



VENDORARK

VENDORARK® is a modern, flexible and sophisticated proprietary web application that aims to accurately assess and monitor vendor's default risk.

The Challenge

The recent financial crisis has changed the credit landscape for many corporates across various sectors and geographies, for ever. Organizations and companies have to deal with numerous issues to ensure long-term success.

Apart from credit risk management, recent events have contributed to an increased need for understanding, handling and mitigating the risk associated with **third party relationships**.

As large and complex projects undertaken by companies are often based on tasks or products delivered by vendors, it is clear that the success of the project and hence not only the reputation but also **the profitability or even the viability of the project owner depends on the vendors' ability to meet their obligations**.

The Problem

Contracting with a vendor can help a company to gain competitive edge, enhance products offering and reduce costs

- **But**, a vendor's ability to deliver according to the contractual terms and conditions is always subject to **uncertainty**
- A vendor's default can lead to losses and jeopardize the success of the project and the long term success of a company

Key Questions

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Key Questions	A vendor's default risk is an additional cost. Is it predictable / manageable ?	Is it possible to objectively measure this cost?	Is it possible to quantify and combine the factors involved in a vendor's assessment?	Is it possible to compare alternative solutions and to have an accurate cost valuation on a per project basis?

The Solution

VENDORARK® offers a comprehensive, expandable and highly customizable framework for handling vendors default risk. The framework is built on a combination of sound analytical and statistical approaches and aims to:

- Exploiting the whole available information (internal or external) for accurately quantifying the vendors' default risk.
- Offering to the users a flexible set of parameters for precisely describing all variables of the problem.
- Supporting formation of arbitrary scenarios for examining any possible future situation and for stress testing purposes.

The Methodology

VENDORARK® incorporates a proprietary knowledge base which contains a vast number of statistical models and algorithms, developed over a number of years.

Since default risk can be considered an element of cost, ARKANALYTICS uses the Risk Weighted Cost (RWC) as a unique reliable and comparable measure for selecting among candidates.

Risk Weighted Cost

- Its estimation, besides the credit score, exploits all other relevant available information
- Assists in selecting the optimal solution among alternatives
- Acts as a safe pricing factor
- Offers a valuable project's risk monitoring tool by accurately reflecting potential changed conditions

VENDORARK® Benefits

- **Specialized software for executives** that fulfills, in one dashboard, all of their needs and **saves time and effort**
- Robust statistical model that provides **dynamic and objective appraisal** of **all** and **every vendor** that **ensures integrity and transparency**
- The framework, besides default probabilities, takes into account all available data and factors to accurately estimate the impacts of vendors' default risk
- Flexible and easy to use tool for running what-if scenarios and stress tests to explore impacts of potential vendors' defaults on the project's prospects
- Database keeping full history of data, assessments and users' actions
- Detailed monitoring of vendors' default risk parameters during the project
- Fully customizable report system (Vendors' Risk MIS)

About ARK ANALYTICS

ARKANALYTICS AG, provides innovative decision support software solutions in: Credit Risk & Receivables Management, Basel & Solvency Accordance Compliance, Value-at-Risk Assessment, Risk Appraisal & Controlling Credit Bureau Operation.

ARKANALYTICS AG, is a Zurich based company with an international business development network through associates and owned offices in New York, London, Munich, Athens, Sofia, Bucharest, Belgrade and Nicosia

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