

Credit management electrified

Success Story
TransnetBW GmbH



Credit management electrified

The introduction of CAM Industry & Trade at TransnetBW GmbH provides an impressive example of what is possible in credit management with the right IT support, even with very low personnel costs. At TransnetBW it is now possible for two people to continuously monitor all 12,000 business partners with € 6.1 billion turnover, including credit risk and payment transactions – a task that would not be possible manually.

THE COMPANY

TransnetBW GmbH operates the electricity transmission grid in Baden-Württemberg. This consists of around 3,500 kilometres of 380,000 and 220,000 Volt high-tension cables, which are connected by more than 80 transformers with the regional 110,000 Volt distribution grids. Through these access points, TransnetBW supplies internationally renowned industrial companies and more than 11 million people in Baden-Württemberg with electricity.

The TransnetBW grid is integrated into the national and European combined grid network via numerous coupling points. At the borders of the regulatory zones it is directly connected to the networks within Germany as well as France, Austria and Switzerland. A large number of electricity traders as well as power station and distribution grid operators in Germany and abroad are among the company's customers and partners.

TransnetBW GmbH was founded in March 2012, when the former EnBW Transportnetze AG was spun off as an independent company. This step was taken by Baden-Württemberg's energy supplier EnBW in compliance with a directive from the European Commission to reduce interdependencies in the energy market. The aim of this was to make transport grid operators independent and to increase competition. TransnetBW now employs 600 people and has its headquarters in Stuttgart.

THE CHALLENGE OF COMPULSORY CONTRACTS

The Manager for Trade Risk Monitoring, Christian Prüter, describes the special challenge in credit management

for TransnetBW as follows: „As a transmission network operator and therefore the operator of critical infrastructure, we are subject to strict regulations from the Federal Network Agency and the Energy Industry Act. To avoid barriers to market entry there is an obligation to conclude accounting-grid contracts. For us, this means that we also have to accept customers with low creditworthiness and can only refuse customers in exceptional cases such as suspicion of terrorist activity. The only economic safeguard lies in the requesting of securities and of course in continuous monitoring so that we are able to contact customers as early as possible in the case of problems." As well as these industry-related challenges there is also a challenge regarding personnel. Christian Prüter is a member of a credit risk management department consisting of only two members of staff. It quickly became clear to him that it would only be possible to perform his tasks successfully with an IT-supported system. „We have over 600 accounting grids and more than 12,000 business partners. It is completely impossible to keep track of these manually using Excel lists", he explains. „A system such as CAM Industry & Trade was exactly the right decision for us. It makes active credit risk management possible and warns us at an early stage when the situation becomes critical somewhere".

CAM INDUSTRY & TRADE AT TRANSNETBW

In CAM Industry & Trade, internal source systems and external information providers can be connected via interfaces and balance sheets can also be compiled. A lot of the collection of information is automated, as is the evaluation and the calculation of ratings as well as the generation of early warnings. In cases of critical deviations from predefined rules, messages are created for responsible members of staff. The system thus provides an effective early-warning function with the

decisive advantage that all customer-individual rules and processes are represented in a flexible expert system (XPS).

At TransnetBW diverse quantitative and qualitative factors as well as peer group analyses are considered when determining ratings. To achieve this, in addition to information from external providers, forms for the compilation of additional key figures are integrated. This means that qualitative data such as the durability of the business model, the competitive position and fluctuations can also be compiled, evaluated according to defined criteria and included when calculating the rating.

INDIVIDUAL PEER GROUP RATINGS

The internal rating at TransnetBW also includes an individual peer group rating. In addition to the pure analysis of annual report data, CAM Industry & Trade offers the possibility to evaluate the company on the basis of a peer group and to consider this evaluation in the aggregated risk report for the file. The evaluation therefore not only takes place on the basis of static expert systems but also using a comparison of the company with its competitors. The peer group ratings can be created for different industries at the press of a button through the automatic use of a scorecard compiled for the industry in question, which is then used to evaluate the annual report. This procedure can be repeated as often as required and can, for example, be performed again when new risks are taken on. All the scorecards used are historized and can be viewed in CAM Industry & Trade at any time.

SECURITIES

The recording of securities was especially important for TransnetBW. As it is the only possible risk-securing instrument due to the obligation to conclude contracts, the administration of the available securities is of paramount importance. In CAM Industry & Trade, various securities such as assignment of claims or bank guarantees can be recorded in every file. As soon as a security becomes out of date, CAM Industry & Trade informs the responsible credit manager at TransnetBW automatically. In addition, it is possible to attach files to the individual securities. „This enables us to administer the original securities that have been provided, such as guarantee certificates, directly in

CAM Industry & Trade in the respective customer file“, comments Christian Prüter enthusiastically .

BENEFITS OF CAM INDUSTRY & TRADE

At TransnetBW access to CAM Industry & Trade takes place using the CAM Industry & Trade webClient. This has the advantage that no software needs to be installed first and all the relevant departments of the company have simple access to the current date via the company intranet. „Central data storage, decentral access – perfect for fast and secure processes“, adds Christian Prüter. Through the connection to SAP, important data can also be exchanged. Invoice data is thus transformed in CAM Industry & Trade into evaluated payment records, which can reliably indicate trends and developments.

„In our experience, CAM Industry & Trade is a very suitable instrument for the monitoring of our business relationships due to the integration of information providers and the very flexible calculation of ratings. CAM Industry & Trade makes it possible for us to form our own opinions, so that we are not solely dependent on one source but can include the special aspects of our industry and the information that is relevant for us in an automated and targeted way.“



Christian Prüter, Manager Trade
Risk Monitoring at TransnetBW

Since the introduction of CAM Industry & Trade at the end of 2016 much has changed for Christian Prüter and TransnetBW. Nevertheless, further plans are being made for the future: „We would like to utilize the potential of the comprehensive reporting and evaluation functions in CAM Industry & Trade even more intensively and also develop our internal rating strategy further“, says Christian Prüter about his plans. Validation and calibration of an evaluation system are important measures in maintaining and optimizing the positive selectivity of ratings.

Enabling Success.



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