

BIIA NEWSLETTER

Market Intelligence - Industry Developments & Trends - Information Technology - Regulatory Issues - User Community

BIIA NEWSLETTER ISSUE 01 - 07

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EVENTS

FCIB's 123rd International Credit & Risk Management Conference

Rome, Italy

February 11th – 13th, 2007

"State of Information in Emerging Markets"

BIIA will report to international credit managers the outcome of the *World Bank Credit Information and Public Sector Data Survey*, plus the consensus from the Forum 2005 and 2006

THE QUOTE OF THE MONTH

"The major issues managers have is the proliferation of information sources that is making it increasingly difficult to find value in information they receive for their jobs."

Greg Todd, Senior Executive in Accenture's Information Management Services Practice

BIIA AT UNCTAD

BIIA was invited for a second time in 2006 to the UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT (UNCTAD) expert meetings. The subject of the meetings were *"Using ICTs to Achieve Growth and Development"*. BIIA participated in the expert panel *"The Impact of ICTs on Business Sectors"* and presented on the subject of *"Trade Finance: The Case of e-Credit Information"*.

At the close of the Expert Meeting, UNCTAD issued a protocol reflecting the suggestions of BIIA in regard to *"Trade Finance: The Case of e-credit"*.

To read the full story: access:

www.biaa.com 'library' section, subject line: UNCTAD Expert Meeting: Using ICTs to Achieve Growth and Development - Impact of ICT on e-credit information (click on attachment to open BIIA presentation)

LATE BREAKING NEWS

D&B announced its *Financial Guidance 2007*; D&B expects to deliver continued growth: Core revenue to grow 6% to 8%, all of which will be organic. Operating income growth before non-core gains and charges of 8% to 10%. Free cash flow of US\$ 310 – US\$350 million. US\$ 80 – US\$ 80 million will be allocated to *financial flexibility* (restructuring). D&B plans to eliminate approximately 400 positions globally. 2006 Year-End earnings will be released on 2007-02-01 after financial markets have closed. A teleconference investors call has been scheduled on 2007-02-02 at 10 am US Eastern Time.

Source: *D&B News Release, 2007-01-10* www.dnb.com

INDUSTRY NEWS

LexisNexis NEWS

LexisNexis INTRODUCES CORPORATE AFFILIATIONS

LexisNexis announced the launch of a pay-as-you go or a monthly subscription service for finding corporate linkage information on nearly 200,000 prominent public and private parent companies and their subsidiaries, branch offices etc. It advertises the new service as a hard-to-find corporate linkage information as part of their Directory of Corporate Affiliations (DCA). The service is advertised as critical to informed decision-making in a wide variety of business applications, such as: Supply Chain Management; Credit Management, Marketing and Sales, Legal and Professionals.

Source: *Online and LexisNexis website: www.lexisnexis.com*

LexisNexis ACQUIRES DATOPS

LexisNexis in Europe has announced the acquisition of Datops, a leading provider of analytical solutions for large corporations, financial services and public sector organizations. The Datops solution will enable LexisNexis customers in various functions to spot emerging market trends, anticipate financial portfolio risks and maximize research and development effectiveness. The deal will allow LexisNexis to combine Datops' expertise in text analytics software solutions with LexisNexis technology and premium information sources such as the Financial Times, Le Monde, El Pais, The Guardian, Frankfurter Allgemeine Zeitung, Het Financieel Dagblad, The New York Times and The Economist.

Eps Insight Commentary: As content becomes more widely available online, the ability of aggregation services to make sense of the continual torrent of information has become ever more valuable. The US launch in June 2006 of LexisNexis Intelligence Analysis Solutions signaled the company's move into collating and analyzing information for the intelligence community. In Europe, LexisNexis has a similar goal, and has just acquired Datops to provide its analytics arm. **Source:** *Company Press release and EPS Insights 2006-12-15 www.epsltd.com*

EARTHQUAKE INTERRUPTS ASIAN INTERNET

The December 25th earthquake in the South China Sea off Taiwan cut much of Asia off from internet traffic with North America and most of the rest of the world. As a consequence confidence has been shaken in the reliability of the networks on which so many businesses now depend.

There were some clear winners and losers in the information business from this disaster. The most obvious winners were local service providers who were largely unaffected. E-mail systems from local ISPs continued to run at full speed, albeit without receiving any international mail. Local chat networks in China were running as normal while MSN and similar services from the other international players were out. More interestingly, the full range of Google services was available within a few hours of the first outages. This included Gmail, the Google blog Reader, the Blogger blog software, even Picasa and Google News. It seems that the Google network is more robust than its competitors, with an effective system of mirrors which were quickly able to redirect traffic.

The most obvious losers were Yahoo! and Bloomberg. Yahoo!'s services were amongst the last to come back online. For consumers relying on the company's e-mail services, this was a big problem. Bloomberg must consider itself lucky that the problems occurred in such a quiet week. Unlike Reuters, which serves clients from multiple servers, Bloomberg's traffic is all routed out of New York. Bloomberg terminals in Hong Kong were simply not functioning for several days. Although the company has a major editorial operation in the city, it had to move reporters out to other places where access was available.

Source: *EPS Insights January 10, 2007 www.epsltd.com*

ALACRA, INC LAUNCHES WEBFEEDS - A SINGLE POINT OF ENTRY TO 100 B2B DATABASES -

Business information professionals with specific needs for business, credit and investment information can now subscribe to company specific feeds containing credit and investment research from companies such as Moody's Investors Services, Thomson Financial and Credit-Sights. Alacra, Inc. helps customers find, organize, and present the critical business information required to execute transactions, manage client engagements, and research business opportunities. It offers a single point of access to more than 100 business information databases. Readily integrated into internal applications, from CRM to portals to intranets. **Source: *Company website www.alacrastore.com***

BUREAU VAN DIJK LAUNCHES GLOBAL DATA BASE WITH 20 MILLION COMPANY PROFILES

Bureau van Dijk has announced the launch of global database as a business portal containing 20 million company profiles. The service is part of the van Dijk MINT product line, which is designed for end-users and offers simplified search criteria. One can search both individual and groups of companies as well as generating target lists of companies for marketing and business development projects.

To augment its M&A database (450,000 companies) van Dijk has established a data collection team in Singapore to collect and translate data on M&A deals and translates them into English. The M&A database is linked to major news sources such as the FT Newswires and newspapers, Dow Jones Newswires and Reuters. **Source: *PASSWORD, Germany www.password-online.de***

CHINA B2B ONLINE PLATFORM GOES PUBLIC

China-based internet company Zhejiang Netsun Co., Ltd. has listed on the Shenzhen Small and Medium Enterprise (SME) Board (002095.SZ). The company issued 15 million new shares at Rmb14.09 (US\$1.80) per share. During its first trading day, the share price shot up 345.71%.

Source: *BSG (Business Strategies Group, Hong Kong) www.bsgasia.com*

IMPRESSIONS FROM THE LONDON ONLINE 2006

Industry consolidation and downsizing seem to have its impact on **Online 2006**. Imposing and oversized corporate stands have given way to modest representations at division levels and to almost postage stamp size stands occupied by an abundance of small and medium size companies. About nine of ten companies had announced new product introductions, however after closer scrutiny many of these announcements were either extensions or new releases of existing products. The number of press releases were about half of those issued in the prior year. With regard to new developments and prospective business models one could hardly avoid the impression that these came from industry outsiders (search engines plus data mining and data integration tools) rather than from within the industry content industry.

Overall, exhibitors gave **Online 2006** a mixed review. The general consensus was that the London Online is a good place to network, and networking is one of the key objectives of being there. Many European visitors regard **Online** as an important window to US led developments, while US visitors tend to see **Online** as an important jump-off point for Europe.

Networking seems to be in full swing, evidenced by the fact there was standing room only in places allocated for that purpose. Sparse seating and somewhat untidy facilities may discourage visitors from Networking at **Online 2007**.

Source: *PASSWORD Germany (www.password-online.de) and BIIA Observations*

COMPANY FILINGS AT YOUR FINGERTIPS: GLOBAL REPORTS LLC GLOBAL REPORTS LLC

Global Reports (www.global-reports.com) provides a database of full-color, native PDF financial filings (Annual Reports, Interims, IPOs, and Corporate and Social Responsibility reports) for more than 28,000 publicly traded companies around the world. Timeliness of the collection is a key advantage, with 90% of the documents added to the archive on the same day they are made publicly available. Filings are collected in native language and English where available, and history goes as far back as 1996. Customers can purchase documents on a subscription or a pay-per-use basis, and Global Reports' reseller partners and data customers can make use of a robust XML API for immediate, integrated access to the filings collection.

Global Reports is interested in redistribution partners whose own product platforms would benefit by the inclusion of international financial filings. Global Reports generally do their own data sourcing, but are always interested in knowing about other business information companies who might be able to provide Global Reports with electronic PDF versions of public company financial filings for a particular region. However, timeliness is a key objective! Global Reports post 90% of collected reports on the same day after a report has become publicly available – Global Reports expects same service from data partners as well.

Global Reports was founded in 2000 and is privately held, based in Kensington, Maryland, U.S.A. with a sales office in the San Francisco Bay Area. Customers include investment research professionals, asset managers, corporate strategic planning and competitive analysts, legal professionals and the academic community.

Source: www.global-reports.com For further information contact: Nancy Kho, Director of Business Development: nkho@global-reports.com

CREDIT BUREAU LAUNCHED IN THE UNITED ARAB EMIRATES

The Asian Banker reports that the **UAE** has finally launched its first combined **credit bureau**. It is a timely development because debt levels are reportedly on the rise and the size of personal loans last year rose 13.2 percent.

Background: In September 2006 the UAE Department of Economic Development (DED) had announced that it had signed an agreement with UAE based Dun & Bradstreet SAME, to set up a credit bureau that meets the highest international standards.

Source: Press release: UAE Department of Economic Development September 1, 2006

USERS SPENDING MORE TIME SURFING THE NET ...

A new Jupiter Research report on media consumption claims that Europeans now spend longer using the internet than reading newspapers and magazines. The report estimates that Europeans spend an average of four hours per week online, up from two hours in 2003. This compares with three hours per week on average reading newspapers and magazines.

EPS: 09/10/2006 www.epsltd.com

REED BUSINESS (RBI) IS BULLISH ON LEAD GENERATION BUSINESS – BUYERZONE

Reed Business Information (RBI) has announced it will acquire BuyerZone.com, Inc., (BuyerZone) an online B2B lead generation business. BuyerZone links prospective buyers to qualified suppliers of more than 125 business product and service categories.

The product and services categories include office and industrial equipment, telecom, technology, software services, human resources, financial products and retail services. Over 8,000 suppliers participate, including: Administaff, Intuit, Paychex, ADT, Bobcat, Nissan Forklifts, Toyota, Volvo, Epson, Konica Minolta, Pitney Bowes, Sharp, Avaya, Mitsubishi, NEC, Nortel and Toshiba. RBI says supplier renewal rates are over 90%. BuyerZone's search engine marketing [SEM] expertise is expected to assist RBI in growing its marketing and editorial reach across numerous industry sectors. BuyerZone will benefit from RBI's substantial portfolio of websites, magazines, and email marketing business, as well as search engine optimization [SEO] skills from Reed Business Interactive and Reed Business' global tradeshow. No revenue figures were provided, but since 2004, BuyerZone has facilitated more than \$5 billion worth of transactions and served over 1.5 million users, with a high concentration in small and medium businesses.

Outsell and BIIA Commentary: Outsell estimates the revenue to be approximately \$70 million in 2006, RBI says the company is profitable.

One question emphasizes how different this kind of acquisition is for a major information company: **where's the content?** The B2B trade mantra is "connecting buyers and sellers." As in most transaction based systems the buyers and sellers provide the content! Users send out RFQs (requests for quotes) and advertisers reply with offers. And one of the major B2B information industry kingdoms, with a rich content pedigree that includes Variety, Electronic Design News, Publishers Weekly and Reed Construction Data, increases revenue by more than 10% without supplying one word of its own content. Since all transactions are likely to be based on open trade figures, it will probably not long for RBI to figure out how to add credit information on the buyer to the equation.

Source: *Outsell* – A BIIA Member www.outsellinc.com

EVALUATING UK CREDIT RATING SERVICES

"Mirror, Mirror on the Wall, who is the Fairest of us All". Perhaps this quote from one of Grimm's fairytales could be applied to the attempt to rate the performance of UK Credit Rating Services. Experian Ltd. commissioned an independent party, Electronic Publishing Ltd. and Loughborough University to establish a sound methodology to ensure objectivity and statistical validity; to conduct the benchmarking exercise on the basis of a level playing field; and to deliver a report which could be made publicly available. The report was published last September and can be downloaded from the SAGE Publications Website for a fee (www.sagepub.com).

Six companies were evaluated: **Creditsafe; D&B, Equifax, Experian, Graydon and ICC.** Using a combination of timeliness, coverage, ease of use and accuracy of information, based on a sample of 100 records, Experian coming out best, Equifax and ICC tied for second best, followed by Creditsafe. D&B and Graydon performed the worst. The authors of the report admitted: "Arriving at an overall view is ... difficult, since the result varies, according to the number of criteria rated and the relative weight given to each criterion".

BIIA comment: The term credit rating applies to rating agencies such as Moody's, S&P and Fitch, which were not subject to the evaluation. The more appropriate term for the six companies is business credit information, and not credit rating. More important, the critical element in credit information services today is credit scoring, which is missing entirely from the evaluation. Since Experian is a leader in credit scoring services, this raises the question why this criterion was not included in the evaluation.

FROM THE USER CORNER

CREDIT SCORING MAY INCREASE SMALL BUSINESS ACCESS TO CREDIT

A recent study released by the Office of Advocacy of the U.S. Small Business Administration showed that the use of credit scoring by banks for small business loans may increase small businesses' access to credit. The report also found that relationships continue to be the dominant factor in a bank's decision to lend to a small business. "The use of credit scoring can lead to risk-based pricing of loans which 'democratizes' lending, meaning that riskier loans can now be made to start-ups or small business owners with little credit history," said Dr. Chad Moutray, Chief Economist for the Office of Advocacy. The study also shows that banks, especially those in urban areas, are moving towards the use of both owner and business credit scoring as a key measurement in the small business loan decision. Banks that have adopted credit scoring rely more heavily on small business and micro-business loans in their total lending portfolio after using credit scoring in the lending decision. Still, the study found that only 47% of banks surveyed use a form of credit scoring for small business lending. The study is titled "A Survey Based Assessment of Financial Institution Use of Credit Scoring for Small Business Lending." A full copy is available through the Office of Advocacy.

Source: Jacob Barron, NACM Staff Writer and The Office of Advocacy of the U.S. Small Business Administration. The article was provided courtesy of FCIB. www.fcibglobal.com

THOUGHT FOR THE DAY

Bank of Queensland in Australia was duped into sending a credit card to a cat.

It is something for CRM experts to chew on (suggests The Asian Banker).

Source: The Asian Banker January 8, 2007

WiFi TECHNOLOGY AT WORK

The City of London Corporation is installing a dense and comprehensive WiFi internet network throughout London's Square Mile. The new project will reinforce its status as being a technologically advanced World financial and business centre. WiFi network project is almost completed and is installed in existing street furniture including lamp posts and street signs, allowing City workers and visitors with WiFi-enabled devices to access the internet on streets and in open spaces.

The City of London has contracted with 'The Cloud' to install the system in the Square Mile. The Cloud's unique open network concept means any service provider can use this new WiFi network to provide services to customers. Supported applications include high speed internet access, rich email access, music, video and other entertainment services, and voice over WiFi services.

This is a 'cool' concept, a reprieve for Internet and mobile electronic devices addicts, who are fed-up with having to run to hot spots or fixed wire connections, while doing business in an important place such as London. Corporate users are turning to WiFi for a range of services including converged voice services.

*Source: City of London Corporation: www.cityoflondon.gov.uk
The Cloud: www.thecloud.net*

FROM THE REGULATORY CORNER

FITCH WELCOMES REFORMS IN CHINA'S INSOLVENCY REGIME

Reforms proposed under China's new enterprise bankruptcy law will include western-style provisions and practices, which give creditors more direct involvement and power. According to a recent article in *The Asian Banker*, Fitch Rating Agency welcome such new provisions, however Fitch feels it will be years before the proposed new bankruptcy law is widely used and consistently applied, given the time and detailed rules and procedures required to ensure the successful implementation of any new bankruptcy law. Additionally, an effective judicial infrastructure can only be established over time as the judges accumulate experience and expertise in handling bankruptcies and reorganizations. **Source:** *The Asian Banker December 8th, 2006*

GLOBAL RISK ENVIRONMENT

COFACE DOWNGRADES INDUSTRIAL SECTORS

In view of its sector-based forecasts for 2007, Coface has downgraded the world and regional ratings for the following sectors:

- Construction: from A- to B+, with a downgraded rating in North America and Western Europe
- Pharmaceuticals: from A to A-, with a downgraded rating in North America
- IT: from B to B-, with a downgraded rating in every region throughout the world
- Telecoms manufacturers (manufacturers of mobile telephones): from A- to B+, with a downgraded rating in Western Europe and the emerging Asian economies

Regional ratings for three sectors have also been adjusted:

- Mass distribution: downgraded from A to A- in North America, and upgraded from B+ to A- in Western Europe and Japan
- Automotive: downgraded from B to B- in Western Europe;
- Electronics: downgraded from A+ to A in emerging Asia. The world rating for the air transport sector has been upgraded from C+ to B-, with an upgrade from C to C+ in North America.

Source: *FEBIS News and Coface Press Release Nov.30, 2006:*
Coface's sector-based forecasts for 2007; www.coface.com

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