### Use Case Name:

Optimized Credit Limit

### Use Case (internal) Alias:

OCL

### Consumer Product:

Credit Data Play (Autonomous Credit)

### Business Requirement:

### Optimize credit limit offered to each buyer to optimize utilization of credit offered and decrease expected expenses on balance sheet. By setting the right credit limit for each buyer, the customer can free upto x$ in millions and reduce the provision for credit losses on financial statements atleast y%, Increasing AR on financial statements.

Provision for credit loses/bad debt allocation is a component on the balance sheet that companies set aside as losses from delinquent to be written off, operating expenses/losses that the company is expected to incur owing to non -collectable sales.

When OCL predict Credit limit Upgrade - Credit limit is suggested to increase or analyst provided an option to reject the suggestion.

When OCL predict Credit limit Downgrade - Credit limit is suggested to decrease or analyst provided an option to reject the suggestion.

When OCL predict Credit Extension- Credit limit is suggested to extension or analyst provided an option to reject the suggestion.

### Business Context:

In a volatile economy, it is imperative for suppliers to continuously gauge buyers' health. This requires continuous credit monitoring and reviewing, which is currently a manual and a reactive process.

This feature recommends credit extension, upgradation, or downgradation (a value and a range) for a given buyer. This facilitates in creating a real time proactive credit review system by using IR, AR data along with Credit Agency data.

### What the AI Model Does

It recommends whether to extend, upgrade or downgrade the credit limit for a buyer. The following are the descriptions of the recommendations:

* **Extension:** No change in credit limit(Extend current limit for a time period)
* **Upgrade**: Increase credit limit
* **Downgrade:** Decrease credit limit
* **Upgrade Extension:** Increase credit limit or no change in credit limit because of low confidence
* **Downgrade Extension:** Decrease credit limit or no change in credit limit because of confidence
* **No Recommendation:** No recommendation from the model because of low confidence or data unavailability (no historical data)

### Business Benefits

* Automates pro-active credit limit optimization for buyers.
* Fast-tracks compliance.
* Increases % of buyer credit limit assessments in a week.
* Saves FTE time due to automated reviewing of buyers.
* Unlocks sales opportunities and reduces blocked orders.
* Can facilitate automation for low medium credit limit customer buckets.
* Able to decrease the bad debt from AR and increase the AR

### Usual Execution Frequency:

(Once a day/week/month/hour/whenever the user opens that screen ……)

Periodic – every 2 weeks (done by an backend scheduled job or by the user from UI)

### Impacted Business Metrics:

* Number of credit limit increase/decrease reviews.
* Number of customers auto-reviewed.
* Average time taken to review customers.
* Average time taken to release a Blocked Order

### Input to the AI Model:

At training time:

1. IR data (Integrated receivables)
2. Credit Agency data (third party reports which provide credit worthiness and credit rating of a given buyer)
3. Network AR data (Network data constitutes of aggregated masked data of a company across multiple products and accounts of HighRadius),
4. Other data such as financials, growth rates, benchmarking (industry) data.

At execution time: Customer information

### Screenshot:

(where the AI model prediction based info is shown to customer)

NA

### IP/Special Value brought in by HighRadius here:

HRC leverages IR, AR and Cotera data to create a proactive credit review system.

### Patent:

No