



# SMART THINKERS

# ACER CASE STUDY

Euler Hermes World Agency

A company of **Allianz** 

*In cooperation with*  
**acer**



**EULER HERMES**

# PARTNERSHIP

Partnership is an often over-used word in business, and yet it perfectly captures the relationship between Acer, a leading global ICT company, and Euler Hermes, the world's largest trade credit insurer.

Acer began working with Euler Hermes more than ten years ago. Because of its size and international dimension, it was introduced to the Euler Hermes World Agency team, specifically tasked with devising bespoke, innovative credit insurance programmes for multinationals with a turnover in excess of €500 million.

Chris Greisberger, Head of Global Risk Management for Acer, says that from the start, the World Agency team has invested significant time in understanding our business: "An insurer could just analyse our customers' financials and decide that's sufficient to set a credit limit," he explains, "but Euler Hermes World Agency does much more than that."

**"Its teams honestly and genuinely take the time to get to know our business, talk to our senior executives and visit our buyers not only to understand the risk, but also so that they can understand our specific position and business model."**

Acer has built a reputation over the years for the quality and reliability of its PC and service-centric portfolio offering that includes notebook and desktop PCs, servers and storage devices, LCD monitors and projectors, and tablets. Its products are sold through all relevant distribution channels in every country around the world, either directly or through intermediaries. To put the scale of its risk management task into perspective, Acer currently enjoys significant support through its insurer, which is reflected by Euler Hermes providing over EUR 3bn of credit lines for Acer's customers.



**As Euler Hermes understands how our needs are constantly developing, they are very flexible in adapting parts of the agreement to accommodate these changes"**





Within the IT industry, businesses typically follow one of two risk management models: they either use credit insurance, or they adopt an in-house insurance strategy via a captive. Chris says that Acer is different: “We use a hybrid model,” he continues, “where we effectively share the risk with Euler Hermes.”

“This ‘risk participation’ approach gives us even greater **flexibility and control** over the risks that we take on, and especially enables us to look at higher risk levels where we believe the business opportunity is justified.”

Such an approach is indeed different, although almost everything about Acer challenges conventional thinking. Chris understands that the company’s accounts receivables are its greatest asset, and need to be protected. He also recognises how the sensible and prudent management of credit risk ultimately supports sales and profitable growth. He takes, therefore, both a proactive and reactive approach to his role: proactively, he is constantly analysing risk when taking on new business and projecting those risks against a potential future default; reactively, he is responsible for the company’s collections operation, following up on invoices that are raised and acting swiftly to resolve any disputes that may occur.

And he is succeeding: some 98% of all invoices generated are collected on time and only 2% are ever disputed. Of these, nearly all have been resolved within a very short timeframe of about three weeks. His DSO figure (net after transportation) is the envy of the industry, and a reflection of the high regard in which the credit team is held within the Acer organisation.

Acer also has another powerful risk management ‘tool’ – the Acer Risk Category. ARC is Acer’s own risk scoring process that brings together a blend of intelligence from a variety of different sources. ARC serves to forecast, i.e. predict credit risks (potential customer defaults).

The company uses this information and the ARC ‘score’ to set the internal limits that the business is willing to provide, and to compare and contrast directly with Euler Hermes’ own Grading model. “Euler Hermes respects ARC and is always prepared to listen to what we have to say as well,” Chris continues.

“If, for whatever reason, a limit is initially declined or not at a sufficient level, we can analyze it using our own risk analysis and discuss it before a final decision is taken. Again, it is about having an honest and open relationship, where the Euler Hermes World Agency team is seen very much as part of our own team,

operating with a shared mission. There is **constant dialogue**.” Part of this ‘constant dialogue’ includes ensuring flexibility in his global credit insurance agreement. “Our policy is probably one of the most complex in the industry.” Chris says, “This is due to our hybrid model regarding risk participation.”

“As Euler Hermes understands how our needs are constantly developing, they are very flexible in adapting parts of the agreement to accommodate these changes, and find the appropriate language that the legal teams, Acer’s Credit Dept., the insurers and the re-insurers are happy with.”

### **Acer’s open relationship with its insurer is in many ways an example of best practice in both the IT and the credit insurance industries.**

Claims have been very low – yet another example of how the proactive part of Chris’ role is clearly delivering: “Credit insurance is an essential part of our risk management strategy,” Chris concludes, “but Euler Hermes does not try and dictate our future. They work with us to enjoy **mutual success**.”

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**ABOUT ACER**

Founded in 1976, today Acer is one of the world's top ICT companies and has a presence in over 160 countries. As Acer looks into the future, it is focused on enabling a world where hardware, software and services will infuse with one another to open up new possibilities for consumers and businesses alike. From service-oriented technologies to the Internet of Things to gaming and virtual reality, Acer's 7,000+ employees are dedicated to the research, design, marketing, sale, and support of products and solutions that break barriers between people and technology. Please visit [www.acer.com](http://www.acer.com) for more information.

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