

Credit Today's Scoring Survey Reveals B2B Credit Scoring Is Still Not Widely Accepted

According to a recent survey conducted by [Credit Today](#) and contributed to by PredictiveMetrics and some of its customers, B2B organizations use of credit scoring in the order-to-cash process has not been embraced like consumer credit scoring.

Of the companies *not* utilizing scoring today, traditional methods of assessing risk like credit reporting services, industry trade groups, and communication with their sales force are still the primary tools employed. These techniques can get expensive and create manual time consuming processes making credit scoring a viable solution.

Credit scoring can be less expensive, especially for portfolio management if you use your own A/R data, which is proven to be the most predictive. Credit scoring alleviates the need for time consuming manual review of all accounts. Overall, credit scoring streamlines processes and allows for optimal resource allocation.

Scoring is about having a consistent formula to evaluate risk and can automate various parts of the Credit & Collections functional processes. 55% of the companies that *are* using scoring as part of their credit and collection process cited several major benefits including:

- Faster decisions
- Fewer bad debt losses
- Cost savings on credit information
- Improved collections/cash flow, reduced delinquencies, and DSO
- Increased sales

PredictiveMetrics' long standing customer and user of both custom statistical new application scoring and portfolio scoring for collections models, Tracey Richardson Newton, VP Credit Risk Management at BlueTarp Financials Inc., was quoted by Credit Today saying "the value of credit scoring comes from how you use the data in your operation. You can pay a lot of money for the credit bureau data, scoring models and regular maintenance and updates - but if you do not apply the knowledge gained to your front end evaluation process or management of customer accounts - it is money not well spent. When used consistently, you can use this knowledge to grow sales to solid performing customers as well as risk mitigation to potentially non-performing accounts."

To determine if scoring is right for your company, PredictiveMetrics offers a free retrospective validation analysis, which allows you to test how well its scoring model performs on your portfolio, prior to a commitment. For more information, please contact Sam Fensterstock at 704-644-7089 or samf@predictivemetrics.com.