




McGraw-Hill is a learning science company that delivers personalized learning experiences that drive results for students, parents, educators and professionals. McGraw-Hill has offices around the world and makes its learning solutions for PreK-12, higher education, professionals and others available in more than 75 languages.

 **54%**
AUTO APPROVAL RATING

 **7%**
REDUCTION IN BAD DEBT WRITE-OFFS

PRODUCT USED:

D&B Enterprise Risk Assessment Manager

Automated Scorecards Earn High Marks at McGraw-Hill

Educational publisher automates credit decisions and achieves operational efficiency

CHALLENGE

McGraw-Hill needed an automated and centralized credit risk management solution to integrate with its ERP and CRM tools.

SOLUTION

D&B ERAM provides automated credit decisions and comprehensive reporting, which has streamlined its credit management process and minimized bad debt.

At McGraw-Hill, learning changes everything. McGraw-Hill is one of the leading educational publishers in the US and is synonymous with best-in-class educational content. It serves a large number of preK-12 school districts and higher education institutions with digital and print education materials.

Education publishing is a seasonal industry, where ordering activity generally occurs in advance of the fall and spring semesters. During these seasonal ordering periods, successful stewardship of the collections function depends on a good balance between assessing financial risk while supporting sales opportunities as they arise. The business environment is also rapidly evolving, as demand for rented material has been growing, along with the demand for digital subscriptions over traditional printed textbooks.

GROWING DEMAND FOR DIGITAL EDUCATIONAL MATERIALS

The majority of K-12 schools are publicly funded, and therefore present a relatively lower credit risk than the higher education end of the market. Regardless, the speed of collection in either case is a major focus of the operation, and it is vitally important to understand what factors impede a timely payment.

The growing demand for digital educational materials, which are sold via a subscription, presents a different kind of credit management than what is typical of printed material purchases. As there is no tangible product being shipped, service and value are often delivered and consumed before payment is received. If an account becomes delinquent on payments, or defaults altogether, there is no physical product to recover or suspend from shipping.

The digital business model heightens the need for more stringent credit management practices to minimize risk. This calls for rigorous and continuous credit evaluations for all core customers, which include private, for-profit schools, charter schools and private colleges and universities. Performing this function in an efficient and cost-effective way requires access to the appropriate tools and process for optimal results.

CENTRALIZED CREDIT RISK MANAGEMENT SOLUTION MEETS GROWING DEMAND

With a vast network of salespeople in the US who sell across multiple platforms and distribution channels, McGraw-Hill needed an automated and centralized credit risk management solution to integrate with its ERP and CRM tools. Because McGraw-Hill operates a modest staff, automated credit evaluations are a key requirement, and the need for performing robust and in-depth financial reporting to the company's executives is paramount.

The recent addition of Dun & Bradstreet's Enterprise Risk Assessment Manager (ERAM) provides that centralized experience – becoming a single source of truth for credit decisions, which has led to several operational efficiencies. With tens of thousands of accounts in the US, McGraw-Hill needed access to the predictive data and insights that only Dun & Bradstreet can provide. Their ERAM solution automates credit decisions with a custom scoring model that is calculated using 80% of Dun & Bradstreet's data (including such proprietary scores as the D&B PAYDEX Score, the Failure Score, and the Delinquency Predictor Score) and 20% using McGraw-Hill's own financial data on its customers.

“With D&B's ERAM platform, we've been able to use the information to **reduce exposure on high-risk accounts**. We've also been able to **reduce the number of credit holds** by determining the right credit risk in a lot less time.”

— George Karpiw, Director of Credit & Collections, McGraw-Hill

RESULTS: 0% TO 54% AUTO APPROVAL RATING ON NEW ACCOUNTS

For example, when new business in the company's higher education group is initiated through Salesforce.com, it prompts ERAM to score the applicant for creditworthiness and return a credit decision within seconds. McGraw-Hill and Dun & Bradstreet strategized on fine-tuning the scorecard calculation to reflect McGraw-Hill's risk parameters. The result? In just a few months, McGraw-Hill has gone from 0% to 54% auto approval rating on new accounts. They're also in the process of implementing automated decision-making on existing accounts, and early estimates show approval rates of about 80%.

George was also able to easily set up internal reporting to provide visibility on portfolio risk review, segmentation and analysis to company executives. He and his team rely on ERAM's dashboarding capabilities for quick analysis of their portfolio, and the reports enable executives to understand customer and profile risk.

“The ERAM tool has great flexibility. It lets us automate a credit review by incorporating our scorecard into the assessment and allows us to evaluate and determine whether the policy/program is too restrictive or too liberal, based on the data we receive. In addition, **ERAM has exceeded expectations from a risk perspective.**”

— George Karpiw, Director of Credit & Collections, McGraw-Hill

Overall, ERAM has proved invaluable to McGraw-Hill by allowing the company to manage its credit risk and earn George high marks with his innovative and visionary approach to streamlining credit management and minimizing bad debt.

“**Since we have integrated Salesforce.com and ERAM, we’ve been able to identify our high-risk digital customers more quickly** – and communicate our expectations and recommendations to mitigate our risk. This has ultimately led to a **7% reduction in bad debt write-offs.**”

— George Karpiv, Director of Credit & Collections, McGraw-Hill

ABOUT DUN & BRADSTREET

Dun & Bradstreet, the global leader in commercial data and analytics, enables companies around the world to improve their business performance. Dun & Bradstreet's Data Cloud fuels solutions and delivers insights that empower customers to accelerate revenue, lower cost, mitigate risk, and transform their businesses. Since 1841, companies of every size have relied on Dun & Bradstreet to help them manage risk and reveal opportunity. For more about Dun & Bradstreet, visit DunBradstreet.com. Twitter: @DunBradstreet