

VISION BUSINESS PRODUCTS: GETTING THE CONFIDENCE TO TAKE ON LARGE PROJECTS

Serving the needs of startup and enterprise companies presented Vision Business Products with tough credit limit decisions on a regular basis – leaving the company to hold down limits for fear of default, which left potential revenue on the table. Signing a credit insurance policy with Euler Hermes gave the company the confidence it needed to offer the right limits to its customers and to grow while safely mitigating risk.

THE CHALLENGE

Vision Business Products (VBP), a 40-year-old mid-Atlantic IT solutions provider, is a project-driven business that regularly works with customers in need of large credit limits, leaving the company exposed to substantial non-payment risks. In 2011, VBP encountered a critical decision point – a longstanding, loyal customer entered a period of rapid growth and requested a significant credit limit increase from \$200,000 to \$600,000. While the customer had a solid track record of on-time payments, it also had what VBP felt was a weak balance sheet, presenting the need for an uncomfortable judgment call.

“This was a customer of ours for five years,” said Jeff Woolley, General Manager of Vision Business Products. “If we denied the credit request, we would have lost a major account and a significant revenue opportunity. But we knew it would be risky to increase the credit line past \$200,000. We had a choice to make – have them go elsewhere, or find a way to minimize the risk and give them the higher credit line they needed.”

Years in Business: 43
Years with Euler Hermes: 5

Region:



United States

Sector:



I/T Products
Provider

Challenge:



Safer sales
growth

Policy Benefits:



Safer sales
growth



Comprehensive
credit function
support



Thorough customer
insights and risk
information



Financial peace
of mind

THE SOLUTION

Resolved to find a solution to its challenge, VBP decided to explore its risk management options.

After speaking with a professional peer who had protected its high volume, low margin accounts with credit insurance, VBP began investigating the solution, assessing several carriers. After thorough evaluation, VBP chose Euler Hermes, citing what it felt was a superior value proposition with respect to knowledge, service, and financial stability.

“We were in a position where we were going to lose the deal,” said Woolley. “We needed a solution, and Euler Hermes was the answer. After implementing the policy, we were able to raise the customer’s limit to \$600,000, where 90% was guaranteed by credit insurance. And this example was not an isolated case. We have leveraged our Euler Hermes policy to enable safe growth with more than a dozen buyers in similar situations.”

In addition to the benefit of safe sales growth, VBP’s partnership with Euler Hermes has also increased its operational efficiency. Acting as an extension of its credit department, Euler Hermes enables VBP to make fast, reliable credit limit decisions, freeing up valuable internal resources for other critical business functions.

“Euler Hermes seems to know about every one of our customers,” said Woolley. “They have a vast amount of knowledge that provides us with the information needed to pick the right new customers and raise limits on our current accounts. With a more efficient process in our credit department in place, we can now focus on our customers and help them run their business more effectively.”

THE OUTCOME

VBP is always trying to meet its customers’ needs, even if that means the risk profile of certain clients exceeds the underwriting capabilities of its standard credit insurance policy. That’s where Euler Hermes’ CAP product comes in. CAP is designed to allow policyholders to purchase additional coverage for higher-risk transactions. The additional coverage offers extra reassurance against unexpected or catastrophic loss, letting companies realize their trading potential and growth goals while still demonstrating sound financial management.

Whether it is coverage through CAP or the standard policy, VBP relies on the knowledge and protection Euler Hermes provides. VBP credits its Euler Hermes policy with its ability to take on several high impact deals that it would have otherwise been too conservative to accept because non-payment on such an account would have been catastrophic. Credit insurance has accelerated its growth and become an indispensable part of its business strategy.

“The biggest benefit of credit insurance is the ability to take any deal size and not feel any project is too big for us,” said Woolley. “This has helped us grow and handle larger project deals with ease and safety. On top of that, the pricing is very reasonable – I was surprised about how affordable credit insurance is. For the price, it is worth it to not have any fears. Our Euler Hermes policy has improved our business capabilities in a big way.”

“CAP allowed us to double our credit line for a very reasonable cost and gave us the added protection we need, implementing CAP was critical in helping us keep the flow of goods and services alive. It is also better for the customer; there is no painful discussion about paying down their balance each month. It makes it easier to do business.”

– Jeff Wooley, general manager of Vision Business Products



For more information you can:

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