

CreditBPO worked with **one of the premiere companies** engaged in the development, construction, finance, operation and management of infrastructure projects in the country to find out how our tech-driven fintech solution can meaningfully assess a contractor's financial condition and capability in order to **reduce contractor risk** while allowing diversification of the number of contractors and vendors in their pool in order to complete its huge infra projects. The expressway operator is currently working on key infrastructure projects all aimed to ease traffic woes in Metro Manila, as part of the government initiative 'Build, Build, Build' program that aims to spend P910 billion in infrastructure this year and double this amount by 2022 to pave the way for a "golden age of infrastructure."

The Challenge

Initially seeking an **improved procurement process applicable to big ticket clients**, the company wanted to find a solution that can act as an important **pre-screening tool** to prioritize potential suppliers and contractors in order to scale the vendor pool in large infrastructure projects. The current procurement process in place did not **prioritize financial condition screening**, relying heavily on requiring a surety bond from contractors and suppliers, as well as a warranty bond corresponding to 10% of the total cost of the project, which was withheld until the warranty expires. The cost of the suppliers' posting bonds was necessarily passed on to the company. This increased overall project cost but did not significantly reduce the company's vulnerability to delays

in the completion of its projects. Further, the accreditation process was mostly a manual process.

Senior management saw that manual accreditation processes created at a time when projects were less than half of what they are today needed to be upgraded. Double-digit growth in the value of their project portfolio required a broader strategic process for sourcing and a technology-driven pre-screening tool on contractors and suppliers to reduce risks of project completion. Although not a magic bullet, a **failure to properly pre-screen contractors can result in unmet expectations** e.g. increased in number of unqualified contractors and suppliers, which translate to project delays, notwithstanding a warranty bond.

The Solution

The company began utilizing the **CreditBPO Rating solution** in late- 2018 and the results have been encouraging. With quantitative insight on the financial capabilities of their partner-contractors and vendors, the procurement team is better equipped to objectively present procurement recommendations to higher management and back it up rationally. CreditBPO's technology-driven financial condition analysis solution allowed the tollway company to **quickly perform an adequate assessment** of a contractor's financial health without needing to invest in recruiting or training in-house financial analysts. This has helped their procurement team **quickly identify only those contractors who have the financial capacity** to take on a project and avoid

surprises that result from supplier insolvency.

Derived Benefits

Having a financial condition analysis and reports available in 24-48 hours after filing the contractor information, would allow the company's **procurement teams to scale the vendor pool**, giving greater access to financially sound suppliers who can possibly give lower prices and quicker delivery times. Regularly evaluating the financial condition of suppliers can drastically **improve compliance by as much as 60%**, according to various studies of procurement bond strategies.

While even more significant impact to cost reduction and project completion are expected upon completion of the long-gestation projects, the company is now able to go beyond its usual vendor base by **opening the vendor pool to more qualified performers**. Employing a quick and affordable assessment tool on a company's financial condition and capability, allows further **diversification of contractors to include small companies and SMEs**. Having a financial condition analysis tool as an integral part of the vetting process for contractors and suppliers has capacitated the procurement team in impactful ways without the company having to "break the bank."

Ready to implement a transformational change in your procurement process? [Schedule a call with us](#) and we will walk you through how to leverage and make use of what today's technology offers through CreditBPO.

About CreditBPO

Founded in 2014, CreditBPO leverages more than 80 years combined commercial bank lending experience. The first Fintech to focus on the challenge of SME lending, CreditBPO is an Asia CEO Awards "Technology Company of the Year" finalist. We deliver comprehensive data-driven financial condition analyses and industry benchmarking reporting utilizing AI-enabled technology to improve productivity, reduce risk, and increase profitability. CreditBPO is a Key private sector stakeholder, National Strategy on Financial Inclusion, Bangko Sentral ng Pilipinas. The CreditBPO Rating Report was commended by the Asian Development Bank as an SME Lending tool.