

Spend Matters®

TECH REVIEW

CreditRiskMonitor

Originally Published on SpendMatters.com

This Spend Matters Tech Review provides an overview of CreditRiskMonitor and its AI-powered financial risk analytics solution, SupplyChainMonitor. The vendor offers a customizable view of financial risk among suppliers alongside more general risk capabilities that have been added as part of the new offering. Looking ahead, SupplyChainMonitor's roadmap aims to build in more automated features, complement its financial risk strengths with more thorough supplier risk capacities and continue to expand its private company coverage.

CreditRiskMonitor was founded in 1999 with a primary focus on commercial credit. The company already counts nearly 40% of the Fortune 1000 plus well over a thousand other corporations worldwide as subscribers. In the last decade or so — and especially in recent years — procurement-centric customers have grown to represent ~25% of revenue for its commercial credit product. This growth and continued interest in its offerings are understandable as the need for risk monitoring, specifically within its specialization in financial risk, has become a requirement for effective vendor and third-party risk management.

Based on this aforementioned revenue growth and mounting interest in its financial risk expertise for procurement-centric subscribers, the provider realized that the market needed a tailored solution designed specifically for procurement users. After discussions with customers centered on optimizing procurement and supply chain risk, CreditRiskMonitor began developing SupplyChainMonitor in late 2019 and launched the new solution in May 2022. This Tech Review explores CreditRiskMonitor's SupplyChainMonitor solution from a procurement/supply chain perspective covering the platform, applications, and supporting services. The analysis also provides a list of competitors, tech selection tips and key analyst takeaways. For more information on the provider's commercial credit solution, see its Almanac portfolio.

Here's why CreditRiskMonitor's SupplyChainMonitor product matters:

- **To the market** — It specializes in financial risk analytics, which is less common but increasingly important for a risk-conscious procurement tech market.
- **To customers** — It offers ongoing training, video tutorials, dedicated client account managers, access to management, and more to complement a customizable solution that can be used flexibly across business needs.
- **To potential buyers** — It offers a straight-forward pricing structure offering unlimited access to its data for up to 20 users for a fixed annual fee of \$25,000. (An upgrade is necessary to access its data on more than 9 million additional private European companies.) Additional users can be in any quantity with progressively larger volume discounts available on the per-user pricing as the overall quantity of users increases in tiers of 20 users (21-40 and 41-60). For those looking for access for more than 60 users, enterprise pricing is available with the lowest price per user rate extended backward to the 21st user for the best pricing. Add-ons include

API integrations, European Private Company Data Enhancement and Confidential Financial Statement tools. Using SupplyChainMonitor as a first screen for supplier research can significantly reduce the assessment costs for prospective vendors by ensuring that only financially robust vendors are eligible for costly site assessments and detailed due diligence.

Quick Facts: CreditRiskMonitor

- ✓ **Founded:** 1999, added SupplyChainMonitor in 2022
- ✓ **Headquarters:** Valley Cottage, New York, United States
- ✓ **Regions served:** Worldwide
- ✓ **Ownership and funding:** Public
- ✓ **Employees:** 91
- ✓ **Customers:** Nearly 40% of the Fortune 1000 and well over a thousand other corporations worldwide.
- ✓ **Websites:** www.creditriskmonitor.com and www.supplychainmonitor.com

Solution overview

CreditRiskMonitor's trademarked solution, SupplyChainMonitor, leverages the company's financial risk analytics expertise to create a procurement-centric risk management solution that can be tailored to an organization's specific needs. The SupplyChainMonitor solution is built for the procurement, supply chain, sourcing and finance personnel involved in the supplier lifecycle from alternative supplier identification to RFPs to onboarding to monitoring to annual reviews and discontinuation.

SupplyChainMonitor's modules are most impactful for supplier risk assessment and ongoing risk monitoring. It can also assist with onboarding, competitor review/bid tab comparisons, alternative supplier sourcing, sourcing strategy, regulatory/legal compliance and market research. Spend coverage is unrestricted, as SupplyChainMonitor has built-in metadata fields for direct and indirect spend.

Moreover, users can modify custom categorical fields for more tagging options such as tiers or goods and services. Any business, including competitors, can be profiled in the solution. For businesses not currently in the database's 30 million records, the solution supports record creation requests (unmatched counterparties from a supplier list upload are automatically created) and private company financial solutions for risk analysis.

The solution is designed to address a wide range of customer needs, but at a high level, users can quickly assess and stratify risk by spend, monitor, and manage counterparty supply chain risks at the aggregate and granular levels. Risk can be assessed under a variety of categories including geography, industry and customer-specific classes such as direct/indirect or criticality. Users can plot supplier locations on a world map with real-time weather, natural disaster, and power outage event overlays. News monitoring with configurable notifications, customizable reports, peer analysis tools, macroeconomic risk information and financial risk analytics capabilities are also included.

SupplyChainMonitor enables the creation of standardized templates for custom reports and charts to include within company reports, as well as custom lists of businesses and dynamic folders that leverage uploaded custom metadata for monitoring. The platform also supports sharing of company reports with other licensed users or external recipients, who can receive access for up to 30 days.

Platform and services overview

SupplyChainMonitor is built on client-side JavaScript on a REST API hosted on the vendor's servers. Data is loaded through secure CSV uploads within the platform (default for subscribers), email (default for trials) or SFTP (encouraged for subscribers seeking automated list updates). When the user's organization makes changes to its suppliers, a supplier can be added or removed directly from the solution without loading a new supplier list. However, it is recommended that users provide an updated supplier list with current supplier information via secure CSV upload or SFTP automated sync at least quarterly, or annually at an absolute minimum. Additionally, all users can have their own custom supplier lists with organization administrators able to provision any active supplier lists to any licensed users.

All currencies are supported, but English is the only supported language outside of browser-initiated translations. The REST API allows for integrations with any third-party platform and CreditRiskMonitor is partnered with Resilinc and SAP, which could potentially include connectors to S4/HANA products such as Ariba.

The provider leverages internally developed AI/ML modeling through its proprietary bankruptcy predictive analytics, i.e., the FRISK and PAYCE scores that are detailed below in the modules and applications overview section. SupplyChainMonitor also leverages other AI technologies such as NLP, clustering, DNN modeling, and more. Blockchain is not currently featured within the platform, but the vendor has had preliminary conversations about contributing as a data source for covenant thresholds and contract risk as they relate to smart contracts (which are programs stored on a blockchain that are configured to run when predetermined conditions are met).

Users can access the solution with a login credential through the website. Subscribers typically provide a full list of suppliers with metadata tagging (with tags such as spend, critical/non-critical, direct/indirect, etc.) as part of implementation. Uploaded supplier lists are usually processed in 24 hours or less, depending on the file size. User onboarding varies by client, but nearly all licenses are typically provisioned within the first 30 days of the contract.

Demonstrations and training are provided, typically both as part of the selling process and during onboarding. Walkthroughs, quarterly training, training by request, and a library of nearly 100 self-services video tutorials are offered through integrated help content throughout the platform. The company also produces extensive thought-leadership content on macroeconomic events, specific high-risk companies, and other relevant topics tied to third-party risk assessment.

As mentioned earlier, pricing is driven predominantly by the number of users. A standard contract costs a flat \$25,000 for up to 20 users. Lower prices per user are offered in each subsequent 20-user tier (21-40, 41-60), and enterprise pricing is available for contracts with 60+ users. Add-ons include API integrations, European Private Company Data Enhancement and Confidential Financial Statement tools used to assess the bankruptcy risk of private companies.

One add-on service is a portal used to invite suppliers to enter or upload data, specifically financial statements that are then used to calculate FRISK scores and financial ratios on private suppliers. Participating suppliers can elect to share the confidential financial sections and/or the FRISK and Altman Z"-Score of their business reports with any other buyer that requests access on the platform.

Modules and application overview

CreditRiskMonitor's solutions, including SupplyChainMonitor, are anchored by the company's overall strength in financial risk analytics. All modules and applications contain aspects of CreditRiskMonitor's financial risk capabilities.

For example, CreditRiskMonitor's most popular score is its FRISK score, which is used for public and private businesses with financial statements. The FRISK score has consistently predicted 96% or more of the public company bankruptcies to occur in the subsequent 12 months for over a decade. It covers over 57,000 public businesses internationally and over 325,000 European private businesses across 10 different countries. For public companies, the FRISK score nonlinearly combines data from the stock market, credit agency ratings, financial statements and the sentiment of the CreditRiskMonitor user base derived from its aggregate usage behaviors. The scores updates daily based on new data to stay as current as possible.

Customers cannot alter the weightings of FRISK scores since it is CreditRiskMonitor's proprietary model. Moreover, the Company's best practices suggest using the FRISK score as a standalone analytic for side-by-side comparison against internal or competitor financial risk models featuring the customer's preferred weightings to identify potential false positives and false negatives. Customers see the value of the FRISK score; it is consistently a major selling point for CreditRiskMonitor solutions.

CreditRiskMonitor's private company score is called the PAYCE score. It covers, on average, 330,000 North American companies for bankruptcy risk, currently with 80% predictive accuracy; a lower accuracy for private companies is expected due to the obvious differences in available information relative to a public company. Based on [data from the NAICS Association](#) on the revenue distribution of US firms, the PAYCE score is estimated to cover the vast majority of US private companies with annual revenue greater than or equal to \$5 million. The PAYCE score features distilled high-risk classification with nearly 50% of reported bankruptcies scoring within the 2 most risky scores (PAYCE "1" & "2") before filing despite that group of businesses only representing 2.5% of the scored population.

Finally, SupplyChainMonitor also includes the Altman Z"-Score due to its public popularity and transparency as a public bankruptcy model, as well as a selection of Experian FSR Scores. The provider covers over 30,000,000 businesses worldwide and collects nearly \$3 trillion in annual accounts receivable transaction information through its Trade Contributor Program. All businesses have individual company reports that can be launched by clicking on the hyperlinked business names found in any of the modules listed below. Any company report can be displayed in a variety of pre-built or custom templates to allow users to obtain pertinent information as easily as possible in support of diverse workflow tasks.

In terms of specific modules, companies can use the following SupplyChainMonitor modules:

- Monitor and Review
- Investigate
- Manage
- Confidential Financials

Based on our initial briefings with the vendor and company reports, we will detail the areas below:

Monitor and Review:

- SupplyChainMonitor's Monitor and Review module allows customers to understand risk exposure for existing suppliers (n-tier), benchmark them against various peers and identify alternative suppliers. There are no limits to the number of counterparties that can be monitored; many users create folders to monitor their customers, competitors and important third parties.
- Within this module, users can access tabs for Coverage, Suppliers, Countries, Industries, News, Peer Analysis, Score History, Score Trends, FRISK Stress Index and Downloads that provide a variety of lenses by which to assess risk exposures.
 - ◇ For example, users can view a map of suppliers and their subsidiaries with a custom table beside it. The entire view is very customizable with plenty of filters available. A particular user could, for instance, view a map of North American suppliers alongside a list of their spend, criticality, whether they are direct versus indirect, FRISK score, PAYCE score, Altman Z"-Score and much more.
- The Change View function allows users to apply numerous filter combinations including folder/group, country, industry, risk scores, payment behavior, sanctioned, criticality and direct/indirect on any of the tabs listed above. The applied filters are sticky until cleared, allowing users to move between any tab without needing to reapply. The function also supports saving and loading of Named Views based on filter combinations provisioned by the users for easy reapplication of commonly used filter views.
- Each page also includes a help button for tips, explanations of terms/acronyms and video tutorials on the users' options.
- The same information is also available and viewable/filterable for Tier-2 suppliers.
- The Suppliers tab — with or without the map on — is recommended as the tabular list with multiple financial scores and the payment behavior score side-by-side. It is a good way to uncover discordance between these models that generally expose situations that require more counterparty due diligence. In particular, disagreements between the FRISK score and Payment Behavior Score are indicative of situations when companies may be making moves to appear healthier financially or more liquid than they actually are; this is known as "cloaking." Disagreements between the FRISK score and Altman Z"-Score typically expose temporal risks as the FRISK score updates daily and the Z"-Score updates each quarter with a 30-to-60 day lag.
- With the map toggled on and the Suppliers tabular list alongside, clicking on the target icon near a supplier's name in the list will highlight its location on the map. This is especially useful for businesses with many suppliers for which precise locations on a map are difficult to quickly discover.
- The supplier maps include severe weather, earthquake, hurricane, and power outage

graphical overlays for real-time polygons of impact and detailed descriptions of the alert. For hurricanes, the future path polygons and anticipated time to location points are also provided.

- The entire list of supplier data is also downloadable as a CSV or XML file for additional custom reporting. Organizations can also utilize the REST API to pull data into other systems.
- Through this module, users can configure email alerts and rules based on self-defined criteria such as weather events, major financial changes, new risk scores, geopolitical events, cyber security alerts, commodity risks and more. These alerts can be sent immediately or as part of a daily digest. They can be disabled or modified for specific suppliers or groups of suppliers at any time.
- Alerts can also be set up on dynamic folders that pick up new members based on the selection criteria of the folder.
- Users can access recent news (up to 90 days old) for any group, including their suppliers, which are displayed in a word cloud (summary or detailed categories) or comprehensive tables with risk stratification. Clicking on a category in the word cloud or a count of stories hyperlink in the table generates a detailed list showing the stories contained in that group and important data like the business name, risk scores, spend (if available), date/time of the story and the hyperlinked headline. Clicking on a headline launches a new browser tab with the full news story.
- Users can aggregate certain charts and summaries for their suppliers in this module as well, such as a series of pie charts that breaks down a large supplier list on quantity and spend by risk level and payment behavior.

Investigate:

- The Investigate module allows users to look up any business (including potential suppliers), access a list of recently viewed businesses and view country risks.
- The lookup function supports searches by business name (with or without address or phone number information), ticker and tax ID number (federal or VAT). There is also an option to limit results to only existing suppliers, which allows searching by the user's unique account identifier provided in the supplier list upload.
- Within the Country Risk tab of this module, users can click on a country on the world map and instantly see how it compares against 180 other countries on overall risk evaluation as well as 10 broad risk categories including security, political stability, legal/regulatory, tax, labor, infrastructure, macroeconomic and more. Each broad category can be further broken down to assess between four and 10 detailed subcategory risks that are useful when evaluating markets for sourcing and selling. Country risk data for the HQ location of a specific business is also available within its individual company reports.

- These country-specific risk scores come from The Economic Intelligence Unit (EIU), a market intelligence and ratings subsidiary of The Economist Group which operates its namesake weekly newspaper out of London.
- Users can also access the detailed EIU research write-ups on all risk categories across the 180 covered countries, providing narrative context for the risk ratings and specific points of concern to factor when making strategic sourcing decisions.

Manage:

- From the manage module users can create, update and manage customizable objects such as company report templates, charts, named views, folders and alerts as well as securely upload a supplier list or access administrative functions (if the user has an administrator license).
- Here, users can create templates and custom charts that are tailored to specific use cases or display certain data that are not addressed in the pre-built templates described below under individual company reports.
- While dozens of pre-populated charts, graphs and summaries are available, the solution is best used when customers take advantage of the granularity and customizable aspects of the manage module.

Confidential Financials:

- The confidential financials module allows customers to address their private company suppliers' financial statements either by directly entering/uploading the documents themselves or inviting the counterparty to do so via the Confidential Financial Statement Portal for processing and scoring.
- The module offers an end-to-end solution that includes being able to view already processed businesses' financials, adding missing businesses, entering or requesting financials from a supplier and tracking the status of those requests.
- This module is ideal for instances where a supplier's financial statements are not publicly available, but where the customer has the buyer power to get access. After processing, the supplier's individual company report provides standardized financial statements, risk scoring (FRISK score and Altman Z"-Score), ratio and trend analysis, peer analysis relative to public comps and more
- It is important to note that suppliers have the option to provide access to the full financial statements, ratios, spreads, etc., or limit the release to just the FRISK score and Altman Z"-Score only for each requesting customer.
- The company is working on the release of a unified Confidential Financial Statement Solution leveraging its automated and AI-driven Financial Statement OCR/Mapping Engine that allows subscribers to use singular consumable credits for either upload channel (direct or by the counterparty) and move data entry work towards

firmographic information required to support the subject company's business report. Such a change will allow the point of sale to move from the request initiation to the completion of processing and score delivery, thereby aligning the value proposition with subscribers only being charged for successes.

- SupplyChainMonitor is also considering including a block of Confidential Financial Statement credits to the base subscription to further enhance the value proposition and leverage the buyer power dynamics available to SupplyChainMonitor users.

Individual Company Reports:

The individual company reports allow users to get into the granular details of a business or government/country found via interactions with the above modules.

As mentioned above, company reports can be viewed under a variety of pre-built templates designed to improve the accessibility of various types of information typically used to complete common workflows and tasks. The pre-built templates include Scores & Ratings, Current Events, Annual Financials, Interim Financials, Year-Over-Year Financials, Background, Payment Behavior, Available Charts and Full Report.

The Full Report contains nine different sections with over 50 detailed objects. The available charts template contains over 40 pre-built charts that can be added to any custom report template as described in the Manage module. Users can also add any custom charts (whether modification of a pre-existing chart or a complete novel one, also described in the Manage module) to any custom report.

Some key company report features include a section explaining the driving factors for a high-risk FRISK or PAYCE score, a list of hyperlinked questions to ask high-risk FRISK scored counterparties, parent and subsidiary relationships, peer analysis links, benchmark links and 24-month trend charts for all risk scores. Reports also feature important messages, e.g, bankruptcy notices and active sanctions against the business issued by US Treasury OFAC, the UN, the UK, the EU, Canada, Australia and/or Japan.

The reports feature an integrated help pane that scrolls side-by-side with the report sections to provide text and video content explaining the section and how to use it. The help pane can be toggled on and off by the user to increase the screen area



Use SupplyChainMonitor when:



Your organization does not have any insights into financial risk information for its suppliers.



Supporting information features, such as sanctions, weather-based risks, country risks, and other disruptive events, appeal to your organization.



End users would take advantage of custom reporting options and confidential financial information to gain more insights into suppliers.

for the report. The help content also explains many of the financial, accounting, and data science concepts behind specific data elements, assisting users with limited backgrounds in these subject to contextualize the information within their scope of responsibilities.

Reports can also be easily shared with other licensed members of the organization via a dropdown list or with unlicensed recipients by entering an individual's corporate email address. Unlicensed recipients will receive a limited credential that can be used to access the shared report for up to 30 days. Users can include a message along with the shared report to provide context for the recipient.



SupplyChainMonitor addresses a need in the market in financial risk analytics that is rarely explored with such depth and predictive value.

Roadmap and vision

CreditRiskMonitor is following a methodical short-term roadmap for SupplyChainMonitor. Focuses include:

- In-app notifications to complement email alerts
- Expanding the custom download tool and an Excel Add-in
- Cyber security scores
- ESG ratings/scores
- Business designation/certification information (small, MWBE, etc.)
- Integrations with more ERP and spend management platforms
- Automated processing of confidential financial statements

In the long run, CreditRiskMonitor wants to build out the SupplyChainMonitor solution to accentuate its existing strengths. For example, long-term plans include adding a logistics module, a commodities module, pre-built connectors with key workflow platforms, n-tier nodal network contagion models and more. The provider also wants to include metrics for supplier stress, inflation, labor, and others.

Analyst summary

SupplyChainMonitor addresses a need in the market in financial risk analytics that is rarely explored with such depth and predictive value. The solution is currently more than capable of competing against financial risk analytics providers and supplier risk management vendors, and potential roadmap additions could open it up to even more verticals within the procurement tech space.

So, what's our assessment for SupplyChainMonitor's prospects?



Glass Half Full

CreditRiskMonitor offers a differentiated solution in SupplyChainMonitor that builds on the provider's financial risk strengths to provide a more procurement-centric experience.

The customizable experience is a major benefit for end users, and the financial risk analytics are a very important addition to a broader risk management landscape that, in many cases, does not offer financial information to nearly the same extent.

SupplyChainMonitor, especially given its price, is a great option for organizations that do not currently have access to financial risk analytics and would use such information in conjunction with the solution's maps, news monitoring, compliance data and reporting capabilities.



Glass Half Empty

CreditRiskMonitor builds upon its primary strengths with the SupplyChainMonitor solution, but for some organizations, the selling points may not be enough. For example, while the maps and more general risk monitoring facets of the solution are impressive, many organizations either already have a solution that focuses on this type of risk management or would prefer one that is more dedicated to supply chain risk monitoring, e.g., going deeper through supplier tiers or featuring ESG-related risks more heavily survey-based risk assessments. SupplyChainMonitor's financial risk analytics would still be a differentiator in these cases, but organizations that value financial risk as a secondary consideration might not be an ideal fit for SupplyChainMonitor.

CreditRiskMonitor and its set of solutions are very powerful, as the predictive value in its analytics and the proprietary financial information within its network are both increasingly useful on the market. If the provider can successfully address the items currently on its long-term roadmap for SupplyChainMonitor, the solution would become even more competitive in areas beyond supplier risk monitoring, e.g., logistics or commodities. We look forward to following up with CreditRiskMonitor over time.