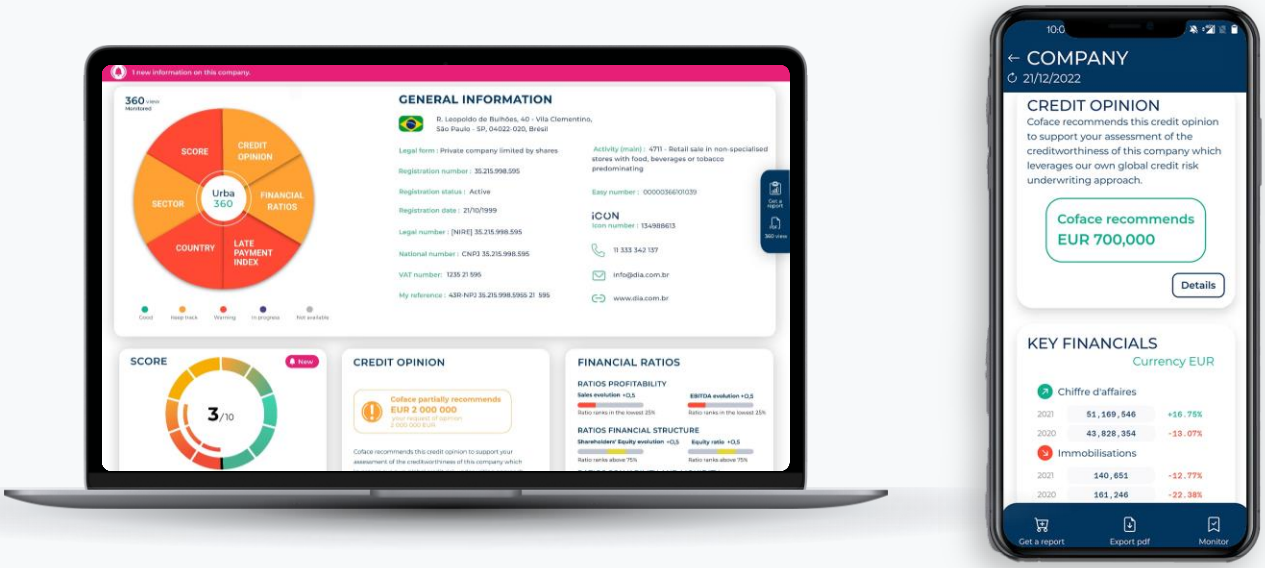
Through indicators available exclusively to Coface – such as the Score (DRA) and Late Payment Index – you can closely monitor the probability of default by a counterparty within the next 12 months.

Supporting decision making

Credit opinions produced by Coface analysts provide guidance when you're looking to set maximum outstanding amounts with trading partners.

Seizing new opportunities

By accessing data and insights collated by Coface's industry-leading team of economists, you can better plan the growth and evolution of your organisation.



[Request a free demo now]

Business information in action: Dassault Systèmes

Founded in 1981, Dassault Systèmes – also known as 3DS – designs collaborative virtual environments. These environments allow clients to develop innovative solutions for a range of sectors, from healthcare to logistics.

3DS needed access to qualitative, turnkey financial information in order to manage its commercial risks. The organisation sought a reliable information provider capable of covering all its markets and assessing the financial health of its commercial partners around the world – of which there are over 12,000.

As such, 3DS became a client of Coface's business information services in 2022, and now benefits from a complete suite of solutions. These include Urba360, Portfolio Insights, Economic Insights, and a monthly review with Coface's risk underwriting teams to discuss sensitive cases.

Through its partnership with Coface, 3DS is able to monitor counterparties and companies that would otherwise be difficult to evaluate, as they're located in places where information is scarcer or less reliable (e.g. Asia, the United States).

The result? Excellent development prospects for the partnership between 3DS and Coface. Mirroring its own growth dynamic – 15% per year on average – 3DS is constantly increasing the number of counterparties it monitors through Urba360. (In fact, we've assessed more than 3,000 commercial partners for 3DS since 2022!)

"Coface's scalable business information solutions and expert teams have transformed our finance function," says Henri Bourny. *"It has an innovative spirit."*

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