Take under control changes affecting worldwide business partners

The current economic scenario is now particularly under pressure, considering past years affected by the pandemic and now by the Russia-Ukraine war. As well as relationships between counties are becoming more and more complicated.

In such a scenario, relationships between business partners operating in different countries must be supported by robust and reliable information. If analyzing in-depth suppliers' or customers' performances is a mandatory starting point, also knowing if changes are affecting companies is a very crucial and critical point with the aim to face risks and take opportunities.

It's a fact that companies are facing different kinds of issues, some of them coming from the worldwide economic scenario, some others linked to the country's specificities, then related to internal strategies and decisions.

It means that companies, especially ones dealing overseas, present aspects that must be taken into account and continuously analyzed.

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Companies operating at a worldwide level must take into account the current geopolitical and economic overview. As the overall outlook is showing a lot of turmoil, there is a high risk of negative impact on businesses.

Definitions like 'historical partners' or 'very well know partners' are very old concepts that belonged to the economic scenario markets by stability or expansions.

Now, it's totally different: missing a change can lead to unexpected or underestimated impacts on economic results, both from customers' and suppliers' points of view.

Even if now there is huge attention on changes market by a negative profile, a variation could hide unexpected opportunities. Changes impacting companies can be very different. Some of them are linked to the organization itself for example change in management. Some others are more related to performance. In this case, performance can be affected by external events. This last category is especially evident in economic crisis contexts like the one we're currently facing. It's clear that a decline in consumption means putting at risk manufacturing companies with a contraction in financial results. This is a quite simple example ma every change affecting a company can hide risks. And only having a good picture of change is the best way to be in the position to define and implement policies, confirming existing ones or considering that they're no anymore fit for the overall scenario.

Changes affecting a company can be related to changes in management and shareholding showing a new scenario in terms of governance, or to a new balance availability giving a new financial view, then finding out that negative events are identified impose to better assess reliability. Then, considering all elements, a new assessment in terms of rating, scoring, and credit appraisal it's important to evaluate the company itself. Simplifying the concept, it's a matter to have updated information to be able to evaluate a subject considering if something is changing.

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In fact, if a recurrent customer is showing a worsening in financial stability, it may require a credit policies revision or, on the opposite side, an extension of the appraisal. In both cases, it's clear that a revision of in relationship is required, in the first case to avoid critical impact, in the second case to better exploit the opportunity. Or, if changes in management are too frequent or with too often redefinition of shareholding structure, there is a question mark in governance to take under control. Of course, if negative events are reported, it's clear the critical alert that maybe require a revision of the relationship. If a change impacts the rating, then is a matter to understand if the risk level is improving or worsening and decide how to proceed.

IFor example, knowing that a customer changes negative risk profile allows to strictly monitor if payments are regular, and if the subject is a supplier, maybe can be useful to start looking for additional partners to avoid any interruption in the supply chain. If changes related to a customer have a positive impact, may it be possible to expand the credit line or put in place some cross-selling actions.

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If also the improved situation is related to a supplier, it's possible to decide to buy more with a closer relationship.

Being updated about changes is important wherever the company is located even if complexity is very high. Updated data availability and related data collection processes are very different at the worldwide level due to legislation or other barriers at a political or technical level. Considering that currently there isn't a homogenous system in file data related to companies that countries are obliged to follow as different legislations are imposing different rules, it's possible to simplify by saying that in Western and Central Europe data are proactively registered and updated into local public central bodies, so access to them is relatively easy. At the same time, balance sheet registration into public sources is presenting differences inside the same geographic area. If in Italy and France, for example, corporate companies have to file balance sheets, in Switzerland only listed ones must proceed in this way. In addition to updating and data availability, also data management organization is playing an important role. In a country with a central body managing all company information, barriers to data are very low. On the opposite, if there isn't such a local structure but data are managed at the local level without any link, access to data is really hard to manage. The level of digitalization represents also a crucial point as the highest is, the lowest is the difficulties in dealing with information. For example, in some African countries, the combined situation of a lack of central bodies and a low digitalization level generates difficulties in accessing data first and trust in updating level.

To summarize, the most important barriers related to data availability are linked to legislation: it means that particular countries are not requiring companies to disclose information about the company themselves. The second area is represented by nations in which processes related to data collection, processing, and updating are presenting some issues at a different level.

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In such a complex scenario, in which every country can present a different approach to company data, it's necessary to sort out the lack of data availability in order to give the market the right tools to evaluate business partners. Particular processes and flow can be adopted in order to be in the position to perform an assessment process able to be adapted if changes occur.

After having analyzed how each business partner is performing and, if appropriate, related changes, a step forward to consider is the overall cluster related to each of them, in particular, related to risk performances. For example, understanding how all customers are acting or how all suppliers are performing is very useful to define the right company policy and orientate resources at best. In fact, having the possibility to have a snapshot related to how business partners are performing is the way to be in the right position to define strategies. For example, identify the overall risk level to understand if there are potential issues that can affect the company's results. On the opposite side, also identifying if there are opportunities not very well exploited is a matter to support business development. A snapshot of how business partners are performing is more powerful if there is also the possibility to receive updated information, allowing to apply adjustments if required.

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Thanks to SkyMinder, CRIF platform giving access to in-depth credit and financial data on companies all over the world, is possible to follow the complete path at a worldwide level: from the possibility of being updated about changes affecting a company, then having a dashboard showing the overall picture related to all business partners.

Starting from Full Report and Slim Report, It's possible to choose the best solutions allowing to be updated about changes affecting companies. Products are available are connected to how data are available, and updated, and the level of digitalization in different countries.

Full Monitoring: detailed notification generated when any change affects a company with the possibility to receive the updated report

Alert: short notification generated when any change affects a company.

Full Monitoring and Alert, are more suitable in countries where data availability is very high and public sources are proactively updated and centralized.

Planned Revision: worldwide available, allows to schedule in advance when receiving an updated Report. This solution is suggested for countries where access to data is presenting some issues in terms of digitalization or data flow organization.

Dashboard: a snapshot of the overall business partners. It's possible to create a cluster with the aim to have a picture related to a specific segment. For example, it's possible to split into categories, for example, suppliers and customers into two different clusters or other custom groups.

SkyMinder solutions are replying, at a worldwide level, to specific needs coming from the market requiring updated information on an ongoing basis related to each business partner plus the possibility to have an aggregate view of companies constantly updated.

CRIF
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