

Success Story

KfW IPEX-Bank GmbH



Prof. **Schumann** GmbH
innovative information systems

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Balance sheet analysis at KfW IPEX-Bank

IPEX uses Prof. Schumann GmbH's "Jana" software as a central element in the assessment of international financing projects. Jana is a comprehensive solution for processing and analyzing annual reports. It is completely integrated into the rating processes and the software framework of KfW IPEX-Bank.

Marion Guthier, Vice President at KfW IPEX-Bank GmbH, has her office in the KfW banking group's newest building, the Westarkade. With its pressure-ring facade and its use of geothermal energy, the Westarkade building is one of the most energy-efficient office buildings in the world. In its core business too, the bank is at the leading edge: the introduction of the Jana software has greatly streamlined and improved the analysis of annual reports. Guthier, a certified banking specialist, seems relaxed and in good spirits *"The project ran absolutely smoothly; there was only one single error and it was resolved within three hours"*, she reports, talking about the implementation of the software. Marion Guthier joined the KfW banking group after holding positions at a real estate developer and a cooperative bank. Nine years ago she came to KfW IPEX-Bank, where she was initially responsible for the analysis of larger real estate developers and medium-sized companies. She then switched to the rating division. Now, as a Vice President, she is responsible for the design of the rating processes.

Financing of international projects and export

Within the KfW banking group, IPEX is responsible for the financing of international projects and export. Its mission to provide financing in the interests of the German and European economies is derived from the government-assigned tasks of the KfW banking group. The core activities are providing medium and long term financing to support key industries in the export business, developing the economic and social infrastructure and financing environment and climate-friendly projects. It is run as an independent legal entity and has a presence in all the important global financial centres.

"Our credit portfolio is broad both in the types of industries it includes and in their geographical locations. When many providers exited the market due to the financial crisis, our legally determined mission meant that we even increased our credit volume. While the number of our clients is comparatively small, the size of our individual commitments is significant", explains Marion Guthier. With such high volumes it is particularly important to assess the creditworthiness of the client. The annual reports, along with many qualitative criteria, play a key role in the determination of creditworthiness. Since most of the projects financed by IPEX run over several years, it is essential to monitor the economic development of the clients on a continuous basis. In a world that is changing faster and faster, an annual appraisal is often no longer sufficient, so it is very important to be able to include shorter-term information such as quarterly or half-yearly reports into the credit assessment as efficiently as possible. It was possible to meet all these requirements with Jana.

Rating at KfW IPEX

IPEX has been using its own rating tool to objectify credit decisions for more than 10 years. Various ratings are used depending on the type of credit or financing project. Different factors need to be considered for large projects such as building a waste incineration plant in Asia than for credits to companies to build a new production hall or finance a new machine. Today around 50 employees at IPEX's analysis division generate ratings with the help of financial reports and the Jana software. Data from the reports is entered into a compilation scheme developed specially for IPEX. The automatically generated catalogues of key figures are prepared in different levels of detail and transferred to other systems, enriched by other factors and finally distilled into a rating. At IPEX, Jana is linked to the business partner database, so master data does not need to be entered twice. The software is also connected to the exchange rate database, enabling the processing of annual reports in various currencies.

International annual report analysis

“We decided to introduce Jana as an annual report analysis instrument after extensive market research and a multi-stage selection process. It seemed to us that this tool would allow us to harness our own expertise better than any other. Jana gives us the flexibility we lacked in our old system. Also, with Jana we can work internationally, and it was very important that we can use the same database in London as in Frankfurt”, said Marion Guthier in a conversation about the selection criteria.

“Jana is a unique tool on the German-speaking market that not only allows the systematic and automatic preparation of financial report information, but also has numerous reporting capabilities and a flexible printing framework”, says Evgeny Kulyushin, Head of Key Account Management at Prof. Schumann GmbH.

Processes were significantly simplified by introducing the software. The flexibility of the tool allows for simple and individualized customization. This flexibility is also important as it enables fast adaptation of the software to the constantly changing legal regulations.

Benchmarks & Peer Groups Module

In the meantime, KfW IPEX-Bank has extended the Jana software with the Benchmarks & Peer Groups module. This new module allows comparisons of the annual reports from

several companies. In this way one can easily determine where the company being analyzed stands compared to others in its peer group. Peer group characteristics could, for example, be size class, industry or country. The benchmarks or peer groups can be individually defined, and calculation using the portfolio takes place automatically. The analyst can freely “click together” annual reports from different companies, add flexibly definable benchmarks and use them for the analysis. Several benchmarks can also be brought together in one view. For example, averages of key annual report figures from companies in different turnover classes can be displayed side by side.

Not down a single day

“We really are very satisfied. The software has been running for three years and hasn’t been down on a single day”, notes Marion Guthier. The Benchmark module, just like Jana, has been adapted to the individual requirements of the KfW IPEX-Bank. Where an analyst used to need several EDP applications in order to gather all the relevant data, today this is accomplished in just a few steps. This is made possible by the complete integration of the software into the business processes and the automatic data preparation.

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