



Introduction Guide

Know the people behind the business
with Veda's Trading History reports





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Get a more complete picture by looking at the people behind the business

As Australia's largest custodian of credit bureau information, Veda understands that extending credit to your business customers or potential borrowers carries with it a certain level of potential risk.

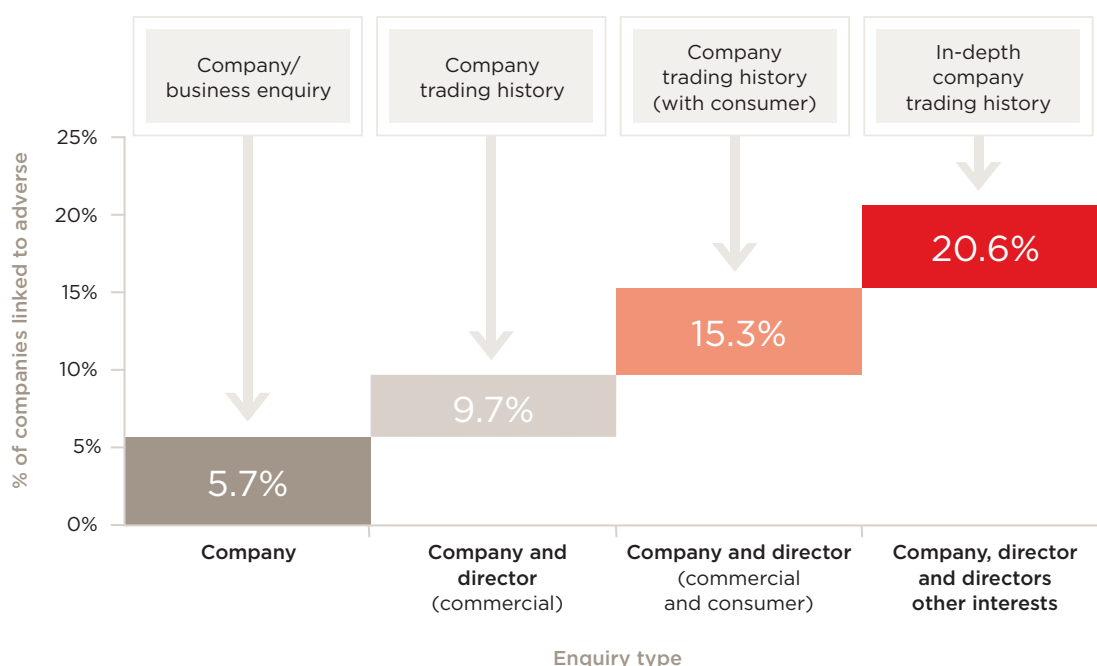
Without a full risk assessment of an organisation, its directors and proprietors and their other business interests, it can be very difficult to gauge the real risk potential customers pose.

Having access to information that can predict the likelihood of an adverse event being recorded on Veda's credit reporting database can greatly reduce risk – useful for financial lenders and businesses that extend credit to their customers.

To address these challenges, Veda offers its new and improved Trading History report – a report that goes up to four times deeper than a basic credit check, beyond the business and into the people behind it.

This extra information on past activity can help reduce future losses, and help increase future revenue. Trading History reports help our customers to better know their customers, and so minimise risk.

Company adverse rates





How it works

Veda's Trading History reports can pull together the most detailed collection of real-time commercial and consumer credit data available on the organisations and people you do business with.

Combining real time data from our own comprehensive sources with third party information, Veda can provide deeper insights and analysis not available elsewhere:

- An entity level score highlighting the potential of any future adverse event occurring on the organisation's credit file held by Veda, in the next 12 months, and specifically highlighting the likelihood of company failure in that time
- Relative risk scores on up to 20 related directors or proprietors behind the business

Did you know?

It is almost five times more likely that a company will experience an adverse event if an associated Director or Proprietor has an adverse on her/his file.

Did you know?

The existence of three or more adverse events on a company's Veda credit file makes it over 20 times more likely that another adverse event will occur in the next 12 months.

- Consumer and/or commercial credit history of individual directors and proprietors (with consent)
- Public record information on an organisation
- Details of an organisation's management and structure
- Related business interests of individual directors and proprietors
- The option to include PPSR information on entities or individuals
- Australian Tax Office (ATO) and ANZIC data to provide information on GST status, ABN registration and industry classification

And all of this is presented in one expert designed, easy-to-read report.



Why use Trading History reports

Here's how Trading History reports can benefit your business:

- **Prioritise risk at a glance using Veda's reliable Trading History report score**

Veda's Trading History reports include a single, overarching score, which can help you make faster decisions. It predicts the likelihood of a customer or potential borrower having an adverse event recorded on their Veda bureau file in the next 12 months.

The scores factor in company performance, as well as past performance of any associated individuals and their related businesses as recorded on Veda's credit bureau. Veda's Trading History reports help to provide a more complete risk picture – past, present and future – of current or potential customers. The report and score is designed to be used in conjunction with your own lending criteria and policies.

If you are assessing businesses using the Business Trading History report, and if you reject the worst one from every 10 applications, you will reject *half* of all businesses who will experience an adverse event in the next 12 months.



- **Improve your operational efficiency by having essential information in one easy-to-read report**

Trading History reports contain both detailed as well as concise and easy to follow summaries that can help speed up your decision-making process. The reports can easily be viewed and read either on screen – including hyperlinks making navigation between sections easy – or in printed format. One report combines all of the information you need on a company and its directors that multiple reports would usually provide.

- **Help improve your cash flow and profitability by knowing the people you do business with**

By including credit information on the people behind a business, our Trading History reports can be up to four times more effective than a basic credit check when it comes to predicting if a business will experience a future adverse event such as payment defaults or even failure.

An intelligent scoring formula

Veda's Trading History scorecards make use of two powerful credit analyses:

1. Adverse data + enquiry data + organisational factors

- Adverse data provides clear indicators of previous performance of a company or business
- A significant number of credit enquiries in a short period of time may mean financial distress for a business. Enquiry data coupled with adverse data helps to provide a well-rounded and reliable score
- Organisational details such as the age of a business, and stability of employment and address, provide extra information that further increase the power of the score

2. Entity data + director data

It can be difficult to predict the risk a business presents without a comprehensive risk assessment of an entity, the people behind it and the companies they're associated with.



Case study snapshot

Trade credit – do you decline on presence of adverse?

On average, 6.6% of companies have an adverse event on their Veda bureau file

SO

If you declined applications on the basis of an adverse present, your current accept rate would be 93.4% for companies.

BUT

Using the score to decline the lowest 6.6% of applications, instead of just declining on adverse present you would:

- Maintain your approval rate of 93.4%; and
- Reduce your bad rate from 3.9% to 3.6%

AND

For 100 applications received, with an average receivable amount of \$25,000, this would decrease your potential bad debts exposure by \$70,000.

Did you know?

65% of company failures had no previous adverse at point of enquiry and yet the Trading History score can identify 73% of company failures in bottom 20% of the scores.



Case study snapshot

Financial lending – commercial cards

Assuming the average receivable amount is \$10,000 with 100 applications pa.

At an approval rate of 60%, the bad rate improves from 2.9% to 1.9% using the new score compared with the old company score

SO

You can leave your approval rate at 60%, which will give you an accepted amount of \$600,000.

AND

Provide a reduction in potential bad debt exposure from \$17,400 to \$11,400 in 12 months, resulting in a saving of 34%.

OR

You can leave your bad rate at 2.9%, which will give you an accepted amount of \$800,000.

AND

Providing an increase in potential accept rate from 60% to 80% resulting in additional profit of \$20,000 (whilst only increasing bad debt exposure by \$5,800).

Did you know?

Veda's own in-depth analysis has shown that combining commercial data on an entity with Veda's extensive individual credit bureau information and information on any associated business interests makes it up to four times more likely that relevant adverse information will be revealed.

How to access a Trading History report

Veda's Scored Trading History reports can be easily accessed via four different service channels:

1 VedaCheck

VedaCheck offers a fast, simple and cost-effective channel to identify an organisation and obtain comprehensive reports on that organisation - and the individuals behind them. The report has been expertly designed to provide maximum usability online. New summary pages, collapsible sections, and links provide fast access to critical pieces of information.

Alongside this, the PDF report has a print-specific style applied to help ensure it is also easy to read and navigate.

Our VedaCheck subscribers have access to a range of integrated commercial risk services - such as PPSR search and registrations, Company File reports, nationwide Land Titles searches, and Bankruptcy searches. These services integrate online through VedaCheck, providing you with greater understanding about those you are doing business with; and putting you in a better position to manage or minimise risk.

2 DecisionFlow

Veda's Decision Flow is an automated solution that assesses commercial credit risk based on your company's own decision rules and parameters.

Web-hosted, it integrates Veda databases and expertise with your credit management policy to provide instant credit decisions. An "accept", "decline" or "refer" decision is provided along with any special instructions relating to your own credit policy.

DecisionFlow enables you to configure over 70 rules that can be applied to a Trading History report, helping to ensure that the decision returned is based on your key lending criteria. These include rules dealing with the Veda bureau score returned on the entity, as well as their GST status and ABN status.

3 VedaXML

This channel enables you to integrate Veda's wide range of services into business systems.

You can choose how you wish to access the insights within Veda's Trading History reports.

4 DecisionPoint (available 2013)

This channel understands that when assessing credit applications you need to make decisions instantly, to minimise risk and maximise the customer experience. To do this you need as much information as possible straight away, drawing on various data sources to help ensure decisions are made within risk parameters.

DecisionPoint allows for on-going user control of lending rules and processes, providing a real-time reaction to market change for a low cost of implementation.

Next steps

To find out more about how to order your Trading History report talk to your Veda Account Manager today, call **1300 736 133** or visit **veda.com.au**





Applying Intelligence in ways that matter

Veda's business is all about 'applied intelligence'. We acquire and transform raw data into timely and relevant insights for businesses and consumers. For Veda, this entails a rigorous and continuous process of quality control, refinement and innovation.

Veda is built on the largest, most comprehensive and current data source in Australia and New Zealand. The breadth and depth of our data, and the knowledge it delivers will help you take a proactive and informed approach to customer acquisition and credit risk.

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