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## **Virtual Credit Networks Vs Legacy Credit Groups**

First published in 2011, this paper presents timeless insights on the advantages of virtual networks as a source of broad, deep, timely, and affordable accounts receivable data and analytics, using information and case studies from Smyth-Networks (Credit2B's predecessor).

Let's describe what Credit2B-Networks is and what it is not, as the term "networks" has created some confusion. First, it is not social networking, and it adds value to the social-peer credit group concept.

What Credit2B-Networks is, is a powerful Internet platform for aggregating, scoring, rating, and interchange of objective credit accounts receivable payment data within a legal framework in a way that enables far more companies, regardless of location, to benefit from exchange of business information. Credit2B-Networks and traditional groups are both about sharing information but the methodology, comprehensiveness, and benefits differ. Credit2B-Networks focuses on broad and very deep objective data; old-fashioned peer groups rely more upon discussion and anecdotal data.

**Advantages of a Credit2B Virtual Credit Network for an Industry Sector**  
Every Credit2B-Networks member gains by slashing credit information costs, and access to cheaper, more comprehensive data, with interne-response speed. When it comes to a tool for everyday use in evaluating commercial credit, processing credit applications and daily customer credit management, Credit2B Networks industry account coverage is comprehensive and provides answers 24/7.

The Credit2B-Networks trade report will provide better data than available elsewhere, with payment scoring, credit metrics, and charts, and can even be instantly expanded to an optional complete credit report for a charge. For the time being, standard membership and standard reports are free.

<b>Virtual Networks Vs Social Credit Group</b>		
<b>Feature</b>	<b>Traditional Credit Group</b>	<b>Credit2B Data Networks</b>
Ease of Use/ Access	None	<b>Easy</b>
Travel, Time away from office	Yes	<b>None</b>
Data and Reference Quantity	Small	<b>Massive</b>
Data Quality	Anecdotal	<b>Objective</b>
Data Access Speed	Email and wait	<b>Instant</b>
Data Usability	Limited	<b>Reporting, scoring, customized</b>
Anti-Trust Concern	High	<b>None (if structured correctly)</b>
Availability		<b>Instant</b>
Expandability	Limited	<b>Global</b>
Credit Management Tools	None	<b>Reports, portfolio &amp; bankruptcy monitoring</b>

### **Credit Information in a Depth Never Before Available**

Networks member companies now they have the benefit of comprehensive information previously unavailable. An unanticipated benefit has been the inclusion of companies who have never belonged to any group or contributed information to any data source. The low entry cost without time or travel commitments, anti-trust security, and ease of use have led to first time data contributors.

Another benefit of Virtual Network industry data unification is additional econometric data, which will be extracted from a significantly expanded data base. This is particularly interesting because of the enhanced value it will lend to the credit management function. This will become a principal benefit, which will flow through the credit department and add value to the department’s mandate.

### **Case Study - Footwear**

A Credit2B Footwear Network is one of a number of successful examples. The industry has many traditional silo-groups meeting in person. In a short time, the Credit2B Footwear Network has captured over 80 footwear manufacturers resulting in a database with very deep information covering over 475,000 customers. In this Network, 91% of the accounts searched have fresh trade information available.

### **Case Study - Consumer Goods**

Credit2B-Networks' benefits are easy to illustrate. An account typically discussed by Credit2B's traditional Consumer Goods Credit Group may exchange 34 references within the group. Those that are also members of the Credit2B Consumer Goods Network have the benefit of data from of 75 major companies (and optionally hundreds more from outside the group). The Networks information and payment / credit scoring is far more comprehensive, not only in the breadth but also depth and quality of information.

### **Payment Quality Index (PQI™) – A Predictive Payment Metric**

The Network results must be dependable. Sending out an email and waiting for answers that may or may not come is another reason the social network model is inefficient as a management tool. As a Network member, you commit to submit data on a dependable schedule which is different than answering a response when you have the time and inclination. Below is the result of our internal analysis of the different approaches.

#### **Anti-Trust,**

With Credit2B-Networks, standardized comments are governed by the system, and non-standard comments reviewed by a monitor. You will never need to answer a question about what discussion took place at a certain meeting or at social event because the on-line discussion has safe default parameters. The Network's anti-trust standard has met the conservative standard of skeptical corporate attorneys both in the U.S. and in Europe with companies that previously prohibited credit group participation. A well-designed Virtual Network enforces a consistent standard across all participants because permissible actions are predefined.

#### **Anti-Competition**

### **Impact on the Old-Fashioned Credit Group or Credit Circle**

Well-managed traditional Credit Groups, offer many benefits and also have some negatives Strategic account discussion, education, networking, best practice discussions -these are all excellent reasons for an old-fashioned social group meeting. It is axiomatic to say there is always change and we must constantly adjust processes to keep up with it. It is the speed of change that is profoundly different. Technology has changed everything and the traditional credit group is not immune from impact but with adjustment and expansion of the value proposition traditional groups should continue to be valuable. Credit Groups cannot remain static as dynamic forms of information exchange are developed and brought to the marketplace.

If a traditional credit group wishes to also join Credit2B-Networks we encourage them to take advantage, as the Network's system includes full meeting, event planning, traditional clearance report generation, and on-line document management built in. The Credit2B platform can be custom-labeled for any group. It can be offered at no cost to most groups. The investment required to build a technologically advanced system is



significant. Credit2B is at this time offering this service to new members, and new groups, for no cost. We can do this because of the diversity of product offerings and the ability to leverage relationships to a number of different profit centers.

### **How a Network Grows - Overlapping Industry Circles**

To succeed, a Network needs customer commonality. The key driver is “customer overlap”. As a case in point, we started with the data from two companies in the Footwear Industry and quickly built it to dozens of data contributors. As we analyzed the data we noted that a number of the members were involved with outdoor footwear and athletics. This led to Outdoor Industry Group and crossed over to areas such as Sunglasses, Outdoor Apparel, Golf, and Fishing Equipment, etc. In turn, each of these areas has a portion of data overlapping with other industry verticals that have common customers. When Credit2B-Networks unites the customer view for all these industries it brings a wider and higher valued perspective than silo-industry verticals.

### **Summary**

We believe Credit2B-Networks is the future of the credit industry. Not stale or random trade references, but current, objective data on how millions of business are paying their bills, translated into monitoring, scores, ratings and reports that can be used by today’s credit executive either over the Internet or optionally computer to computer. Credit made easy™.