Business evaluation processes at worldwide level: face data availability and local legislation

An evaluation process, especially when companies to be assessed are located in different countries in the world, has to take into account an important aspect: different legislation or organization in filing companies' data can strongly affect their availability. It means that basically, every country has different methods in the collection and updating of data related to businesses: it can be linked to laws as well as to political approaches. In such a scenario is clear that companies required to evaluate partners located in different countries in the world are required to be aware of such differences and be able to work with business information companies providing high-quality information with high standards despite the country.

Sources that can be considered mandatory to know a company can be grouped as follow:

- Public Register to identify a company's existence and current status.
- Financial data for subjects that are legally obliged to submit such data to public bodies.
- Legal data to better understand structure.
- Negative information affects a company and its representatives.
- Shareholders and company structure to better understand ownership and identity

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Generally speaking, the above sources are in theory available in every country. The strong difference is related to real availability and updating.

In other words, if sources can be classified everywhere mostly in the same way, data collection is linked to countries' specificities.

First of all legislative requirements in companies' data management: every country is different in rules are requests companies to transmit their data to public sources. Even if Public Institution collecting data is always available, they can assume different characteristics in each state. It can be at a national level or a local level (region, province, town, county, etc). with different interaction moods. In some countries local institutions are obliged to transfer data to national ones, acting as a unique repository. In other countries, information remains at the local level with very few possibilities of having a unique source for data at the national level. This is linked to how a nation is organized, what's the level of relationship between central and local bodies.

Generally speaking, more advanced countries are experiencing more structured flow and processes with the aim to provide high data availability. But it's a general statement, in fact, the kind of data companies are required to register can vary a lot also inside countries showing high data availability. A typical example is represented by financial statements: if in all countries a limited number of legal forms is required to register them, in some states only a little sub-portion of them is obliged to accomplish this requirement. A good example is represented by US and Switzerland where the only companies obliged to register balance sheets are the ones on the Stock Exchange. Then, do not forget also different Data Protection Laws intentionally decide to limit the circulation of information.

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Not only legislative rules are impacting data collection processes. Also the level of automation and computerization, IT infrastructures must be taken into account. A country can require the transmission of data on companies with hard copies, as being able to manage them only in this way, is very different from another one following this process using state-of-the-art technologies. It means also that updating and organizational flow have different overall results. In the first case, data availability will be slow, partial, and subject to timelines variations. In the second case, the process is robust, giving a good grade of confidence in data availability and quality.

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Of course, political instability, lack of or poor control of the central government in all the country, and internal turmoil are affecting negatively processes linked to data collection.

Internationally, data availability and updating level of a specific country are measured using as definition 'data friction', classified into 4 tiers as described below.

Tier 1 – Countries with good data availability and accessibility: detailed information, constant and proactive updating. In this case, this means that data availability follows legislation and the process of obtaining the data is electronic and in line with what occurs to the company itself.

Tier 2: Countries with a medium level of data availability, but critical in terms of accessibility and updating, which is only reactive. In this case, data are available but due to the flow in place, can show difficulties in both collecting data and consequent updating.

Tier 3: Countries with limited data availability combined to access difficulties due to the organization of public sources still in place. In this case, data can be available but fragmented in different data sources very often do not link to each other. This scenario is linked to countries that began only in the last year to put in place systems to collect data related to companies.

Tier 4: Countries with poor company data availability. Very often, nations in this group are facing situations linked to wars on civil wars still in place or stopped quite recently.

Considering the geographic area, the worldwide environment can be summarized as follow:

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Sub-Saharan Africa

Africa, even if there are some differences related to countries or areas, is presenting high data friction. It means the process related to collection and updating data related to companies is in general complicated both in terms of rules related to registration, public bodies in charge, and data availability itself.

Europe

Europe, generally speaking, has low data friction. It means processes related to coll both in term bility itsel

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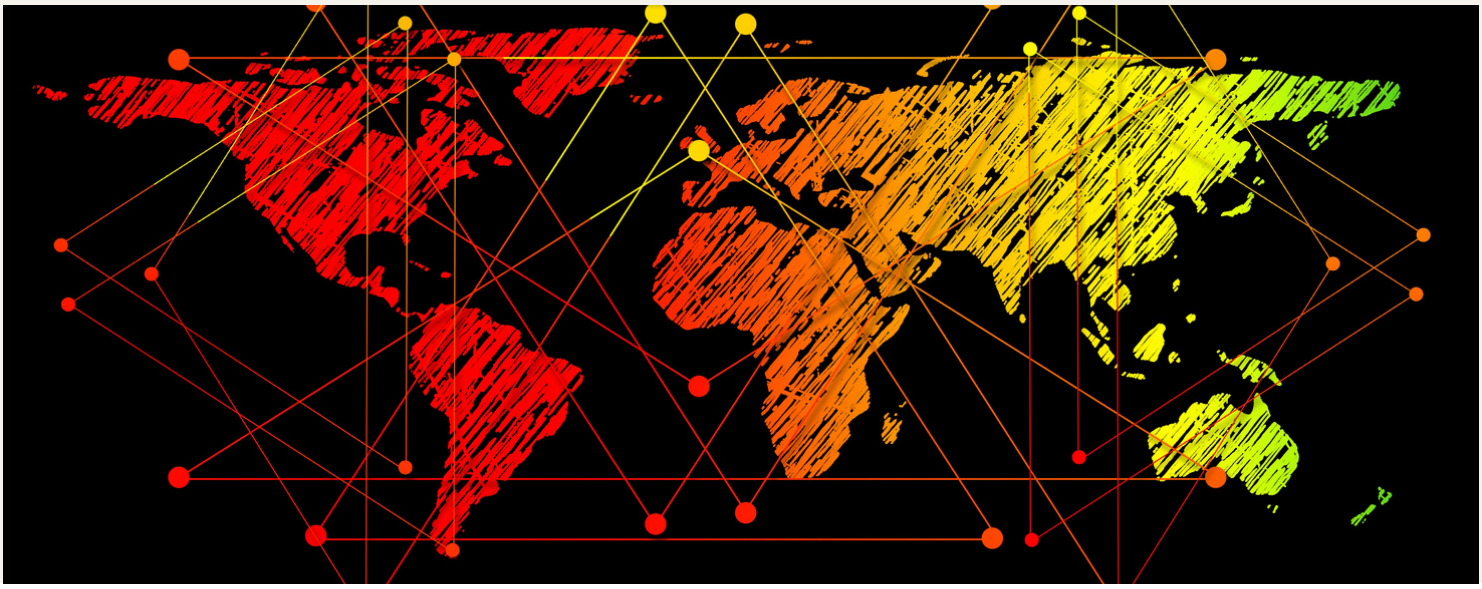

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Latin America

Latin America, even if there are some differences related to countries or areas, is presenting medium data friction. It means processes related to the collection and updating of data related to companies can present some difficulties in terms of rules related to registration, public bodies in charge, and data availability itself.

Middle East and North Africa

Middle East and North Africa Markets, even if there are some differences related to countries, are presenting high data friction. It means the process related to collection and updating data related to companies is in general complicated both in terms of rules related to registration, public bodies in charge, and data availability itself.

North America

North America is presenting in general low data friction. It means processes related to companies' data collection and data updating are quite easy, even if there are some specificities. The level of digitalization is maximum, and the limitation in data availability is linked to legislation and rules.

Oceania

Oceania is presenting medium data friction. It means processes related to the collection and updating of data related to companies can present some issues mostly linked to rules and legislation. The level of digitalization is high but doesn't affect all economic entities.

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. Data coming from public sources, considering of course differences from country to country, are important, as data itself, but also, and more crucial, as key components to generate information such as ratings to assess the risk level and credit limits because to be aware of any negative event, legal data or financial data, allow to have a better awareness of when a decision must be taken.

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Topics related to companies' data and sources available are very complex, especially in a global market, and business partners can be located everywhere in the world. This is the reason why it is necessary to have a provider able to face and sort issues related to data at the same time a strong commitment to quality, transforming public data into value-added information.

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This is the SkyMinder mission: SkyMinder is the CRIF platform positioned as a hub when a company has to be evaluated in every country in the world. Considering differences between countries, the combination between CRIF companies and the best local provider is perfectly matching the highest quality standard required by the markets. In Full Reports and Slim Report, available on all companies registered in the public sources, even if with differences in terms of details, data evaluation like Rating and Credit Limit are giving the right direction when a business decision must be taken. Then, firmographic data, financial information, negative data, company structure, and activity details, are composing the Report. Online availability is almost complete for CRIF countries or other partners in Western Europe and fresh investigation processes all over the world, have as a result provided information on all companies. Based on Full Report but with synthetic content, Slim Reports are including basic official and unofficial data and evaluation information like rating and credit limit.

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Businesses can be affected by changes, like new financial statements, negative events, principals or rating and credit limits, Monitoring Solutions are able to notify is a change occurs providing the right information to modify or confirm decisions previously taken.

In addition, via SkyMinder is possible to obtain documents coming from Official Registry located in different countries and also ones having as source LEI Registry. Due to legislation or business requirements, it's necessary to understand company structure, ownership, and shareholding: thanks to Verification Report, is possible to obtain this information to have an in-depth knowledge of the company itself. As a matter of overall evaluation, also financial crimes, bribery, corruption, and terrorism can assume a very high relevance when a business partner has to be evaluated, both in terms of risk management and reputation. In this case, SkyMinder has a double offering with two products, Compliance Check Report and Extended Report, able to verify if the company required or shareholders and principals are connected to financial crimes.

Thanks Cyber Risk can be underlined using KYND Cyber Risk Report in a complex evaluation process.

Finally, with Patent Due Diligence Report is possible to have the right insights in knowing more about propension to the innovation of a business partner.

SkyMinder is strongly committed to providing best-in-class information everywhere in the world, considering local specificities and being able to offer high-quality information despite data friction levels.

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