

CASE STUDY: GENETEC

Using Trade Credit Insurance to Expand Globally

Genetec, a security platform provider for large businesses and government agencies that focuses on protecting its clients' property, people, and assets, has experienced significant growth in recent years by expanding its operations and customer base globally. The Montreal-based company now generates 95 percent of its revenue outside of Canada.

The challenge

Thanks to a growing reputation in its field, Genetec has enjoyed consistently strong demand for its products and services. However, growth for growth's sake is not part of the company's strategy. Instead, senior leadership recognizes that they must manage the company's continued growth in a smart and sustainable way that supports long-term global business goals.

A key part of this approach is deciding whether and how to extend credit to new and existing customers throughout the world to ensure that the company maintains an appropriate credit risk profile. This is not always easy.

For example, a large part of the market for Genetec products includes large businesses and government agencies who often represent low credit risk. However, the company does not sell directly to these customers. Instead, it distributes its products through a network of installers and resellers, which tend to be smaller, often family-owned technology and security companies. Not surprisingly, evaluating the creditworthiness of these smaller businesses could be a long and difficult process that required the company to make some credit decisions based on incomplete information.

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Founded: 1997

Started partnership with Allianz Trade: 2011

Region:

Canada



Sector:



Security Software and Hardware

Challenge:



Expand to foreign markets with confidence

Policy Benefits:



Increase confidence of conducting business in foreign markets



Safer sales growth



Improved credit management process and structure



Financial peace of mind

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To ensure its continued growth and success, Genetec needed to strengthen its credit management process and resources. “We were looking for greater confidence when operating in foreign markets, for example, and we wanted to develop the ability to accept new customers in new markets without question,” said Alain Côté, the company’s chief financial officer. “We recognized that we needed access to the credit knowledge base and resources necessary to avoid taking on excessive credit risk.”

Many Canadian firms rely on basic risk protection from government agencies like Export Development Canada to support their international growth. However, given its global customer base, Genetec wanted to work with a commercial firm with a true international reach. As a private, global carrier, Allianz Trade has risk experts located directly in the markets its customers sell into – an informational advantage that can make a big difference. Allianz Trade also frees its customers from many administrative burdens typical of a credit insurance policy using our customer friendly Eolis online system for policy management, with no monthly sales reporting requirements.

The solution

Genetec decided to partner with Allianz Trade to leverage the support and protection offered by credit insurance in order to meet its growth targets confidently. Even though Genetec could absorb a large credit loss because of its solid balance sheet and diversified client base, “the value of credit insurance is not just the protection,” said Côté. “We use credit insurance as a tool to expand our business faster and more effectively, not to solve a problem.”

More specifically, credit insurance provides Genetec with a critical and much-needed framework to support its credit decision-making process. By leveraging this framework, Genetec can make decisions about extending credit to new customers in unfamiliar markets much more quickly. “Our internal credit staff uses that framework to evaluate credit requests in a way that wouldn’t be available to us on our own,” said Côté. “We can expand our business to smaller customers and customers in little known markets and make credit decisions rapidly and confidently.”

In the past, the company had to go through a long and arduous process to evaluate the creditworthiness of its clients that still often resulted in an incomplete

credit profile. Now, however, the company can rely on Allianz Trade for that support. “Allianz Trade has all of the financials on the customer,” said Melanie Bialas, credit and customer service manager at Genetec. “They analyze that information to determine how much they are willing to insure that customer. It is our responsibility to decide if we want to stick to the credit limit offered or if we want to take a bit more risk with a given customer.”

The outcome

With credit insurance and a strong credit management framework in place, Genetec has been pursuing strong and consistent growth. “Credit insurance helps us grow safely because we’re able to assess risk much easier,” said Bialas. Even before a sale closes, Genetec often reaches out to Allianz Trade for credit insight into potential customers and how that risk fits into the company’s entire credit portfolio.

In addition, using Allianz Trade’s credit assessments, Genetec is able to take any necessary action immediately whenever there is a change in an existing customer’s credit status. “Every time Allianz Trade has advised us of financial issues with a buyer, that turned out to be the case,” said Bialas.

However, these issues do not necessarily result in Genetec cutting off that customer’s credit. Instead, Genetec teams from sales, finance and credit management use this information to identify potential alternatives for that customer, such as a payment plan, pre-payments or temporary licenses. Genetec has also been able to leverage Allianz Trade’s business intelligence power in the industry to push customers to pay on time to avoid damaging their own credit profile.



By working with Allianz Trade, we now have a different way of managing our credit. We have more structure and the policies necessary to help minimize our risks on a daily basis. This helps us develop our business while maintaining a balance between growth and risk.

Alain Côté
CFO of Genetec

